

Prof. Andreas Bieler,
School of Politics and International Relations,
University of Nottingham,
UK-Nottingham NG7 2RD,
E-mail: Andreas.Bieler@nottingham.ac.uk
Personal website: <http://www.nottingham.ac.uk/~ldzab>

Transnational solidarity or conflict? Trade unions and neo-liberal restructuring in Europe.¹

Abstract

It is frequently argued that European trade unions have been co-opted into the neo-liberal restructuring of the European social relations of production. The purpose of this paper is twofold: First, it will be assessed whether this allegation is actually justified. Second, the paper will review concrete examples of trade union cooperation opposed to neo-liberal restructuring on the one hand, as well as outline several areas of tensions within the European labour movement, which undermine potential transnational solidarity on the other. It will be argued that while trade unions are not automatically progressive actors vis-à-vis neo-liberal restructuring, they have the potential to play an important role in a wider resistance movement.

Note about the author

Andreas Bieler is Professor of Political Economy and Co-Director of the Centre for the Study of Social and Global Justice (CSSGJ) in the School of Politics and International Relations, University of Nottingham/UK. His research is predominantly focused on understanding the current struggle over the future economic-political model of the European Union (EU) and the possibilities to resist neo-liberal restructuring. He is author of *Globalisation and Enlargement of the European Union* (Routledge, 2000) as well as *The Struggle for a Social Europe: Trade unions and EMU in times of global restructuring* (Manchester University Press, 2006).

¹ This paper was presented at the conference 'Society and Free Trade in a Global World' at the Instituto Barcelona de Relaciones Internacionales, 21 to 22 February 2008.

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Introduction

Since the mid-1980s, the European Union (EU) has been restructured along neo-liberal lines. This is expressed in the deregulation and liberalisation of national economies within the Internal Market programme as well as Economic and Monetary Union (EMU), which instructs the European Central Bank (ECB) to make price stability its sole primary objective and constrains member states' fiscal policy through the neo-liberal convergence criteria of the Stability and Growth Pact (SGP). The flanking social measures of the Social Dimension do not change this fundamental neo-liberal direction (Bieler 2006: 9-14). In its enlargement to Central and Eastern Europe, the EU exported an even more market-radical variant of neo-liberalism to the new member states, who were not granted immediate labour mobility and full access to the EU's redistributive policies (Bohle 2006). Restructuring of the European social relations of production has gone hand in hand with similar developments in the global political economy. Neo-liberalism regained prominence in the 1970s as a political economy critique of Keynesianism, it was then implemented in the USA and the UK as a programme of restructuring during the 1980s, before being accepted as a hegemonic creed at the global level during the 1990s and spread with the help of international organisations such as the IMF to every part of the world (Gamble 2001).

In response to further European integration around neo-liberal restructuring, trade unions regularly responded with a 'yes, but' position (Dølvik 1999). They supported further integration, but demanded the development of a related Social Dimension. This

strategy has not led to significant changes to the predominant neo-liberal rationale of integration. In fact, the EU frequently used employment and social policies to justify even further neo-liberal restructuring (Schulten 2006). Hence, it is often alleged that the ‘yes, but’ strategy by trade unions has resulted in some kind of symbolic Euro-corporatism, where unions can participate in discussions without having the chance of making a more significant impact on individual proposals (e.g. Ryner and Schulten 2003). As Taylor and Mathers (2002: 54) have put it, “the social partnership” approach that dominates the thinking of leading members of the European labour movement amounts to a strategy that not only further abandons the autonomy of the labour movement but confirms the logic of neo-liberalism through “supply side corporatism” or “progressive competitiveness”.’ Thus, trade unions are accused of having been co-opted into neo-liberal restructuring and are, therefore, of no importance to anti – neo-liberal movements.

In this paper, I will evaluate these claims and argue that trade unions are too quickly written off as possible actors of resistance. The next section will show that many European trade unions, including those supporting EMU, have not accepted neo-liberal restructuring. Then, two successful strategies are identified at the European level, which allow unions to resist neo-liberal restructuring. In the final section, I will point to a range of developments, which have led to tensions within the European labour movement, possibly undermining transnational solidarity. The Conclusion will sum up the results of the paper and provide an outlook on trade unions’ possible position on free trade, which itself has been restructured along neo-liberal lines within today’s global economy.

Trade unions and neo-liberal restructuring²

Trade unions have come under severe pressure as a result of the neo-liberal restructuring of the European social relations of production. The deregulation and liberalisation of national economies including the labour market has undermined their traditionally strong position at the national level. Moreover, neo-liberal economists fundamentally question the role of trade unions and often consider them as obstacles to the efficient functioning of the free market. Nevertheless, trade unions did support to a large extent the Internal Market programme in the late 1980s. Encouraged by the role of the then EU Commission President Jaques Delors, who demanded social integration as a necessary counterpart to economic integration, they were hoping that economic integration was a first step towards the establishment of a political union, which also included a social union (Bieling 2001: 100). Acceptance of EMU and the institutionalisation of neo-liberalism in the convergence criteria together with the establishment of the ECB, its focus on price stability and the lack of democratic control was more difficult for unions. In the end, considering unions' political weakness during the economic recession in Europe in the early 1990s and the small gains of the Social Chapter, trade unions accepted the Treaty of Maastricht (Bieling 2001: 105). This support was not uncritical, but followed a 'yes, but' attitude. European integration was supported as such, but additional social policy measures were demanded. As indicated above, it is precisely this attitude, which led to the accusations that trade unions have become co-opted into neo-liberal restructuring.

It is argued here that such assessments write off trade unions too quickly as possible actors in the resistance to neo-liberal restructuring. The 'yes, but' attitude should

² The empirical part of this article is informed by a neo-Gramscian perspective. For an outline and critical engagement with this perspective, see Bieler et al (2006) and Morton (2007).

not be regarded as acceptance of neo-liberalism as such. European politics is class struggle and unions could simply not match the structural power of capital, nor challenge the dominant discourse of neo-liberalism at the time. A detailed analysis of the Austrian, British, French, German and Swedish labour movements has demonstrated that the vast majority of unions, including those which have accepted EMU, continue to resist neo-liberal restructuring (Bieler 2006). For example, German unions criticised the neo-liberal implications of EMU as represented in the convergence criteria and the ECB's exclusive focus on price stability. Unions generally demanded active employment policies at the national and European level, a more flexible interpretation of the convergence criteria, with some even wanting to add an unemployment criterion to demonstrate a stronger emphasis on employment and growth. Some unions also mentioned wage increases in line with inflation and productivity increases in order to ensure domestic demand as well as tax harmonisation to avoid regime competition within the EU as additional steps. This argument was based on the understanding that employment cannot only be achieved via structural measures, but also requires demand management. Public investment in European-wide infrastructure programmes is one possible way forward in this respect (Bieler 2003a: 34-6).

In Britain, criticism of the neo-liberal EMU was even more outspoken. On the one hand, unions which organise workers in national production sectors, such as the public sector union UNISON, strongly opposed EMU, because it would limit national expenditure on public services and have a negative impact on growth and employment levels. The lack of democratic accountability of the ECB was also highlighted. The rejection of EMU membership due to its neo-liberal bias clearly indicates the opposition

to neo-liberal restructuring by domestic labour in Britain. On the other hand, trade unions, which organise workers in export-oriented and transnational manufacturing such as Amicus were in favour of EMU membership. Their industrial sector had suffered from the high Sterling exchange rate with the Euro. EMU membership would remedy this problem. Transnational sector unions too, however, continued to oppose neo-liberalism and an endorsement of a single currency did not imply acceptance of EMU's current underlying rationale. These criticisms of EMU were echoed by general unions such as the GMB, which organise workers in the public and manufacturing sector and therefore understood the relevance of both positions (Bieler 2003a: 31-4). As Strange outlines, British pro-EMU unions have always demanded an expansion of the EU's macro-economic competence and a focus on high levels of employment as a precondition for their support (Strange 1997: 21-3). British unions have adopted a Euro-Keynesian macro-economic management project, which is based on an ultimately centralised fiscal and monetary policy in a federal union and combined with EU social partnership industrial relations (Strange 2002: 356-7).

In France, similarly, support for EMU did not automatically imply acceptance of neo-liberal restructuring. On the one hand, the confederations CFDT, CFTC, CFE-CGC and UNSA supported EMU. Nevertheless, CFTC and UNSA combined this support with opposition to the underlying neo-liberal structure of EMU. Only the CFE-CGC, organising predominantly cadres and managers in companies, i.e. privileged sections of the working class, endorsed the focus on price stability. The CFDT accepted neo-liberal principles to some extent in that it did not reject the convergence criteria and the independent status of the ECB, but even this did not reflect a full endorsement of neo-

liberal restructuring. On the other hand, FO and G10-Solidaires strongly criticised EMU for its neo-liberal rationale and especially the latter has intensified its co-operation with other social movements in the resistance to restructuring. The CGT was critical of the neo-liberal rationale of EMU, but more hopeful that this could be changed within EMU rather than requiring its abandonment (Bieler 2006: 113-19).

The confederation ÖGB set the tone of the general debate in Austria. It accepted that EMU and the single currency were beneficial in that they implied greater levels of economic stability. Nevertheless, the underlying basis of EMU, its neo-liberal rationale, needed to be changed, it was argued. EMU should have full employment as its core focus and a related unemployment criterion was demanded in this respect. Moreover, the ECB should be asked to concentrate on growth and employment in addition to price stability, following here the US Federal Reserve Bank. This should also imply a redefinition of the inflation target. Finally, the ÖGB demanded that in order to ensure domestic demand within the EU, wage agreements should follow the formula of productivity increase plus inflation (Bieler 2006: 107-8). This position was supported by the majority of unions, organising workers in domestic production sectors. Only the metalworkers' union and the chemical workers' union, organising workers in internationally-oriented sectors, were less concerned about the neo-liberal implications of EMU.

At the same time, while many European trade unions continued criticising neo-liberal restructuring, this was not an automatic position as the Swedish case demonstrates. The Transport Workers' Union and the Commercial Workers' Union, both organising in a predominantly domestic production sector, linked their opposition to EMU to a clear rejection of neo-liberal restructuring, perceived to be embodied in the convergence

criteria and the role of the independent, undemocratic ECB. Nevertheless, several of the national sector unions, which had not adopted a position on EMU, e.g. the Municipal Workers' Union and the Construction Workers' Union, were less critical of neo-liberal restructuring or, indeed, had adopted some neo-liberal principles. For example, they accepted the low inflation policy as well as the role of moderate wage development in maintaining economic stability. This acceptance of some neo-liberal principles was even more visible in the positions of the transnational sector unions and of the blue-collar confederation LO (Bieler 2003b).

In sum, these brief examples of European trade unions indicate that many continue to question neo-liberal restructuring. At the same time, EMU and other EU level neo-liberal policies have also made clear that the national level no longer suffices as the focus for opposition to neo-liberalism. The next section will assess the possibilities available at the European level for trade unions to influence policy-making within the EU.

Trade union co-operation at the European level

At European level most national union organisations are members of the European Trade Union Confederation (ETUC), which claims to represent about 60 million workers in 36 countries. Furthermore, there are eleven European Industry Federations (EIF) representing national unions from certain industries, such as the European Metalworkers Federation (EMF) or the European Federation of Public Service Unions (EPSU) (<http://www.etuc.org/r/13>). Within the institutional set-up of the EU, trade unions are clearly disadvantaged vis-à-vis interest groups of capital, for example, in their capacity to

influence policy-making. As briefly outlined above, the EU has been characterized by neo-liberal restructuring since the mid-1980s. The new, neo-liberal form of state has been institutionally protected by removing monetary and economic policy-making from the wider influence of actors. Firstly, in a move labelled 'new constitutionalism' by Gill (2001), monetary policy-making with a focus on low inflation has been handed over to the ECB, made up of 'impartial' technocrats. Secondly, the core macroeconomic decisions are taken by the European Council, the meeting of heads of government and heads of state within the EU, which is largely outside lobbying pressure. In June of each year, the European Council passes the so-called broad economic policy guidelines, which must support the low inflation policy of the ECB, therefore regularly re-confirming neo-liberal restructuring.

The multilevel nature of governance in the EU provides trade unions as other interest groups with easy access to supranational decision-makers, but with a related much lower chance of making an impact on the outcome of policy-making (Greenwood 2003: 29, 73). Trade unions have a particularly close contact to the Directorate General (DG) for Employment and Social Affairs, formerly DG V. Overall, however, the Commission has 23 DGs, and not all DGs are equally important. The DG for Competition and the DG for Economic and Financial Affairs are more decisive within the EU. Together with the DG Internal Market and DG Trade they are the hard core of the Commission (Interview No.1), driving the neo-liberal project through the discourse of competitiveness (Rosamond 2002). Trade unions' focus on the DG for Employment and Social Affairs has often marginalised them within the Commission internal decision-making process.

Multi-sector social dialogue is one of the core avenues for the ETUC to influence policy-making in the EU since the Treaty of Maastricht in 1991. Should the ETUC and their employers' counterpart UNICE agree on a particular issue, this agreement is then passed to the Council of Ministers, which transfers it into a directive without further discussion. First successes include the Parental Leave Directive in 1996 (Falkner 1998). Overall, however, the significance of the social dialogue should not be exaggerated. To date, it has concluded only few agreements establishing minimum standards (Greenwood 2003: 68), including some agreements such as the one on telework in 2002, which is only voluntary and the implementation of which remains the task of the social partners themselves. Nevertheless, as the following two examples indicate, despite the structural disadvantage of trade unions, there are positive strategies to influence EU decision-making.

The European Metalworkers' Federation (EMF) organizes workers in one of the most transnationalized sectors in Europe, including many TNCs in consumer electronics, car manufacturing and machinery production. In response to transnationalization, it is argued that the EMF had to follow and internationalize its structure and activities. The crucial turning-point were the early 1990s. 'Under the influence of the opening-up of the European borders, growing international competition, complete Europeanization of the economy and massive unemployment in Europe, [the EMF] had noticed a distinct tendency towards a competition-driven collective bargaining policy' (EMF 2001: 1). Plans for EMU further implied the danger of social dumping through the undercutting of wage and working conditions between several national collective bargaining rounds (EMF 1998: 1-2). The EMF realized that wage bargaining was no longer a national issue

in its sector, characterized by an increasing transnationalized production structure. In response, the EMF started restructuring itself and began to discuss the potential of coordinating wage bargaining (Interview No.2). The EMF co-ordination strategy has three main pillars (EMF 2001: 1): (1) an information exchange system about national collective bargaining rounds, the so-called European Collective Bargaining Information Network (EUCOB@); (2) the establishment of cross-border collective bargaining networks including the exchange of observers for collective bargaining rounds (Gollbach and Schulten 2000: 166-76); and (3) the adoption of common minimum standards and guidelines, of which wage bargaining co-ordination is not the only but arguably the most important aspect. The co-ordination of national wage bargaining was approved in 1998 and the EMF tries to ensure that national unions pursue a common strategy of asking for wage increases along the formula of productivity increase plus inflation rate (EMF 1998: 3; Schulten 2005: 274-89). As far as data is concerned, although national negotiators did not refer to the EMF guidelines, the actual bargaining results were pretty much within the formula until 2001. The current results of bargaining are more out of line with the formula, but importantly the guidelines are increasingly used as a political bargaining tool (Interview No.2). The main goal of the co-ordination of collective bargaining is to avoid the downward competition between different national bargaining rounds and to protect workers against the related reduction in wages and working conditions. Thus, 'a coordinated European collective bargaining policy will play a major role in intensifying and reinforcing the social dimension of European unity' (EMF 1998: 1). This, in turn, indicates the EMF's continuing resistance to neo-liberal restructuring.

Importantly, the institutional changes have gone hand in hand with an expansion of members of staff. In 1989, the EMF had four full time members of staff, now it employs 19 (Interview No.2). At the second EMF congress in Prague on 13 and 14 June 2003, internal decision-making was further facilitated by permitting the Executive Committee to adopt recommendations from the policy committees by a two-thirds majority. This introduction of majority voting clearly indicates that the EMF has developed into an independent actor at the European level. The example of the EMF highlights that despite structural disadvantages within the EU form of state, the coordination of bargaining provided a good, alternative way forward, characterized by the following three advantages: (1) it does not rely on an employers' counterpart, which has not been willing to engage in meaningful social dialogue; (2) the disadvantaged position within the EU institutional framework is of no consequence, since inter-union coordination does not rely on the compliance of EU or national institutions; and (3) this strategy allows to take national differences into account, often cited as the core reason of why European-wide union co-operation is impossible. If productivity is lower in one country than another, then the wage increase demands in the former country will be lower than in the latter accordingly.

A second example of European activity is the European Federation of Public Service Unions (EPSU) (Bieler 2005: 475-7). It organizes workers in the civil service from local to European government as well as in the health sector and general utilities such as energy and water. Thus, it organizes workers in all those sectors, which were traditionally part of the public sector with a clear national production structure. Nonetheless, EPSU has become increasingly active as an independent actor at the

European level since the 1990s. In order to explain EPSU's increased activity, one needs to refer to the increasing number of decisions taken at the European level. Deregulation and liberalization of traditionally domestic production sectors such as energy and public procurement has been driven by EU directives and here especially the Services Directive. Moreover, the Commission is the EU's main representative in the negotiation of a General Agreement on Trade in Services. The international, European level has, therefore, become more relevant for trade union activity as a result. In a letter to EPSU's affiliated unions, the General Secretary Carola Fischbach-Pyttel herself pointed to the decisions in relation to public services to be taken at the European level in 2003. This included the Commission's position on GATS negotiations, the report by the working group on Social Europe within the Convention on the Future of Europe, the discussion by the EP of draft directives on public procurement and a further opening of the electricity and gas markets, a Green Paper by the Commission on Services of General Interest as well as a general push by the DG Internal Market towards more deregulation of services of general economic interest (EPSU 2003a). According to EPSU, the 'liberalization policies of the European Commission with the majority support of the European Council are undermining public services' (EPSU 2002).

In resistance to neo-liberal restructuring, EPSU has engaged to some extent in sectoral social dialogue in the electricity industry, now the most transnationalized sector within the remit of EPSU (Eironline 2002; Eironline 2004b). Moreover, a new social dialogue committee in the local and regional government sector was established in January 2004, adopting a joint statement on telework as its first measure (Eironline 2004a). In 2002, the executive committee of EPSU adopted a bargaining information

exchange system similar to the EMF and appropriately called it EPSUCOB@ and there is now an annual collective bargaining conference (Interview No.1). A third strategy employed by EPSU has been the lobbying of EU institutions. In relation to GATS, EPSU is concerned that EU public services have become bargaining chips for the Commission in its attempt to open up other countries for European services exporters (EPSU 2003a). Reservations were expressed by EPSU in a meeting with the Commissioner Pascal Lamy of DG Trade on 17 February 2003 in relation to the tightness of GATS safety clauses, allowing countries to maintain their own regulations, the secrecy of the current negotiations, the pressure applied by institutions such as the World Bank on developing countries to move towards liberalization in these areas, as well as the rights of foreign citizens carrying out contract work within the EU (EPSU 2003b). The most innovative strategy is, however, EPSU's increasing co-operation with other social movements. In relation to GATS, additionally to its direct lobbying of the Commission, EPSU has participated in demonstrations organized by Belgian unions and ATTAC on 9 February 2003 to keep public services out of GATS. Furthermore, it took part in the European day of national action on GATS and public services organized by the European Social Forum on 13 March as well as the ETUC European day of national action for a Social Europe on 21 March 2003 (EPSU 2003a). The link with other social movements is also visible in relation to public procurement. EPSU and several other EIFs co-operated with a range of environmental and other social movements such as Greenpeace Europe and the Social Platform, itself a network of European NGOs promoting the Social Dimension of the EU, in lobbying the EU Council of Ministers and especially the EP to amend the Draft Directive on Public Procurement towards the inclusion of social, ecological and fair trade

criteria in the award of public procurement contracts (Coalition for Green and Social Procurement 2002; Interview No.1). Most recently, EPSU engaged in close co-operation with other social movements in relation to the Services Directive, aimed at liberalising the provision of public services. It was top of the union's list of priorities for the period of 2004 to 2009 and the co-operation with NGOs next to the ETUC and other EIFs was identified as part of the overall strategy (EPSU 2005: 2). The campaign culminated in two large European demonstrations in Brussels and Strasburg in 2005 and early 2006 covering trade unions and other social movements from all over Europe (ETUC 2006). In the end it was at least successful in preventing the adoption of the initial draft of the directive. EPSU is currently following up these efforts with a campaign for a EU legal framework on public services 'Quality Public Services – Quality of Life' and the Social Platform has publicly declared its support (EPSU 2007).

In sum, the increasing involvement by the EU in general and the Commission in particular in moves of actual or potential future deregulation and liberalization of national public services, in line with the second hypothesis, has intensified EPSU's engagement at the European level with the aim to counter these measures. The case of EPSU demonstrates again that trade unions are structurally disadvantaged at the European level, but also that there are strategies available, which may help to overcome these disadvantages. In all its activities against the further privatization of public services, EPSU has formed close alliances not only with other trade unions, but also wider social movements. These alliances present 'an agreement between trade unions, NGOs and employers, that social Europe is the bridge that connects Europe to the citizen' (EPSU 2002). Hence, a separate 'social discourse' has emerged in the EU and trade unions have

successfully used it to broaden their social basis of the struggle against neo-liberal restructuring of the public sector, thereby increasing their impact on EU policy-making.

Tensions within the European labour movement

Both examples of European trade union activities mentioned above demonstrate that unions continue to resist neo-liberal restructuring. The attempt to co-ordinate national collective bargaining at the European level by the EMF is clearly directed against the neo-liberal logic of regime competition, driving down wages and working conditions across Europe to make companies more competitive on the global market. EPSU's initiatives, together with other social movements, to preserve an integrated public sector confronts the latest neo-liberal efforts to extend restructuring beyond private sector industry into the traditionally decommodified realm of public services. At the same time, however, resistance to neo-liberalism by trade unions is not automatic, nor is it inevitable that all trade unions will act together with the same goals and objectives in mind. EU enlargement to Central and Eastern Europe illustrates the dangers of divisions within the European labour movement. It was West European trade unions, which through the Economic and Social Committee of the EU, in research by the ETUC, as well as through pressure by the German DGB and Austrian ÖGB on their respective governments, pushed successfully for a transition period of up to seven years in relation to the free movement of labour. There was a clear lack of transnational solidarity, which may result in long-term divisions between the Eastern and Western labour movements and thereby weaken European labour overall (Bohle and Husz 2005: 108-9).

The EU constitution provides another good example for the tensions within the European labour movement. On the one hand, the ETUC strongly argued in favour of a ‘yes’ in the various national referenda on the Constitution, as this ‘is the most pro-Social Europe treaty that Europe has ever had’ (ETUC 2005). On the other hand, critics singled out especially Part III of the Constitutional Treaty as enshrining the predominance of neo-liberal economics within the EU (Cassen 2005: 30-1). The no-camp in the French referendum campaign included radical trade unions such as the G10-Solidaires, which argued that ‘this “constitution” sets in stone an anti-democratic institutional mechanism, the primacy of competition law, the weakening of public services. The principles of an economic liberalism without limits is the backbone of the text and makes free and unhindered competition the supreme value of the European Union’ (G10-Solidaires 2005). Similarly, Force Ouvrière openly defied the ETUC, of which it is a member, and rejected the Constitution as yet another example of how economic interests would be the predominant driving force behind European integration (FO 2005). In short, these contradictory positions within the ETUC indicate that rather than providing common ground for joint resistance, the Constitutional Treaty split trade unions.

Similar tensions between established and more radical trade unions are also visible within the European Social Forum (ESF) and the World Social Forum (WSF) gatherings, bringing together anti – neo-liberal globalization movements in Europe and at the global level respectively. At the first ESF in Florence in November 2002, these tensions were visible as a result of the different histories, internal structures and strategies of these unions (Bieler and Morton 2004). Historically, the new, radical European unions emerged as a reaction to, or even a split from, the established trade unions in the late

1980s and early 1990s due to discontent over the accommodationist position of mainstream unions *vis-à-vis* neo-liberal restructuring. The Italian *Comitati di Base* (COBAS), for example, was established in 1987 against the background of official union failure ‘to confront the consequences for workers of the restructuring and rationalization of “Italian” capitalism within a global recession and the new diktats of the European Union’ (Gall 1995: 10). Similarly, the French union *Solidaires, Unitaires et Démocratiques* (SUD-PTT), organizing workers in the postal services and telecommunications industry, emerged in 1988 after a split from the *Confédération Française Démocratique du Travail* (CFDT) over the support for strikes in the postal services and hospitals. After SUD-PTT became a member of G10-Solidaires, the latter confederation became the focal point for radical, progressive unions in France (G10-Solidaires 2002: 9-14). As for the internal structure, G10-Solidaires as well as the individual SUD unions define themselves as rank and file unions, which ‘is concretized by the idea that all decisions are the result of a consensus, where each rank-and-file union has one vote regardless of its size’ (G10-Solidaires 2002: 13). Finally, COBAS unions place emphasis on the rank and file at the company level at the expense of central organization (Gall 1995: 13, 17-18).

This different history and structural development of union activities has implications for questions of strategy. Having mainly emerged as a reaction to established trade unions’ accommodationist positions, these new unions reject tripartism with employers and the state, be it at the national or European level. They define their struggle in a wider sense and are almost by definition more open to interaction with social movements. COBAS argues that in view of the current offensive by capital, it is no

longer enough to concentrate on the defence of rights and conditions at the workplace. Instead, a new front needs to be formed that ‘stems from the fundamental terrain of trade unions and is necessarily extended into the more general political terrain and, thus, opposes the aggressive dynamics of capital, which invades all aspects of human activity’ (COBAS 2002: 16). SUD unions and the G10-Solidaires also recognize that neo-liberal exploitation goes beyond issues of the workplace. ‘It is, therefore, necessary to operate in relation to all these consequences in partnership with social movements, which also struggle on this terrain’ (G10-Solidaires 2002: 29-30). Hence these groups do not only raise demands related to the workplace, they also ask for the right to work, to accommodation and to health alongside raising ecological concerns. Established trade unions at the ESFs, on the other hand, continue to concentrate on the defence of core labour rights with an emphasis on collective bargaining with employers supported by the state in tripartite institutions. The ETUC in particular emphasizes its role within the European level social dialogue.

Similar tensions were noticeable at the WSF in Nairobi/Kenya in January 2007. On the one hand, there was a group of established trade unions around the International Trade Union Confederation (ITUC). It used the WSF to launch its Decent Work Campaign with the aim to achieve ‘decent work’ for all, consisting of ‘equal access to employment, living wages, social protection, freedom from exploitation and union rights’ (ITUC 2007). The main strategies adopted include (1) a recognition of trade unions as the main actor for progressive reform; (2) a focus on improvements in the work place; and (3) an emphasis on tripartite relationships with employers, states and international organizations. On the other hand, there was a group of more radical trade unionists and

social movement activists, who focused on establishing a 'Labour Network on and in the World Social Forum process'. Here, it is argued that in order to respond to the vicious attack on labour by neo-liberal globalization, new alliances of forces are necessary, including unions, social movements and intellectuals. One would need to accept that globalization has led to the extension of exploitation beyond the work place into the sphere of social reproduction. Hence, issues to be dealt with needed to go beyond the work place and include problems such as the division of society along gender lines. Instead of interacting with employers and state officials, the focus should be on co-operation with social movements, which are precisely able to organize within the informal working sector as well as the sphere of social reproduction (Bieler 2007). In short, labour is not necessarily a homogenous actor involved in resistance.

Conclusion

The conclusions from the above are twofold. First, many trade unions continue to oppose neo-liberal restructuring in Europe. Nevertheless, this is not automatic. Several Swedish unions and the French CFE-CGC are examples of unions having started to accept some neo-liberal concepts and the related policies. Second, the EMF and EPSU provide examples of possible strategies at the European level to resist restructuring actively. At the same time, tensions within the European labour movement over EU enlargement, the Constitution and the general strategy forward make clear that transnational co-operation and solidarity is anything but automatic.

In the remainder of this paper, I want to turn to the issue of trade, the way it has been restructured along neo-liberal lines, as well as the possible implications for trade

unions' positions on free trade as a result. The promotion of free trade was initially part of what John G. Ruggie (1982) called the post-war compromise of 'embedded liberalism'. On the one hand, countries within the Western bloc under the leadership of the USA committed themselves to increasing interdependence of national economies. On the other, safeguards were put in place within this international system, which allowed countries to intervene into their national economies in order to ensure full employment – following here a Keynesian understanding of the economy – and, thus, domestic stability at home. Thus the compromise of 'embedded liberalism' represents a combination of national economic sovereignty and a stable international economy fostering openness and free trade. The liberal idea of free trade as beneficial for everybody was combined with the national right to intervene in the economy to ensure domestic stability and social order. 'Embedded liberalism' represented a form of multilateralism, which was compatible with domestic stability.

Globalisation, however, has also implied changes to the international trade regime. Especially the GATT Uruguay round from 1986 to 1993 brought far-reaching changes. In 1995, the World Trade Organisation (WTO) (<http://www.wto.org/>) was set up to oversee governance of global trade. Most importantly, perhaps, was the establishment of a supranational dispute settlement mechanism, characterised by mandatory jurisdiction, fixed timetables and automatic retaliation in case of non-compliance, combined with an appeal body able to reverse initial rulings. These arrangements of transnational governance contradict the compromise of 'embedded liberalism' in that they undermine national sovereignty. Second, the Uruguay Round expanded the remit of GATT and then the WTO into the area of services and intellectual

property rights. As for the latter, the Uruguay Round included the trade-related intellectual property rights (TRIPS) accord (http://www.wto.org/english/tratop_e/trips_e/trips_e.htm). This provides strong protection of the ownership of intellectual knowledge, giving companies in leading high-tech sectors a longer position of monopoly in relation to their new technologies and some protection against the 'piracy' of these technological advances. At the same time, it makes it more difficult and expensive for developing countries to get hold of latest technology for their own development. The services sector has become increasingly important as an area of economic growth vis-à-vis traditional manufacturing. This is especially the case in developed countries, but the services sector of developing countries too has become an interesting area often for TNCs from the North. In order to regulate this area of global trade, the General Agreement on Trade in Services (GATS) (http://www.wto.org/English/tratop_e/serv_e/serv_e.htm) was integrated into the agenda of the WTO. So far, it is a very loose agreement giving states the right to identify those sectors, which are not part of the agreement. Nevertheless, there are moves to deepen this agreement and developing countries find it often difficult, if not impossible, to resist the demands of developed countries to open up their services sector in exchange for development aid.

Arguably, these changes have dismantled the compromise of 'embedded liberalism' in that they undermined state sovereignty and abolished the principle of permitting states to intervene into their own economy in order to obtain full employment and achieve domestic stability. Instead, critics have argued, the new agenda of transnational dispute settlement and extension of transnational governance into the area

of intellectual property rights and services has to be regarded as part of the general neo-liberal hegemony at the global level, which includes international organizations such as the WTO pushing more and more countries down the road of neo-liberal restructuring (Mortensen 2006: 175).

The implications for trade unions are possibly wide-ranging. Considering that pressures resulting from free trade could be compensated for at the national level during the compromise of ‘embedded liberalism’, support for free trade was less contentious. This has changed now. Combined with an increasing transnationalisation of production, free trade without domestic compensation has facilitated the sub-contracting of work and the shift of production units abroad. Trade unions can either respond through a reactionary, nationalist strategy, which opposes free trade and the competition for ‘our’ jobs by workers in countries with lower labour costs, or they focus on transnational co-operation and a push for international labour standards. The latter supports workers in low-wage countries as well as gives some support for production in higher wage cost countries.

Problems for unions are amplified through the expansion of areas, which the international trade regime covers. Especially the inclusion of services in the negotiations has led to widespread unrest as a result of fears about the related cuts in working conditions as well as higher prices and lower quality of services to consumers. Especially the universality of access to basic services such as water seems to be threatened. Within Europe, EPSU participates in activities against public sector restructuring. At the world level, it is its sister organisation the Public Services International (PSI), which is involved in a campaign for quality public services. As it states on its website,

PSI is working globally with unions and communities to ensure that public services are well resourced, with skilled staff delivering services that are effective, participatory, accessible and in tune with community needs. Quality public services (QPS) are essential if the world is to meet important social objectives such as the eradication of poverty and hunger (http://www.world-psi.org/TemplateEn.cfm?Section=Quality_Public_Services1&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=119&ContentID=5244; 18/02/2008).

In conclusion, the increasing neo-liberal restructuring of the international trade agenda, is likely to push trade unions towards a re-assessment of their positions on free trade.

Interviews

Interview No.1: Deputy General Secretary, European Federation of Public Service Unions (EPSU); Brussels, 22 January 2003.

Interview No.2: Deputy General Secretary, European Metalworker's Federation (EMF); Brussels, 23 January 2003.

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