



# Dedalus and Arianna



Developing Dynamic Analyses for good Levels of Union Standards and Articulation of International And National Networking Actions –

Information  
Consultation  
Participation

Testo a cura di **UMBERTO BETTARINI**

## RELAUNCHING TRADE UNIONS IN EUROPE

### Strategic Vision, Collective Bargaining, European Works Councils

Una riflessione a partire dalla conferenza finale del progetto **Dedalus e Arianna**



With financial support from the European Union



# **RELAUNCHING TRADE UNIONS IN EUROPE**

## **Strategic Vision, Collective Bargaining, European Works Councils**

A reflection based on the final conference of the Dedalus Project

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## Introduction

NEGOTIATION, NEGOTIATION, NEGOTIATION. These were words chosen by the European Trade Union Confederation (ETUC) to close its XIII conference, from September 29<sup>th</sup> to October 2<sup>nd</sup>, 2015. It is a motto that aims at relaunching European trade union action starting from the union's fundamental mission: collective bargaining.

In a context in which a general attack on the employment market and on representation seems evident and in which people's trust in European institutions is experiencing a deep crisis, reasserting the central role of trade unions as a negotiation tool does not only mean placing the role of workers back in the centre of the debate, but also proposing an alternative vision to the current model of economic and social development in Europe. The popular vote on the UK's stay in the European Union in fact unmistakably sanctions the large gap between an ever more consistent part of the population and European institutions. Therefore the ETUC, which with its 45 million members today doubtlessly represents the most structured organization of representation, cannot exempt itself from its role as a social subject proposing a renewed and more inclusive vision of the European model.

This situation in which the organizations of workers' representation is losing its bargaining power and in which there is a deep institutional crisis was the framework of the final conference of the Dedalus and Arianna project which, starting from the slogan Negotiation, Negotiation, Negotiation, sought to stimulate the participating organizations to reflect on the possible role of trade unions in this difficult phase. In fact, the challenges that organizations of workers' representation face on the workplace today can no longer simply be faced with defensive answers concerning the conquests of the past, but should produce a new driving force aimed at creating a true social Europe with inclusive rights, in which labour and people are once again assigned a central role.

In the presence of Luca Visentini, ETUC Secretary General; Luc Triangle (Deputy Secretary General of IndustriALL); Nikola Kostantinou (Secretary of UNI Europa, responsible for the graphical department and coordinator of the Multinationals and EWCs work group); Fabrizio Spada (Director of the European Commission Representation in Italy – Milan Regional Office); Fausto Durante, Cinzia Del Rio, and Giuseppe Iuliano, responsible for the European and international policies of CGIL CISL UIL Nazionali; and of the Lombardy Secretary Generals of CGIL CISL UIL - Elena Lattuada, Osvaldo Domaneschi, Danilo Margaritella – the broad debate was able to outline the possible fields of union intervention in order to give new strength to the workers' movement and to relaunch a truly inclusive process of European integration. It was a discussion at 360 degrees which touched upon important issues such as transnational collective bargaining, workers' representation in multinationals, tools to exit the current economic and institutional crisis in Europe, European values, the new frontiers of the workplace, relaunching an inclusive trade union that is capable of creating a dialogue with its membership base.

The present report seeks to reflect the meaning of this debate and its depth of vision. This work does not pretend to faithfully and chronologically report the many operations that have followed each other, but rather aims at reconstructing their essence to stimulate the social partners to continue developing the reflections made within the ETUC conference and taken up again during the debate. For this reason, following a first part dedicated to the dynamics of the change that is being enacted both in the labour market and in European industrial relations, we will give voice to the main protagonists of the conference to provide a more general vision on the role of trade unions today and to analyse the operational tools necessary to implement it.

## A deeply changing context

The last three decades represent a period of deep social, economic and political transformations, which are also impacting on European industrial relations. These are radical changes that have their origin in the 1980s and which, in recent years, are experiencing an acceleration due to the economic crisis and the changes in international markets. In particular, pressure has been placed on the European manufacturing industry, the driver of post-war development, which today needs to face a growing global competition with the consequent processes of production outsourcing and flexibility. In practice, we are witnessing a fluidisation of the production model, a re-definition of its boundaries and a change in the main economic actors.

These elements have contributed to a change in power relations both between companies themselves, with the progressive concentration of economic power due to the processes of international acquisitions, and within the structural capital-labour relationship. On the one hand, in fact, ideas of an Anglo-Saxon derivation have deeply permeated European governments, leading us to rethink the systems protecting labour and representative rights. On the other, the greater fluidity of the labour market has contributed to diversifying workers' demands and has created a polarization of conditions, a reduction of social bonds on the workplace, as well as a deep change in the structure of working schedules and places. In other words, the processes that are taking place have produced a substantial individualisation of workers, which has impacted on one of the main levers of trade union membership: the concept of collective identity.

Furthermore, in a context in which the great Fordist factory is yielding the way to a more horizontal reticular industry, in which automation and the processes of delocalization have drastically reduced the number of employees in the manufacturing industry in Europe, it is clear that for the trade union it is becoming increasingly difficult to intercept the large masses of female workers on the workplace. In this framework, therefore, the process of trade union recruitment seems to be ever more difficult and costly in terms of time to be invested.

To these by now thirty-year old dynamics, we need to add the recent economic and technological developments that underlie the concept of industry 4.0. Conceived as an actual economic policy measure, and initially launched by the German government in agreement with the main enterprises and universities of the country, *industry 4.0* represents the attempt to relaunch the manufacturing industry in the countries with the most ancient industrialization history and restore their international competitiveness. It is the announcement of an actual industrial revolution that could involve not only the big automotive enterprises, but all kinds of corporations. Through a savvy use of the new digital technologies and an innovative corporate approach, oriented towards product and process innovation and towards strengthening companies' network, even small or very small companies with an artisanal or semi-artisanal nature can try to enhance their competitiveness. Industry 4.0, therefore, opens up towards a new economic season and could introduce deep changes in the labour market. We are referring, for instance, to the effects of a massive use of robotics on the workplace or to the inevitable processes of change in the workers' labour tasks. This is a field which, in a mid-term scenario, will launch new challenges for the European trade union movement and which will no doubt stand at the centre of the debate.

With these necessary premises, and taking inspiration from the many speeches delivered at the final conference of the Dedalus project, before we review the trade union strategies that the ETUC wants to bring to the table, in the following pages we will go into depth with three elements that break with the past and are influencing the labour market and the trade union's capacity for action. First of all, we will reconstruct those dimensions within which a series of political, economic, social, and cultural impulses are acting to mitigate the capacity of collective representation of workers' interests: a phenomenon which in the academic field is defined as convergence within a neoliberal system (Baccaro and Howell 2012; Streeck 2009; Howell 2006; Bryson et al. 2011; Marginson et al. 2014). Secondly, we will concentrate on the increasing relevance of multinational companies and on the challenges that these are launching to the employment market. Finally, we will briefly attempt to outline what the main implications of industry 4.0 will be for trade unions.

## 1. Neoliberalism in Europe and its effects on the employment market

The systems of European industrial relations have ancient origins that are rooted in the histories of the different national contexts. These models, in fact, have been structured in time and represent the synthesis of the complicated interaction between the specific interests of the various political subjects, social partners, and companies of each country. Today, however, this extraordinary patrimony of diverse institutions, which have contributed to generating the architecture of the European Social Model, is placed under attack by the advance of a new political sensitivity of a neoliberal imprint, which is questioning the various systems of employment regulations. Reduction of collective protection measures, decentralization of contractual levels, and the abandonment of social dialogue, seem to be the main directives that the different European governments are acting out to break down the trade union conquests of the past. It is this process of social transformation which is academically defined as convergence towards a neoliberal model.

In this view, in the field of industrial relations, those scholars who are trying to outline the main common trajectories within which the different states are moving (Baccaro and Howell 2011; Howell 2006; [Streck I believe it may be Streck as above](#) 2009; Bryson et al. 2011; Marginson et al. 2014) have identified four indicators that show a progressive redefinition of power relations between capital and labour to the detriment of the employment market and of its organized representation: compression of the unionization rate; progressive reduction of the coverage rate of collective agreements; decentralization and de-coordination of the systems of collective bargaining; reduction in striking activity.

The first indicator is the most relevant because it is related to trade union resources, not only in economic terms, but also in terms of power relations. Union members, in fact, provide financial resources, collective action in case of strikes, and the electoral base during votes for the renewal of corporate representations ([Ebbinghaus I believe it may be Ebbinghaus](#) et al. 2011; Bryson et al. 2011). Furthermore, unionization is a key dimension: a proxy of the level of trade union legitimacy and of its capacity to exert pressure (Regalia 1980). In practice, the higher the number of members, the greater is the capacity to obtain more favourable conditions for workers. This is an element which, as we will see below, gains its value only from a theoretical point of view, since in the majority of western countries the correlation between the enrolment rate and the coverage of collective agreements is not so relevant. This relation, in fact, is often conditioned by the existence of institutional mechanisms capable of extending collective bargaining to all workforces. In this perspective, more than a proxy for the capacity to act, unionization is connoted as an element that can provide information about the degree of consensus that an organization is able to collect over time and on the type of resources that it is able to implement.

The second indicator, the coverage rate of collective agreements, lies in the heart and primary mission of the trade union: negotiation. In this perspective, a fall in the coverage rate of collective agreements is the true measure with which we can analyse the health conditions of industrial relations in Europe and trade unions' capacity to influence labour conditions.

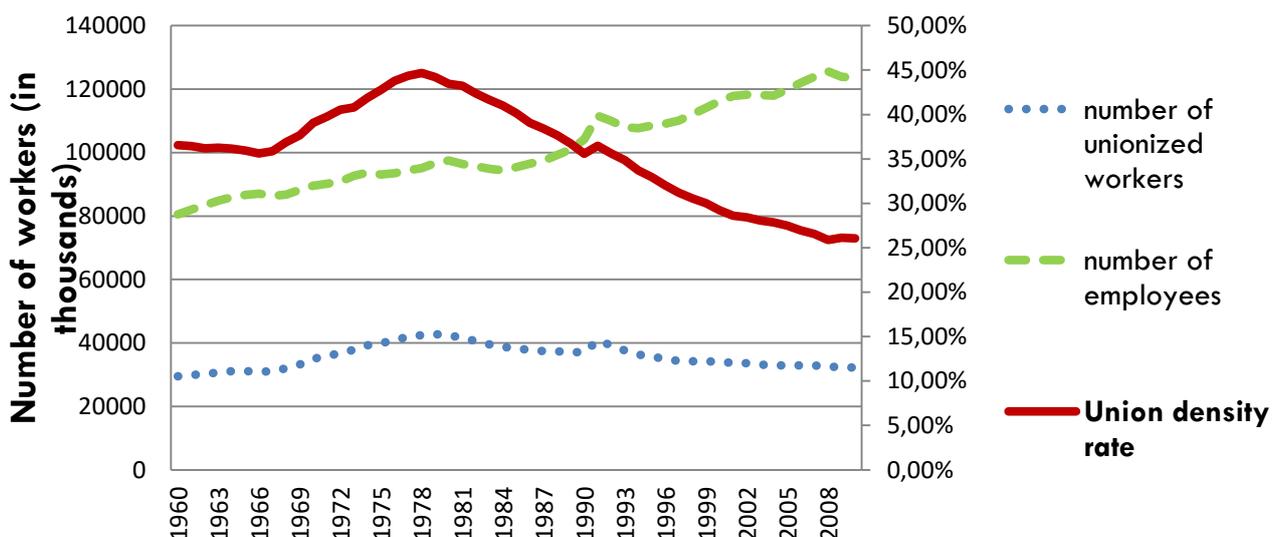
A corollary of the coverage rate of negotiation is our third indicator: the level of centralization and coordination of negotiation systems. A centralized negotiation coordinated between the various levels, in which the territorial levels take on an integrative character with respect to the national levels, lies at the base of an inclusive and universal system. Today, however, in all western countries, a tendency towards decentring contractual levels can be perceived. This is a process which, as Traxler (1995) has pointed out, implies two phenomena of a different nature: 'coordinated' decentralization which is represented by the passage from a national negotiation to one which is articulated on several levels, and 'non-coordinated' decentralization, in which we move from a homogenous system of collective bargaining to a corporate model in which agreements are negotiated company by company. If in the past corporate negotiation was seen as a conquest in companies in which power relations were extremely favourable for the trade union and in which these relations were later reflected in the national and territorial agreements, today, on the other hand,

decentralization and de-coordination of contractual models represent a key point in the process of labour deregulation.

Finally, the last indicator – the lower incidence of strikes – is the least relevant for our discussion. Although ILO data shows us a general decrease in striking activity, both in terms of working hours lost, as well as in the number of employees involved, the causal relation between the exercise of this right and trade union power is not entirely clear. As Baccaro and Howell (2011) have stressed, for trade unions “a low propensity to strike can be both a weak point and a great point of strength”. In fact, if the simple threat of a strike is enough to obtain the union’s negotiating objectives, the reduction in the number of strikes could be a proxy of a system of industrial relations that is witnessing the advance of the trade union to the detriment of its counterpart. In this perspective, a simple reading of the current trends does not tell us a lot about the real state of power relations between capital and labour, since legislative differences, consolidated power relations, negotiation habits and practices, and economic contingencies concur in a decisive way to explain the trend in the evolution of the number of strikes. For this reason, in our analysis we will not consider this dimension.

After these preliminary clarifications, we are now able to explore the data and to analyse the current trends in these three dimensions (trade union density; coverage rate of collective agreements, degree of centralization, and coordination of wage-setting systems), with the aim of understanding to what extent systems of industrial relations today are moving towards a common perspective and to what extent the latter is menacing the prerogatives of the trade union. To analyse this issue in depth we will use the data contained in the ICTWSS (Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts) database of the University of Amsterdam. This is a rich administrative source, which since 1960 has been collecting data concerning unionization rates and some key variables of the labour market and of the relations between social partners in each OECD country and country in the European Union, with the exception of Croatia.

**Fig.1 Evolution of the union density rate in European countries (1960-2010)**

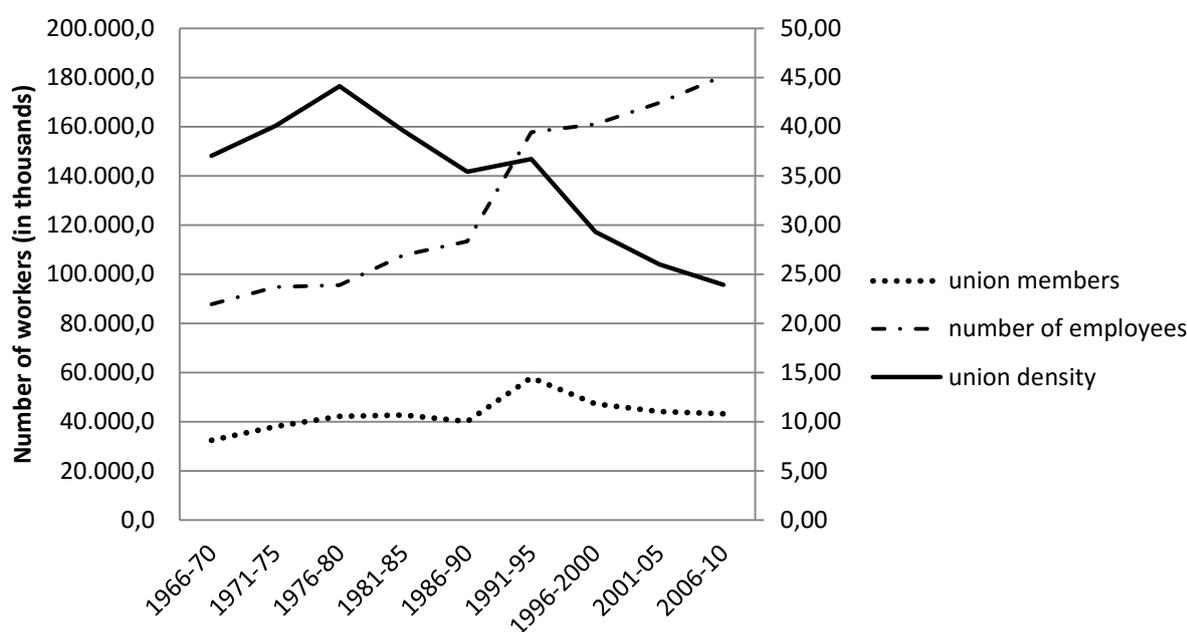


Source: graph based on data contained in ICTWSS 2013. The data refers to 11 European countries: Austria, Belgium, Germany (before 1990 Eastern Germany), Denmark, Finland, France, Ireland, Italy, Holland, Sweden, United Kingdom. The remaining European countries were excluded from the count since the database did not contain data for those countries for the entire period of reference.

The above historical series shows the trend of unionization in Europe<sup>1</sup>. As you can easily see, after a first vigorous increase in union membership, starting from the 1980s there was a phase of slow decline, not so much in absolute terms, but rather in terms of percentage. In fact, although the European workforce grew rapidly in the period of reference, this increase did not produce any rise in the number of unionized workers.

Unfortunately, our analysis is only based on 11 European countries, since for many of the states that entered the European Union in more recent years we do not have any data previous to 1991. However, even if we add the available data to our historical series (fig. 2) we do not record any significant variations in the general trends. If we disregard the fact that in the year 1991 there was an obvious increase in the absolute data, the directions of the curves remain the same. The only true element of change is constituted by the slope which in the period 1991-1995 experiences a stronger decrease in the unionization rate, since many of the states that were added later belonged to the socialist block and were therefore equipped with an institutional system that incentivized union membership (or, in some cases, made it mandatory).

**Fig.2 Evolution of the union density rate in all European countries (1960-2010)**



Source: graph based on data contained in ICTWSS 2014. The data represented in Fig. 1 has been completed, from 1981, by the data of Greece, Portugal, Spain and Malta and, from 1991, by the data of Cyprus, Estonia, Poland, Czech Republic, Slovakia, Hungary, Bulgaria and Romania.

Going more into detail and focusing on the last period, according to the ICTWSS data, trade unions in Europe lost 2.3 million members in the period from 1998 to 2008<sup>2</sup>. In relative terms this implies a fall in the membership rate that went from 29.62% in 1998 to 23.58% in 2008. In other words, trade unions lost 20.39% of their membership in only ten years. This decrease concerned all European countries with different degrees of intensity, with Belgium (-4,9%) and Italy (-6,32%) representing the countries that were least struck by this phenomenon, as opposed to the post-socialist countries such as, for instance, Slovakia (-52,38%), Bulgaria (-43,71%) and the Czech Republic (-45,76%). Furthermore, this decline also had a significant impact on countries like Sweden (-16,48%) and Germany (-26,27%), which are characterized by traditionally strong trade union organizations and by a stable system of industrial relations.

Considering our second indicator – the coverage rate of collective agreements – the picture that emerges is very different. Estimates based on the ICTWSS data in fact show that if in 1998 70.36% of European

<sup>1</sup> The data concerning membership in Europe is referred exclusively to the enrolled workforce. Therefore, it does not include unemployed and retired workers nor students.

<sup>2</sup> We are using 1998 and 2008 as years of reference since they are the years in which the data of all EU countries is available.

workers were protected by a collective agreement, in 2008 the recorded number was 67.08%. However, in absolute terms, the number of workers covered by a collective agreement increased from 151,112,000 in 1998 to 173,558,000 in 2008 due to the increase of the total number of European employees. In this case, therefore, the general weakening of collective tools for workers' protection does not seem to be as significant as in the case of the trade union membership rate. Furthermore, as opposed to the case of union membership, where a general decrease in all countries could be recorded, the coverage of collective bargaining presents decidedly diverging situations: in four countries – Denmark (+ 1,2%), Finland (+ 3,5%), the Netherlands (+ 1,2%) and Lithuania (+ 100%) – this percentage increased from 1998 to 2008. In other countries, among which are Austria, Belgium, Greece and Italy, the coverage of collective agreements remained stable during this period; while in five countries – Germany (-13,5%), Hungary (-23,4%), Malta (-12,7%), Portugal (-21,4%), Slovakia (-21,6%) – it fell drastically.

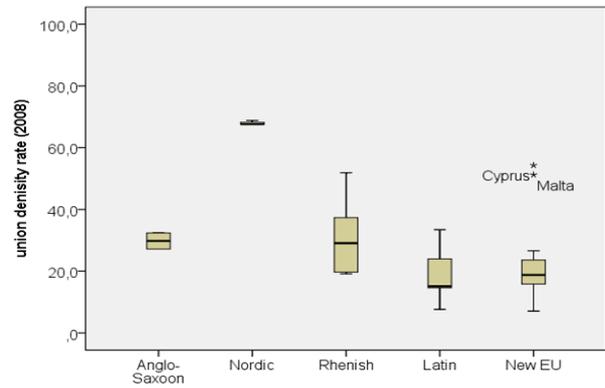
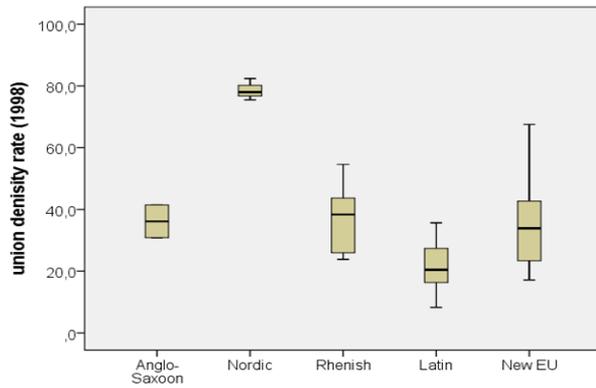
Finally, considering the third dimension – the level of centralization of collective bargaining – analysed by means of the composite index of centralization<sup>3</sup>, we can see that this indicator did not vary significantly from 1998 to 2008. The average fluctuation of the indicator, in fact, went from 0.387 to 0.383. However, if in 1998 the data between the different countries was distributed in an extremely divergent way, in 2008, on the other hand, it shows a progressive convergence between all European states. In other words, although we cannot affirm that in the period of reference there was a generalized decentralization of the systems of collective bargaining, it is nonetheless clear that there was a strong reduction in the differences between the various countries. Moreover, we need to keep in mind that the analysed data refers only to the period that preceded the great economic crisis. Therefore, if you consider that in recent years European institutions and the International Monetary Fund have proposed decentralization as one of the necessary tools to favour economic recovery, that choice could have influenced the process of deconstructing contractual systems, which, if we had the most updated data available, could be recorded to a much more significant degree. In particular, as Marginson (2014) claims, the current situation should be reflecting a higher degree of decentralization in southern European countries, which are mostly hit by the reprimands of European institutions, but still a relevant degree of decentralization also in northern European countries.

The picture that emerges from this preliminary analysis shows us a complex scenario. It is clear that in recent years various types of pressure – or, to use the terminology of Streeck, some common lines among the different capitalisms (Streeck 2009) – are trying to break down the European social model. In this context, the added data shows us a decline in trade union power in the three dimensions under analysis. However, it should also be pointed out that the neoliberal winds, although they have not yet been able to cancel out the heterogeneity between the different countries, are contributing to dismantle the differences between the models of industrial relations in Europe. As you can see in the following graph, which is based on the traditional classification of countries according to Ebbinghaus' (1999) typology, the data shows us that the differences between the models keep having an impact, but are becoming less and less evident. In particular, with the exception of the northern countries, which continue to have unionization rates that are incomparably high compared to the other contexts, the differences between the other groups have lost part of their significance. This element comes again in all the three dimensions that we have analysed.

**Fig.3 Distribution of the clusterized union density rate (1998-2008)**

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<sup>3</sup> The indicator was created by the University of Amsterdam, considering several variables, both related to trade unions and to the system of rules on which collective bargaining is based. The indicator ranges from 0 to 1, where 1 represents the highest degree of centralization.



Finally, the last element that is worth noting lies in the relation between the decline in enrolments in the trade union and the substantial stability of the coverage rates of collective bargaining. Between these two variables, in fact, there is no statistically relevant correlation in any of the years of reference. This means that, if negotiation represents the final aim of trade union activity, it does not seem to have been particularly influenced by the decline in membership.

This is a positive element, which can only reassure us about the past. In fact, it is clear that in a context of generalized attack to the world of representation, working out strategies that make it possible to increase its legitimacy by expanding the number of people who choose to adhere to trade unions represents one of the strategic priorities, which was also mentioned during the final conference of the Dedalus project by ETUC Secretary General, Luca Visentini.

## 2. Multinational companies and supranational trade union action: an imperative challenge

The redefinition of power relations between trade unions and companies in a neoliberal key is accentuated if it is contextualized within the changed international scene. The intensification of processes of economic interdependence on a global scale and the expansion of the European Union, in fact, are launching new and decisive challenges for the trade union movement and are contributing to redefine the power relations between the different players. These processes involve every dimension of the social sphere and have contributed to articulating the plan of decision making on various levels by transferring various national prerogatives to the supranational field, which is characterized by the strong influence of big multinational companies (MNC) and other non-state subjects.

As Suzanne Strange (1998) has correctly analysed, global processes have led to a radical redefinition of the roles among the various international stakeholders, as states have yielded portions of sovereignty to other political and economic entities, such as the United Nations, the International Monetary Fund, the World Bank, the World Trade Organization, international courts of justice, global markets and big MNCs.

In particular, the climate of deregulation in these past decades has allowed MNCs to develop and increase their political and economic weight. In a context where customs barriers have been broken down, in fact, the big global players have increased their economic weight thanks to their fluidity and capacity of moving across borders, so much so that they have become a decisive subject for the management of global governance, with an influential power that derives mainly from the power of their figures. Suffice it to think that today about 80,000 MNCs are active worldwide, which employ more than 77 million workers, to which we should add the 69 million who in 2014 were employed by the subsidiary companies (Unctad 2015). Already these elements allow us to perceive the social and economic relevance of MNCs, but if we look at the data concerning the first 100 companies in terms of revenues, the issue of power concentration emerges very clearly. The latter have a workforce beyond 15.3 million workers and are responsible for more than 50% of foreign investments in the world (Unctad 2015). The most impressive element, however, is provided by the ranking established by *Fortune* of the first 100 economies in the world. Based on data provided by the World Bank, this study combines the GDPs of the different states and the revenues of the main MNCs in one single ranking. In 2012, this ranking lists, in the first 100 global economies, as many as 44 MNCs: a fact which points out that the biggest MNCs possess bigger financial resources than a good part of sovereign states. But the power of figures is not the only element characterizing MNCs. These companies, in fact, have the necessary know how and resources to develop flexible and diversified investment strategies, which allow them to move easily between various national borders in search of the most favourable social, economic and legal contexts. They have an almost unlimited freedom of movement and this gives MNCs a true “power with limited responsibility” (Martinelli 2004, p.45), since it strongly reduces any regulatory and trade union constraints of their actions.

This concentration of power in the hands of a few subjects and the different determining factors in the social and economic sphere previously described are jeopardizing the traditional triangular relationship between state, enterprise and trade union; a relationship that has characterized industrial relations until today. Between these three players, in fact, there has been a strong re-distribution of power relations to a clear advantage of enterprises, in particular MNCs. What we therefore need to ask ourselves is how trade union organizations can react to this redistribution of power and to the progressive move of the seat of decisional processes towards the supranational sphere.

In this view, it is a prerogative for European trade union organizations to relaunch their activity on a supranational scale. In fact, if the seat where the main decisions are being made is no longer the territorial level, but is becoming ever more global, then also trade union action needs to move accordingly. In this sense, some tools of action have already been well launched. We are referring in particular to the development, starting from the year 2000, of international framework agreements (cfr. Telljhann et al. 2009) which, albeit still incomplete, represent the highest form of supranational confrontation since they refer to the main prerogative of the trade union: collective bargaining. However, these attempts are still limited and are not always able to go beyond a strictly symbolic nature to present themselves as actual forms of supranational negotiation.

Within this attempt of structuring a coordinated trade union action centred on the international level, European institutions can play a determining role. Europe, in fact, differentiates itself from the global scenario due to at least three crucial factors. First of all, the strong economic and political integration existing between the countries of the European Union increases the need for cooperation between trade unions and generates a higher interdependency between the various national contexts. Secondly, although there are still profound differences between trade unions and between the models of industrial relations in different countries, which have been accentuated with the process of expansion of the Union, there is a relative homogeneity (which is becoming more and more accentuated) if we compare it with the differences between the players present in the rest of the world. Thirdly, within the European Union supranational industrial relations are stimulated by the presence of the institutional player who can intervene by means of the legislation and by means of forms of funding aimed at projects involving international cooperation between social partners.

The presence of a public player who, albeit with many limitations, is capable of stimulating a dialogue between social partners on a continental scale is the element that mainly characterizes European industrial relations. In fact, if there are other areas in the world that distinguish themselves due to their strong economic integration, such as for instance the ones outlined by the NAFTA or MERCOSUR institutional trading agreements, in these areas the regulation of the labour market still remains a factor that is exclusively relegated to the national sphere. The European Union, on the other hand, has gradually introduced an appropriate system of norms to create a scenario of common social rights for all member states. The European context, therefore, is the only one in the world in which all three of the players that usually compose the systems of industrial relations are active on a transnational level: trade unions, companies and the public player.

In particular, we should focus our attention on the tool of European Works Councils (EWC), introduced by the community legislator in 1994 with the aim of establishing procedures of workers' information and consultation in all MNCs of European relevance. EWCs are organisms that are configured as one single tool of workers' representation on a supranational scale, introduced through legislation. However, despite the presence of a European directive, later recast in directive 2009/38 to give further impetus to these organisms, in many companies these EWCs are struggling to find a concrete realization. Think, for instance, about the fact that of the more than 2200 companies that fall within the sphere of competence of the legislation on European Works Councils, only 1028 companies have actually activated this tool (ETUI 2016). Furthermore, as has been shown by different empirical research and underlined by the many workers' representatives on a supranational level, there are several critical points concerning their functioning. It has in fact been discovered that the procedures of information and consultation not only are not able to go beyond the minimum standards set by the directives, but very often are placed far below these parameters. In particular, the practice of consultation still remains a rather limited phenomenon that is not at all exploited to its full potential (Waddington 2011).

These are critical issues which have led some authors to classify more than 50% of active EWCs as purely symbolic. We are here referring to organisms that have been only formally constituted without any real

exchange of information going on within them (Platzter 2009). However, empirical research has also shed light on the fact that there are some EWCs where the procedures of information and consultation are working in an extremely positive way and where it has been possible to plan the introduction of new rights that have led to the institutionalization of actual co-decision making practices.

From this brief reconstruction, therefore, it can easily be seen that, in view of a strong need of supranational action, it is crucial for the trade union to start anew from the tools that are already currently available – transnational negotiation and EWCs – to balance out the extreme economic and political power that the big multinational groups are acquiring. In this perspective, the European Union represents the key tool to consolidate a practice of supranational industrial relations. As we were previously arguing, in fact, trade union relations are based not only on the power relations between capital and labour, but also experience the fixed presence of a public player who plays the role of mediator. In this view, on a global scale, only the European Union has the necessary characteristics to play this role. However, as the recent Brexit has proven, today European institutions are facing an unprecedented legitimacy crisis that threatens to sink the project of European integration to the ground once and for all. In this perspective, an effective trade union action to contrast the growing power of MNCs is also identified in the capacity of strengthening the European Union, by means of radical proposals that need to strive towards relaunching it in a more democratic key that is closer to the interests of citizens and workers.

### 3 Between job enrichment and employment polarization: the new challenges of industry 4.0

More and more often, we read expressions such as smart factory, industry 4.0, digital revolution in the press. These are concepts that are progressively entering the public debate and that underlie an idea of change in the production systems of the most developed economies. By means of digital technology, in fact, companies are progressively changing the way in which they place themselves on the market and are revolutionizing their production processes in search of a renewed competitiveness with regards to the more recently industrialized countries. The concept of industry 4.0, therefore, represents an actual economic revolution, which was predicted *ex ante* and could produce significant changes not only in the production model, but also in the labour market and in the systems of industrial relations.

For this reason, European trade unions and national trade union organizations are beginning to reflect on these issues to grab the opportunities of this likely new phase of corporate evolution and to reconfigure their vindications in the light of the changes that are taking place and of some issues that could arise in the future. We are referring to processes of automation, remote work, to the possible increase in productivity, to the redefinition of duties in a more flexible perspective and in view of enriching competencies. These are extremely important issues that impose a broad reflection on the very meaning of labour and on which the new types of protection could be that need to be enacted within an ever more complex economic and social framework in need of progressive flexibility.

Attempting to analyse the concept of industry 4.0 more in depth, it needs to be pointed out that its final aim is that of giving back competitiveness to the manufacturing system of the most consolidated economies, by inverting the processes of post-industrialization and of outsourcing described in the previous paragraphs. In particular, the premise of industry 4.0 is that in western countries mass production with a low content of added value has ceased being the paradigm of industrialization because it has been progressively deprived of its reference markets. In this perspective, it is crucial to “distinguish between replicative manufacturing, standard manufacturing – destined to be attracted by low-cost countries – and innovative manufacturing, which, instead, has a good chance not only of remaining, but also of acquiring important shares of surplus from the worldwide chains it participates in” (Rullani 2015).

If we borrow the words of Radziwon et al (2014), we could define industry 4.0 as “a production solution that favours flexible and adaptive processes to resolve the problems deriving from the growing complexity by means of a dynamic and rapidly evolving production plant. On the one hand, this solution is correlated with automation, intended as the combination of software, hardware and/or mechanics that should lead to the optimization of production with a consequent reduction in the resources employed. On the other, it represents a perspective of collaboration between the various industrial partners and others, where the intelligence derives from a dynamic and participative organization”.

The factory of the future, therefore, integrates the new enabling technologies, such as 3D printing, Internet of Things, the so-called M2M (Machine-to-Machine communication technology), pervasive micro-technologies (Ubiquitous network technology) on the various levels of the decisional process, and exploits the countless benefits of the web. In particular, industry 4.0 is based on six technological categories: the Internet of Things (IoT), the Big Data, Wearable Technologies, the use of a network of remote servers hosted on the internet to archive, technology for data management (Cloud Computing), additive manufacturing and robotics. By means of these new tools, the smart factory aims at increasing its efficiency, its competitiveness, and its capacity to

meet the needs of an ever more diversified demand, aiming at inter-connectivity and the cooperation of production factors (machinery and people), employed not only within the company, but also throughout the entire supply chain.

In this view, the smart factory acts by improving the quality both of products and of processes, within those market niches that need a high level of specialization and differentiation. In practice, by fully exploiting the advantages of a technological equipment that ensures flexibility, the industry of the future makes orientation towards the end consumer and customized production into its two strongholds to stay competitive.

Together with this optimization of the production process and the creation of ever more innovative and personalized products with a high added value, the smart factory is also characterized by a certain attention towards the complete governance of the production cycle, which goes from the design to the loyalization of the clientele. Integrated services, logistics and distribution, therefore, become strategic variables to rationalize the production process and to better meet the needs of the end customer. In this view, therefore, the smart factory is a production facility that goes beyond its borders and integrates the service industry with the manufacturing industry.

Within the smart factory, in fact, there are not only production activities, “but also a circuit of immaterial activities, such as conception, research and development, design, innovation, model-making and production planning, logistics, communication, order management in the global branches, brands and connected meanings, marketing, the ever more interactive relationship with the world of distribution and consumption” (Rullani 2015). It is, therefore, a complex production system, which strives to impose itself not as a simple process of technological reconversion, but more as an integrated system in which digitalization and automation are integrated with the contribution of a more and more qualified human capital capable of governing the processes in a flexible and creative way, always oriented towards the final consumer.

Industry 4.0 therefore presents itself as one of the possible directives of corporate development, which in some cases is producing remarkable results: a futuristic vision, which is still experimental today, and which could lead to a substantial change in the production model. It is, however, a transformation that does not seem to be automatic, also due to the problem of the costs of a technological adaptation and due to the uncertainty of the result of the various measures adopted by public institutions.

However, if the results of this possible revolution do not seem obvious, in view of relaunching trade union action in a mid-term perspective, it is fundamental to closely consider the assumptions of industry 4.0. If these dynamics of change should become concrete, the impact on the employment market could be radical.

From the professional and entrepreneurial point of view, in fact, industry 4.0 underlies a process of job enrichment, since, as Gianpaolo Vitali of the CNR explains, “in a context characterized by factories whose products, processes and technologies are evolving with articulated dynamics, human knowledge, as well as its capacity to interpret complex production phenomena and identify solutions based on experience, represents a fundamental element”.

The assertion of new production technologies transforms manual labour into an ever more specialized process, which has repercussions on the duties, working hours, working places and competencies of the worker. The possibility of remotely controlling machinery, in fact, makes it possible to imagine more flexible working models that are less linked to the production site, while a higher attention towards an efficient process linked to the needs of the final consumer has repercussions on the production cycles and consequently on the production times and ways. Finally, for professional operators the diffusion of robotics and IoT has constituted a big change in their activities, which are now no longer related to the execution of routine operations, but rather are oriented towards machine programming, monitoring, and problem solving.

These elements have immediate implications on the professional world. First of all, the digitalization of production processes deeply influences working relations and the social network within a company. The fact that a physical proximity between the worker and the machine is no longer necessary and the use of robotics

are contributing to expand that process of work individualization. These are elements that have effects on workers' capacity to establish relationships with their colleagues and to plan their own life schedules. In fact, just like each production phase needs to take place precisely at the right moment, work takes on a "just in time" nature as well, becoming less foreseeable and no longer based on pre-established shifts. This element thus accentuates the already cited problem of the individualization of working relations and, for trade union organizations, it translates into a further difficulty in intercepting workers' needs and in contributing to enhance their sense of collective belonging.

Secondly, if the massive use of sensors, together with an almost unlimited possibility of archiving data can improve productive performance, at the same time it represents a powerful tool to control the workforce. Already today, in fact, it is possible to monitor every single operation of the worker and, by means of management systems, to control his or her quality in a scientific way. Moreover, thanks to the archiving systems, the employer can constantly monitor the qualitative trends over time. From the point of view of workers, therefore, we are witnessing a strong threat to their privacy and an increase in the psychological pressure they are under.

Finally, the diffusion of robotics will undoubtedly create a polarization of the labour market. The combination of machines and manual labour, in fact, represents an element of profound change in employment. On the one hand, as we have already mentioned, we will be witnessing a process of job enrichment in which ever more qualified professionals will be requested. On the other, the professions with the lowest added value will disappear, with a strong risk of social exclusion for those workers who will not be able to adapt to the changed scenario.

In this context, the operators of the 4.0 factory will need to have technical skills in programming, 3D prototyping, the use of a wide range of electronic and technologically advanced tools, data interpretation, and managing complex processes. These are specialized competencies, supported by specific software and hardware technologies that require a combination of generalist education and on-the-job training. Furthermore, together with the dimension of technical and professional skills, the workers of the factory of the future will need to equip themselves with some soft skills, such as the capacity of working in a team, problem solving, communication and relational skills, flexibility, the capacity to manage stress in a context that makes it necessary for the worker to govern processes with precision, reliability and determination.

In a parallel way, it will be necessary to intervene both with public operations and with negotiated solutions to avoid the risk of social exclusion for those workers who could lose their job due to the automation processes. The trade union, therefore, will be called upon to provide new and articulated answers to reduce the impact of some of these possible transformations and to fully grab the opportunities that could be presented by the perspective of industry 4.0. In this framework, key notions such as the reduction of working hours without salary reduction to compensate for the processes of occupational polarization and expanding the number of employees, redefinition of the educational policies and of continuous training to face the process of job enrichment, new proposals of inclusive and universal welfare, could become the new trade union platform in the era of industry 4.0.

## 4. How to relaunch the role of trade unions: Negotiation, Negotiation, Negotiation!

“Negotiating, especially in Europe, is the fundamental mission of representative organizations in the professional world: without negotiation the trade union is transformed into something else”. To face the many challenges that characterize these years of great change, we need to relaunch the trade union’s negotiation action, not only regarding salary negotiation, but also in the sphere of the institutional model and of the relaunch of social dialogue as a tool of social regulation of the market. “If we do not succeed in negotiating these three fields our decline is to be expected because the reason why a workers should decide to join a trade union would disappear” (Visentini).

This, in brief, is the main road outlined by ETUC Secretary Luca Visentini to face the challenges listed in the previous pages, to recover from the general crisis that is striking all representative organizations, as well as to relaunch trade union action within a European project that needs to be revitalized also thanks to the operational proposals coming from the employment market.

It is, in fact, evident that the changed political, institutional, economic, social and cultural scenario in Europe is imposing a deep reconsideration of the strategy of the different stakeholders, in particular on behalf of the European institutions, which are experiencing centrifugal pressure due to a deep confidence crisis.

In this perspective, according to Visentini, the action of the main subject of representation – the European trade union – needs to take on the task of orientation, which goes beyond a purely work-related dynamics, to contribute to relaunching the European project in a democratic dimension, in the social sphere, and in the planning of a social market economy. As Danilo Margaritella, Secretary General of UIL Lombardia, has pointed out, we need to go from the defensive strategy we had during the conquests of previous decades to an offensive one, which can relaunch the issue of European institutions and which can also intercept the new trends in the labour market, such as, for instance, industry 4.0.

It is a big plan to rethink European architecture and to relaunch the platform of trade union vindications based on the values of solidarity, which should not, however, lose touch with the territory. As Visentini has pointed out, it is inconceivable that trade unions do not conduct a constant dialogue with the workers they represent, in view of furthering a collective participation in the decision-making process and a higher capacity to understand workers’ needs.

According to the ETUC, rethinking the trade union strategy in this context of great transformation means asking oneself broad questions that do not contemplate a micro-change, but that aspire towards a radical transformation of society. This is the context in which the conclusive document of the XIII conference of European trade unions, which tries to summarize the various initiatives in which the Confederation will play a central role, is inserted. Negotiation, negotiation, negotiation: the three key words that trade unions in all their articulations need to commit to.

First of all, the trade union needs to interrogate itself on the institutional system of the European Union and negotiate alternatives to the current model. Why is Europe growing so little and even where it is growing it does so with extremely high unemployment rates? Why is confidence in European institutions at an all-time low? Why are xenophobic and separatist ideas spreading throughout our continent? These are some of the questions that Visentini chose to stress in his speech and which lead us back to the core of the issue: the malfunctioning of the current economic and political setup and the stellar distance of institutions from the real problems of the professional world. As Osvaldo Domaneschi, Secretary General of CISL Lombardia has pointed out, “Europe has lost its idea of sociality, its idea of design, its history of solidarity”.

Two elements underlie this deep failure: the choices in economic policy and the issue of the bureaucratisation of democratic institutions. It is clear, in fact, that austerity policies have failed and have contributed to increasing inequalities without furthering economic recovery. On the other hand, in many cases these policies, instead of generating more rigour in public finances, have contributed to increasing the debts of the various countries, which, by means of the welfare system, have had to take on the social costs produced by this rigorous vision.

In this view, the ETUC strongly vindicates an alternative policy with public investments as its main lever to relaunch the economy. In fact, it is not enough to enact measures to stimulate companies' private investments. These choices have proven to be mostly unsuccessful since liquidity, instead of going into new investments (and therefore new employment), has been poured into the financial markets, thereby generating a volume of financial transactions that is estimated to be more than 50 times higher than the GDP of all European states put together. Therefore, if the trade union's priority presents itself as that of relaunching public investments, this road needs to be taken by means of a renewed policy on debt, "to one day have a true central bank, a true economic policy, a common budget and a common debt" (Visentini). In practice, it is about giving life to a process of integration that will lead to the birth of the federation of the United States of Europe.

This process also imposes the need to rethink European institutions, which, in a federal perspective, need to become more democratic. As Dr. Spada has pointed out, Director of the European Commission Representation in Italy – regional office of Milan, today "in Europe a model of inter-governmental rather than community government prevails". Thus, it seems consistent to rethink a new institutional setup in which the European Commission, rather than being the sum of the decisions made in the various national governments, is directly elected by the citizens, or, indirectly, by the European Parliament. This is a choice that would guarantee a higher degree of citizen participation in European decisions and a renewed institutional cohesion, since the Commissioners would no longer be the emanation of national governments, but would have a supranational mandate.

The second element that the ETUC vindicates for its negotiating role is the traditional dimension of the wage policy enacted by means of collective bargaining. As we have already explained in detail, this field has been placed under attack by the neoliberal winds that are influencing policies in Europe. Also in this case, certain policies have been adopted which have not only not had the desired effects, but have actually contributed to enhancing the existing problems. However, if Europe is dominated by the paradigm of wage compression as a lever to maintain a manufacturing industry that can compete with the rest of the world, it is the task of the trade union to invert this perspective, by highlighting that this road, apart from not being viable, since labour cost is only a very small part of the production cost in Europe, is entirely unsustainable. Think, for instance, about the fact that more than 60% of goods manufactured on our continents is destined for internal demand. A wage compression policy, therefore, has a direct impact on people's spending power, and hinders real economic recovery.

The issue of collective bargaining and of wage policies will remain at the centre of trade union action in the next years, with a renewed aspiration. While during the deeper stages of the crisis negotiation was able to limit some of the most harmful effects on workers, today there is a growing need to relaunch a new negotiating season able to introduce innovative elements and to anticipate change with respect to the dynamics that will underlie production processes in the already mentioned industry 4.0 era.

What we predict, therefore, is a new season of negotiation: **PAY RISE FOR EUROPEAN WORKERS!** In all countries, it will be the task of the trade union to conceive effective strategies to negotiate higher wages and minimum conditions to uproot the phenomenon of the *working poor*, that is, those workers who, although they are employed, earn less than two thirds of the average salary. This is a strategy that can mainly be enacted by means of a battle to reinforce the national systems of collective bargaining by giving priority to the role of a sectorial national negotiation which will guarantee universal minimum standards, as well as of a decentred and integrative kind of negotiation.

Finally, the third field in which trade unions need to regain negotiating power is that of the European social model and of the social market economy. The trade union, in fact, has been among the most active subjects in the construction of that European social model which for decades has been considered a sort of benchmark of rights. Today, the dynamics we have repeatedly illustrated in this analysis have deeply reduced the impact of European social institutions to the advantage of a more decidedly neo-liberal market system. By means of the system of recommendations to states and of structural reforms, Europe is progressively dismantling its social nature and the framework of rights and democratic procedures. Centrifugal impulses, mistrust in institutions and xenophobic tendencies are the effects of these policies and the measure of the fact that we are losing our sense of solidarity on this continent.

If traditionally the concept of reformism meant gradually and progressively tending towards a more equal and fair society, this meaning has been swept away today. In the common imagination, reforming means introducing tools to punish the population and tools of austerity that damage the weakest categories of the labour market and of society. In this perspective, the European trade union is facing a crossroad. Recovering the traditional concept of reform and proposing a radical transformation of the community setup, or remaining crushed by the current policies and assisting impotently to the likely breakdown of the European social model.

Dismantling the narrative that is advertised about the absolute negative nature of social measures, therefore, is one of the main priorities on the agenda of European trade unions. As Visentini has explained, we need to collectively work out a new European vision, to decline it into concrete proposals, and to mobilize workers to fight for and develop these issues.

## ETUC PRIORITIES FOR A BETTER EUROPE

### A. A strong economy that serves the people:

- We demand investment for full employment and quality jobs for all.
- An end to austerity policies.
- We demand better wages to boost internal demand and recovery - workers in Europe need a pay rise, in order to reduce inequalities and fight poverty.
- Fundamental social rights must have precedence over economic freedoms.
- We demand policies for green jobs, a sustainable future, strong public services, fair taxation, an end to financial speculation and a revised European governance.

### B. Stronger unions for democratic values and democracy at work:

- Social dialogue and collective bargaining must be respected and strengthened across Europe.
- We want greater workplace and industrial democracy, freedom of association and the right to strike.
- We call for ETUC involvement in EU employment, economic and social policy-making.

### C. A core of ambitious social standards:

- We demand implementation of a framework of labour and social rights that aims to achieve social progress.
- We demand an end to social dumping and deregulation.
- We want fair and equal treatment for all workers, without discrimination.

*Extract from the ETUC Paris Manifesto*

In this context, union action in EWCs takes on an absolutely central role. Apart from the importance of information and consultation practices, European Works Councils represent stable meeting places for workers' representatives in the different countries in which the company is present. This is a unique feature, which makes it possible to build relationships, common strategies, and to promote a genuine sense of belonging, both as workers and as European citizens. And it is precisely this relational element we need to use as a starting point. As Elena Lattuada, Secretary General of CGIL Lombardia correctly stated, "EWCs have represented a stronger relationship than the one we were able to create as union organizations. For those who have

experienced them, it has allowed them to mature a huge background of experiences and an awareness of the importance of a European dimension in industrial relations”.

Proof of this can be found in the extraordinary richness of the debate during the final conference of the Dedalus project, which in the morning session witnessed a plurality of passionate contributions by the workers’ representatives who asked the exponents of IndustriALL (Luc Triangle) and of UNI (Nikola Kostantinou) how they could make their work more effective and how to increase the prerogatives and the centrality of the EWC. Albeit it is not possible to completely reflect the depth of that debate in these few pages, we feel the need to underline the spirit with which the various contributions sought to emphasize the need for a change of paradigm where European action can be one of the most important negotiation levels for the union. In particular, what emerges is the need for a truly European negotiation that makes it possible to set minimum standards and common rights. Think about the regulations about the right to strike, which are so different from country to country that it is in fact impossible to take common initiative or to proclaim a European general strike.

In this scenario of great awareness and hope for the future, it is clear that EWCs have become a point of reference for many unionists. However, their experience is studded with weaknesses and delays in their application. These are elements of friction which are given both by a regulation that sets minimum standards without a common system of sanctions in case of non-compliance, and by a corporate counterpart which is often reluctant to openly discuss and share information with workers’ representatives.

Apart from these structural limitations, we should also add some issues internal to the union environment that have contributed to slowing down the full implementation of the regulation on EWCs. In many cases, in fact, the lack of negotiating authority has produced scarce interest in these organisms. In other cases, on the other hand, this lack of interest has been transformed into actual mistrust in general, not only towards the EWC experience, but more in general with regards to a more specifically supranational union action.

Although they are experiencing some common dynamics, the different models of industrial relations in the various European countries still today present deep structural differences. There are elements of heterogeneity that determine an extremely differentiated cost-opportunity system in supranational action. In some countries, in fact, the processes that are in force run the risk of contributing to a fall in employment and to a progressive wage compression. In other countries, on the other hand, these processes are the occasion to attract new investments and to increase their economic condition. Still today, therefore, for some trade union organizations, the supranational activity is considered as a sort of zero-sum game for workers, where the conquests of some are seen as being counterproductive for others (Hanckè 2000).

Nonetheless, if even in the trade union environment there are still fears with regards to a higher level of European integration, the empirical data presented in the first chapter shows that today, even in countries that are traditionally characterized by a strong trade union system, there is a generalized attack on the professional world. In this framework, only a common action can make the union stronger. As Visentini has correctly pointed out, “if the power of trade unions disappears in all countries and only a happy island where rights exist remains, obviously this island will sooner or later be destroyed”. In this view, only more union solidarity, a stronger European vision, and a strategy for radical change can bring the workplace and consequently the union back to the centre of European economic and social development.

## Conclusions

“When male and female workers get organized in a trade union which is free and independent they are a stronghold for democracy, a bastion for the defence of social justice. This derives from the very nature of unionism, which is based on solidarity. The trade union does not exist to defend individual interests, but rather

to vindicate and defend rights for all: collective and general rights!”. These words, which were dedicated to Giulio Reggini and to his thought, opened the final conference of the Dedalus and Arianna project. They are important words that adequately summarize the meaning of the line of thought we have tried to develop in these few pages. In fact, if the trade union is able to enact a strong strategy to relaunch its action on a global scale, by effectively contrasting the processes of convergence towards a neoliberal system and by equipping itself to take on a primary role in the framework of the new global challenges and of industry 4.0, this renewed negotiating capacity will not only serve workers, but also democracy as a whole.

The xenophobic and anti-European winds, which were discussed at length in Luca Visentini’s *lectio magistralis*, can be defeated only by developing that renewed transnational solidarity and that alternative vision of Europe of which the European trade union is the main bearer. Reasserting the central role of the labour representation organization, therefore, does not mean advocating a battle to preserve trade union structures, but rather it means laying the base for the society of the future: an inclusive, egalitarian society, based on the values of solidarity and rights.

To do this, the union must enact a renewed strategy, which should, firstly, contrast the diaspora of members we analysed in the first part of our report. In particular, the main challenge is that of building a platform of inclusive representation able to intercept those segments of the population that are under-represented today by trade union organizations and for this reason risk being more and more marginalized. We are here referring to the young, to atypical workers, to migrants and to workers in small or very small companies.

Secondly, in a context in which the global processes have shifted the decisional center to a decidedly transnational level, it is the task of the union to find the most appropriate organizational formulas to relaunch the effectiveness of its own action. In this view, without ever losing the bond with the territory and with the workplace, it is a strategic priority to strengthen the European trade union and to feed it with new resources and driving force. At the same time, it is a priority to build common practices to contrast the extreme power of multinationals, getting beyond internal resistances and fully exploiting the tools that already today are available to trade unions. We are here referring to the role of European Works Councils, the only organism of supranational workers’ representation established by law and to the growing role of transnational framework agreements, true forms of collective bargaining on a European and global scale.

Finally, as all speakers repeatedly stressed, the trade union needs to start negotiating again. Negotiation, Negotiation, Negotiation, the slogan proposed by the XIII ETUC Conference needs to be practiced on all levels and in a broad sense. As Visentini pointed out, in fact, we do not only need to fight to safeguard national collective agreements, but we also need to relaunch the union’s activity in three different lines of action: redefining the founding values of our society and of the desirable institutional model; the issue of wages regulated by collective bargaining; and that of the economic direction and of social dialogue.

The challenges listed in these few pages, therefore, are the training bench that all union organizations adhering to the ETUC will be summoned to in order to guarantee a future perspective for Europe and to imagine a common future for its citizens. The ability to build effective answers is deeply linked to the future of our society and of the very project of European integration.