

## *Summary of the Discussion*

Our discussion touching on this topic last year approximated to a syllogism — that fuller employment was closely associated with economic growth: that economic growth was highly dependent upon flexible labour: therefore labour market regulation was the basis of economic growth and reduced unemployment. Now we have been given a much more nuanced picture of the roles that unions can play in the context of globalization, multinational enterprises and the changing structure of employment. What we need to pin-point more closely is the role that unions can play in job expansion and the reduction of unemployment.

Firstly, it is very encouraging that trade unionism has not been presented as an anachronism, particularly given its increasing importance in the Third World. Secondly, protectionism was mentioned and the role played by the World Trade Organization in LDCs is something which could usefully be discussed further. Thirdly, workers' participation could be enhanced by re-defining the status of companies to incorporate them and thus influence issues of redundancy and job security within the firm.

(Prof. Crouch). I agree that the notion of trade unions is not outmoded, for why should the interests of employees be excluded when other interests gain representation? Their role endures, but actual union organizations are extremely slow and cumbersome in adapting to change in the external environment and need to wake up. It is crucial for us to study the actual process of deregulation and how both the ILO and OECD have come to accept a very crudely defined deregulation strategy. Similarly the World Bank and the IMF attach conditions to loans which have the same effect. An interesting starting point would be Eastern and Central Europe where stringent deregulation policies have been imposed, often with devastating effects because of the institutional vacuum after the fall of Communism. Capitalist economies in Europe and North America exist in a context of relatively stable institutions. Whilst Communism destroyed traditional social institutions, capitalism coming along when neo-liberalism was foremost, arrived at exactly the wrong time, since its leaders also believed that the infrastructure of capitalism did not have important institutional

requirements. Neither ex-communists nor new liberals believed in society and its structures and together they imposed a deregulated labour market on a society with few inner community resources, with terrible effects.

In relation to company law, there is a variety of established models to contend with in relation to workers' representation on Boards. Some of these, like the German one, where shareholders have been relatively weak and historically ownership by banks etc. has been prominent, there is less resistance to inserting the idea of co-determination or worker representation on Boards in German law because these already represent a variety of interests. The Anglo-Saxon model, based on the concept of pure ownership is much more resistant to this.

The presentation was based on the assumption that today it is necessary to reconcile the advantages of flexibility in company management with the legitimate rights of workers. On the other hand, it was argued that there is a new role for unions to play towards their membership in informing them and briefing them for both representation and negotiation. This leads to two questions. Firstly, what are the legitimate rights of workers? Often in France this means "acquired rights", whose defence may be disadvantageous: equally it seems there are "legitimate rights" that have not become "established rights" in the modern period. Therefore, these distinctions call for more reflection on the whole concept of "legitimate rights". Secondly, I gained the impression from the paper that it was accepted that there were "acquired rights" which had negative effects and that in any redefinition of "legitimate rights" it would be necessary to take into account the cost of rigidities, and what their maintenance would imply for the collectivity. It is when this is particularly costly for the collectivity that such workers' rights have been reduced — which again makes the question of "legitimacy" problematic.

(Prof. Crouch). I prefer not to talk about rights in an absolute sense. To identify a right is a normative task, not a scientific one, and certainly few rights can be seen as timeless, even in normative terms. Firstly, it is historically the case that some of the rights acquired by particular groups can be seen as privileges. For example, in many countries public employees enjoy a code of protection which derived from their privileged status as nineteenth century servants of the State and it is these which trade unions often end up defending, sometimes justifying them in terms of the trade-off between security and lower pay. So there is a discussion to have about such particularism versus universalism when redefining legitimacy.

Secondly, and of particular importance because almost all of new job creation is female job creation, there are issues about women's protection (eg. in relation to night work and shift work). The problem of compatibility of work with the family is often just as difficult with part-time work when, as in Britain, women's employment is concentrated in the most unsocial parts of the day, often after the husband gets home to look after the children. Therefore to say that there should be no special protection for women means that simple equality would make matters worse for women and have negative effects on family well-being.

Thirdly, there is the separate issue relating to legitimation of rights which concerns demands for job security and predictability on the part of workers — which are matters of rigidity and inflexibility from the economic point of view. But insecurity and unpredictability themselves have negative economic consequences because they decrease willingness to take on employment on such terms and this in turn weakens company competitiveness. Sometimes what appear to be rights demanded in the interests of employees turn out to be in the collective interest; at other times these can be seen as negative for the community as a whole.

I fully agree with the need to search for new roles for the unions within the global economy, which requires much more flexibility. Is the disaggregation of collective bargaining what is needed in this context? In South America, six of its large countries have registered the highest rates of inflation recorded in the twentieth century. Certainly in the majority of these six (Chile, Argentina, Uruguay and Bolivia, if not in Peru and Brazil), union activity has a very negative relationship with inflation, not in bringing it about but in perpetuating and transmitting it, and inflation has been the most destructive factor in the South American economies for decades. Because of this it is essential to have a centralized structure for co-ordination to control the trade-off between inflation and unemployment. Then the Trade Unions could play a positive role in ensuring stability.

(Prof. Crouch). Co-ordination of collective bargaining can and historically has played a good stabilizing role, under certain conditions which probably no longer obtain, namely when the unions represented a very large proportion of the entire population, where the number of unions was small enough to enable mutual co-ordination, where unions represented different industries and were not in competition and, particularly, where unions were strong in industries in the export sector (where the effect of price increases on sales was clearly evident). Under these conditions the co-ordination model works.

However, with the exception of Germany, in Northern Europe, the unions in the export sector no longer dominate the union movements. As Mancur Olsen has noted, the negative signals of inflationary wage demands in small, export-dependent Scandinavian countries with large union memberships, are perceived as signals for restraint upon union demands. The Latin American case is very different, since there unions are usually part of a particularistic set of interest representation, are strong in the public service sector and actually unionise a small proportion of the active population. Because of this, they cannot play the same stabilizing role as in Sweden and Germany.

I fully concur that the unions are not an outdated concept and have a crucial role to play in representing the interests of employees. However the effects of globalization, which may not have been dramatic in Italy, have been so in other European countries, such as Austria. There, certain large corporations have made thousands of employees redundant in one sweeping move. Globalization has negative effects for the labour market because of the insecurity it creates about job tenure from day to day. Many corporations re-locate production in developing countries often simply in order to gain higher profits from cheaper labour costs and not due to some particular financial crisis. In such countries (LDCs) there are poor opportunities for effective union action because there are few unions at all and there is often strong political repression hindering their development. Although the USA and the World Trade Organization could help offset these influences, first and foremost it is necessary to ensure minimal levels of pay and working conditions for which the organization of workers is indispensable. However, the unions too have to be involved in the regulation of production costs.