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Trade Unions, Lisbon and Europe 2020: From Dream to Nightmare

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2020: From Dream to Nightmare

Richard Hyman*

Abstract

On 24 November 2009 the European Commission published its consultation paper on the *EU 2020* strategy. This paper analyses European trade union responses, and contrasts the very limited participation in the exercise with the greater response to the Green Paper *Modernising Labour Law* three years earlier. It argues that a key explanation is growing trade union disenchantment with the evolution of the 2000 Lisbon Strategy – embraced remarkably uncritically at the time – as it developed over the subsequent decade. In effect, the neoliberal implications of European integration have become increasingly unencumbered by any pretence at a ‘social dimension’. It is far from clear that trade unions have as yet a strategy to respond to the far harsher European policy environment.

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Trade Unions, Lisbon and Europe

2020: From Dream to Nightmare

1. Introduction

The starting point for this paper was a relatively small puzzle. I wished to analyse trade union responses to the European Commission's public consultation on its draft *Europe 2020* proposals.¹ Though the Commission published a substantial number of reactions, those from unions and related organisations were very limited. Why was this?

This initial puzzle provokes some larger questions: the character of the original Lisbon strategy, and the reasons why most European trade unions – as well as employers' organisations – initially received it so enthusiastically. Lisbon can be viewed as an inherently ambiguous set of incompatible policy objectives, pointing either to social regulation of market outcomes or to the hierarchical dominance of market over society. Such ambiguities were largely removed with the Commission's 2005 *New Start*, which in turn led logically to the *EU 2020* initiative: the 'social dimension' to the strategy, always a subordinate element, was increasingly downgraded, with the priority of neoliberal market-making correspondingly highlighted. Broader attempts to engage 'civil society' in the policy agenda can be seen as purely cosmetic adjuncts to the growing technocratic character of EU decision-making.

¹ The original consultation document in November 2009 – COM(2009) 647 final – used the title *EU 2020*. The Communication of March 2010 – COM(2010) 2020, which set out the final proposals and was approved by the Heads of States and Governments in June 2010, was entitled *Europe 2020*. Why the change? Some suggest that it was decided that 'EU' sounded too remote and bureaucratic to most citizens while 'Europe' was more user-friendly.

A larger puzzle is therefore why the majority of European trade unions were for so long supportive of a project of European integration in which neoliberal aims predominated. After suggesting some explanations, I conclude by discussing the options for trade unions in responding to the challenges of a European political economy which is patently hostile to workers' rights.

2. Trade Unions and the EU 2020 Consultation

On 24 November 2009 the European Commission published its consultation paper on the *EU 2020* strategy, with a deadline for responses of 15 January 2010. Evidently, these seven weeks included a holiday period; and the window of opportunity was even narrower for some countries – the Hungarian Economic and Social Council complained that it took over two weeks for the Commission to upload the consultation document in their own language. This timetable was widely criticised, and differed markedly from the four months allowed for consultation on the Green Paper *Modernising Labour Law to Meet the Challenges of the 21st Century* in 2006-07. Moreover, the Commission published its own, very complacent – indeed 'token' (Barbier 2011: 17) – evaluation of the outcomes of the original Lisbon strategy only *after* the deadline for replies.² For the European Trade Union Confederation (ETUC), an additional concern was that the very process of public online consultation was suspect, seemingly assigning equal weight to the views of private individuals and representative organisations, thereby undermining the privileged interlocutor role which the Treaties assign to 'management and labour' (the 'social partners') at European level.

² SEC(2010) 114 final. The European Trade Union Institute (ETUI) had already published a detailed assessment which concluded (2009: 52) that 'the Lisbon Strategy has not achieved its objectives'.

In the event, there were some 1200 responses. Of these, 16 national and 10 supranational trade union organisations submitted comments, with a few others from union-related institutions as well as contributions from national bipartite or tripartite bodies in Austria, Hungary and the Netherlands, and the European Economic and Social Committee (EESC).³ This may be contrasted with the replies from 50 national and 14 supranational trade union bodies to the Green Paper consultation. The unions and related organisations which responded to each consultation are listed in Table 1. It can be seen that, apart from EU-level organisations, the *EU 2020* respondents were predominantly from the Nordic and Germanic countries, with none from the new Member States. The pattern in the Green Paper consultation was similar, apart from a far more substantial response from British unions.⁴

³ The Commission initially claimed – SEC(2010) 116 final – to have received ‘well over 1500’ responses. Its subsequent overview – SEC(2010) 246 final – stated that after eliminating duplication there were ‘around 1400 contributions’ including 45 from trade union organisations. These figures are well in excess of the total submissions included by the Commission in its detailed list of responses

(http://ec.europa.eu/dgs/secretariat_general/eu2020/contributions_en.htm).

⁴ Other consultations have resulted in far fewer trade union responses: for example only nine to the March 2009 consultation on hedge funds, four to the March 2010 consultation on the European Company Statute and six to the June 2010 consultation on Corporate Governance in Financial Institutions and Remuneration Policies – COM(2010) 284 final – all issues of considerable importance for trade unions at the time.

Table 1: List of Responses from Unions [and Related Organisations]

	EU 2020
<i>European Organisations</i>	<i>DE</i>
European Trade Union Confederation (ETUC)	Deutscher Gewerkschaftsbund (DGB)
European Federation of Food, Agriculture & Tourism Trade Unions (EFFAT)	Deutscher Beamtenbund (DBB)
European Federation for Public Service Unions (EPSU)	[Friedrich-Ebert-Stiftung]
European Metalworkers Federation (EMF)	<i>DK</i>
European Mine, Chemical and Energy Workers' Federation (EMCEF)	Landsorganisationen i Danmark (LO)
European Trade Union Committee for Education (ETUCE)	<i>ES</i>
Eurocadres	Comisiones Obreros (CC.OO.) (Secretariat for Youth)
European Confederation of Independent Unions (CESI)	<i>FI</i>
[Spring Alliance]	STTK (Confederation of Salaried Employees)
[Europäisches Zentrum für Arbeitnehmerfragen]	Opetusalan Ammattijärjestö (Trade Union of Education, OAJ)
<i>Nordic Organisations</i>	Suomen julkisen alan ammattiliittojen (Public Services Unions' EU Working Party, FIPSU)
Nordens Fackliga Samorganisation (Council of Nordic Trade Unions, NFS)	<i>FR</i>
Association of Nordic Engineers (ANE)	Confédération française démocratique du travail (CFDT)
<i>AT</i>	CGT Force ouvrière (FO)
Österreichischer Gewerkschaftsbund (ÖGB)	<i>IT</i>
[Bundesarbeitskammer]	Confederazione italiana sindacati lavoratori (CISL)
<i>BE</i>	<i>PT</i>
Algemeen Christelijk Vakverbond/ Confédération des Syndicats Chrétiens (ACV/CSC)	União Geral de Trabalhadores (UGT)
[Algemene Christelijke Werknemersorganisatie]	<i>SE</i>
	Tjänstemännens Centralorganisation (TCO)
	Sveriges Akademikers Centralorganisation (SACO)
	<i>UK</i>
	GMB
	Green Paper
<i>European Organisations</i>	<i>CZ</i>
ETUC	Odborové Sdružení Železnícarů (Railway Trade Union, OSZ)
European Federation of Building and Woodworkers (EFBWW)	<i>DE</i>
EMF	DGB [plus one DGB region]
European Transport Workers' Federation (ETF)	Ver.di
European Federation of Journalists (EFJ)	IG Metall
UNI-Europa	IG Bauen-Agrar-Umwelt
EURO-MEI (Media, Entertainment and Arts)	Deutscher Journalisten Verband [DJV]
European Group of the International Federation of Actors (EuroFIA)	Marburger Bund
Eurocadres	[Bundesärztekammer]
International Federation of Musicians (FIM)	[Christlich-Demokratische Arbeitnehmerschaft (CDA)]
Federation of Scriptwriters in Europe (FSE)	<i>DK</i>
CESI	Kristelig Fagbevaegelse
European Federation of Employees in Public Services (EUROFEDOP)	<i>ES</i>
<i>Nordic Organisations</i>	CC.OO. (Catalunya)
NFS	<i>FI</i>
<i>AT</i>	STTK
ÖGB	Suomen Journalistiliitto
GPA-djp	<i>FR</i>
Gewerkschaft vida	Confédération générale du travail (CGT, IBM section)
[Bundesarbeitskammer]	FO
[Österreichische Ärztekammer]	Confédération française de l'encadrement (CFE-CGC)
<i>BG</i>	<i>IE</i>
KNSB/CITUB	Irish Congress Trade Unions (ICTU)
<i>CY</i>	<i>IT</i>
Pan-Cypriot Labour Federation (PEO)	Confederazione generale italiana del lavoro

Union reactions were overwhelmingly critical, though to differing degrees. The ETUC submitted an ‘initial commentary’ of only six pages (which contrasted with its 31-page response to the Green Paper). The policy of ‘free’ and deregulated markets had failed. Social policies should be central to a new EU strategy, involving greater employment security, ‘robust’ unemployment benefits, active labour market policies, improved job quality, reduced inequality, fair pensions and a defence of social protection systems and public services. The Commission had given insufficient attention to the exit from the economic crisis, the need to regulate financial institutions and the problem of global trade imbalances. Corporate governance should be reformed in order to combat short-termism. Overall, the ETUC argued, ‘the immediate priority for us all is not 2020 but the implementation at European level of a bigger recovery plan’.

Most other responses were brief, but some were more detailed and sharper in tone than the ETUC document. Perhaps the most pointed critique came from the French *Force ouvrière*, which summarised its reactions as follows: a particularly poor document, drowned in insipid Community jargon; lacking ambition and strategic vision; a narrow, indeed dangerous perception of the social and environmental challenges; a document that buries industry, Social Europe and sustainable development; demonstrating a distressing fatalism in the face of unemployment, precarious work and inequality; a document which endorses permanent labour market insecurity; which chooses continuity, despite the consequences of the crisis and the failure of the Lisbon strategy.... There were a number of similar themes in most trade union responses. First, the Commission was proposing ‘more of the same’ without acknowledging that the Lisbon strategy had failed to achieve its goals or analysing the reasons. Second, the immediate priority should be to tackle the economic crisis, which required an expansionary recovery plan; but the

Commission was proposing the opposite, restraint in public finances. It also neglected the need for stronger regulation of financial markets in response to the crash of 2008-09. Third, more generally, the Commission's proposals embraced a narrow conception of competitiveness which subordinated social to economic objectives: there was an imbalance between economic, social and environmental goals. Fourth, more attention should be addressed to the problems of poverty, inequality and precarious work. Other points emphasised were the need for a stronger gender dimension to the analysis and strategy; a more systematic industrial policy (highlighted in particular by manufacturing unions); the importance of quality public services (particularly, but not exclusively, stressed by public sector unions); and the need for an enhanced role of the social partners in policy development and implementation.

As indicated above, my small puzzle was why so few trade unions responded to the consultation, when those that did were clearly dissatisfied with the Commission's proposals. The inadequate time allowed must be part of the explanation: trade unions are democratic organisations and cannot give instant reactions to major policy initiatives. Union resources are also increasingly under strain. In addition, the Green Paper had raised a number of very specific questions which related centrally to the unions' role in employment protection; the *EU 2020* document was more diffuse. But beyond this, one might detect an alienation from an essentially sham consultation process. To assess this hypothesis, one must go back to Lisbon, and indeed the broader issues of the 'European social model'.

3. The Ambiguities of the Lisbon Strategy

The Lisbon European Council in March 2000 famously declared that ‘the Union has today set itself *a new strategic goal* for the next decade: to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion’. The specific labour market targets set out were ‘to raise the employment rate from an average of 61% today to as close as possible to 70% by 2010 and to increase the number of women in employment from an average of 51% today to more than 60% by 2010’.

The Presidency conclusions highlighted the need for ‘combating social exclusion’, adding that ‘the best safeguard against social exclusion is a job’. (This is true up to a point, of course, but ignores the problem of the working poor: a theme which many unions highlighted in responding to *EU 2020*.) The strategy identified four ‘key areas’ to be addressed: ‘improving employability and reducing skills gaps’; ‘giving higher priority to lifelong learning as a basic component of the European social model’; ‘increasing employment in services, including personal services’; and ‘furthering all aspects of equal opportunities, including reducing occupational segregation, and making it easier to reconcile working life and family life, in particular by setting a new benchmark for improved childcare provision’. These themes overlapped quite closely with the four ‘pillars’ of the European Employment Strategy (EES) launched in Luxembourg at the end of 1997: employability, entrepreneurship, adaptability and equal opportunities.

The ETUC reaction to the European Council’s conclusions was enthusiastic. The then general secretary, Emilio Gabaglio, stated that ‘the Lisbon Council has marked a change of spirit and priority as far as addressing the problems facing the European economy is concerned. Stability is no longer the

dominant feature. Growth and employment are also being taken into account.' He 'welcomed the European Council's recognition of the social partners' role in this whole process and appreciated the encouragement given to the social partners to negotiate agreements in the areas of innovation and lifelong learning, noting that trade union proposals on these issues have already been drawn up and are awaiting a response from European-level employers' (Broughton 2000). In a resolution adopted in October, the Executive Committee declared that 'the ETUC agrees with the analysis ... reflected in the European Council conclusions in Lisbon; namely that there is a link and a synergy between economic and social progress' (Executive Committee resolution, 25-6 October 2000). Three years after the Lisbon Council, the ETUC still insisted that that it marked a break with deflationary, neoliberal policies: 'in March 2000 the Lisbon Strategy was adopted, and the [Stability and Growth] Pact was effectively buried. During the Strategy's preparatory phase some governments had attempted to push just an "economic reform", deregulation, agenda, but the strategy which finally emerged was, as the ETUC had sought, a broad and integrated one of economic and social renewal' (Report on Activities 1999-2002: 8)

Yet caution would have been more prudent. As van Apeldoorn and Hager (2010: 209-10) have noted, 'what is perhaps most notable about the Lisbon strategy... is the enthusiasm with which it was embraced by actors ranging from business lobbies and employers' associations to trade unions and social NGOs'. The 'new strategic goal' adopted at Lisbon was reminiscent of what, at the British Trades Union Congress, is known as the 'composite resolution'. Different member unions submit conflicting proposals on a contentious policy issue, but are then pressed to agree through backroom negotiation a form of words which somehow embraces their opposing viewpoints. In this way, potentially embarrassing disputation is removed from the public arena. From

the outset, the EES was a political compromise, and as such an attempt to achieve the unity of opposites: from the Delors White Paper of 1993 on *Growth, Competitiveness and Employment* through Essen, Amsterdam and Luxembourg, the underlying message was that the prescriptions of Keynesianism and monetarism, of social regulation and of deregulation, could somehow be harmonised through a technocratic fix transcending hard political choices.⁵ The Lisbon declaration was in the same tradition. Could all the desirable goals which were itemised be achieved simultaneously; and if not, what were the real priorities? The employers were confident that these matched their own agenda: 'UNICE [now BusinessEurope] president Georges Jacobs stated that the business community is "happy with this new momentum in the EU to tackle to high unemployment rates through economic and structural reforms"' (Broughton 2000).

Though the ETUC in retrospect praised the 'balance' between economic, social and environmental goals in 2000, this balance was hardly obvious in the Lisbon text. Key themes embodied the economic and structural reforms which UNICE welcomed: a call for 'a regulatory climate conducive to investment, innovation and entrepreneurship'; 'a complete and fully operational internal market'; 'to speed up liberalisation in areas such as gas, electricity, postal services and transport'; 'to promote competition'; 'to make rapid progress on the long-standing proposals on takeover bids'; to 'redirect public expenditure towards increasing the relative importance of capital accumulation'. All these objectives contained threats to trade unions and their members. Central to the (far briefer) discussion of social objectives was the aim of 'modernising social protection', which has come to constitute 'one of the most prominent watchwords in EU policy discourse' (Hansen 2005: 36). Modernisation is itself

⁵ As I have argued elsewhere (Hyman 2005), the concept of 'flexicurity' can be regarded as a composite resolution in a single word.

a deeply ambiguous goal, customarily a euphemism for cutbacks and privatisation. The specific labour market proposals, like the EES itself, were exclusively oriented to supply-side measures: whether 'more and better jobs' could be fostered without appropriate macroeconomic policies was simply ignored. One specific goal, increased employment in 'services, including personal services', might well be read as a call for more low-paid, low-quality, precarious jobs which are typical of this expanding sector.

The ETUC view of Lisbon thus seems to have reflected a measure of wishful thinking and a very one-sided reading of the policy. It was at odds with most academic assessments. According to Begg (2008: 429), 'the remedy that underlies the Lisbon strategy is "structural reform", an expression that manages simultaneously to be ill-defined, obvious and accepted in most quarters as a "good thing". Yet it is also a source of contestation, implies losers as well as winners, and often has a delayed or uncertain pay-off'. Daly (2006: 468-9) noted the 'composite resolution' character of the Lisbon declaration: it moved 'hardly without pause for breath between concepts that are from different intellectual universes and spell quite different approaches to social policy'. The underlying philosophy, she continued, seemed to negate the view of the European social model as a mechanism of 'decommodification' (Esping-Andersen 1990), protecting workers against the vagaries of arbitrary market forces: 'the Lisbon embrace of poverty and social inclusion is a continuation of the subsidiary, market-making role attributed to social policy in EU development to date' and implied a commitment 'not for decommodification but for the creation of equal opportunities for commodification'. The notion of a 'balance' between economic and social objectives was viewed sceptically by Goetschy (2005: 74-5): 'the functioning of the Lisbon strategy has shown a real risk of a hierarchical relationship between policy fields, rather than a genuine coordination', with the outcome

being shaped by the ‘overarching role of the Stability Pact’ (which the ETUC, as noted above, considered ‘effectively buried’ after Lisbon). Serrano Pascual and Jepsen (2006: 17-9) were critical of the ‘mythical status... accorded to gainful employment’, at the same time as increasing employment was regarded as a purely supply-side policy issue. The central concept of ‘employability’ entailed that ‘political problems are... turned into matters of personal motivation and will’. As part of this ‘individualistic reformulation of the social question... the function of the welfare state becomes helping subjects to adapt to the new rules of the game of the current economic set-up’.⁶

4. From the 2005 ‘New Start’ to EU 2020: Dropping the ‘Social’ Fig Leaf?

In defining its 10-year targets, the Lisbon Council envisaged a mid-term review of progress. In advance of this deadline, it commissioned two reports headed by former Dutch premier Wim Kok.⁷ In his first report (2003: 11) he concluded that ‘it is clear that, overall, Europe has a large gap to bridge to achieve the employment objectives set at Lisbon. Moreover, with the economic slowdown, unemployment has increased...’. The response, he argued, should involve ‘increasing adaptability of workers and enterprises, attracting more people to the labour market, investing more and more effectively in human capital, ensuring effective implementation of reforms through better governance’. In effect, this reiterated the supply-side focus of Lisbon together with the ‘structural reform’ demanded by the employers’ lobby. In the second report, in a section entitled ‘unblocking the blockages’,

⁶ Ironically, many of these more critical authors are closely associated with the ETUC.

⁷ Until 1986 he had been president of the main Dutch union confederation, *Federatie Nederlandse Vakbeweging* (FNV).

Kok (2004: 18) again focused on the supply-side, market-oriented elements integral to the original Lisbon strategy, calling for 'the completion of the internal market and promotion of competition, including services and financial services, the establishment of a favourable climate to business and enterprise, building an adaptable and inclusive labour market'.

The mid-term review, entitled *Working together for Growth and Jobs: A New Start for the Lisbon Strategy*,⁸ embraced the same perspective. The Commission defined the 'two principal tasks' as 'delivering stronger, lasting growth' and 'creating more and better jobs'. But the path to these desirable goals was to follow the old prescriptions, with a central role for 'adaptability of the workforce... flexibility of labour markets... a more mobile workforce'. There was a call to 'modernise social security systems', again; and to 'extend and deepen the internal market...; competition rules must be applied proactively...; a healthy and open services sector is increasingly crucial...; structural reforms... should be pivotal in the renewed Lisbon strategy'. The 'better regulation' agenda was highlighted, while 'the continued pursuit of stability-oriented macroeconomic policies and of sound budgetary policies will be crucial', with a particular emphasis on 'maintaining or pursuing sound public finances'.

The re-launch should be understood as a primarily ideological reassertion that market liberalisation was the recipe for employment policy. As Zeitlin comments (2008: 437), 'the mid-term review of the Lisbon Strategy was a surprisingly non-evidence-based process'. He adds (2008: 441) that while 'the European Council has repeatedly reaffirmed that greater social cohesion and the fight against poverty/social exclusion remain core objectives of the Lisbon Strategy... this political commitment... has not been reflected in the guidelines provided to Member States'. Accordingly, 'the 2005 mid-term review...

⁸ COM(2005) 24 final.

focused on competitiveness at the expense of social and environmental issues. Undoubtedly, the main reason for this bias pertained to the dominant political preferences within the Council during the last decade characterised by a growing majority of conservative governments' (Magnusson 2010: 18).

Hence the original ambiguity was reduced: in its call for neoliberal restructuring, the 'New Start' – warmly welcomed by the employers – largely reasserted what had gone before; but the fig leaf of a 'social dimension' was largely dropped. For the ETUC, this signalled a dangerous change of direction. In a resolution adopted by the Executive Committee on 15-16 March 2005 it complained that 'a number of important elements are missing.... The different documents of the Commission rarely give the impression of a new start to the Lisbon strategy, they are to some extent contradictory and therefore not a good example for a better European governance.'

The ETUC noted that the Lisbon targets for growth and employment had been dropped or 'scaled down' and hence that 'the Commission's proposals for the mid-term review fall short of what is needed'. It questioned whether 'economic, social and environmental policies' remained in balance, and contested the Commission's fixation with 'the mantra of labour market and welfare reform'. In a subsequent ETUI publication, Degryse (2009: 11-2) argued that the renewed Lisbon Strategy 'broke with the equilibrium of the early days, in that the economic objective of competitiveness became the sole priority' and embraced a 'logic of deregulation (the "better – i.e. less – regulation" mantra) and flexibility'. As van den Abeele commented in another ETUI publication (2009: 1), 'scrutiny of the Better Regulation agenda reveals the European Commission's use of doublespeak. Feigning a concern for modernisation, simplification and improvement of the quality of Community regulation, the Commission has embarked, with the help of the

Council and the tacit approval of the European Parliament, on an insidious enterprise to deregulate the Community *acquis* – since any rules providing rights and protections for workers necessarily constitute ‘burdens on businesses’.

Yet the ETUC position itself displayed a curious ambiguity. Two weeks before the Executive Committee adopted its critical resolution, the ETUC issued a joint declaration with UNICE and CEEP, placing central emphasis on ‘competitiveness’ as the core of a renewed Lisbon Strategy. The statement consisted partly of bland generalities but also of more dangerous ambiguities, with a call for ‘entrepreneurship and entrepreneurial spirit across society’, a focus on ‘employability’ as the main labour market issue, a demand for ‘efficient’ social protection systems, ‘better regulation’ with ‘no distortions of competition’, and ‘sound macro-economic policies’ involving discipline in fiscal, monetary and wage policies. What was the real ETUC position? Was there disagreement at the heart of European trade unionism? The debate on the draft Constitutional Treaty was at its height, with the French referendum which was to kill the Treaty taking place in May 2005. It is plausible to assume a tacit consensus not to rock the boat.

5. EU 2020: Paradigm Shift or Continuity?

As I outlined above, trade union responses to *EU 2020* were far more critical than to its precursors in the previous decade. But how much had changed? In my view, what was involved was an adjustment of emphasis and architecture, rather than a fundamental change from the original Lisbon strategy.

The language was in some respects new: the final Commission Communication (though not the original consultation paper) was subtitled *A Strategy for Smart, Sustainable and Inclusive Growth*. As part of the rhetorical innovation, seven 'flagship initiatives' were announced: an 'Innovation Union', 'youth on the move', a 'digital agenda for Europe', 'resource efficient Europe', an 'industrial policy for the globalisation era', an 'agenda for new skills and jobs' and a 'European platform against poverty'. Specific targets for 2020 were that 75% of those aged 20-64 should be employed (as against 69% when *EU 2020* was written); 3% of GDP should be invested in research and development (as against the current figure of under 2%); the 20-20-20 energy package agreed in 2009 should be implemented (20% cut in greenhouse gas emissions, 20% reduction in energy consumption, 20% increase in the share of renewables); the proportion of early school-leavers should be under 20% while 40% of school-leavers should obtain a university degree; a reduction of 25% (20 million people) in those below national poverty lines (60% of median disposable income).

How would these goals be achieved? The recipes remained very familiar: 'a stronger, deeper, extended single market'; removal of 'bottlenecks to cross-border activity'; 'improving the business environment'; 'reduce administrative burden on companies', 'modernising labour markets, training and social protection systems'; 'define and implement the second phase of the flexicurity agenda'; 'pressing ahead with the Smart Regulation agenda' (a new euphemism for 'better', meaning less, regulation of the labour market); 'consolidation of public finances in the context of the Stability and Growth Pact'.

All this would require 'stronger economic governance'. A new framework would increase EU surveillance of national policies, linking the *EU 2020*

agenda explicitly to the (deflationary) Stability and Growth Pact (SGP). This was elaborated in June 2010 by the European Council, and further by the Commission in its Communication *Enhancing Economic Policy Coordination for Stability, Growth and Jobs: Tools for Stronger EU Economic Governance*.⁹ This gave the green light for further initiatives to impose an austerity regime across the EU, with a draft Directive published in September 2010 on *Requirements for Budgetary Frameworks of the Member States* and adopted in autumn 2011.¹⁰ In a further turn of the screw, the Council in March 2011 adopted the Euro-Plus Pact, an even more stringent successor to the SGP. As the Director of the ETUI argued (Pochet 2010b), the implications of the new economic governance were disturbing, institutionalising pressures for pensions cuts, wage restraint and cutbacks in social protection. Even more radical was the pact endorsed by 26 member states in December 2011, which provided that the EU institutions could impose austerity measures on member states with budget deficits.¹¹

As before, the response of the ETUC to the evolving 2020 strategy was ambivalent. As outlined above, its comments on the initial Commission proposals were critical. When the final version was issued in March 2010, the general secretary, John Monks, issued a statement declaring that ‘the 2020 exercise so far is flawed and disappointing. There is a desperate need for the EU and the rest of the world to digest what caused the crisis and how we can avoid a repeat. How to deal with rising unemployment, especially among the young; how to tackle all the incentives in current tax systems and capital markets which encourage speculation and short-termism at the expense of long-term commitment to the real economy; and how to find new ways of raising public funds, especially using Financial Transaction Taxes and

⁹ COM(2010) 367 final.

¹⁰ COM(2010) 523 final.

¹¹ The proposed Treaty revisions which would have given effect to this coercive regime were vetoed, somewhat ironically, by the UK government – one of the most fervent exponents of deflationary austerity policies. An indication, perhaps, that politics can still sometimes trump economics.

Eurobonds.... The Commission cannot expect to go back to business (and the Lisbon strategy) as usual.’ Indeed a paper issued at the same time (ETUC 2010) argued that the deflationary policies being pushed by the EU were ‘worse than “business as usual”’. What was required was a radical change of course, to replace an ideologically driven economic strategy which had clearly failed. Employment policy should ‘refocus on the demand side of the labour market’; renewed growth should be founded on quality jobs, enhanced security and stronger workers’ rights. To avoid the risks of social dumping, the EU should adopt a Social Progress Protocol – first demanded by the ETUC in 2008 – and should strengthen the Posted Workers’ Directive. The ETUI also presented an analysis (Pochet 2010a) which concluded that the proposals were ‘weak and contradictory’. The strategy defined ambitious targets, but these could not be achieved if the SGP and the internal market were assigned priority. ‘No reflection is given to the tensions or contradictions between the different aims’; these were ‘camouflaged by “euro-jargon newspeak”’. Any concern with job quality had ‘disappeared from the new strategy’, a reflection of the subordination of social to economic rights. As a later and more elaborate critique insisted (ETUI 2011: 5), ‘if the (macro)economics are wrong, all the other laudable targets and procedures in the Europe 2020 strategy – raising education standards and R&D spending, reducing poverty – will prove entirely illusory, further undermining the credibility of Europe’.

In all these respects, the ETUC was clearly critical of the EU strategy, far more so than when Lisbon was launched a decade earlier. Yet this scepticism coexisted with a more accommodating posture. In March 2010, a few weeks after denouncing *EU 2020* as ‘business as usual’, the ETUC signed with the employers an *Agreement on Inclusive Labour Markets* notable for its failure to go beyond bland and ambiguous generalities. ‘The European social partners consider that an inclusive labour market is fundamental in terms of fostering

economic development and social cohesion’; but the proposals for achieving this goal largely involved improved information channels, awareness-raising campaigns and enhanced employability. Perhaps unsurprisingly for a social partners’ agreement, there was no reference to macroeconomic policy, the demand side of the labour market, the need for decent pay and conditions, the problems of precarious work, the need for strengthened workers’ rights and collective voice – all factors highlighted in the reactions to *EU 2020*. This silence, however, implied acquiescence in the employer-oriented policy priorities of the Commission and the Council.

Perhaps even more remarkably, in June 2010 the ETUC together with the employers’ organisations issued a *Joint Statement on the Europe 2020 Strategy*.¹² This comprised a series of composite resolutions: ‘more and better jobs’ but also ‘fiscal sustainability’; ‘improving competitiveness’ but also ‘social cohesion’. At times the document verged on the incomprehensible: ‘the clear objective of macro-economic policies should be to regain scope for action and be able to mobilise the necessary resources to sustain growth-enhancing investments while ensuring the sustainability of public finances and social protection systems in order to maintain intergenerational solidarity and cohesion’. In effect, the positions of the signatories were fundamentally incompatible. There were repeated calls for a ‘right balance’ between inherently contradictory objectives; but the overall tenor of the statement was more in harmony with the employers’ demands and the neoliberal logic of the Commission and Council strategy than with the positions which the ETUC had elsewhere defended. Its signature added legitimacy to an employer-driven reshaping of EU policy. To understand this contradiction, it is necessary to explore the underlying character of European integration and the ambivalent role of official trade union representation at European level.

¹² <http://www.etuc.org/a/7327>

6. Technocratic Market-Making and the ‘Democratic Deficit’

The *EU 2020* process has highlighted the neoliberal character, once at least partially contained, of European integration. What the 1957 Treaty of Rome established was a European Economic Community (or Common Market). It was assumed that economic integration would bring social progress without the need for specific social regulation at European level. However, there were some fears that countries with inferior employment conditions would gain an unfair advantage in the common market (what would later be described as ‘social dumping’). For this reason, the Treaty of Rome included Article 118¹³ calling for harmonisation of working conditions and Article 119 prescribing equal pay for women. At the time, both were little more than pious wishes. However, market-making was effectively constrained by the determination of national governments to maintain their own ‘varieties of capitalism’, including their distinctive social (employment and industrial relations) regimes. Otherwise the Single European Act three decades later, designed to ‘complete’ the single market, would have been superfluous.

EU 2020 must be understood as an important manifestation of the growing erosion of the social constraints on market-making, and of an increasingly self-confident elitist, technocratic direction of the European polity. The *éminence grise* in this process has been the European Round Table of Industrialists (ERT), established in 1983 as a ‘club’ of elite European-based multinational companies, with a mission to shape EU policy in the interests of giant European companies. It was a key driver of the Single Market programme, and subsequently of Economic and Monetary Union (EMU). It pressed the concept of competitiveness onto the EU agenda (ERT 1994),

¹³ The numbering has altered with subsequent Treaty revisions.

introduced the principle of benchmarking (ERT 2006), and was one of the main architects of the Lisbon agenda (de la Porte et al. 2001: 293; van Apeldoorn 2000; van Apeldoorn and Hager 2010).

During the Delors Presidency (1985-94), the dominance of multinational capitalist interests was partially qualified by a parallel (even if secondary) commitment to a 'social dimension' of economic integration. This commitment has now virtually disappeared: as Höpner and Schäfer argue (2010: 344, 351), 'the aims and strategies of European integration have changed over the last 10-15 years'; initiatives are increasingly 'aimed at liberalising organised market economies, ultimately pushing them towards the Anglo-Saxon model'. In part this reflected a political shift to the right within Member States and hence the Council, greatly reinforced by enlargement. The ideological orientations of the Commission changed accordingly, as did its internal balance of power, with the Directorate-General for Economic and Financial Affairs (DG ECFIN) increasingly dominant across a range of policy areas, particularly following EMU. This status has been greatly reinforced by the economic crisis and by the 'stronger economic governance' embodied in the *EU 2020* strategy.

'The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties';¹⁴ while 'restrictions on the freedom of establishment of nationals of a Member State in the territory of another Member State shall be prohibited'.¹⁵ Scharpf (1999, 2002) has analysed the implications in terms of a dynamic of 'negative integration': Europeanisation has been primarily institutionalised through mandating the elimination of national regulations which constitute obstacles to free

¹⁴ Article 26 TFEU.

¹⁵ Article 49 TFEU.

movement. Negative integration reflects the priority of economic over social and political integration: a common market can be understood primarily in terms of freedom *from* regulations which inhibit cross-national exchange, whereas the creation of a social community would depend on *rights* which are entrenched in new regulatory institutions. The Treaty of Rome established Community competence primarily in market terms; the Single European Act was most mandatory and specific in the field of market-making (with the formalisation of qualified majority voting primarily directed to this end); the Maastricht Treaty, though celebrated by the trade union movement for its social chapter, was most binding in outcome in respect of the deflationary convergence criteria for EMU; the Lisbon Treaty of 2007 reaffirmed neoliberal economic imperatives in unambiguous terms while giving far more diffuse approval to social goals. Hard law applies to market-making, at best soft law to social protection.

Scharpf has stressed the political implications of the 'constitutional asymmetry' between economic rights and social protections. 'The strong strategic position of the Commission... derives from its power to take legal action, without prior authorization by the Council, against the violation of Treaty obligations by member states. With few exceptions, this power is limited to interventions against national barriers to free trade and mobility, and against national practices distorting market competition.... There are, then, powerful institutional mechanisms that have allowed the Commission and the Court of Justice continuously to expand the legal reach of negative integration without recourse to political legitimization' (1999: 70). Three years later he elaborated this point: 'the only thing that stands between the Scandinavian welfare state and the market is not a vote in the Council of Ministers or in the European Parliament, but merely the initiation of treaty infringement proceedings by the Commission or legal action by potential

private competitors before a national court that is then referred to the European Court of Justice' (2002: 657).

This was, alas, remarkably prescient. The European Court of Justice (ECJ) traditionally showed no inclination to treat national social protections and industrial relations institutions as illegitimate obstacles to market freedoms; on the contrary, many of its judgments in the 1970s and 1980s extended workers' rights. But 'it is a Court which, especially as a result of enlargement, has changed its practices, its constituency and the problems it is confronted with', and in 2007-08 it 'executed a radical U-turn, from an approach based on worker protection to an approach based on freedom to provide services' (Kilpatrick 2009: 196, 208). Hence in the Viking and Laval cases in 2007 it adopted the principle that, irrespective of national law, industrial action which interfered with freedom of movement or establishment was legitimate only if it satisfied a 'proportionality' test. There followed in 2008 the Rüffert and Luxembourg cases, which set very strict limits on the extent to which public authorities could prescribe minimum employment standards if these interfered with the freedom to provide services. Jurisprudence has become 'a mask for politics' (Scharpf 2010: 216)

It is by now obvious that there is a self-reinforcing dynamic at the heart of European integration: intensified market liberalisation both follows from, and in turn reinforces, the subordination of social policy to the overriding priority of 'competitiveness'. Even the rhetoric of a social dimension has been marginalised: one symbolic change was the replacement of the Social Action Programme in 2000 by a more passive Social Agenda. Cerny (1997: 251) has written that 'the transformation of the nation-state into a "competition state" lies at the heart of political globalization', adding (2007: 272-3) that 'rather than providing public goods or other services which cannot be efficiently provided by the market – in other words, rather than acting as a

“decommodifying” agent where market efficiency fails – the state is drawn into promoting the commodification or marketization of its *own* activities and structures (including the internal fragmentation of the state itself) as well as promoting marketization more widely in both economic and ideological terms’. The Euro-state, never having been encumbered by the constraints of democratic legitimation which exists in individual nation-states, has faced few obstacles in its transformation into a supranational competition state. This process is central to the analysis of Höpner and Schäfer (2010): it entails an increasing re-commodification of labour as national systems of social solidarity are eroded by marketisation, being reduced to what Streeck (2001) terms ‘productivist-competitive solidarity’. Social protection is no longer an *alternative* to ‘free’ markets: it is an obstacle to market freedoms, unless it can be justified as a ‘productive factor’ which contributes to competitiveness. ‘Instead of protecting people from the market, social policy is increasingly seen as helping them adjust to the market’ (Hermann and Hofbauer 2007: 133). The *EU 2020* programme demonstrates how, within current EU governance, social policy has been reduced to a subsidiary component of economic policy (Streeck 2001: 27). Hence it is entirely logical that, as noted above, DG ECFIN should increasingly take charge of the formulation of social policy; and the Lisbon strategy has encouraged a ‘strengthening of the influence of the EcoFin Council’, in parallel with the similar process within the Commission (Goetschy 2005: 74).

‘Part of the power of the neoliberal EU project has lain in its ability to close itself off from democratic influence and accountability, and to render its decisions and practices non-transparent and immune from mass pressure’ (Storey 2008: 72). The culmination (to date) has been the creation in October 2011 of the *Groupe de Francfort* (GdF) as an inner cabinet – or as some have

termed it, politburo – of the EU.¹⁶ ‘It has no legal structure or secretariat, but it is now the core within Europe’s core’ (‘Charlemagne’ 2011); ‘Europe is being run by a cabal’ (Elliott 2011).

As a response to complaints of a ‘democratic deficit’, the ‘open method of coordination’ (OMC) was invented in the 1990s, supposedly as a mechanism for broadening input into the decision-making process. In practice, it serves primarily to incorporate those affected in the implementation of policies which are already predetermined: ‘OMC is subservient to the ideologies, path-dependencies and structures of Economic and Monetary Union’ (Chalmers and Lodge 2003: 2). The definition of benchmarks, strongly influenced by DG ECFIN, the Ecofin Council and the Economic Policy Committee (with the ERT never far in the background), establishes ‘terms that privilege fiscal discipline over social needs and social cohesion’ (de la Porte et al. 2011: 299). Following the initial Danish rejection of the Maastricht Treaty, there were cosmetic attempts to increase ‘transparency’ (Peterson 1995), and the Amsterdam Treaty established another response to criticisms of elitism: ‘the Commission should [normally] consult widely before proposing legislation and, wherever appropriate, publish consultation documents’.¹⁷ From this followed the online consultation regime, which came to cover over 100 issues a year. Given the lack of discernible influence on policy outcomes, and the increasingly token character of the process, the inevitable result has been consultation fatigue, as declining trade union involvement clearly demonstrates.

¹⁶ The eight members are Christine Lagarde, director of the International Monetary Fund, Mario Draghi, president of the European Central Bank, President Sarkozy of France and Chancellor Merkel of Germany, Jean-Claude Juncker, chair of the Eurogroup, Herman van Rompuy, president of the Council, José Manuel Barroso, president of the Commission and Olli Rehn, Commission vice-president for economic and monetary affairs and the euro.

¹⁷ Protocol 7.

In short, the evolution of EU policy-making, closely associated with Lisbon and *EU 2020*, has institutionalised a form of economic governance which is increasingly hierarchical and unaccountable, reduces political choices to technical alternatives and closes off space for genuine debate. Initiatives to add a ‘social’ or ‘democratic’ gloss to an essentially anti-social and anti-democratic regime can be little more than lipstick on a pig.

7. Trade Union Infatuation with ‘Europe’: The End of the Affair?

So far I have argued that the Lisbon Strategy, and *EU 2020*, are neoliberal projects which the EU policy-makers have made diminishing efforts to cloak behind any rhetoric of a ‘social dimension’. There is thus a widening gulf between ideals of ‘Social Europe’ and the realities of actually existing European integration. This provokes two questions. First, why did most European trade unions become such enthusiastic supporters of actually existing European integration? Second, how do they respond when they are manifestly marginalised within EU policy-making?

Dølvik (1997), in his detailed insider study of the ETUC, distinguishes between a ‘logic of membership’ and a ‘logic of influence’. The former requires unions to maintain their representative credentials by articulating the wishes and interests of their constituents. The latter requires them to adapt their aims and methods to the actual decision-making processes on which they wish to exert an impact. Balancing the two logics is a difficult art: neglect the logic of influence and one’s demands may be ineffectual; neglect the logic of membership and one loses representative legitimacy. ‘The seductive appeal of the social partnership rhetoric has been instrumental in bolstering

legitimacy and support around union claims for recognition and influence in the EU polity,' but with the risk 'that the ETUC representatives might become co-opted by the EU institutions' (Dølvik and Visser 2001: 32).

The decision-making process within the EU is often termed 'comitology': initiatives are formulated, analysed, revised, debated, further amended and reformulated, within an elaborate network of interacting committees, until an outcome emerges (or fails to emerge). This process has a strong technocratic bias: the focus of argument is diverted from principle to detail. One could say that this takes the politics out of policy: as Goetschy comments (2005: 77), 'a relative "depoliticization" of decision-making and the reliance... on expert networks and procedural routine does not facilitate public political debate'. Likewise, de la Porte and Pochet note (2003: 34) that the involvement of the 'social partners' in the policy process is intended to counteract the EU's democratic deficit but fails to do so because those involved 'operate through unknown mechanisms behind closed doors'.

The ETUC is sucked into this process in part because of its dependence on 'borrowed resources'. 'Because national union movements in Europe were reluctant to allocate resources and to grant it significant opportunities to acquire capacities on its own, the ETUC had to seek its building materials elsewhere, from friendly, but self-interested, European institutional elites' (Martin and Ross 2001: 54). Gobin (1997) and Wagner (2005) have charted in detail how this material dependence has constrained the ETUC's agenda and made comitology the line of least resistance.

More insidious, perhaps, is the subtle interaction between discourse, ideology and practice. All who are familiar with the Brussels process, whether as participants or as observers, have come to talk a strange language. They speak easily of horizontal objectives and open methods, of the social partners' route

and co-decision, of macroeconomic dialogue and transposition. They can master a whole lexicon of acronyms. This is the world of Eurospeak! European integration has generated an organising discourse which – presumably unintentionally – most effectively distances professional Europeans from the citizenry of European states. To the extent that Eurospeak has become the working language of the ETUC (and national union representatives active within its structures), their logic of membership is undermined by the fact that they speak a different language from those they seek to represent. Not only different, but actually opposed: ‘analysis of the official statements of the ETUC clearly shows a gradual integration of the employers’ vocabulary and, increasingly, a vocabulary produced by the administrative apparatus of the Commission, at the expense of a vocabulary expressing traditional trade union demands’ (Gobin 1997: 116).

The consequence is a suppression of both political alternatives and mobilisation capacity. Throughout the long process of neoliberal market-making, most European unions have lacked the nerve or the capacity to offer unambiguous opposition, which in turn dilutes the logic of influence. Take two of the biggest issues of economic integration. Had unions had been prepared to campaign against the Single European Act, *unless* it gave labour social rights which matched the economic benefits for capital, they might not now be pleading for a – surely unattainable – ‘social progress clause’. Likewise, ‘despite judging the design of EMU as fundamentally flawed, the ETUC continued to back it, arguing that it was needed politically to keep integration going’ (Martin and Ross 2001: 72). A more robust stance might have saved European citizens from the chaos that now afflicts us. The same has been true with ETUC support for the – at best ambiguous – revisions to the Treaties which were blocked by the referendum rejections in France and the Netherlands in 2005 but ultimately adopted in 2009. Throughout this

process, most union leaders have backed the ongoing process of integration, while most of their constituents have been opposed (Hyman 2010).

Policies towards Lisbon and *EU 2020* thus fit a longer pattern. 'Europe' has seemingly come to represent a value system and motivating ideology which has filled the vacuum left by the erosion of traditional trade union identities. Has it become impossible to challenge frontally the dynamics of actually existing European integration? 'The ETUC offers renewed support for the internal market, but on condition that the new vision is socially and environmentally sustainable, leads to a strengthening of social welfare and the general interest, and promotes workers' rights, and fair working conditions.'¹⁸ This composite resolution, adopted after publication of the final *EU 2020* strategy, reveals a continued unwillingness to confront the reality that the internal market is *weakening* social welfare and *undermining* workers' rights and fair working conditions.

Is there an alternative? To maintain the relevance of trade unionism at EU level, there are surely three central priorities. First, trade unions need to negotiate their own policy agenda, not just in the Brussels committee rooms but through involvement with their memberships. In most countries, EU policy has traditionally been treated as a matter for 'European experts', who have typically been absorbed into the perspectives and discourse of the EU elite. Lack of organic connection to the rank and file has translated, inevitably, into the absence of effective bargaining power. What is needed is an 'internal social dialogue' in which serious debate on European issues is fostered within the mechanisms of trade union democracy.

Second, as part of this process they must define, and campaign for, a concrete vision of a real European social model to meet the needs of workers and

¹⁸ Resolution on 'A new social impetus for the Internal Market Strategy 2010-2015', 9-10 March 2010, <http://www.etuc.org/a/7054>

citizens in the 21st century. 'Social Europe' must be recognised as a terrain of struggle, not an empty label which suppresses debate: unions have to launch a battle of ideas to present an alternative vision to neoliberalism. The Athens congress of the ETUC in 2011 adopted the slogan 'Mobilising for Social Europe'; what this means in practice is far from clear, though it is evident that the goals and priorities of different national affiliates are on many issues in conflict. Typically, the dominant response is still to seek a form of words which papers over the differences, rather than openly negotiating the competing visions of the future.

Third, 'On the Offensive' – the slogan of the Seville ETUC congress in 2007 – has to mean a willingness to say no, shifting from social dialogue to the mobilisation of opposition to actually existing European integration. Though its leadership has now changed, the ETUC still seems determined to maintain the priority assigned to social dialogue – on an agenda defined by its opponents – with the mobilisation for an alternative restricted to token demonstrative action. This is to leave unambiguous opposition to actually existing Europeanisation to the political fringes, and in particular the xenophobic far right. Europe's workers deserve better.

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