WSI Summer School 2014

WSI
Wirtschafts- und Sozialwissenschaftliches Institut
Institute of Economic and Social Research

Problems and Perspectives of European Integration - Economics, Politics, and Solidarity in Hard Times

22.- 26. September 2014, Berlin

www.wsi.de

Hans Böckler Stiftung

Overview

- The WSI
- Program of the WSI Summer School
- Constructing a Social and Democratic Europe

The Institute of Economic and Social Research WSI

Research for a fair world of work

About us

The WSI:

an independent research institute within the Hans-Böckler-Foundation,

a non-profit organization fostering co-determination and promoting research and academic study on behalf of the German Confederation of Trade Unions (DGB)

founded: 1946

44 members of staff, including

27 economists, sociologists, political scientists, and legal scholars

Director:
Prof. Dr. Brigitte Unger

Research for a fair world of work

- academic research targeting social, economic and labour market policy issues
- surveys and data collections
- active participation in public policy debates
- Agenda-setting for the future

Key research areas

- labour market and working conditions
- wage policy, collective bargaining and industrial relations
- social policy and redistribution
- gender research
- Europe and European policies

Key research areas (I)

Labour market and working conditions

Solutions aiming primarily at serving the interests of employees

- Labour market changes, non-standard and precarious employment
- Quality of work, job strain, corporate labour policies
- Labour market (de)regulation
- Innovations and productivity

- Non-standard employment data base

DAtyp

Datenbank atypische Beschäftigung

Key research areas (II)

Wage policy, collective bargaining and industrial relations

Representation of employee interests in the workplace and trade union context

- Collective bargaining in Germany: monitoring, documentation and analyses
- Collective bargaining in Europe und European governance
- Trade unions: organization, industrial actions
- Works and staff councils
- The role of employers‘ associations

- WSI-Collective Agreement Archive
- Minimum wages data base
- Works councils survey
- WageIndicator web-survey

Key research areas (III)

Social policy and redistribution

Welfare state and social policy changes, health and pension policies

- Social policy and social security systems
- Poverty
- Distribution of life chances
- Income inequality
- Redistribution effects of taxation and social policy

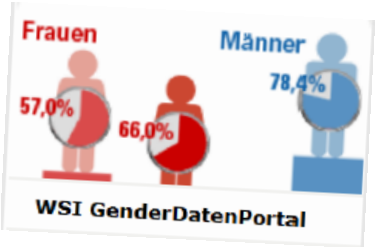
Key research areas (IV)

Gender research

Social inequality of men and women over the life course

- Gender inequality at work: gender pay gap, working time gap
- Trends in paid employment and unpaid care work
- Household income relations and division of household tasks
- Gender mainstreaming at work

- Gender data base



Key research areas (V)

Europe and European policies

Transnational labour relations and their impact on national working and living conditions

- Economic and financial policy issues in Europe
- The EU democratic deficit
- Monitoring of EU-decisions
- The impact of European institutions (ECJ, ECHR, ECB)
- Europe – Chances and Risks

Joint international research projects

- PhDs in Germany, Austria and the Netherlands

- Self employed and their carreers; international comparison (Utrecht Univ.)
- Res Publica (Utrecht University and TU Vienna)
- Determinants of works councils‘ performance (University ofTilburg)
- bEUcitizen - funded by the European Union Seventh Framework Programme
- AZOLA - Life-Course Oriented Working Time Options (SowiTra)

and networks

- LRC – Labour Relations in Context (Hertie School of Governance, EUI)
- European Trade Union Institute and TURI Network
- Network of European Observatories (NEO)
- Global Union Research Network (GURN)

Dissemination of research results

- WSI-Mitteilungen

  peer-reviewed scientific journal
  providing up-to-date information on research
  targeting current issues of relevance to trade unions

- **www.wsi.de**

- WSI- Reports, WSI Collective Bargaining Reports
- academic books, articles, discussion papers
- regular conferences and workshops
- press releases, newsletter, social media

Program

Monday 22.9.2014 ***INTRODUCTION***

12:30-14:30	Lunch
14:30-16:00	Welcome & Opening Constructing a Social and Democratic Europe Prof. Dr. Brigitte Unger, Director of the WSI
16:00-16:30	Coffee Break
16:30-18:00	Introduction Round
18:00	Dinner

Program

Tuesday 23.9.2014 ***THE EURO***

9:30-12:30	The Euro as a Challenge to the European Social Model Prof. Dr. Alfred Kleinknecht, Senior Fellow of the WSI
12:30-14:00	Lunch
14:00-18:00	Excursion
18:00	Dinner

Program

Wednesday 24.9.2014 ***OBSTACLES FOR A SOCIAL EUROPE***

9:30-11:30 Institutional and Political Economic Obstacles to a Social Europe
Dr. Daniel Seikel of the WSI

11:30-11:45 Coffee Break

11:45-13:30 The Sociology of European Integration: Is there a European Society Emerging? Dr. Philipp Klages of the WSI

13:30-15:00 Lunch

15:00-18:00 Labour Market Policy in the EU and in European Member States
PrivDoz Dr Karin Schulze Buschoff of the WSI
Precarious work and the effects on social relations in comparative perspective Prof. Dr. Isabel Valdés Cifuentes (University of Hamburg)

18:00 Dinner

Program

Thursday 25.9.2014 ***SOLUTIONS***

9:30-12:30 Trade Unions in the EU - National Retreat or Mobilising for A Social Europe? Dr. Heiner Dribbusch of the WSI

12:30-14:30 Lunch

14:30-16:30 Project Presentations (2 Slots)

16:00-16:15 Coffee break

16:15-18:15 Panel Discussion

Overcoming the Crisis – Alternatives to Anti-Social Europe

Prof. Dr. Miriam Hartlapp, University Leipzig

Dr. Dierk Hirschel, ver.di Headquarters, Economic Policy Dptm

Dr. Christian Weis, IG Metall Headquarters, International Dptm

Moderation Jan Cremers, AIAS Amsterdam

18:15 Dinner

Program

Friday 26.9.2014 ***PRESENTATIONS***

9:30-12:00	Project Presentation (2-3 Slots)
12:00-12:30	Feedback
12:30-14:30	Lunch
14:30	End

WSI Summer School 2014

Constructing a Social and Democratic Europe

Wirtschafts- und Sozialwissenschaftliches Institut
Institute of Economic and Social Research

Prof. Dr. Brigitte Unger, Director WSI

Constructing a Social and Democratic Europe

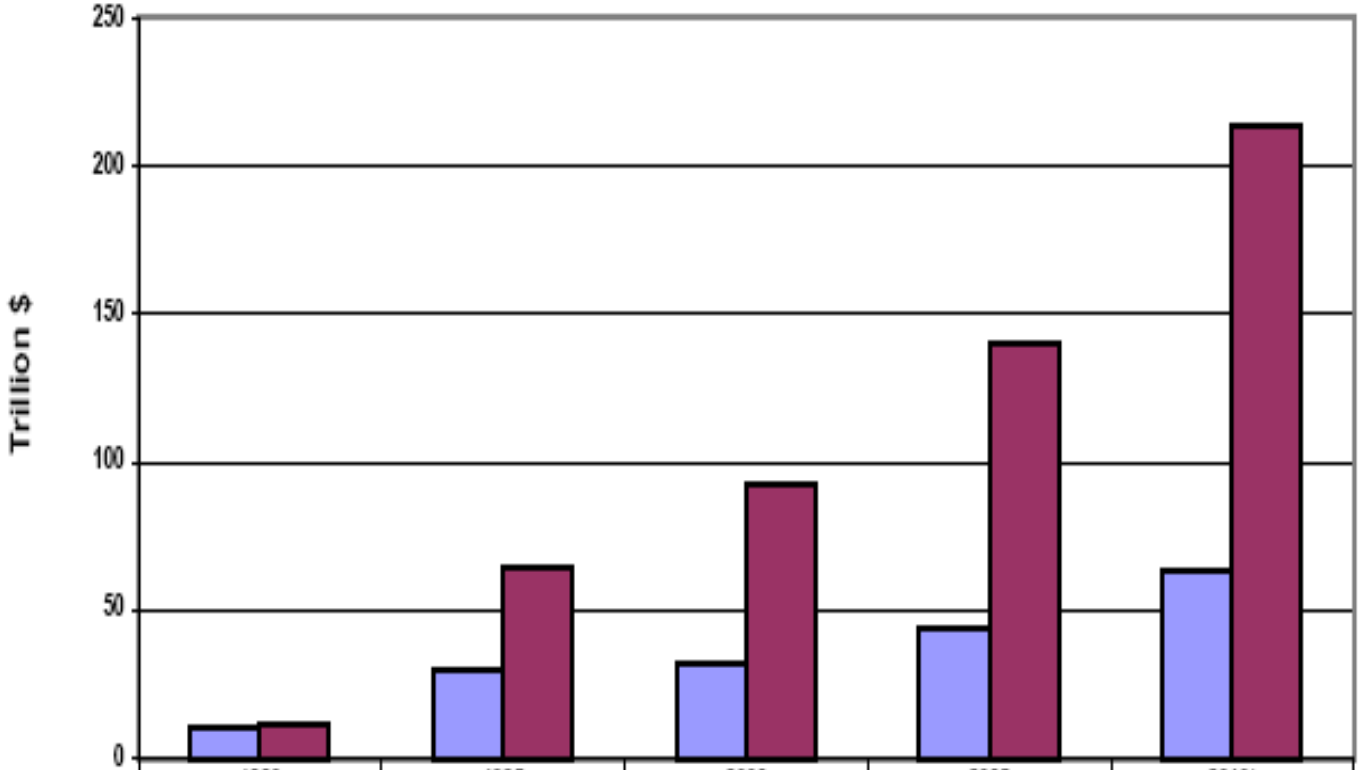
Overview

1. Historical Background information
2. The threat to social policy after the financial crisis
   - Increasing Unemployment, youth unemployment
   - Increasing public debt. Hollowing out of the public sector
3. Why so little corrections? Democratic Deficits, Post Democracy
4. Alternatives for a Social Europe

1. Historical Background Information

- Development of Financial Markets
- Growing Inequality globally and within Europe
- Free movement of tax-crime money
- Financial Crisis – almost no correction
- Saving banks instead of people

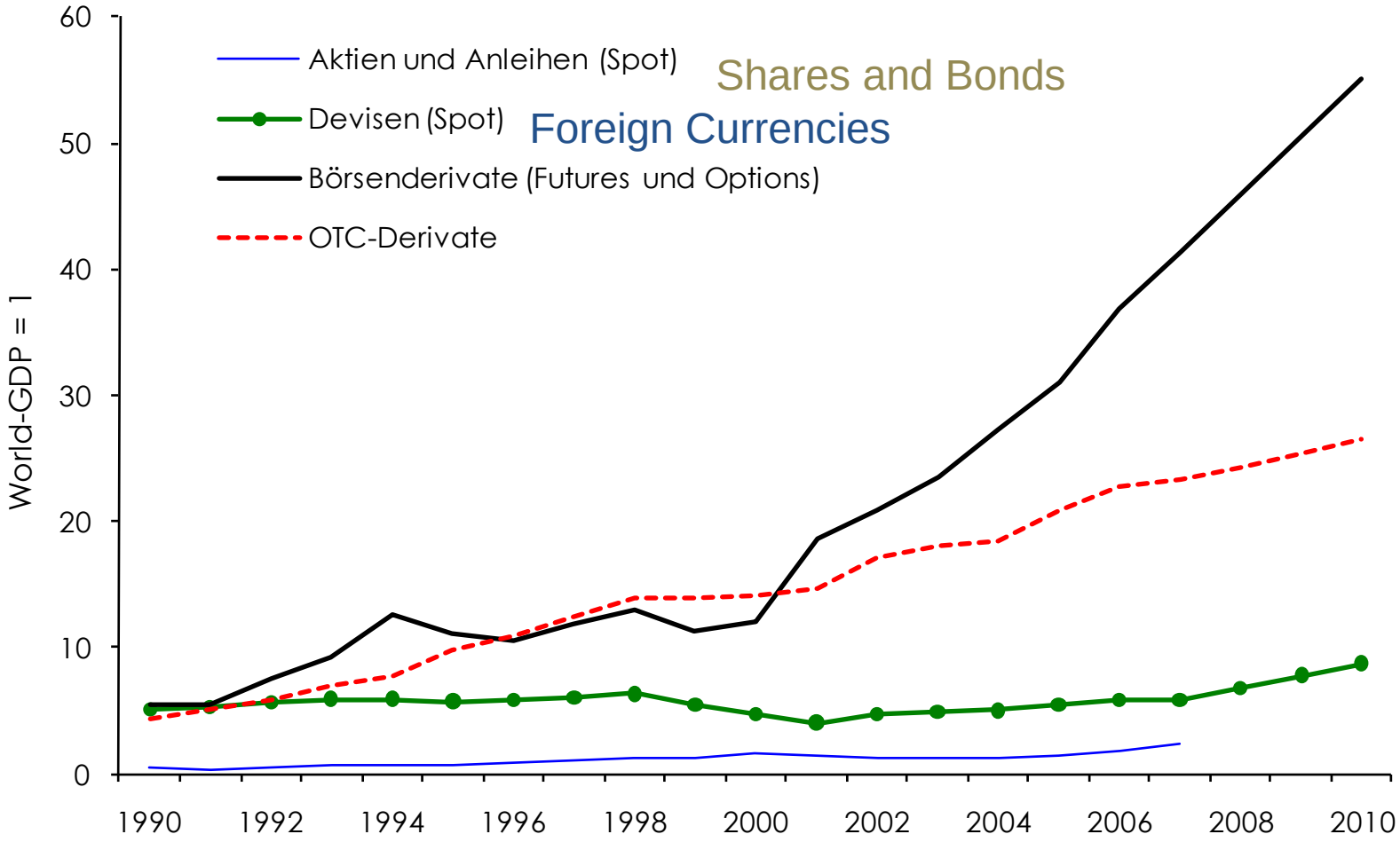
Development of nominal GDP and financial stocks worldwide, 1980-2010



	1980	1995	2000	2005	2010*
Nominal GDP	10,1	29,4	31,7	44,5	63,3
World Financial Stocks	12	64	93	140	214

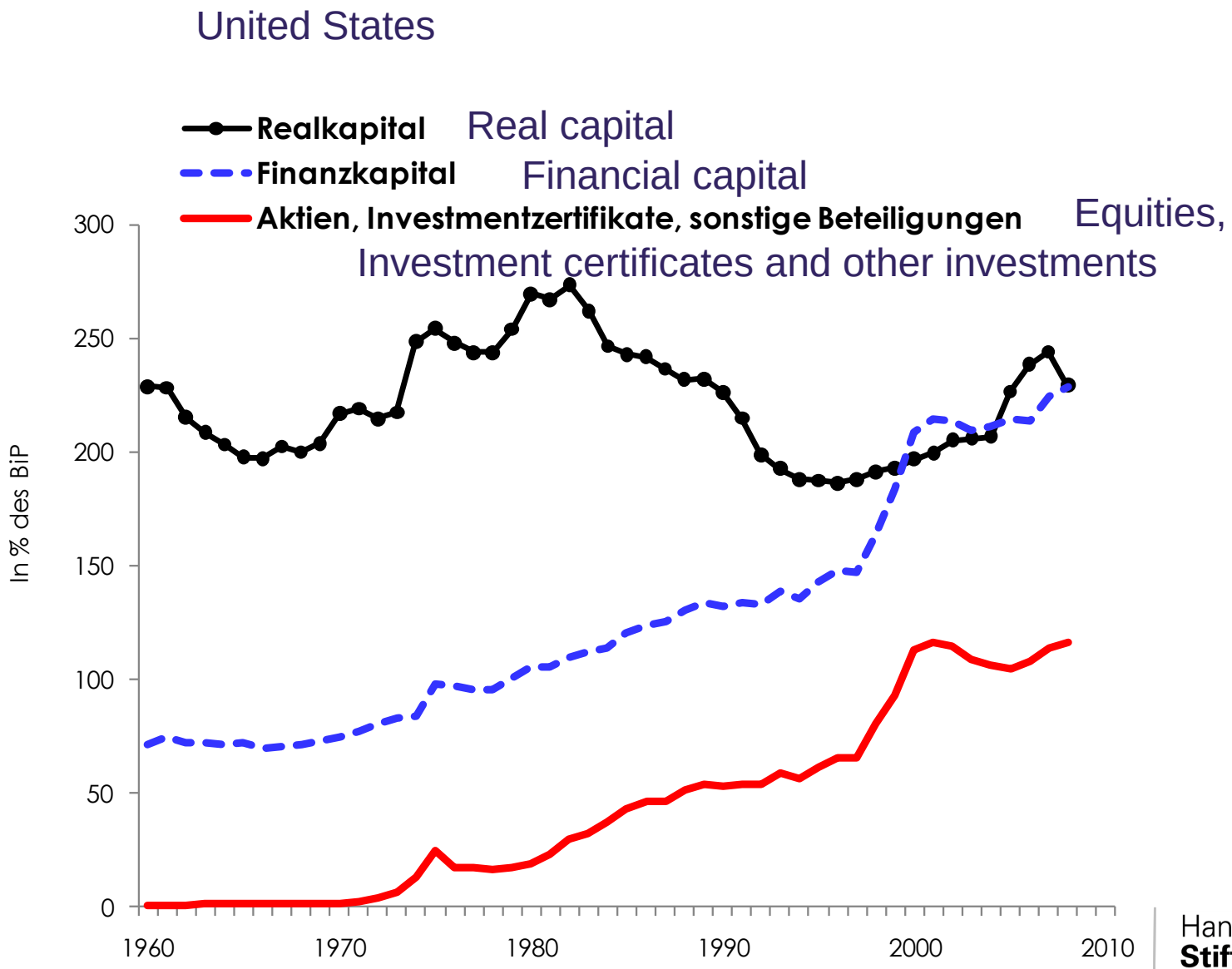
* forecast; Source: McKinsey Quarterly, January 2007, Mapping the global capital markets, p.8

Global Financial markets - trade volume

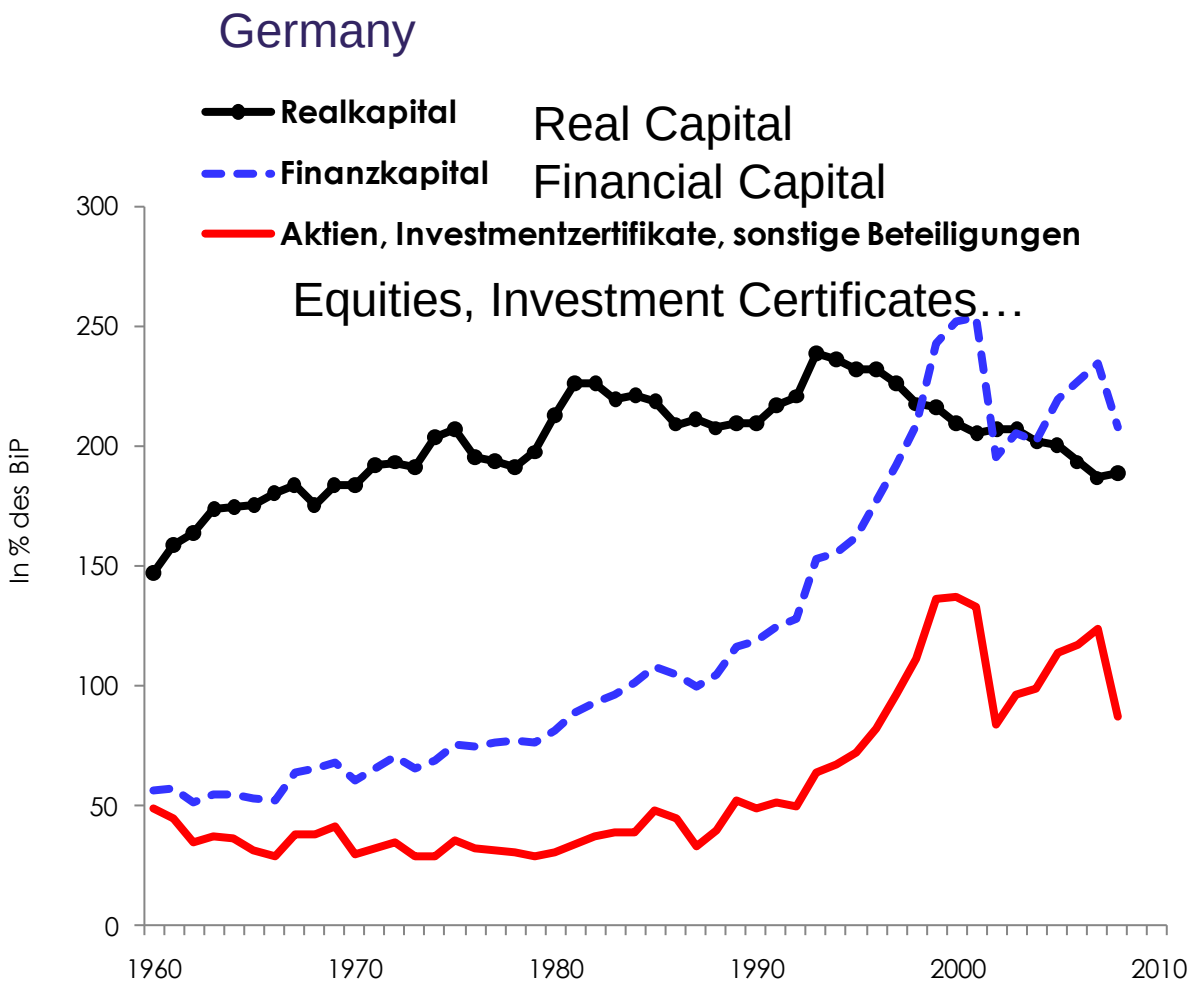


Source: Schulmeister, WIFO

The uneven development of real- and financial capital businesses



The uneven development of real- and financial capital of businesses



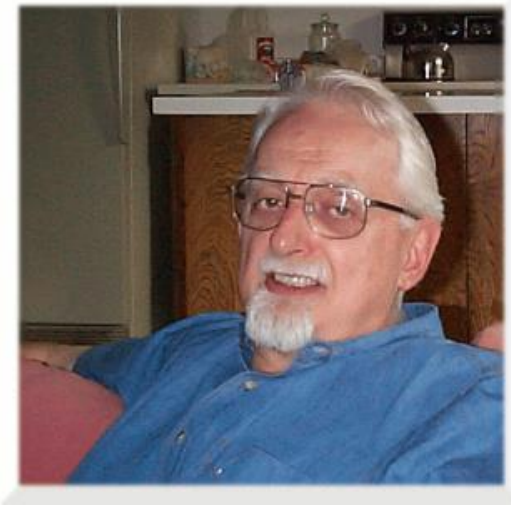
Dominance of the financial markets: cause of the crisis

Death of the rentier..

Entrepreneurship must pay

John Maynard Keynes 1936

Crisis is not over

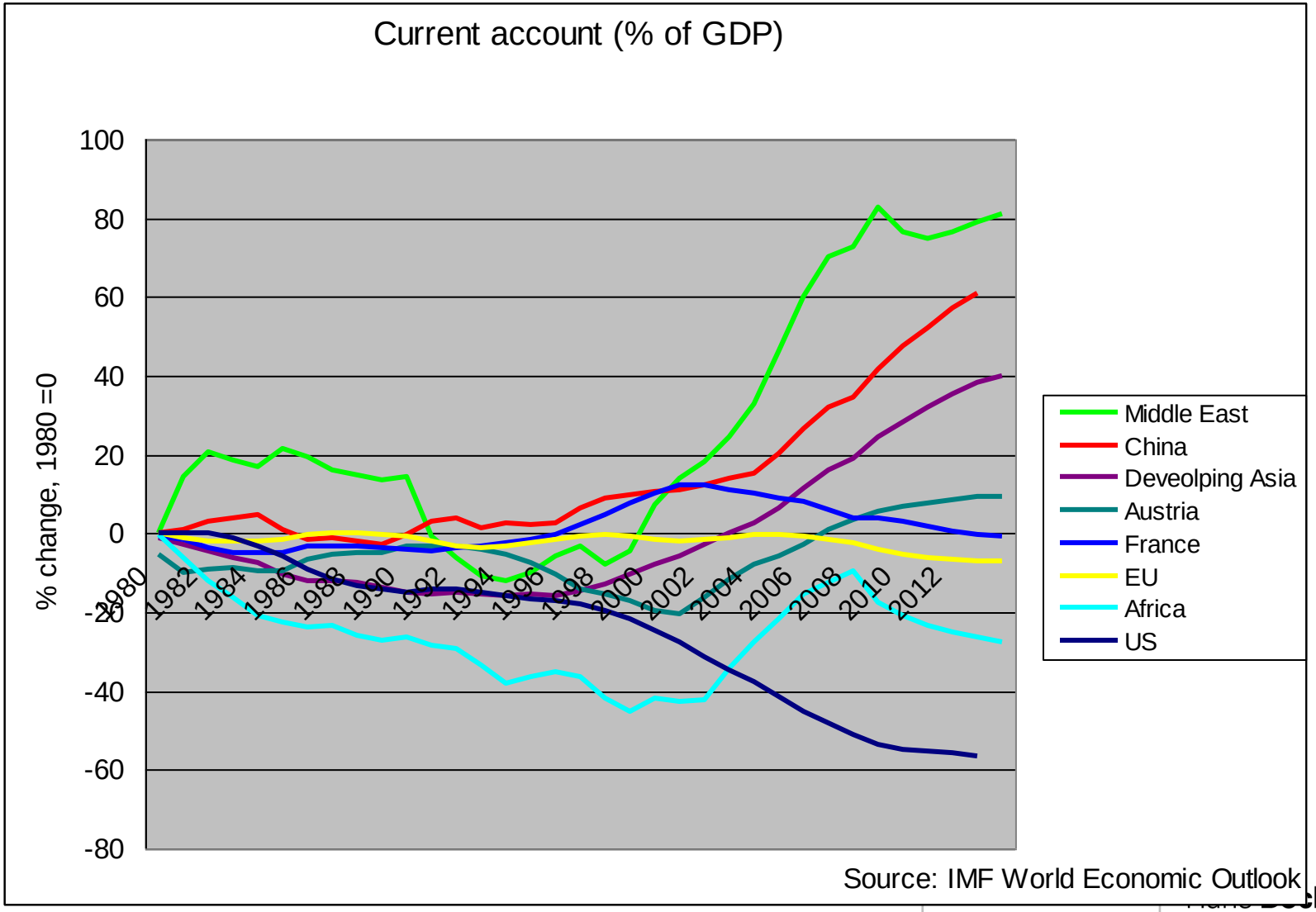


Axel Leijonhufvuds Corridor

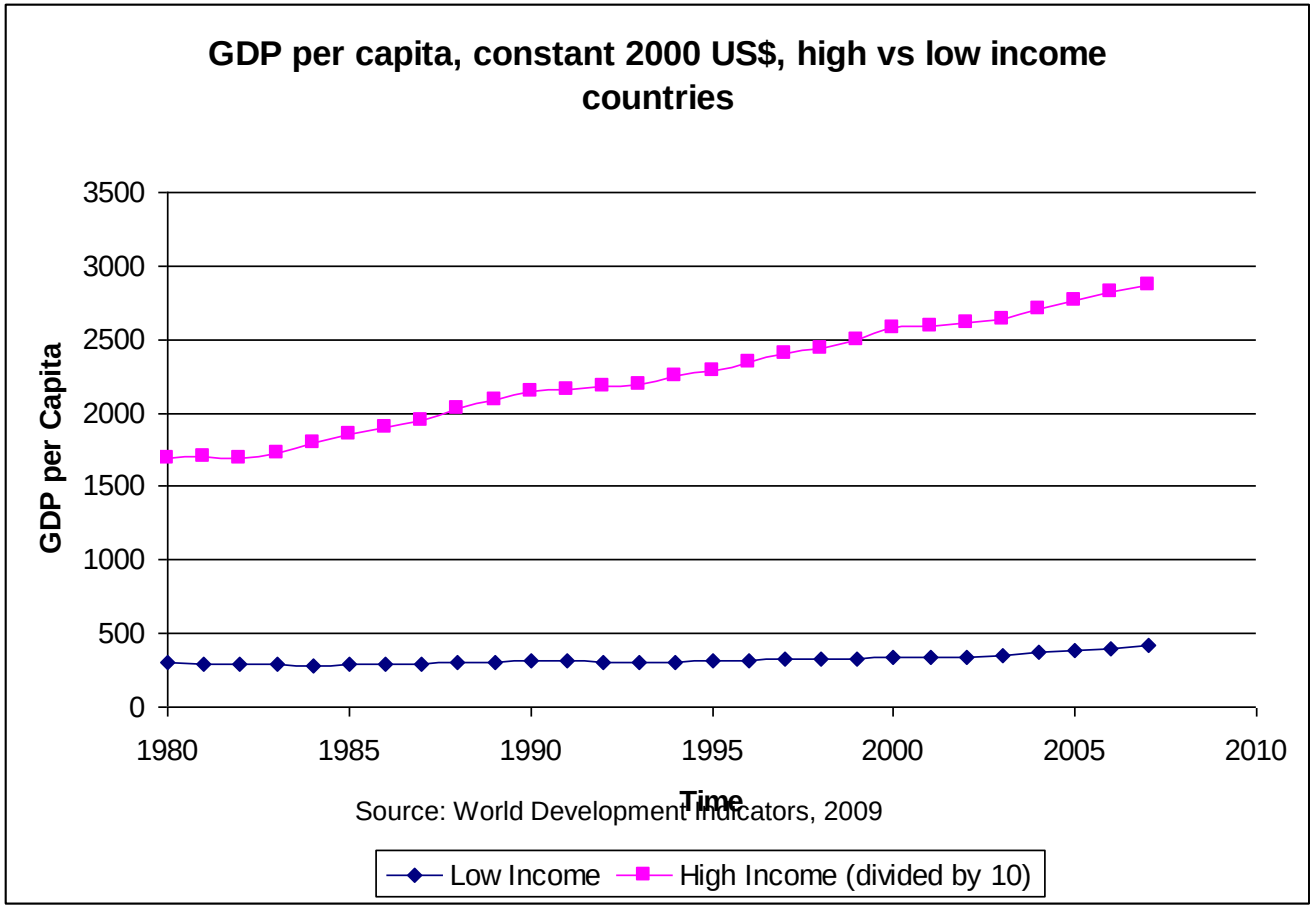
If variables like income distribution, public debt, current account leave this ‚corridor‘ the system explodes and a stable full employment path cannot be reestablished.

Outside the ‚corridor‘ actors do not have the adequate norms and expectations that are mutually consistent to stablize the system.

Current account balances are drifting apart



Income differential to the 3rd world



Extreme inequality of income distribution within the rich countries

Previously

1: 2000

An emperor had approximately 2.000 times as much as his subordonates.

Today:

1 : 1 000 000

Hedgefunds manager John Paulson. In July 2006 he founded a hedge fund with the sole strategy to bet on the collapse of the real estate market. In 2007 his Fund increased by 590%. John earned in this year **3,7 billion US dollar.** In 2010 he earned 5 billion.

In 2014 Top Investors 1. David Tepper $3.5 billion 2. Steven Cohen $2.4 billion 3. John Paulson **$2.3 billion**

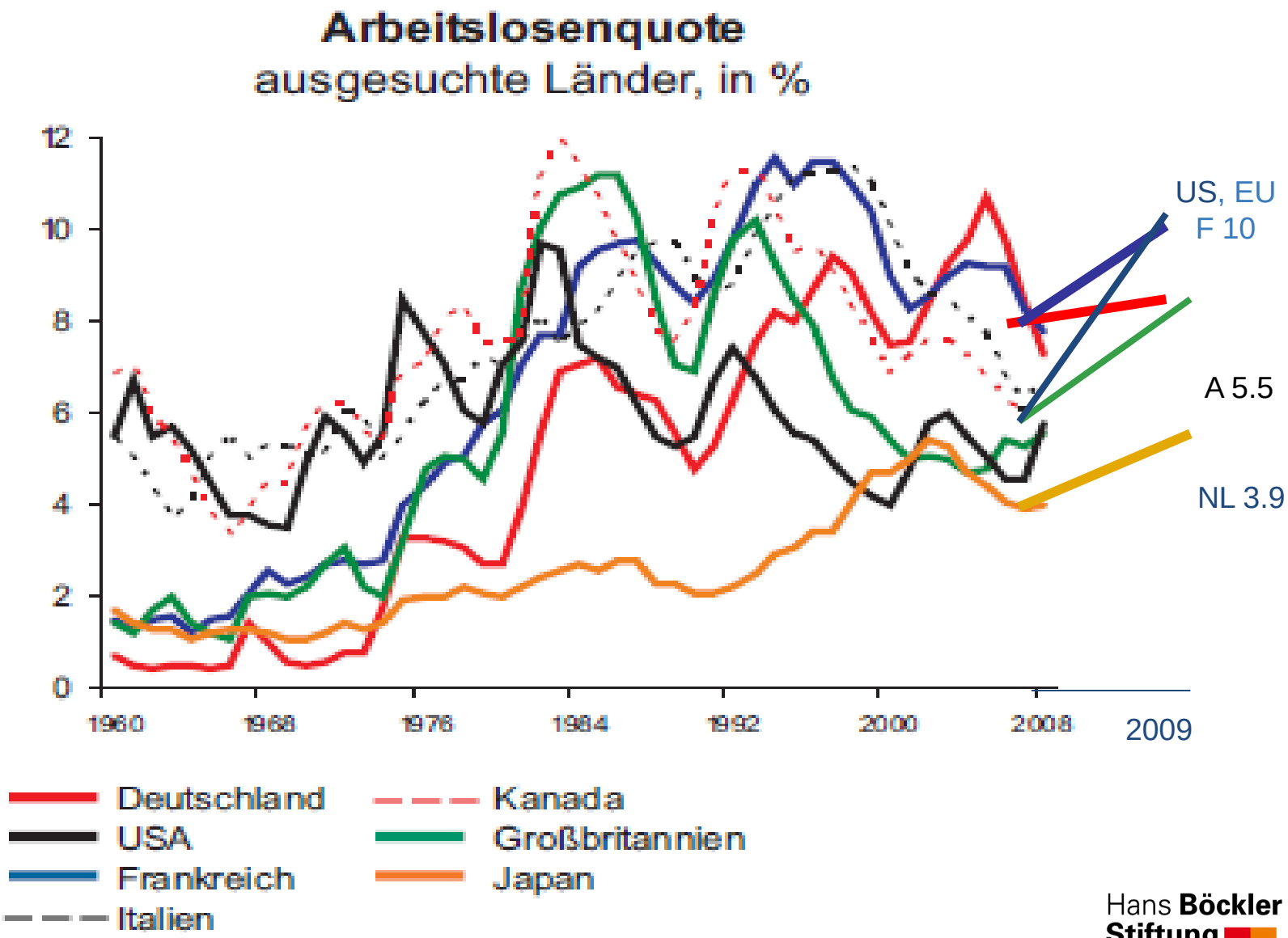
Problem: He cannot spend them in the real sector!

2. The threat to social policy after the financial crisis

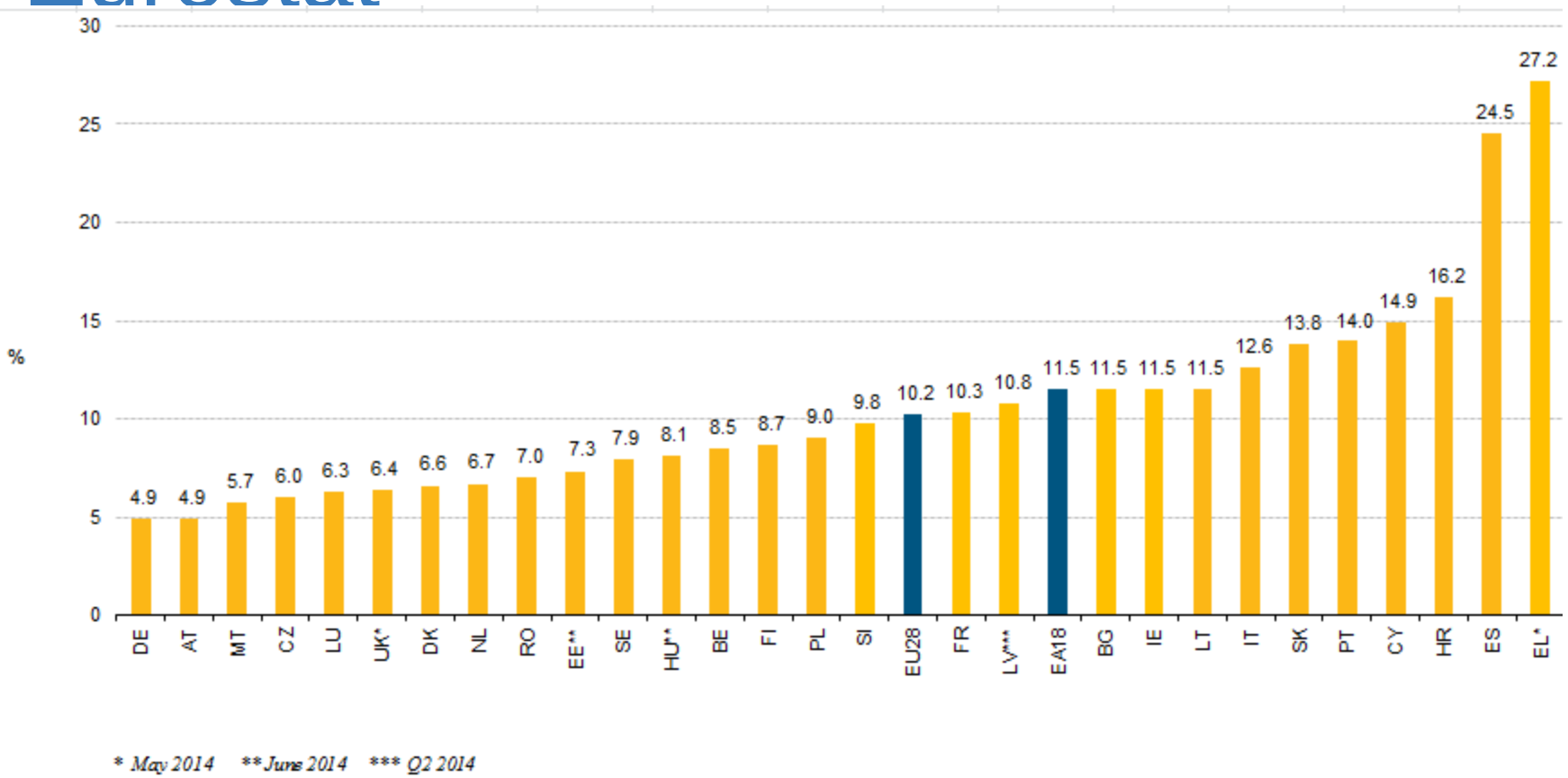
- Increasing Unemployment, youth unemployment
- Increasing public debt.
- Hollowing out of the public sector
- The Eurozone South North debate…

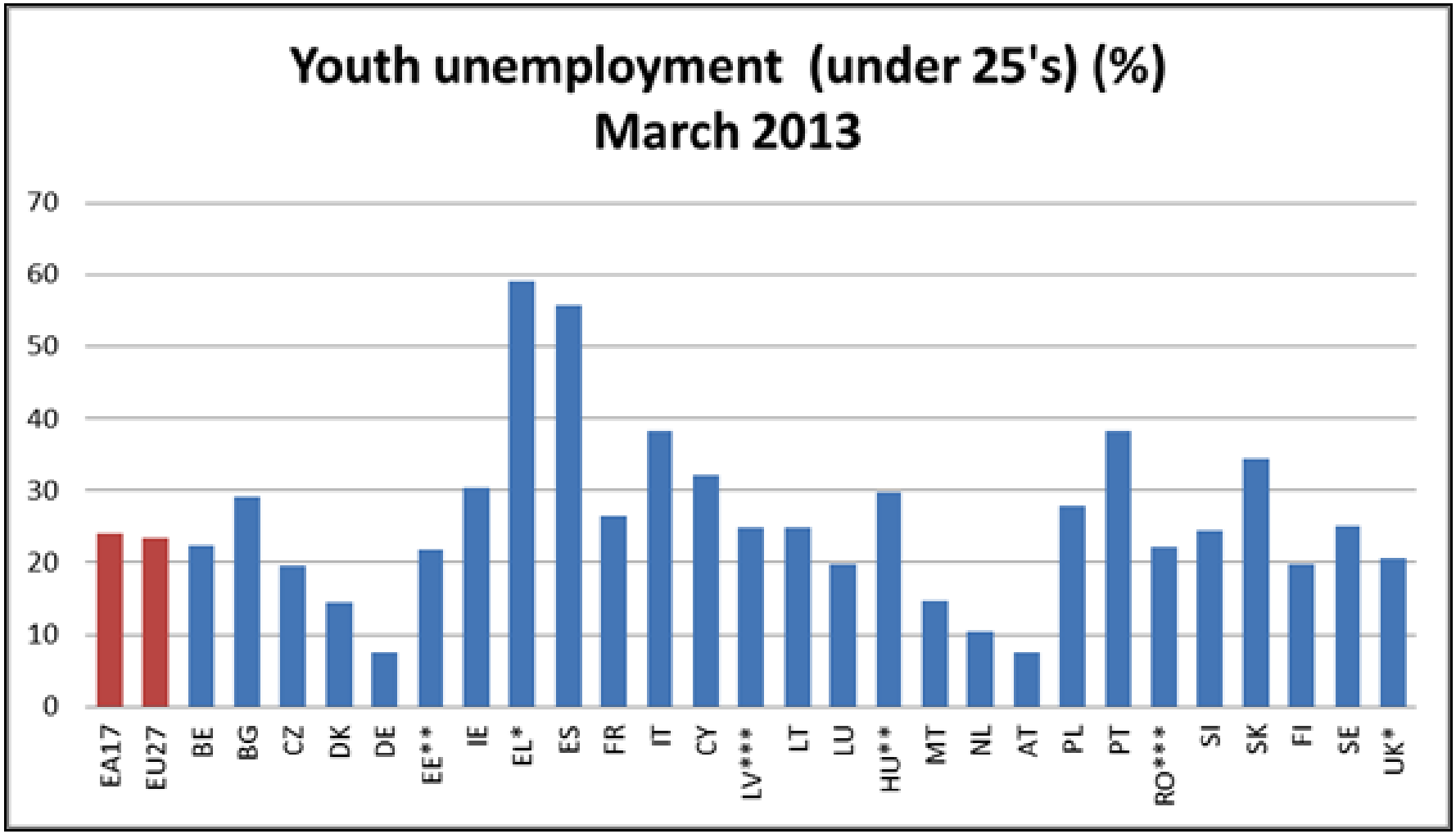
WSI

Increase in Unemployment Rates



Unemployment rates seasonally adjusted in 2014 Eurostat



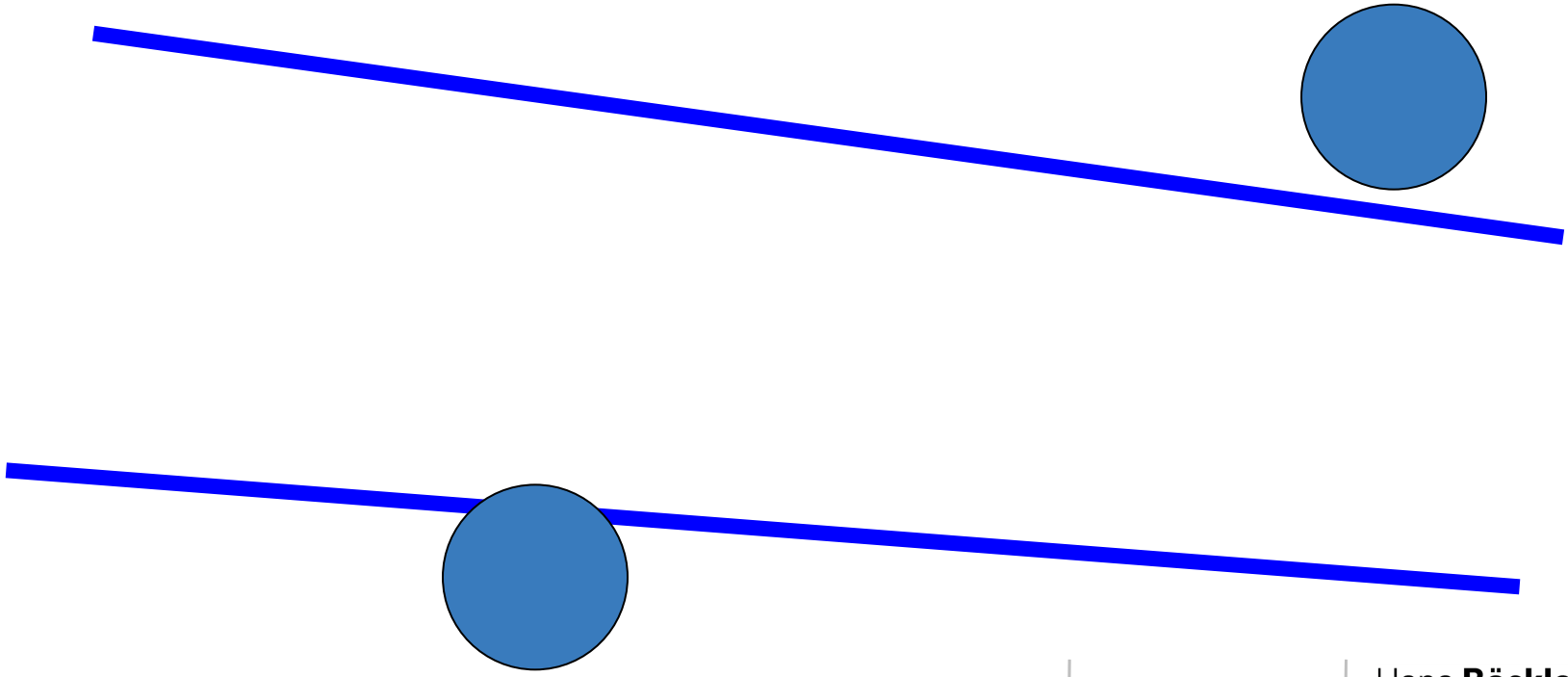


* January 2013 ** February 2013 *** 4Q 2012

Leading economists worry about increas
disequlibrium

WSI

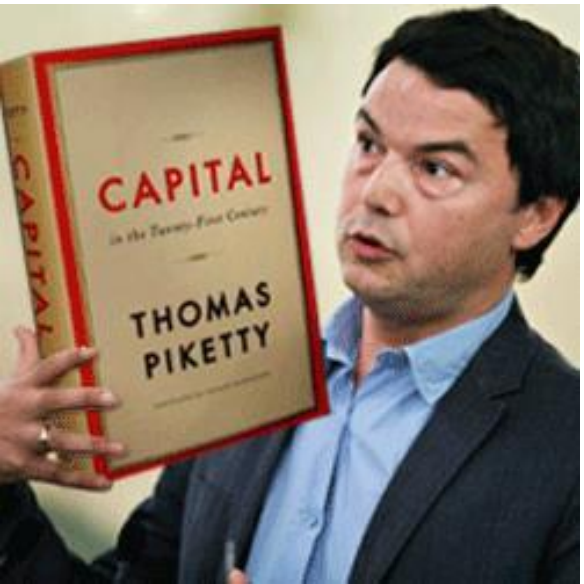
We are outside
the corridor



Krugman, P. (2008)
After Bush – The end of neoconservativism
Das Ende der Neokonservativen und die Stunde der Demokraten, Campus, Frankfurt

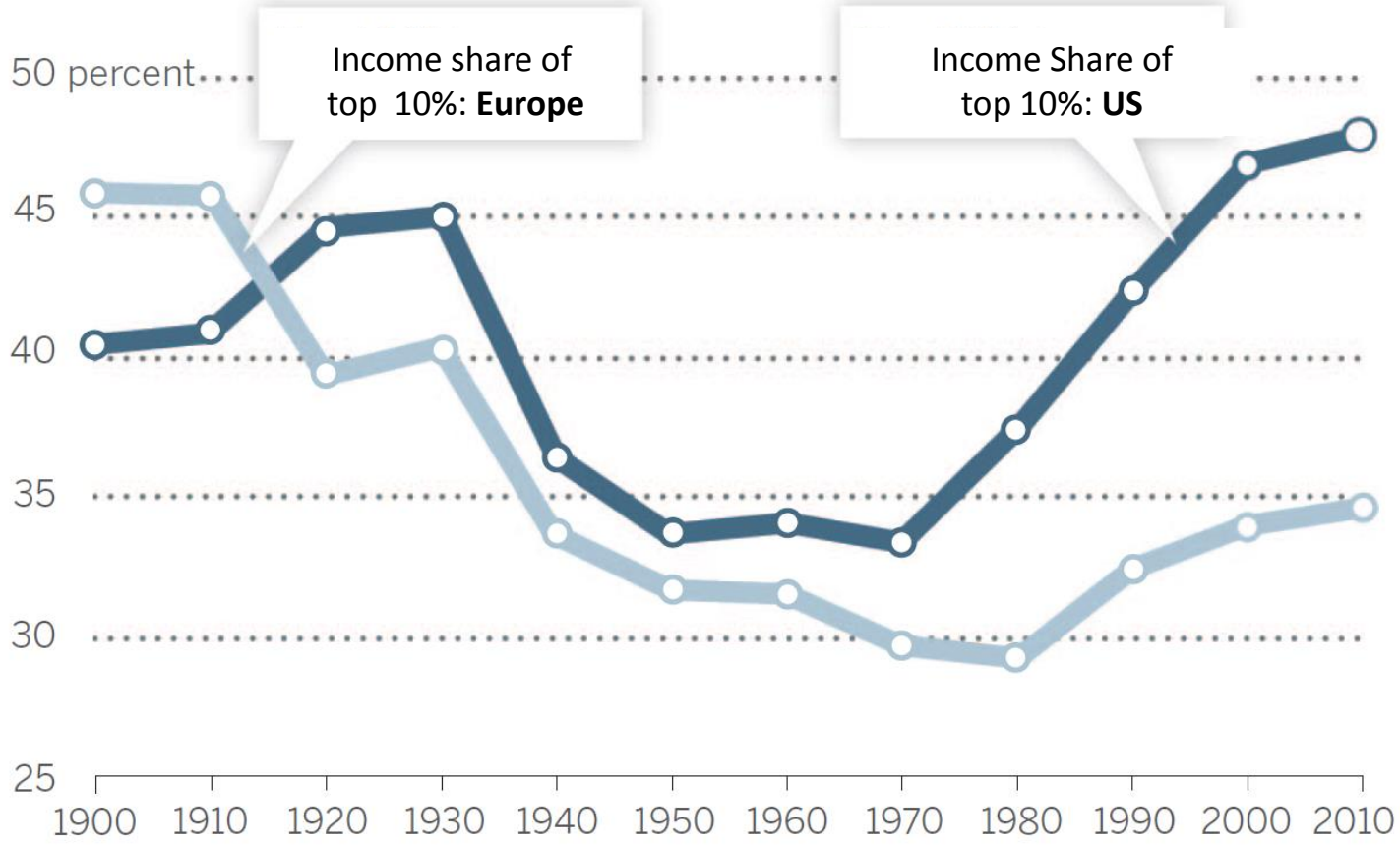
Fitoussi, J.-P./Stiglitz, J. E. (2009)
The Ways Out of
the Crisis and the Building of
a More Cohesive World,
OFCE Document de travail, 17.

Thomas Piketty (2013)
Capital in the 21st Century



Income inequality increases

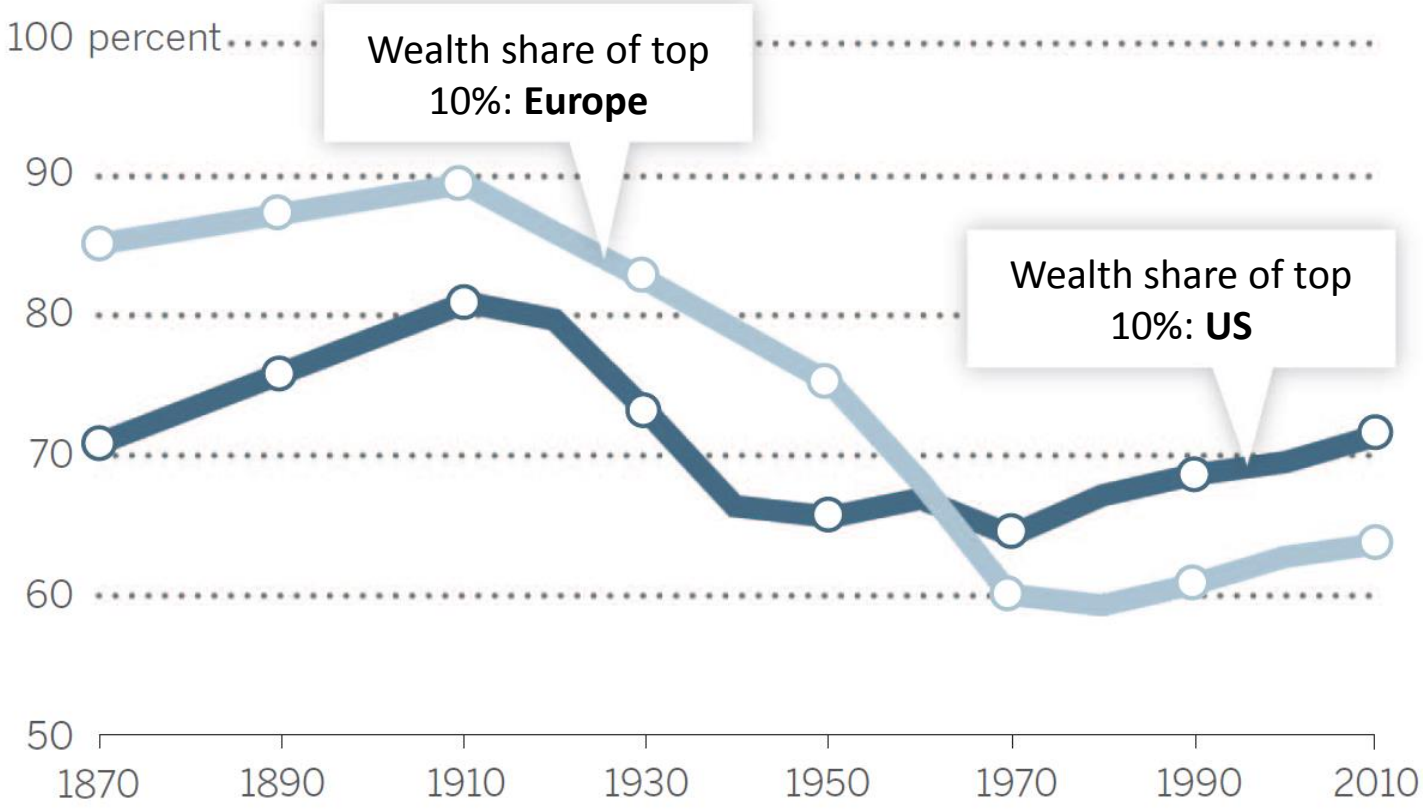
Income share of 10% top earners…



Q: Piketty/Saez (2014)

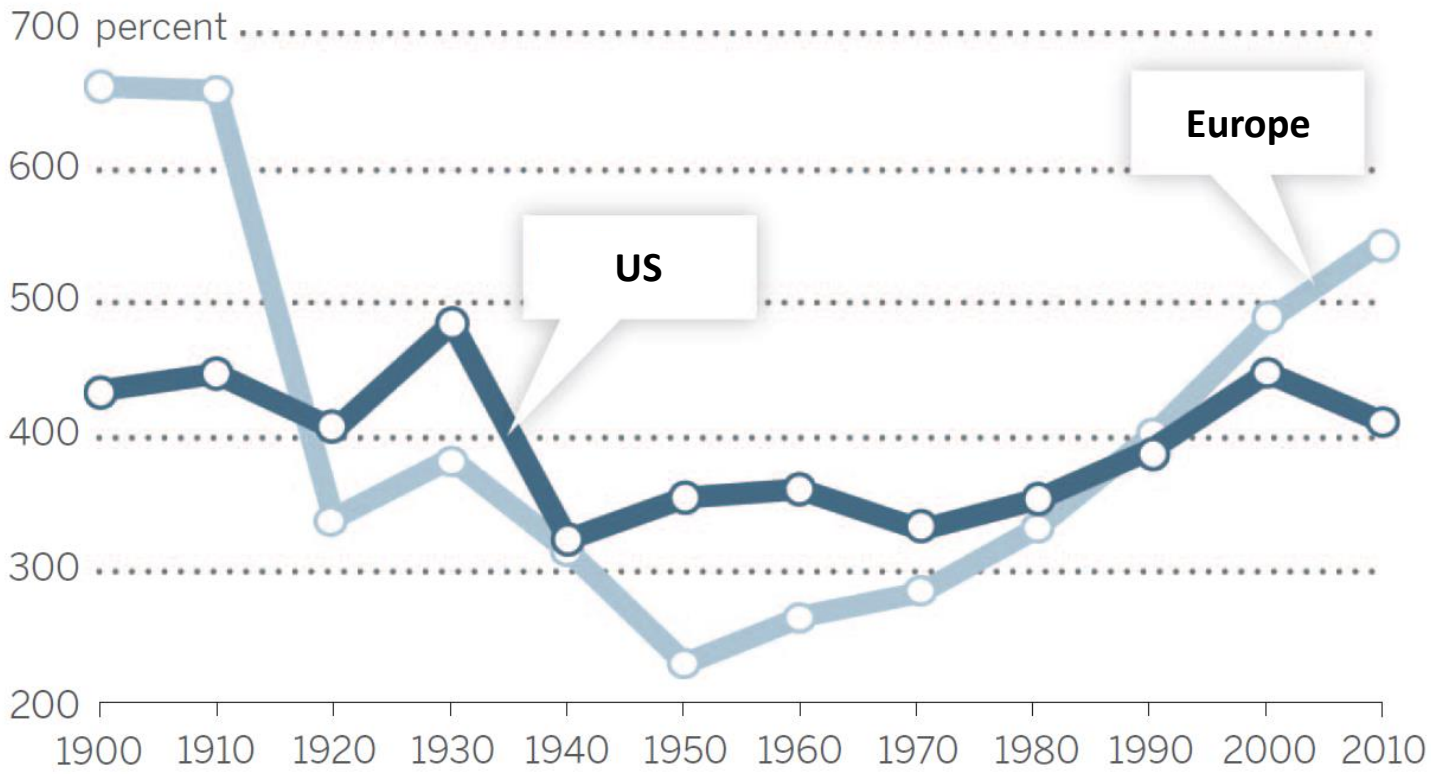
Wealth Inequality Increases

Share of the top 10% richest in total wealth…



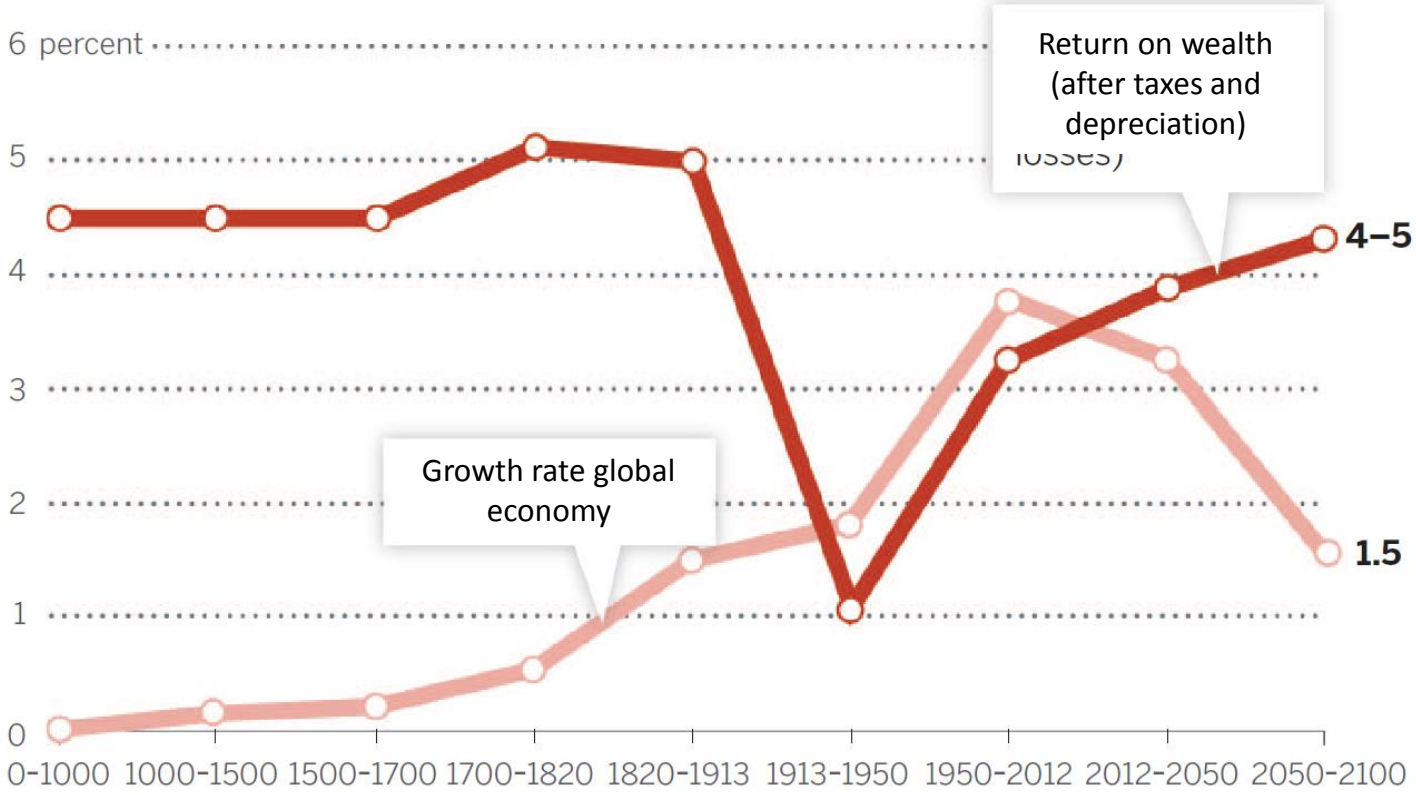
Q: Piketty/Saez (2014)

Private Wealth in % of GDP increases



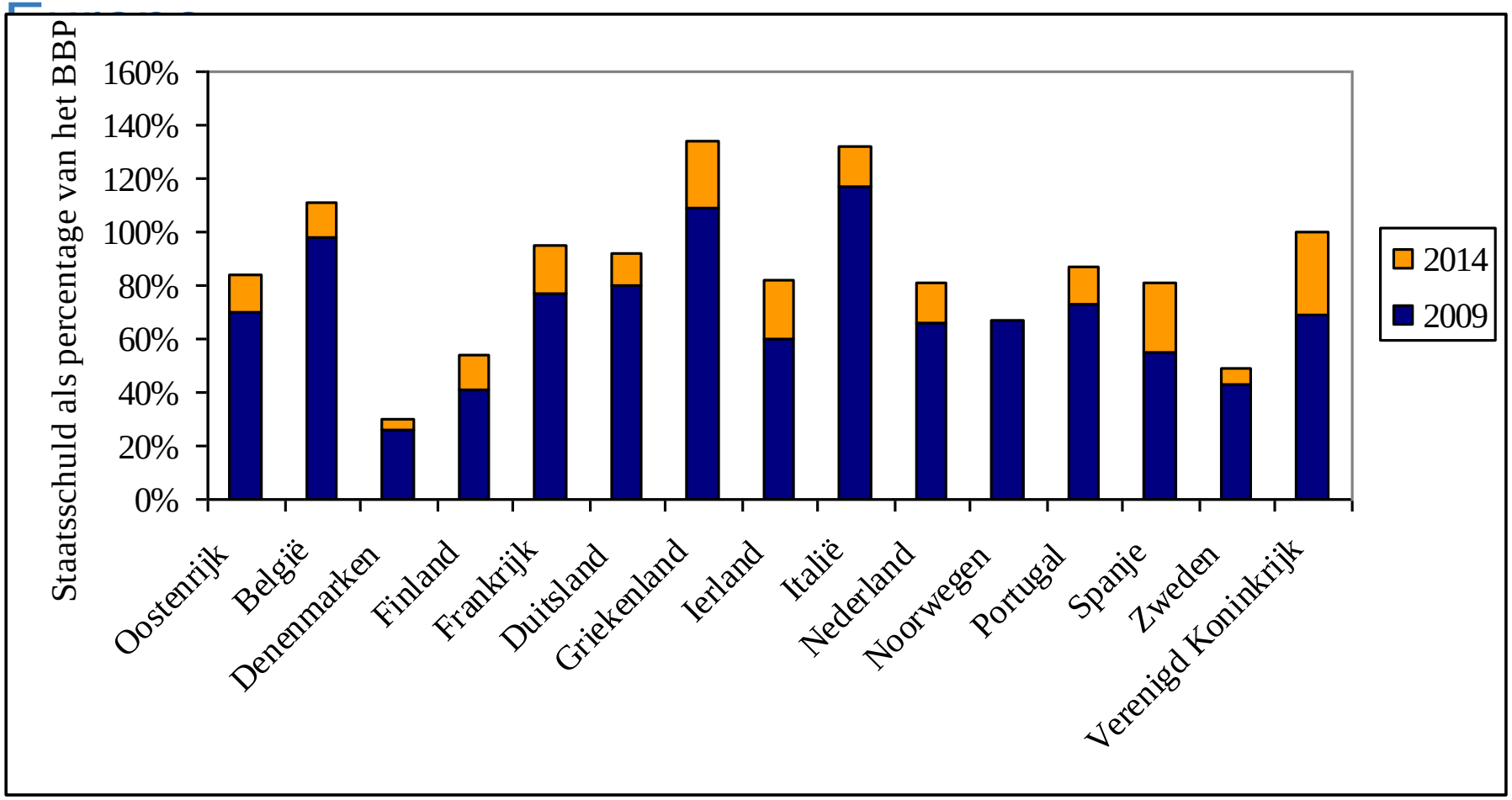
Q: Piketty/Saez (2014)

Return on wealth grows faster than the real economy

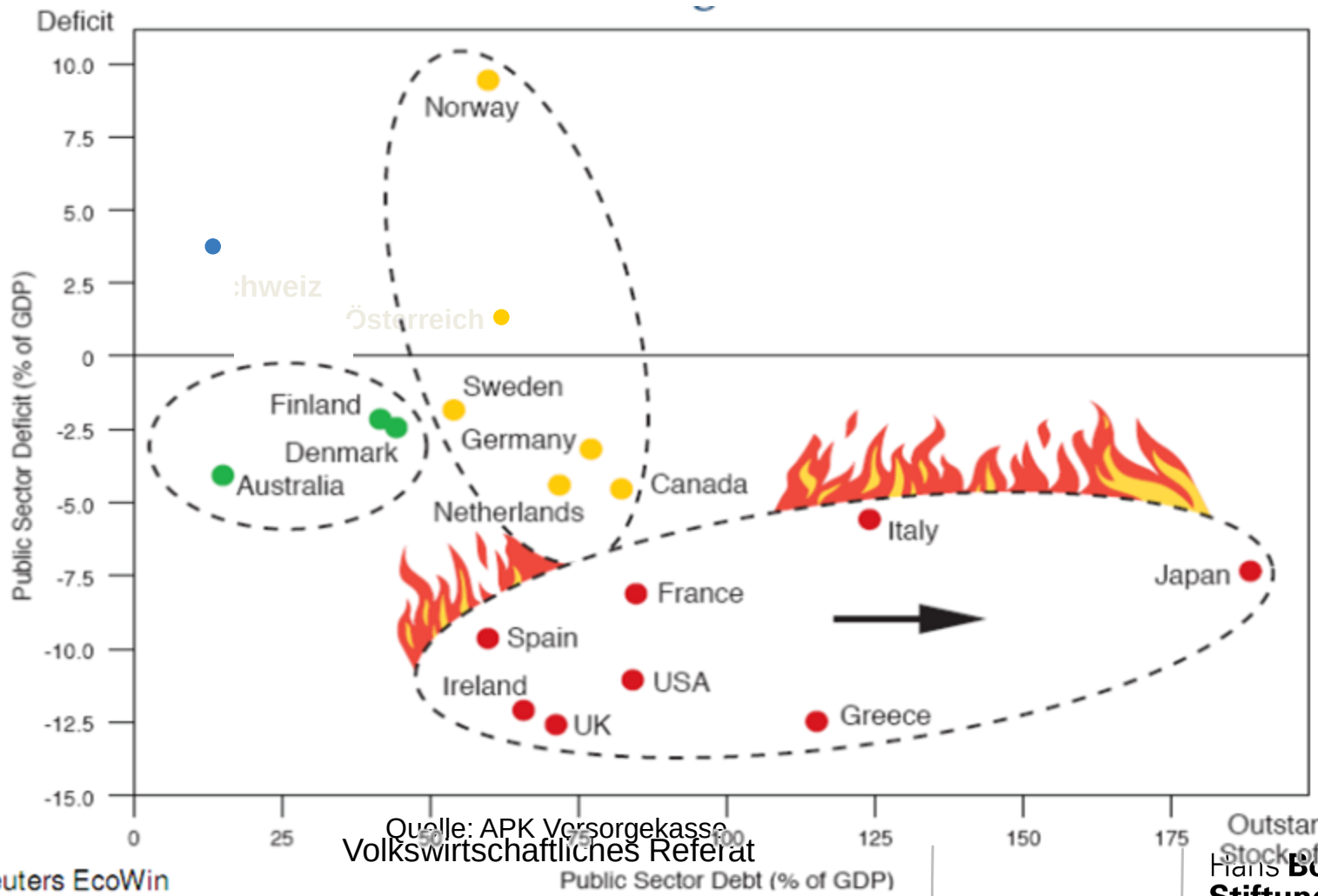


Q: Piketty/Saez (2014)

Public debt in percent of GDP till 2014 in Europe



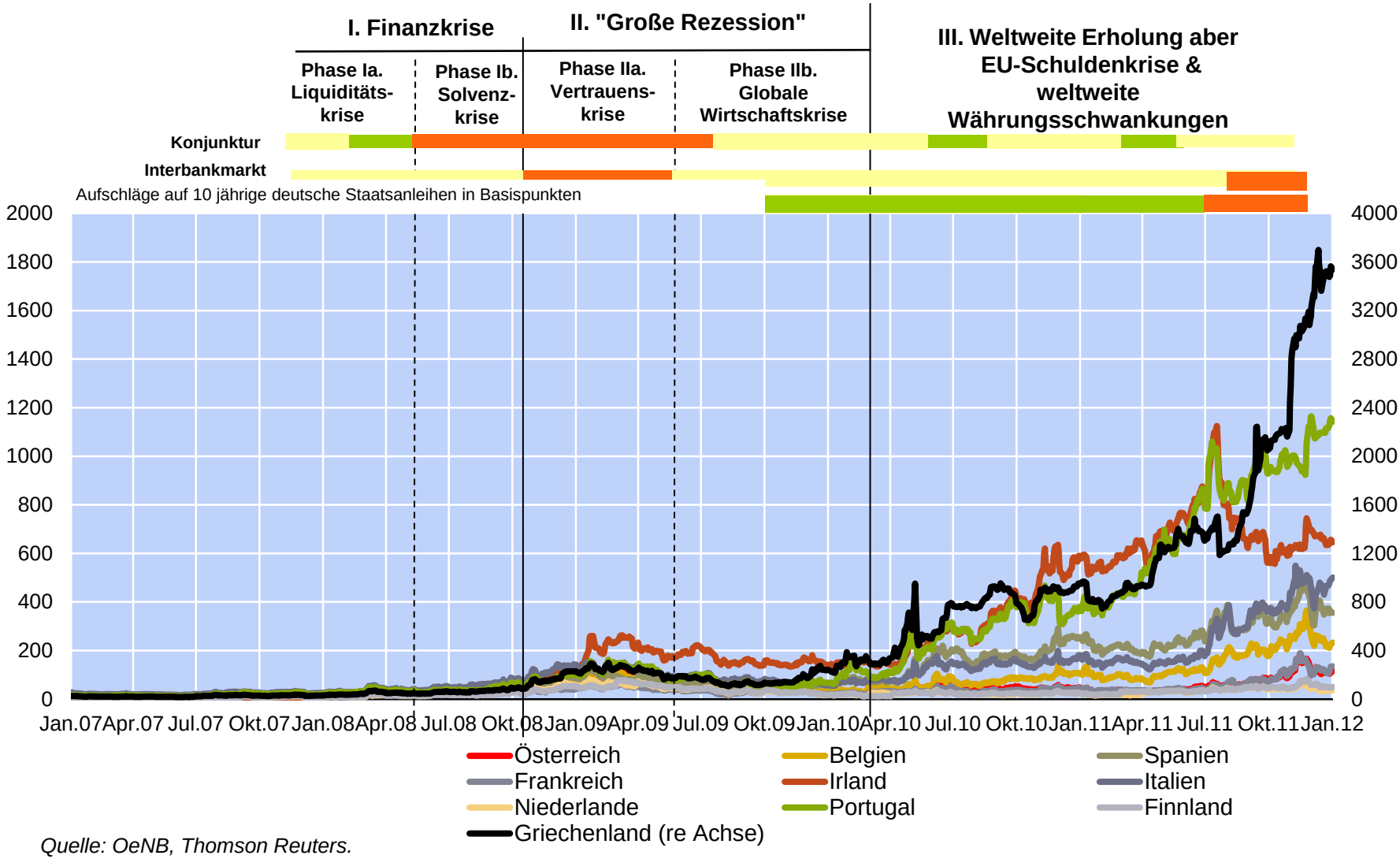
Public Debt Problems as a Consequence of Financial Crisis



Quelle: Reuters EcoWin

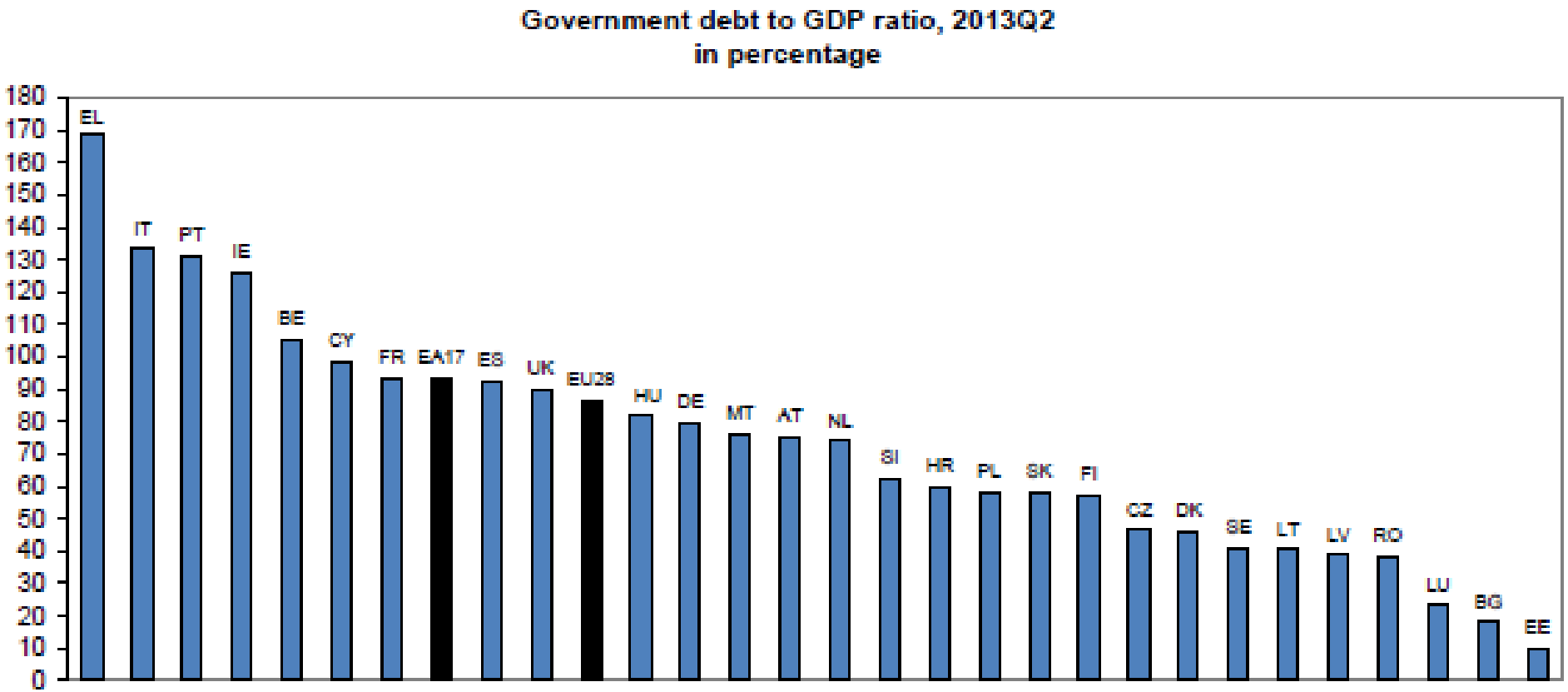
Quelle: APK Versorgekasse
Volkswirtschaftliches Referat

Interest Rate Spreads on Long Term



Quelle: OeNB, Thomson Reuters.

EU Countries‘ Public Debt in % of GDP 2013



Financial markets killed three birds with one stone:

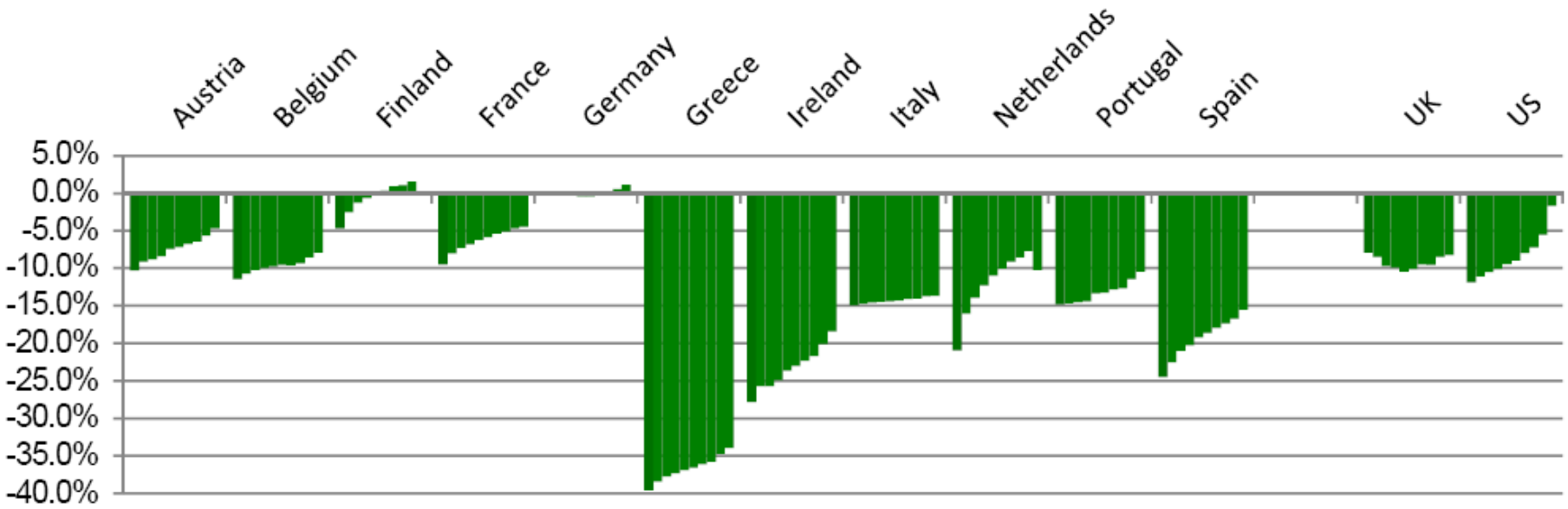
1. No damage of their own (tax payers‘ money used, e.g.recycling of German tax money for Spain and Greece to German banks)

2. New speculation possibilities (government bonds)

3. Public sector became guarantor of the financial system rather than welfare provider

WSI Verteilungsbericht 2013 – Increasing Inequality after the financial crisis, crisis hits the poorest most

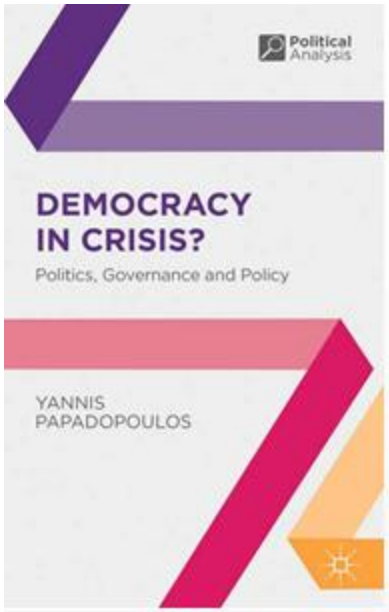
Increase of real disposable income 2008 - 2012 in deciles



3. Why so little corrections? Democratic Deficits, Post Democracy….

Post Democracy …not democratically elected institutions like EuCJ, EU Commission not EU Parliament determine politics

Democracy in Crisis, Yannis Papadopoulos 2013, elected politicians have no say



4. Alternatives

- Reforms of EU architecture, Fundamental labour rights…
- Minimum Standards (pension, income replacement ratio, wage)

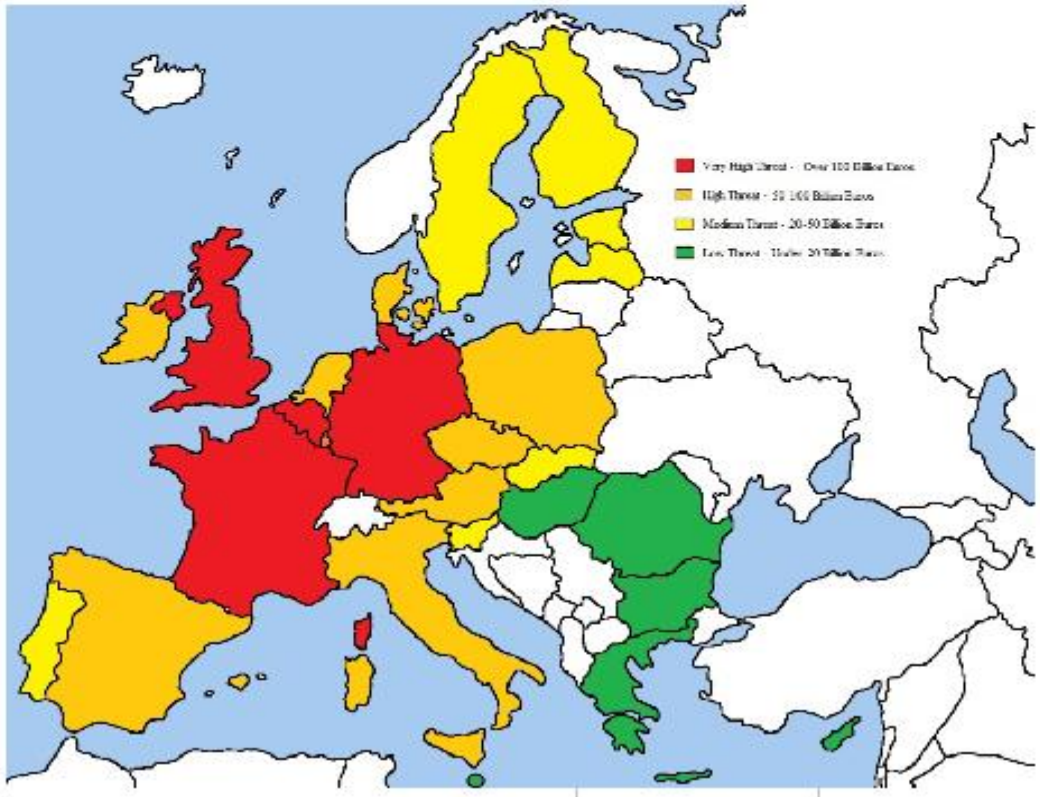
.

- Financing help, a Marshall Plan for Europe, a transfer union….

The money is there…. 1000 billions

Money Laundering Threat in Mio Euro 2012 in EU

Rank	Country	Threat (€ Million)
1	United Kingdom	282.004
2	France	151.302
3	Belgium	119.890
4	Germany	108.677
5	Netherlands	94.121
6	Luxembourg	93.765
7	Austria	88.810
8	Italy	73.910
9	Denmark	59.177
10	Spain	56.111
11	Ireland	54.439
12	Poland	53.923
13	Czech Republic	51.193
14	Finland	45.104
15	Portugal	43.015
16	Latvia	42.039
17	Estonia	40.074
18	Slovenia	35.106
19	Sweden	26.200
20	Slovakia	23.557
21	Hungary	19.952
22	Cyprus	19.090
23	Bulgaria	18.513
24	Greece	16.598
25	Romania	14.075
26	Lithuania	12.870
27	Malta	8.325



A Welfare state at a high level is financially affordable

- **Social expenditures (in EU) vary between 18% (Slovakia) and 32% (France) of GDP**

  i.e. a European welfare state according to German and French standards costs approximately 20% - 30% of GDP.

- This welfare state could be funded exclusively by taxing financial markets and by collecting evaded taxes.

Conclusion

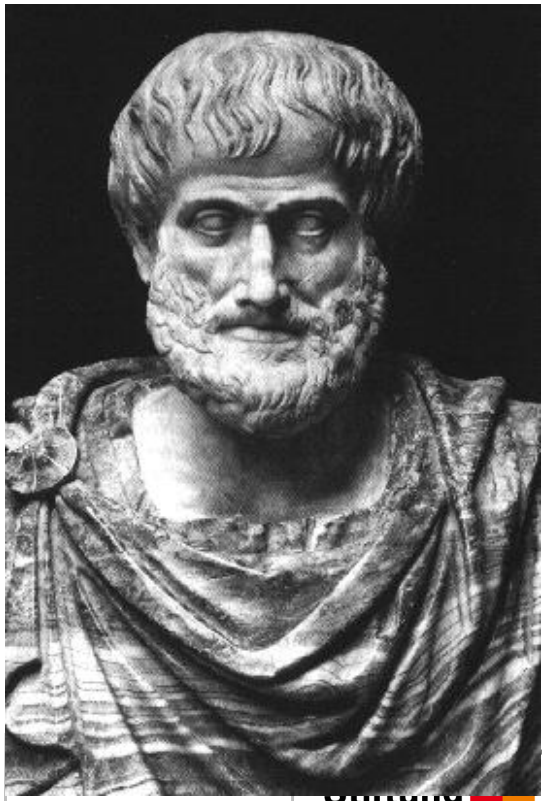
- 59% of the Germans, 69% of the British, 72% of the Spanish distrust the EU. the EU has lost the approval of 2/3 of its citizens! Time to collect the tax money!
- As the Austrian economist **Kurt Rothschild** once said: we are richer than we ever were, the GDP per capita is rising, and, yet we suddenly cannot afford the welfare state anymore?

Aristotles on inequality 1:5

.

- “(…) accumulation should be allowed, forbidding, as I have already- observed, *any citizen to possess more than five times the minimum qualification*”
- The equalization of property is one of the things that tend to prevent the citizens from quarrelling.

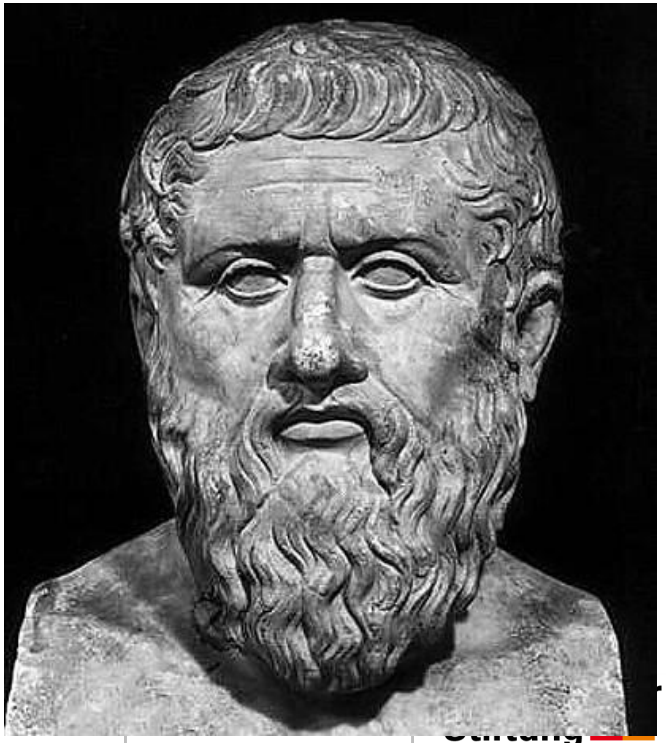
From: Politics (Part VII)



Plato on inequality 1:4

- In a state which is desirous of being saved from the greatest of all plagues-not faction, but rather distraction;-here should exist among the citizens neither extreme poverty, nor, again, excess of wealth, for both are productive of both these evils.
- … the legislator should determine what is to be the limit of poverty or wealth. (…) This the legislator gives as a measure, and he will permit a man to acquire double or triple, or as much as four times the amount of this.

From: Laws (Book V)



WSI

Wirtschafts- und
Sozialwissenschaftliches Institut
Institute of Economic and
Social Research

Thank you!

Prof. Dr. Brigitte Unger
Brigitte-Unger@boeckler.de