

Trade Union Movement & Labour Policies in the EU after the Global Financial Crisis

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There are fundamental questions to ask before we are able to come to grips in regard to the future of the European Social Model and the role of Europe in a globalising world. Today we are facing a number of challenges. In September 2009 the biggest financial and economic crash since the Black Friday 1929 has shuttered the economic model of deregulation at any price and the attempt to destroy the welfare state. Apparently we are at a new beginning, although those who are mainly responsible for this disaster try to blame the state. Since many years there were already a number of warnings that this neo-liberal economic system, which declared war on the trade unions and workers' participation, is not sustainable – neither economically or financially nor socially or environmentally, argues the paper.

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Pre-remarks

There are a number of fundamental questions we have to ask ourselves, before we are able to come to grips in regard to the future of the European Social Model. Apparently we also have to inquire about the role of Europe in a globalising world. Today we are facing a number of challenges, which grew over the last couple of decades, but have materialized only over the last couple of months. Just a week before the opening of the Third Congress of the European network “Regional and Local Development of Work and Labour” the biggest financial and economic crash since the Black Friday 1929 has shuttered the economic model of deregulation at any price and the attempt to destroy the welfare state. Apparently we are at a new beginning, hopefully for better, although those who are mainly responsible for this disaster, which destroys dozens of millions of jobs and the economies of a whole generation, try to blame the state. Actually, since many years, there were already a number of warnings that this neo-liberal economic system, which

declared war on the trade unions and workers' participation, is not sustainable – neither economically or financially nor socially or environmentally. In 1986 the movie “Wall Street” characterised the financial system with its elements of corruption and megalomania quite precisely. It may be also reminded of another quite pertinent Canadian movie in the same year: “The Decline of the American Empire”. These are all in the highlight of the Reagan administration and its Reaganomics. The most successful financial speculator, George Soros, published in 1998 a book with the significant title “The Crisis of Global Capitalism. The Open Society Endangered”, where he warned of the risks of an uncontrolled financial system. I published in 1987 an article with a scenario for 2000, where I forecasted the crisis of autumn 2008 (English translation: Széll 1990). Apparently I was partly wrong, as I put the crisis eight years early. However, most probably – besides the fascination of a round number – the breakdown of the Soviet system in 1989/1990 gave ultra-liberal market capitalism another few extra years.

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The management of the financial crisis today, however, is more concerned with saving the big companies instead of taking the occasion for a fundamental turn-around. The old recipe is repeated: privatisation of profits and socialisation

of losses. The former chief-economist of the World Bank, Nicholas Stern, who became well known, as he published last year the first account of the costs of neglecting environmental protection, published in December 2008 an article, where he argued that the crisis is a unique chance to save the planet.

History

Trying to set the stage for a further European Social Model, we have first to look back. As Warren Buffet, the richest man in the world, said: We can only learn lessons from the past. So what has changed in regard to our topic since 1945, 1968, 1989 and 2000? Apparently the dates are not neutral, and we may take other options. In 1858, after some failed revolutions in Europe, perhaps the most important element was that Prussia entered the international scene, first unifying and establishing the Second German Reich, and then building up huge industry and military. The second important element is the unification and ending of the inner frontiers of the United States of America about the same period. The German model to catch up with the leading economies and imperialist powers – the British and French empires – was a modernisation from the top, played on two different fronts, expansion outwards and pacification inwards: the introduction of the Bismarckian welfare state and the interdiction of the Social-Democratic Party (SPD). The outcome was terrible, as we all now, two World Wars and the Holocaust (Wehler).

Fascism and Stalinism were both based on the passive participation of the

masses (Gramsci). Another important innovation was the system of Fordism, developed in the USA, combining mass production and mass consumption, i.e. participation was reduced to it.

After the Second World War Fordism spread over to the other industrialised nations, including Japan. In Germany the “social market economy” was designed as a third way between socialism and capitalism. The biggest political and economic experiment in the 20th century was the creation of the European Union in 1958 with its predecessor the European Community of Coal and Steel in 1951. It has been largely successful, although the realisation of a European Social Union is still lagging far behind.

In the Third World, some countries experimented with other forms of industrialisation and welfare state (China, India, Cuba, North Korea, Algeria, Tanzania – just to name a few), however, mostly failed. China changed in 1978 to the so-called “socialist market-economy” with the destruction of most of its welfare system (Széll, Kamppeter & Moon 2009).

1968 was not only for my generation a fundamental watershed, but for future generations as well. It was the starting point for a large democratisation process. Until then democracy stopped at the factory gates. The famous slogan “To dare more democracy” of the then German Chancellor and Peace Nobel Prize winner, Willy Brandt, was a marking stone.

The implosion of the Soviet system

in 1989/1990 gave way for the integration of some of its European satellite states into the EU, for the others a fall back into more or less authoritarian structures. The end of history, as declared by Francis Fukuyama in 1992, did fortunately not take place, although a new era of deregulation and military conflicts started, and did not end so far.

At the beginning of the new century, or the new millennium the fifteen Millennium Goals by the United Nations, the Lisbon Agenda for the EU, and the Decent Work campaign by the International Labour Organisation were launched. There was a slogan of the beginning of the Pacific Century with the rise of China in accordance with its past grandeur.

The Questions

Some fundamental questions first, before we proceed further:

1. Is there one European Social Model? For sure there are – as already studies in the 1970s demonstrated – quite a number of variations (IDE 1981), due to the differences relating to history, culture, power etc. However, some clusters are discernible: Nordic, Anglo-Saxon, Central European and Mediterranean – before 1990 there existed also the Yugoslav one. Although these differences are still quite marked, we can conclude in comparison to the U.S.-American or also the Japanese model there are some distinctive features, which make it that we may speak on the global level of a European Social Model.

2. What kind of participation are we looking for? Again there are quite substantial differences. We may differentiate between financial participation, participation in decision-making and on different levels, direct or representative participation, ad hoc or permanent participation (Kester & Pinaud 1996).
 3. Double participation: Participation within the company and as a citizen and/or consumer. These roles may be contradictory at some times. The task is to overcome this kind of schizophrenia.
 4. What is the role of experts? Participation in decision-making has become through globalisation and the differentiation of the workforce so complex that workers and their representatives need special training and/or advice from experts to come to grips with decisions about future investments, off-shoring, environmental issues, human rights etc. Although it may be still true, what the former general secretary of the French CFDT once said: “The worker is the real expert concerning his work.”
- eyes still up-to-date. Let me just pick up some of the issues:
1. The environment – is still the biggest challenge. And since the movie by the former US-American Vice-president and Peace Nobel Prize winner, Al Gore, “An Inconvenient Truth” and the report by his co-Peace Nobel Prize laureate, the International Panel on Climate Change (IPCC), there is no doubt that environmental protection is the biggest challenge for humanity. We only have an opening of another ten years to fix the challenge (Henricke 2009). All empirical studies prove that it is only with the participation of all concerned that this challenge may be overcome (Széll 2004a). However, even after the progress, which has been made by the European Union in this regard over the last two years, and the election of Barack H. Obama as President of the U.S.A. the prospects look rather grim for a Kyoto II-convention in 2009 in Copenhagen, not to speak of the ongoing pollution and depletion of the seas and rivers, the lack of drinking water, the waste disposal etc.

The Challenges

During a conference “Which European Social Model?”, which was co-sponsored by the European Foundation for the Improvement of Living and Working Conditions, in Aix-en-Provence in September 2001, I presented a paper on “Fifteen Challenges for a European Social Model” (Széll 2002a), which is in my

There is no doubt that environmental protection is the biggest challenge for humanity.

2. Gender equality is the next big challenge, not only – as the late Chairman Mao Dze Dong put it: “Women are half of heaven” – but because without the active participation of

women in all realms of life, not at least in environmental protection, there will be no social justice, no decent work, no future.

3. All organisations (political, social, trade unions) are in a deep crisis in regard to recruiting new members, especially from the younger generation. The problem concerns as well the low qualified and the most highly qualified strata of society. It seems that the dominant economic system with its focus on “sex and shopping” has resulted in to a large degree of depolitisation and individualisation, which has been analysed by Alexis de Tocqueville already more then 170 years ago.

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4. In regard to trade unions they have certainly partly to blame themselves, as they still remain largely blue collar, male unions, which are not only in the EU quite diverse, due to their historical legacies. Besides, quite often they seem to be more concerned with competing among themselves than to struggle together for their common targets, if they are politically or sectorally differently oriented, which leads to a number of unnecessary conflicts and by that to the weakening of the whole labour movement. To that adds the lack of training, competence and quality of many union officials. And the em-

ployers contribute to these difficulties their part as well. For instance, Peugeot and Siemens, two of the biggest companies in the world, financed until recently “yellow unions”. Definitely the trade unions have to restructure themselves. But big – as the mergers of the past years show – is not always beautiful and successful. The mergers in Germany, resulting in to the biggest single unions in the world (IG Metall, ver.di) had as a collateral damage, the formation or strengthening of smaller unions of a guild type (pilots, train conductors, health sector). On the other hand the European Trade Union Confederation (ETUC) has made substantial progress since the enlargement of the EU. And another very positive development is the creation of the unified International Trade Union Confederation (ITUC) in 2006, seventeen years after the break-down of the Soviet Empire. This gives hope for a new élan. Since then the presence of the trade union movement on the international scene has much progressed.

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5. The weakness of the labour movement is mirrored by the weakness of the employers’ associations. Quite a number of companies in the new economy do not associate themselves with employers’ associations, thinking they can save the fees, and

they are better off without binding collective agreements (Széll, Bösling & Hartkemeyer 2005).

6. This phenomenon is particularly pronounced within the new EU-Member States, where employers' associations in the period of really existing socialism did not exist. The strategy in these countries is still to make the pie bigger to share some of the benefits, instead of going for sustainability.
7. After the implosion of the Soviet system there was much fear of a large East-West migration. This happened only partially, as the freedom of movement was restricted for the first years after the entry of the new Member States. Nevertheless migration is quite an issue as the illegal flux from non-EU States is still very strong, and as all EU Member States face a decrease in population, notably the active population (Széll 2002b).
8. In regard to participation and the European Social Model there are many obstacles to overcome, even within the EU, as the European Social Union is far from being realised, i.e. that not only social rights can be easily transferred. And the full recognition of diploma, which started with the Bologna-process ten years ago, is not yet established everywhere.
9. Social security is still largely a national affair. One of the reasons of the negative referenda in France and The Netherlands in regard to the EU

Constitution Treaty was just the defence of the national social security systems against liberalisation strategies on the EU-level. This fear seems to have reasons as for two decades the neo-liberal strategies focussed on the destruction of the welfare state. However, on this concrete point the refusal of the EU Constitution Treaty was wrong: It would have brought more social rights than the Nice-Treaty. And the famous Plan B by Jacques Delors – with better social protection – was a myth. Even now the problem is who controls the social security system? The drive for privatisation was very strong. Especially the pension funds, which are already now the biggest institutional investors, are playing the game on the international markets – with all the risks we know now. And the pension funds of the big US-American car makers are one of the reasons of their bankruptcy. The only real alternative to state bureaucratic control of the social security system is the social economy, the fastest growing sector in the world – without the risks of the dominant sector.

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10. That brings us to the concern of globalisation. Here the main actors are the WTO, IMF, World Bank, G8 and OECD. The driving force in this process, the financial sector, is not regulated at all, as we just noticed in

the banking crisis in autumn 2008 and as George Soros monitored previously.

11. One answer to the unregulated globalisation is continental regionalisation, of which the EU with all its flaws is still the most successful model, with its own currency, the Euro. Mercosur, ASEAN and SARC are modelled after the EU, and even in North-East Asia China, Japan and South Korea try to establish their own union with its own currency.
12. Although the shareholder dictatorship has been questioned during the last couple of months, those who profited most of it, blame the state for the failure and not their own business. So, the European alternative, the stakeholder democracy, has to struggle hard to overcome this ideology.
13. One of the means of shareholder dictatorship to increase profits to a maximum is outsourcing, off-shoring, and delocalisation. Although this strategy may bring benefit to new EU-Member States, for the emerging economies and Third World countries, the price is rather high, because outsourcing, off-shoring, and delocalisation does not only mean lower salaries, but less social protection, non-respect of human rights and the environment. So far participation in decision making is a pre-condition for decent work and sustainability instead of social and environmental dumping.
14. The results of uncontrolled and unregulated globalisation are precarisation and dualisation of the work-

force. No standard, life-long labour contracts are practiced any more for an increasing part of the employees, mainly the young ones. The “Generation Praktikum” (generation internship) in Germany and elsewhere is a symbol of this trend. Apparently the precarisation does not only affect the quality of life and working-life but also the possibilities of life-long learning and participation, and with it the quality of products and services.

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15. That this process could so easily be implemented without much resistance by the concerned is certainly due to the cultural hegemony of the media industry. That a tycoon like Silvio Berlusconi came twice to power, based on his ownership of large parts of the TV-industry, in a civilised country like Italy is a scandal. Here the analysis by the US-American media-sociologist Neil Postman with his book “Amusing Ourselves to Death” from 1984 is more up-to-date than ever. His thesis that everything in our societies, even politics, becomes entertainment is convincing. That does not mean that everything of new global information and communication technologies, e.g. Internet, contributes to this trend. Our scientific conferences and publications, the World Social Forum and its regional and national off-springs

would not have been possible without the new media and technologies.

16. Education (general, vocational, university training) is in a crisis as well. Europe – except Scandinavia – is far from its target to invest 3 % of its GDP into science and research. In international comparisons it is lagging behind even of emerging nations like South Korea or China. Expenditure on education and science is in general still regarded as costs and not as an investment into the future. However, in the OECD countries 40+ % of the generation are today university graduates. So not only the future managers and elites are trained there, but also a large part of the workforce. So university training has to give them the qualification for participative management and participation in decision making. But economics and business are not taught in secondary schools – not to speak of primary schools –, although everybody will be part of it. An essential precondition to have a future for a participative European Social Model is that teachers and university faculty have these competencies and are unionised themselves. There is still in most countries a long way to go, as – when they are unionised – it is mostly in kind of professional, guild-like associations with rather conservative ideologies.

Conclusions

The world has not only changed in regard to the topics mentioned in the para-

above on the challenges, but also concerning the structure of the economy. The Lisbon agenda speaks of a knowledge-based society. The biggest economic sectors in the world today are agriculture, IT, health care, entertainment, tourism – which are at the same time the weakest in regard to unionisation.

Performance is certainly the issue of today, but also quality. And quality of life and working life are actually the most important targets, as the economy is not an end in itself. (Széll & Széll 2009). To reach a sustainable company, economy and society, which are the targets of the Rio and Lisbon agendas, environmental Kaizen is an important tool (Széll 2004a). To realize them we need a kind of socio-cultural revolution. Part of it is Corporate Social Responsibility, which includes the environment as well (Széll 2006).

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A fundamental element of this socio-cultural revolution is trust. Trust is the basis of all human society and relations, although it has been largely lost during the last couple of decades of casino capitalism, as also the crash of the last couple of months proves. The State, which has been regarded as ineffective and hence dismantled during this period, has become again the only institution, into which citizens and consumers have

trust. The civil society, which has been destroyed as well, being replaced by crude individualism, is the other institution, on which the reconstruction of the economy and society at large has to be based on.

In the last years benchmarking and best practice have become tools to modernize the economy and business. But as we know against Taylorism there is no one best way. The optimal solution depends on the socio-historical context of each institution. The Open method of co-ordination within the EU is a flexible answer to this. The target of adaptation to or overcoming the challenges has to be a win-win situation, where there are collateral benefits instead of damages.

“Think globally, act locally!” was the slogan in the 1970s and 1980s. That is truer than ever today. And our international network, Regional and Local Development of Work and Labour in its tenth year of existence, is a modest answer.

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The old dream – from hetero- via co- to self-management – is on the agenda again. There is empirical evidence to prove since long that participative companies and those with social responsibilities perform much better than the others. (Garibaldi & Telljohann 2004). So the question stands: why are these prin-

ciples not applied everywhere, if the power of market and the *homo oeconomicus* prevail? Again recent economic research – honoured by diverse Nobel prizes – as well as the recent developments in the world economy demonstrate that the economy is far from being as logical as the main stream neo-classical textbooks pretend. Keynesianism was already an answer to this widespread market failure.

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The obstacles are ideological, and are ignorance, i.e. cognitive dissonance. It is power relations within business and the economy, which prevail and are termed by the German author Günter Ortman (1995) as micro-politics. There the role of academia comes in for training and research. Human resources management, change management, quality management, and environmental management are already partial answers in this process of enlightenment. Fortunately there are a number of companies and institutions, which are run by an enlightened management and driven by enlightened economic, political, social and cultural actors. It is a dialectical process. As Karl Marx described it 160 years ago: “In the womb of the old society the new one is born”. History may proceed as the procession in the town of Echternach in Luxemburg: two steps forward, one step back. Hopefully we are now at the moment of two steps forward, and the European Social Model is part of it.

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