

No Green Deal without a Social Deal!

How to shape the economic and industrial transformation in a social way

Report on a hybrid Workshop on 16 October 2020 in Berlin



Foto: FES-IPA

Our way of doing business and our understanding of prosperity and growth must change fundamentally in view of the challenge of the climate crisis. In contrast to simple climate change denial, this transformation process requires enormous political efforts: real wealth taxation, the fight against increasing income inequality and good work instead of precarious and insecure work. The state and its economic policy are required to design concrete investment programs and an active industrial policy towards a climate-neutral future.

In a hybrid workshop, the participants from the FES, the DGB and trade union representatives from various European countries, including France, Italy, Spain and the Czech Republic, discussed the demands of the trade unions on the European Green Deal presented by the EU Commission and on the Participation of the employees in the upcoming transformation. It was the third workshop in a series of annual events in which the DGB and the FES debate current issues together with other European trade unions. The representatives of the DGB were on site in the conference room of the FES, the

speakers from other European countries were connected via zoom. The participants were also able to bring in their questions and contributions to the discussion via Zoom.

Panel 1: Innovations for a European Green Deal

Florian Süssenguth from the German Academy of Science and Technology (**acatech**) started with an introductory lecture on the role of innovations for the European Green Deal, but with a focus on Germany. On the one hand, the goal is to decarbonise Europe's industrial base, build and invest in green growth models and – virulent in the face of the current pandemic – greater resilience to external shocks. On the other hand, the great challenge is that the system change has to take place in a relatively short period of time, parallel to the value creation process, and that popular support for sustainability depends on prosperity itself. In a crisis, the acceptance of structural change processes is endangered. Against this background, the triad of ecological, economic and social sustainability is important. Innovations take on the task of converting zero-sum games into win-win situations and pointing out practical ways for the transformation in technological and social terms as well as with regard to business models.

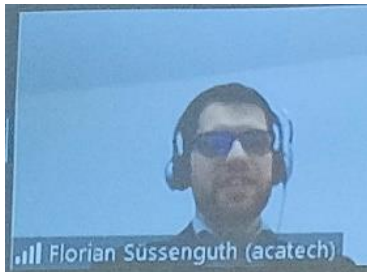


Foto: FES-IPA

An example of the function of innovative technologies is the discrepancy in the forecasts for electricity demand, which according to the federal government is expected to decrease overall in the coming decades, but will increase sharply in the chemical industry due to the planned electrification. The challenge for energy-intensive industries is that market barriers for low-CO₂ solutions must be lowered, because otherwise there is a risk that these will simply migrate, i.e. emissions will not be reduced but only shifted to other countries, but jobs within the EU will be lost go.

Then **Frederik Moch** from the **DGB** presented the German phase-out of coal as an example of actively shaping structural change. Since the energy industry, especially the coal sector, is responsible for around 328 of the 905 megatons of CO₂ emissions in Germany, it is obvious that an end to this type of energy production will be necessary in the medium term. In 2018, coal still accounted for 35% of German electricity generation - compared to 57% in 1990 - and 80,000 jobs depend on it. For these reasons and because the public debate has been heating up since 2014, the Commission for the Structural Change in the Coal Regions was set up. The unions called for climate targets and the principle of good work to be combined. In this way, investments in local economic structures should secure future prospects for the employees and the regions. Furthermore, investments in renewable energies, grids and lines should in turn guarantee security of supply and affordable electricity without significant price increases. In concrete terms, well-paid jobs with collective agreements would have to be created to replace those in the coal industry and renewable energies would have to be expanded. The trade unions attach great importance to the fact that the structural change is actively shaped in cooperation with the social partners. The report by the Coal Commission initially contains recommendations that the trade unions are insisting on their implementation in law and will continue to accompany the process.



Foto: Mark Bollhorst

Finally, Frederik Moch summed up that the so-called coal compromise is an example of a just transition and shows how the Green Deal can also be a social deal. The coal compromise ensures both social security and regional development with the participation of employees and trade unions and also

paves the way for an industrial strategy with investments in new technologies. The Green Deal can and must also be flanked by a Social Deal - this requires an effective European Union and the participation of the trade unions.

After the introductory lectures, perspectives from other countries were introduced. **Caroline Rietbergen** from the Dutch trade union federation **FNV** highlighted the seriousness of the climate, as well as the current health and financial crisis, which necessitates a socially just transition to climate neutrality by 2050. In view of this - above all financial - challenge, the trade unions have the important



Foto: FES-IPA

task of helping to shape the change socially and protecting employees. The FNV is active in many commissions and working groups. The historical experiences in the Netherlands were rather negative: in the 1960s, massive efforts and enormous investments, the laying of new pipes and the installation of millions of new radiators forced a rapid transition from coal to gas as an energy source. During this transition, however, thousands of coal workers lost their jobs without replacement. The settlement of

industries in the affected regions has not been able to compensate for the loss of prosperity. From this, according to Rietbergen, the Dutch trade unions learned their lesson for the forthcoming transition. In the negotiations, they helped ensure that after the coal-fired power plants were shut down in 2019, employees had opportunities for further training and that a social transition with the obligation to support those affected was guaranteed, for which a fund of 22 million euros was made available.

Lucie Studnicá from the Czech trade union federation **CMKOS** provided a perspective from the Czech Republic. There, the transition is also accompanied by the trade unions. A round table was formed together with employers, employees and green initiatives. There is also a coal commission in the Czech Republic. However, those directly affected are not sufficiently involved in the relevant decisions. In addition, there are still no concrete plans as to how the European financial aid is to be distributed and how alternatives for those employed in the coal sector are to be developed. For the Czech trade unions, it is clear that more coordination and involvement of the employees and, above all, more acceptance by the population are required. Information about the Green Deal must reach the people, all social partners must be involved in the process and unions must insist on stronger and enforceable workers' rights. Otherwise there may even be a threat of demonstrations against the Green Deal and the transformation.

The situation in France is complicated, explained **Romain Laserre** from the trade union federation **FO**. Although a lot is to be invested, the scope and the exact breakdown of these investments are still unclear. The trade unions are included in principle, but not in the commission on financial matters. Serious involvement of the social partners has failed for several years due to the government's lack of will to find compromises with the social partners. With regard to employees, the situation is made more difficult by the fact that the French training and further education system has deteriorated due to the cuts in funds by the employers' association MEDEF, although a growing demand for retraining is to be expected in the course of the transition. The demand by the French trade unions to link EU aid for companies as part of the recovery plan to the fact that they comply with good job protection and climate protection requirements also received approval from other countries such as the Netherlands and Germany. While the representation of employees' interests in large companies is still relatively strong, there are great difficulties in small and medium-sized enterprises (SMEs), where the union structures are often weak. Finally, the participants from France emphasized that renewable energies

should not compete with older, environmentally friendly energy sources – in France's case, nuclear power.

In Italy, as **Susanna Camusso** from the trade union federation **CGIL** reported, the trade unions are in discussion with companies about how the forthcoming change, specifically the shutdown of coal-fired power plants by 2030, can be designed in a socially acceptable manner. However, it is proving to be problematic that the EU targets for energy production will not be achieved and the future supply of energy-intensive industries, especially steelworks, has not been clarified. There is also no current plan to address social and ecological aspects, as the national energy plan was drawn up before the Covid-19 crisis and before the EU targets were set. Although Italy is late, according to Camusso, concrete progress has been made at company level, with trade union work focusing primarily on preventing job cuts.



Foto: FES-IPA

Thomas Miessen, Belgian trade union federation **CSC-ACV**, reported from Belgium that, thanks to the traditionally broad involvement of the social partners, the trade unions have a strong say in companies, at sectoral level and in the institutional structure of Belgium. This helps in view of the enormous challenge of structural change in the steel industry in Wallonia. In Belgium, too, the focus of the trade unions is on further training opportunities for employees.

Panel 2: Strong co-determination for fair transitions

The second thematic block entitled "Shaping the Transformation through participation" focused on the trade union influence on the transformation through co-determination and collective agreements.



Foto: FES-IPA

In the first input, **Joel Decaillon**, President of the BRIDGE association (Bâtir le Renouveau Industriel sur la Démocratie et le Génie Ecologique) and the French trade union federation **CGT**, emphasized that the ecological turnaround must not only be in the interests of the shareholders, but that companies must be held accountable for more rights of co-determination allow. In France, the works council is often not consulted when it comes to major company decisions, and in this respect, co-determination is weaker. Because only through a just change the necessary legitimacy and acceptance in the population can be generated. At the same time, the trade unions are an important interface in the interest of society to influence decisions. Younger people also need to be better involved and involved in this debate. Suitable trade union measures are still missing.

Then **Maxi Leuchters** from the Institute for Codetermination in Corporate Management (IMU) of the **Hans Böckler Foundation** presented empirical findings on codetermination and employee participation in companies. She first recalled that not only is a major socio-ecological transformation pending, but also a digital transformation, demographic change, Europeanization and increased capital mobility. The three pillars of co-determination in Germany - works councils, presence on supervisory boards and trade unions - and the principle of dualistic company management offer instruments to achieve more social, ecological and economic sustainability. The European dimension of employee participation is gaining in importance, because the number of European works councils is increasing, as more European stock corporations

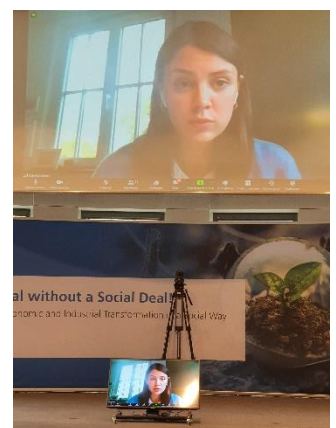


Foto: FES-IPA

(SE) are being founded. The empirical analysis shows that more codetermination in companies, measurable using the codetermination index, leads to various positive effects. There are higher investment rates in these companies, especially in research and development (R&D), more sustainability practices, higher training rates, greater job security, better compensation for middle management, less aggressive tax planning and less use of tax loopholes, more commitment to integration of refugees in Germany and lower inequalities at the national level.

She sees a major problem in avoiding co-determination in companies in Germany, for example by simply not establishing supervisory boards and circumventing the legal regulations by converting them into a European SE. Finally, she proposed a series of political measures: closing legal loopholes in Germany, extending co-determination rights to European types of companies, and setting minimum standards at European level and including them in new draft laws.

Radka Sokolova, Vice-President of the Czech trade union association **CMKOS**, reported on the experiences from her country in this thematic block. The co-determination rights there are unfortunately very limited, since there is no model like in Germany. She pleaded for a legal anchoring of co-determination rights at EU level. Nevertheless, the Czech trade union structures have helped to cushion the effects of the pandemic crisis, for example ensuring that wages are continued to be paid and social security contributions are temporarily suspended. However, the situation continues to be difficult, as in many sectors there is no corresponding compensation for the sharp drop in income and there is hardly any protection, especially for temporary workers.

In the ensuing debate, **Félix Mailleux**, adviser on climate issues and energy policy at the **ETUC**, pointed out that codetermination is particularly relevant to climate protection issues and that the potential and willingness of trade unions to come up with more climate-friendly solutions is sometimes underestimated. As an example, he pointed out that non-union Amazon workers took the initiative to get the company to reduce its carbon footprint. Another aspect that came up was the convergence of social partner interests on climate issues. **Caroline Rietbergen (FNV)** underlined that works councils in energy-intensive industries fear job losses in the event of a higher CO2 price. **Norbert Kluge** from the

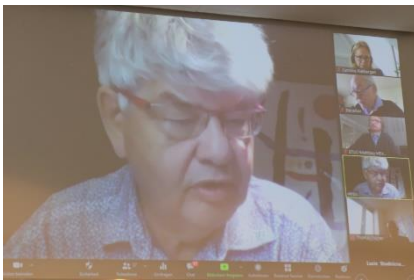


Foto: FES-IPA

Hans Böckler Foundation gave the example of the demonstrations by ThyssenKrupp employees for the state of North Rhine-Westphalia to join their company in order to be able to make the transition to "green steel". At the same time, both the Netherlands and Italy noted that codetermination is difficult, especially in small companies, that there are no collective agreements and that trade unions have to contend with more conflicts. In France, the Corona crisis is being used to restrict co-

determination rights, slow down union work and cast doubt on the right to strike. The French government is encouraging employers to do this. Finally, the danger of a too narrow ecological concept of sustainability that neglects social demands and employee rights too much was again emphasized. What is needed is not only temporary transitional aid, but also long-term, structural changes in EU fiscal norms and debt regulations that enable larger government investments, as well as combating tax evasion and shadow financial centers.

Panel 3: EU Recovery Plan and Reform of Fiscal Rules

The last block of topics followed on from the previous discussion and focused on fiscal policy. Referring to the EU's recovery plan, **José Domingo Rosello** from the Spanish trade union **UGT** criticized the fact that so far it has only been vague and sketchy, although it offers an important instrument for



Foto: FES-IPA

preventing deeper socio-economic inequalities. In some cases, the trade unions are not involved at all in the development of the national reconstruction plan in Spain and there is a lack of transparency as to who is involved in the planning and who makes the decisions. The effects of the decarbonization of the economy on working conditions are not discussed. **Matthieu Méaulle (ETUC)** noted that the eurozone's net public investment ratio has been negative for two of the last decade, so the eurozone is living on substance and at risk of eroding the wealth base. According to calculations by the European Court of Auditors, around one trillion euros would have to be invested annually in the coming decade up to 2030 for the socio-ecological change to succeed. In comparison, the 560 billion euros of the "Next Generation EU" development plan seem quite small. The fact that the EU Commission is now also issuing its own bonds is a good start. However, an EU-wide minimum

corporate tax rate of 25% and a complete taxation of multinational companies would also be necessary.

Against the background that the 60 per cent national debt rule has been temporarily relaxed and that the trade unions anyway favor a deficit rule in the sense of a golden rule for the financing of public net investments, **Dominika Biegón (DGB)** raised the question of whether the trade unions should not generally call for an end to the previous restrictive fiscal rules. Matthieu Méaulle added that raising the threshold from 60 to 90 per cent is not enough, especially since large countries such as France and Spain already exceed this quota.



Foto: FES-IPA

Finally, it was reaffirmed that the trade unions should bury the paradigm of pure job security, since the creation of good work is just as important and the demand to link the allocation of funds to these criteria at both national and European level, must be in the foreground.