

The Crisis of Social Democratic Trade Unionism in Western Europe

by Martin Upchurch

The end of the second world war in Western Europe ensured political settlements generally inclusive of trade unions. Britain saw a consolidation of the relationship between the Labour Party and trade unions, while in Germany the SPD entrenched its position as the social democratic 'party of labour'. The political events that shaped the settlements varied. In France and Italy the Communist Party had gained credibility in the resistance to German occupation and many workers looked to the Communist Party rather than the reformist Socialist Party. The relationship between a social democratic party and unions was strongest in Sweden, with the SAP and LO forming a stronghold on the political trajectory of that country for many years. Exceptions were Spain and Portugal, where fascist dictatorships lingered on until the 1970s.

The relationship between social democratic parties and the unions was one of mutual interest between the trade union leaders and the party. It was glued together by a compact that assumed that the 'party of labour' would grant concessions on the 'social wage' in return for the trade union leaders' willingness to hold rank-and-file members in check, especially in inflationary times when wage rises could be restricted. For 30 years at least, the settlement held together in various forms of neo-corporatism, whereby governments (even conservative ones) saw trade unions as legitimate agents, and would 'do business' with them. The state supported the institutions of collective bargaining, and the trade union leadership was bureaucratically consumed within the 'statization of society' (Panitch, 1986: 189).

However, we can define neo-liberalism as a specific response by capital to recurrent crises of profitability. This involved a reshaping of the relationship between state, capital and labour whereby Keynesian expansionism could not be sustained in an increasingly integrated world economy. Neo-liberalism suggests that trade union wage bargaining adversely affects the 'free' market because trade unions raise the price of labour. In such circumstances, the social democratic settlements, based as they were on Keynesian commitment to welfare and full employment were no longer sustainable in neo-liberal vision.

From the 1980s on, the settlements appeared to fragment as social democratic parties and governments sought accommodations with neo-liberal orthodoxy through flexible working and decentralisation of pay bargaining. Early indications of this tension were already

apparent in the 'divorce' of the LO union federation from the SAP (Swedish Social Democratic Party) in 1987.

The joint publication of the *Third Way/Neue Mitte* in 1998 by Britain's Tony Blair and Germany's Gerhard Schroeder had signalled a shift in policy direction towards supply side economic management and worker flexibility. The 'old' social democracy was abandoned, to be replaced in Britain by continuing privatisation and a distancing between the Labour Party and the unions; in Sweden by the 'divorce'; and in Germany by the introduction by the SPD-Green Coalition Government of the Hartz reforms designed to relax the laws of dismissal, and cut back state support for the unemployed and pensioners.

If social democracy was in crisis, so too was the 'social democratic' model of trade unionism. The background to the change was a decline in trade union membership, as the effects of neo-liberalism began to bite into workers' confidence. Trade union leaderships found it increasingly difficult to gain welfare concessions from governments in return for wage discipline. Where such 'pacts' to restrict wage rises have been enabled, they have been justified by the trade union leaders as a policy of the 'dented shield' designed to mitigate the worst effects of neo-liberal restructuring. They have rarely been accompanied with increases to the 'social wage'. Such an approach has increased the tensions between social democratic parties in government, the trade union leaders and their rank-and-file members to such an extent that fractures and fissures have begun to appear.

In our book *The Crisis of Social Democratic Trade Unionism in Western Europe* (by Martin Upchurch, Graham Taylor, Andrew Mathers), we trace the origins of these fractures and examine newly emerging alternative futures for the political representation of trade unions. We do not argue that social democratic trade unionism is at an end, but rather that alternative models of reshaping have emerged. Social democracy itself has morphed into different wings, one represented by *Third Way* politics which accommodates to neo-liberalism and seeks to construct an ideology of partnership between employers and employees in an effort to maintain national business competitiveness (Giddens, 1998). A second wing wishes to return to the values of *traditional social democracy* and argues that it is

possible to reconstruct Keynesian policies. Such a path denies that neo-liberal free market ideology is an inevitable product of capitalism's ongoing crisis of profitability. Trade unions adopting this position seek to change the policy of social democratic parties from within. A third approach is *cosmopolitan social democracy* whereby many trade unions have also responded to globalisation by a form of 'managed internationalism' arguing for 'Decent Work' through agencies such as the International Labour Organisation and even the arch agents of neo-liberal policy such as the WTO, the World Bank and IMF.

Our alternative model of *radical political unionism*, however, identifies a break with social democratic trade unionism and a focus on active agendas which seek to oppose neo-liberalism, engage members in social movement activity at grass roots level, and encourage the use of more innovative and less bureaucratically-controlled trade union action. This model is also associated with alignment of unions with new political parties and movements to the left of the social democratic parties. The model reinforces class solidarity at the expense of 'national business interest'.

The degree of fracture in each country varies. In Britain there has long been 'formal affiliation' between the Labour Party and the unions, with unions donating yearly up to 60% of the party's funds. However, the Labour Party leadership has sought to downgrade formal power of the unions within the party, and has sought funding from business sources. Unions have moved from power-brokers to internal lobbyists. In the public sector tensions between party and unions have been most acute.

In Germany, the political relationship between the SPD and the unions has been informal but the new fracture is dramatic and focuses on the emergence of *Die Linke* as a serious party to the left of the SPD. *Die Linke* was formed from the mass opposition movement to the Hartz reforms of the public sector beginning in 2003. In the 2009 election it gained 76 *Bundestag* representatives with nearly 12% of the vote. Exit polls suggested that 780,000 former SPD voters switched votes to the new party. *Die Linke* is a coalition of disaffected SPD members, ex-PDS (the party reformed from the old ruling Communist Party) members in eastern Germany, and far left activists in the unions.

In France, the traditional fragmentation of political representation of the unions appears to have carried over to new formulations of political and social identity. Opposition to neo-liberalism has been highly visible 'on the streets' as public sector workers have taken consistent strike action. Of the three main federations the CFDT has been most visible in supporting a *Third Way* position, *Force Ouvrière* has continued to support Keynesian solutions in defence of the public sector, while the CGT has vacillated between support and opposition to neo-liberal measures. An interesting feature of contemporary French trade unionism has been the emergence of dissident breakaway unions attached to the Group of 10, such as

SUD (*Solidaires, Unitaires, Démocratiques*). SUD is particularly active in the railways and public sector and, although small, has adopted an anti-neoliberal position and has related to social movements such as the *sans papiers* and the *Confédération Paysanne*.

In Sweden the bonds between the union federation and the SAP remain stronger. We can observe a continuing thread of a unique 'folk tradition' that has survived outside of other experiences. The peculiarities and specificities of Swedish social movement unionism can thus be seen as a product of a continuing hegemony of social democratic values.

In summary, the crisis of social democracy has transformed into a potential crisis of the social democratic model of trade unionism. This marks a qualitative change from previous crises in which challenges to social democratic trade unionism were always contained within the party or neutralised by the institutions of industrial relations. This is not to argue that these processes of containment and institutionalisation no longer exist or no longer work, but rather to suggest that the limits of the process have been breached to various degrees of significance. We detect new formulations of union identity, engagement beyond the workplace, and newly politicised union strategy. Of course, such new formulations remain fragile and open to division, political tension, and subsequent reformulation. Nevertheless, we suggest that the continuing adaptation to neoliberalism as a means of capital accumulation by social democratic parties in power will mean a continuation of the crisis, and a parallel 'opening up' of workers' organised political dissent within wider civil society.

References:

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