

European Labor

Political and Ideological Crisis in an Increasingly More Authoritarian European Union



Demonstration in Brussels. To little avail. New forms of resistance must be devised.

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Acute economic and political drama mark contemporary Europe. The terrible trauma of the financial crisis has been followed by a sovereign-debt disaster. In the countries most deeply affected, the people have been faced with massive attacks on public services, wages, pensions, trade unions, and social rights. The draconian austerity policies have pushed the

situation in those countries from bad to worse, leading them into a deep depression. The result is an ever more serious social and political crisis. Mass unemployment is growing, and both in Greece and Spain youth unemployment has now passed 50 percent. In the European Union this is leading to more intense internal confrontations, both social and political.

Confronted with these multiple crises, the traditional labor movements appear perplexed and partly paralyzed. Social democracy is in political and ideological disarray and confusion, reflecting a deep crisis in these movements. On the one hand, social democrats have played a leading role in fierce attacks on trade unions and the welfare state in countries where they have been in power. On the other hand, other social democrats adopt statements and support appeals that sharply condemn the political course now followed by the European Union. The trade unions have also been stricken by the multiple crises, and have been unable to curb the attacks made on them. Of course, mass unemployment is also weakening their power and influence at the negotiating table. Extensive restructuring of industries, privatization of public services, and increased use of temporary workers have contributed to the unions' loss of power.

This paralysis of the political left was illustrated in 2011 when huge masses of young people protested in countries like Spain, Greece, Portugal, and Italy. The protest movements were inspired more by what happened at Tahrir Square in Cairo than by political parties or trade unions in their own home countries. The latter were hardly present to build alliances, to politicize, or to contribute to giving direction and content to the struggle. Instead, big parts of the trade-union bureaucracy have stagnated in a social-partnership ideology that no longer has any meaning, since capitalist forces have withdrawn from the historic post-Second World War compromise between labor and capital, and gone on the offensive to defeat the trade-union movement and get rid of the best parts of the

welfare state.

While the deepest and most serious economic crisis since the depression of the 1930s is unfolding, criticism of capitalism has more or less fallen silent. The trade union and labor movements no longer represent a general, credible alternative to a crisis-ridden capitalism generating mass unemployment, poverty, suffering, and misery in great parts of the European continent. To the degree unions have put forward alternative proposals, they have ignored strategies and shown neither the ability nor willingness to put to use the means of struggle necessary to gain ground. Trade unions at the European level have sharpened their rhetoric, but they have hesitated when it comes to the necessary mobilization to resist the attacks.

How has this been possible in a part of the world that has hosted some of the strongest and most militant trade unions and labor movements in the world? Why have opposition and resistance not been stronger? And how did we come to the point where social-democratic governments in Greece, Spain, and Portugal have accounted for some of the most serious attacks on unions and the welfare state—until resistance from the population and frustrated voters ousted them from office and replaced them with right-wing governments even more faithful to financial capital?

This article deals with the challenges and barriers that trade unions now face in the European Union. There are a number of structural barriers that the European Union as a supranational institution represents, as well as internal political-ideological barriers that prevent unions from fulfilling their role in the current situation. The most important developments that are challenging, as well as threatening, what many people call *Social Europe* will be described: attacks on public services, pensions, wages, and working conditions, as well as strong anti-democratic tendencies. But first, it is necessary briefly to address the role of social democracy in Europe today in light of its history.

The Historical Role of Social Democracy

Much now suggests that the historical era of social democracy is over. This does not mean that political parties that call themselves Social Democratic (or Socialist, as they call themselves in southern Europe) will not be able to win elections and form governments, alone or with other parties. However, the role social democracy has played historically, as a political-party structure with a certain progressive social project, now seems to be irrevocably over. The original goals of social democracy—to develop democratic socialism through gradual reforms, place the economy under political control, and meet the economic and social needs of the great majority of the population—were given up a long time ago. Instead, what will be focused on is the role it played during its golden age—the age of welfare capitalism—as an intra-capitalist political party with a social project.

The change of the character of the social-democratic parties has developed over a long time, but today's more intensified social contradictions help reveal what is hiding beneath the thin veil of political rhetoric. Where social democracy has been in power in EU countries in recent years, its leaders have been loyal executioners of brutal austerity policies, overseeing massive attacks on the welfare state and trade unions. In turn this has, among other things, led to dramatically reduced support for social democrats; with few exceptions, today they are hardly represented in European governments.

The role of social democracy in its golden age was to administer the class compromise—not to represent workers against capital, but to mediate between the classes within the framework of a regulated capitalist economy. As a result, the parties (especially where they were in power over long periods) changed from mass organizations of workers into bureaucratic organizations strongly integrated into the state apparatus, with dramatic losses in membership, and with their

organizations increasingly converted into instruments for political careerists, and campaign machinery for a new political elite.

Based as it was on the class compromise, social democracy sank into an ever deeper political and ideological crisis as capital owners, responding to their own need to accumulate capital, gradually began to withdraw from the historic compromise around 1980. The social-democratic parties were so deeply integrated in the state apparatus that they changed alongside the state as it became strongly influenced by the emerging neoliberal hegemony. Social democratic parties have thus contributed greatly to deregulation, privatization, and the attacks on public welfare of the last few decades. This has been true whether it happened under the label of “the third way,” as in the United Kingdom; *Die neue Mitte*, as it was called in Germany under Gerhard Schröder; or even under the fluttering banner of *folkhemmet* (“the people’s home”) in Sweden. In fact, when social-democratic governments were in a majority in the late 1990s, for the first and only time in EU history, no change in the EU’s neoliberal policies took place. This led one commentator at the time to conclude that “There’s not much left of the left.”[1](#)

The political-ideological decay on the left was well illustrated by the many meaningless statements that came in the wake of the financial crisis in relation to the government emergency measures. Many social democrats in Europe stated that the big government bailouts to the banks and financial institutions were proof that the politics of the left were on their way back. State regulation and Keynesianism had once again come to honor and dignity, it was said. Even *Newsweek*’s front page proclaimed, “We are all socialists now.”[2](#) The moderate, now retired, General Secretary of the European Trade Union Confederation (ETUC), John Monks, said it this way: “All over Europe, everybody is a social democrat or a socialist now—Merkel, Sarkozy, Gordon Brown.... The wind is in our

sails.”[3](#)

However, there is a difference between Keynesian social reform policies and desperate government bailouts to save the speculators, financial institutions, and perhaps capitalism itself. That it was the latter was realized by many only as the financial crisis changed into a sovereign debt crisis, and the stimulus packages were replaced by reactionary and anti-social austerity policies, in which banks and financial institutions were saved at the expense of ordinary people’s living standard, welfare, and jobs.

Social democracy has, without exception, supported all of the neoliberal treaties and important austerity legislation in the European Union. Social-democratic parties have fully supported the establishment of the single market, which in reality has been a systematic project of deregulation, privatization, and undermining of public services and trade unions. The problem the social-democratic parties now face is that the demands for Keynesian stimulus policies, which some of them advocate, are in violation of the same treaties and laws which they were instrumental in passing. The social democrats have painted themselves into a corner and are increasingly squeezed between growing social rebellion and their loyalty to the neoliberal European Union.

The political crisis also affects parties to the left of social democracy. In countries where such parties have been in coalition governments with social democrats—France, Italy, Norway, and Denmark—the consequences have ranged from merely negative, to disastrous. To a large degree, the small left parties have been made hostage to neoliberal policies, including support for privatization and the U.S. war machine, such as its invasion and occupation of Afghanistan.[4](#) They have not been able to be consistent critics of the system, let alone offer a credible alternative. This means that there is hardly any political or social force with strength and legitimacy in Europe today which is in a position to take the

lead in organizing and coordinating the social resistance that regularly breaks out across Europe against the policies of austerity and rapidly rising inequality of income and wealth. One of the most dramatic and dangerous consequences of this development, where the traditional labor parties pursue various degrees of neoliberal policies, is that confidence in the political left has broken down, while right-wing populism and extremism have gained ground. Parties representing these politics have now entered the stage—and parliaments—in most European countries. The indications are that a political restructuring of the left will be necessary for the labor movement once again to be able to go on the offensive and establish a wider, alternative social project.

Massive Attacks on Public Services, Wages, and Pensions

Many expected that the financial crisis, with its devastating consequences, would mean the final goodbye to neoliberalism, the speculation economy, and the hegemony of free market forces. These policies had led to a dramatic redistribution of social wealth from labor to capital, from public to private, and from the poor to the rich. The system was discredited, and surely the politicians would now realize that systematic deregulation, privatization, and free-flow capitalism had failed disastrously. The casino economy had to be stopped. In Iceland thousands of jobs, and the entire national economy, were turned into a gambling casino, where a small group of speculators enriched themselves beyond our comprehension at the expense of the country's population. It was intolerable; the time was ripe for control and regulation.

That was not what happened. The neoliberals and the speculators, who strongly contributed to causing the crisis, remained in the driver's seat, even when emergency measures were designed and the bills settled. Of course, what happened up until the crisis, as well as what has happened since, reflect power relations in society. It is not pure reason but the prevailing power relations that determine which "solution"

is selected. Had reason prevailed—if the interests of the majority of the people had been paramount—the destructive speculation economy would have been stopped. This could have been achieved by regulation, by gaining increased democratic control of banks and other financial institutions, and by banning short selling, hedge funds, and trading in a variety of high-risk (so-called) financial instruments. This would have limited the power of the banks, restricted the free movement of capital, and reformed a tax system that now unburdens the rich and encourages unfettered speculation.

Deregulation of markets, greater inequalities in society, and extensive speculation were key factors that helped create the 2008 financial meltdown. In response, a number of governments ran up public debt to save their banks, financial institutions, and speculators. The effects were disastrous, and in many countries so many people were so strongly affected that neoliberals and speculators probably feared social unrest. Time showed, however, that there was no reason for this; popular revolt against the speculation economy failed to materialize. Trade unions in some EU countries mobilized, but a joint-European-offensive struggle never materialized. Thus, the neoliberals could continue their project of changing Europe according to their own economic and political interests.

The first thing neoliberalism's champions and beneficiaries did was disclaim responsibility. While their unrestrained speculation and the formidable redistribution of wealth from the bottom to the top had helped trigger the crisis, they now said that the problem was that people had "lived beyond their means." Myths were and are still being spread that pensions and welfare services are gilt-edged and that these are the real causes of the crisis. In particular, the social elite and the dominant media portrayed working people in Greece as having granted themselves privileges without any real economic basis. This is being used as propaganda to legitimize

widespread attack on the welfare state, while financial capital is protected.

The European Trade Union Institute (ETUI) quickly documented that these allegations were just myths with little connection to reality. For example, labor productivity increased twice as fast in Greece as in Germany from 1999 to 2009. According to OECD ([Organisation for Economic Co-operation and Development](#)) statistics, on average Greeks work many more hours per year (2,152) than Norwegians (1,422) or Germans (1,430). While a few occupational groups have a low retirement age, pensions at early retirement are so low that hardly anyone is able to make use of them. For example, only thirty or forty of Athens's 20,000 bus drivers have used the theoretical option of early retirement at age fifty-three. The real average retirement age in Greece is 60.9 years for women and 62.4 for men, which is higher than in Germany, where right-wing politicians played on these myths. These falsehoods still dominate in mainstream media and the political life in Europe, something that tells us a lot about the existing power relations, the media's servility to the elite, and the political and ideological crisis of the left.

While the bailouts saved the speculators, governments did not use the opportunity to take increased democratic control or ownership of financial institutions. Of course, this would have been a challenging project given the enormous power capitalist forces have achieved in our societies through deregulation and accumulation of wealth over the last decades. The final communiqué of the G20 meeting in Toronto, Canada in June 2010 gave us an excellent example of this. It contained little but the well-known, neoliberal proposals to remove even more barriers to the free movement of capital, goods, services, and labor. There was nothing left of all the proposals that had circulated about the need for regulation of financial markets and to raise more funds from banks and financial institutions. The losses are therefore socialized

while profits are privatized—once again.

Governments, the European Commission, the European Central Bank (ECB), and the International Monetary Fund (IMF)—the three latter (un)popularly called the Troika—have not reinstated Keynesian policies and re-regulated finance. Instead, they have used the crisis as an excuse to further transform society to meet the needs of finance capital. Thus the Troika now prescribes the same policy in Greece, Ireland, Portugal, and Italy as the IMF previously imposed upon developing countries and Eastern European nations through the so-called structural adjustment programs, namely massive privatizations. In Greece, for example, the railways, the water supply of Athens and Thessaloniki, utilities, ports, airports, and the remaining public ownership of the national telecommunications company have been privatized. Cuts, privatizations, and widespread attacks on public services are the order of the day in country after country. This is a recipe for depression and social crisis.

In several EU countries—the Baltic states, Bulgaria, Greece, Ireland, Portugal, Romania, Spain, and Hungary—wages, working conditions, and pensions have been severely weakened. Pensions have been cut 15–20 percent in many countries, while wages in the public sector have been reduced from 5 percent in Spain to over 40 percent in the Baltic. In Greece, the number of public employees has already been reduced by more than 20 percent. And still more is demanded: in Spain only one in every ten vacant positions in the public sector is filled, one in every five in Italy, and one in every two in France. In Germany 10,000 public-sector jobs have already been cut, and in the United Kingdom it has been decided to cut close to half a million jobs, which in effect will involve about the same number of jobs in the private sector.

The Value Added Tax (VAT) has been increased dramatically in several countries; social benefits have been slashed, particularly for the unemployed and disabled; budgets have

been cut; the labor laws have been weakened (especially employment protection); minimum wages have been reduced; universal welfare schemes have been converted to programs that are means-tested (as is the case with the British child benefit). Meanwhile, the tax on capital has been held constant—or even decreased. Collective agreements and labor rights have been set aside, not through negotiations with the unions, but by government decrees and/or political decisions. Increased competitiveness of European businesses is raised as the main aim, to which all social concerns are subordinated. This represents a new and dramatic situation in Europe. The massive austerity policy and attacks on trade unions constitute, socially and politically, a deadly mix, and the historical experiences in Europe make them particularly frightening. If the trade unions are not able to curb these developments, we face a defeat of historical dimensions for the labor movement in Europe, with enormous consequences for the development of our societies.

Michael Hudson, a former Wall Street economist and now professor at the University of Missouri, notes that there is a massive fight against workers taking place:

The EC [European Community] is using the mortgage banking crisis—and the needless prohibition against central banks monetizing public budget deficits—as an opportunity to fine governments and even drive them bankrupt if they do not agree [to] roll back salaries... “Join the fight against labour, or we will destroy you,” the EC is telling governments. This requires dictatorship, and the European Central Bank (ECB) has taken over this power from elected governments. Its “independence” from political control is celebrated as the “hallmark of democracy” by today’s new financial oligarchy... Europe is ushering in an era of totalitarian neoliberal rule.[5](#)

Towards an Authoritarian Europe

The European Union's role has been crucial for what is now taking place in Europe. In addition to the democratic deficit that is embedded in EU institutions, these institutions have been formed and shaped during the neoliberal era. They are dominated by the interests of capital to an extraordinarily high degree. The crisis has been used to wage a massive battle from the heights of the European Union's governance institutions to further transform Europe in the image of capital.

More and more political power is being transferred to the unelected EU institutions in Brussels. The European Union's only elected body, the European Parliament, has been sidelined from much of the process. The European Union therefore now moves in the direction of further de-democratisation, at a speed and in a manner with frightening possibilities.

Currently this development is carried out through a number of political innovations:

1. *The European semester*, which means that national governments each year will have to submit their proposals for state budgets and structural changes to Brussels for "approval."
2. *The Euro Plus Pact*, a deregulation and austerity pact that includes all Euro countries and other EU nations that have decided to join (the United Kingdom, Czech Republic, Hungary, and Sweden have remained outside of it). Attacks on working hours, wages, and pensions are part of the pact.
3. *New economic governance*, with six new laws, also called the "six-pack." The package is intended to provide the legal basis for the implementation of the dramatic austerity policies, including enforcement rules.
4. *The Fiscal Pact*, which, according to the German Prime Minister Angela Merkel, should be irreversible, and which will centralize and further de-democratize the economic power of the European Union, through (among

other things) the introduction of financial and other sanctions against member states that do not comply with the requirements. It is an intergovernmental agreement, and therefore formally not a part of the EU institutional framework.

Several of these pacts and agreements overlap, but with an increasing degree of centralization and authoritarian top-down policy instruments, including the transfer of power from nation states to Brussels, and from the European Parliament to the Commission. At the same time, we see a more and more open division between some core countries, centered around Germany and France, and a periphery of weaker states, particularly in the east and south of Europe.

The most crisis-ridden countries, like Greece, Ireland, and Portugal, have more or less been put under the administration of bodies still further away from democratic legitimacy: the European Central Bank, the International Monetary Fund, and the European Commission. The European employers' association, the [Union of Industrial and Employers' Confederations of Europe](#) (UNICE), and the European Round Table of Industrialists (ERT) exult over the new economic governance model for the European Union.

The ongoing de-democratisation of the economic politics, as well as the attacks on the trade-union movement undertaken in order to prepare the ground for the anti-social, austerity policies, represent developments that we have hardly seen since fascism was defeated in Europe. Four previous judgments (see below) of the European Court of Justice have all contributed to the restriction of trade-union rights in the European Union, including the legal right to take industrial action. Add to this that the political authorities in at least ten EU member states already have implemented pay cuts in the public sector by setting aside collective agreements without negotiating with the unions, and the gravity of the situation becomes clear. An increasingly authoritarian Europe is

emerging.

The European Union as a Barrier

Can this development be stopped? Is it possible to save Social Europe from the ongoing massive attacks on welfare and workers' rights? Is it possible to mobilize social forces across Europe which can curb the massive attacks of capitalist forces and their political servants, with the aim of shifting power relations, and eventually creating the basis for a social offensive?

To say something concrete about this, we will have to look more closely at the challenges and barriers facing trade unions in the social struggle. What is it that restrains them from moving in a strong and coordinated manner into the fight to at least defend the social achievements that were won through the welfare state? It is necessary then to look at some important external barriers, as well as at weaknesses, within the movement itself.

There is a growing realization that the European Union itself creates a number of impediments, not only for economic and social development in Europe, but also for the social struggle. We will consider six such barriers:

Democratic Deficit

The first barrier is the democratic deficit, which has been there from the very beginning but has increased in recent years. Officially, the message from the European Union and its member states' governments, with the support of the European Trade Union Confederation (ETUC) and other parts of the European trade-union movement, is the opposite. They claim that the Lisbon Treaty of 2007 took an important step towards increasing democracy in that the elected European Parliament had its authority widened in a number of areas.

In the opposite direction, however, some member states were

more or less put under administration of the European Central Bank and the European Commission, with support from the IMF, in the wake of the financial crisis. Furthermore, the Parliament has been sidelined in much of the process to develop the new pacts and institutions described above. Finally, the new authority granted to the Commission to impose economic sanctions on member states that do not follow the strict (and financially and politically damaging) stability criteria will transfer power from democratically elected parliaments at the national level to the non-elected Commission, and thus further de-democratize the decision-making process in Europe.

Constitutionalized Neoliberalism

Second, neoliberalism has been constitutionalized as the economic system of the European Union through the Treaty of Lisbon and former treaties. Capital's freedom of movement and right of establishment are carved in stone, and all other considerations are subordinated to this principle, which we clearly have seen in the labor market (see below). Free competition is another basic principle in the EU treaties. In recent years this has also increasingly been applied to the services market, which differs from the commodity market in the way that trade in services mainly deals with the buying and selling of mobile labor power.

It has long been a common saying on the European political left that socialism is prohibited by the EU treaties. With the stability criteria, and the new sanction regime to force member states' structural budget deficit below 0.5 percent and government debt below 60 percent of GDP, we can conclude that traditional Keynesianism, or what we may call traditional social-democratic economic policy of the post-war period, is not allowed. This represents a dramatic curtailment of democracy in the EU member states and represents a major step towards a more authoritarian, neoliberal European Union.

Irreversible Legislation

Third, the European Union decision-making process makes the above principles and decisions virtually irreversible. While all member states have some institutionalised protection for their own constitutions—for example by requiring qualified majority (either two-thirds or three-fourths) to change the constitution—in the European Union it has to be full agreement (e.g., 100 percent of the twenty-eight member states) to change it. This means the possibility of changing any of the EU treaties in a progressive direction through ordinary political processes is virtually nonexistent. *One* right-wing government in *one* member state can prevent this.

The Euro as an Economic Straitjacket

Fourth, the existence of the euro, currently in seventeen of the twenty-eight member states, puts many of the countries into an economic straitjacket. As long as the economy and productivity develop differently in member states in the Euro Zone, and there is no large common budget to reduce economic inequalities, countries will need quite different monetary policies. Today it is Germany, Europe's "economic locomotive," which benefits most from this, with its strategy of exporting its way out of the crisis; meanwhile the most crisis- and debt-ridden countries—such as Greece, Ireland, Italy, Portugal, Spain, and Cyprus—are the losers. The latter have no domestic currency to devalue and thereby make their exports cheaper and imports more expensive. Those countries with higher domestic consumption and weaker competitiveness are forced to conduct a so-called *internal devaluation*, that is, to increase competitiveness through wage cuts and cuts in public expenditure. This is certainly in line with the EU neoliberal project, but it is devastating to the countries' economic and social development. This economic straitjacket can also contribute to the development of contradictions between workers in countries in need of very different policies.

Lack of Simultaneousness in the Decision-Making and Implementation Processes

Fifth, the lack of simultaneousness in the decision-making process between the EU member states constitutes a barrier to developing cross-national mobilizations of trade union and social movements against many of the neoliberal and reactionary policies. Although much of the policy within the European Union is adopted by EU institutions, it is carried out in such a way that implementation is made at different times in different member states. The attacks and weakening of the pension systems, for instance, occurred over time and in different forms from country to country, based on recommendations from the European Union, but not through direct legislation. This makes it impossible to create a single European mobilization against these attacks.

The same applies to much of the European Union's privatization policy. The European Union seldom makes decisions on direct privatization; it decides to liberalize, or to apply its competition rules to ever more areas of society. One of the effects is privatization, as we have seen in energy, transport, and telecommunications. Further, the implementation of these policies takes place at different times and ways in different states, thus making it difficult to mobilize coordinated resistance across Europe.

The very special legislation process constitutes further problems. Directives are not applied in the member states directly; rather, the content of the directives has to be transposed into the laws of each member state. As if this is not enough, EU legislation is written in an almost impenetrable bureaucratic language. This reality is often exploited by national governments and politicians, who play down the effects of various legal proposals, which later turn out to have widespread negative effects.

The Extended Role of the European Court of Justice

Sixth, the European Court of Justice has recently taken on a more extensive role in reinterpreting and effectively expanding the scope of some EU treaties and legislation, particularly regarding trade in services, that is, trade in mobile labor power. In this context, it is important to understand the application of the four judgments that were made between December 2007 and the summer 2008—the Viking, Laval, Ruffert, and Luxemburg cases—all of which contributed to limiting trade-union rights, including the right to strike.

Before these judgments, the dominant view was that labor laws and regulations lay outside the EU domain. They belonged to the jurisdiction of the nation states. Through the four judgments, the opposite has clearly been established: labor market regulations are subordinate to EU competition law and to capital's free movement and right of establishment. The judgments have also had the effect of transforming the so-called Posting of Workers Directive from a minimum to a maximum directive regarding the wages and working conditions that will apply to workers in companies established in one member state while they carry out work in another.

This directive prescribes that wages and working conditions of the host country should apply. However, according to the above mentioned judgments, this has now changed to include only *some* of the minimum conditions regarding wages and working conditions, thus contributing to social dumping in Western Europe—undermining both wage levels and labor protection laws which have been achieved through trade union struggle over many decades. This has first and foremost been the case in the construction industry as well as in service sectors such as hotels, restaurants, and transport.

The enormous wage gap between countries in a now single European labor market is what really spurs this development—to a considerable degree protected by EU legislation. ILO Convention 94, which intends to secure wages and working conditions in similar cases, was simply ignored by the

European Court of Justice. Add to this the high level of unemployment and the extreme exploitation that many individual workers from Eastern Europe are exposed to in Western Europe, both legally and illegally, and we can easily understand how trade unions are being weakened and social regression has become the order of the day in ever more European countries.

The European Union Is Threatening the Unity of Europe

Taken all together, we now see an extremely dramatic and serious situation in Europe. While the establishment of the European Union's predecessors, the European Coal and Steel Community and the European Economic Community, were based partly on the desire for peace in Europe in the wake of the two world wars, the EU project of the European elites today is bringing about a formidable economic, social, and political polarization. The so-called *European Social Model* is breaking down. We are thus faced with the paradoxical situation that the "peace project EU" is currently the greatest threat to Europe's unity, not on a national, but on a social, basis. However, we cannot ignore the possibility that, in certain situations, the result will be rising national antagonisms. Given the history of Europe, the European economic and political elites are playing with fire.

With all the barriers summarized above, it is also an open question whether or not it is realistic to believe that the European Union as a whole can be changed from within through a broad pan-European mobilization. Maybe it will be necessary for individual countries to leave not only the euro but the European Union itself in order to save their economies and their people's welfare. If so, it will be essential that trade unions and popular forces massively mobilize for a Europe based on democracy, unity, solidarity, and cohesion, and thereby counteract the possibility of total European disintegration.

Internal Political-Ideological Barriers

Although the European Union presents important external barriers to the social struggle, there are also internal barriers that prevent trade unions from fulfilling their historic tasks. This is not just on the political-ideological level, but also concerns the traditions and organizational structures that are no longer as effective in meeting the new challenges under the global neoliberal offensive: the international restructuring of production, the increase in precarious work and migration, and the deregulation of labor markets.

On the political-ideological level, the situation is strongly affected by the crisis on the left, including the fact that *social partnership* and *social dialogue* have largely been developed into an overall ideology in dominant parts of the labor movement at both the European and national level. This means that social dialogue has been given an exalted position as the way to promote workers' interests, completely decoupled from an analysis of specific power relations and how they can promote or prevent the possibilities of workers gaining ground. Thus, the social-partnership ideology is also to a high degree unlinked from the recognition that social progress in the current situation can only be achieved through extensive social mobilization.

The criticism of social dialogue and the social-partnership ideology is, of course, not a criticism of unions discussing and negotiating with employers. These things they have always done, and they must continue. The criticism concerns the fact that social dialogue, always one of many tools in the labor movement's toolbox, has been turned into the main strategy. And, in effect, labor has taken very specific historical experiences and behaved as if these were true for all time in terms of ideological guidance. When social dialogue produced results in many countries, especially in the first decades after the Second World War, it was precisely because of the power shift that had taken place in favor of the working class

and the trade-union movement in the period before.

The class compromise and social dialogue were, in other words, the *results* of mobilization, harsh confrontations, and considerable shifts in the balance of power. However, in the current ideological version labor leaders portray them as the *causes* of increasing influence for workers and trade unions. This analytical mismatch creates ideological confusion in the trade-union movement, as, for example, in this statement of the ETUC: "The EU is built on the principle of social partnership; a compromise between different interests in society—to the benefit of all" (emphasis added).[6](#)

In face of the massive attacks that employers and governments are now waging against unions and social rights, such ideological claims are being put under increasing pressure. There is little doubt that the capitalist forces in Europe have withdrawn from the historic compromise with the working class, as they are now attacking agreements and institutions that they previously accepted in the name of the compromise. Nevertheless, the social partnership ideology is still deeply rooted in wide circles of the European trade-union movement, as the following remarks by (the now-retired) ETUC General Secretary, John Monks, so well illustrate. The starting point was a reference to some tendencies of the U.S. labor movement, where activists were campaigning for wider social goals:

There may be similar opportunities in Europe, says Mr Monks, if unions can move beyond their old-fashioned enthusiasm for street protests to campaign for policy changes that broadly benefit workers. "Given the tough labor market, and desperate employers, this is not a time for huge militancy," he says. Instead, "it is a time to demand frameworks of welfare benefits, training, consultation and to put in place fairer pay systems, so that when the economy does recover there is no repeat of the surge in inequality that took place in the past decade."[7](#)

Remarkably, Monks's comments were made long after the financial crisis had led to an intensified level of conflict in several European countries. How Monks thought to achieve *better social benefits and fairer pay systems* without the need for *old-fashioned street protests, militancy*, and the like, is not clearly evident from the interview. Maybe he meant that this could be achieved by offering additional concessions to employers? In any case, the ETUC went so far, even for them, as to sign an extraordinarily weak joint statement with the various employers' organisations in Europe in connection with the preparation of the EU 2020 strategy. This happened in the summer of 2010, after the Greek unions had carried out several general strikes, as the Spanish unions prepared their general strike, and while the preparations of the French unions for their fight against a pension reform were in full swing. The statement called for:

An optimal balance between flexibility and security... Flexicurity policies must be accompanied by sound macroeconomic policies, favourable business environment, adequate financial resources and the provision of good working conditions. In particular, wage policies, autonomously set by social partners, should ensure that real wage developments are consistent with productivity trends, while non-wage labor costs are restrained where appropriate in order to support labor demand... [Regarding public services,] accessibility, quality, efficiency and effectiveness must be enhanced, including by taking greater benefit from well balanced public-private partnerships and by modernising public administration systems.⁸

To demand that *non-wage labor costs are restrained* and to legitimize privatization through *public-private partnerships* in this way—in a situation characterized by crisis, increased class confrontations, and massive assaults on public services—confirms that submission to social dialogue as a main strategy in the current situation can have nothing but

demoralizing effects on those who want to fight against social regression.

Another internal barrier for many trade unions is their attachment to the traditional labor parties. The move by these parties to the right, as well as the general political and ideological crisis of the left described above, also affect the trade unions. They have reacted differently to these developments, however. In many countries (like Norway, Sweden, the United Kingdom), the loyalty between the national trade union confederations and the social democratic parties is still solid, while in others it is weaker.

Alone among the Nordic nations, the Danish Trade Union Confederation has declared itself formally independent of the Social Democratic party, but without adopting more radical positions. In the United Kingdom, some unions, like the British National Union of Rail, Maritime and Transport Workers, have broken with social democracy and established themselves in a clearly more leftist and militant position. In Germany, the Schröder (so-called red-green) government (1998–2005) carried out comprehensive attacks on the social-welfare system, and this has led to a deep breach of trust between the Confederation of Trade Unions (Deutscher Gewerkschaftsbund, the DGB) and the Social Democratic Party (SPD). While the party was in opposition it tried to approach the trade-union movement again, which is not an unusual strategy, but it received a rather cool reception from the DGB's leader, Michael Sommer: "The problem for the SPD is unfortunately that they suffer from a lack of credibility. They were in power until September last year and were involved in many of the decisions we feel are wrong. They still have a long way to go before they have restored confidence."⁹

The most extreme experiences with social democratic parties in government, however, have been in Greece, Spain, and Portugal. Considering how those parties so easily could implement their massive attacks on the welfare state and the trade-union

movement, it might be time for broader sections of the labor movement to reconsider their strong ties to social democracy. At least, it is difficult to imagine that the close relationship between the trade-union movement and social democracy can be the same in Europe after these experiences, despite having lived down many deep conflicts in the past.

Increased Resistance

Widespread deregulation, the free movement of capital, and the crucial role played by global and regional institutions in the neoliberal offensive necessitate a global perspective and coordination of resistance across borders. Only in this way can we prevent workers in one country from being played against those in another, groups against groups, and welfare levels against welfare levels. Coordination of resistance across borders, however, requires strong and active movements at the local and national level. There is no abstract global fight against crisis and neoliberalism. Social struggles are internationalized only when local and national movements realize the need for coordination across borders in order to strengthen the fight against international and well-coordinated counter-forces. But international coordination presupposes that there is something to coordinate. In other words, organizing resistance and building the necessary alliances locally are decisive as a first step.

The social struggle in Europe is in the process of moving into a new phase. The crisis sharpens the contradictions and provokes confrontations. General strikes have again been put on the agenda in many countries, especially in Greece, where the population has been subjected to draconian attacks that threaten their basic living conditions. In Portugal, Italy, Spain, France, Ireland, Belgium, Romania, Bulgaria, Slovenia, and the United Kingdom, general strikes and/or massive demonstrations have been carried out. The most promising development so far was the general strike that was carried out simultaneously by trade unions in six EU countries (Portugal,

Spain, Italy, Greece, Cyprus, and Malta) on November 14, 2011, while unions in other countries also held demonstrations or more limited strikes.

Although so far the outcome of these battles is pretty vague, it is in these struggles that we find hope for another development: alliances with other new and unconventional social movements, especially among young people, as we have seen with Spain's *Los Indignados* and in Portugal. One thing has at least become clear: the European social model, as we know it from its heyday, has been abandoned by the European elites, even if some of them are still paying lip service to the trade-union movement.

Even if there are many barriers to a Europeanization of the social struggle, there have been some examples of all-European campaigns organized by trade unions and social movements across national borders. One example was the fight against the EU Part Directive, which was voted down in the European Parliament in 2003 and in 2006, after pressure from below in strikes and demonstrations. Another was the struggle against the Services Directive, which, while not rejected, was modified as a result. The fight against the EU Constitution (later the Lisbon Treaty) also faced a certain Europe-wide resistance, although mobilization was largely based where it ultimately prevailed, first in France and the Netherlands, and later in Ireland.

The dramatic attacks on trade unions and welfare now taking place actually contribute to strengthening the voice of a number of European trade union leaders. The Deputy General Secretary of the European Public Services Unions, Willem Goudriaan states that the Euro Plus Pact represents "an interference in collective bargaining which we have never before seen in the EU." Even the cautious ETUC General Secretary, John Monks, who in 2009 said that all had "become social democrats or socialists now," changed his tune shortly before his retirement in 2011 and characterized the Euro Plus

Pact in this way: "EU is on a collision course with Social Europe.... This is not a pact for competitiveness. It is a perverse pact for lower living standards, more inequality and more precarious work."[10](#)

That in 2011 the ETUC, which has always been very European Union-friendly, for the first time in the history of the European Union urged the European Parliament to reject a proposed treaty change, is a further indication that a change is underway. This could contribute to a questioning of the legitimacy of the European Union among European workers. The actual treaty amendment concerned the setting up of the European Union's emergency fund (European Stability Mechanism), whose task is to lend money to member countries in crisis. There was no such mechanism in place when the Greek crisis unfolded, and instead the European Union improvised. The ETUC rejected the proposal because this pact contained nothing in the direction of what might be called a Social Europe, which is becoming an increasingly distant goal.

With continued draconian austerity policies and deeper economic, social, and political crises, there is a possibility of growing contradictions within social democracy, as well as within the trade-union movement in Europe. We perhaps got a taste of this during the ETUC Congress in Athens in May 2011, when the most militant sections of the trade-union movement demonstrated in front of the Congress building, accusing the ETUC of betraying the fight and asking them to go home.

On the political-rhetorical level, there is an ongoing radicalization of the messages from the European trade unions in response to the economic crisis, backed up with some symbolic demonstrations, organized by the ETUC in Brussels on September 29, 2010, in Budapest on April 9, 2011, and in Wroclaw on September 19, 2011. Much remains to be done, however, before this is followed by a more committed and widespread social mobilization, where trade unions put to use their most effective methods of struggle to enforce their

claims.

This lack of trade union action is not, of course, only the responsibility of individuals in the leadership of the international trade union organizations. The ETUC board consists of representatives from a number of national trade unions, and the decisions have broad support among them.¹¹ The new situation is a result of enormous shifts in the balance of power in society, the crisis, and intensified class contradictions that have removed the basis for a continuation of the policy of the social pact in the post-Second World War period. The capitalists have changed strategy, but the trade-union movement has not. To acknowledge this and take into account the consequences of it is one of the main challenges of the trade-union movement today.

What Has to be Done?

The political shift towards the right and the political-ideological crisis on the left mean that the trade-union movement itself has to play a more central, independent, and more offensive political role—political not in the party sense, but in the sense that it assumes a broader political perspective in the social struggle. The greater part of the trade-union movement is not prepared to take on such a role today, but it holds the potential. A development in this direction requires that the trade-union movement go through a process of change, not least because of the new conditions for struggle created by global restructuring, neoliberalism, and crisis. In the medium term a reorganization of the political left will also have to be put on the agenda.

If social progress and democratization are our goals, the ongoing economic and social crises have opened the door wide. As the crisis unfolds, the need for a new and radical political course is actually growing day by day. It assumes, however, that trade unions are able to recreate themselves politically and organizationally. The immediate task is to

meet the confrontational attacks from capitalists and their political servants, to wage the defensive fight against the massive attacks on wages, pensions, and public services. In the long term, however, this will not be enough, as the Scottish Socialist Murray Smith so rightly points out:

In whatever scenario there is a structural weakness of the workers' movement, which gives the advantage to the government and the ruling class. The weakness is political and lies in the absence of a credible, visible political alternative to neo-liberalism. Such a political alternative is not a pre-condition for resisting attacks in the short term, perhaps even winning battles. But at a certain point the absence of a coherent alternative has a demobilizing effect. This problem predates the present crisis, but the crisis has made it a much more urgent question. What is necessary is the perspective of a governmental alternative incarnated by political forces that have a credible possibility of winning the support of the majority of the population, not necessarily immediately, but as a perspective. Such a political programme would involve organizing the production of goods and services to meet the needs of the population, democratically decided. That means breaking the stranglehold of finance on the economy, creating a publicly owned financial sector, re-nationalizing public services, a progressive taxation system, measures that challenge property rights.[12](#)

The vision of an alternative development of society is important, then, to provide inspiration and direction for the ongoing struggle against the crisis and social regression. It is uncertain, however, that a lack of alternatives is the main problem. There are a great many elements for an alternative developmental model. The alternative to privatization is not to privatize. The alternative to increased competition is more collaboration. The alternative to bureaucracy and control from above is democratization and participation from below. Alternatives to increasing inequalities and poverty are

redistribution, progressive taxation, and free, universal welfare benefits. The alternative to the destructive speculation economy is socialization of the bank and credit institutions, the introduction of capital controls, and the prohibition of dealing with suspect financial instruments. The list can be made much longer than this.

Rather than a lack of alternatives, it may also be a question of the ability and will to carry out the mobilization and make use of the resources that are necessary to enforce them. Here, it is important for there to be a political showdown with the ideological legacy of the social pact—that deep-rooted social partnership ideology and belief in social dialogue as the best way of resolving social problems for the benefit of all, as the expression goes.

The working class, the trade unions, and other popular forces are now facing a brutal power struggle, which was started from above. The constant tendencies to canalize the response of the unions to these attacks into the political power vacuum that the social dialogue at present represents at a European level, does little else than weaken the capacity of the unions to mobilize. From this angle, there is much to suggest that it is the ability, rather than the possibility, that is the most important challenge the trade unions now face. The time has come, in other words, to stake out a new course for the trade-unions' struggle, as was suggested by the Basque trade union organizations on January 27, 2011, when they carried out their second general strike in less than one year:

We have come out to the streets, have gone on strike twice and will continue mobilising. Because we do not want the future of poverty they have prepared for us. They threatened us by saying after the crisis nothing would be the same again. So making things different is in our hands. It is necessary to continue fighting for a real change, for a different economic and social model in which [the] economy works in favour of the society.[13](#)

We have seen before that social struggles develop new leadership and new organizations. Although right-wing populists and authoritarian tendencies predominate in the European Union today, the anti-social policies of the elites can also provoke social explosions, especially in southern Europe. It can open the possibility for other developments, where the goals are more fundamental changes of power and property relations and a deepening democratization of the society. The battle is between a more authoritarian and a more democratic Europe. For the time being, the authoritarian tendencies have the upper hand, but power relations can change again.

Notes

1. ↪ [John Vinocur, "On the New European Economic Road Map, There's Not Much Left of the Left,"](http://nytimes.com) *New York Times*, November 24, 1998, <http://nytimes.com>.
2. ↪ ["NEWSWEEK Cover: We Are All Socialists Now,"](http://prnewswire.com) February 8, 2009, <http://prnewswire.com>. The cover appeared on the February 16, 2009 *Newsweek*.
3. ↪ ["In From the Cold?,"](http://economist.com) *Economist*, March 12, 2009, <http://economist.com>.
4. ↪ For a more comprehensive discussion of this phenomenon, see Asbjørn Wahl, "To Be in Office, But Not in Power: Left Parties in the Squeeze Between People's Expectations and an Unfavourable Balance of Power," in Birgit Daiber, ed., *The Left in Government: Latin-America and Europe Compared* (Brussels: Rosa Luxemburg Foundation, 2010).
5. ↪ Michael Hudson, ["A Financial Coup d'Etat,"](http://counterpunch.org) *Counterpunch*, October 1-3, 2010, <http://counterpunch.org>.
6. ↪ ["ETUC: The European Social Model,"](http://etuc.org) <http://etuc.org>.
7. ↪ ["In From the Cold?"](http://etuc.org)
8. ↪ European Social Partners, ["Joint Statement on the EU 2020 Strategy,"](http://etuc.org) June 3, 2010, <http://etuc.org>.

9. ↪Quoted in Terje I. Olsson, "[Mer lønn og forbruk skal løse krisa](#)" [Higher Wages and Consumption Are Going to Solve the Crisis], *Fri Fagbevegelse*, October 8, 2010. Originally <http://frifagbevegelse.no>; available via <http://archive.org/>.
10. ↪ETUC press release, "[EU on a 'Collision Course' with Social Europe and the Autonomy of Collective Bargaining](#)," February 4, 2011, <http://etuc.org>.
11. ↪There are also those who argue for more offensive positions, as, for example, the General Secretary of the European Transport Workers' Federation (ETF), Eduardo Chagas, has been taking inside the ETUC board over the last few years. Lately, some of the south European trade unions also have pushed for an all-European general strike. It is worth noticing that the Nordic trade-union confederations have brought up the rear in these discussions.
12. ↪Murray Smith, "[Den europæiske arbejderbevægelse under angreb!](#)" [The European Labor Movement Under Attack!], *Kritisk Debat*, no. 56, June, 2010, <http://kritiskdebat.dk>. [my translation]
13. ↪[Joint leaflet](#) from the Basque trade unions ELA, LAB, STEE/EILAS, EHNE and HIRU, which carried out a one-day general strike against pension cuts and attacks on the welfare state. See <http://labournet.de>.