

**JOHN EVANS / DAVID COATS**

**Exiting from the Crisis: Towards a Model for More Equitable and Sustainable Growth**

The global financial and economic crisis has invalidated many of the assumptions on which economic policy had been based for the past 30 years. The belief that light-touch regulation, limited government, low taxes, labor market deregulation, and weak labor market institutions are all necessary ingredients of economic success has proved to be a recipe for volatility, excessive risk taking, growing income inequality and, in some countries, the rise of precarious work. While the richest in many parts of the OECD have seen their relative position improve (sometimes quite dramatically) the poorest have seen their relative position deteriorate. The OECD itself documented the rise in inequality in its publication *Growing Unequal* in 2008. In the United States even those on middle incomes have seen little improvement in their earnings or living standards over a 20-year period. Nor is it true that the policies that we might usefully label »market fundamentalist« led to better economic performance before the crisis broke out. This troublesome fact was recognized by the OECD in their reassessment of the 1994 Jobs Study, published under the title *Boosting Jobs and Incomes* in 2006. It was accepted that two groups of countries had achieved »good results« – defined as a high employment rate, moderate inflation, and apparently robust growth – those pursuing »market reliant« policies, such as the United States and the UK, and those pursuing policies with higher taxes, stronger employment protection legislation, more generous unemployment benefits, and much higher investment in active labor market programs (including Austria, the Nordic countries, and the Netherlands). Even before the global recession it was clear that there was more than one route to growth and high employment rates. Moreover, the life chances and life expectancy of the poorest was rather better in this second group of countries than in those pursuing more orthodox policies. These must now be relevant considerations as policymakers consider how to build a new economic model in the post-crisis world.

**MICHAEL CICHON / CHRISTINA BEHRENDT / VERONIKA WODSAK**  
**The UN Social Protection Floor Initiative: Moving forward with the Extension of Social Security**

For a long time, the international community has failed to give prominence to the human right to social security. Many nation states seem to hide behind the principle of progressive realization. While the quality of social security has improved gradually for many workers in the formal economy worldwide, a large number of workers in the informal economy have been left without social security coverage, even in countries experiencing persistent economic growth. The demonstration that a basic set of social security benefits is affordable, also for developing countries, first broke the spell that had beset the social security development debate. However, it took a global financial and economic crisis to push social security to the top of the international agenda, with social security systems being recognized as important economic stabilizers even by the G20. The social protection floor (SPF) must be evaluated in a development context: Without an SPF, many people will not reach the level of skills and productivity needed to enter the formal economy but will remain trapped in informality and low productivity. Investing in a basic level of social protection that triggers a virtuous cycle of improved productivity and employability will ensure the sustainability of statutory schemes by enabling more and more people to move into contributory systems. It is critical to ensure that public social security systems include and are supported by all strata of the population in order to maintain and strengthen broad public support and national solidarity. Such broad national consensus will protect the necessary fiscal space and maintain pressure to assure the quality of provision. The 100th International Labor Conference in June 2011 will provide an opportunity to endorse the SPF as part of the ILO's two-dimensional strategy for the extension of social protection on a global level.

**SIGRID KOCH-BAUMGARTEN**  
**Trade Unions and Global Governance: Limits and Possibilities of Cross-border Employment Regulation**

Against the background of globalization and the erosion of the nation-state's steering capacities new cross-border regulations are developing in the key area of trade union activity. It is a matter of academic controversy what limits they are subject to and what opportunities these new and complementary regulations outside the nation-state might provide to compensate for the steering deficits in the nation-state or to make it possible to react to various forms of internationalization of the economy, such as labor migration, capital exports and imports, transnational company mergers and cooperation, and the establishment of transnational production chains.

In political science the concept of »global governance« is used to analyze specific forms of political problem solving and regulation in the international policy arena without restricting the view through »methodological nationalism« (Ulrich Beck). »Governance,« as distinct from government, takes in various formal and informal kinds of transnational regulation which manage without a sovereign – in other words, with the competence to take binding decisions and to implement collective decisions – central authority or »world state.« Besides governments, non-state actors are also involved in their negotiation and implementation, including national and global trade unions which perform important functions with regard to articulation, steering, participation, and legitimation.

Notwithstanding widespread assumptions about the »total impotence« of international trade union policy and the general »ungovernability« of a cross-border economy in future the rudiments of a global system of social regulations and industrial relations will develop. It is true that they share the structural shortcomings of the overall global governance architecture: already at the program level a »networked minimalism« is manifesting itself and the concrete policy results remain meager and their scope limited. In addition, this concerns »soft law« whose implementation takes place only in the shadow of hierarchy, under pressure from a confrontational public or with regard to the threat potential of powerful national trade unions or functional national labor relations. Finally, global governance is characterized by a serious democratic deficit. Regulatory procedures lack democratic legitimacy and control and the participating actors represent only particular groups in society and their internal decision-making structures are characterized by communication between elites, informal procedures, long legitimation chains, and regional power asymmetries.

### **MICHAEL FICHTER / MARKUS HELFEN / JÖRG SYDOW**

#### **Regulating Labor Relations in Global Production Networks: Insights concerning International Framework Agreements**

Since 1980 we have witnessed a massive expansion of global economic activity through the »liberalization of trade« (deregulation) and the growth of investment and production driven by transnational corporations (TNCs). In the main, trade unions have continued to fight to hold on to and protect their hard-won regulatory instruments within their national domains. But unions are also in the process of developing a potentially long-term strategy as a structural answer to the dilemma they face, namely, how to bring the power of unions as locally or nationally organized entities to bear on the transnational regulation gap of labor relations. One important tool they have devised for this task is the International Framework Agreement (IFA).

By the end of the past decade, IFAs were increasingly perceived as a policy instrument to be used primarily in the interest of strengthening the organizational foundations of the Global Union Federation (GUF) affiliates (gaining new members) and promoting cross-border union cooperation. However, IFA policy is highly corporate-oriented and may differ considerably from one GUF to another due to a variety of factors, including actor preferences, structural conditions, and institutional settings.

IFAs are an important trade union strategy for securing basic rights globally. But IFAs are certainly not the only policy option for GUFs, which are expected to perform a variety of tasks, despite being strapped for resources. In addition to the field of corporate-oriented policy in which the IFA strategy is embedded, GUFs have traditionally been active in promoting organizing drives, as well as conducting training and educational support for their affiliates (policy field »membership«); and in the policy field of sectoral interests, their representation work has been of a political nature, primarily lobbying activities. Conceivably, the IFA strategy could serve as a means of linking these different fields of activity into a mutually reinforcing approach to ensuring the recognition of global labor standards. For this, its coverage would need to be more explicitly directed beyond the organizational boundaries of the negotiating TNC to encompass global production networks.

**CHRISTINE BONNER/DAVE SPOONER**

### **Organizing in the Informal Economy: A Challenge for Trade Unions**

Over the past two decades or so trade unions have become increasingly aware of, and challenged by, the global growth, persistence, and reach of informal employment. The notion that the informal economy is a transitional phase that will disappear with formalization has been largely dispelled. This reality, coupled with the decline in union membership and influence, and pressure from below, has resulted in policy changes that reflect the need to organize informal workers, as well as to increase organizing activity in some parts of the world. However, there remains uncertainty within the trade union movement as to how trade unions should relate to informal workers, their organizations and allies.

Organizing informal workers presents political/conceptual and practical challenges. The notion of an own-account (self-employed) person as a worker is not universally accepted by trade unionists nor by informal workers themselves. Informal workers generally fall outside labor law – de jure or de facto – and thus its rights and protections. Women make up a large percentage of the informal workforce, particularly in those sectors and occupations with least status, lowest earnings, and greatest insecurities.

Despite these challenges, informal workers are organizing both inside and outside the trade union movement. While many of their organizations are fragile,

they are proving that the challenges are not insurmountable. They are forming organizations appropriate to their circumstances locally, nationally, and internationally. These include many types of membership-based organizations, such as associations, unions, cooperatives, community-based organizations, networks, and alliances.

Trade unions are developing a variety of relationships with informal workers' organizations, depending on context and sector. Internationally, policy that supports organizing informal workers – such as the organizing resolution adopted at the 2010 ITUC Congress – provides legitimacy, and can pave the way for organizing activities in countries and regions. Global unions play an important role in encouraging new thinking and activities by their affiliates, and publicizing good practice and innovation.

There is a mutual need and benefit for trade unions and informal workers' organizations to combine their organizing efforts and strengthen their relationships. Overcoming challenges requires a varied approach and a range of relationships between unions, informal worker associations and cooperatives, networks and alliances. It requires political will on the part of union leaderships to prioritize the organization of workers in the informal economy. It needs a shift in attitudes by (mainly male) union leaderships – in particular, a change in patriarchal attitudes. It demands an openness and flexibility towards different organizational models, strategies and activities and the building of alliances with informal workers' organizations and their supporters within and outside the union movement.

For trade unions, organizing and supporting informal workers is both a practical and a political necessity if the trade union movement is to remain true to its principles and aims.

## **HANS-WOLFGANG PLATZER**

### **European Trade Union Associations: Achievements, Problems, and Prospects for a Transnational Trade Union Policy in the EU**

With the completion of the Single Market, the creation of the Monetary Union, and EU enlargement to the east EU integration has changed substantially over the past two decades, and the European Trade Union Confederation (ETUC) and the – at present – 12 European branch trade union organizations have been confronted by historically unprecedented challenges.

On the one hand, this involves the highly complex »management of diversity«, both politically and organizationally, as a result of the enlargement of the membership, while on the other hand, it involves an enormously difficult »management of interdependence« as a result of the continuing market liberalization and monetary integration.

In comparison to the profiles of the European trade union associations in the first decades after the founding of the European Community, which mainly had the character of round tables and forums, the development of European associations since the 1990s has taken the form of gradual, in some areas substantial progress in the Europeanization of trade union policy. Not least in the areas of wage policy, corporate policy, and labor policy negotiations within the framework of social dialogue the transnational organizational framework has become the »space« of an increasingly more binding and topically more specific coordination of interests and actions among the national member associations.

These successes with regard to Europeanization continue to be confronted by deficits with regard to transnationalization. This includes the unresolved problem of making available adequate resources to the secretariats of European associations and contradictions between »European declarations« and »national practice«. These contradictions are owing not least to different national trade union traditions and the power potential of member associations and the European policy orientations which are derived from them. In the near future, the extreme differences between the measures taken to cope with the financial market and euro crises will structurally impede transnational interest harmonization among trade unions, and therefore urgently require intensified European coordination and a pro-active policy on Europe. Besides the exertion of influence on macro-policy and macroeconomic developments in the EU and the European monetary system – a primary task of the European Trade Union Confederation (ETUC) – the European trade union branch organizations are above all confronted with the task of developing their transnational coordination in the areas of wage policy and of optimizing their corporate policy approaches transnationally by means of European works councils.

## **MICHAEL STOLLT/SASCHA MEINERT**

### **The Scenarios »Worker Participation 2030« – Changing Contexts for Trade Unions and Employee Representation in the Future**

The scenarios gathered under the banner of »Worker Participation 2030« undertake an adventurous exercise: casting a long look forward into the future, namely the year 2030. Four alternative scenarios explore the long-term prospects and changing contexts of worker participation in its various forms in Europe.

Scenario 1: Life goes on – The economic crisis has more or less been overcome – it's time to pick up the pieces. Pragmatism, concession-bargaining and ad hoc fixes are the order of the day. Trade unions and works councils become sought-after partners to manage the permanent (and often painful) structural changes. Power increasingly shifts towards the local level. To stop membership losses, unions successfully concentrate on their (potential) core members and develop additional services for them.

Scenario 2: The GRID – Today's multiple crises and the day-to-day experiences of mutual (inter)dependency ultimately pave the way for increased cooperation on the most urgent global issues and a new balance between economy and ecology to ensure sustainability. Trade unions and works councils are pro-actively promoting the »necessary changes« by opening and integrating further perspectives. Many actors are involved in shaping a new global body politic, step by step reaching a critical mass of unstoppable changes. Actors are controlled through a high degree of transparency and interrelatedness which makes deviation from the rules a risky undertaking.

Scenario 3: Al(l)one – Today's multiple crises serve as a catalyst for personal change. A growing number of individuals leave traditional paradigms of »industrial working society« behind them – whether voluntarily or not. Life is increasingly happening in groups and networks based on trust and relationships. New forms of participation spread and refreshed solidarity shows up in the way people deal with each other. Trade unions often have little to offer to these people and in many countries they are dying quietly in these years.

Scenario 4: Lost cake – After some years of relative recovery the global economic crisis comes back, driven among other things by the arrival of Peak Oil, overburdened public budgets, and an increasingly stressed environment. Poverty and anger rise and soon create a charged atmosphere which is mainly directed against the perceived guilty ones and winners of the crisis. People don't trust the old institutions anymore and everybody tries to get the best out of the situation for his group and ultimately for himself.

The scenarios are not intended to predict the future, but to provide a map of what might be. Their aim is to conceive alternatives and be prepared for several different futures and to deal with the risks and opportunities lying ahead of us.

## **GONZALO D. MARTNER**

### **Progressive Governments and Trade Unionism in Latin America: The Cases of Chile, Argentina, and Uruguay**

The rupturing of the social fabric in Latin America led to an alternation between neoliberal liberalization and widespread rejection of the so-called Washington Consensus. The political result has been a shift towards »progressive governments,« which have developed more or less moderate or radical left-wing alternatives to the neoliberal orthodoxy. Distinctions can be drawn between these new governments with regard to their institutional configurations and development strategy orientations. It can be argued that there are two main variants of the contemporary Latin American left: the progressive Southern Cone governments and the »refoundational« governments that have emerged mainly in the Andean region. Trade unions in a large part of Latin America experienced repres-

sion in the era of dictatorships and later on struggled with the consequences of the deregulation of labor markets under the Washington Consensus. They reemerged on the Latin American democratic political scene with renewed legitimacy due to their role as important forces of opposition to the authoritarian regimes. Trade union structures in the Southern Cone have a longstanding tradition which had to be redefined due to the neoliberal wave and again with the advent of progressive governments that have revalued social dialogue and the role of syndicalism, albeit under new conditions. Unions were able to build on stable political ties based on long-term connections with the new governing forces. Paradoxically, the democratization process has frequently encountered setbacks with regard to workers' rights, poverty, and inequality. This was especially the case in countries facing macroeconomic stabilization problems which introduced »structural reforms,« including state reforms, privatization, and deregulation. Social reactions to these policies gradually reduced the trade union movement's capacity for dialogue, and in many cases undermined its potential for representation, as the cases of Chile, Argentina, and Uruguay illustrate. Trade unionism has experienced difficulties in changing at the speed demanded by the new challenges arising from the representation of broader social classes and new realities, such as territorial social organization in transient protest groups. On the other hand, trade unions have also come under pressure to adjust to the exigencies of their allies in government and their need for broad coalitions in the parliamentary and socio-economic domain.

## **HANNS W. MAULL**

### **Globalization and German Foreign Policy**

In a turbulent world German foreign policy requires far-reaching adjustments. The attempts of US foreign policy to reorient itself after the debacle of the Bush years provide us with a number of useful pointers in this respect. Basically, for Berlin what is needed first and foremost is to nurture and extend its influence potential. To that end, on the one hand, the resources available for foreign policy purposes must be used more intelligently and more efficiently and, on the other hand, new domestic resources must be made available: foreign policy gets a raw deal at present as regards the distribution of public resources to the different areas of responsibility, given its importance for Germany's future (it does not have an influential lobby). In order to strengthen its foreign policy influence on the course of events outside Germany Berlin must also embrace the traditional multilateral approaches of German foreign policy since 1955, adapting them to the changed circumstances in such a way that Germany's opportunities to exert influence will be optimized for the long term. Europe remains Germany's most important partner and best chance of shaping globalization in accordance with its own

interests. Germany's principal foreign policy asset and its most important source of »soft power« is the trust established by German diplomacy and Germany in general in recent decades, both in Europe and abroad, by means of its efforts with regard to fairness and interest reconciliation. German interests have never seriously been neglected – on the contrary: it is difficult to think of a more successful foreign policy than German foreign policy over the past 50 years. Germany can and should build on these foundations. Berlin has a leadership position in Europe which confers both new opportunities and a particular responsibility on it. Using this leadership role effectively, however, requires above all that German foreign policy – and Germany generally – make Europe more effective as a global political actor in priority policy areas. To that end Germany must form coalitions for »effective multilateralism« patiently and cautiously and itself proceed in an exemplary fashion. The main focus should be the consolidation and development of the monetary union, a long-term strategy for EU enlargement to the east, and international climate policy.

## **ANDREAS HOLTZ**

### **Australia's Role as a Regional Power in the Pacific**

Oceania displays more profound forms of interstate asymmetries than nearly any other region. Australia is not only the most important regional power and bigger in size than the Pacific Islands States (PIS), but also dominates with regard to political, economic, and military capacity, in both relative and absolute terms. Having initially acted more as a cooperative and compassionate hegemon, Canberra switched to an interventionist role in view of the War against Terror. Australia has also been gradually transformed into a regional regulatory force. Since the early 1990s Australia has changed the regional architecture both politically and economically. The Australian Pacific policy, introduced after the change of government in 2007, is still characterized by free trade agreements and interventionist policies, although the current Labour government is using a more friendly rhetoric than its conservative predecessors. However, a close-up view of Australia's Pacific policy reveals that the country is acting as a guided leader, unable to influence international structures and obliged to act not only in its own interest but also, as a key ally, on behalf of the United States. Finally, China is emerging as an ambivalent opponent in the Pacific, actively trying to dominate the region both economically and strategically. Its close political relations with the United States and strong economic ties with China mean that Australia is operating in the Pacific in a global-strategic context.