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How to Assess the Policy Orientation of the EU's NEG Prescriptions?

4.1 INTRODUCTION

In this chapter, we first present the existing studies of the EU's new economic governance (NEG) policy prescriptions and then discuss the methodological challenges that they pose to their assessment. We show that these studies flattened both (a) the semantic relationships between the different policy terms used in them and (b) the power relations between different actors involved in their production. We set up instead a research design that accounts for (a) the links between the policy orientation of NEG prescriptions and the material interests of concrete social groups and (b) the hierarchical ordering of prescriptions in larger policy scripts unevenly deployed across countries, time, and policy areas. We address the first point in this chapter and the second in Chapter 5.

In section 4.2, we identify commodification as the most relevant NEG policy orientation for analysing the nexus between EU economic governance and labour politics. Before the EU's shift to NEG, EU interventions had triggered countervailing social protests specifically when they pointed in a commodifying policy direction, as shown in Chapter 3 and Chapters 6–11. In section 4.3, we thus operationalise the concept of commodification in the areas of employment relations and public services and outline the corresponding analytical framework against which we assess the policy orientation of NEG prescriptions in these two policy areas.

4.2 ASSESSING THE POLICY ORIENTATION OF NEG AND ITS METHODOLOGICAL CHALLENGES

Following the establishment of the European Semester (see Chapter 2), an increasing number of scholars have assessed the frequency and policy

orientation of NEG prescriptions in the social field, that is, those targeting areas such as employment relations, education and training, equality policy, health and long-term care, pensions, and poverty and social exclusion (Bekker, 2015; Darvas and Leandro, 2015; de la Porte and Heins, 2016; Clauwaert, 2018; Copeland and Daly, 2018; Dawson, 2018; Zeitlin and Vanhercke, 2018; Al-Kadi and Clauwaert, 2019; Crespy and Vanheuverzwijn, 2019; Copeland, 2020). Two major views have emerged. One sees NEG as becoming increasingly social over time, given the increase in the *number* of prescriptions addressing employment and social policy issues as well as a postulated change in their policy *orientation*. The other view questions these conclusions, arguing that social prescriptions have been mostly subordinated to fiscal discipline objectives.

Prominent among the first camp are Zeitlin and Vanhercke (2018), who argue that a progressive socialisation of the European Semester has occurred since its establishment in 2011. According to them, this socialisation is manifested at two interdependent levels. At the governance *mechanisms* level, it takes the form of an increasing involvement of social policy actors (i.e., the Commission's DG for Employment, Social Affairs, and Inclusion; the Employment, Social Policy, Health, and Consumer Affairs Council; and so on) in the formulation of country-specific recommendations (CSRs) and in the EU's multilateral surveillance of national reforms implemented in response to these recommendations. This involvement is accompanied, at policy *orientations* level, by an increasing presence of social objectives in NEG documents, affecting the share not only of prescriptions in the social field in general but also of those geared towards social investment objectives more particularly.

Proponents of the socialisation thesis highlight processes of 'strategic *agency*, reflexive learning and creative adaptation' (emphasis added) (Zeitlin and Vanhercke, 2018: 149) to account for social policy actors' apparently successful uploading of social objectives to the European Semester. Offering a complementary position to that of Zeitlin and Vanhercke (2018), Greer and Brooks (2021: 71) argue that 'opponents to a narrow fiscal governance agenda' of the European Semester – Zeitlin and Vanhercke's (2018) social policy actors – have managed not so much to *socialise* the Semester as to *weaken* it. The two authors take the example of healthcare and argue that, by broadening the goals of the Semester, expanding the scope of conflict around it, and disputing and diversifying the data on which it rests, social policy actors in the European Commission and Council have undermined the efficacy of its fiscal governance agenda in this area.

In response to these stances that privilege agency, other scholars propose a more balanced view of the structure–agency nexus (Copeland, 2020). They

point out that social policy actors' agency is limited by a series of *structural* constraints inbuilt in the architecture of the European Semester (Copeland and Daly, 2018; Dawson, 2018). Most notably, their subordination to economic and financial policy actors (i.e., the DG for Economic and Financial Affairs, the Economic and Financial Affairs Council) has led to social policy continuing to be displaced and marginalised by fiscal policy in the Semester's policy process (Dawson, 2018; Copeland, 2020). This has contributed neither to the Semester's socialisation (Zeitlin and Vanhercke, 2018) nor to the weakening of its fiscal governance objectives (Greer and Brooks, 2021). It has resulted instead in the capturing of social policy actors' agenda in economic policy actors' 'wider logic of competitiveness and market fitness' (Dawson, 2018: 207; see also Degryse, Jepsen, and Pochet, 2013). Therefore, the increase in the number of social prescriptions in NEG documents does not reflect a move to a socially progressive orientation of NEG's structural reform but rather a mostly cosmetic (discursive) move to address social discontent generated by austerity policies in the aftermath of the crisis (Crespy and Schmidt, 2017; Crespy and Vanheuverzwijn, 2019).

How can we test these opposing claims, that is, how can we assess empirically the orientation of policy prescriptions included in NEG documents? Such an endeavour poses certain methodological challenges. As seen in Chapter 2, the NEG regime is largely shielded from democratic control. NEG prescriptions are formulated in a technocratic jargon that is both precise enough to trigger the desired political effects and ambiguous enough to diminish the risk of their politicisation (Moretti and Pestre, 2015). As scholars critical of the socialisation thesis have shown, the language of NEG documents in social areas has been vague (Dawson, 2018) and ambiguous (Crespy and Vanheuverzwijn, 2019; Miró, 2021) or has mixed orientations (Copeland and Daly, 2018). This reflects a classical domination method whereby documents are peppered with jargonistic language to make them incomprehensible to non-expert readers and thus immune from popular critique (Orwell, 2013 [1946]; Lanchester, 2014).

Two main methodological approaches have emerged on how to assess the orientation of NEG prescriptions in the employment and social policy areas. One approach draws on the history of policy ideas and neo-institutionalism and upgraded analyses of social policy at *national* level to study policymaking at the *supranational* EU level. It considers that, as the national institutional framework would be articulated around a few path-dependent, self-reproducing traditions or varieties of welfare capitalism (namely, liberal, conservative, and social democratic, see Esping-Andersen, 1990), so EU social policy is informed by various policy paradigms or philosophies of welfare reform

(namely, liberal, Third Way, and social democratic, see Daly, 2012). This approach therefore proceeds by considering given sets of distinct policy paradigms (Daly, 2012), models (Heimberger, Huber, and Kapeller, 2020), objectives (Zeitlin and Vanhercke, 2018), or orientations (Copeland and Daly, 2018) and then tracking them down in policy documents.

The second approach draws on post-structuralist discourse theory to capture not so much the path-dependency and stability of policy paradigms, as the possible indeterminacy and change across time of the meaning of policy terms (Crespy and Vanheuverzwijn, 2019; Miró, 2021). It asks whether NEG's key policy terms are not inherently ambiguous and open and thus function like empty signifiers. Concretely, this approach mobilises semantic analysis to map the semantic connections between ambiguous policy terms (e.g., structural reform or competitiveness) and distinct policy objectives (Crespy and Vanheuverzwijn, 2019) or frames (Miró, 2021). Crespy and Vanheuverzwijn (2019) thus map the links between structural reform and social investment versus social retrenchment policy objectives. In turn, Miró (2021) maps the connections between competitiveness and quality versus cost policy frames.

Certainly, policy paradigms are not as coherent and stable as implied by varieties-of-welfare studies. The change across time in the content of policies adopted under a certain banner (social democratic, for example) and the convergence and overlap between different social policy approaches (Copeland, 2020) question these studies' assumptions that specific policy prescriptions can be assigned to distinct and stable social policy paradigms. Nonetheless, seeing policy terms as inherently indeterminate and constantly shifting is equally problematic in methodological and analytical terms. Indeed, although the two studies mentioned above show that key policy terms are associated with contradictory objectives (i.e., structural reforms with social retrenchment *and* social investment, see Crespy and Vanheuverzwijn, 2019) and frames (i.e., competitiveness with cost *and* quality, see Miró, 2021), they have difficulty solving the resulting conundrum – namely, given the presence of contradictory policy orientations, how can we assess which one is most significant from an analytical point of view, and how can we then explain why it reveals the deeper character of NEG employment and social policies?

The two studies show that more progressive policy objectives or frames are consistently (i.e., quality competitiveness) or even increasingly (i.e., social investment) present in policy documents. This indicates a discursive turn away from austerity policies and is a finding that seems to confirm the socialisation thesis. At the same time, both studies engage in a critique of the socialisation thesis by stressing the continuous importance across time of socially regressive orientations within NEG prescriptions. They thus highlight

that structural reform has retained an ideological core of 'typically neoliberal policy recipes' (Crespy and Vanheuverzwijn, 2019: 94) and that competitiveness is seen mostly in terms of cost rather than of quality (Miró, 2021).¹

To explain why it is the repeated occurrence of socially *regressive* rather than socially *progressive* policy orientations that reveals the deeper character of NEG policies, both sets of authors had to mobilise factors such as the deployment of policy reforms over time and the coercive power of policy prescriptions, which lie outside discourse per se. This analytical move is not surprising. Thinking in terms of empty signifiers may help give a name to the presence of contradictory orientations and frames but has little to offer towards explaining the centrality of particular types of policy orientations in NEG policy processes. At the 1997 EU summit in Amsterdam, the newly elected socialist French government succeeded in adding Growth to the name of the Stability Pact. However, this amendment reoriented the pact only at a discursive level, as the renamed *Stability and Growth* Pact still focused on fiscal restraint (Heipertz and Verdun, 2010). Discourse theory rests on underlying assumptions of semantic indeterminacy, disconnection between language and social groups' material interests, and flat power relations (Turner, 1994). This results in an analytic design that likewise flattens the semantic relationships between different policy terms: the latter are 'ambiguous' only if the analysis gives equal weight to the opposing policy orientations with which these terms are semantically linked. Moreover, this analytic design eludes a consideration of how policy prescriptions promote or inhibit the interests of concrete social groups (and most particularly social classes) and are thus embedded in the struggles waged by these groups over prescriptions' meaning.

We thus need a research design that accounts for (a) the links between the orientation of NEG prescriptions and the interests of concrete social groups and (b) the hierarchical ordering of NEG prescriptions in larger transnational policy scripts, which are unevenly deployed across countries, time, and policy areas. This results in a research design that (1) links the policy orientation of prescriptions to the material interests of labour (i.e., in opposing the *commodification* of labour and social reproduction) – to account for the embeddedness of NEG prescriptions in social (class) conflict; (2) captures the uneven *semantic context* of prescriptions – to map the ways in which prescriptions form larger hierarchical taxonomies; (3) captures the uneven *communicative*

¹ Steering away from discourse analysis, Copeland and Daly (2018) run into a similar analytical dead end. They classify NEG's social prescriptions in three categories, namely, market-making, market-correcting, and mixed. The mixed category in particular muddles up the analytical bases that would allow us to assess the overall direction of NEG's social prescriptions.

context of prescriptions – to account for the differentiated allocation of coercive power to different types of prescriptions across countries, time, and policy areas; and (4) captures the uneven *policy context* of prescriptions – to account for the embeddedness of NEG prescriptions in an uneven European political economy, their national and supranational EU-level path-dependency, and their differentiated deployment across countries and time. Such a research design allows us to link the dots between macro-level theory and processes (e.g., neoliberalism), meso-level operational categories of policy orientation (e.g., commodification and decommodification), and systematic empirical analysis (i.e., the classification, comparison, and assessment of NEG prescriptions in terms of their policy orientation).

In Chapter 5, we situate NEG prescriptions in their semantic, communicative, and policy contexts and draw their implications for our case selection, data collection, and analytical strategies. In section 4.3, we address the issue of linking the policy orientation of NEG prescriptions to the material interests of labour. We argue that commodification is the most relevant dimension for our analysis of the nexus between NEG and labour politics. We then operationalise the concept in the specific policy areas of employment relations and public services.

4.3 TOWARDS A NOVEL APPROACH FOR ASSESSING THE POLICY ORIENTATION OF NEG PRESCRIPTIONS

By looking at the material interests of the social groups that might benefit from NEG prescriptions, or be hurt by them, we can also more fundamentally question the analytical relevance of the policy orientations selected in the two studies discussed in section 4.2: are social investment and quality competitiveness indeed socially progressive and, if yes, for whom? As some analysts have already argued, social investment policies may contribute both to decommodifying labour (e.g., active labour policies provide increased resources for training) and to recommodifying it (e.g., the same policies link welfare payments to work activation) (Greer, 2015; Copeland, 2020; McGann, 2021). Likewise, the promotion of quality competitiveness relies on quality quantification, thus expanding rather than curtailing technocratic governance over employment and social policy areas. In both cases, the decommodifying potential of policy prescriptions is subordinated to a larger commodifying logic. Neither thus truly serves labour's interests in decommodified, solidaristic employment relations and public services.

In contrast, and as argued in Chapter 3, looking at whether NEG employment relations and public services prescriptions promote the further

commodification of these policy areas allows us to capture the nexus between NEG and labour politics. It does so, more particularly, by addressing labour's interest in opposing commodification and in defending solidaristic, redistributive, decommodified employment relations and public services. Therefore, rather than assessing whether NEG prescriptions follow social investment or social retrenchment objectives, or again quality or cost competitiveness frames, we consider that the policy orientation most relevant to our analysis is the policy prescriptions' potential to advance the commodification or decommodification of employment relations and public services.

In Chapter 3, we follow Harvey (2004) in considering the renewed commodification of employment relations and public services as participating in processes of accumulation by dispossession. This also allows us to operationalise the concept of commodification, most notably by capturing the connections between the *curtailment* of employment relations and public services (dispossession) and their *marketisation* (accumulation) (see also Mercille and Murphy, 2016, 2017; Stan and Toma, 2019; Hermann, 2021). This is highly relevant for our study of NEG interventions in employment relations and public services, as Business Europe and the European Commission and Council regarded both austerity (curtailment) and structural reform (marketisation) as the two main dimensions of NEG, as outlined in Chapter 2.

We thus consider that the commodification of employment relations and public services is two-sided, inasmuch as it combines a *quantitative* attack on the level of workers' wages and on the level of resources and coverage of public services (curtailment) with the *qualitative* marketisation of governance mechanisms in employment relations (bargaining mechanisms and hiring and firing rules) and in public services (at sectoral and provider level). In the opposite direction, decommodification too combines quantitative and qualitative dimensions. The policy developments in this decommodifying direction include, respectively, increasing wage levels, resource levels for public services, and coverage levels of public services and de-marketising, that is, making the governance mechanisms of employment relations and public services more solidaristic and redistributive.

The dynamics of curtailment and marketisation are interlinked. If workers have to live on lower wage levels (curtailment), they are also more vulnerable when facing employers' pressures to flexibilise the employment relations mechanisms that had hitherto protected them from employers' discretionary decisions (marketisation). Likewise, decreased state funding for public services (curtailment) opens up new opportunities for private companies' involvement in these services (marketisation). In transport, state underfunding for British Rail, for example, led to the latter's wholesale privatisation in the 1990s

(Dyrhaug, 2013: 45). In healthcare, decades of underfunding of public health services paved the way for increasing numbers of private hospitals, for example, in Romania in the 2010s (Stan, 2018). In the water sector, the combination of public budget restraints and the need to meet environmental standards was used by governments to justify infrastructure upgrades through public–private partnership (PPP), which gave private capital investors a crucial role (Boda and Scheiring, 2006; Hall and Lobina, 2007).

We understand commodification as a *process* rather than as a condition (i.e., commodity) that social relations can enter or leave (Appadurai, 1986; Hermann, 2021). This is most relevant for assessing the commodification of employment relations and public services. Indeed, in the areas of labour and social reproduction more largely, full commodification has rarely been achieved. In fact, both labour and social reproduction are fictitious commodities (Polanyi, 2001 [1944]; Hermann, 2021). For us, therefore, commodification and decommodification are matters of *relative degree*. This means that, in looking at NEG prescriptions, we assess their potential for *increasing* or *decreasing* commodification in a particular area of intervention. Categorising prescriptions as having a potential for commodification or decommodification thus indicates their potential not so much to fully commodify or decommodify a certain policy area, as to increase its commodification or decommodification *relative to the status quo*. This also allows us to overcome the need to pre-define, like Copeland (2020), a series of points on the continuum between decommodification and commodification.

In the following two subsections, we outline the conceptual framework against which we assess the potential of NEG prescriptions to further commodify or decommodify employment relations and public services. This framework is theoretically driven inasmuch as it draws on our theoretical perspective on the nexus between NEG and labour politics but also on existing theoretical discussions of the dimensions of commodification of employment relations and public services.

Analysing the Policy Orientation of NEG Prescriptions in Employment Relations

Within employment relations, we focus on NEG prescriptions that affect workers' terms and conditions *while in employment* (see also Copeland, 2020). This means that we exclude prescriptions on workers' *social wage*, most notably the payments provided by states outside of employment that enable workers' subsistence (e.g., unemployment benefits or pensions, see de la Porte and Natali, 2014) or their employability (e.g., education and training).

TABLE 4.1 Analytical framework for the analysis of NEG prescriptions on employment relations

Categories	Dimension	Policy orientation	
		Commodification	Decommodification
Wage levels	Quantitative	Curtail	Increase
Bargaining mechanisms	Qualitative	Marketise	De-marketise
Hiring and firing mechanisms	Qualitative	Marketise	De-marketise

Source: Our own.

Concretely, we distinguish between three categories that are central to the relationship between management and labour: (1) wage levels, (2) bargaining mechanisms, and (3) hiring and firing mechanisms. Whereas wage levels represent the most significant quantitative feature of employment relations, the latter two areas stand for its most significant qualitative features: bargaining mechanisms determine the operation of employment relations, and hiring and firing mechanisms determine the conditions for the creation and dissolution of employment relationships. Table 4.1 operationalises what commodifying and decommodifying prescriptions mean in each of these three areas of intervention.

Under the **wage levels** category, we distinguish between *commodifying* prescriptions that curtail wage levels and *decommodifying* ones that increase them. Wages are the price that workers receive from employers in exchange for their labour power. At the same time, labour is ‘a human activity which goes with life itself’ (Polanyi, 2001 [1944]: 75) and not a good produced for sale on the market. Labour is a *fititious* commodity (Polanyi, 2001 [1944]), inasmuch as it not only has a price but also is vital for securing workers with their subsistence and social reproduction. In the event of wages falling, workers cannot withhold their labour power from the market in the same way that a manufacturer can withhold products until their price increases (Esping-Andersen, 1990: 37). Instead, given wages’ importance in ensuring workers’ subsistence and social reproduction, workers become even more dependent on selling their labour power to employers, for example by working longer hours or taking up a second job. This may result in a race to the bottom in wage levels. At the extreme, the subordination of labour to a fully self-regulating market threatens not only its social reproduction but also that of society (Polanyi, 2001 [1944]).

To prevent such a development from happening, all European employment relations systems include *decommodifying* political interventions, which ensure that wage levels do not decline below a certain floor (Nowak and Erne, 2024). Sometimes, governments set this wage floor directly by introducing a statutory national minimum wage, or employers and trade unions determine it in collective bargaining agreements. Other times, governments back up wages indirectly by keeping unemployment and welfare benefits as well as public sector wages relatively high, thereby incentivising private sector employers also to provide higher wages. Furthermore, the EU and its member states recognise workers' rights to defend their interests collectively by allowing them to form trade unions, which provide workers protection against arbitrary dismissals. All government decisions in the area of employment relations have therefore a signalling role for the entire labour market and thus – directly or indirectly – also for workers' wage levels. Interventions that aim to roll back these features that workers have achieved over 'years of bargaining and political activity', point in a *commodification* direction, as they increase wage and labour market flexibility under the guise of 'economic efficiency' (Stiglitz, 2002: 13). For the sake of clarity, however, we must assess the quantitative NEG prescriptions that curtail wages directly and the qualitative prescriptions on employment relations mechanisms separately. Under the heading of wage levels, we therefore assess only NEG prescriptions that curtail wage levels directly, either in general or in the public sector in particular.

Furthermore, we must highlight another insight of employment relations research: we cannot assess wage developments in isolation. Our analysis of country-specific prescriptions on wage levels must thus also take the corresponding national inflation and productivity developments into account (Erne, 2008: part II).

Finally, it is also important to note that not all NEG prescriptions that mention wages fall into our quantitative wage levels category. Some prescriptions demand wage increases to be linked to *company-level* productivity developments rather than to overarching sectoral or national benchmarks. Depending on the particular productivity rate in a given company, these prescriptions may (or may not) curtail wage levels. We have nevertheless classified them as commodifying – not because they curtail wages but because they call for a decentralisation of multi-employer bargaining structures. This leads us to consider the qualitative dimension of employment relations, namely, the central mechanisms governing them.

Under the **bargaining mechanisms** category, we distinguish between *commodifying* prescriptions that call for a decentralisation and individualisation of bargaining mechanisms between employers and workers that expose workers

to increased market pressures and *decommodifying* prescriptions that favour solidaristic collective agreements (Schulten, 2002). The decentralisation and individualisation of bargaining mechanisms marketise bargaining mechanisms by making labour more like a commodity to be bought and sold on the market. In contrast, solidaristic collective bargaining institutions (such as multi-employer bargaining arrangements) de-marketise bargaining mechanisms by setting collectively agreed standards that apply to all employers covered by the agreement, thus taking workers' wages and working conditions out of competition (Pontusson, 2006).

Individualisation and decentralisation both matter when it comes to deciding whether the bargaining logic is decommodifying (solidaristic) or commodifying (individualistic) (Schulten, 2002; Thelen, 2014). Individualisation is a more radically commodifying process in which collective agreements are abolished altogether and employees are left to negotiate individually with the management. Decentralisation is still within the domain of collective employment relations, but we consider it as a step on the way towards individualisation, thus participating in the further commodification of employment relations. Decentralisation means a downward shift in the dominant level of bargaining. The dominant level means the level of the economy at which the negotiations on core employment issues take place. This can be the firm (company), the industry, the sector, or the entire economy – the latter three are also called multi-employer bargaining because more than one employer's participation is needed for their functioning. Negotiations can occur at multiple levels, but what matters is the hierarchy of these levels. In centralised bargaining systems, actors at the lower level (for example, in a single firm) have only limited space to deviate from the terms set at the higher level. Following decentralisation, these higher levels lose their relevance and give way to the lower levels in determining the key parameters of wages and working conditions. Negotiations at national, sectoral, or industry level may disappear altogether. They may also just be hollowed out, meaning that they no longer set enforceable targets for lower levels, only propose broad guidelines, or allow a broad range of exemptions on various grounds.

Until recently, the policy orientation of collective bargaining has coincided with the level on which bargaining takes place: the higher the level at which the bargaining takes place, the more solidaristic the logic (hence enhancing decommodification). If there is no collective agreement, contracts will be by default negotiated (or even imposed in the case of vulnerable workers such as undocumented immigrants) at individual level, hence pointing to the deepest possible commodification of bargaining mechanisms. Examples include bargaining mechanisms in the United States or Britain, which have consistently

led to much more differentiated and therefore more unequal wage policy outcomes, as they reflect the lack of centralised, multi-employer bargaining systems in these liberal market economies (Crouch, 1999; Thelen, 2001; Pontusson, 2006). In turn, company-level agreements illustrate a slightly less extreme form of commodification: if they adopt the solidaristic principle of setting employment conditions at company level, they limit competition between workers inside it (decommodification); however, workers still find themselves in competition with workers from other companies active in the sector (commodification). At the next level, sector-level bargaining may diminish competition in terms of wages and working conditions between companies in a sector and thus contribute to further decreasing labour commodification. Finally, national-level collective bargaining can provide the most elaborated version of solidaristic, decommodified wage policy. An example is the Rehn-Meidner model, named after two Swedish trade union economists, which used ‘deliberate, centrally controlled force to counteract . . . the centrifugal force of the market, i.e., its tendency towards wage differentiation’ (Meidner and Heldborg, 1984: 71 cited in Schulden, 2002: 174).

Although the bargaining level remains a widely used industrial relations indicator,² its significance has been undermined by the radical changes undertaken by a number of EU countries. More specifically, multi-employer collective bargaining agreements have increasingly allowed local deviations from collectively agreed standards over time. This happened, for instance, in Germany in 2004 when the opening and hardship clauses of a new sector-wide agreement allowed company-level agreements to derogate from collectively agreed sectoral wage standards (European Commission, 2010a). These changes led to bargaining levels and policy orientations of collective bargaining mechanisms starting to diverge.

Therefore, as the bargaining level per se can no longer capture the decommodifying and commodifying potential of bargaining mechanisms, we distinguish instead between *more* solidaristic and *more* individualistic mechanisms to set workers’ terms and conditions. The first mechanisms de-marketise bargaining mechanisms by decreasing competition between workers (decommodification). The second marketise these mechanisms by increasing competition and thus workers’ exposure to market pressures or, better said, to the power of capital (commodification).

We define solidaristic collective bargaining narrowly, meaning mechanisms to ensure the equality of wages within one country across different employee groups. The narrowness of this definition implies that the equality of wages

² See the OECD/AIAS ICTWSS database (OECD, 2022).

may go together with overall wage moderation. We therefore regard NEG prescriptions in favour of centralised collective bargaining as *decommodifying*, although national collective bargaining institutions have often been used to moderate wages to get an international competitive advantage within an ever more integrated European economy (Molina and Rhodes, 2002; Erne, 2008). This conceptualisation is also analytically consistent and ensures that our categories do not overlap. Our first category on wage levels captures calls for the curtailment of wages as *commodifying* interventions. In turn, we classify NEG prescriptions that call for centralised collective bargaining structures under the bargaining mechanisms category as prescriptions with a *decommodifying* policy orientation.

Governments rarely intervene directly in the content and mechanisms of bargaining – except when they are themselves the employers – but they can still influence them indirectly. This is particularly relevant for our study, as it is neither employers nor trade unions who receive NEG prescriptions but member state governments. The formal rules for government intervention in collective bargaining vary across the EU, but governments in general are capable of changing the legal framework in which bargaining takes place between employers and trade unions. In this context, *commodifying* prescriptions ask governments to promote bargaining decentralisation. In turn, prescriptions are *decommodifying* if they call for an expansion and strengthening of these supports.

Our third category in employment relations covers **hiring and firing mechanisms**, which refer to the rules that determine employment boundaries and employers' discretion in setting them. Prescriptions under this category may either decrease workers' protection in this respect, and thus lead to a higher exposure of workers to market vagaries and the power of employers (*commodification*), or increase workers' protection vis-à-vis such vagaries and power (*decommodification*). This category includes prescriptions relative to the duration of employment as well as those relative to (collective) dismissal rules. The first may seek to *commodify* labour by reducing contract durations (e.g., fixed-term and temporary agency work versus permanent contracts), the second by favouring more flexible dismissal rules (e.g., by abolishing rules on unfair dismissal, adopting rules that are less protective on notice periods, compensation in the case of dismissal, reinstatement rights, and so on).

Protections on the duration of employment and on dismissal rules may overlap. A lower contract duration (e.g., fixed-term) may serve as a functional equivalent to easier firing: they both serve to increase management's discretion vis-à-vis workers. In theory, workers also may benefit from increased flexibility – as easier firing means also easier hiring according to the advocates

of employment reforms. However, as workers must work to ensure their subsistence, even workers enjoying trade union collective bargaining rights are ‘typically in a disadvantageous position in labour markets’: ‘It is far easier for an employer to replace recalcitrant workers than for employees to “replace” a recalcitrant employer, especially when the unemployment rate is high’ (Stiglitz, 2002: 13).

Finally, we should note that prescriptions in the areas of wage levels, bargaining mechanisms, and hiring and firing mechanisms may also focus more closely on public sector employment relations. This is possible because governments are also the employers in the public sector. In that role, they can act as *decommodifying* model employers promoting higher wages, more encompassing collective bargaining mechanisms, and more protective hiring and firing mechanisms (Szabó, 2018). Alternatively, they can use the signalling role of public sector employment relations to drive down private sector wages, decentralise bargaining, and lower the protection offered by hiring and firing mechanisms – therefore promoting *commodification*.

In the next subsection, we turn to the ways in which we have operationalised the potential of NEG prescriptions to further commodify or decommodify public services.

Analysing the Policy Orientation of NEG Prescriptions on Public Services

The commodification of public services may affect both their provision and users’ access to them. In this study, we therefore consider NEG prescriptions that affect both the *provision* of public services and *access* to them, as this allows us to capture the degree to which these prescriptions may affect both workers and users – and thus have the potential to trigger counter-reactions from both organised labour and users. Although provision and access are interlinked, we nonetheless distinguish between prescriptions affecting first and foremost provision and those affecting first and foremost access. We combine in a single table (see Table 4.2) the categories that we used to assess the potential for commodification or decommodification of NEG prescriptions on the provision of public services and on access to these services.

Among prescriptions affecting the **provision of public services**, we distinguish three categories, namely, one with a quantitative dimension (resource levels) and two with a qualitative dimension (sector-level as well as provider-level governance mechanisms).

Among NEG prescriptions on **resource levels**, we consider those requesting the curtailment of these resources as *commodifying*. Curtailment measures in this area include attacks either on the levels of expenditure on public services

TABLE 4.2 *Analytical framework for the analysis of NEG prescriptions on public services*

		Categories	Dimension	Policy orientation	
				<i>Commodification</i>	<i>Decommodification</i>
Provision of public services	Resource levels	Quantitative	Curtail	Increase	
	Sector-level governance mechanisms	Qualitative	Marketise	De-marketise	
	Provider-level governance mechanisms	Qualitative	Marketise	De-marketise	
Access to public services	Coverage levels	Quantitative	Curtail	Increase	
	Cost-coverage mechanisms	Qualitative	Marketise	De-marketise	

Source: Our own.

(e.g., cuts in the budget allocated to the sector) or on the material infrastructure needed for the provision of services (e.g., cuts in the number of hospitals or hospital beds, of railway and bus lines, or of water infrastructure and water provision levels). The curtailment of resource levels may also be a result of what some analysts see as ‘implicit privatisation’ (Schmid et al., 2010: 459), namely, the shift of expenditure and service levels from areas where services are provided mostly by public providers to areas where private providers play a more prominent role (e.g., the shift from inpatient to outpatient care). In the opposite direction, we consider prescriptions seeking to increase the levels of expenditure and the material infrastructure available to public service providers as *decommodifying*. This classification is warranted inasmuch as such an increase channels resources towards public providers. The degree to which this happens can, however, be evaluated only by looking at the larger context, namely, the extent to which public services have already been commodified. Indeed, in cases where private providers have already entered the sector following previous commodification waves (more specifically by marketising their sector- and provider-level governance mechanisms, see below), increased public resource levels could be used to bolster the private provision of these services (and hence commodification).

NEG prescriptions may *commodify* public services also by marketising their **sector-level governance mechanisms**. Among these, we first distinguish those seeking to establish sector-wide regulatory and service-purchasing independence. Regulatory independence involves moving the regulation of the sector (i.e., the terms and conditions for the use of public infrastructure as well as the relations between service providers) from democratic government control (i.e., relevant ministries) to a regulatory authority that is independent of the state (e.g., transport, water, or healthcare agencies). Likewise, service-purchasing independence involves the establishment of bodies (e.g., national healthcare funds or national transport authorities) that manage public service funds and contract public services out to (private or public) service providers. These regulatory bodies are called independent, as they are not subject to democratic control (i.e., relevant ministries and parliaments). Both regulatory and purchasing independence are portrayed as technocratic fixes that place decisions beyond the influence of politics to ensure a conducive environment for competition (De Francesco and Castro, 2018). The declared goal of independent regulators and purchasers is to make all service providers (including publicly owned ones) behave like private companies, as well as to ensure access to the sector for private providers and to fight monopolies.

Prescriptions seeking to marketise sector-level governance mechanisms (and thus *commodify* public service provision) may also include those seeking

to open the sector to private providers. These measures have been known in the literature as leading to the liberalisation of public services.³ Liberalisation can be achieved by allowing sector-level purchasers to buy services from private providers as well as by introducing competitive tendering mechanisms in the sector (Hermann and Verhoest, 2012). Decision makers qualify competitive tendering, also known in the EU as procurement, as a way to increase the cost-efficiency of public services by increasing competition among service providers (Kunzlik, 2013). In addition, private service providers can enter public services sectors through PPPs. PPPs are long-term contractual agreements where private companies make an initial investment (usually in infrastructure) that the state subsequently repays over the life of the project (Ménard, 2009; Mercille and Murphy, 2016). In turn, sector-level governance may be *decommodified* by making sector-level regulators and purchasers subject to greater democratic government control and by decreasing the opening of the sector to competition from private providers. The latter involves re-erecting barriers to private providers' entry into the sector.

NEG prescriptions may *commodify* public services also by marketising their **provider-level governance mechanisms**. Among these prescriptions, we first distinguish those that seek to change the legal status of public providers. Thus, prescriptions may seek to transfer providers' assets from public ownership into private hands (e.g., selling to private companies publicly owned hospitals, water utility companies, or public bus or railway companies). This is what is generally understood by the privatisation of public services and what Krachler, Greer, and Umney (2022: 2) aptly term 'material privatisation'. Other prescriptions seeking to change the legal status of public providers may give private companies the right to contract out services with the latter, resulting in what Krachler, Greer, and Umney (2022: 2) call 'functional privatisation'. This involves, in a first step, the division of public services into core and secondary services, with the first remaining to be provided in-house by public providers and the second being, in a second step, outsourced to private providers (e.g., the contracting out of ancillary cleaning, catering, and diagnostic services in healthcare or the leasing of marginal rail lines in transport). Sometimes, outsourcing secondary services has prepared the ground for outsourcing core services. Finally, a change in public providers' legal status may entail their corporatisation. This involves incorporating public service providers under private company law although their ownership remains public

³ While acknowledging its normative connotations (e.g., its positive association with 'freedom'), in this book we use the term liberalisation in a descriptive manner, as including measures that seek to increase the opening of a sector to competition from private providers.

(e.g., the transfer of responsibilities from local authorities to a water utility; changing the status of public hospitals to autonomous commercial units). Corporatisation moves providers from the public services sector to the semi-state sector, whereby they are subject to EU competition rules. It may sometimes be a first step towards full (material) privatisation. Corporatisation also normally means that workers are not governed by collective public service agreements. This shows that the commodification of employment relations and of public services are interconnected and have feedback effects.

NEG prescriptions that commodify public services by marketising their provider-level governance may also affect providers' internal operation. This may happen, most notably, by promoting the introduction of models imported from the private business sector, namely, new public management or managerialism (Clarke, Gewirtz, and McLaughlin, 2010). Managerialisation may include corporate governance reforms that strengthen the power of company management and reduce the influence of public service workers and trade unions on the day-to-day management of the company. Managerialisation may also include managerial reforms that centralise financial control, monitoring, and surveillance in the hands of managers. This rests on 'governance by numbers' (Supiot, 2017), which involves segmenting services into tasks that are priced in the light of cost-benefit calculations; increasing the visibility of financial flows (e.g., by introducing e-health measures such as user identifiers); introducing methods for financing providers on the basis of fixed-priced reimbursement rates (e.g., the diagnostic-related-groups [DRG] method in healthcare) (Krachler, Greer, and Umney, 2022); or introducing performance-based payment, wage, and fund-allocation systems. These measures serve to place workers in competition with one another and increase managers' control of them (Friedberg et al., 2010).⁴ Increased managerial control at provider level is a precondition of increasing central managerial control at sector level (as seen above).

In the opposite direction, prescriptions seeking to de-marketise provider-level governance mechanisms (and thus *decommodify* public services provision) may do so by favouring a public status for providers. This can be achieved, for example, through the public repossession of privatised facilities and assets or by reverting to the in-house provision of outsourced services. An example is the re-municipalisation of water services, whereby local authorities take back direct

⁴ Some of these measures, such as fixed-priced reimbursement rates or performance-based payments, may enhance competition not only inside but also among public service providers and thus may affect not only provider-level but also sector-level governance. We, however, have classed them under the first, as this is where changes have to be effected first.

control of services previously contracted out to private providers (Kishimoto, Gendall, and Lobina, 2015). Decommodification may also follow prescriptions seeking to move public providers away from market-like technocratic management to public service administration, most specifically by increasing workers' and citizens' democratic oversight over decision making.

Among prescriptions affecting users' **access to public services** (see lower part of Table 4.2), we distinguish between prescriptions on coverage levels (quantitative) and those on coverage mechanisms (qualitative dimension).

Prescriptions on **coverage levels** with a potential for *commodification* include those seeking to curtail the scope of services or again the range of the population covered by public schemes (e.g., in the first case, by reducing the range of services covered by public schemes and, in the second, by excluding some categories of people from automatic coverage). In the opposite direction, access to public services may be *decommodified* by increasing the scope of services and the range of population covered by public schemes.

Prescriptions seeking to *commodify* access to services by marketising **cost-coverage mechanisms** include those seeking to make these mechanisms more dependent on users' private means (e.g., by introducing co-payments and private insurance for accessing healthcare services or water charges and cost-recovery mechanisms for accessing water services). In the opposite direction, access to public services may be *decommodified* by reintroducing redistributive mechanisms (such as progressive taxation or social insurance) to cover the cost of public services to users and by making access free at the point of delivery.

The privatisation of service provision, the managerialisation of service organisation, sector-level regulatory and purchasing independence, the opening of public services sectors to private providers, competitive tendering, and recourse to cost-coverage mechanisms putting a premium on private means all contribute to the *marketisation* of public services.⁵ Policymakers who promote marketising policies claim that the latter increase competition and thus lead to a more cost-efficient allocation of resources and an

⁵ As mentioned above, marketisation includes measures that seek to make public services more market-like and give private actors more space in the funding, provision, and management of these services. For us, marketisation is thus but one component (namely, accumulation) of the two sides of the commodification coin, the other being attacks on the commons of public services (i.e., dispossession). In this, we differ from Crespy (2016: 35), who sees marketisation as a synonym of commodification, or from Krachler, Greer, and Umney (2022: 2), who define it as the 'introduction or intensification of cost based competition among service providers' and 'a property of the transaction between purchaser and provider'. The latter authors place marketisation at the micro level and assume that it leads to increased competition. In contrast, we understand marketisation as a meso-level process, involving institutional arrangements facilitating capitalist accumulation in public services.

improvement in service quality. Nonetheless, in practice, marketisation often far from lives up to these promises. Managerialisation may lead to public service providers playing with numbers in a bid to increase the costs reimbursed by public funders (e.g., hospitals allocating patient cases under higher-priced DRGs) (Krachler, Greer, and Umney, 2022). Public service providers may also seek to reach cost-cutting managerial targets by increasing the pace of service delivery, resulting not only in increased workloads and worsening working conditions for public services workers (Flecker and Hermann, 2012; Galetto, Marginson, and Spieser, 2014; Kunkel, 2021) but also in lower service quality for users (Mihailovic, Kocic, and Jakovljevic, 2016; Armstrong et al., 2000; Hermann, 2021). Likewise, the privatisation of service provision may foster the selective appropriation of more profitable services by private providers – leaving more costly ones to be provided by generally underfunded and overloaded public providers (Krachler, Greer, and Umney, 2022). In turn, this may lead, over time, to increased capital concentration rather than competition among providers (Buch-Hansen and Wigger, 2011).

In our analysis, we classify prescriptions in the different categories detailed in this section according to whether the *object* rather than the *aim* of prescriptions fits a particular category. By looking at what prescriptions address in the first instance (object) rather than at what they might allegedly realise in policymakers' view (aims), we seek to avoid conceptual fuzziness and analytical uncertainty. Indeed, as many prescriptions have multiple aims, classifying them according to their aims would be difficult, if not impossible. For example, prescriptions on cost-coverage mechanisms (e.g., introduce co-payments for medical services) aim in the end to curtail healthcare expenditure (and hence resource levels available for public service provision) but concern in the first instance the cost of services to users. We therefore classify these prescriptions under access to public services and its cost-coverage mechanisms category rather than the category of resource levels under provision of public services.

Having operationalised the concept of commodification in the areas of employment relations and public services, we now turn to the analytical strategies that we adopt in assessing the patterns of NEG prescriptions across countries, time, and policy areas.