Social dumping as marketization.

Management whipsawing in Europe’s auto industry

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The social dumping debate in Europe is taking place parallel to broader debates on the changing relationship between society and the market. Varieties of capitalism theorists argue that little has changed in Europe’s advanced industrialized economies since the 1980s, aside from the expansion of the ‘peripheral’ workforce relative to the ‘core’ (Emmenegger et al 2011). Most observers, however, see fundamental change, with detrimental implications for Europe’s workforce, and not just labor-market ‘outsiders’. According to the ‘liberalization’ argument, for example, the problem is not only that the increasing size of a less-regulated workforce; in addition, the function of industrial relations arrangements for those workers who are still covered by welfare state provisions, democratic co-determination rights, and sectoral encompassing collective agreements is changing (Baccaro and Howell 2009; Doellgast 2012). This process is biased against social protections for workers and the poor in part due to the corrosive features of market-making regulation emanating from the institutions of the European Union (Höpner and Schäfer 2009; Lillie 2010; Meardi 2012) and in part due to generic features of capitalism (Dörre 2009; Vidal 2013).

The focus of this paper is one slow-burning change in the organization of capitalism in Europe, marketization (Greer and Doellgast 2013, Hauptmeier 2011). We argue that a specific species of marketization, management whipsawing, is causing social dumping in the automotive sector. By management whipsawing we mean the staging of economic competition by large corporations with several production units in a way that extracts labor concessions by pitting local workers against each other in contests for investment and production. Multinational companies (MNC) were the first movers and developed various management whipsawing practices; however, the term was also used historically to describe union whipsawing at large national corporations with several production units (Ross 1948). Management whipsawing presupposes the ability to move production from one location to another, due to (for example) the standardization of production techniques, production of similar products in parallel at different locations, and unutilized production capacity.