

The Third Way for Trade Unions?



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What tends to be overlooked when the issue is being debated is the fact that the particular way the 'Third Way' is understood depends on the specific philosophical and political traditions in the various countries concerned. In this respect, the state-centred, anti-capitalist attitude of the French socialists can be seen as the result of the crucial role traditionally played by the state in France and its culture of class-based political parties rather than as a consequence of a 'more left-wing' approach. By the same token, Tony Blair's Third Way is defined in terms of the brutal neo-liberalism of the Thatcher era on the one hand, and the outspokenly left-

wing position of Old Labour on the other. Consequently, it makes little sense for the debate in Germany to focus too closely on either one of these approaches – it must find its own direction based on the philosophical and political traditions that have characterised the federal welfare state in Germany.

Backing the market or the state?

Before joining in this debate, the trade unions should first establish what their own position is. Their goal is neither to win elections nor to signal a change in political direction to the

media for public relations purposes. Rather, the trade unions must ask themselves whether the theory and practice of the Third Way will be of any benefit to them in their key policy areas, and whether it will help them to develop their understanding of what their role is and where they stand. Thus, the question of whether or not the trade unions should adopt the Third Way is still far from being resolved.

This highly pragmatic approach raises three key issues:

- the opportunities and limitations of the global economy;
- strategies for combating unemployment;
- possible aims and approaches

Social Democrats in a number of European countries have begun to focus on the merits of the Third Way or New Centre as a possible future direction. Trade unions need to get involved in this debate, since the goal of the people who are driving the discussion in Britain (and in France) is nothing less than to come up with an updated definition of social justice and proposals on how it can be implemented in practice.

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concerning a reform of the welfare state. The values and aims of the Third Way are freedom, justice and environmental responsibility. In this, it differs not only from neoliberalism, which leaves these matters to be 'objectively' determined by global market forces, but also from policies which seek to re-establish full employment solely through measures aimed at boosting the national economy.

Third Way policy represents a clear shift in emphasis in that it stresses the positive role of the market and promotes the entrepreneurial spirit. It is now market dynamics rather than active state intervention

that create the conditions for new jobs, with globalisation having become the decisive factor in both economic and political life. Politicians who are in favour of the Third Way are particularly sceptical about any moves to introduce state regulation of these markets and thus restrict their growth. Nevertheless, the need for 'balanced modernisation' is stressed, in particular by theorists such as Anthony Giddens or his German counterpart, Ulrich Beck. They reject both the notion of blind faith in progress and the concept that society is governed exclusively by market forces. They give stark warnings about the ecological consequences of unrestrained technological progress and also about the dangers of a society dominated solely by market forces. They are concerned neither with pure liberalism nor with a 'social brand' of liberal ideology, but rather they aim to dispense with the right-left dichotomy that has traditionally been used to evaluate economic developments. Third Way politics is not based on the opposition of labour and capital, but rather on a constantly shifting political tension between the market and the state, or rather, between the market, the state and society.

Whatever the trade union view of globalisation may be, it remains a fact that the global financial and investment markets and the global markets for goods and services are currently seeing an unprecedented level of transnational economic activity, decision-taking and corporate mergers. And just as the global telecommunications network continues to grow, so we are also witnessing an expansion of diverse economic and social networks. Globalisation is no longer a development which one can accept or reject. It is a reality to which we must adjust. Global competition encourages innovation and investment, and is a motor for higher productivity, growth and affluence. Global markets offer new opportunities, but they also increase the risks. Unemployment, the gap between rich and poor, the precedence given to market forces over environmental protection, and last but not least, the risks arising

from the lack of control over trading on the financial markets, are all areas that demand political intervention. The trade unions must therefore consider whether it is necessary and how it would be possible to restructure the global economy so that justice and environmental responsibility can also be achieved on a global scale.

A bargain with the unemployed

Both Great Britain and France have recently developed new approaches to employment policy. The German government's programme to create 100,000 jobs for young people owes a considerable debt to both the French government's 'emplois-jeunes' programme, which aims to create around 700,000 jobs for young people in the public and private sectors, and the activation approach to unemployment adopted by Britain. The principle underlying this programme, according to which demands are placed on the unemployed in exchange for offering them support, has drawn attention to the need to expand the scope of current German labour market policy, since the 100,000 jobs programme has made it clear that it is urgently necessary to target those unemployed people who are not registered in the official statistics. It is not enough simply to develop initiatives or to 'get people onto schemes'. We also need to reach out to people in the various corners in which they have taken refuge and help motivate them to participate actively in the labour market once more. The unemployed are right to demand active employment policies. But it is also important to remind them of their own individual responsibility.

Investment in education and training forms the main focus of British employment policy and Third Way theory, and it is in precisely this area that Germany suffers from major deficiencies. Grand speeches about reforming the education and training system are of little use if there is a complete lack not only of funds but also of any genuine commitment to create a modern, integrated education

system. For example, we have been waiting for years now for further training to become the fourth pillar of the education system. The Third Way approach of investing in people should be an important principle for the German trade unions, too.

Do we want to reform the welfare state?

More complicated, but just as necessary, is the debate concerning the definition of the welfare state and social justice, and the balance between individual and collective responsibility. New Labour and the French socialists may differ in their analysis of society, but their policies are essentially both based on the principle of social justice. And even the German Social Democrats have realised that they cannot afford to appear anything other than fully committed to the social justice that society expects of them.

According to Anthony Giddens, social justice means the inclusion of individuals in society. On the one hand society should guarantee individual rights such as the right to education, equal opportunities and a share in society's affluence, whilst on the other hand individuals also have responsibilities towards the community. Hence, the rich and well-off should no more be allowed to shirk their obligation to finance the welfare state and ensure social cohesion than the unemployed should be allowed to refuse a reasonable job. Giddens is not afraid to advocate high taxes on wealth; however, he is vehemently opposed to forcing unemployed people into low-paid

jobs. His criticism of the traditional interpretation of the welfare state is centred on the model of a state which seeks to solve all society's problems and which dispenses hand-outs without asking for anything in return, depriving people of the right to make their own decisions instead of encouraging them to make the most of their opportunities.

To apply such criticism directly to the German welfare state, just for the sake of being controversial, would be to completely fail to recognise the differences between Germany and Great Britain. By the same token, however, simply rejecting this criticism out of hand does nothing to help remedy the very real problems that do exist.

Individual AND collective responsibility

Even today there is much of relevance still to be found in the debates of the 1980s, in which the German trade unions and the SPD came to the conclusion that state welfare policy, collective bargaining as a means of social protection, and individual responsibility are complementary elements that cannot exist in isolation. It is true, however, that more and more people are now questioning the validity of the old systems and collective safeguards. Nobody doubts the need for collective responsibility and social justice. But people are asking whether these systems and regulations are still achieving the results for which they were designed, namely human dignity, self-determination and social cohesion.

The time has come for all the manifestations of excessive state

control and the systems born out of this historical tradition of German thought to make way for a more reasoned and critical approach. The state does not exist on a higher plane than its citizens. It is their partner. Not only must it ensure social cohesion, it must actively promote it. The state is also there for the citizens and not just vice versa. Consequently, a new relationship needs to be developed between an active state, active social organisations and citizens who accept their individual responsibility. In this way, the role of the state as an activator can be combined with a new interpretation of individual and collective responsibility to allow constructive new initiatives to be developed.

It is up to the trade unions in particular to make far greater use of their influence in order to make a positive contribution to society. Collective agreements on semi-retirement schemes for older workers, working time, further training and employee savings schemes are all examples of how this can be done. The trade unions should not free the state from its responsibility to ensure social justice, but in future they should be less inclined to rely on the state to solve everything that they cannot manage to solve themselves.

German trade union policy does not necessarily have to follow the Third Way for it to be able to meet the challenges of the future. When analysing their main areas of activity and developing their future policy guidelines, however, the German unions would do well to engage in a critical and constructive debate with Europe's Third Way parties. ■

Suggested Reading:

- Anthony Giddens, *The Third Way: the renewal of social democracy*, Cambridge: Polity Press, 1998
- Anthony Giddens, *The Third Way and its critics*, Cambridge: Polity Press, 2000
- Reformpapier der Sozialistischen Partei Frankreichs (PSF), 'Auf dem Weg zu einer gerechteren Welt' (French Socialist Party (PSF) Reform paper 'Towards a fairer world')

- SPD -Grundwertekommission, 'Dritte Wege, Neue Mitte' (SPD Policy Committee, 'The Third Way and the New Centre'), Berlin, September 1999 (both articles can be downloaded and printed out from the SPD website at spd.de)
- Extensive in-depth bibliographies, especially for German-language texts, can also be found via the links on the zeit.de website and the Friedrich Ebert Foundation (fes.de) website.