



COMMON PRESSURES AND UNEVEN TRAJECTORIES

The Variegated Europeanisation
of Wage Regulation Institutions

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The convergence debate

- Debate on convergence/divergence of national industrial relations is a long-standing one
 - Post-WWII: Industrialisation and economic catch-up drive would convergence towards the collective bargaining model of core US industries (Kerr et al. 1960)
 - 1970s: 'corporatist' IRs seem to endure better the stagflation crisis than anglo-American capitalism → emphasis on diversity
 - 1980s: intensified international competition and globalization, declining union density
→ Katz and Darbishire (1999): increased variation *within* countries but *similarities* across countries

CPE & IR

- VoC literature (Hall and Soskice, 2001) focuses on institutional complementarity
 - The degree of (dis)organisation of wage relations one of the defining differences between Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs)
 - Globalisation encourages divergence
- More recent debate on whether we are witnessing convergence towards neoliberalism
 - Baccaro and Howell (2011, 2017): emphasis on power rather than institutions
 - increased neoliberal convergence of national IR institutions, in function if not in form

EU integration and the convergence debate

EU integration impacts on the trajectories of change of *national* industrial relations

- Baccaro and Howell (2011; 2017): process of European integration contributed the *common* neoliberal transformation of industrial relations in Western Europe
- Arnholtz et al. (2018), Dolvik and Marginson (2018), Meardi (2018): *uneven* effect of internationalization and EU integration, mediated by institutions and power relations

→ Both strands of argument focus on outcomes, i.e. whether national industrial relations have converged or not

Research questions

How can we conceptualise the increasing Europeanization of wage relations?

What's its impact on national industrial relations?

Does it contribute to the neoliberalization of industrial relations?

Emphasising variegation

Neoliberalisation and Europeanisation are **intertwined** but **variegated** processes

- intertwined: Europeanisation is shaped by broader dynamics of capital accumulation (van Apeldoorn, 2002; Bieler, 2005)
- variegated
 - competing hegemonic projects shaping European integration → EU social dimension
 - Neoliberalism combines with ‘alien institutions and policy regimes to create “hybrid” institutional landscapes in which commodifying and market-constraining logics commingle and co-evolve’ (Brenner et al. 2010, 188)

A processual lens

Neoliberalisation and Europeanisation are intertwined but variegated **processes**

- Polanyian 'double movement'
- Neoliberalisation processes create tensions, conflict and contestation, which, in turn, might lead to 'erection of flanking mechanisms to manage the polarizing consequences of intensified commodification' (Brenner et al. 2010, 197)
- 'Successive rounds of market-disciplinary regulatory restructuring are therefore shaped by the conflicts, failures and contradictions associated with previous iterations of this 'layering' process'

Variegated Europeanization

In the case of Europeanization of wage relations, variegation has, at least, a dual character

- At the EU level: intensified market pressures, but partially compensated by supranational flaking measures ('embedded neoliberalism')

→ *both* commodifying and decommodifying EU labour policy prescriptions

- At the national level: whereas the Europeanization of wage relations may produce common (de)commodifying pressures, this will produce uneven trajectories of work (de)regulation as they are mediated by power relations, conflict and contestation and institutional legacies

Methods

- Focus on one key dimension of IR: wage policy (collective bargaining/statutory wage mechanisms)
- Multi-level research design based on an in-depth comparison of case studies
 - Analysis of Europeanisation of wage policy
 - Ireland and Italy as national 'vantage points'
- 'Slow' (Almond and Connolly, 2020) & incorporated (McMichael, 1990) comparison with multi-sited fieldwork between May 2018 and May 2020, plus additional fieldwork in fall of 2022
- 74 interviews + extensive documentary analysis

Irish and Italian IR at the outset of the global financial crisis (2008)

Key features	Ireland	Italy
Statutory minimum wage	Yes	No
Collective bargaining coverage (%)	40 [2009]	80 [2005]
TU density	30.1	33.4
E density	60	68
Favorability principle	<p>No opt-out clauses from sectoral extension mechanisms</p> <p>Opt-out clauses from social partnership agreements</p> <p>Opt-out clause from NMW</p>	No opt-out clauses from sectoral agreements
Extension mechanism (or functional equivalent)	No extension, except for Registered Employment Agreements and Employment Regulation Orders	No extension, but courts can adopt the wages set by the relevant sectoral agreement as benchmark in cases of dispute
Employment protection legislation	Low	Medium

EU integration and industrial relations (i)

The competences of the EU on industrial relations have been expanding over time

- 1950s-1970s: birth of the EU as a custom union, very limited supranational competences on labor policy
- 1980s-2000s: increased market integration (European Single Market, European Monetary Union) combined with supranational flanking measures (but excluding pay and collective bargaining)




2010s: unprecedented EU interventions

- 2007/08: outbreak of the global financial crisis, soon expands to Europe
 - EU leaders identify the crisis as one of competitiveness
 - Unprecedented EU interventions on national industrial relations through 'new economic governance' tools
- focus on unit labour cost as cause of growing imbalances among member states



EU integration and industrial relations (ii)



The approach we took to competitiveness in Europe after the sovereign debt crisis seemed to prove his point. We pursued a deliberate strategy of trying to lower wage costs relative to each other – and, combine this with a procyclical fiscal policy, the net effect was only to weaken our own domestic demand and undermine our social model.

2020s: Polanyian countermovement?

- Increase in Euroscepticism as result of austerity policies
- Change in EU orientation towards industrial relations institutions
- 2022: European minimum wage directive
 - Provides a framework for adequate minimum wage
 - Supports collective bargaining coverage – esp. at sectoral level – as an instrument to guarantee adequate wages
 - Unsuccessful challenge by Denmark and Sweden at ECJ



EU integration and industrial relations (iii)

WAGES UNDER THREAT FROM EU/IMF



EU commodifying pressures on Irish wage policy

- Ireland under bailout conditionality between Nov 2010 and Dec 2013.
- First MoU requires reduction of national minimum wage and revision of sectoral wage setting mechanisms
- EU-IMF interventions intertwines with domestic challenges to wage setting institutions.
 - Domestic (employers) + EU commodifying pressure leads to reform of sectoral wage setting institutions that reduces scope, introduces opt-out clauses and competitiveness factors, employers' veto
 - But labour resistance leads to quick restoration of NMW (though with reduction of employers' social contribution)

EU decommodifying pressures on Irish wage policy

- EU directive on adequate minimum wages in the EU (2022): relevant for both NMW + CB coverage
- Government tries to dilute the directive in a non-binding recommendation, aligned with employers
- Once it fails, two moves:
 - Phased introduction of living wage respecting criteria of adequacy outlined in the directive (60% median wage)
 - Set-up of tripartite High-level Working Group to review collective bargaining institutions
- Domestic (labour) + EU decommodifying pressure leads to increase in NMW and possible improvement of sectoral wage setting mechanisms

EU commodifying pressures on Italian wage policy

- ECB conditionality + European Semester
- Commodifying prescriptions targeting EPL and national-sectoral collective bargaining
- Unsuccessful unilateral attempt to decentralise CB (2011) due to social partners' oppositions, shift to fiscal incentives for firm-level bargaining
- Domestic (employers) + EU commodifying pressure leads to liberalization of EPL
- But opposition from main employer confederation + unions curtail attempt of disordered decentralisation of CB

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EU commodifying pressures on Italian wage policy

EU decommodifying pressures on Italian IR

- EU directive on adequate minimum wages in the EU: no formal impact as no NMW + CB>80%
- Discursive resource for those in favour of NMW
- But introduction of minimum wage is hampered by political divisions and opposition within established trade unions
- Domestic opposition + weak EU pressure → thus far no significant impact on neither NMW nor CB

Common pressures, uneven trajectories (1)

- Following the outbreak of the GFC, Irish and Italian IR has been subject to *common commodifying pressures* → EU labour policy prescriptions with an emphasis on competitiveness
- Similarities and differences in target, reflecting institutional heterogeneity:
 - CB: similar prescriptions on opt-out from sectoral wage setting mechanisms to align wages with productivity
 - NMW: no prescriptions for Italy

Common pressures, uneven trajectories (2)

EU commodifying labour policy prescriptions

- have layered on ongoing national processes of institutional change
- have been mediated by different institutional landscapes
- have been shaped by the strategies of usage, adaptation and contestation of industrial relations actors, underpinned by uneven power resources

→ *Uneven* trajectories of commodification

- E.g., different role of main employer confederation vis-à-vis sectoral wage setting mechanisms

Common pressures, uneven trajectories (3)

A similar dynamic is now taking place with EU decommodifying pressures on wage policy

Institutional heterogeneity on NMW and CB between the two countries leads to different impact of the directive

- Ireland: phased introduction of living wage + planned improvement of sectoral wage bargaining
- Italy: thus far no foreseen impact

But the trajectories of implementation are also shaped by agential strategies by employers and trade unions



Variegated Europeanization

- EU integration did contribute to further neoliberalization of national industrial relations
- But ever-increasing market integration also creates counter-tendencies: EU market-constraining labor policy prescriptions
- Common pressures produce uneven trajectories of institutional changes
- Importance to go beyond role of institutions to incorporate also the role of power resources
- Value of a perspective which emphasizes the *variegated Europeanization* of industrial relations

Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness

Today, the Council's presidency and European Parliament's negotiators reached a provisional agreement to simplify **sustainability reporting and due diligence requirements** to boost EU competitiveness. The agreement simplifies the directives on corporate sustainability reporting (**CSRD**) and corporate sustainability due diligence (**CS3D**) by reducing the reporting burden and limiting the trickle-down effect of obligations on smaller companies.



Today we delivered on our promise to remove burdens and rules and boost EU's competitiveness.

“ This is an important step towards our common goal to create a more favourable business environment to help our companies grow and innovate.

— Marie Bjerre, Minister for European affairs of Denmark

News

News brief

EU: BusinessEurope sets out deregulation agenda in the social field



An article by [Antoine Piel](#)

Publication

20 February 2026 à 16h28

Reading time

3 minutes

BusinessEurope, the main lobby group representing employers and business federations across the EU, has called for a "turning point" in European social policy to help "boost competitiveness" and reduce regulatory burdens on companies. In a position paper published on 18 February, the organisation urged EU policymakers to drastically simplify recent labour legislation, including directives on pay transparency, platform workers and working conditions, arguing that administrative complexity is weighing on businesses.

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Politicising Commodification

European Governance and Labour Politics
from the Financial Crisis to the
COVID Emergency

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