LABOUR RELATIONS UNDER DURESS IN EUROPE Contributions for social resilience theory

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Abstract: Using a theoretical approach founded on resilience studies, this article presents a comparative analysis of the reconfiguration of labour relations in Portugal, Poland and Ireland during the financial crisis. It proposes a critical understanding of social resilience that captures not only the organisation of the system that emerges post-crisis but also its underlying dynamic power relations, the rule and institutional arrangement systems as well as the redistribution of resources. Moreover, it argues that the crisis created an opportunity for the convergence and liberalisation of labour market models across Europe.

Keywords: social resilience, financial crisis, labour relations, Europe.

Relações laborais sob pressão na Europa: contribuições para a teoria da resiliência social

Resumo: A partir de uma abordagem teórica fundamentada nos estudos da resiliência, este artigo apresenta uma análise comparativa da reconfiguração das relações laborais durante a crise financeira em Portugal, na Polónia e na Irlanda. É proposta uma conceptualização crítica de resiliência social, capaz de apreender tanto a organização do sistema que emerge no pós-crise como as relações dinâmicas de poder subjacentes, o sistema de regras e os arranjos institucionais e a redistribuição dos recursos. É argumentado que a crise financeira foi uma oportunidade para a convergência e liberalização dos modelos de mercado de trabalho na Europa.

Palavras-chave: resiliência social, crise financeira, relações laborais, Europa.

Relations de travail sous pression en Europe: contributions à la théorie de la résilience sociale

Resumé À partir d'une approche théorique fondée sur les études de la résilience, cet article présente une analyse comparative de la reconfiguration des relations de travail durant la crise financière au Portugal, en Pologne et en Irlande. Il propose une conceptualisation critique de résilience sociale, capable d'appréhender aussi bien l'organisation du système qui émerge post-crise que les relations dynamiques de pouvoir sous-jacentes, le système de règles et les arrangements institutionnels et la redistribution des ressources. L'article soutient que la crise financière a été une opportunité pour la convergence et la libéralisation des modèles de marché du travail en Europe.

Mots-clés: résilience sociale, crise financière, relations de travail, Europe.

Relaciones laborales bajo presión en Europa: aportaciones a la teoría de la resiliencia social

Resumen Utilizando un enfoque teórico basado en los estudios de resiliencia, este artículo presenta un análisis comparativo de la reconfiguración de las relaciones laborales durante la crisis financiera en Portugal, Polonia e Irlanda. Se propone una conceptualización crítica de la resiliencia social, capaz de captar tanto la organización

del sistema que emerge tras la crisis como las relaciones dinámicas de poder subyacentes, el sistema de normas y acuerdos institucionales y la redistribución de recursos. Se argumenta que la crisis financiera fue una oportunidad para la convergencia y la liberalización de los modelos de mercado laboral en Europa.

Palabras-clave: resiliencia social, crisis financiera, relaciones laborales, Europa.

Introduction

The advent of the financial crisis prompted the popularity of resilience across areas such as media, politics and business communication (Meyen and Schier, 2019). This phenomenon was bolstered by the "social turn" within academic research on resilience (Brown, 2014), in which the notion grew as a boundary concept, expanding across several disciplinary areas, and ultimately consolidating as an emergent field of study (Baggio, Brown and Hellebrandt, 2015). Given the context of the crisis, approaches inspired by or developed in the field of psychology promoting a "heroic" perspective of resilience became the dominant interpretation of the notion in public discourse (Estêvão, Calado and Capucha, 2017), being characterised as an attribute that empowers individuals to deal with crises as opportunities to succeed using their own strengths and resources.

Simultaneously, a structural approach to resilience gained influence in academic and political fields. Inspired by social ecology, it followed the principles of ecological systems' adaptation processes to external shocks and sought to apply them to social systems. This approach was quickly adopted to understand how societies respond to crises and the ensuing processes of systemic change. As a result, the development of "resilient societal structures" (European Commission, 2017: 22) became a key objective in the narrative of the European Union (EU) (European Commission, 2018).

Bearing this in mind, the financial crisis constitutes a unique opportunity to evaluate the usefulness of structural resilience approaches from a sociological perspective. With this article, we aim to test and develop an operational definition of social resilience that is able to capture not only the complex and dynamic processes of change following systemic shocks but also how their outcomes affect the social environment.

Given the large-scale nature of the financial crisis and the centrality of labour issues in austerity and associated structural reforms, which followed the strategy of internal devaluation of labour costs (Busch et al., 2013), we focused the empirical analysis on labour market structures. Furthermore, we proposed a comparative analysis of Portugal, Ireland and Poland on the impacts of the financial crisis and the subsequent adjustment measures on labour law, industrial relations and employment policies.

The analysis shows that resilience-based approaches are useful, but the scope of the concept has been limited by certain assumptions. We therefore put forward a more dynamic definition of resilience as processes of recomposition of social

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systems facing systemic crises, stressing the dialectical power relations between social agents affecting the norms, the institutional arrangements, and the distribution of resources, which subsequently establish the structural frameworks for social action in the post-crisis environment. By applying this theoretical framework to the empirical data, we concluded that the crisis triggered processes of change in each country towards the further liberalisation of labour law, the decentralisation of collective bargaining and the activation of employment policies. The structural reforms and austerity measures implemented across Europe did not fit country specific systemic vulnerabilities; rather, they followed a common strategy of internal devaluation of labour costs. Hence, the crisis was used as an opportunity for EU institutions and international organisations, in articulation with national governments, to prompt a convergence process towards the institutionalisation of a neoliberal labour market across Europe.

The next section reviews the literature on the contributions of resilience theories to the understanding of recovery processes from socio-ecological systems crises. This is followed by a description of the methodology. The section after that describes and analyses measures of adjustment to the financial crisis directed at labour relations and employment policies in the case-study countries. Finally, the conclusion reflects on the outcomes of resilience processes on labour market structures and the implications for social resilience theory.

Literature review

The study of resilience of social systems was mostly inspired and developed by social ecology. This approach was already popular for analysing the consequences of climate change and environmental disaster in ecological systems and communities, but the advent of the financial crisis extended its scope to economic crisis and social systems (Xu and Marinov, 2013).

Its theoretical foundations can be traced to Holling (1973), who defined resilience as the ability of ecological systems to, in the face of an external shock, maintain the functionality of their constituent elements, rather than succumbing and extinguishing themselves. If initially the emphasis was on the persistence of relationships within systems, later it shifted to the amount of stress that systems can withstand before starting a process of reorganisation in order to adapt to new environmental conditions (Holling et al., 1995).

These perspectives continued to evolve to incorporate studies of the hierarchical relations of dependency within and between ecological and social systems. The analysis of relationships in systems' social infrastructure highlighted their adaptability (Longstaff, 2005) and the role of institutions (Adger, 2000). Resilience processes were conceptualised as opportunities for the continuous development of systems (Folke, 2006), while resilience outcomes were a function of systems' reflexibility, that is, their ability to learn from shocks, to interpret the meaning of change, and to generate and manage resources (Garmestani and Benson, 2013).

The distinctive characteristic of resilience processes stems from the systemic nature of the shocks. Socio-ecological systems are constantly evolving through incremental change, but sudden large-scale shocks can generate such an impact that existing institutional responses may be unable to absorb them, forcing those systems towards structural processes of adaptation to the new conditions (Estêvão, Calado and Capucha, 2017). Some approaches claim that the development of resilience constitutes the main preventive strategy to protect against future crises (Carpenter and Gunderson, 2001; Berkes, Colding and Folke, 2003).

Most models of socio-ecological resilience associate these processes with defined outcomes. Systems are labelled resilient by their ability to respond positively to crises (Waller, 2001), either by recovering and returning to their original or previous state (Klein, Nicholls and Thomalla, 2003), or by reaching a new state of balance (Anderies, Janssen and Ostrom, 2004). The stability of structures constitutes the measure for evaluating systems' performance, either in the reduction of conflict (Allenby and Fink, 2005), the efficient allocation of resources (Perrings, 2006), or the productive capacity of the economy (Rose, 2007).

Resilience approaches have been the subject of several criticisms, essentially attributable to the transfer of analytical models from ecological processes to social phenomena, without considering their distinctive characteristics. The first criticism points to the analytical circularity in the analysis of resilience phenomena (Estêvão, Calado and Capucha, 2017). Resilience is described simultaneously as a positive process of adaptation of social systems that is explained by its resilience attributes. Furthermore, anchoring resilience to a positive outcome marginalises systems that are not able to overcome crises, justifying their failure as lack of resilience (Donoghue and Edmiston, 2020). Another criticism stems from the functionalist view that structural equilibrium is the singular goal of resilience processes, devaluing its costs to well-being (Harrison, 2013). Finally, these approaches can naturalise socioeconomic crises by characterising them as external and arbitrary, depoliticising their causes (Neocleous, 2013).

In light of these criticisms, we argue for a critical perspective of resilience that can capture not only the complex processes of reorganisation of social systems, but also the trajectory and consequences of their outcomes on the social environment and agency. Accordingly, in this article, we adopt the theoretical model developed by Dagdeviren et al. (2020) on the structural foundations of social resilience. From a starting definition of social resilience as the process through which social systems, facing a systemic shock, initiate an internal reorganisation of its components in search of a state-of-balance, the authors suggest that this transition process is shaped and determined by the dialectical power relations between social agents and institutions which affect the system's structural foundations, specifically (i) the system of norms and institutional arrangements, (ii) power relations, and (iii) resource distribution (Dagdeviren et al., 2020). Furthermore, the outcomes of these processes will define the direction and intensity of change following a systemic crisis, framing the conditions and opportunities for agency in the new social context.

Methodological note

We analyse the dynamics of change in labour market structures in Poland, Portugal and Ireland, from 2008 to 2015. Labour market structures are defined as the relationship between three pillars: labour law, which sets the terms of contractual and working conditions; industrial relations, which are the basis of collective bargaining; and employment policy, which influences the demand and supply of labour. The objectives of the analysis are: (i) to assess the potential of resilience-based models in order to explain processes of institutional reconfiguration in societies facing systemic crisis; and (ii) to understand how the financial crisis and ensuing political responses shaped labour market relations across Europe.

The criteria for selection of the case studies included their heterogeneity and representation of EU trends. The countries selected are from different regions in Europe (Southern Europe, North-West Europe and Central Europe) and have dissimilar experiences of the crisis, in terms of its initial shocks and the extent of its impact. They are also emblematic cases of varieties of capitalism (Bohle, 2018; Hall and Soskice, 2001) in the EU: the Anglo-Saxon or Liberal model (Ireland), the Southern European model (Portugal), and the Post-Communist model, specifically the Visegrad model (Poland).

The empirical analysis consisted primarily of a comparative review of scientific and technical literature on the experiences of the financial crisis, how it affected employment, and the consequences of adjustment measures on the labour market, at both national and European levels. The national literature provided information on the impacts of the crisis, the response strategy and the consequences of its implementation. Additionally, it allowed us to contextualise that information according to the socio-political context in which it occurred. The European literature provided context to national strategies and information regarding the EU's strategy to mitigate the crisis. This was complemented by an analysis of policy documents on the adjustment measures centred on labour and employment issues, identified from the literature review, which were used both to test the author's thesis and to provide detail to the analysis.

Labour structures adjustment measures during the financial crisis in Poland, Portugal, and Ireland

The subprime crisis led to an economic recession in Europe. The EU responded in concert, pursuing a policy to support economic activity and employment, aiming to back the financial sector and prevent massive fall in demand. This policy consisted of three types of measures: (i) public investment to maintain demand, mostly through employment, infrastructure, and tax relief measures; (ii) rescue and recovery of the banking sector, with the nationalisation of banks, the creation of liquidity funds or the imposition of guarantees on savings; (iii) business support measures, through the creation of financial support programmes. These measures encouraged each country to enhance its competitive advantages, strengthening its

institutional differences (Hermann, 2014). However, the massive public investment to rescue the financial sector turned what was mostly private debt into public debt, making national debts unsustainable (Andersen, 2012). In 2010, the subprime crisis turned into sovereign debt crises, marking a change of political direction in the EU, which started the austerity period. Austerity measures were composed of structural reforms, focused primarily on cuts in public spending and redefining the role of the State towards the market (Pochet and Degryse, 2012). From 2015 onwards, austerity directives started to be moderated and governments gained more latitude to increase public investment. Yet, strict rules were enforced on national public finances and fiscal policies, through the Stability and Growth Pact.

Poland: from Europe's "green island" to preventive austerity

Poland is a peculiar case in the European context. In 2008, the Polish economy not only absorbed the financial shock, but also experienced GDP growth, which motivated Prime Minister Donald Tusk to dub Poland Europe's "green island". Poland's resistance to the crisis is explained by an interplay of factors including: (i) an economy not fully integrated into the EU; (ii) the commercial relationship with the USA and Germany; (iii) tight regulation of the banking sector regarding the concentration of foreign capital; and (iv) limits on the levels of public debt contracted (Duszczyk, 2014).

Nevertheless, the Tusk government prioritised policy measures to prepare the economy for the effects of the crisis. In the first phase, it resisted implementing either a stimulus package or reducing spending levels, following a strategy based on three factors: (i) the stimulus package applied in Germany, which generated an increase in orders that contained unemployment; (ii) the devaluation of the zloty between 2008 and 2009, which immediately led to an increase in exports; and (iii) anticipation of EU human capital and infrastructure funds for the period 2009-2012, to sustain public investment levels (Simienska and Domaradzka, 2016).

Additionally, the government started to negotiate a set of measures aimed at the labour market: the Anti-Crisis Act. Supported by social dialogue, under the Tripartite Commission for Social and Economic Affairs, this package was initially seen as a sign of improved articulation between the government and the social partners. However, during its approval process, several criticisms coming from the unions started to arise, namely that social measures were being ignored, the flexibility of working hours was not limited to companies in economic difficulties, and wages were being subsidised by the State (Bernaciak, 2013).

The final version (Journal of Laws of 2009 No. 125, item 1035), approved in July 2009, included: (i) extension to a maximum of 12 months to set the working time of the employee; (ii) possibility of suspending the passage of fixed-term contracts after two renewals, for a maximum period of 24 months; (iii) flexibilisation of the start and end time of daily working hours; and (iv) employers with financial difficulties could reduce working time by up to 50% for a maximum period of 6 months (Boulhol, 2014). These measures were temporary and had low rates of application; however, they laid the foundation for a broader intervention in labour law.

In 2010, a "silent crisis" started to develop, which led to implementation of austerity measures to control the growth of debt deficit (Maciejewska, Mrozowicki and Piasna, 2016). As of 2012, Poland entered a second phase of adjustment measures, with four priorities: (i) launching the European 2014-2020 structural funds for human capital, accessibility and digital technologies; (ii) increasing public spending on development, pursuing competitiveness; (iii) stabilising public finances, mainly by changing the pension plan; and (iv) implementing labour measures aimed at the flexibilisation of employment (Duszczyk, 2014). There were also efforts to emphasise the role of activation in employment and inclusion policies; however, these initiatives had little expression due to budgetary constraints.

Labour measures included in the Anti-Crisis Act II (Journal of Laws of 2013, item 1291), approved in October 2013, focused on two areas: (i) working time, with changes in the calculation method, short-term work schemes, reduction of working hours, and leave of absence; and (ii) fixed-term contracts, which became subject to indefinite renewals, even if limited to 18 months for the same employer. Unlike the previous package, these measures were not supported by social dialogue. After almost a year without meetings of the Tripartite Commission (between July 2011 and March 2012), the unions abandoned negotiations, criticising the further flexibilisation of the labour market and the absence of employment protection measures (Bernaciak, 2018). In the end, the commission came to be perceived as a facade of corporatism which had been used to convince public opinion of a broader social commitment (Meardi, 2014).

These measures, in combination with the worsening economic situation, had a double effect on the labour market: growth of the grey market and an increase in the precariousness of workers. To escape the costs of social contributions, companies fostered working arrangements based on self-employment, service contracts and informal employment. On the workers' side, in addition to loss of job security, there was a loss of labour rights, with the proliferation of civil contracts and informal ties. Labour market segmentation, associated with high levels of structural unemployment, contributed to limiting the bargaining capacity of workers, maintaining precarious work levels (Simienska and Domaradzka, 2016; Strzelecki and Wyszynski, 2016).

This situation represented a turning point in the unions' strategy, with an exponential increase in loud protests and strikes between 2010 and 2015. Its most emblematic moment was the "Days of Protest" in Warsaw, in September 2013, which brought together more than 100,000 people to protest the changes to the labour code. Under a rhetoric focused on employment protection and the denunciation of "junk contracts", the unions rediscovered their ability to mobilise (Bernaciak, 2018).

The rise to power of the nationalist and conservative Law & Justice party, in 2015, was partly based on supporting unions' demands, denouncing the fact that labour rights and wages did not reflect economic growth. The shift in paradigm led to the introduction of labour protection measures, incentives for companies to award long-term contracts, and increases in wages. However, these reforms did not address systemic labour issues; instead, they were designed to legitimise the new government (Grzebyk, 2021). Initially, the unions followed a strategy of

alignment with the party's policies, but by 2016, they found themselves disarmed and without capacity for mobilisation, after the government unilaterally restricted collective bargaining agreements to the company level (Bernaciak, 2018).

To summarise, the impacts of the labour market's resilience processes were the increased flexibilisation of labour relations and the rise of non-formal employment contracts. First, the political measures in reaction to the crisis focused on increasing Poland's relative competitive advantages. Then, as the subprime crisis developed into a national debt crisis, political measures mimicked the same general recipe implemented across Europe. Preventive austerity prioritised labour legislation, i.e. the system of rules, particularly the liberalisation of fixed-term contracts and the deregulation of working hours. The crisis was interpreted as an opportunity to implement a set of reforms, reinforcing and stabilising the "embedded neoliberalism" model (Meardi, 2014), which points to the weight of EU's institutions in internal power relations. Consequently, political protests related to labour issues increased and were an important factor in the government regime change. Despite the initial measures' increment of social benefits, the labour framework has seen little change since the crisis, not deviating from its liberal principles, based on a flexible labour market with low regulation oriented towards attracting foreign direct investment.

Portugal: going beyond the Troika's agreement

In Portugal, the internal devaluation of labour costs was a priority during the financial crisis, with structural reforms in labour legislation, collective bargaining mechanisms and unemployment protection. Nevertheless, the measures implemented in this period essentially followed a line of continuity with the legislative changes of the beginning of the decade, namely the revision of the Labour Code of 2003 (Law No. 99/2003 of 27 August 2003), which introduced elements of flexibility and individualisation to labour relations, and put an emphasis on active employment measures at the turn of the century, following the European Employment Strategy.

From 2008 to 2010, the political orientation was consistent with previous labour reforms, mixing liberalisation and recalibration measures, in a process of incremental change (Cardoso and Branco, 2018). In general, the reaction to the subprime crisis followed European guidelines, by expanding social protection benefits, stimulating the economy through public investment, and rescuing the financial sector. In 2009, a revision of the Labour Code, which had been under preparation since 2006, was signed (Law No. 7/2009 of 12 February 2009). Based on the premise of "protected mobility", said revision introduced changes in the adaptability of occupational functions and in the setting and concentration of working hours. The creation of work time banks was made possible, although only through a collective agreement, and procedures for individual and collective dismissals were simplified. Additionally, the continuity of collective agreements was safeguarded and the conditions of precedence of these agreements over general law were extended (Pedroso, 2013).

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The transition to the debt crisis, under extreme external pressure from rating agencies, negative developments in bond markets and rising political instability, led to the reorientation of adjustment measures towards austerity and the acceleration of the labour market reforms program. After the introduction of several extraordinary measures, the Socialist Party government formally requested a bailout, followed by the dissolution of Parliament. The Memorandum of Understanding (MoU) was signed on 17 May 2011 between the Portuguese government and a troika formed by the International Monetary Fund (IMF), the European Committee (EC) and the European Central Bank (ECB). The negotiations included opposition parties and social partners, but excluded the left-wing parties.

The elected Social Democratic Party-People's Party government fully adopted the Troika's political agenda: the crisis was explained by internal factors, and the previous government was accused of fiscal irresponsibility. Lack of economic competitiveness was presented as a function of the rigidity of labour legislation, of the centralised system of collective bargaining and of excessive social benefits — a diagnosis which legitimised a package of austerity measures and outlined a plan of structural reforms that prioritised the internal devaluation of labour.

To implement these measures, the government sought support from the social partners through tripartite agreements that aimed at revising the labour code, namely: (i) the Agreement on Competitiveness and Employment, from March 2011, which framed the revision of the Labour Code (Law No. 53/2011 of 14 October 2011), anticipating the proposals that were included in the MoU; and (ii) the Commitment to Growth, Competitiveness and Employment, from January 2012, which framed the next revision of the Labour Code (Law No. 23/2012 of 25 June 2012), following a new set of Troika demands. These tripartite agreements only had the signature of one of the confederations of unions, the UGT, of socialist orientation. The communist-oriented CGTP, which has a greater representativity of workers, did not sign these agreements and reacted to both by calling for a general strike. A third tripartite agreement was attempted in August 2013, but it was not supported by the unions (Pedroso, 2013).

Deregulation of labour protection and flexibilisation of working time arrangements were key aspects in both Labour Code revisions. Changes to labour protection included: (i) substantial cuts in severance payments (from 30 to 12 days per year of work); (ii) limitation of the maximum (12 months) and minimum (3 months) amount of compensation; and (iii) more ambiguous definitions to validate the dismissal of workers. Changes to working time arrangements included: (i) cuts in extra overtime pay (by 50%) and elimination of time compensation for overtime work; (ii) regulation of work time banks negotiated directly between companies and individual or collectives of workers (up to 150 hours); and (iii) increase of 7 working days per year, through the elimination of 3 vacation days and 4 holidays (Santos and Fernandes, 2016).

In collective bargaining, measures focused on issues of union representation and decentralisation. By unilateral decision, the government suspended the administrative extensions to sectoral collective agreements that guaranteed their application to non-signatory companies, implying the redundancy of

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union representation. Provisions were also created for groups of workers to sign company-level agreements, albeit under the delegation of unions, promoting the decentralisation of collective agreements (Ramalho, 2014).

Employment policies focused on activating the unemployed, mainly through enhancing conditionality in social benefits. In 2010, the exceptional unemployment benefit schemes from the first phase were suspended and restrictive rules were introduced, namely: (i) new thresholds for benefits; (ii) limitations in rejecting job offers; and (iii) the possibility of partial accumulation of subsidy alongside part-time work. In 2012, more rules were introduced, such as: (i) reduction of the qualifying period for eligibility of the subsidy; (ii) cuts in benefits after 6 months of payment; (iii) cuts in the duration of the benefit; and (iv) reduction of the maximum amount paid (Pereirinha and Murteira, 2016). These measures were complemented by the creation of programs to support job creation, such as the *Estímulo Emprego*, the *Vida Ativa* and *Impulso Jovem*, which provided wage allowances for new hires, training programs and professional internships for young people. However, these measures were underfunded, and did not generate a substantial impact (Cardoso and Branco, 2018).

The government also adopted measures aimed at the immediate reduction of labour costs, from amongst which we highlight two areas. First, the minimum wage was frozen between 2011 and 2013. Second, the public sector was affected by several measures of direct and indirect wage reduction. Salaries were reduced by 5% in 2011 and frozen in nominal terms between 2012 and 2014. Promotions were restricted and working hours were increased from 35 to 40 hours, in line with the private sector (Santos and Fernandes, 2016).

As far as the impacts on the institutional framework and arrangements are concerned, in the first phase of the crisis, the measures in labour legislation followed a path of incremental change. The second phase of the crisis, however, was characterised by "liberal dualisation", which affected people in employment through deregulation and flexibility of contracts and individualisation of labour negotiation, and unemployed people with transition to workfare in active employment measures (Cardoso and Branco, 2018). The Troika was key in shaping the narrative of the crisis and influencing internal power relations, which allowed for the implementation of structural reforms that the unions previously considered unacceptable and that the parties avoided due to their unpopularity (Távora and González, 2016).

The results of the structural reforms were disappointing. Unemployment and long-term unemployment rates increased, as did the number of available inactive people and emigration, particularly in the highly educated segment (Calado, Capucha and Estêvão, 2019). The number of employees decreased in all forms of work (self-employed and employee) and by type of contract (full-time and part-time). In collective bargaining, the number of administrative extension ordinances decreased, increasing the number of workers not covered by collective agreements (Pereirinha and Murteira, 2016; Ramalho, 2014; Santos and Fernandes, 2016). In short, the resilience processes had no visible effects in addressing the negative impacts of the crisis on employment. On the contrary, they further accentuated existing imbalances in the distribution of resources. The election of the left-wing coalition government in 2015 did not substantially change the framework of labour structures. The main mechanisms of devaluation of labour costs remained in force, and there were no changes to the Labour Code in terms of protection against dismissal and working time arrangements. In industrial relations, there were positive advances with the reintroduction of administrative extensions of collective agreements and the temporary introduction of a measure to prevent the expiry of sectoral agreements. However, the vigour of the negotiation was not recovered and the balance of power between the partners changed drastically in favour of employers (Lima et al., 2021). As a matter of fact, one of the most salient issues from the softening of austerity since 2015 is that labour market measures implemented during the Troika's period mostly remained without change.

Ireland: the dynamics of successful practice of austerity

With its government's consistent policy and the absence of major protests, Ireland is seen as an exemplary case of the successful practice of austerity during the financial crisis. However, this story of recovery is "more complex and problematic" than its advertisement (Hardiman et al., 2017).

Because of the exposure created by a bubble economy built on over-investment, easy access to credit and excessive dependence on property assets, the impact of the crisis was profound (Fraser, Murphy and Kelly, 2013). The Fianna Fail-Green Party government responded by pursuing a deflationary strategy, with a very limited role for labour demand measures, eventually declaring a bailout for banks, in September 2008 (McCashin, 2016). The immediate consequences were a credit freeze, the collapse of house prices, decline in private investment and personal consumption, and rising unemployment (McDonnell and O'Farrell, 2016).

By 2010, there was a shift in power relations, and the narrative of the crisis changed to be about the fiscal irresponsibility of national governments, which led to strict enforcement of fiscal rules and timetables for deficit reduction set by the EU. Faced with economic recession and the inability to meet these demands, the government requested financial support and, in December 2010, signed a MoU with the Troika composed of the EC, the IMF and the ECB. External pressures were met positively by the political elite. Furthermore, the crisis was seen as an opportunity to unlock institutional resistance to State reforms (Dukelow and Heins, 2017) and to implement a wide-ranging program of rapid modernisation (McGann, Murphy and Whelan, 2020).

The diagnosis of the systemic shock concluded that its causes were explained by the loss of economic competitiveness, due to increasing wages and high levels of social spending (McDonnell and O'Farrell, 2016). To legitimise this stance, the government invoked critiques of social programs to justify cuts in spending (McCashin, 2016) and accused public sector unions of holding the government to ransom, with accusations of exorbitant wages, corruption, diverted funds, and internal conflicts, leading the media to dub unions "public sector cartels" (Culpepper and Regan, 2014). The strategy to

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address the crisis was one of internal devaluation, which led the government to commit to labour market reform and activation measures (Murphy, 2016).

Labour market reform was primarily attained through the transformation of collective bargaining. Before the crisis, Ireland had a tripartite model of social dialogue, which articulated salary negotiation and public policy agreements, combining wage moderation, social spending containment, low business taxes, income tax benefits, and job creation measures. After the onset of the crisis, there were attempts to find a tripartite solution, but at the end of 2009, the employers' representatives withdrew from the wage centralisation agreement, which formally killed the social partnership (Tassinari and Donaghey, 2020).

Nonetheless, bipartite agreements between the government and the unions continued to be reached for the public sector. After the minimum wage freeze in 2009 and two unilateral pay cuts for public servants by 2010, the unions responded with a threat of a general strike. The prospect of social unrest damaging the international perception of the economy among foreign investors and creditors led to social dialogue. In May 2010, the Public Service Agreement 2010-2014 was signed, establishing fiscal consolidation measures without forcing redundancies.

The MoU did not alter the bipartite social partnership, since the Troika valued a wage setting regime conducive to internal devaluation and the cooperation of the unions was advantageous for implementing measures to increase labour market flexibility (McDonnell and O'Farrell, 2016). By 2012, more cuts to the public sector were required. The Fine Gael-Labour government pursued a new social partnership agreement, but this was initially rejected. Then, in July 2013, under the threat of a second bailout, an understanding for the Public Service Stability Agreement 2013-2016 was reached, establishing: (i) wage cuts; (ii) work flexibility measures, namely the possibility of relocating workers in different sectors and geographical areas; and (iii) the introduction of performance verification mechanisms and individual action plans to improve performance (Fraser, Murphy and Kelly, 2013).

The prioritisation of activation in employment measures was clearly influenced by international institutions, such as the Troika and the OECD (Murphy, 2016). Following the signing of the MoU, the government introduced *Pathways to Work*, which shifted the activation approach further towards "work-first". This focused on five issues: (i) more regular and continuous engagement with job seekers; (ii) greater targeting of activation; (iii) creation of incentives for the "take-up" of opportunities; (iv) creation of incentives for companies to hire the unemployed; and (v) reform of the job search service.

The institutional reform plan was set in motion with the creation of Intreo, which linked employment and social protection services. Several changes were made to social benefits: (i) age-based cuts in transfers; (ii) doubling the requirements for qualifying for benefits based on social contributions; (iii) decreasing the duration of benefits; and (iv) introduction of penalties for non-compliant beneficiaries (McGann, Murphy and Whelan, 2020). Regarding public employment measures, the *JobBridge* program was created. This consisted of State funding for professional internships (6-9 months), under which beneficiaries received the unemployment benefit and a b50 bonus (Boland and Griffin, 2015). In 2015, following

social protests, the government reduced the incidence of the internship program and created the *JobPath* program. Its most visible action was the hire of two private sector companies to provide reinsertion services, through a payment-by-result method, which introduced few changes in practices and led to rather poor results (McCashin, 2019).

The effects of austerity measures quickly became visible. If the unemployment rate had a steep decrease since 2012, the quality of employment paints a different picture. Labour precarity became a prominent feature. False self-employment grew, particularly in the construction sector, as reduced or non-standardised hours became more common, especially in the retail, hospitality, health and social work sectors. Temporary and informal contracts also grew, affecting mostly young workers in service or production jobs. There were also increases in emigration and long-term unemployment (Fraser, Murphy and Kelly, 2013; Murphy, 2016, 2017; Ó Riain and Healy, 2018). In short, if the processes of resilience of labour structures resulted in a decrease in unemployment, the same was achieved at the expense of the devaluation of labour costs and increased vulnerability of workers.

The Budget of 2015 was a turning point, representing the end of an era of austerity measures (McCashin, 2016). While the softer approach to austerity generated a positive trend of socioeconomic recovery, the labour market structure and employment policies saw little change. Labour market measures to respond to the Covid-19 pandemic suggested the continuation of an activation approach based on workfare policies to reduce the number of subjects receiving social benefits, as evidenced by the cuts and tightening of eligibility conditions for the Pandemic Unemployment Payment (McGann, Murphy and Whelan, 2020).

To summarise, the advent of the crisis initiated a process of labour market reform to reinforce the trend of liberalisation in collective bargaining and conditionality in employment policies, implementing a package of measures supported by international organisations. The social partnership model was dissolved and unions' ability to affect public policy was delegitimised, even when they retained institutional power in the public sector (Culpepper and Regan, 2014). Employment policies shifted from a supportive and enabling discourse to a more overt work-first discourse (Murphy and Dukelow, 2016). Their main results were the loss of ability of the unemployed to negotiate the terms of their re-entry into the labour market, putting downward pressure on wages and deregulating contracts (Boland and Griffin, 2015). These trends highlight how structural resilience processes shaped power relations and laws in favour of employers and the private sector, and their impact on the distribution of resources between capital and labour.

Conclusion: understanding social resilience from labour market reform in Europe

In this final section, we assess the utility and potential of structural resilience analysis based on the empirical findings. The research findings from the labour market changes in the sampled countries during the financial crisis and its implications at

European level are discussed in relation to the main conclusions of resilience theory, specifically three key-assumptions that are limiting its ability to capture the dynamic and multidimensional nature of social phenomena. From this analysis, we propose a critical and comprehensive approach to social resilience.

The first conclusion relates to the assumption of linearity and causality regarding the nature of resilience phenomena. The analysis of resilience processes of social systems in terms of the shock that is at their origin overestimates their impacts and influence on institutional change (Neocleous, 2013). Resilience processes are triggered by the shock, but they are not linearly determined by its effects. Shocks become systemic crisis only if the power structures determine that the social system's defence mechanisms are not sufficient to absorb it. Therefore, to understand the triggers of resilience processes it is necessary to consider the prevailing interpretations and representations of the shock, of its perceived causes, costs, consequences, and future impacts.

The analysis of the evolution of the financial crisis in Europe reveals how its political responses were mediated by the interpretations and political agendas from social actors and institutions, most notably international organisations as the EU, the ECB and the IMF. The two shock waves in 2008 and 2010 were followed by different political strategies, which were determined by the interpretation of the origins of the crisis, its consequences and solutions. If the subprime crisis was mainly attributed to deregulation of financial global markets, which led to public intervention, the transition from the subprime crisis to the debt crisis was not just a consequence of the worsening of the national debts in some countries, but mostly the result of "loss of confidence" by the markets and the reorientation of the EU political approach to the crisis (Pochet and Degryse, 2012). The representation of the crisis became a narrative of guilt, directing its causes to the most affected countries, thus legitimising the implementation of austerity and structural reforms (Capucha et al., 2014).

The crisis was therefore configured as an opportunity to introduce a series of similar reform measures across Europe, which revealed a clear convergence trend regardless of the diagnosis and the socio-political context of application, suggesting a driving ideological agenda. The crisis did not change the nature or purpose of the reforms called for by the pre-crisis neoliberal agenda, it only increased their scope and radicalised their nature. These differences were also reflected in the European governance model, in which the EU transitions from the open coordination method, based on soft policies and best practices, to a new European interventionism, based on hard policies and the imposition of sanctions (Hermann, 2014).

The second conclusion relates to a common interpretation of structural resilience as processes of adaptation to a changed environment, hence the idea of resilience as an opportunity to thrive in the context of a crisis. The implicit logic is that systemic crisis challenges the organising principles of social systems, thus changes in environmental circumstances and accessible resources incentivise the emergence of new institutional and governance models. However, these processes can also result in the reinforcement of previous conditions or trends. The possibility of change in processes of resilience is dependent on the outcome of power relations between social actors and institutions that compose the social system.

Considering the political responses to the debt crisis, austerity measures point to the deepening of neoliberal trends that were already prominent in the EU (Grahl, 2009), by accelerating the convergence of labour market models. Notwithstanding the heterogeneity of experiences of the crisis, adjustment measures followed a single recipe of devaluation of labour costs, liberalisation of labour law and decentralisation of collective bargaining. Ireland was already characterised by a mostly liberal labour market, but unemployment measures were reoriented to a work-first strategy. In Portugal and Poland, there was a general liberalisation of labour law, surpassing the traditional dualisation that characterised both cases, also affecting the protected segments of the labour market, even if at a lesser scale (Prosser, 2016). Industrial relations followed a general trend of convergence towards the "East-European" model, based on decentralisation of collective bargaining, shrinking of bargaining coverage, and decline of union densities (Welz and Broughton, 2014).

The focus of structural reforms was to affect the rule settings and the institutional framework so as to define the terms of the redistribution of resources and power relations in the aftermath of the financial crisis, reinforcing change patterns already dominant in the EU. We can argue that structural reforms did not aim to resolve the system's structural imbalances, but rather to overcome the obstacles for the full institutionalisation of a neoliberal labour market model across the EU.

The third conclusion relates to the assumption that resilience leads necessarily to positive outcomes. The implication is that resilience does not necessarily lead to a decrease in vulnerability or risk, nor does it always improve the living conditions of individuals and communities. However, these processes are inherently open-ended and complex. Resilience processes do not necessarily lead to the reduction of perceived structural vulnerabilities and risk-factors, rather they establish and institutionalise a new systemic balance, that incorporates both opportunities and costs.

This is evident in the poor results of austerity measures and structural reforms as solutions to mitigate the consequences of the crisis. Similar trends emerged in the three countries, such as: the reduction of wages, the growth of youth unemployment, the increase of population working part-time on an involuntary basis, and the growth of informal work, atypical employment and self-employment, among others. The outcome of the recomposition processes of labour structures was the competitive devaluation of wages, the deinstitutionalisation of labour relations and the introduction of a market logic to employment policies (Clauwaert and Schömann, 2012; Wickham and Bobek, 2016). In addition to the inability to generate dynamics of economic recovery and generalised reduction of deficits, the effects of these measures on the labour market frameworks increased workers' vulnerability and risk, while also increasing the pressure to welfare states.

In conclusion, resilience approaches are useful to capture the processes of structural recomposition of social systems in the context of systemic crises. However, their analytical potential has been limited by a set of implicit assumptions that have influenced the way in which these approaches have been applied. To avoid these traps, resilience analysis must consider the conclusions from this discussion. Firstly, it needs to address the social construction of the systemic crisis. Secondly, it

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must analyse the dynamics of adjustment as power struggles within the system to influence the setting of the social structures. Thirdly, the analysis of the outcomes of resilience processes must integrate their impacts in people's objective and subjective life conditions and social agency.

Following a critical perspective, we propose an approach to social resilience based on the analysis of the power struggles within and between the structural foundations of resilience, namely the laws' structure, the political structure and the economic structure. This multifaceted and complex set of social relationships is going to define the direction and intensity of the recomposition process, framing the conditions and opportunities for agency in the new social context. In addition, the analysis of resilience processes must capture the meaning and consequences of the recomposition of social systems, i.e. the impacts on people's well-being and agency, to understand not only the opportunities that emerge in the post-crisis social environment, but also the costs, the risk-factors, and the forms of social injustice inherent to the structural framework.

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