

# Can Europe still be saved?



**Analyses and demands for an offensive  
EU-policy by German trade unionists:**

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# Save Europe!

Europe is divided – economically, politically, and socially. Germany is one of the few members of the euro club that could overcome the collapse of 2009/2009 and restabilise its production of wealth. By contrast, the so-called crisis countries, including France, show a peculiar cyclical trend in which a timid upswing in 2010 was followed by a new plunge into the crisis process with the dramatic rise of unemployment. This shows that policy is not all that irrelevant: first, in the cushioning of the direct results of the crisis in, admittedly, only a few months of harkening back to Keynesian policy; but then with the abrupt switch to radical austerity policy, whose cuts, layoffs, deregulation, and privatisation have shaped an economic-political cycle that is tearing apart what once was supposed to be integrated and creating winners and losers.

The neoliberal division goes still deeper. What Jürgen Habermas called the »danger of a ›German Europe‹«, is the combined effect of two arrogant attitudes: on the one hand, that of Germany's federal governments, which have seen themselves in the role of a teacher and disciplinarian who today, through the Fiscal Compact and a Competitiveness Pact, is determining Europe's direction of development and at the same time controlling its implementation through politically questionable institutions like the Troika. On the other hand, there are the top European institutions (the European Council of Heads of Government and the EU Commission), which, in the context of the austerity regime, are shifting competences to the European level, and for lack of any direct democratic legitimation is making a mockery of political integration in the sense of an equitable and self-determined communitisation.

If nothing else this indicates a societal divide. The »top« increasingly isolates itself as an elite ruling group and at the same time pushes the limits of the margin for manoeuvre for the further debasement of the societal »bottom«. And this without any corrective mechanism. Who before 2009 would have thought it possible that in Greece, once considered the cradle of European democracy and culture, the healthcare system would collapse and mortality rates climb due to a »European« austerity mandate? The phrase »social Europe«, once seen as a concept of progress, now sticks in our throat.

In the following contributions leading representatives of the German trade unions explore the fault lines and the austerity-policy orientation of Europe from different angles. They are saying two kinds of things through their interventions: (1) that precisely in Germany a strong opposition against the

hegemonic role of the current federal government and its predecessors has to become audible and (2) that initiatives for an offensive European policy have to be co-developed, supported and pushed forward. These interventions have first been published in German as a supplement of the journal »Sozialismus«. But a debate on the future of Europe cannot be limited on a national level but has to be a European one. Therefore we prepared this English edition. It shows that austerity policy does not stand uncontradicted. Opposition is increasing in trade unions and in civil society – even in Germany. We hope that the following contributions will encourage the debate about a new policy which could overcome neoliberal and austerity rule and rebuild Europe anew (as we call it: [www.europa-neu-begrunden.de](http://www.europa-neu-begrunden.de)). Suggestions about a new political approach are developed in trade unions all over Europe. They should be integrated. This publication will be a contribution in this attempt at communication.

Opinion polls show that »Europe« is increasingly perceived as an exclusionary reality. One more instance of declining electoral participation can become the self-fulfilling prophecy of an authoritarian future. If even more democrats become lost to Europe through voter abstention, it will be increasingly difficult to rescue it as a political project – especially because the political gravediggers of the European idea have been mustered for a long time by now: right-wing populists and extremists with a political mixture of criticism of Europe, xenophobia, and national chauvinism. They have begun to network themselves in a new way and already see themselves as the »winners« of an election that from their point of view has changed into something else – instead of boosting a new appreciation of the role of the European Parliament they are pursuing its nationalistic devolution.

In this constellation there is one thing that clearly does not work: more of the same! But this seems to be exactly the line of approach that the German government has agreed on. Against this we need public opposition and the demonstration of alternative paths of development. The following analyses and the demands for an offensive Europe policy are meant to meet this need.

That is the call that emerges from these analyses and demands. Not as a defence strategy for the old idea of a European social model – which was not false but dismantled and corroded by neoliberalism – but as the forward strategy of »refound Europe!«. For this there are arguments and conceptual reflections – also going beyond the trade union sphere represented here. These exist in all EU Member States. A step in the direction of a solidary Europe would involve the evaluation of the various proposals and initiatives and the critical attempt to see how a road map for a new Europe can be developed from them.

*Dieter Scholz, Berlin, July 2014*

Annelie Buntenbach

# Who is Right and Who Has Rights in Europe?

**Put an End to the Troika's Violations of Fundamental Rights – Stop the Austerity Course!**

In Greece, Portugal, and Ireland the Troika – which consists of the European Central Bank, the EU Commission and the IMF – has insisted on abrogating negotiated wage agreements such as legal minimum wages, in order to lower wages and labour costs. The abrogation of protection against unlawful dismissal and especially the decentralisation of collective negotiations in order to work against industry-wide multi-employer agreements has also been professed. This has led to an enormous deterioration of the conditions of life and work for people in the crisis countries, connected to a weakening of trade unions. And this policy contradicts the sense of the European treaties.

In advocating a robust social dialogue in Germany we must not be silent when attacks on wage-negotiating autonomy in Europe are on the agenda – especially if we want a social Europe. Despite the different degrees to which we are affected by the crisis and our different histories and strategies, which we have at least up to now prevented from dividing us, we in the European trade unions have come up with a common proposal for a European investment programme and put on the table an alternative to the destructive austerity policy in Europe. This proposal should be forcefully promoted by all of us beyond the European elections.

The massive violations of fundamental rights has up to now only been recognised and criticised by the European Parliament. The EU Commission, whose task is the preservation and promotion of fundamental rights, has completely failed in this question. Representatives of the Commission in the Troika, who are under obligation to uphold fundamental rights, have called for massive violations of fundamental rights in the Member States – a situation which is without precedent.

The European Parliament has initiated hearings with members of the Troika and has gotten a first-hand impression of the affected countries, criticised the violations of fundamental rights and the social consequences of this policy in a report, and pressed for changes. The next step now consists of filing

appropriate complaints. The new Parliament can and must take this up, because it has the necessary authority to do so. It is only in this way that the violations of fundamental human rights can be stopped and the inviolability of fundamental rights be secured for the future.

Some highlights of the consequences of the Troika policy can be given here:

## **Pressure on wages – inroads into free collective bargaining**

Under the guise of increasing competitive capacity in dealing with the crisis, the Troika has dictated to the so-called »programme countries« the reduction of wages and dismantling of workers' rights – with catastrophic economic and social consequences.

The wage reductions prescribed by the Troika are effected in two ways: through direct intervention, in other words cuts in the salaries of public personnel and the freezing or reduction of minimal wages, and through so-called »structural reforms«.

(1) As has emerged from an itemisation of the WSI wage expert Thorsten Schulten for a hearing in the European Parliament, in Greece, for example, groups of employees in the public sector have lost a third of their salaries since the beginning of the cuts. After a wage freeze in 2009 there were cuts in 2010 of between 12 and 20%; between 2011 and 2013 the salaries of Greek civil servants were cut again up to 17%. In Portugal, after the freezing of wages in the public sector in 2010, there were cuts first of 5%, then in 2011 of 3.5 to 10%. In 2012-2013 annual bonuses were suspended. Also in the area of minimal wages drastic cuts were prescribed by the Troika. For example, in 2012 in Greece, the minimum wage was cut by a full 22%, and by even 32% for workers under 25 years of age. In Portugal the minimum wage has been frozen since 2011 at a level of 485 euros a month, in Cyprus the automatic indexing has been suspended – in both countries an increase is only possible if the Troika agrees to it.<sup>1</sup>

(2) In addition, there are »structural reforms« involved, which weaken established mechanisms of collective wage-setting or abrogate them. Thus, for example, in Greece extensions of expiring collective wage agreements were shortened to three months by means of various changes to the laws; the transfer of already achieved collective wage agreements to other parts of the econ-

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<sup>1</sup> Thorsten Schulten: The Impact of the Troika Policy on Wages and Collective Bargaining, WSI (Economics and Social Science Institute of the Hans Böckler Foundation) 2014.

omy has been made difficult, company-level wage agreements given precedence over sectoral wage contracts, and employee representatives without connection to the union admitted as negotiation partners. In Portugal various 2012 reforms have significantly increased the obstacles in the way of the declaration of general application of collective agreements. The consequences for collective agreement coverage are dramatic – as a whole the reforms have in fact emptied out the collective wage agreement system. In 2010 in Greece there were still 65 sector-wide agreements; today there are only 14 left. By contrast, the number of company-level wage agreements has soared – 80% of them led to wage cuts. In 2013 in Portugal there were only 9 collective wage agreements still declared to have general application – in 2010 there had been 116.<sup>2</sup> Subsequently, instead of 1.9 million employees only just under 330,000 are still working with sector-wide agreements. In Spain, too, almost 7.5 million employees after 2008 lost the protection of a sector-wide agreement – today only 4.6 million workers are covered by one.<sup>3</sup>

As a result of this anti-union policy of the ECB, the EU Commission, and the IMF, real wages have drastically dropped since 2010 – in Portugal and Spain by about 7%, in Greece by as much as almost 23%. This policy, aside from its fatal economic consequences – through the considerably reduced real purchasing power of people any upswing is further damped – also has drastic social effects.

## ‘The tragedy of the public health system’

The drastic austerity policy has disastrous consequences, among other things for the population’s healthcare. As a recently published study in *The Lancet* has shown, the Troika’s requirements in Greece led to massive cuts in healthcare expenditure. In the course of the »reforms«, public expenditures for health were limited to 6 % of GDP – as a result they are now lower than in all the other EU-15 Member States.<sup>4</sup>

The consequences of these drastic cuts are enormous – cuts in programmes for drug addicts, for example, have led to a more than threefold rise (323%) in new HIV infections within this group between 2009 and 2012. Basically, access to healthcare has been made more difficult for the population, since

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<sup>2</sup> European Trade Union Confederation: The Functioning of the Troika: A Report from the ETUC, 2014.

<sup>3</sup> Thorsten Schulten, *op.cit.*

<sup>4</sup> Alexander Kentikelenis/Marina Karanikolos/Aaron Reeves/Martin McKee/David Stuckler: Greece’s Health Crisis: From Austerity to Denialism. *The Lancet* 2014, pp. 383, 748ff.

costs are increasingly shifted onto the patients. Ever more people remain completely without healthcare coverage and must resort to the services of clinics run by volunteers, which were originally conceived for illegal immigrants. Cases of depression have also clearly risen; the suicide rate has risen by 26.5 % from 2010 to 2011. At the same time, expenditures for mental health were cut by 56% from 2010 to 2012. It is children who are hardest hit – in a 2012 report the UN had already decried the fact that the right to health and healthcare was no longer guaranteed for all Greek children.<sup>5</sup> Infant mortality rose by a frightening 43% from 2008 to 2010. But even this »tragedy of public healthcare« has so far not led to a redirection in crisis-management policy.<sup>6</sup>

## **Depressing records: poverty and social exclusion**

Through wage and pension reductions, cuts in social expenditures as well as increasing unemployment, the programme countries have set depressing records in poverty and social exclusion. According to Eurostat, in 2012 34.6% of the population in Greece – the highest percentage in the euro area – , 28.2% in Spain, and 25.3% of the population in Portugal were in danger of impoverishment and social exclusion. In Greece pensions were cut by 26.4% and the pensionable age and deductions for early retirement increased. Wage cuts and rising unemployment have led to a reduction in household income. In 2012 more than a million Greeks lived in households with no income at all. Unemployment especially affects young people. The unemployment rates of people under 25 years of age are by now over 50% in Greece and Spain according to Eurostat, and in Portugal and Ireland more than 30%. A whole generation is in danger of being shaped by insecurity and lack of prospects.

## **The European Parliament's criticism of the Troika**

Although the European Parliament could not determine the Troika's policy, since it was not given a say in it, it is all the more welcome that the MEPs have recently concerned themselves in two own-initiative reports with the

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<sup>5</sup> United Nations Committee on the Rights of the Child: Consideration of Reports Submitted by States Parties under Article 44 of the Convention; Concluding Observations: Greece/GRC/C/GRC/CO/2-3. Geneva: United Nations 2012.

<sup>6</sup> Alexander Kentikelenis et al., op.cit.



social and economic consequences of the Troika policy and its legality. One of these reports is the »Report on the Employment and Social Policy Aspects of the Role and Operations of the Troika (ECB, Commission and IMF) With Regard to Euro Area Programme Countries« (»Cercas Report«),<sup>7</sup> which was passed by a large majority in March 2014 in the plenum of the European Parliament.

Of the 14 recommendations that were thus passed we will mention just a few:

- The Troika and the Member States are called upon to end the programmes as soon as possible and establish mechanisms for managing the crisis, through which transparency in decision-making will be improved and which will allow the EU's organs, including the Parliament, to achieve the social goals contained in the European Social Charter as well as in the ILO's core standards. It was pointed out that lack of compliance represents a breach of EU primary law, which must be remedied by absolutely reinstating individual and collective rights.
- The Commission is called on to thoroughly attempt any possible corrective measures regarding the short- and long-term effects of the programmes on employment and the social state and on the European *acquis communautaire* in the social arena as well as to seek incentives for the amelioration of the social and employment policy situation in these countries.
- It is recommended that the Commission and the Member States regard expenditures on public healthcare and education as investments in the future and not as expenses that can be cut. They are further called upon to give social questions the same value they give to economic ones. If necessary, a session of the Euro Group can be convened, which deals specifically with social and employment policy questions.
- In addition – »in view of the fact that the economic, social, and political problems cannot be solved without the creation of high-quality jobs« – a plan for social and employment policy recovery is demanded, although with nowhere near the scope and concreteness of what the trade unions have demanded as the answer to the dramatic situation.<sup>8</sup>

The European Parliament has now approved this report – which is doubtless good news – but this unfortunately is nothing more than the unbinding recommendation of an own-initiative report. There is »no fear« of direct re-

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<sup>7</sup> Alejandro Cercas: Report on the Employment and Social Policy Aspects of the Role and Operations of the Troika (ECB, Commission and IMF) With Regard to Euro Area Programme Countries (Cercas Report – <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2014-0135&language=EN>).

<sup>8</sup> *Ibid.*

sults. Still, this report helps in offensively and publicly conducting the long overdue debate on the role of the Troika. We need an exit from austerity policy in Europe and the introduction of an investment programme.

## **A Marshall Plan instead of the »German model«**

Instead of this, the so-called German model, with its destructive Agenda 2010 conception of competition, reduced simply to pressure on wages, and forced on the European Council by Merkel, continues to be treated as the success model. As a result, European sister unions, for example in Belgium, France, and Spain, are increasingly asking what this 'German model' is really about. As far as we can, we are making available numbers, data, and analyses on the consequences of the Agenda,<sup>9</sup> and pointing to the depressing reality, for example in stockyards or in the construction sector, to the increase of contracts by project, and the expansion of the low-wage sector in order to support our sister unions, as far as we are able, in opposing the often immoral attempts of their governments to impose Schröder's and Merkel's models. Yes, there are good experiences coming out of Germany – but these are connected, for example, to the tool of short-time work (»Kurzarbeit«) to cushion crises instead of layoffs and co-determination with works councils.

For the change of course in Europe, a rejection of austerity policy is the key, and the European Parliament must make its contribution here. Precisely because of the dramatically high rate of youth unemployment in the southern countries we need to have investments in prospects and sustainable employment and a European investment plan as the DGB (German Trade Union Confederation) set forth on the basis of the »Marshall Plan for Europe« which they developed, anchoring it in the ETUC (see the article by Frank Bsirske).

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<sup>9</sup> »In reality, the effect of the labour market reforms is much less than generally supposed. The decline of unemployment is due to shrinking labour-power reserves, the slowed down growth of productivity, and the spreading of the work volume over more people; the mismatch components of unemployment were not lessened. The astounding performance of the German labour market in the 2008/2009 crisis rests on contexts and mechanisms which have more to do with a reversion to the traditional model of a ›coordinated‹ economy than with the neoliberal spirit of the labour market reforms« (Matthias Knuth: Arbeitsmarktreformen und Beschäftigungswunder in Deutschland [Labour Market Reforms and Employment Miracle in Germany], Brussels 2014).

## **Violations of fundamental rights: put a stop to the Troika by filing a lawsuit**

The European Parliament has a strong instrument available to it in order to put a stop to the Troika in the future – the EP can bring an action in the European Court of Justice against these violations of fundamental rights, and this is exactly what it should self-confidently do.

Prof. Fischer-Lescano demonstrated this in a study commissioned jointly by the ÖGB (Austrian Trade Union Confederation) and the ETUC, under the title »Austerity Policy and Human Rights: The EU's Participation in the Troika's Policy and the Mandated Policy of Cuts Violate Fundamental Rights«. <sup>10</sup> According to this study, which was published in March 2014, the European Commission and the European Central Bank, in participating in the Troika, are in violation of EU primary law, which includes a Charter of Fundamental Rights since the Treaty of Lisbon.

Also during the financial crisis the European organs and institutions are bound to observe EU law. There is no state of exception that suspends European law or justifies deviations. The study demonstrates in a detailed way how European and international laws are violated by the »Memorandum of Understanding« and looks at the possibilities of taking legal action against these violations.

Fundamental rights are violated in the area of professional life especially as regards the rights to professional freedom, free collective bargaining and fair remuneration for work. This occurs, for example, by lowering the minimum wage level, cutting payment claims, vacation times, etc., in the public sector, cutting unemployment compensation, thinning out legislation against unlawful firings, and emptying out national collective bargaining systems as regards the application of sector-wide wage agreements. Rights to housing and social security are also involved – for example by reducing the number of physicians, limiting payment exemption for treatments, increasing co-payments for hospital visits and medications – as well as the right to freedom of education – for example through cost reductions and restructurings in the educational sector.

Not least, EU primary law (that is, the Treaties – for example the democratic principles regulated in Article 10 of the Treaty on European Union) is

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<sup>10</sup> Austeritätspolitik und Menschenrechte: Beteiligung der EU an der Troika-Politik und vorgeschriebenen Sparpolitik verstößt gegen Grundrechte [Austerity Policy and Human Rights: The EU's Participation in the Troika Policy and Prescribed Policy of Cuts Violates Fundamental Rights].

violated through the lack of integration of the European Parliament in the drafting of the Memorandum of Understanding.

Here the European Parliament has special responsibility, as is seen in an exemplary way in the area of healthcare: »In terms of Union law the fundamental right of Art. 35 of the Charter of Fundamental Rights is affected when EU organs disturb access to healthcare provision and care by physicians, especially when they impede the access to healthcare facilities provided or guaranteed by Member States.« The fundamental conclusion is: »The obligations regarding fundamental rights [...] are systematically based on the duty to protect them, which the EU organs have, and means that these organs must prevent their behaviour, in combination with the behaviour of third parties, from leading to the encroachment on fundamental rights, and that they must therefore be able to counter the objection of not having so pre-structured through appropriate measures and legislative acts the behaviour of third parties that an encroachment of fundamental rights is avoided« (both quotes from the Fischer-Lescano report).

In the question of who can take action against this his conclusion is: On the European level, alongside the activation of the ombudsman according to Art. 228 of the Treaty, a nullity suit brought at the European Court of Justice could be a solution. It is especially the European Parliament which, as a privileged plaintiff, could file a complaint both against violations of the division of power and the violations of fundamental rights. This would require a majority in the Parliament.

Procedures before the European Court of Human Rights and the European Economic and Social Committee can (still) not be directly aimed at the EU. At the international level observance of rights can be enforced in the framework of the ILO and the UN committees.

## **A self-confident Parliament**

If we want to set Europe on a social and more democratic course together with the other European trade unions and many allies, we urgently need more transparency in EU decision-making, more possibilities of participation, and more people who get involved. And we need a Parliament that has more weight. Budgetary rights and its own right of initiative must no longer be denied to the European Parliament; this is one of the structural flaws in the basic structure of the EU. However, we also need a Parliament that is self-confidently willing to throw the weight that it does have onto the scales – even if this makes the national governments uncomfortable or causes long-

standing ideological myths to be thrown into the dustbin of history. If the current Parliament ducks away from filing a complaint against the Troika's destructive violations of fundamental rights we have to make the new Parliament live up to its duty. We need a social course in Europe, which puts an end to division and exclusion!

Dietmar Schäfers

# The EU – On the Road to Katar-like Working Conditions?

## Official goals and political deeds of the EU – like fire and water

In the first articles of the Treaty on European Union (TEU) it is all still there – the lofty goals of equality<sup>1</sup> and of a domestic market with a social market economy that aims at social progress.<sup>2</sup> The European treaties, namely the Treaty on the Functioning of the European Union (TFEU), included as components: »improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion«<sup>3</sup> as well as the EU's lack of competence in matters of wage levels and industrial dispute legislation in the Member States.<sup>4</sup>

The majority of the European Commission and the European Court of Justice (ECJ), large parts of the Council, and some large blocks in the European Parliament are increasingly ignoring these basic principles. The goal of this majority in the various institutions seems rather to be the worsening of labour conditions throughout Europe, as is shown not only by the behaviour of the EU's representatives in the Troika in respect to crisis countries.

How unseriously the liberal-technocratic majority by now takes the treaties is already evident in the fact that one of the entrance requirements for EU accession is social dialogue in the Member States. In reality, social dialogue is and was absent in most eastern European Member States. This situation neither delayed their acceptance into the EU nor did it subsequently trigger any regulatory action on the part of the EU Commission.

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<sup>1</sup> See Art. 2 of the Consolidated Version of the EU Treaty (TEU), available online at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2012:326:FULL&from=EN>.

<sup>2</sup> See Ibid. Art. 3 TEU.

<sup>3</sup> Art. 151 Treaty on the Functioning of the European Union (TFEU), Consolidated Version 2012, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2012:326:FULL&from=EN>; see also Art. 153.

<sup>4</sup> Art. 153, §. 5 TFEU.

Instead of realising the above-mentioned goals as well as fair competition, this majority strove for a fully flexible labour market without effective protection for employees because it sees locally existing good employee incomes as »unjustified privileges« and the struggle to maintain them as »protectionism«. Binding minimum conditions in the Member States and the formalities and controls necessary for carrying them out are »red tape« for them, which must be cut through in order to liberate the »entrepreneurial spirit«. Such utterances are frequently heard when leading representatives of the EU Commission, but also some heads of government and MEPs, think out loud about questions of posting, the honouring of collective wage agreements in the awarding of public contracts, or the liberalisation of services. Their picture of employees who, in contrast to them, have to continually test themselves in real markets, i.e. in the labour markets, is bizarrely divorced from the real world or openly cynical. When, at a DGB event a few years ago, of all people the leading official of the Directorate General for Employment, Social Affairs and Inclusion, Armino Silva, seriously called, under the watchword »flexicurity«, for the liberation of employees from permanent labour contracts so as finally to give them the opportunity to try out other forms of employment in the market, one wonders why often poorly paid employees should still finance such mockery with their taxes. And one wonders when the extremely well paid, and certainly unsackable, Mr. Silva will test his nice model on himself.

Such market-radical thinking also breaks through in the concrete guidelines policy of the Commission, the Council, and some blocs in the current European Parliament on issues of cross-border work – regardless of treaties. Equality, social progress, appropriate social protection – all snows of yesteryear. In acting according to such thinking they are not only putting at risk any further European integration but also the EU as a whole – because an EU that comes over to the mass of workers as nothing more than a danger to their working conditions and as the executor of the most far-fetched conceptions employers have of labour markets has got to forfeit any kind of acceptance in the long run. This simply hands nationalists and right-wing populists one golden opportunity after another.

## **The reaction to the criticism of European Court of Justice judgements and misuses of worker postings – deceptive packaging and still more social dumping**

For a brief moment this seemed also to be acknowledged in Brussels after the uproar over the European Court of Justice (ECJ), which made clear – with its rapid succession of judgements in the Laval, Viking, Ruffert, and Luxembourg cases – how it understood the EU: free rein for entrepreneurs in the domestic market. Good working conditions and workers' rights both for posted employees and employees in the host country are nothing more than obstacles to this, and their minimal conditions are the absolute maximum.

In order to deal with the wave of indignation over these judgements and be reconfirmed by Parliament, Commission President Barroso announced before the beginning of his second term of office that the Commission would take countermeasures through guidelines and regulations. However, the drafts it presented not only continued the line chosen by the ECJ but even toughened it.

Up to now the only one of these legislative plans which failed was the draft of a »Monti 2 regulation«,<sup>5</sup> which was supposed to remedy the effects of the ECJ's attacks on employee rights in the Viking and Laval judgements. In fact, however, they would have placed trade union wage demands under a principle of proportionality and would have entitled the entrepreneur in question to claim damages, which would have quickly threatened the existence of even large trade unions.

Many other schemes that have a similar potential to enable or facilitate the deterioration and subversion of local labour conditions are still in the consultation phase. It was only by a hair's breadth that both the structural disadvantaging of seasonal workers from third states, in contrast to seasonally employed workers from the EU, and with the compulsory extension of such seasonal labour conditions to virtually all branches, was prevented.

As I write these lines (in February 2014), the final stage of negotiations are underway in Brussels concerning a directive on intercompany posting from third states into the EU<sup>6</sup> and the enforcement directive on posting workers.<sup>7</sup> They are to be whipped through Parliament at the last minute before the European elections, but the outcome is hard to predict.

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<sup>5</sup> COM(2012) 130 final.

<sup>6</sup> COM(2010) 378 final.

<sup>7</sup> COM(2012) 131 final.



By means of a communication on the implementation of the Directive on the Recognition of Professional Qualifications the European Commission currently wants to force the EU Member States to justify or abolish all requirements for the exercise of protected professions. It pre-announced new sector-specific rules supplementing the European Services Directive. In parallel, and in the greatest secretiveness, it negotiated and concluded ever more bilateral free trade agreements, in which what has up to now been an EU-internal free movement of services and workers is being extended to third states, with few exceptions.

## **The networking of the EU domestic market with the global supply of contracts for specific work and subcontracted work**

What connects all these efforts? What is fundamentally at stake is the networking of regional domestic markets around the globe with the EU domestic market – and specifically the networking of labour markets for mobile labour and sub-suppliers/contracts for individual projects.

Although the EU Commission constantly stresses that it is concerned with the promotion of small and middle-sized companies, it is in reality constantly creating more instruments that mainly favour the multinationals. The cross-border deployment of labour power organised by these kinds of companies is to be promoted in order to put pressure on local standards in general. In addition, through various instruments a highly mobile labour power reserve from inside and outside the EU is being created. It is to be deployable, as needed, everywhere in the EU at any price and in any activity. These workers are to have less rights in the workplace than the resident working population, be easily reduced in periods of crisis, and cost the social systems of the countries of deployment little. In this way the benefits of the effect of globalisation in cutting labour costs are to come to the less mobile and non-relocatable parts of the economy.

Permanent migration with rights and claims to social participation in the country of destination is only a disturbance from this point of view. It is to be replaced as much as possible by »circular migration« and posted work with less rights, since in deploying temporary immigrants equality with the employees of the destination countries and the possibility of integration are expressly not provided.

Contingency and qualifications costs, and major risks such as serious illness, disability, unemployment and age, are to be borne by the countries of origin. In exchange they are temporarily relieved of otherwise jobless citi-

zens, and other citizens get the opportunity to earn money, for example as worker-posting entrepreneurs and agents handling workers. Through remittances from the destination countries, temporary immigrants will provide for their families and the welfare institutions will be unburdened. In short, local demand for export goods from the EU will be created. The potential for social and political unrest will decline, and the countries of origin will become more easily governable. Through their merely temporary foreign activity, and in the case of third-country citizens additionally through their obligation to return, most temporary migrant workers – in contrast to expatriate emigrants – remain available to the countries of origin as a skilled labour power reserve.

Circular migration, posting, organised disguised cross-border employment, and cross-border project-by-project and subcontracted work are to make it possible for companies in the EU to shop, without having to outsource, for labour power at prices that would not be possible in the long run in the case of local labour power or individual immigrants. Only with employee rotation and barracked lodgings, group meal provisions and transport without family reunion are the lowest wages possible on a long-term basis.

The massive deployment of these precarious forms of organised migrant labour are meant to put the potential, collective wage agreements, and good working conditions in the countries of destination under pressure and weaken the power of trade unions, if not destroy them. This is already seen in the leading sectors, such as the meat industry, construction, and logistics.

If trade unions in the countries of destination cannot organise those affected and establish wage equality, there will be a standstill on collective wage agreement policy, if not regression. Then there will be no more talk of distributing wealth or of an unchanged share in growing prosperity; just keeping jobs in a period of generally declining real wages will be seen as success.

The goal of these efforts is probably not the complete extermination of the trade union but »only« the rolling back of their former successes in their struggles concerning the distribution of wealth, beyond »what is imperatively necessary to protect the worker«. <sup>8</sup> The more intelligent among the neoliberals understood that trade unions and collective wage agreements also have their order and pacification function. Instead they are aspiring to a minimum wage economy (minimum wage being regarded as the achievable maximum), for workforces substitutable at any given moment as well as the damping of the negotiating power of skilled workforces and their representatives. But the

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<sup>8</sup> In the opinion of the ECJ in the Laval judgement, this is the most that the unions in the destination country can demand regarding posted employees.

idea is to move towards this stealthily and in small slices so that those affected only get what is going on when the effects have already been made irreversible, in order to avoid social unrest.

## **The Enforcement Directive for the Posting Directive – an instrument against the enforcement of workers’ rights?**

Wage and social security contribution fraud at the expense of the employees is the rule rather than the exception regarding posted employment in the EU. However, for the Commission this is not criminality, which has to be cracked down on harshly, but only misfeasance. Wage and social security contribution fraud is winkingly trivialised in EU discourse as the use of comparative labour cost advantages or as the entrepreneurs’ ignorance of the complicated rules in the destination country.

Nevertheless, for several years the Commission announced a draft for a directive on improving the struggle against »misuses« in posting and the implementation of the minimal rights of posted employees, with the working title »Enforcement Directive«. It is typical newspeak, for when it was finally published, the text turned out to be an instrument for the restricting of many of the current anti-fraud and enforcement measures of many Member States.

Actually, an uprising of the Member States should have been expected. However, some governments – not only those of the countries of origin – are playing along in the Council. The victims are only workers, who would have otherwise been jobless, and the perpetrators are of course respectable entrepreneurs. In any case, a huge amount of money is being earned from this on both sides of the border. And thus there is a demand here for data protection for perpetrators, which would also protect them from investigators; for this reason every step of the crackdown on their actions must be shown to be imperatively necessary and appropriate; for this reason the gathering of evidence has to be confined to a limited (closed) list and therefore be calculable and be circumventable for the perpetrators; for this reason the evaluation of data gathered elsewhere as well as repeated and occasional controls is eliminated as far as possible.

A similar tragedy was repeated with some exceptions in various committees of the European Parliament, in which de facto coalitions of liberals, right-wing radicals, and conservatives emerged on many points – often in favour of the affected entrepreneur so that the Parliament started from an already very weak position in the trilateral negotiations. Although the European employers’ associations and trade unions of the building industry, the branch-

es affected up to now, and many umbrella associations of trade unions and crafts became active against this, this enforcement prevention directive continues to be discussed. It is not known whether it can come into existence before the European election. A really better way of fighting the frequent wage fraud is already off the table. The best conceivable outcome of the negotiations will be to stop the current situation from further deteriorating. However, according to the most recent information the result could make previous good regulation in various host countries ineffective and in specific exceptional cases even bring about a country-of-origin principle.

### **Special treatment for multinationals and systematic discrimination – the directive on the intra-corporate transfer of expert and management forces from third states into the EU sections of companies**

The so-called ICT (intra-corporate transfer) Directive, another draft proposal shortly to be voted, shows that even specialised expert forces and middle management in multinationals have become a target for wage-reduction strategies using global personnel resources. The only individual rights it provides for management and expert forces from third states in the case of their intra-corporate redeployment to Europe for several years is the minimum wage, which is absurd for this category of personnel. International worker leasing firms could also use these possibilities. In the case of further posting in the EU the draft even allows the use in these cases of the minimum wage of the first state within the EU (for example Rumania) to be brought with the workers in question into the second, the deployment, state (for example Germany) – this means the employment of management cadre from, say, India for a short while to Rumania and then to Germany for ca. € 170,- a month. In tri-lateral negotiations, the parliamentary negotiators, it is true, are still seeking to enforce pay equity but are coming up against the massive resistance of the Council. It is an open question whether this directive can come into existence before the European election. If it can, it means systematic discrimination for those concerned and at the same time pressure on local employees.

## **It will be the firm itself to decide who is an engineer!**

On the long hit list of the EU Commission are entrance restrictions to many professions with special skill requirements. Its attacks are directed at the national vocational and higher education systems and their specific organisation and qualifications. The trade unions accepted the path first chosen within Europe of professional recognition with specific criteria in regulated procedures. This serves the cause of equal treatment, even if such procedures are often protracted and sometimes difficult, with recognition often tied to hefty fees. With the Bologna Process there was an attempt to make inner-European higher education degrees compatible from the outset and therefore recognisable.

However, the Commission is not waiting for the result but is pointing to difficulties in professional recognition in order to completely wipe out the most protected professions in the Member States. According to a recently announced communication of the Commission,<sup>9</sup> all Member States must justify and explain all entrance restrictions within a few months. They have to prove that they are appropriate, imperatively necessary for reasons of public order and security, and are still proportional. Objectively, this will not be possible, even in the case of professions for which every Member State has entrance restrictions.

But this is not supposed to lead to the harmonisation of these entrance restrictions. Instead, the Commission in this case will litigate away all of the 28 entrance restrictions to the same profession. It is already threatening Treaty violation proceedings if proof is not furnished or is insufficient in its opinion. Its own goal – and this is openly stated in this communication – is to make the company itself into the determining force in the proceedings. In the Commission's conception, they can themselves decide whom they hire, for example, as testing engineer, stress analyst, or architect, and what requirements they impose, since they are responsible to their customers for the result. In this way the last obstacle to highly mobile deployment of labour power is to be cleared away. With this, the former handicraft niche, with its Master Craftsman's Certificate, which is at the same time a guarantee of quality, has been broken open. However, in contrast to the recognition procedure for employees, more intense pressure on income, rather than any positive effect, can be expected. No wonder that craft enterprises and trade unions are up in arms about this.

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<sup>9</sup> COM(2013) 676 final.

## Virtual company with substandard-wage competition for labour

If the general development outlined here is not halted and the principle of »equal pay for equal work at the same place for all employees« is not enforced we are in danger of a labour society with extremely reduced and intimidated core work teams in practically virtual plants that are continually reconstituting their total work force. This is in part already a reality under construction. Many employees would be practically unorganisable due to short stays, increased vulnerability to blackmail, and language problems. This means project contracts and leased labour to the nth power – or »Katar light«. The employment trend in construction companies has shown that the anti-solidary hope for a »mixed calculation« (»Mischkalkulation«) will not work in the long term for core workforces. Trade unions that do not recognise this challenge in time and do not adjust their policies accordingly will gradually become weaker and weaker. Representatives who limit their representation to the privileged parts of the work teams, accepting mixed calculations with poverty conditions for the rest of the employees, will be doomed to extinction.

The current development in the area of project contracts and other precarious forms of employment – whether involving locals or foreigners – has shown that attempts at precarisation can affect all groups. Who would have believed 20 years ago that increasingly poorly paid employees of foreign firms could build high-quality cars or that industrial expert labour in the sphere of core competences could be supplied by industrial service firms?

Our first answers – generally binding collectively bargained and legislated minimum wages – were indeed necessary first steps to brake the movement toward the bottom. But they in no way substitute for the consultation with and organisation of the temporary and precarious work forces and the enforcement of the principle 'equal pay for equal work at the same place' for all employees – that is, the implementation of our collectively established wages also for those temporarily employed – for otherwise we will fall into the trap of being divided. Naturally, minimum wages are even less substitutes for political countermeasures on the European level, because the legal framework conditions set there are hardly compensable by nationally limited measures, even less by those concerning collective bargaining.

## European election – extremely important for employees

The debates described here within the European institutions have proven to us once again: If employees and trade unions can expect something from the European Parliament, it is at most support. In the Council there is regularly a self-blockade between aggressively market radical governments and the rather half-hearted social-democratic, Christian Social ones. The European Commission is in its great majority still dominated by followers of the worldview and wisdom of the neoliberals or is under the influence of the hordes of corporate lobbyists. In issues such as the planned Free Trade Agreement between the USA and the EU (TTIP) they represent their special interests on two sides at once. Only in the European Parliament can other interests occasionally prevail over group divides, provided that workers vote and vote correctly. Only then do other forces sometimes prevail in the Council. This was no longer the case in the last European election, so that in the EP of the currently ending legislative period it was increasingly the supporters of the especially aggressive entrepreneurs and the neoliberal forces which were in the ascendant.

What we need in order at least to slow down the trends described here is greater electoral participation *and* a sharpening of the European debate around the right issues. At the same time we must make it clear that a protest election of right-wing populists will not solve the problems addressed here but worsen them. Because their voting behaviour shows one thing in all these issues: They are enemies of trade unions and collective bargaining and as a rule always vote with the market radicals – even if the latter support foreign posting firms and multinationals. They prefer any entrepreneur – whatever his or her origin – to any trade unionist or factory council, because for them collectively established wages and co-determination are the work of the devil.

Instead of this we need to move our members and those in dependent employment to vote, and we will need to make it clear to them that only the socially oriented parts of the European Parliament, which is divided among several parties in most EU Member States, advocate for their interests as employees, and that many others issues that dominate the electoral campaign in the media, such as the euro, data security, etc. are secondary in importance in terms of the future of their conditions of employment. But we can only manage to do this if these parties themselves place social issues in the foreground and do not let others dictate to them what issues are more important in this electoral campaign.

Andreas Keller

# Cooperation or Competition?

European Education and Research Policy on Trial

## Contradictions: knowledge-based society in the race for national competitive superiority

Educational policy has long been regarded as the orphan of the politics of the European Union (EU). It is only in research policy that the Treaty of Lisbon designates the shared responsibilities of the EU and the Member States. However a clear valorisation of the EU's education and research policy is observable since the Lisbon Strategy, promulgated in 2000. Within ten years, that is, by 2010, Europe was to become »the most competitive and dynamic knowledge-based economic area in the world«, as the European Heads of State and Government declared.<sup>1</sup> Based on a conception of »knowledge-based society«, the EU through the Lisbon Strategy, assigned a key role to research policy. At its core the Lisbon Strategy was a strategy for economic growth and competition. But the insight that economic development needs an effective and expanding education and research system led not only to an anchoring of the 3% goal (at least 3% of GDP should be spent on research and development) but also to target-setting for the national educational policies of the Member States.

This becomes still clearer in the successor programme to the Lisbon Strategy, the »Europe 2020« strategy, which the European Council already approved in 2010 under the influence of the European financial and economic crisis. The crisis was to be dealt with through a »strategy for smart, sustainable and inclusive growth«.<sup>2</sup> In the framework of the Europe 2020 strategy concrete, measurable education policy goals were set. Thus the amount of 18 to 24 year olds who have not completed upper secondary education and who are not participating in adult education and training (abbreviated as »early school leavers«) is to be lowered to under 10% of this age group. In addi-

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<sup>1</sup> Lisbon European Council 23 and 24 March 2000: Presidency Conclusions [http://www.europarl.europa.eu/summits/lis1\\_en.htm](http://www.europarl.europa.eu/summits/lis1_en.htm) (all sites last visted 19 June 2014).

<sup>2</sup> Communication from the Commission of 3 March 2010 – Europe 2020 A strategy for smart, sustainable and inclusive growth [COM(2010) 2020 final – not published in the Official Journal], [http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/eu2020/em0028\\_en.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/eu2020/em0028_en.htm) and [www.esf.de/portal/generator/15418/property=data/2011\\_01\\_04\\_europa\\_2020-strategie.pdf](http://www.esf.de/portal/generator/15418/property=data/2011_01_04_europa_2020-strategie.pdf).



tion, the share of 30 to 34 year olds with a university degree or a comparable third-level education is to be raised to at least 40%.

The Lisbon and Europe 2020 strategies have also increased the pressure to act regarding education policy. At their 2008 education summit in Dresden both the federal government and the states took up the European standards and developed them further. The public and private expenditures on education and research are to be increased to 10% of GDP, the rate of early school leavers halved, crèche availabilities for children under three years old extended, participation in adult education increased, and the student entrance rate raised. In his most recent »Education Summit Balance Sheet« the educational researcher Klaus Klemm does see progress in the number of crèche places and entering students, but at the same time he comes to the conclusion that the number of young people without school or vocational qualifications remains »depressingly high« and that in adult education »the gap between winners and losers« is further widening.<sup>3</sup>

## The Bologna Process: integration and exclusion

Despite the ambitious standards of the Europe 2020 strategy, the EU's possibilities of acting on the level of education policy are very limited. It is thus no accident that simultaneously with the Lisbon Strategy the Bologna Process to »Create a Single European Higher Education Area« was initiated. Formally, the Bologna Process was set in motion in 1998 in Paris by the »Sorbonne Declaration« signed by the education ministers of the four largest EU states – Germany, France, Great Britain, and Italy. This was followed in 1999 by the »Bologna Declaration«, which ministers from 25 European countries signed – among them 16 countries that did not belong to the EU.<sup>4</sup> In it the particularity of the Bologna Process is clearly expressed. It involves international cooperation outside the legal framework of the EU, in which non-EU

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<sup>3</sup> Klaus Klemm: Bildungsgipfel-Bilanz 2013. Die Umsetzung der Ziele des Dresdner Bildungsgipfels vom 22. Oktober 2008 [Education Summit Balance Sheet 2013. The Implementation of the Goals of the Dresden Education Summit of 22 October 2008], ed. DGB-Bundesvorstand, Abteilung Bildungspolitik und Bildungsarbeit, Berlin 2013, [www.dgb-bestellservice.de/besys\\_dgb/pdf/DGB60026.pdf](http://www.dgb-bestellservice.de/besys_dgb/pdf/DGB60026.pdf), p. 3

<sup>4</sup> The 1999 Bologna Declaration and all other communiqués of the Bologna Summit can be consulted at [www.ehea.info](http://www.ehea.info) (in what follows all quotations refer to the text versions posted there). On the history and prehistory of the Bologna Process see Andreas Keller: *alma mater bolognaise. Perspektiven eines Europäischen Hochschulraums im Rahmen des Bologna-Prozesses*, Stuttgart u.a. 2004, [www2.studiberatung-potsdam.de/uploads/gew\\_analysen\\_und\\_alternativen\\_01\\_keller.pdf](http://www2.studiberatung-potsdam.de/uploads/gew_analysen_und_alternativen_01_keller.pdf).

Member States have participated from the beginning. By now there are 47 countries from all of Europe, which have signed the Bologna Declaration – among them also countries like Russia, Kazakhstan, or Turkey, whose territories lie in part on the European continent. The 48<sup>th</sup> partner in the Bologna Process is the EU Commission itself, which ultimately launched the Process and substantially shaped it.

This construction might at first appear to be a »trick« of the EU Commission to become active on the level of higher education even without a substantive expansion of the EU's competence. But it is more than that. Behind the Bologna Process there had always been the aspiration to establish a structure of cooperation under the political leadership of the EU Commission, which, on the one hand, would integrate the whole European region beyond the EU and, on the other hand, have as its basis the drawing of a border between itself and other higher education regions. This also explains why institutional alternatives were not at all taken into consideration.<sup>5</sup> The appropriate institutional framework for European cooperation around higher education would have been the European Council, in which almost all European countries are represented.

However, it would have also stood to reason that a European or international higher education area be located under the roof of UNESCO, which prior to the start of the Bologna Process had long developed very intensive higher education activities and indeed had just presented the first recommendation on the status of higher education teachers.<sup>6</sup> It was through the cooperation of the European Council and UNESCO that in 1997 the Lisbon Recognition Convention (»Convention on the Recognition of Qualifications Concerning Higher Education in the European Region«) came about,<sup>7</sup> which anticipated a key approach of the European higher education area, that is, the recognition in one signatory state of a higher education degree awarded in another on the basis of mutual trust in the quality of their higher education systems. The anchoring in UNESCO of European higher education cooperation would have had an internationalisation perspective – beyond the European region.

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<sup>5</sup> See Eva Hartmann: Gibt es eine globale Verantwortung der europäischen Hochschulen? Eine kritische Anmerkung zur internationalen Dimension des Bologna-Prozesses [Is There a Global Responsibility for European Higher Education Institutions? A Critical Observation on the International Dimension of the Bologna Process]. In: *Forum Wissenschaft* 2/2014.

<sup>6</sup> UNESCO: Recommendation Concerning the Status of Higher-Education Teaching Personnel, <http://unesdoc.unesco.org/images/0016/001604/160495e.pdf>, pp. 45ff.

<sup>7</sup> Bundesgesetzblatt 2007 II, pp. 713.

By now, the Bologna Process too has the international, the »external dimension«, of the European higher education area, in its sights. Accordingly, representatives of other higher education regions – especially those from North America, Asia, and Australia, but also from South America and Africa – have been invited to a »Bologna Policy Forum« during the conferences of the Bologna ministers ever since 2009. However, the »external dimension« of the Bologna Process, in its essence, does not aim, for example, at an extension of the Bologna Process to other regions, but at an increase in the international attractiveness and competitive capacity of the European higher education area. The objective was already explicitly contained in the 1999 Bologna Declaration. What is involved there, on the one hand, is competition with other higher education regions for qualified students, graduates, post-graduates, and scholars. On the other hand, other regions are supposed to be open for the education, training, and adult-education offerings of European higher education institutions – from classic offshore-facilities to cross-border online offerings. The current debate on »Massive Open Online Courses« (MOOC) lets us begin to imagine what its potential is.

Europeanisation of higher education policy in the course of the Bologna Process has from the very start existed in a state of tension with an internationalisation which would have been possible under the auspices of UNESCO. The European higher education area aims at intensive cooperation of the Bologna signatory states aiming at a harmonisation and integration of the higher education systems; on the other hand, the globalisation of the higher education systems is being accomplished in a competitive way and has precisely its regionalisation as a precondition. It is no accident that the Bologna Process is in this sense a counterpart to the Lisbon Strategy, and subsequently to the Europe 2020 strategy, which also has first and foremost in mind the competitive capacity of the European region in the global contest around competitive position.

## **Paradigm shift: between student-centred learning and employability**

As a whole, the Bologna Process is guided by the concept of constituting a unified European higher education area through the far-reaching harmonisation of the study-programme structures – an area which is to facilitate the commensurability of student credits and degrees and promote the cross-border mobility of students. This includes instruments for transparency such as the European Credit Transfer System (ECTS), already developed in the 1980s

in the EU mobility programme ERASMUS, or the European Qualifications Framework for Higher Education Degrees, which has by now been integrated into the European Qualifications Framework (EQF) of the EU, to which in turn national qualifications frameworks – in Germany the Deutsche Qualifikationsrahmen (DQR) – belong as reference systems.

These instruments go along with a substantial paradigm shift – the transition from output orientation to input orientation. What is now decisive for the certification of student credit recognition in the ECTS is no longer the hours of lecturer instruction completed but the amount of work that the students typically put in. What is crucial for the classifying of degrees in the EQF are not educational careers but the learning outcomes expressed as skills. This shift of paradigm favours, on the one hand, a new higher education didactics, which puts the students at the centre with their individual needs and their valid interests in acquiring the skills relevant to mastering the professional and social practice – »student-centred learning«. On the other hand, the skills orientation fits in seamlessly with the concept developed by the European entrepreneurs lobby of an »employability« of study, which implies a stronger alignment of the course of study with the requirements of professional activities – with the simultaneously growing personal responsibility of individuals to adapt their skills continually to these requirements within a process of lifelong learning. Both orientations have found their way into the Bologna Process – »employability« already in the 1999 Bologna Declaration, and »student-centred learning« with the 2009 Bologna Summit in Leuven.

The creation of a two-level system of study degrees, generally designated Bachelor and Master, is thus only one of the instruments of the Bologna Process. While many other European countries quite naturally assume a four-year, instead of a three-year, bachelor's programme or foresee a very high rate of transition to master courses, Germany represents a counter-example. In their structural guidelines for bachelor's and master's programmes, Germany's Kultusministerkonferenz (KMK – Conference of Education Ministers) provides that to enter into a master's programme »further preconditions« alongside a successfully completed bachelor's programme can be set »in order to assure quality or for reasons of capacity«. <sup>8</sup> The basis for this is the KMK's understanding of bachelor as a »standard degree«, which leads

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<sup>8</sup>[www.kmk.org/fileadmin/veroeffentlichungen\\_beschluesse/2003/2003\\_10\\_10-Laendergemeinsame-Strukturvorgaben.pdf](http://www.kmk.org/fileadmin/veroeffentlichungen_beschluesse/2003/2003_10_10-Laendergemeinsame-Strukturvorgaben.pdf). Up to 2009 the discretionary provision was a mandatory provision and was then relaxed as a result of education protests. See Andreas Keller: Jetzt die Weichen für den Kurswechsel stellen [Change Course Now], in: Klemens Himpele/Andreas Keller/Sonja Staack (eds.): Endstation Bologna? Zehn Jahre Europäischer Hochschulraum [Last Stop Bologna? Ten Years of the European Education Area], Bielefeld 2010, pp. 199.

»to a first transition into employment for the majority of students«. Many education-policy makers regarded the Bologna reforms as an opportunity to finally translate the binary division, first recommended in 1966 by the German Council of Science and Humanities (Wissenschaftsrat), of university study into »study for all students, which ends with an exam confirming professional qualification«, and »postgraduate studies for all students who are interested in research and are capable of it«. <sup>9</sup>

## **Stakeholder participation: possibilities of intervention for students and trade unions**

Much more than in the EU's Lisbon and Europe 2020 strategies, the Bologna Process has developed in a contradictory way. This has in part to do with the fact that from the very beginning it provided for a »stakeholder« participation. The European University Association (EUA) and the European umbrella organisation of student representatives (The European Students' Union – ESU) were already recognised in the 2001 Bologna Conference in Prague as partners in the Bologna Process. From that point students and rectors were represented, in an advisory capacity, not only in the Bologna Follow-up Group (BFUG), which is made up of representatives of all signatory states and which makes the essential decisions between the ministers' conferences meeting every two years, but also in the Bologna Board, which is responsible for carrying out Bologna business. At the 2005 Bologna Summit in Bergen, both Business Europe, the European employers' association, and Education International (EI), the international umbrella organisation of the trade unions dealing with education, were accepted in an advisory capacity into the BFUG.

The participation at first of the higher education institutions and the students, later also of the education trade unions and employers, did, it is true, contribute, on the one hand, to creating acceptance for the Bologna Process within the national education policy debates, but, on the other hand, this is also how issues and goals came onto the agenda, which would have presumably fallen through the cracks without stakeholder participation. Thus it is mainly the merit of the European student representatives – for the first time in Prague in 2001 – to have anchored the social dimension of the European higher education area as a goal in the Bologna Process. This was originally frequently reduced to simply acknowledging the social dimension in promoting

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<sup>9</sup> Wissenschaftsrat: Empfehlungen zur Neuordnung des Studiums, Cologne 1966.

the mobility of students within the European higher education area. By now it is clear that the social dimension includes the ambition to realise equality of opportunity in a comprehensive sense in the access to higher education and programmes. The 2007 London Bologna communiqué formulated the goal that the student body should reflect the diversity of the populations.

In the 2010 Bologna Conference in Budapest and Vienna, the European education trade unions were able to put on the agenda the goal of creating a »supportive environment« for employees in higher education. It is true that with the mobility measures teachers in particular were part of the focus of the Bologna Process from the beginning; still, their key role in the shaping of teaching and learning processes, the care of students, and not least the realisation of study, was blocked out. In a study prepared for the Budapest/Vienna conference, the EI showed how the workload of higher education employees had increased as a result of the Bologna reforms.<sup>10</sup> If »supportive environment« first meant the question of how teachers, researchers, as well as administrative and technical higher education personnel could be supported in implementing the reforms, it is by now understood as a code for the improvement of working and employment conditions as a whole.

On other matters it has been possible to effect policy corrections – for example in the debate over the status of postdoctoral in the European higher education area. This issue was first taken up in the Bologna Process at the 2003 ministers' conference in Bergen – as the »third cycle« of studies, after bachelor's and master's programmes. After interventions, especially on the part of the education trade unions, succeeding conferences stressed that postgraduates are researchers in the first phase of their professional life (»early stage researchers«) – which gave tailwind to trade union demands to employ doctoral candidates in jobs regulated by collective bargaining agreements and to provide for their social security.

The issue of postgraduates entered the agenda of the Bologna Process in order to link the European Higher Education Area to the European Research Area. In its research policy the EU has much greater authority than in education policy, which it used in 2000 – parallel to the Bologna Process and in the wake of the Lisbon Strategy and the successor Europe 2020 strategy – in order to establish the European Research Area project. An efficient European research system was seen as a central factor in Europe's global competitiveness. In this respect EU policy aimed first at strengthening Europe-

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<sup>10</sup> Education International: Enhancing Quality: Academics' Perceptions of the Bologna Process, Brussels 2010 ([www.ond.vlaanderen.be/hogeronderwijs/bologna/2010\\_conference/documents/EI\\_BolognaReport2010\\_EnhancingQuality.pdf](http://www.ond.vlaanderen.be/hogeronderwijs/bologna/2010_conference/documents/EI_BolognaReport2010_EnhancingQuality.pdf)).

an research institutions through better coordination of research policies as well as through the development of efficient research promotion on the European level. The establishment of a European Research Council in 2007 and the transformation of the European Research Framework Programmes, first presented as far back as 1984, into the »Horizon 2020« programme in 2014 with a budget of 80 billion euros were important milestones in which the focus, entirely in line with the privileged competitive strategies, was put on the promotion of research and development closer to industry and more application oriented.

The establishment of a unified European labour market for researchers was also one of the goals of the European Research Area. This was not only compromised by quite practical obstacles to mobility but also by non-transparent career paths in the scholarly systems of the EU Member States. It was exactly at this point that the European Research Area began to be of interest to the education trade unions, which organise scholars in institutions of higher education and often in extra-university research institutions. The 2005 recommendations of the European Commission for a »European Charter for Researchers« and a »Code for Recruitment« of researchers<sup>11</sup> was grist for the mills of the trade union struggle for calculable career paths and stable employment conditions in institutions of higher education and research. According to the recommendations of the Commission, research employers and research funders are to take care »that the performance of researchers is not compromised by the instability of labour contracts« and should moreover take care »for the specific career development strategies of researchers at all stages of their career« as well as for equality and family-friendly approaches. In view of the deficits of the personnel structure of, for example, the German science system, characterised as it is by long and rigid career paths as well as by a 90% rate of limited-time contracts in the sphere of non-professional staff, with extremely short contract durations,<sup>12</sup> it is clear that charter and code are important aids in the struggle for good work in the area of scholarship.

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<sup>11</sup><http://ec.europa.eu/euraxess/index.cfm/rights/whatIsAResearcher> and [http://ec.europa.eu/euraxess/pdf/brochure\\_rights/eur\\_21620\\_de-en.pdf](http://ec.europa.eu/euraxess/pdf/brochure_rights/eur_21620_de-en.pdf).

<sup>12</sup>The GEW [Gewerkschaft Erziehung und Wissenschaft – Education and Science Trade Union] has addressed these shortcomings in the campaign »Dream Job: Scholarship« (Templiner Manifest ) [www.templiner-manifest.de](http://www.templiner-manifest.de). See Andreas Keller/Doreen Pöschl/Anna Schütz (eds.): Baustelle Hochschule? Attraktive Karrierewege und Beschäftigungsbedingungen gestalten [ Construction Site: University – Create Attractive Career Paths and Conditions of Employment], Bielefeld 2013.

## Policy shift: cooperation instead of competition

Ultimately, it is clear that European education and research policy is in no way free of contradictions. On the one hand, it is obviously part of the EU's overall political strategy, which is principally oriented to strengthening the economic competitive capacity of Europe in the global territorial competition with other economic regions. On the other hand, it generates positions on which progressive education and research policy can also draw. This was already seen in the Europe 2020 strategy and still more clearly in the Bologna Process creating a European Higher Education Area, as well as in the EU project »European Research Area«.

A critical examination of the EU's policy must therefore aim at a fundamental policy shift. Yes, education and research policy can and should also contribute to promoting economic development. However, what is also at stake is the social and cultural development of society and the realisation of the human right to education, which clearly includes higher education and thereby equality of access to institutions of higher learning and in study programmes. Science is per se only conceivable as open-minded – there should be no borders as far as the mobility of students and employees in higher education, as well as research and instruction cooperation in institutions of higher learning, is concerned, not even the borders of the EU or of a European Higher Education Area, however it is demarcated. In this respect it is not competition but cooperation that must be the leitmotiv of international higher education cooperation, and not just in the domestic market of a European Higher Education Area but globally. And it is not in spite but precisely because of the European financial and economic crisis that more investment in education and research is needed. This requires a European recovery, investment, and construction programme after the model of the »Marshall Plan for Europe«<sup>13</sup> proposed by the German Trade Union Confederation, or the investment programme<sup>14</sup> asked for by the ETUC. Additionally, the EU's and Troika's austerity policy must be rejected.

On the other hand, a policy to change the direction of Europe's education and research policy must work productively with the contradictions which this policy generates – in the here and now. The social dimension of the Bologna Process and stable employment in the European Higher Education

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<sup>13</sup> [www.dgb.de/repository/public\\_storage/64e1dc32-4081-11e2-9bfe-00188b4dc422/file/ein-Marshallplan-fuer-europa.pdf](http://www.dgb.de/repository/public_storage/64e1dc32-4081-11e2-9bfe-00188b4dc422/file/ein-Marshallplan-fuer-europa.pdf).

<sup>14</sup> [www.dgb.de/repository/public\\_storage/39aa27ac-4ae6-11e3-87fe-00188b4dc422/file/EGB-Investitionsplan-ETUC-plan-for-investment.pdf](http://www.dgb.de/repository/public_storage/39aa27ac-4ae6-11e3-87fe-00188b4dc422/file/EGB-Investitionsplan-ETUC-plan-for-investment.pdf).



Area are positive concrete goals of the European Higher Education and Research Area, which should not just lead to a fundamental critique of the regional competitive-position logic of European education and research policy but must be strategically used. Whether this can succeed also depends decisively on the capacity of critical forces in European civil society to identify and use appropriate possibilities for intervention. This requires the input of the trade unions that work in the European Trade Union Committee for Education (ETUCE), the European section of Education International. In the course of »Unite for Quality Education«, the worldwide campaign of education trade unions, ETUCE presented »10 key messages for quality education« in November 2013, which laid out the key parameters of an education policy shift in Europe.<sup>15</sup> The voice of the education trade unions as the representative of the interests of teachers, education workers, and researchers in Europe, but also as advocates of an efficient and just European education and research system, from which all dependently employed people and society as a whole can benefit, must become louder and be heard. To this end it needs an appropriate soundboard in the political institutions of the EU. The trade unions therefore have every reason to intervene in the electoral campaign for the European Parliament.

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<sup>15</sup> [www.unite4education.org/](http://www.unite4education.org/); [www.gew.de/Zehn\\_Schluesselformulierungen.html](http://www.gew.de/Zehn_Schluesselformulierungen.html).

Frank Bsirske

# A New Path for Europe

Europe finds itself in the most difficult crisis since the founding of the European Union. Up to spring 2013 the EU was in a deep recession whose consequences for the labour market are still tangible. Unemployment is higher than it has ever been. Almost 26 million people from Lisbon to Athens are without work. Every tenth European man and every tenth European woman is jobless. The southern part of the continent has been hardest hit. In Spain and Greece every fourth person is unemployed. Youth unemployment there is at an historic high of 60%. In the Mediterranean a lost generation is coming of age.

From the point of view of the European Commission, however, the crisis has already been overcome. After three quarters of mild recovery there is now hope for moderate economic growth. Barroso, Rehn, and their colleagues are predicting a rise of 1.5% for the coming year in the Member States of the European Union; the euro area is supposed to show 1.2% growth. In 2015 it is supposed to become still better; Brussels is then hoping for a plus of 2% for the EU and the euro area. Even in the crisis countries the motor of growth is predicted to run smoothly again.

After four years of continued crisis there are in fact early signs that the end of the trough may have been reached. Spain and Portugal were able to increase their exports and reduce their current account deficits, even transforming them into surpluses. But also in Greece and Italy the direction may now be uphill. In the current year, according to estimates of the EU Commission, all Member States apart from Cyprus and Slovenia are on a growth course. In a year the prediction is that no EU country will still have a shrinking economy.

The EU Commission is celebrating the current economic recovery as a success of austerity policy. Budget cuts and so-called structural reforms have, according to the Commission, strengthened the faith of European and non-European investors in the future of the »old« continent. In the crisis countries the »reforms« are said to have improved price competitiveness in the export sectors.

This interest-led Brussels diagnosis is brightening the picture of reality. In the first place, the clearly improved current account and trade balances of

the crisis countries are due to the crisis-induced decline in imports, and they are thus in no way early indicators of greener pastures.

Falling and stagnating wages have choked private consumption. Import demand also suffers from this. At the same time, the price competitiveness of the export sectors is improving. As a result of weak wage trends, unit labour costs (the relation of employees compensation to productivity) in all crisis countries have fallen – also due to rising productivity in Portugal, Spain, and Ireland. If companies can pass on their falling costs in lower prices, they can offer their products abroad at greater advantage. What then becomes decisive is whether the positive or negative effects of decreasing unit labour costs predominate in the development of an economy.

In small countries with high export shares the cost-reduction strategy can work. The positive contribution to growth made by rising exports overcompensates for shrinking domestic demand. However, in countries with smaller export rates, like Greece or Spain, the loss of purchasing power weakens growth.

In this respect the economic situation in part of the EU improves not due to austerity policy but despite it. And we mustn't forget that each crisis ends at some point in modern capitalism. After sufficient destruction of capital there is a return to investments in modernisation and replacements. This then in turn lays the foundation for the next upswing. Without austerity policy economic recovery would have appeared earlier and more vigorously.

What is more, the current economic recovery is anything but stable. The risks of a reversal are still high. In southern Europe prices are tumbling due to falling unit labour costs. For fear of deflation European central banks have lowered the prime rate to a historic low of 0.25%. If prices should drop throughout Europe, the euro area will be in danger of entering a depression.

In addition, the vicious circle of shrinking economy, wobbly banks, and high sovereign debt has still not been broken. Europe's banks are resting on bad loans amounting to a billion euros. The collapse of a large European bank can once again be responsible for serious instability.

## **Causes of the crisis**

To overcome the crisis of the euro area its causes have to be faced. It was at first caused by serious structural flaws in the Economic and Monetary Union (EMU). The EMU's architects created a unified currency area without a political and social union. The absolute priority given to the domestic mar-

ket created a system of competing states. States and companies competed for the lowest wages, social expenditures, and taxes.

Since the birth of the euro, imbalances have grown within the common currency area. The economically strong countries became stronger and the weaker nations weaker. Germany, Finland, Holland, and Austria reined in their unit labour costs. Here in Germany this was the result of chronically weak wages. Due to increased price competitiveness the north of the euro area was able each year to export more goods than it imported. As a result trade and current account surpluses grew. In Greece, Spain, Italy, and Portugal, on the other hand, more goods were imported each year than exported. Consequently, deficits grew in the south. The surpluses of the ones were the deficits of the others. In other words, a direct path led from the Maastricht treaties to the current crisis.

The aggravation of the imbalances is, however, also fostered by very diverse financing conditions and rising energy prices. The unified European monetary policy cheapened the extension of credit to the south and made it more expensive in the north. This policy unleashed a historic construction and real estate boom in the Iberian peninsula. The accompanying mismanagement of multi-billion euro capital flows is still visible today in the ghost towns of the Costa del Sol.

The price of oil tripled between the introduction of the euro and the financial-market crisis. Exploding energy prices made life hard in countries whose energy supply is strongly dependent on fossil fuels. In Greece, Portugal, Spain, and Italy the high costs of imported energy were an essential factor in current account deficits. After the crisis, the invoices for Italy's raw material imports was still twice as high as Italy's entire current account deficit. In Spain the import invoice balance was 1.7 times the deficit of the entire Iberian economy.

But this is not all. Before the crisis, nothing impeded bankers and fund managers from speculating on credit. The bubble burst in the big economic and financial-market crisis. Subsequently, the state bailed out numerous teetering financial institutes. Private debt was suddenly converted into public debt. Stimulus packages and bank bailouts made state debt explode. The debt ratio – state debt as a percentage of GDP – climbed from 66% (2007) to 84% (2010). The high level of state debt was not caused by spendthrift treasurers. The public ratio spending – the ratio of state expenditures to GDP – in the crisis countries did not rise before the big financial-market crisis. Spain and Ireland even had more revenue than expenses. Both state budgets registered surpluses. As a result, their debt burden receded. The debt ratios shrunk. Thus the assertion that these states lived beyond their means is simply a lie.

The persuasiveness of this practice, however, has its limits. The German chancellor Merkel, Barroso, and their colleagues have succeeded in making their reading of the crisis accepted by the majority of people. State debt is today seen as the root of all evil. The effect was taken as the cause. In this way the ideological ground for austerity policy was prepared, and the fault is now always thought to lie with the debtors.

## **Neoliberal shock therapy**

The German federal government, the EU Commission and the IMF tried to combat the euro crisis with a draconian policy of cuts. New credits were extended only together with demands for budget cuts. The Troika – EU Commission, ECB, and IMF – wanted to remedy state budgets through layoffs in the public sector, wage cuts, the dismantling of the social welfare state, and higher indirect taxes. This poisonous medicine tied the European patient to its sickbed.

The short-sighted policy of cuts was economically damaging and socially unjust. It accelerated the economic decline of the crisis countries. Unemployment increased dramatically. As a consequence tax revenues collapsed and state debt rose further. Inevitably, France, Spain, and Portugal fell short of their consolidation goals despite comprehensive budget cuts. In Greece the situation continues to be so precarious that we can soon expect another aid package and/or a second »haircut«. Since Greece's debt securities are by now overwhelmingly held by public institutions German tax payers will also at first be asked to pay.

The Troika itself recently had to recognise the failure of its policy. The IMF confessed that it had underestimated the risks and side effects of the European austerity mandate. The spending cuts caused the economy of the debtor countries to shrink at least two to three times more than expected. There were even individual critical voices in the ranks of the EU Commission. Subsequently, the demands for budget cuts were somewhat relaxed.

In the crisis the Troika, national employer associations, and conservative-liberal politicians took advantage of the situation to plough up the collective bargaining landscape of the crisis countries under the pretext of the so-called structural reforms, to dislodge the principle of free collective bargaining, dismantle the social state, and sell off public property. The serious economic crisis threw large parts of the population into a daily battle for survival.

The trade unions were and still are weakened by high unemployment. A crisis offers the best moment for establishing a radical political change of di-

rection in the tradition of neoliberal shock strategy. This change of course would not have been feasible in normal times, as Angela Merkel quite openly admitted in her speech at the World Economic Forum at Davos.<sup>1</sup>

The labour market is at the centre of neoliberal shock therapy. Wage-setting is either shifted to the company level or individualised. Sector-wide agreements are emptied out. Company agreements will in the future have priority over sector-wide agreements. In Greece and Ireland, national wage negotiations have been abolished. In all crisis countries escape clauses were fixed in law. The »Günstigkeitsprinzip« – according to which workers are entitled to the most favourable labour legislation available – was ditched in Athens, Madrid, and Rome. In Spain and Greece the validity of collective wage contracts was temporally reduced. The general application of sectoral wage agreements was made more difficult in Greece and Portugal. In Athens, Madrid, and Lisbon wage agreements can now also be negotiated by non-union employee groups. In all crisis countries wage agreement coverage is decreasing. In Spain, the number of workers covered by wage agreements fell from 12 million (2009) to 5 million (2013) – a decline of almost 60%. In 2012 in Portugal there were almost 330,000 employees still protected by a wage agreement. In 2008 there were had been 1.9 million. This is a 84% plunge in wage agreement coverage. In Greece the number of sectoral wage agreements dropped from 65 (2010) to 14 (2013).

In the public sector the state dictates the wages. In 2010 a general wage freeze for public-sector employees was proclaimed in all crisis countries. In Greece the wages of civil servants were decreased by 30%. Madrid, Lisbon, Rome, and Dublin cut the salaries of those employed in the public sector by 5 to 10%. In Athens the minimum wage was cut back by more than a fifth. In Madrid and Lisbon minimum wages were frozen.

From the German point of view, the neoliberal reconstruction of the labour market in the crisis countries still has a bitter aftertaste. Brussels is using the alleged German employment miracle to promote its deregulatory policy. The so-called German labour market reforms are said to have made the way free from Berlin to Stuttgart for more growth and employment. But the fact that German job growth to a great extent feeds on the redistribution of already ex-

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<sup>1</sup> »On the other hand, political experience shows that pressure is often necessary to achieve structural policy reforms. For example, in Germany too unemployment had to rise to a figure of five million unemployed before there could be a readiness to enact the structural reforms. My conclusion therefore is: If Europe is in a difficult situation today, then we have to implement structural reforms today so that we can live better tomorrow.« Angela Merkel at the World Economic Forum in Davos, 24 January 2013, <http://m.bundesregierung.de/Content/DE/Rede/2013/01/2013-01-24-merkel-davos.html>.

isting work in the direction of precarious conditions is not seen as a relevant issue, nor is the fact that the number of paid working hours – the volume of work – is no higher today than it was 20 years ago. In short, there is no credible empirical proof for a direct causal connection between »labour market reforms« and the growth of employment. However, there is something else: Due to negative experiences with McJobs, uncontrolled subcontracted labour, and Hartz IV and Co. the grand coalition is operating a genuine change of policy. The introduction of a general statutory minimum wage is supposed to curb the low-wage sector, and the planned facilitation of the general coverage principle of collective wage agreements (»Allgemeinverbindlicherklärung«) is supposed to reinforce the German collective bargaining system. Thus the Merkel government is doing in its own country exactly the opposite of what it has emphatically recommended for its crisis-ridden neighbours.

So much for the labour market. Turning to other spheres, it is also the compulsory pension systems which neoliberal shock strategy is attacking. In all crisis countries the pension level has been cut and the legal retirement age raised. In the future, whoever wants to retire has to show more years of contribution. Lump sum payments have been abolished, and for the disabled it is increasingly difficult to receive any pension at all. This is tantamount to inscribing old-age poverty into law.

But there is more. In the crisis a new wave of privatisation has been unleashed. In Athens and Lisbon the extension of credit from the euro rescue fund was tied to extensive privatisation. In Spain and Italy privatisations occurred through the pressure of the ECB. In this process the selling off of public goods and services is always to the detriment of the employees and low-income consumers. At the same time the possibilities for national economic and structural policy have been restricted.

These neoliberal structural reforms were and still are nothing other than a frontal attack on the achievements and rights of the employed and their trade unions. At the service of global competitiveness wages and so-called »fringe benefits« have been decreased – with resounding success!

Between 2010 and 2014 (according to the prognosis of the EU Commission) Greek real wages dropped by about a fifth. In Spain, Portugal, and Ireland in the same period they fell by between 7 and 8%. This neoliberal policy aggravated the economic and social crisis of the euro club.

## **Neoliberal economic governance**

After the failure of Merkel's attempt to overcome the euro crisis through a national anti-crisis policy, even conservatives and liberals sought a sustainable European solution. After this point European institutions were extended and reconstructed according to the neoliberal construction plan (Six Pack, Euro-Plus, Fiscal Pact, Two Pack, as well as the euro rescue funds EFSF and ESM).

At the present time concrete steps are even being taken towards a strengthened EMU. However, the German variant of a European economic governance aims only at a close inter-state cooperation between EU Member States. This therefore involves a caricature of the original French initiative of a European economic governance. The form is similar, but the content could not be more different.

According to the German conception, in the future larger economic policy reforms should be coordinated in advance. First, the single countries should communicate their political intentions to the EU Commission. Then Brussels should see what effects the measures would have on competitiveness. Beyond this, there should be contractual agreements on structural reforms between the European institutions and the Member States. By means of all this, the Troika's foreign policy is to be generalised. The national governments should negotiate individual treaties with the Commission, in which they pledge themselves to structural reforms. With the help of this Competitiveness Pact national financial, labour-market, and social policies are to be lastingly structured according to neoliberal precepts. Up to now the German federal government has failed with its plan. The majority of Member States refused to back this institutionalisation of neoliberal policy.

## **A Marshall Plan for Europe**

Europe's crisis can only be sustainably overcome through a fundamental change of policy. Austerity policy has to be stopped. A mere easing of the demands for budget cuts – as in Spain and Greece – is not sufficient for this.

The crisis countries can only grow out of their debts. However, they cannot stimulate their growth motors by themselves. This can only be done if their economically strong neighbours give them start-up help. Therefore all surplus countries should strengthen their domestic demand through higher wages and state expenditures. As the biggest economy in the euro club, Germany has a special responsibility here.



We now mainly need a European initiative for qualitative growth and employment. Europe needs an investment and construction programme – a LIFE plan (Let's invest for Europe) – for the improvement of Europe's infrastructure, the environment, and energy supply.<sup>2</sup> The investment and construction programme should include institutional measures, direct public investments, investment perks, and recovery-stabilising consumption stimuli. This kind of European growth strategy would have to be drawn up in a long-term way – over ten years. Each year 260 billion euros, 2 % of the European social product, should be expended Europe-wide. Of this, 160 billion euros would fall to direct investments and investment perks. A further 100 billion would have to be raised for credit subsidies.

Qualitative growth requires more private and public investments. At the centre of the LIFE plan are investments in ecological reconstruction and the modernisation of Europe's national economies. In Europe a networked system of centrally and decentrally produced energy should be created. Such a European energy turnaround would require annual investments at a level of 150 billion euros. In this way the use of fossil fuels could be reduced. Dependence on energy imports will recede. Through the energy turnaround 200 billion euros per year in imported fuels could be saved. The energy import bill of the crisis countries would become smaller.

Furthermore, there should be investment in the extension and construction of a modern multi- and intermodally connected trans-European transport net. For this a further annual investment of 10 billion euros should be budgeted. In addition, broadband expansion should be promoted on a Europe-wide level. Further, an annual 20 billion euros should be invested in social services – nursing care, day care centres, schools, universities, services for seniors, etc. Beyond this, an annual 30 billion euros should flow into education and training.

This kind of investment and construction programme could be financed through a European Future Fund. This Fund would issue ten-year »New Deal loans«. In western Europe alone total private money assets amounts to 27,000 billion euros. This financial capital seeks more secure investment possibilities. The European Future Fund should be able to contribute to redirecting a part of these private money assets into real investments. The loan interest could be paid out of the revenues provided by a financial transaction tax. In

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<sup>2</sup> Ein Marshallplan für Europa, Vorschlag des Deutschen Gewerkschaftsbundes für ein Konjunktur-, Investitions- und Aufbauprogramm für Europa [A Marshall Plan for Europe – A Proposal by the German Trade Union Confederation for a Recovery, Investment and Construction Programme], Berlin 2012, <http://www.dgb.de/themen/+co++985b632e-407e-11e2-b652-00188b4dc422>.

order to come into the capital markets as a prime borrower, the Future Fund needs sufficient equity. This capital – 200 to 250 billion euros – should be created by a one-time Europe-wide property levy. This programme for investments could lead the European economy into a long-term growth trajectory. According to my own calculations, a growth impulse of a total of 400 billion euros should be possible. This would correspond to an annual growth of 3%. Such a European investment and construction programme could create 9 to 11 million new jobs between Amsterdam and Palermo.

## **A new path for Europe**

Today, ever more people associate Europe with neither growing prosperity nor stronger integration. Above all in the crisis countries Brussels is associated with wage cuts and the dismantling of social systems, with unemployment, and with social inequality. Therefore Europe needs a new path. The only kind of Europe with a future is a social and democratic one.

The European investment and construction programme outlined here is an important step in the right direction. But it is not enough. For the euro area as the core of a social Europe, there also needs to be a welfare-state and tax policy coordinated on the European level, common debt management, as well as new rules for the financial markets.

National wage, social and tax policies have to be coordinated at the European level. Wage policy should – while retaining free collective bargaining – be so determined on the European level that national wage increases at least exploit the redistribution-neutral manoeuvring room – inflation plus growth in productivity. In this way the distortions of competition would be avoided and a contribution made to the equilibrium of current account balances.

In order to avoid social and tax dumping, national social and tax policies should be better determined. National expenditures on social security systems would have to be coupled to the economic performance capacity of states in the sense of a »corridor model«. In this way social dumping would be avoided and the social catch-up process of the weaker Member States be made possible. Beyond this, tax havens should be dried up. Through the harmonised tax assessment bases and minimum rates for enterprise taxes, tax dumping could be ended.

Furthermore, common European debt management is a necessary precondition for a stable currency area. Through common euro loans – Eurobonds – the interest burden of the debtor nations could be immediately reduced. The crisis countries would no longer wind up in the crosshairs of speculators.

An investment and construction programme for Europe, a European coordinated welfare-state and tax policy, communitarian debt management, and new rules for financial markets would be tasks for a democratically elected supranational economic government. But this would have to be democratically legitimised, which presupposes a further democratisation of the EU. To this end, the European Parliament must first be strengthened.

Beyond this, the European financial markets need new rules. The financial sector urgently needs to be resized. The sources of risk production must be drained. What would be effective is a mix of high equity requirements, stricter limits on proprietary trading, a stricter regulation of the shadow banking system (hedge funds, money market funds, etc.) and a financial supervisory board. An appropriately structured bank union would also serve this purpose.

This kind of policy change will not fall out of the sky. For a Europe with qualitative growth, full employment and social security, trade unions, social movements, churches, and parties need to mobilise together. The upcoming European elections offer a possibility of strengthening the forces that advocate a change of policy, a break with austerity policy, and another kind of integration policy in Europe.

Wolfgang Lemb/Hans-Jürgen Urban

# Can Democracy in Europe Still be Salvaged?

**A Plea for a Radical Change of Course in European Policy  
and in the European Union**

The results of the European Parliament elections show European policy and institutions are far from being well regarded. According to Eurobarometer, by Fall 2013 only 31% of Europeans still had trust in European institutions. It had still been 48% in 2009. What is more, there are increasing numbers of people who feel that citizens do not have a voice within the EU. Two thirds of Europeans think that their vote counts for nothing in the EU.<sup>1</sup> Radical and populist right-wing parties are able to take advantage of this. It is not only in the especially crisis-torn countries, such as Greece, that they are enjoying popularity. In France the Front National received the greatest number of votes in the European Parliament election. Its head Marine Le Pen is cooperating with the likewise strengthened Dutch right-wing populists around Geert Wilders, and in Austria the FPÖ has regained momentum.

The causes of this development are many. At the same time, these indices express a tendency that has been perceivable for some years now; that is, that the dominant crisis policy is turning into a manifest threat to the already stunted democratic order in Europe. In brief, our thesis is that crisis policy up to now has been characterised by the attempt to buy gains in economic stability by politically sacrificing democracy. Through a non-transparent procedure in recent years, a new European economic and finance-policy regime has been implemented. This regime endangers political and social democracy, because it overrides democratic procedures and social gains that have been achieved, such as free collective bargaining, and attacks social security systems. It follows that a shift in the EU in the direction of an economically, socially, ecologically, and democratically sustainable development model cannot be had through small correctives to the dominant policy. It requires a

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<sup>1</sup> See Standard Eurobarometer 80 (Autumn 2013) Public Opinion in the European Union – Report. [http://ec.europa.eu/public\\_opinion/archives/eb/eb80/eb80\\_publ\\_en.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_publ_en.pdf)

radical change of policy that puts a stop to the present path towards authoritarian precarity and enables alternative paths of development.<sup>2</sup>

## **Deficits of democracy and legitimation in the EU – an old problem**

That the EU has democratic and legitimation deficits has been known for a long time now. It is especially its institutional democracy deficit that has been amply described. At the centre of these critiques is the influence of the EU organs and their interplay with the still limited rights of the EU Parliament. The limited possibilities for the political participation of citizens is also frequently addressed. According to the criticisms, Europe – in the absence of a common public space, of party competition on the European level and of a cohesive European public opinion – lacks direct legitimation by its citizens.

It is true that there have been occasional changes in the course of the years, for example the rights of the European Parliament have been expanded. However, the basic problems of an inadequate legitimacy of the institutions (especially of the Commission) and of the insufficient participation of the populations in the EU have never been remedied. At their core, the influential integration projects were of an economic nature, and their realisation occurred only at the cost of neglecting political and social integration and the establishment of a common cultural identity. At the same time, the elaboration of projects and their implementation strategies took place mostly in the back rooms of the national governments' headquarters and of the EU institutions. Thus the doors were wide open for powerful lobbyists from the real and financial economies. By contrast, as a rule, any ambitious attempt to win the approval of the population was eschewed.

Long before the current crisis, the democracy and legitimation deficits made the EU a textbook example of what has been designated as »post-democracy«, following Colin Crouch. This refers to a context in which democratic institutions indeed remain intact but are gradually undermined by a mixture of the passivity of frustrated populations, the cunning of the elites' political techniques, and by the rampantly growing political power of the lobbies of transnational corporations.<sup>3</sup>

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<sup>2</sup> For a full treatment of this problem see Hans-Jürgen Urban: *Der Tiger und seine Dompteure. Wohlfahrtsstaaten und Gewerkschaften im Gegenwartskapitalismus* [The Tiger and Its Trainers. Welfare States and Trade Unions in Contemporary Capitalism]. Hamburg 2013, pp. 121-158.

<sup>3</sup> See Colin Crouch: *Coping With Post-democracy*. London 2000.

## The new regime of authoritarian precarity

In the framework of crisis policy since 2008 the post-democratic phenomena in the EU seem to be coming to a head once again with the democracy and legitimation deficits carried to extremes. In a non-transparent negotiation process shaped by nation-state interests, a new economic and financial-policy set of regulations is being hammered together step by step. It is by no means just the »crisis countries« which are subject to it; it applies to all EU countries.

The regulations draw on already concluded agreements on »European governance« and a bolstered economic-policy coordination, which was synthesised as »Europe 2020« in the aftermath of the revised Lisbon Strategy.

The architecture of the new regime rests on two institutional pillars. The first pillar consists of a set of regulations for a stronger economic-policy supervision and budget oversight in the single-currency area. This in particular provides for measures to economically stimulate the economically weaker states, which are deficient in applying budget sanctions. The second pillar consists of a permanent crisis management mechanism – the European Stability Mechanism (ESM). It is to be activated as soon as the over-indebtedness of a member-state endangers the financial stability of the European area, and it ties the extension of financial aid in the form of credits to strict requirements.

Added to these two pillars is the Fiscal Compact, an international treaty concluded between EU Member States (without Great Britain) in 2012, whose provisions are to be translated into EU law by 2019. This pact was called into life by circumventing all legislative procedures based in EU law. Its core is the obligation to entrench a fiscal debt brake in the form of a prohibition on new debt. The signatory states are to implement this within their own legal systems, if possible with constitutional status. For parliaments this means a limit imposed on what is most sacred to them – budget law. Additionally, the Fiscal Compact has no termination clause, and the possibility of withdrawal is not provided.

Thus it is fundamentally impossible in terms of international law to terminate one's adherence to it unilaterally. Future governments are – independently of their political outlooks – therefore tied to the treaty; its provisions contain a sort of »eternity clause«. The plans to establish »Pacts for Competitiveness« – once again going back to initiatives of the German federal government – between the EU Commission and the Member States do not represent a corrective to this but confirm the original intentions and

ought to increase the pressure still further in the direction of authoritarian structures.<sup>4</sup>

All in all, the new institutional regime encroaches directly on areas of policy and regulation that have up to now been reserved for the Member States and the social contracting parties. It is being accomplished via the reining in of the fiscal scope of action of national policies. Here we see the tendency to technocratic approaches, which were already immanent in the Stability and Growth Pact (SGP) within the Economic and Monetary Union (EMU) (that is, the avoidance of deficits of more than 3%, or of a sovereign debt rate of over 60% of GDP). In the new regime this latent authoritarianism takes on a new quality. Seen in its entirety the new institutional arrangement can be understood as a *regime of authoritarian stability*, which promotes an economically counterproductive and socially polarising policy that endangers political legitimation. What was intended as a programme to stabilise the EU and its currency was to prove a programme to aggravate economic problems, as well problems of policies of democracy and legitimation.<sup>5</sup> Andreas Voßkuhle, the President of Germany's Federal Constitutional Court, is right when he warns: »It would be tragic and actually fatal if we lose democracy along the road to salvaging the euro and increasing integration.«<sup>6</sup>

If one measures the authoritarian stability regime according to the standards of democratic theory the result is disastrous. Since important elements were not discussed within proper Community procedures but came about through agreements between governments, there was inadequate participation of the EU Parliament, let alone of citizens, from the very beginning. Therefore not even the minimal requirements for a sufficient input legitimation were fulfilled. Instead of finally striving for the assent of the population, the EU, as Jürgen Habermas rightly pointed out, is continuing to proceed in »elite mode« and deprive European citizens of their rights to make decisions. »Crisis management in recent years [has] led to an informal extension of the authority of the Council and Commission, which completely overstretches the existing legitimation deficit of the EU and therefore calls national resistance movements onto the scene.«<sup>7</sup> This policy also fundamentally lacks out-

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<sup>4</sup> Lukas Oberndorfer: Vom neuen, über den autoritären zum progressiven Konstitutionalismus? Pakt(e) für Wettbewerbsfähigkeit und die europäische Demokratie [From New Constitutionalism, Via Authoritarian Constitutionalism to Progressive Constitutionalism? Pact(s) for Competitiveness and European Democracy], in: *juridikum* vol. 1, 2013, pp. 76-86.

<sup>5</sup> On this see, for example, Fritz W. Scharpf: Die Euro-Rettung als Demokratieproblem [Euro Rescue as a Problem of Democracy], in: *der moderne staat*, vol. 2, 2013, pp. 279-288.

<sup>6</sup> Andreas Voßkuhle: Über die Demokratie in Europa, *APuZ* 13/2012, p. 9.

<sup>7</sup> Jürgen Habermas: Für ein starkes Europa – was heißt das? Vortrag auf einer Klausurtaugung der SPD am 2. Februar 2014 [For a Strong Europe – What Does this Mean? Lecture at a

put legitimation.<sup>8</sup> Up to now, however, everything indicates that the results of the non-transparent and elitist decision-making process can neither solve the existing problems nor be understood as promoting the common good. EU Economic Commissioner Olli Rehn's threat to take action against the German government if it were to enact »full pension without deductions from the age of 63« shows the decisiveness with which the EU is thinking of intervening even in national social policies under the pretext of consolidating public finances, although these policies unequivocally fall to the competence of the Member States according to European primary law.<sup>9</sup>

On the whole, it is essentially left to the Member States to take up Europe-related expectations and demands and organise the necessary consensus for Europe among their citizens. They have the task of presenting decisions coming from Brussels to their citizens without entering into unacceptable conflicts with them. Because in the event of doubt the citizens will vote their national governments out of office and not the representatives of the EU. But for this purpose the national states have to be willing and in a position to fulfil their requirements. And that, in terms of the new authoritarian stability regime, is the snag – for the national states will not be able to deliver this compliance, which is so important for the EU, if they have to convey requirements that drive them into direct confrontation with their electorates. In this situation the national governments see themselves facing two obvious possible strategies for action. They can choose between a refusal strategy and strategy of reducing their own responsibilities. But neither bode well for the acceptance of the EU. Either the Member States will refuse the requirements and the mandated policies and thus block the realisation of the EU crisis-recovery mechanism – then the EU will appear to be incapable of dealing with the existing problems, and a further loss of prestige will be the result. On the other hand, the national states can meet the requirements. Then they will have to enter into confrontation with their own electorates and try to protect themselves by attributing political responsibility elsewhere for the imminent loss of popularity and for electoral defeats. However, even this kind of strategy on the part of Member States – which purposely glosses over the fact that the predicament and the decisions were the responsibility of the Member States in

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Retreat of the SPD on 2 February 2014], in *Blätter für deutsche und internationale Politik*, vol. 2, 2014, p. 88.

<sup>8</sup> On the difference between input and output legitimation see, for example, Fritz W. Scharpf: *Legitimität im europäischen Mehrebenensystem* [Legitimacy in the European Multi-level System]. In: *Leviathan* 2/2009, p. 244-280.

<sup>9</sup> »EU könnte gegen deutsche Rentenpläne vorgehen« [The EU Could Take Action Against German Plans on Pensions], in: *Frankfurter Allgemeine Zeitung*, 22 February 2014.



the first place – will damage the EU. It will lose the legitimacy lent it by the Member States, which will now deny this legitimacy to the EU in order to ease their own legitimacy problems.

However, it is not only the EU but also the Member States which will not be able to get by without damaging their democracy and legitimation. It is above all the competitively weak states in deficit that will be plagued for the foreseeable future by restraints on their action and by conflicts that will consume their legitimacy. When the consolidation requirements become all-encompassing and are automatically in effect – which was the purpose – and when the political alternatives of governments are minimised, then the democratic process in the Member States will be emptied out. And when elections no longer offer any real choices, because all governments independently of their ideological orientations have to submit to the standards established by Brussels, then the interaction between opposition and government will lose its sense. As the relatively impotent executive organs of external requirements, parties and politicians will quickly lose any prestige and legitimation they may now enjoy. In short, the authoritarian stability regime is setting developments in motion that act like mice gnawing at the already meagre legitimation reserves of Member States and the EU.

## **Blockades to a social Europe**

The new authoritarian regime of precarious stabilisation is at the same time tied to many infringements of the interests of wage dependents as well as a drastic deterioration of the trade unions' scope of action. The standards for the evolution of wages, productivity, and social systems have a deep impact on the mechanisms of national capital-labour-state relations, and they subordinate national economic policies as well as the whole labour and social constitution of the Member States to the excessive competition and stability policy. With a view to dismantling budget deficits and sovereign debt the states will reach deep into the social systems and cut services. However, reduced services and social protection, especially in the case of unemployment and disability, will increase the pressure on wage dependents and intensify the »reserve-army mechanism« on the labour market. This weakens the bargaining power of trade unions. At the same time, the fiscal restriction will lead to a failure of the states as active economic states that can enact short-term economic, employment, and industrial policies that lead to a stabilisation of growth and employment – not to mention increasing their incapacity to carry out state functions within a project of eco-social structural transformation.

Possible impulses for growth and employment are being thrown away. Wage negotiations are being affected. A new »wage-policy interventionism« is becoming visible, which is putting wage-agreement rights under massive pressure.<sup>10</sup> With the Euro Plus Pact adopted in 2011 on the initiative of Angela Merkel and Nicholas Sarkozy it was explicitly declared that for crisis therapy wage and collective-bargaining policies have central importance. The consolidation of public budgets therefore mainly involve wage freezes and cuts in the public sector, as have by now been carried out in a majority of European countries. In increasing competitive capacity, on the one hand, a short-term reduction of wage and unit labour costs is being propagated. In addition, national collective agreement systems are to be reformed so as to make it possible for enterprises to accommodate flexibly to changed economic parameters. In the disciplining and downsizing logic underway the verbal profession of social-partner autonomy proves to be merely a wasteful burden.

## Gaps in trade union strategy

This is why alarm bells should be going off in the trade unions. Indeed they are trying in especially crisis-torn countries to brace themselves against the economically, politically, and socially disastrous crisis policy. But there is little sign of a broad Europe-wide trade union resistance.

If we look at Germany we are struck by the low level of importance that the trade union milieu has given to the crisis-dominated European developments. The European crisis and the far-reaching economic, social, and political dislocations that neoliberal austerity policy has unleashed appears from those employed here as problems occurring far away. This is indicated by the results of an employee survey that IG Metall carried out in 2013.<sup>11</sup> For about a fifth of those questioned, a solidary management of the crisis in Europe is less important or unimportant. And only 40% of employees consider Europe to be a very important arena of action. In comparison to other questions in the survey the management of the European crisis ranks lowest. Presuma-

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<sup>10</sup> See Torsten Müller/Thorsten Schulten: Ein neuer europäischer Interventionismus? Die Auswirkungen des neuen Systems der europäischen Economic Governance auf Löhne und Tarifpolitik [A New European Interventionism? The Effects of the New System of European Economic Governance on Wages and Collective Bargaining Policy]. In: *Wirtschaft und Gesellschaft* 2013, vol. 39, pp. 291-321.

<sup>11</sup> The central findings of the survey can be found in: IG Metall Vorstand (eds.): *Arbeit: sicher und fair! Die Befragung. Ergebnisse, Zahlen, Fakten* [Work: Secure and Fair! The Survey. Results, Numbers, Facts]. Frankfurt a.M. 2013.

bly this is explained by the fact that due to the current economic situation in Germany those questioned do not see themselves as immediately affected by the crisis. The European crisis is from this point of view the crisis of the indebted southern countries and appears to be occurring far away from the working and living conditions in Germany. This interpretation is also suggested by an Infratest/dimap poll carried out for the ARD. In it 73% of eligible voters in October 2013 agreed with the statement: »I am personally so far unaffected by the crisis.«<sup>12</sup>

Even if those questioned view the European crisis as occurring far away, the objective pressure arising from the current crisis policy, and which increasingly undermines collective-bargaining systems and social standards, should not be underestimated by the unions. They need to face the challenge of making greater efforts at carrying out a dialogue with the employees on the real causes of the crisis and to enlighten them on the far-reaching consequences of neoliberal crisis policy.

On the other hand, the trade unions also need to develop a new orientation in terms of EU policy. This is not only true for the German unions. As a whole, the trade unions in the EU Member States do not appear to be well prepared for the current challenges. For a long time trade unions and other critical milieus regarded the EU as the hope for a socially progressive perspective. Now they have lived to see that EU policy is part of the problem. The dismantling of public social services and social rights promoted by EU crisis policy, the encroachments on wage-negotiating autonomy, as well as wage cuts, are measures that contribute to the aggravation of Europe's social conditions, put unions under serious pressure in their core spheres, and, not least, threaten the social basis of democracy.

Until now trade union politics have above all aimed at fighting infringements of employees' interests and have been confined to the arenas of nation-state economic and social policy. Attempts at influencing the EU policies of governments and thus crisis policy at the European level are just as underdeveloped as are attempts to coordinate, or even just to network with, cross-border battles over redistribution. If the trade unions want to make an effective contribution to an overdue change of direction in Europe new standards have to be set for their political, but especially EU-policy, mandate. They are called on to play a double role: as protagonists of collective agreements, who exploit the existing manoeuvre room through an offensive redistribution policy; and as political pressure groups, which mobilise against the Troika's

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<sup>12</sup> [www.wahl.tagesschau.de](http://www.wahl.tagesschau.de)

disastrous austerity mania and for a redistributive economic policy that promotes added value, and which organise a democratic offensive.

There has so far been a conspicuous discrepancy between needs and actual trade union practice. This is certainly due in part to the lack of effective powers at the European level. Still, it points to conceptual failings that have grown into a painful EU-policy strategy vacuum. In questions of the future of collective-bargaining policy as well as those of the formulation of national wage demands there is no adequate reflection on their effects at the European level and the ramifications for the competitive contexts between EU countries, nor are the wage-agreement policies of European trade unions coordinated in a targeted way – and needless to say there are no strategic concepts for a transnational mobilisation against austerity policies. And, finally, there are hardly any systematic considerations of how the nation-state and European levels could be connected through political measures, which take account of the specific conditions in which unions see themselves confronted in their national contests and which influence their capacity and readiness for more intense involvement at the European level. However, without the recognition of the differing conditions in the »worlds of trade unions« and without efforts at closing these EU-policy strategy gaps the building of effective political power to confront capital and the EU-policy decision-making elites will not succeed. The pending challenges here have so far been inadequately formulated and not worked on with the requisite vigour – a lack that urgently has to be made good.

## Prospects

In the end, what is at stake is nothing less than a fundamental renewal of the European project. As an authoritarian model of precarious stabilisation Europe has no future – at least not one worth striving for, as we see today. Economic disequilibria and social tensions are increasing, and the arrogance of the political elites as well as the governing that takes place behind closed doors are fostering deficits in the European institutions' legitimacy. This is expressed in the citizens' loss of trust we have outlined.

With the call published in April 2012 »Found Europe Anew« leading trade unionists and scholars, among them almost all the chairs of unions and the chairs of the DGB [German Trade Union Confederation] were advocating for a European social citizens' movement that takes on the disastrous crisis policy and pleads for a radical change of policy and direction. Among other things the call says: »Europe needs an offensive for democracy. As an elite

project out of touch with reality the EU does not have a positive future. Political changes of course should only be undertaken in strict observance of European treaties and institutions. The governments have no mandate to carry on crisis policy by circumventing parliaments. In the key question of Europe the populations have to be consulted.«<sup>13</sup> Milestones for a new developmental path are cited several times in the call. Among them are reform strategies in the areas of economic, financial, and social policy. Europe is to transform itself from an elite project to a participatory one.

This time too the population's interest in the elections of the European Parliament was limited and nation-state aspects predominated in the electoral choices of many. In order to promote electoral participation, IG Metall decided on an activation initiative with the motto »Vote, so that our kind of Europe has a future!«. The focus here is on five issues and policy guidelines: First, better prospects for youth in Europe (»struggle against youth unemployment in Europe instead of losing a whole generation«); second, a change of path for economic and finance policy (»promote growth through investments instead of stifling it through one-sided savings!«); third, a social-ecological transformation of industrial society and the taming of financial speculation (»construct and extend sustainable industries with real jobs instead of relying on short-term speculation!«); fourth, the struggle against precarisation and social fragmentation as a guideline (»work in Europe – secure, social, and fair – instead of precarious employment!«); and, finally, fifth, a democratic offensive (»more democracy and co-determination instead of politics carried out above people's heads!«). This initiative is embedded in IG Metall's »new formulation of EU policy«, which intends to react more actively than it has up to now to the deficits and risks of the political elites' neoliberal crisis policy.

In the process another topic has come onto the agenda of the trade unions in Germany and Europe – there is now talk of the unavoidable criticism of the Transatlantic Free Trade Agreement (TAFTA, officially the Transatlantic Trade and Investment Partnership, TTIP) between the EU and the USA.<sup>14</sup> A powerful common economic area could emerge through the Free Trade Agreement. According to the proponents of the Agreement, productivity would rise and consequently costs and prices would fall, which would stimulate growth and create prosperity. But it is very doubtful that it can re-

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<sup>13</sup> See [www.europa-neu-begruenden.de](http://www.europa-neu-begruenden.de)

<sup>14</sup> EuroMemo Gruppe: Europa spaltet sich. Die Notwendigkeit für radikale Alternativen zur gegenwärtigen EU-Politik. EuroMemorandum 2014 [Europe Splits in Two. The Need for Radical Alternatives to the Current EU-Policy. EuroMemorandum 2014]. Supplement der Zeitschrift Sozialismus 3/2014, pp. 66ff.

ally turn out that way. A great deal indicates that the conceivable growth and employment effects will be very modest, not to mention the scant probability of a fair redistribution of eventual gains in prosperity within a neoliberal Europe. By contrast we can predict enormous risks arising from a comprehensive trade liberalisation between the EU and the USA, and considerable damage is highly probable. Among other things, this has to do first of all with the threat to high labour, social, and environmental standards, which create prosperity for the European community of shared values; second, with the danger of a loss of democratic controls, seeing as the rules for the creation and oversight of the free trade zone are being negotiated in extra-parliamentary bodies. And, third, they have to do with a far-reaching internationally safeguarded protection of investments, which in extreme cases can also be realised in violation of fundamental international labour norms and can be connected to clear financial risks to the national states in the context of threatened damage payments.

At first, the union-internal discussion was focused on the formulation of minimal standards without which a trade agreement would be unacceptable. Among such minimal requirements are binding and enforceable regulations for the protection and extension of employees' rights as well as social and environmental standards; the exclusion of any undermining of social and ecological state regulation as well as the exclusion of those regulations to protect investments that could have a negative impact on employee rights or limit the states' capacity to issue significant regulations in the interests of the population or the environment.

At the present time we cannot foresee how realistic the hopes are of an acceptable shaping of the trade agreement. However, in view of the relations of forces in Europe and the non-transparent, in fact conspiratorial nature of the negotiating process doubt would seem to be in order. In reality there is a danger that the TTIP could become one more example of post-democratic structures in the EU. In saying this we do not mean to imply that fulfilling such requirements would make the TTIP project acceptable. In any case, it would hardly contribute to a departure from the catastrophic austerity and social cuts policy indispensable for a better development in Europe. On the one hand, it lines up with the current tendency to bilateral agreements of the EU with other countries and regions and can thus be considered a contribution to the regulated liberalisation of world trade. At the same time, however, the TTIP rather aims at a kind of economic-policy damage containment. In view of the massive employment, growth, and competitive problems from which the EU economic area suffers, not least due to the prevailing crisis policy, internal European markets are breaking away. This suffocates growth and

employment. The EU is therefore at pains to facilitate access to the North American economic area and compensate for the lack of markets in the crisis countries. At the same time, there are indications that the TTIP involves a »project with geopolitical ambitions«,<sup>15</sup> which is striving to react to the growing influence of other global regions (for example, the BRIC countries) and stabilise the geopolitical weight of the »old metropolises« of global capitalism. These are objectives which hardly help a policy of an economic, environmental, and social-policy shift in Europe. On the contrary, above all the contemplated form of »investment protection« will lead to an unjustifiable shift from negotiating power in favour of transnational corporations and away from democratic politics. Therefore the increasingly loud call by trade unions for breaking off the negotiations is logical and should be welcomed.<sup>16</sup>

Once again, therefore, the question is whether trade unions will force the debate on a radical change of policy and direction in Europe. If it is not done the unions will have once again wasted an opportunity. This has to be prevented.

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<sup>15</sup> Ibid. 68.

<sup>16</sup> For example, by Detlef Wetzel, the first chair of IG Metall, »Ein gefährliches Abkommen«, in: Berliner Zeitung, 4 March 2014.

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