The Varying ‘Centralised Decentralisations’ of Industrial Relations in Denmark and Ireland

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Introduction

Industrial relations have been in flux across Europe. Challenges include economic globalisation, political change, labour market transformations, growth of service sectors, changed working conditions, retrenched welfare states, and a general move from seeking collective solutions for common problems towards encouraging individual responsibility in a market-based arrangement (Amoroso 1992; Baccaro and Howell 2011; Baglivni 1989; Benner 2003; Crouch and Traxler 1995; Scheuer 2006). Bosch et al have argued that such changes have broken up the basis of industrial relations, where arrangements have been replaced by a much more fragmented worker’s base with less clear divisions and pronounced class lines(Bosch, Lehndorf, and Rubery 2009). In many countries, the break up of traditional industrial relations and pressures has led to substantive strain on established arrangements, cumulating in the increasing European-wide fragmentation of trade union representation and collective agreements at sectoral and enterprise levels.

This paper explores the transformation of industrial relations in Ireland and Denmark, two small open European economies facing these contexts and shifts. In particular, we examine the mixes of trends towards centralisation and decentralisation in each economy’s industrial relations system. Through a comparison of the dynamics of each national system over the past 25 years, we ultimately question the utility of a focus on the degree of centralisation or ‘coordination’ of industrial relations and other elements of the political economy. We argue instead that a focus on substantive content of social pacts and the organisational and institutional resources available and how they are mobilised and pieced together sheds more light on both the patterns and possibilities of industrial relations. While clear conceptual distinctions are essential to social science analysis, overly parsimonious
frameworks can weaken analytical explanation and obscure institutional and socio-political possibilities.

**Denmark and Ireland**

Denmark and Ireland are both ‘peripheral’ states in Europe and provide a link between the European continental ‘core’ and the Nordic countries, in Denmark’s case, and North America and the UK in Ireland’s case. Both joined the European Economic Community in 1973 and while Denmark did not join the eurozone, it follows eurozone rules and criteria closely. Both economies are reliant on exports. Some industries have emerged from their economic trajectories, particularly in the agricultural sector, while others are the product of investment during the post-war period (when Denmark leapt ahead) and foreign direct investment (Ireland’s emphasis in attempting to ‘catch up’ since the 1960s).

The two countries make for interesting comparisons in that, despite very different political economies and histories, each has experienced relatively successful and longstanding periods of corporatist industrial relations, the coordinated collective negotiation of interests, in recent decades. However, both also have strong elements of liberal economic organisation in their labour markets with relatively weak employment protection legislation and high labour market turnover, particularly in Denmark. Each has seen a significant shift towards a post-industrial sectoral and occupational profile in recent years. While both have ‘hybrid’ elements, Ireland is clearly more ‘Liberal’ and Denmark more ‘Social Democratic’.

We ask how these cases have responded to the challenge of pressures on their economies and industrial relations, through the era of the European trading zone in the 1990s and economic and monetary union in the 2000s. We also refer more briefly to their response to the crisis since 2008. We explore apparent contradictions in the trajectories of the two political economies and offer an alternative account of the key distinguishing features of the two models.

Historically pluralist and tied to the UK system of industrial relations (including many of the same unions), it was a great surprise that Ireland had from 1987 to 2008 one of the longest historical unbroken series of corporatist national social pacts. A history of clientelism and liberal economic policies suggested that the conditions for corporatist politics should be relatively weak – and a series of relatively unsuccessful experiments with national wage agreements in the 1970s seemed to confirm this (Hardiman, 1988). Despite the relative weakness of the centralised peak associations that typically were associated with corporatism in Europe, and the patchy history of national wage agreements in the 1960s and 1970s, a series of centralised pay deals began in 1987 that continue today (Hardiman, 1992, 1998). Unlike as Ireland seemed as a location for corporatist pacts, the agreements that were signed rested upon a hard core of ‘compensatory exchange’ (Roche, 2007). Unions delivered wage restraint and industrial peace to employers while employers
delivered guaranteed wage increases and the prospect of growth to workers. Government was central. Employers were to receive the fiscal discipline that they desperately wanted while unions were guaranteed the safeguarding of the real value of social benefits, a limit to the severity of cuts in public services, steady public employment levels and, crucially, decreases in income tax that would compensate for the wage restraint they had offered employers. Irish industrial relations during this period moved from decentralised to centralised structures, apparently contradicting predictions of convergence on more decentralised models through a series of central agreements, some consolidation of peak associations and a strong direct role for government. However, when the financial crisis hit in 2008 these institutions largely collapsed.

The Danish industrial relations system was historically centralised, organised through bargaining between peak associations in a largely self-regulated system without significant governmental involvement or extensive use of legal provisions. However, the peak level industrial relations system in Denmark broke down in response to conflicts in the 1970s and early 1980s, and wages are now mainly negotiated at the workplace level. However, as Thelen (2014) points out, this is embedded in collectivised risk with high union coverage and influence, accompanied by state limits on wage flexibility at the low end to address emerging risks of new groups. Madsen and Due (2011) note that this system was further transformed in the 2000s through Europeanisation from above and individualisation of negotiations in many enterprises. Nonetheless, the institutionalised system of rolling collective agreements persisted after the crisis, with the latest agreement agreed for the period from 2014 to 2017.

Understanding Changing Political Economies

There has undoubtedly been a strong historical association between liberal political economies and decentralised industrial relations. This association has been largely imported directly into key conceptual distinctions in the relevant academic fields. The emphasis in industrial relations on the degree of coordinated bargaining and centralisation of peak association, generally combined in the distinction between corporatist and pluralist systems, is mirrored in the core distinction in the dominant Varieties of Capitalism framework between ‘coordinated’ and ‘liberal’ market economies (Hall and Soskice, 2001).

Thelen (2014) has sought to combine the analysis of these comparative differences with general pressures towards convergence. She argued for a variety of liberalisation processes in coordinated market economies that differ with the degrees of state retrenchment and changes of the VET, industrial relations, and labour market policy system (Thelen 2014). In economies such as Ireland she expects to find a process of “Deregulatory liberalization ... [which] involves the active political dismantling of coordinating capacities (on one or both sides of the class divide) and declining coverage – and with that a marked individualization
of risk.” (Thelen, 2014: 13). In social democracies such as Denmark she finds that a process of “Embedded flexibilization, … involves the introduction of new forms of flexibility within the context of a continued strong and encompassing framework that collectivizes risk.” (Thelen, 2014: 14). This process shifts social democracies from market suspending institutions to making workers more mobile and is distinguished from deregulation in that it collectivizes risk in the form of enabling marginal groups and targeting keeping people in the labour market and in good jobs.

The emphasis on varieties of liberalisation is useful and allows for the kinds of comparisons that we seek to make. However, the underlying distinction between coordination and decentralisation remains overdrawn. Empirically, while liberal economies were rarely characterised by peak bargaining they still contained significant elements of centralised coordination (Ó Riain, 2014). Managerial hierarchies are much stronger and coordination among managerial elites is often significant, targeted enterprise and innovation policies are often widely used (if hidden (Block, 2012; Ó Riain, 2011)) and governmental organisation is typically more centralised and based on highly centralised power within parliament and government. This “strong state and free market” combination is a feature of liberal political economies - not a bug. This also implies that we should understand the other side of the category – decentralised market action – differently. For example, the ‘new public management’ that has transformed public services in liberal economies such as the UK is less about the spread of markets than about the creation of different types of market mechanisms, often under the control of increasingly centralised managerial structures. The ‘varieties of liberalisation’ will involve different forms of governed market action, not ‘more or less’ coordination.

Huo (2013) has argued that changes in industrial relations and welfare arrangements in Denmark have involved a centrally organised process of decentralisation that ensured both introducing flexibility and continuing social democratic values of solidarity (Madsen and Due, 2011). We will use the concept of centralised decentralisation to explain how both countries move into the same direction but the actors use different means and varying degrees and forms of both centralisation and of decentralisation. We explore the different meanings of centralisation and decentralisation in each national context, and over time, and examine how particular organisational changes in the industrial relations system were linked to particular socio-political projects and the creation (and occasionally erosion) of new systemic capabilities.

The economic sociology of always embedded markets (Block, 2011) helps us more than the Varieties of Capitalism perspective here. While microeconomic incentives matter in industrial relations, the structure of the industrial relations system cannot be read off simple binary distinctions such as coordinated/liberal, general/ specific skills, and so on. At a minimum such accounts need to be supplemented with close attention to the power resources available to actors. However, those power resources cannot be assumed to rest in
a straightforward fashion in particular forms of centralised institutions. In a world where mixes of central and decentralised organisational forms are typical and where industrial relations systems have ‘uncertain boundaries’ (Regini, 1995) then centralisation may sometimes weaken labour and certain forms of decentralisation may strengthen it. Different mixes will offer different resources and pose different dilemmas. Finally, it is crucial to recognise the importance of the uncertainty faced by actors in recent decades as existing institutions have come under strain. In this context, even powerful actors can find themselves puzzling through unfamiliar situations – for example, even ever more powerful firms may find it difficult to ‘deliver on their side of the bargain’ (Thompson, 2010) when organisational capabilities are in flux. Business, labour and institutions all face problems of reproduction under conditions of uncertainty and the transformation of institutions can be about creating new capabilities at the same time as a struggle over shifting the balance of power.

**Unexpected Transformations: Liberal Centralisation and Social Democratic Decentralisation**

Denmark institutionalised the employer-employee relationship early, starting in 1899 (September Agreement). The relationship’s core comprises an industrial court and conciliators to achieve the two main aims of industrial peace and stability, which combine with the voluntaristic nature of industrial relations to form the Danish model. The state remains mostly outside direct labour market regulation, and employers and employees – and associated organisations – negotiate wages, working conditions or aspects of industrial relations on several levels and constellations (Andersen and Mailand 2002). There are a few exceptions to the state’s restraint, such as the Consolidation Act 81 (3 February 2009), regarding white collar worker’s working conditions. The state is involved in areas affecting general welfare or economic policies, such as finding consensus on new directions, through promoting occasional tripartite agreements. The state also guarantees the time schedule of the collective agreements through the right to enact an agreement should the social partners not reach an agreement within a certain time frame.

“I mean if you do something that is really improving productivity and competitiveness for Danish companies you are also improving the tax breaks without raising the tax rates. And then everybody could be happy. The government could be happy, the trade unions could be happy because employment is going up and the employers could be happy because productivity and profits are going up. It could take months, even half years or years without an outcome but I tend to think it would have been a potential improvement of the possibilities of finally getting something out of it.”(Political Actor Denmark)
In contrast, the Irish system traditionally resembles the British mix of voluntary and formal industrial relations. However, more aspects of the employment relationship have been codified in laws, partially as a result of European legislation or the national partnerships between trade unions, employers and the state. The complex growth of individual agreements, national policies and ongoing reliance on voluntary actions have led to a renewal of the industrial relations system with the establishment of a workplace relations commission and labour courts to centralise and combine individual aspects. In addition, there is a trend towards individualisation of human resources management within firms themselves, or at least a mix of both collective and individual industrial relations, which has partially been initiated by the use of soft HRM in US firms attracted to Ireland (Gunnigle, Collings, and Morley 2005; Roche 1997). The crisis has given industrial relations a low priority and employers have had significant autonomy to enforce new forms of rationalisation, although a pragmatic form appears to be more common than radical organisational transformation (Roche and Teague, 2014). Voluntarism continues instead of making trade union recognition mandatory especially for bargaining purposes. The changes affected the national partnership agreements, which governed many aspects of the employment relationship, including pay and fringe benefits. A series of public sector agreements have been reached, trading continuing job security for incumbents for significant concessions on pay and some other issues. No agreements were reached in the private sector after 2008, channelling agreements to the company level.

Denmark has a high union density of approximately 67 percent that translates into a collective bargaining coverage of 65 per cent, compared to a union membership of 34 per cent in Ireland and a bargaining coverage of 44 per cent. The high density of union membership in Denmark results in part from the provision of unemployment insurance through a union administered unemployment fund and through state provisions (Ghent system). This makes trade union membership attractive but also volatile if new actors emerge (Lind 2009; Van Rie, Marx, and Horemans 2011).

Danish and Irish trade unions also differ in number and organisation. Trade unions in Denmark are mostly organised according to occupations and broadly divide into manufacturing and services, professionals, academic professionals, and managerial confederations.

The Danish Confederation of Trade Unions (LO, Landsorganisationen i Danmark, formed in 1898) is the largest confederation and the largest trade unions are the United Federation of Danish Workers (3F, Fagligt Fælles Forbund) and the Union of Commercial and Clerical Employees (HK, Handels- og Kontorfunksionærernes Forbund), followed by the unions for transport and construction. Until 2003, LO was also connected to the Social Democratic party through exchanges of senior officers and financial support. The second largest
confederation is the Danish confederation of Professionals (FTF), which covers nurses, teachers, youth educators and financial services, who all are predominately working in the public sector. The third biggest confederation is the Danish Confederation of Professional Associations (AC, Akademikernes Centralorganisation) that covers lawyers, economists and PhDs. The last confederation is the Danish Association of Managers and Executives (LH, Ledernes Hovedorganisationen).

**Figure 1 Confederaions and major trade unions in Denmark**

In Ireland, the Irish Congress of Trade Unions (ICTU) is the only confederation and covers both the Republic of Ireland and Northern Ireland. The number of affiliated trade unions varies between regions but stands around 56 trade unions that group around sectoral and occupational divisions, similar to the UK. This differs from Denmark because several trade unions can recruit from the same pool of workers. Moreover, there is a strong link between British trade unions and Irish ones, and the majority of Irish trade unions have partial roots in England.
On the employers’ side, the Confederation of Danish Employers (DA, Dansk Arbejdsgiverforening) organises the private sector and includes the Confederation of Danish Industry (DI), which is the biggest employer association and covers the manufacturing and industry sectors. It also includes the Danish Chamber of Commerce (DE, Dansk Erhverv), which covers the service and commercial sectors, the Danish Employers’ Association for the Financial Sector (FA, Finanssektorens Arbejdsgiverforening), and the Danish Confederation of Employers’ Associations in Agriculture (SALA, Sammenslutningen af Landbrugets Arbejdsgiverforeninger; ceased to operate in 2012).

In Ireland, the Irish Business and Employers Confederation (IBEC) dominates the employer’s side but cannot claim exclusivity. There are other confederations such as the Small Firms Association (SFA), the Chamber of Commerce Ireland (CCI), the American Chamber of Commerce in Ireland, and the Irish Small and Medium Enterprises Association (ISME) – some folded within IBEC while others operate in conjunction with it. Many companies are members of several associations in Ireland. This pattern seems to be driven by the services offered, with a focus in advice on employment law and business representation, including insuring businesses against adverse outcomes of legal proceedings. The ability of IBEC and the other associations to ‘deliver’ unwilling employers, especially foreign firms and large domestic companies, is relatively weak.

In contrast, Danish employers exercise a certain degree of pressure on each other to join an association because staying outside the structure of collective agreements carries costs for Danish companies, both in industrial relations and in relations with other employers; it is best expressed in a reflection by a trade union representative, “we meet ... [companies] as soon as they are here and we say, this is what we are offering you. And we are also quite flexible so we can say, if there is something in it which doesn't work for you let's talk about it. We are not going to give you a cheaper collective agreement but we can figure something out.”(TU Representative 2) To this end the associations also offer additional services to employers, which mostly consist of legal advice in human resource or collective agreement matters.

Recent years have seen the rise of so-called ‘yellow unions’ that offer unemployment insurance at a lower rate than traditional unions and without the institutional setting of collective representation. Their target group are young and flexible workers, who cannot or do not want afford the higher rates of traditional funds. Both trade unions and employer organisations regard yellow unions as an increasing problem, arguing “system and the collective agreements demands that we have some kind of organisation on both sides. So if no one is believing in this system and seeking another system there could be a pressure, definitely.”(Business representative 1)
Actual industrial relations itself mostly take place on the sectoral level in Denmark and on the company level in Ireland. In both countries the national level is secondary in terms of direct management but is nonetheless important. While company agreements are important in Denmark as a secondary outlet, sectoral agreements play hardly any role in Ireland, adding to the decentralised nature of the industrial relations system. In Denmark, the dominant form of interaction are collective agreements, agreed and ratified by the employer and employee; collective agreements also comprise framework agreements which govern general aspects of industrial relations and which are not negotiated in every round of collective bargaining. With the exception of the public sector, this is not the case in Ireland. The Irish case is interesting as an institutional corrective emerged, the Joint Labour Committees, to cover sectors with traditionally low unionisation or substantive industrial relations. They served as a quasi collective bargaining platform for low-wage sectors and their agreements were mandatory without any employee consultation. However, they were largely disbanded (although now being remade) after the 2008 crisis.

Companies also have the option to opt out from agreements if their economic conditions are unfavourable. Companies in Denmark also have to accept collective agreements once they have been negotiated and comply with them. Exit is only possible through industrial conflict and leaving the employers’ association, making it very costly; if

“you first have a collective agreement ... a divorce is very difficult ... Because then you should make an effective conflict saying that I don’t want this collective agreement anymore, you have to lock out the organised employees. ... so you have to have quite big finances to have an effective lock out and an effective conflict.”(Employer Representative 1)

This has led some commentators to argue that Denmark and Ireland represent two opposite ends of the industrial relations axis. Denmark can be found in the camp of coordinated market economies and Ireland in the group of liberal market economies. We can see relevant evidence in both countries. In Denmark, industrial relations are the result of centrally coordinated cooperation between the social partners, which is voluntaristic but guaranteed by the state to make the system working. In Ireland, industrial relations are the combination of different actors centred around the primacy of the individual contract and the absence of comprehensive or permanent coordination by the social partners. However, such views are insufficient for explaining the types of decentralisations found in the two countries. It would suppose that industrial relations in Denmark retain their collective element while Ireland is unable to move beyond local and individualised industrial relations.

In reality, there is also evidence of greater variation between the agreements, the cooperation between the social partners, and the role of the state (see Figure 2). In Denmark, national level agreements have largely been replaced by sectoral and firm level
agreements, sometimes weakening the negotiation power of local shop stewards (Due and Madsen 2008; Ilsøe 2012a). Political processes are also now in the hands of regional and local governments that determine the implementation and outcomes of governance actions. In Ireland, the social partners and the central government successfully pursued a strategy of cooperation for most of the Celtic Tiger years. These included agreements on pay and other working conditions while the trade unions agree to exercise constraints in industrial actions and generally support economic and FDI focussed development (Ó Riain 2014).

Figure 2: Wage Coordination: Ireland centralises as Denmark decentralises

Despite its corporate focus and Anglo-Saxon style of industrial relations, in which individual deals take precedence over cooperatively set collective bargains, the Irish national agreements prescribed working conditions across sectors in great detail and managed to restrain conflictual social partners for more than two decades. This achievement was noteworthy because the social partners were often unable to cooperate in other areas and affected sectors outside the public sector that would have had no coverage otherwise.

A further dimension is the role of government. Again somewhat paradoxically, government plays an apparently ‘stronger’ and certainly more direct role in Ireland – particularly, but not only, during the social partnership era from 1987 to 2008. Where the state in Denmark acts as ‘guardian’ of the process, government has been a centrally involved actor in Irish agreements – and still steers the elements of national social dialogue that remain (see Figure 3).
The Danish government centralises the IR process, firstly, through pursuing tripartite agreements to direct macroeconomic policy, which are targeted at labour markets but also at the creation and maintenance of a globally competitive economy. However, these tripartite agreements are relatively rare and organised on an ad hoc basis. It seems that crisis or general economic changes initiate tripartite meetings. Typically, the government takes up a facilitating role, whereby it brings together the social partners and ensures that employers and employees negotiate certain aspects in their next bargaining round. This points to the second aspect of government centralisation in IR. Besides enabling social partnership, the government has a IR policy of its own and provides a crucial function to the IR process in Denmark. Interviewees argued that certain crises had been handled inadequate by the government, particularly the last tripartite meeting of 2012. Concerned with working time arrangements, yellow unions, vocation training and other issues, meetings ended without agreement. Instead of using its political power and option of persistence to push through certain policies, government folded in the face of initial negative public reaction (despite the partners’ apparent interest in reaching an agreement).

On the other side, the government can coerce social partners to accept a collective agreement if their own bargaining attempts remain without result after a certain time frame (Elvander 2002; Ibsen 2012). In such a case, the government exercises a significant centralising effect on the industrial relations system because both employers and employees act under the expectation of government intervention in collective bargaining.
rounds and the expectation of reaching agreement before the intervention (Swenson 1991). It would also be an occasion for the government to enact its own policies in that situation (Karlsen and Villadsen 2007). In addition, the social democratic party and the trade unions used to be closely linked to each other through the pursuit of common policies, exchange of officers and membership base but this relationship has changed (Allern, Aylott, and Christiansen 2007; D’Art and Turner 2007).

Decentralisation occurs for the government foremost by retreating from certain governance areas and divesting responsibilities to the local and regional level, thereby following a European trend of weakened central, nation power (Falkner and Leiber 2004; Green-Pedersen 2002; Green-Pedersen, Kersbergen, and Hemerijck 2001; Knudsen and Lind 1999; Nørgaard 2003; Tonboe 1991). These are already powerful political actors because they organise welfare functions and provide citizen services (Lindsay and McQuaid 2009). Adding new services and administrative functions increases their power. At the same time the central government frees itself from these and can pursue other activities (most generally focused on the welfare state). Moreover, the government has been undertaking a process of privatisation. Some key firms, which are now providing existential government services have formerly been owned by it. Firms like KMD or CSC had been created by the government to provide central services but privatised during the past years (Olsen 1989). In other areas, such as public transport, the government has also attempt to privatise business but has met degrees of resistance and outcomes are often less successful (Hasle 2007; Hohnen and Hasle 2011).

More fundamental however, is a form of state support for certain industries. The government has an interest to create internationally competitive industries, which can benefit the Danish society while also strengthening Denmark’s position in the global economy. This happens through privatising existing companies. It also takes place through first creating companies and once they are viable, privatising them. One of the latest measures by the government is to seek cluster benefits for biomedical companies in regional “super-hospitals” that provide significant research services on top of normal medical services. In other words, the Danish government undertakes decentralisation on the political and economic pathways.

The core of the Irish social partnership deals was a political exchange among unions, employers and the State. This exchange remained a crucial element in Ireland’s social pacts from the early agreements, which contained very little other than these core elements, to the later agreements which by the 2000s came to contain almost the entire programme for Government (even if this programme had not itself been developed within the partnership process). The core of this exchange was the provision of industrial peace and wage restraint by unions. The role of the State here was crucial as the quid pro quo for these concessions by unions was the provision of tax cuts by the Government in order to improve living
standards while improving wage competitiveness and controlling inflation. The danger here was the worsening of the fiscal crisis through reducing the tax intake, especially as the State was already saddled with massive debt. The pact therefore relied heavily on economic growth to fill the gap in public finances, which was to be the employers’ contribution (Teague and Donaghey, 2009). However in the early pacts and through the 1990s, cuts in public spending (or later spending restraints) were also a significant part of the package.

The Irish government initiated a strategy of seeking national level consensus with the social partners in 1987 and was successful in this strategy until the recession. These national agreements dealt with issues of pay, working conditions and macroeconomic policies. Their aim was to establish social peace between trade unions and employer organisations that would allow the Irish state to develop a strong economy without disruptive industrial relations. The national agreements were deemed a success despite their current failure. However, such a strategy of centralisation is the exception than the rule. In most other matters, the Irish government does not assume responsibility for industrial relations or the processes between social partners, except for the public sector itself. It follows a Anglo-Saxon model of industrial relations which relies on firm and individual level agreements that are reached without a government’s input. On the one hand, such a two sided strategy allows the government to implement central strategies while sparing it from comprehensive responsibility. On the other hand, the government has flexibility in attracting foreign direct investment because it can provide options in the recognition of trade unions and agreement coverage. Ireland’s national level agreements were more similar in their institutional features to Denmark’s sectoral collective agreements – being regular, on a set time frame and negotiating an expanding range of conditions over time.

The Irish government’s aim was to foster economic growth after periods of stagnation and economic underdevelopment. Moreover, the 1980s was marked by industrial relations conflicts that seemed to prevent foreign companies from investing in Ireland. The national agreements were intended to provide social peace for companies in return for wage and working conditions concession to trade unions. In contrast, although the Danish government also aims to implement certain agendas their political leverage is weaker and action remains at the policy level. From the interviews with social partners, we can see that they enjoy comprehensive freedom from government interference to negotiate agreements and set-up a range of welfare funds. Outcomes of tripartite negotiations have the character of recommendations which the social partners should consider in their next bargaining rounds but which are not binding. The Danish government only has a better position in cases of conflict arising from the failure of collective bargaining rounds, when it can pass laws that make a certain agreement mandatory for all social partners. This prevents continued industrial relations conflict and economic costs while it also puts pressure on social partners to reach an agreement on time if they want to retain their freedom. Ireland’s agreements were brokered by government and often depended on last minute creativity by government.
leaders. Ireland’s government was more directly involved in the substance of agreement negotiations while the Danish state acted primarily to enforce the agreement making process.

A simple view, such as liberal market organised industrial relations, would miss the importance of the Irish state in shaping the industrial relations systems for decades and altering the Anglo-Saxon model from a voluntary, conflictual to one where key intervention has been accepted for the national level. In contrast, Denmark is expected to build on a high level of coordination and it fulfils this expectation in addition to the ongoing decentralisation of certain negotiation functions. All agreements and aspects of the industrial relations system share common elements that connect them with the national institutions and ensure continuity between the different levels. Focusing on the coordination aspect of the Danish system would miss the amount of individuality included in the agreements and the social partners’ willingness to negotiate contracts that can reflect particular situations.

Hence, we argue that actors in the two countries create these parallel decentralisations and centralisations in the pursuit of collective and individual interests. In Denmark, the social partners are independent from government interference and want to preserve that status by enabling even adverse collective agreements. Moreover, despite the variety of agreements at all levels, the agreements conform to certain standards and reinforce the pre-existing industrial relations order. In Ireland, by contrast, the social partners turn to the state – or respond to its entreaties – in order to overcome the weaknesses of their bilateral relations. While national level associations of employers and unions often valued cooperative agreements, industrial relations across the economy was highly fragments with a strong public-private split, an emerging non-union sector (incorporating both ‘soft’ and ‘hard’ HRM models) and strong aspects of pluralist local arrangements.

Varieties of Centralised Decentralisations

The collective agreements are an interesting feature of decentralisation on their own. Despite the centralised nature of agreeing on the core bargaining terms, there are several hundred agreements in place. These agreements are at the national, sectoral, and firm level. At the national level they stipulate the minimum terms which are included in all agreements. At the other levels, these serve as frames within which firm and individual agreements can be made and these agreements provide individual deals concerning working conditions and pay (Madsen 2004). These deals provide firms with flexibility regarding their employees and their own business.
Decentralisation simultaneously occurs in different ways in Denmark. First, employer associations can enter sectoral agreements with trade unions that reflect the special situation of the respective sector. Despite DI’s dominance, individual employer associations have the flexibility to negotiate most aspects in light of their own requirements and how trade unions act. The centralised bargaining position of DA in such cases prescribes the range within which agreements can be struck. Second, DA allows some companies to enter special agreements with trade unions in addition to sectoral agreements. These companies are foreign and domestic, such as Novo Nordisk or CSC. Third, to broaden their membership base, DA and DE offer different levels of memberships to companies. At the lowest level, companies only receive basic advice and legal representation while they also participate in agreements and political representation at the highest level. Both special agreements and preferential membership levels ensure that DA and DE can achieve a broader representation. A positive effect is not only an improved political position but also a stop and potential reversal of loss in memberships. Such decentralised negotiation power rests on the assumption that management is able to strike agreements with local union representatives which is economical and flexible (Ilsøe 2010; Ilsøe 2012b; Krisstensen and Morgan 2012).

Nonetheless, despite the decentralisation of Danish bargaining, there are also patterns of complex coordination across these local agreements. Yet, what keeps them together and produces a central element in the trade union system is the connectedness of the agreements and the provision of welfare benefits from the national actors (Andersen 2007a; Andersen and Jensen 2002; Andersen and Mailand 2002; Kristensen and Rocha 2011; Mailand 2006; Mailand 2008; Trampusch 2007; Trampusch 2009). In both public and private sector, the agreement emanate from the core to the periphery. In the public sector, the first agreement is struck on the national level and will then be followed by the local and regional governments. In the private sector, the social partners of the manufacturing sector, Co-Industri and Dansk Industri, dominate the bargaining process (Andersen 2006). The union cartel of manufacturing and industry, Co-Industri, organises workers across a spectrum of sectors, such as Carlsberg, IBM, or Dow Chemical. The negotiation of the collective agreements normally takes first position in each bargaining round and thus sets the tone for all agreements to follow. Other trade unions are not necessarily happy about this. However, the private sector trade union federation LO requires the approval of the agreements by all trade unions. This puts pressure on Co-Industri to reach an agreement that is at least partially favourable to other sectors; it also puts pressure on the other trade unions not to divert much either or put their own concerns above others. Representatives from both non-industry employers and employees said that although there is a general agreement on the level of benefits to be negotiated, Co-Industri and Dansk Industri get their way.

“Dansk Metal [member of Co-Industri] ... will say, yes really interesting. They don't give a shit really, they do their own thing and traditionally that has been the way it
has been. We try and get as much influence as possible but to be honest, they will listen to 3F but they won't really listen to us that much.” (Trade Union Representative 2)

This complex and contested choreography is also facilitated by some tendencies towards organisational consolidation among employers and unions. The Danish employer association pursues strategies of centralisation and decentralisation to gain strength and diversity in similar fashion as the trade unions. Representatives argued that the economic crisis of the 1970s and later 1990s demanded changed in the organisation of companies in order to survive and be able to shape policies and agreements. One strategy was the consolidation of individual employer organisations within Dansk Arbejdsgiverforening (DA). The vast number of organisations within DA at the beginning of the process made effective coordination difficult (Wallerstein, Golden, and Lange 1997). Demands by individual associations stipulated a degree of balkanisation amongst employers in which individual advantages were place above the whole economy. The lower number of associations at the end of the process allows for a more streamlined process and as the representatives put it, guarantees 100 per cent success rate.

“Yes I mean the idea was also to get fewer collective agreements ... So still there are companies who have to deal with several different collective agreements [because of many trade unions]. Because the same merger you have seen on employers side has not been happening in the same way on the trade union side.” (Employer Representative 3)

Additionally, among employer associations, Dansk Industri takes a leading role and indirectly dominates within DA. It determines the key elements of collective agreements and the position, DA will take when individual associations negotiate with trade unions. The structure of agreeing on common principles before the bargaining round ensures that this central line will be kept and diversions are unlikely (Kraft and Bansler 1993). In this way, employers can secure their strength in relations to the state and trade unions such as in the area of occupational pension (Trampusch 2013).

In Denmark, trade unions are also encouraged to merge in order to gain better bargaining positions and lower the costs involved in collective representation.

“I think ultimately, LO and FTF and perhaps AC are going to have to merge. It just doesn't make sense that we have got two separate organisations. I know there has been talk about it and there is increasing cooperation all the time ... It is going to take a long, long time ... That would also free up a huge amount of resources to organisers, people organising work. Because that is the problem, we don't have
enough people to have the organising skills, we don't have enough resources to actually employ organisers.” (TU Representative 2)

For a long time, Irish trade unions were tied together by the national agreements that started in 1987. In this agreement, major trade unions agreed to restrain themselves in industrial actions to pursue their goals in exchange for concession regarding working conditions and particularly issues related to pay. In addition, most trade unions are organised in the Irish TUC, which coordinates union policies and actions of individual trade unions. It is similar to the workings of LO but does not prescribe the negotiating rights of individual trade unions in the same way as LO does.

Irish trade unions have a different focus on occupational divides that often provides much narrower limitations between them than is the case in Denmark, which affects the options available to centralise industrial relations. Ó Riain (2014) argues that Ireland has been characterised by 4 political economies - and 4 industrial relations.

The first ‘project’ is based around the export economy, in both manufacturing and business services, and accounted for 28% of employment in 2006. The other three sectors are based more firmly in the domestic economy. The public sector, dominated by social service employment in education, health and social protection, accounted for 22% of jobs. 13% of all employment was in construction and allied activities while personal market services accounted for 26%. Each of these broad sectors added significant numbers of jobs in the decade to 2006 and were roughly equally important to employment growth.

In Ireland, the situation is different because the relationship between the social partners was continuously seen as being adversarial and cooperation was exceptionally difficult to achieve before the surprising advent of national agreements in 1987. When it happened, it was taken up as an exception to the rule rather than a genuine new model of partnership, which would resemble continental European models.

On the one side, employers seek centralisation in Ireland to ensure an equal playing field between them and to gain strength in political participation. Organisations such as the
American Chamber of Commerce or the IBEC represent companies provide companies with opportunities to exercise this strength. However, this is limited by the capacity of IBEC to coordinate its members interests and also by the privileged access of the American Chamber of Commerce and its members to the policy system (due to Ireland’s heavy reliance on foreign investment and the large institutional infrastructure built up to facilitate that).

On the other side, companies in Ireland seem to search for more decentralisation of industrial relations than in Denmark. Foreign companies, particularly US companies that entered Ireland from the 1980s onwards, have an interest in maintaining industrial relations on an individual basis through pursuing soft HR strategies and are also facilitated by direct access to politicians and state agencies who can smooth over many aspects of the institutional system at a local level, without generating a need or demand for a collective solution.

Comparing centralisation strategies of employers in Denmark and Ireland, they are similar in that companies try to coordinate their activities to gain great strength in negotiation agreements and policies with trade unions but also the government. However, they are different in two regards. Firstly, domestic and foreign businesses are represented by common bodies in Denmark and in Ireland, but seem to pursue different sets of strategies; mostly favourable business conditions for foreign businesses and domestic growth for native firms. There are also greater disparities between firms at sector level, which result from the localised nature of industrial relations in Ireland. This conforms with the more decentralised nature of collective agreements and coordination between firms in Ireland, where deals are individual to each company. However, there is far less capacity at local and sectoral level in Ireland to coordinate across companies or groups of companies without a higher level of agreement – such negotiation of ‘localised’ conditions and strategies is a core feature of the collective agreement institution in Denmark.

Looking at trade unions in both countries, it is evident that Danish trade unions are more centralised than Irish ones. They receive their strength from the central organisation and coordination of their activities while they remain flexible in their scope of agreements. Irish trade unions are largely decentralised in the relationship between the federation and its members, and there is little leeway to centralise functions except for policy making purposes and common representation. On the one hand, the structure of Irish trade unions merely reflects the employer’s and government’s organisation of industrial relations that relies on one central agreement and numerous individual ones. A review of trade union organisation in Ireland was initiated in 2011 to examine the possibility of merging unions and achieve better coverage of workers and topic, including avoiding competition between unions that could result in an overall weaker position of all trade unions despite gains for a few. In Denmark, trade unions are like their counterparts and have built central structures of which firm level industrial relations are supportive. On the other hand, Irish trade unions
face greater struggles when their membership base erodes in economic downturns and structural changes.

Some of these comparative differences relate to the different character of the leading export sectors – a domestic diversified sector in Denmark relies heavily on industrial upgrading and wage restraint while the dominant foreign firms in Ireland import their organisational practices and focus their policy efforts on tax and, to a lesser extent, science and innovation policy. The structure of public institutions is also quite different with Denmark possessing a meso level of institutions that is weaker in Ireland – including regional and municipal public administrations, sectoral industrial relations, and vocational education systems.

Non-wage issues have been important in both cases but also vary in telling ways. In Ireland, social partnership deals collected a vast range of policies within the agreements over time but most of these originated largely outside the process in the party political system. The crucial element provided by government were tax cuts (see Table 1) and the calibration of the minimum wage and entry to the tax net so that lowest wage workers remained largely outside the tax system.

Table 1: Income Tax Rates, 1996-2002

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax rate at lower band</th>
<th>Tax rate at upper band</th>
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<tbody>
<tr>
<td>96-7</td>
<td>27</td>
<td>48</td>
</tr>
<tr>
<td>97-8</td>
<td>26</td>
<td>48</td>
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<td>98-9</td>
<td>24</td>
<td>46</td>
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<td>99-00</td>
<td>24</td>
<td>46</td>
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<tr>
<td>00-01</td>
<td>22</td>
<td>44</td>
</tr>
<tr>
<td>2001</td>
<td>20</td>
<td>42</td>
</tr>
<tr>
<td>2002</td>
<td>20</td>
<td>42</td>
</tr>
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</table>

Ireland’s welfare state is best understood as a “pay related” welfare state (Ó Riain and O’Connell, 2000), or what Castles (1985) has called a “wage earner welfare state” in the “antipodean” welfare states of Australia and New Zealand. In this model a basic, relatively low level of universal payments and benefits is provided with significant opportunities for topping up those benefits through occupational or contribution based schemes. In the Australian and New Zealand cases this is focused more heavily on benefits linked to occupation and worker status, while in Ireland it operates primarily through the use of
contribution-based schemes or the ability to use market income to gain access to public supports or to enhance them. This contrasts with other liberal welfare states such as Canada and the UK with weaker wage earner elements but where some of the major expansions in welfare were related to historical moments that allowed the building of national public institutions - for example, the National Health Service in the UK. While there are some welfare and wage earner elements in the US system, it conforms much more closely to the classic liberal ideal type of an exceptionally low safety net.

Evaluated as an overall model of welfare spending, this is clearly a version of the liberal model. However, from the perspective of those citizens who can afford to top up the State provided benefits, privately provided social supports are heavily subsidised by the public purse. In practice the growing middle classes of the 1990s received extensive public subsidies for their pensions, healthcare, housing and education. For the middle classes that were growing through the private sector these subsidies came largely in the form of tax incentives and reliefs. For the growing public sector, many of these supports were directly linked to their public employment (O’Connell and Ó Riain, 2000). Supports for the growing professional classes went beyond education to health, housing, pensions and other crucial factors shaping an internationally competitive labour force. Even as personal taxes were lowered, the Irish middle classes benefited from public subsidies and tax breaks – and so, by extension, did their employers. In short, the welfare state was in some respects strengthened for the middle classes even as it remained a minimalist support for the most excluded. The state did not withdraw – it provided crucial supports, but on an unequal basis. The professional classes in high tech and related sectors benefited from this two-tier system, as did their employers (Ó Riain and O’Connell, 2000). Not all policy developments are in the same direction, of course, with some dilution of the ‘wage earner’ aspect of social security through abolition of pension and job seeker pay related benefit in 1984 and through gradual erosion of entitlement to pensions and working age wage earner entitlements (Murphy, 2013).

In Denmark the role of non-wage issues in reconstituting industrial relations bargaining was both more significant and substantially different in substance and organisational form. Thelen (2014: 65) argues that the solution to the rupture in centralised bargaining was LO’s move in 1999 to focus on non-wage aspects as a means to regain power and recreate role, so that instead of wages, the new centralisation is in non-wage aspects. The creation of new funds to support pensions, training, care and other social reproduction functions was crucial to the new industrial relations in Denmark. This involved not just the transfer of issues across realms (from welfare to industrial relations) but the creation of new collective capabilities as employees and employers contributed to new shared funds that could directly decide and fund the direction of new policies. This enabled new kinds of bargains, with new forms of compensatory political exchanges or trade-offs. The ‘centralised decentralisation’ of industrial relations in Denmark and Ireland varied significantly (Table 2).
Table 2: Non-Wage Issues in Social Pacts

<table>
<thead>
<tr>
<th>Substance</th>
<th>Denmark</th>
<th>Ireland</th>
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<tbody>
<tr>
<td></td>
<td>New investment capabilities</td>
<td>Tax Cuts and Benefit Payments</td>
</tr>
<tr>
<td>Substances</td>
<td>Including</td>
<td>General public policies attached to agreements</td>
</tr>
<tr>
<td></td>
<td>- Training</td>
<td>Attempts to shape long-term policy directions through NESC</td>
</tr>
<tr>
<td></td>
<td>- Pensions</td>
<td></td>
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<tr>
<td></td>
<td>- Leave</td>
<td></td>
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<td></td>
<td>- Disability</td>
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<tr>
<th>Political Origins</th>
<th>Denmark</th>
<th>Ireland</th>
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<tr>
<td>Social Partners</td>
<td>Parliamentary and Civil Service Politics</td>
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**Power and Uncertainty: The Dynamics of Changing Industrial Relations (or, could Ireland have been Denmark?)**

Ornston (2012) has recently compared Irish corporatism unfavourably with corporatism in Finland and Denmark. Ornston argues that corporatism in all of these countries came under severe pressure in the 1980s and the 1990s. However, he argues that corporatism in Denmark and Finland was of a “creative” character while corporatism in Ireland was “competitive”. In keeping with other analyses of Nordic economies in the 1990s and 2000s, Ornston argues that corporatism was reinvented in Denmark and Finland in order to support industrial transition, redesign welfare state supports and adapt systems of social protection and wage bargaining and industrial policy supports to an era of globalisation and structural change. He argues that “If a crisis forces stakeholders to jettison conservative corporatist bargains, stakeholders can use existing patterns of cooperation to achieve more complex and sophisticated objectives. More specifically, they can convert neo-corporatist institutions to invest in new, supply-side resources such as risk capital, skill formation, research and development. This pattern of “creative” corporatism has very different implications for economic adjustment. In contrast to conservative corporatism, investments explicitly target new enterprises, occupations and industries. In contrast to competitive corporatism, high-quality inputs support more knowledge-intensive activities such as research and design” (Ornston, 2012: 11)
In this way economic progress and social equality were reconciled in the face of challenging circumstances. In our terms, the classic European model was retooled for a new era. Ornston argues that in Ireland, while significant advances were made, corporatism remained at the level of “competitive corporatism”. Rather than emphasising upgrading and dynamic adjustment, this form of corporatism emphasised labour market flexibility, wage restraint and the cost competitiveness of Ireland as a location for foreign investment and of indigenous companies. The structural basis of Irish development remained unchanged in this approach: “Yet Ireland has struggled to identify and invest in new supply-side resources. As a result, multinational and indigenous enterprises alike occupy a comparatively low-end position within new, high-technology markets. For example, Irish high-technology exports plummeted after the dot com crash. Subsequent gains in income and employment were based on unsustainable growth in non-tradable industries such as residential construction. Irish stakeholders are aware of these problems and promoted investment in new, supply-side resources. These investments have played a constructive role in promoting research and indigenous entrepreneurship. Yet creative corporatist bargains remained limited relative to Denmark and Finland, because stakeholders could not exploit the same tradition of cooperation among firms, trade unions, financial intermediaries and state agencies. As a result, Ireland continues to struggle, both in the availability of new, supply-side resources and within more knowledge-intensive, high value-added activities” (Ornston, 2011: 187)

However, many of the elements that Ornston recognises in Denmark and Finland are also, as he himself notes, present in Ireland. The state did play a role in supporting dynamic adjustment among firms, supporting venture capital, research and development and other elements of the innovation system. In addition, especially in the 1990s, there were significant attempts to deepen the reach and scope of social partnership. These included the development of local area partnerships, policy committees addressing a variety of social issues, and significant expansion of public sector employment. It is perhaps best to understand Irish corporatism, at least in the 1990s, as the product of competing tendencies towards competitive and creative corporatism. Furthermore these strands on the economic and social sides were supported through European structural funds, which provided both the capital and the institutional and political space for new initiatives in public policy in Ireland. This support from structural funds for infrastructure spending, industrial and innovation expenditures, and actions aimed at improving social cohesion were linked to a form of European developmentalism rooted in the Delors project of territorial and social cohesion.

The first social pacts in 1987 and 1990 were brokered primarily among the elites of the trade union federation, the employers association, the farming associations and the most senior civil servants and politicians. These elites developed relatively close and trusting relations which enabled them to make credible commitments to one another. They also appear to have been able to engage in a degree of genuine dialogue and open exchange of views and to explore new political economic strategies and negotiate some of the difficulties
of the 1987 to 1994 period. This suggests that there is some truth to the view that new social pacts incorporated a degree of dialogue between organised interests and political experimentalism (O’Donnell, 2000) – but that this was largely contained within relations among a relatively close elite group, who then of course needed to gain their members acceptance for these agreements. This period from 1987 to 1994 was therefore one in which governmental and class elites negotiated an often painful process of stabilising the macro economy – in many ways along the lines of ‘competitive corporatism’.

Where the period of the early 1990s had been based on close co-operation between a relatively narrow group of elites, the late 1990s “Celtic Tiger” period included significant new institutional innovations with a variety of efforts to extend and deepen “partnership governance”. After a series of early legitimacy problems, the social partnership institutions were extended in the mid-1990s to partly incorporate organizations of the community and voluntary sector and the National Economic and Social Forum was founded (Larragy, 2006). Local level partnerships were established that sought to deal with social exclusion and became key actors in local community development (Varley and Curtin, 2002). There were also some institutional innovations in the social welfare and education system during this period, including the transformation of some welfare inspectors into liaison officers. A series of policy committees were formed within the partnership process – apparently having their greatest impact through putting issues on the agenda (eg work-life balance (Nicholls, 2006)).

In the area of industrial policy, a little recognised but highly significant alliance between science and technology-oriented state agencies, technical professionals and university constituencies emerged which supported the deepening of technical capabilities and collective learning across the Irish economy. This process was underpinned by the state as state agencies, through their participation in this alliance, defined general priorities, provided finance and institutional supports and legitimated this agenda – forming a “developmental network state” (Ó Riain, 2004). These state agencies played a central role in upgrading industry and deepening Ireland’s production and innovation capabilities in the 1990s, and were themselves rewarded with a greater legitimation of their own position within the state system. Although they were never able to overcome the dominance of the IDA-led emphasis on foreign investment they did contribute significantly to the improvement of the system of innovation, promoting upgrading among both Irish and foreign companies (Ó Riain, 2004).

However, as one union leader argued, “we were doing social democracy without the politics’. Or as a leading architect of social partnership put it, the social partners were ‘building the ship at sea’ (O’Donnell, 2010), seeking to build the institutional conditions for European style corporatist agreements while undertaking those agreements in advance of the institutional conditions for their success. Ireland had a weak political capacity to build new capabilities – and the 2000s saw the undermining of this strategy of ‘ratcheting’
institutional change from specific bargains in the face of a number of longstanding conditions of the Irish polity.

Partisan party politics reasserted itself in the policy process – including crucially the 1998-2002 government which made significant tax and institutional changes and boosted the property industry. Furthermore, social partnership itself was somewhat financialised as the wage component of deals became ever more tempting and a split developed between public and private sector dynamics. When the crisis hit in 2008, the Irish polity was left with little protection (Ó Riain, 2014).

The management of Ireland’s response of the crisis was highly centralised as the Fine Gael-Labour government formalised the already strong oligarchic tendencies within Irish politics in an economic management council consisting of the two party leaders and the Ministers for Finance and Public Expenditure and Reform (although not for Jobs, Enterprise and Employment or Social Protection). Even government ministers complained of their exclusion from overall policy development but the power of the government and of the ministerial elite within government was crucial in managing the process of fiscal consolidation. Despite this re-assertion of direct central state power, the capacity of the state to generate recovery was hampered by the earlier failure to generate new institutional capabilities leaving it with weak mechanisms to deliver desired ‘reforms’ – public, sectoral, regional – and segmented and uneven institution building.

Denmark’s system of collective agreements has held through the crisis, even extending into a three year agreement from early 2014. While employers have clearly become more powerful, this is a shifting balance of power within a persistent game. More generally, all actors are threatened by the shrinking of the scope of the Danish industrial relations game as new actors emerge on the fringes of the existing system - ‘Polish employers’ operating outside the DA, ‘yellow unions’ outside the union federations and the EU. It has also generated new challenges – in particular the focus on non-wage issues has created the dilemma of increasing polarisation within the welfare system and the potential long-term residualisation of the state system (which some employer association officials openly support).

**Conclusion: Varieties of Liberalisation?**

We have seen that ‘centralised decentralisation’ has been a response to the economic and political changes outlined at the start of this paper in both liberal Ireland and social democratic Denmark. However, what that means in each context is quite different. Table 3 outlines some of the key differences that we have noted.
<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National</strong></td>
<td>Centralisation of Peak Associations</td>
<td>Wages</td>
</tr>
<tr>
<td></td>
<td>State as Guardian of the Process</td>
<td>State as Actor:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax Cuts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Benefit Payments</td>
</tr>
<tr>
<td><strong>Sectoral</strong></td>
<td>Structured Bargaining across Sectors</td>
<td>Segmented Sectoral Patterns</td>
</tr>
<tr>
<td></td>
<td>Non-wage issues</td>
<td>HRM Strategies</td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
<td>Wages</td>
<td>Managerial Autonomy</td>
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<tr>
<td></td>
<td>Management in context of cooperation</td>
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</tbody>
</table>

Our analysis has examined organisational forms in some detail and suggests that this level of analysis is indeed crucially important. The structure of institutions shapes collective capabilities, the range of elements that can be ‘traded’ in political exchange, the definition of interests and even actors and the arenas within which actors meet one another. However, we should not read the overall character of an industrial relations system, or indeed political economy, off a single organisational characteristic. We have emphasised the substantive issues that each system is willing and able to address. We have examined the institutional resources available to different actors – and their ability to construct new resources (in partly path dependent ways) over time.

We find a number of key differences. Inter-sectoral equalisation is crucial to social democracy and despite decentralisation the patterning of sectoral bargains sustains this in Denmark to a much greater degree than in Ireland, where segmentation and fragmentation is the default. The social relations of bargaining are also different. In Irish social partnership
Conflict is displaced and de-legitimated (with ironic references to the ‘social enemies’) while in Denmark conflict plays a crucial role in promoting agreement. This is partly because of the role of the state in guaranteeing that agreements will persist and the mechanics of the agreement that force all to agree or leave all in dispute. Nonetheless, the Danish model faces its own challenges. In addition to the problems of welfare polarisation and the shrinking coverage of the game, new claims around individual liberal freedoms and rights at EU level often conflict with the complex system of interlocking Danish collectivities. But if the collective agreement structure is eroded then we can expect demands to surface at national level relating to issues currently handled through industrial relations.

Strength may also become weakness. The core element of centralisation has also been the trade unions’ demise. Concentrating power at the center of the industrial relations system focuses trade unions on core occupations and limits their attention to new forms of employment while membership levels need to remain high in order to reaffirm their power claims. In recent years, this concentration has become untenable and has triggered counteractions by unions. Like elsewhere union membership is falling in Denmark and it is commonly acknowledged that the link between unemployment insurance and trade unions is keeping membership levels higher than average. Yet, the combination of classical union activities and welfare systems makes trade vulnerable to the so-called yellow unions that have gained strength over the past years. In a move to achieve greater income and profiting from the economic upturn in the 2000s these unions have expanded their focus from special groups to the whole population and offer a minimum of legal services and lower rates of insurances, which traditional unions cannot offer because of higher overhead costs. The unemployment insurance ASE, which has traditionally been the scheme for self-employed people, is a case in point because it opened the scheme to direct-employed in 2002 in a move to increase their coverage.

In addition, the structure of the Danish labour market and the employment models trade unions built their strength on have changed. The Danish economy is now a service economy, where the majority of employment is in retail, business, personal or public services and less employment is to be found in the agricultural and industrial sectors, despite its still higher levels than in Ireland. This service employment is often more flexible in time and working conditions while companies increasingly are seeking individual agreements with employees (Andersen 2007b; Plasman, Rusinek, and Rycx 2007; Scheuer 1997a). Traditional trade unions lose members and legitimacy as a consequence of the increasing fragmentation of the Danish labour market and rise of precarious employment (Borghorst and Jorgensen 2010; Larsen 2009; Steenberg 2010). While Ireland and Denmark are quite different, we see that there are tendencies and scenarios under which Ireland could become Denmark or, perhaps more likely in the current circumstances, Denmark become Ireland.

Some existing dominant conceptual categories in comparative political economy and industrial relations shed relatively little light on the character, origins, effects and dilemmas
of these different ‘varieties of liberalisation’. Clearly, ‘centralisation’ cannot be associated unambiguously with the power of labour, or even the collective power to deliver stable political exchange. ‘Coordination’ is present in both models – but at different levels and focused on different issues. Even ‘liberalisation’ is problematic. Both countries make widespread use of market mechanisms in various ways. However, these market mechanisms are deeply influenced by their context – including state and managerial hierarchies in Ireland and (unequally) collectivised risk in Denmark. While we see clear distinctions along the liberal and social democratic models, we need to move far beyond concepts of commodified and decommodified political economies to understand the dynamics of these two different systems.

We need to move beyond dominant binaries such as ‘coordinated (centralised) versus liberal’ and recognise that markets are ‘always embedded’ (Block, 2001) albeit in different ways. Systems are distinguished not by quantities of coordination but by the different capabilities for action they offer different actors on various issues. Institutional complementarities exist at a basic commonsense level but once you get out of the binary framework and see institutions as combinations of various ‘logics’, then recombinations become much more likely and institutions, though crucial in generating capabilities, more fungible and unstable. Our analysis suggests that existing frameworks may be overly parsimonious (see Mjoset, 2015). While we should resist the retreat to national narratives, existing binary distinctions weaken our analytical understanding of complexity in national systems. Furthermore, it may lead us to ignore both the origins of key dilemmas in industrial relations systems, the creative strategies of key actors in different settings and the possibilities for transformation- for better or for worse.