

For a real European Industrial Policy¹

by Peter Scherrer

The term 'Industrial Policy' refers to various concepts ranging from providing an environment conducive for private business to targeted state intervention on industrial sectors, with numerous dimensions. This article focuses on what the European Metalworkers' Federation (EMF) is demanding with regard to the issue of development skills, training and qualification. The European metalworking industries and the jobs these industries provide will be sustainable only when a well-trained and highly qualified workforce is able to produce competitive goods for a global market. On a long term perspective the production of "greener"² products will be the base for successful participation in the global economy.

It should be noted from the outset that the recent past has shown that many industrialised EU Member States have tended to search for solutions at national level rather than through increased European co-operation. This trend can also be seen in the abandonment of large projects involving high cross-border cooperation such as the Airbus project. This reduction in co-operation between EU Member States has serious implications for the development of skills as the huge financial investments required for big industrial projects, in particular for the R&D costs, can no longer be provided by a single Government budget, especially not during a far-reaching financial and economic crisis.

Watching the disaster in connection with possible financial aid for General Motors Europe for their restructuring programme, one can see how easy it becomes for management not only to play off the workers of one plant against another, but also to play off one Government against another. It seems that either politicians have not learnt their lessons or that pre-national election pressure is preventing them from drawing the obvious conclusions from the recent political and economic developments. Being in the metal industry involves having a slightly longer perspective than the next four years because many of the investments will be profitable only after many years. The steel, shipbuilding and automobile industries require strategic thinking and investment over decades. This might be the main reason why many trade unionists in Europe are deeply worried about the future of the manufacturing industry. Industrial policy can only be successful when it is carried out using a long-term, sustainable approach.

The importance of industrial production

Maintaining and strengthening Europe's industrial base is fundamental to securing the foundation and transformation of the EU economy and ensuring employment, social progress and cohesion in the future. Manufacturing industries are significant employment creators. Currently, manufacturing (excluding construction) is directly responsible for 20% of GDP in the EU-27, and an equal proportion in the euro-zone. Industrial goods account for the bulk of intra-EU trade at approximately 80%. Production growth in manufacturing industries has underpinned economic growth in Europe, with significant national and regional differences. The weight of manufacturing in the economy is heavier than employment in terms of value added in 19 of the 27 EU Member States, which indicates relatively high labour

productivity. European manufacturing industry employs close to 40 million workers³. Moreover, manufacturing provides employment multipliers through strong backward and forward linkages to other sectors in the economy and drives demand for industry-related services: every industrial job creates substantial numbers of additional jobs in the service sectors. The worsening economic climate is reflected in the fact that job losses arising from restructuring outnumber jobs created by nearly two to one - with the car sector hit harder than other sectors. With social Europe all but stalled, restructuring has been taking place in a virtual social vacuum at EU level. The negative effects of restructuring are still mainly to be dealt with by the national Governments. The EU globalisation and adjustment fund and the European Social and regional funds are too small to be an effective and decisive support. A much more developed social and employment policy on a European level is needed.

Skills and Know-how

Adapting to economic and climate change necessitates a comprehensive approach to new skills and competencies. The only way for Europe to foster economic growth and maintain its industrial base, while ensuring social progress and promoting environmental sustainability, is through technological and social innovation. Innovation is the primary driver of a successful and sustainable industrial policy. A strong lead in R&D and innovation is Europe's key competitive advantage and of central importance in finding solutions to social and environmental challenges. The European Commission is trying to react to this by creating "Skill Councils" in various sectors of the economy. The skills of the qualified work force in Europe are still the basis for the successful performance of European companies on the global market.

To achieve a truly sustainable, positive effect for manufacturing industry and the workforce it employs, the EU and its Member States should aim to avoid the relocation of manufacturing activities and related services (e.g. R&D, ICT) and support the permanent upgrading of its European industrial sectors (e.g. by paying more attention in the European framework programmes to industry-related research).

There is an urgent need to achieve and strengthen the "Barcelona objective" of investing 3% of GDP (whereof 1% public R&D) in research and development through more qualitative objectives (e.g. more efficient use of financial resources, a more effective European research system, creation of sufficient critical mass, closer links with society and a better use of public-private partnerships to promote technology and innovation).

The European Community must also support the development of innovation alongside R&D, i.e. promoting new processes, products and services by applying existing scientific knowledge in new ways, recognising that innovation is more than technological innovation and includes also issues such as new concepts for logistics or marketing, organisational innovation, workplace development, business model innovation, product design and product quality. The EMF considers that a better common understanding of and a much more coordinated European approach to non-technological innovation is needed. In its Industrial Policy Manifesto, the EMF calls for the development of a new, broader understanding of innovation that does not equate innovative ability with excellence in R&D alone, raising awareness of innovation policies such as:

- the development of innovative clusters
- creation of effective systems of knowledge diffusion
- strengthening the absorption capacity for innovation in firms
- developing the non-technological aspects of innovation
- better co-ordination between the innovation system, the industrial fabric and labour markets
- better recognition of the strategic importance of the institutional framework (e.g. standards) to bring new products to the market.

What is important is that policy-makers and industry alike should not concentrate all their efforts on the development of high-tech activities. Many 'traditional' sectors such as the metals have shown a high capacity to innovate and/or have comparative advantages, which should be fully exploited.

Last, but certainly not least, support for the development of the recently created European Institute for Innovation and Technology, as a flagship for industrial research, is a contribution to an industrial development with all the necessary potential.

At company level

Research and Development are strategic investments that require a commitment towards a long-term development of companies instead of short term profit-maximization.

The current crisis demonstrates the need for a profound renovation of the current model of corporate governance, which has proved its limitations. We need a new model capable of giving trade unions and workers a stronger say in corporate strategy and preventing the excesses of financial capitalism that have weakened long-term corporate development. The European Participation Index⁴ shows that companies located in countries that recognise a greater participatory role for workers operate more in coherence with social and ecological objectives, higher productivity and greater investment in R&D. Worker representatives' involvement in companies becomes more effective through the strengthening of information and participation rights both at national and European levels. Workers and trade unions are concerned about the sustainable development of their companies and want to be better involved in shaping the future of their companies via participation in the development of company policies. In order to achieve this they have to be informed and consulted in due time about planned corporate decisions. The EMF's work with European Works Councils is a key activity for generating collective

bargaining power through European Framework Agreements for example. A joint approach of all trade unions in the manufacturing sector offers the potential for increased coordination on worker participation in company decision-making bodies.

Social Dialogue

As mentioned above, an intensive and effective social dialogue has to take place at company level but also at national and European level. The EMF is working in various sectoral social dialogue committees (shipbuilding, steel and foundries), but also with the umbrella organisation of the European metal industry employers, CEEMET in the framework of a European social dialogue committee. Two working groups have been established so far. One is dealing with qualification and training. There is a clear need to improve qualification and training in order to overcome the skills gap that exists in some sectors. The second work groups deals with the possibilities for increased competitiveness and ways of keeping and generating sustainable and quality employment. Social dialogue can only be fruitful when both the metal industry employers and the trade unions are serious about a European approach and a European solution for European problems. The EMF member organisations are.

Mobilising for change

The success of European social dialogue will crucially depend on the ability of the trade union movement to mobilise across borders for a common and solidarity based economic and industrial policy. In the current crisis an employment-orientated and environmentally future looking industrial policy based on a highly skilled and innovative workforce must be a priority. Instead of deflationary austerity policies a European-wide commitment towards industrial jobs and growth is essential. That is why the European trade unions plan for a day of action on 29 September to increase the pressure for an employment-centred recovery strategy.

Peter Scherrer is the General Secretary of the European Metalworkers' Federation (EMF). He was previously a trade union representative of the German metalworkers' trade union, IG Metall, responsible for the steel industry.

For more information about European Industrial Policy please click: www.industrialpolicy.eu and www.emf-fem.org

Footnotes

1. See the EMF website www.emf-fem.org Industrial policy
2. Greener products refer to less polluting, more energy efficient, full recyclable, raw material efficient
3. See www.industrialpolicy.eu. On this website one can find an overview about the recent development in the metal working industries as one can see on our www.emf-fem.org website under the section industrial policy.
4. Found at (www.worker-participation.eu/About-WP/European-Participation-Index-EPI)