Andreas Bieler and Roland Erne:

Transnational solidarity? The European working class in the Eurozone crisis.

To be published in October 2014

In L. Panitch and G. Albo (eds.) Transforming Classes Socialist Register 2015.

Andreas Bieler and Roland Erne:
Transnational solidarity? The European working class in the Eurozone crisis.¹

European labour movements are under severe pressure as a result of the global financial and Eurozone crises, which have been used by capital to attack unions and workers’ rights. In this essay, we will assess the response of European labour movements to this attack and discuss to what extent relations of transnational solidarity have been established in this process. Germany has been at the core of discussions about the Eurozone crisis. While peripheral EU member states have run into severe problems, the German economy appears as the clear winner, the example to follow due to its booming exports. As it is the largest national economy within the EU, what happens in Germany has also wider implications for the rest of the EU. Hence, we will specifically focus on the response by the German labour movement to the crisis. What has been more important for German unions, solidarity with workers elsewhere or solidarity with one’s own employer? The analysis of German unions will be complemented by brief discussions of struggles in Greece, Spain and Italy. Finally, in the conclusion we will reflect on the response by labour movements at the European level to establish whether unions have been able to go beyond their traditional national environment in the search for new strategies against the attack of capital.

Uneven and combined development in the European political economy
The global financial crisis only triggered the sovereign debt crisis in Europe. The real cause of the crisis was uneven and combined development underlying the European political economy over the last decades. In the words of Ray Kiely, ‘capitalist expansion is a dynamic but also an uneven process, and in contrast to the neo-liberal (and pro-globalization) positions, this unevenness is not seen as a result of market imperfections, but is in fact a
product of the way competitive markets work in the real world.\textsuperscript{12} Development was highly uneven in that 60 per cent of German exports go to Eurozone members, 85 per cent including the other EU members, resulting in large account surpluses. ‘The net trade in goods between Germany and [Portugal, Ireland, Italy, Greece and Spain] amounted to some 2.24 per cent of GDP in 2007, accounting for 27.5 per cent of Germany’s trade account surplus.’\textsuperscript{3} Nevertheless, development was also combined as these profits needed new points of investment to generate more profits. The EU’s periphery, be it the construction booms in Spain and Ireland or the focus on individual consumption in Greece and Portugal, seemed to be ideal locations in this respect. Thus, ‘Germany has been recycling its current account surpluses as FDI and bank lending abroad.’\textsuperscript{4} In turn, these credits to the periphery were used to purchase more goods in the core. Hence, the recurrent distinction between credit- and export-led economies is misleading. Firms in core countries would not have been able to pursue export-led growth strategies, if global aggregate demand had not been supported by the real estate and stock market bubbles that occurred in the periphery.\textsuperscript{5} Germany’s export successes crucially hinged on the credit-led solutions to neo-liberalism’s aggregate demand problem.\textsuperscript{6}

The quest for national competitiveness and corresponding policy adjustments played an ever increasing role in the EU policy discourse during the period of Eastward enlargement to Central and Eastern Europe (CEE) from the early 2000s onwards, while the EU’s transfer payments failed to counter economic disparities even at a distributional level.\textsuperscript{7} In fact, West European corporations have benefitted greatly from this unevenness between the old EU member states and the new members from CEE. By integrating suppliers from low wage CEE countries in their transnational production networks they reduced their wage costs considerably through whipsawing tactics that put subcontractors and workers from different locations in competition against each other. German multinationals profited most from the
availability of a cheap and well-trained industrial labour force in its Eastern hinterland. But whereas German firms established themselves predominately in the Czech Republic, Poland, Hungary, and Slovakia and used relocation threats to obtain concessions at home, a notable part of Southern Europe’s low-cost industry moved to the EU’s South-East, where wage-levels are as low as in China. Between 2003 and 2008, the flow of Italian and Greek direct investments in Romania and Bulgaria (12.89bn US$), for example, exceeded German investments in these two countries (11.08bn US$) by far, especially if one bears in mind that the German GDP figures were about 40 per cent higher than the combined Italian and Greek numbers. As long as credit guaranteed the necessary aggregate demand despite ongoing wage moderation, the relatively high growth rates between 2000 and 2007 in Europe’s southern and eastern periphery seemed to indicate a catching up process with core EU countries. In 2008, the global financial crisis put an end to this and revealed the underlying unevenness in the European political economy.

From the very beginning, the institutional bias of ‘the eurozone has directed the pressures of economic adjustment to the labour market: competitiveness in the internal market would depend on productivity growth and labour costs in each country, while labour mobility would be in practice relatively limited. As a result, a “race to the bottom” for wages and conditions has emerged in the eurozone benefiting large industrial capital.’ Until 2007, Europe’s business elites almost unanimously opposed any further centralisation of Economic Governance at EU level, most likely because they believed that EMU would automatically lead to the desired ‘race to the bottom’ in wages and labour standards. But as national adjustment processes induced by the Maastricht Treaty arguably did not progress quickly enough, EU leaders used the Eurocrisis to impose radical adjustment programmes on peripheral countries in exchange for emergency loans. Additionally, EU state-like structures were further strengthened in 2011, after European Commission President Barroso triggered a
‘silent revolution’ that led to an unprecedented centralization of economic governance at EU-level. Most EU countries signed the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union that is formally not part of EU law, but inter alia made the access to further European rescue packages conditional upon the inclusion of severe debt brakes in national law. At the same time, all EU member state governments and a large majority of the European Parliament adopted the so-called ‘six pack’ of EU laws on European Economic Governance of November 2011 and the ‘two pack’ on the strengthening of economic and budgetary surveillance of Member States of May 2013. As a result, Eurozone countries with ‘excessive deficits’ or ‘excessive macroeconomic imbalances’ can be sanctioned by the European Commission with a yearly fine equalling 0.2 per cent or 0.1 per cent of GDP respectively.

The EU’s new ‘macroeconomic imbalance procedure’, is organised in several, ever more intrusive stages. First, the Commission assesses the performance of all EU member states according to a ‘scoreboard consisting of a set of eleven indicators covering the major sources of macroeconomic imbalances’ it designed. Despite its far-reaching policy implications, however, the scoreboard’s indicators (e.g. maximum Unit Labour Cost increases) and the indicators’ acceptable benchmark levels have not been selected by the EU’s legislators, but by a sub-group of the EU’s Economic Policy Committee (EPC). If the Commission notes that scoreboard figures for a particular country are problematic, then it is initiating an in-depth review. Subsequently, on a recommendation from the Commission, the Council that is representing national governments may issue country specific recommendations or binding corrective action plans that will be monitored through surveillance visits.

The EU’s new Country Specific Policy recommendations are increasingly shaping national policy. Even in countries – such as Belgium, France, and Denmark – which belong
to the core rather than the periphery of the European economy, have a relatively strong union movement, and are led by social democratic prime ministers, the increasing convergence between national government policy and EU policy guidelines is striking. In April 2013, for example, the Danish government pushed an emergency law through Parliament that ended a nation-wide lockout of teachers by the Danish schools’ municipal employers and unilaterally enforced employers’ demands for a ‘new working-time agreement with no limits to the teachers’ working hours.’\textsuperscript{21} This incident is remarkable also because one of the only five ‘country specific policy recommendations’ the government received from the EU for the period 2012 to 2013 clearly stated that Denmark must ‘without delay implement the measures announced in order to improve cost efficiency in the education system …’\textsuperscript{22} Although this Troika-style intervention against the teachers’ unions in Denmark would hardly have been possible without the collusion of important national actors, the popular view according to which the Commission’s new economic governance regime would only affect countries in Europe’s periphery is wrong.

The Commission also singled out the French Government for censure. The Commission insisted that the French government’s ‘reform programme’ around a draconian 50bn Euro austerity plan and the 20bn Euro reduction in employers’ social security contributions announced early 2014 would not be going far enough ‘in restoring private companies’ profitability …; in particular, it will be insufficient to compensate for the contrasted wage developments seen in France and Germany between 2000 and 2008.’\textsuperscript{23} Therefore, the Commission maintained that France would require specific monitoring and decisive policy action, including further tax cuts for business, curbs to health care and pensions spending, and a flexibilisation of its ‘rigid’ wage setting system.\textsuperscript{24}

In sum, austerity in the form of wage cuts in the public sector, cuts in services, pensions and social benefits has in fact not only been imposed on countries struggling with
sovereign debt, but across the whole EU. The crisis has been used by capital to carry out further capitalist restructuring. As a result, the balance of power between capital and labour has been shifted towards capital and the Commission at the expense of labour and national legislators – and unsurprisingly, workers and trade unions as their representatives have come under severe pressure.

**European labour and resistance against neo-liberal restructuring**

From the inception of EMU, European unions had not been unaware of the dangers implied in an institutional set-up, in which wages were the only adjustment mechanism to remain competitive. They recognised that ‘the logic of “regime competition” … has become a main feature and a driving force of current industrial adjustments within the European Union.’

Nevertheless, it was hoped that economic union would only be a step towards political union including a strong social dimension across the EU. It was the presence of Jacques Delors as President of the Commission and his emphasis on the necessity of a social dimension to economic integration including the participation of unions in EU politics, which convinced them to support the Internal Market. The small gains of the Social Chapter at Maastricht and the relative weakness of unions across the EU due to the economic recession in the early 1990s made unions accept EMU. This support was not uncritical. European integration was supported as such, but additional social policy measures were demanded. In short, the support for EMU did not imply that European unions had accepted the principles of neo-liberalism.

Nor did support for EMU imply that European unions had not tried to counter the negative impact on wage formation. The European Metalworkers’ Federation (EMF), which organises workers in one of the most transnationalised sectors in Europe, including many TNCs in consumer electronics, car manufacturing and machinery production, became aware of these dangers in the early 1990s. The EMF realised that wage bargaining was no longer a
national issue in its sector, characterised by an increasing transnationalisation of production. Plans for EMU implied the danger of social dumping through the undercutting of wage and working conditions between several national collective bargaining rounds. In response, the EMF approved the European-level co-ordination of national wage bargaining in 1998 and it tried to ensure that national unions pursued a common strategy of asking for wage increases along the formula of productivity increase plus inflation rate. In summer 1999, the European Trade Union Confederation as a whole adopted the co-ordination of collective bargaining as one of its four main tasks and established an ETUC Collective Bargaining Committee.29

And yet, the implementation of the co-ordination strategy was unsuccessful. In 2006, the ETUC published for the last time data on whether the various national collective bargaining rounds had been in line with the ETUC guidelines of wage increases along the formula of productivity increase plus inflation. The findings make clear that not only had no country managed to achieve this target except for Finland, but German unions, which had been a driving force behind developing the strategy, were actually the ones that missed it by the largest amount insofar as cumulative productivity growth exceeded the total real-wage over the 2003-2006 period by 8.6 per cent.30 Indeed, for the whole period from the adoption of Euro in 2000 right up to 2012, the average negotiated salary increase in Germany was 5.5 per cent below productivity increase, and even more drastic the effective average salary increase was a further 9.3 per cent below the negotiated average salary.31 As these figures indicate, German workers have not benefitted from the export boom. Highlighted by the Hartz IV reform of 2003, which led to the largest cut in, and restructuring of, the German welfare system in the post-war era,32 the Eurozone has amounted to ‘a “beggar-thy-neighbour” policy for Germany, on condition that it beggars its own workers first.’33 In short, downward pressure on wages and working conditions of German workers was actually the cause of the export boom. In turn, these wage developments, while ensuring that Germany
could emerge with an export boom out of the crisis, have put downward pressure on wages
and working conditions elsewhere and become a problem for other unions in Europe.

German unions under pressure

German unions have lost considerable power from the 1990s onwards and some argue that they were simply too weak to obtain larger wage increases. Later than elsewhere in Europe, German production structures became increasingly transnationalised during the 1990s. Outward FDI increased significantly in key industrial sectors including especially chemicals, road vehicles and electrical and mechanical engineering.\textsuperscript{34} Germany’s proximity to the EU’s new member states in CEE provided capital with a vast array of options to cheapen product prices or threaten exit from Germany’s post-war class compromise. The share of CEE in German automotive component imports, for example, rose from 9 percent to 37 percent between 1995 and 2005.\textsuperscript{35} The import of low-cost components has, in turn, increased the competitiveness of German companies. Additionally, with the upgrading of production processes in CEE, Western European companies have increasingly started to threaten relocation in discussion with unions. ‘In particular in Germany, automobile companies use the relocation “option” to demand higher work and employment flexibility, longer working times and lower wages.’\textsuperscript{36} Hence, the overall balance of power in Germany has been shifted towards capital at the expense of labour. German unions’ defensive protectionist reactions to EU Eastward enlargement, moreover, proved to be counterproductive.\textsuperscript{37} By insisting on a seven-year-long suspension of CEE migrant workers’ right to work in Germany, German unions virtually forced CEE workers to become self-employed entrepreneurs, as Germany’s free movement restrictions obviously did not restrict the free movement of capital and services, including self-employed entrepreneurs. Nevertheless, self-employed entrepreneurs are extremely difficult to organise.
Furthermore, German unification put additional pressure on unions. There was a decline in the coverage of collective bargaining with wage levels in East Germany being generally lower than in the West, putting in turn downward pressure on West German wage levels and the bargaining system overall. ‘The East German transformation became the central catalyst for re-commodification in Germany on the whole.’ Moreover, the IG Metall, organising workers in manufacturing and being the most important industrial union in Germany, lost a strike in 2003 over the equalisation of conditions in the metal industry between East and West Germany, i.e. precisely at the moment when the controversial Hartz IV reforms, mentioned above, were imposed on German unions. Defeating the IG Metall took priority for German employers over social peace.

Restructuring in the social relations of production has not helped either. Traditionally, temporary agency work was highly regulated in Germany and mainly used by companies to respond flexibly to short-term challenges in the production process. It was the 2003 change in legislation by a coalition government of Social Democrats and the Green Party deregulating temporary agency work, which facilitated the change in employers’ strategy. Whereas the EU’s fixed-term work directive and the preceding Business Europe-ETUC social partnership agreement on fixed-term work forbid employers to treat fixed-term workers less favourably than permanent workers, the German government made use of the EU directive’s opt-out clause that allows derogations for fixed-term workers if they have had been agreed in collective bargaining agreements. The German Trade Union Confederation (DGB) also supported the Government’s use of this opt-out clause, arguably as it would give temporary work agencies a powerful incentive to enter into collective bargaining. Such hopes, however, only partially materialised, as employers successfully used contracts with yellow unions and intra union rivalries to enforce lower wages and working conditions for temporary workers. Several key companies in turn moved towards employing a significant number of their
workers through temporary work agencies in order to be able to contain wage costs and respond flexibly to changes in the economy and, thereby, to secure their short-term financial profits. ‘By employing a certain share of their permanent workforce through agencies, client firms bypass statutory dismissal protection and binding collective agreements in order to establish a “security net” for their short-term profits or rate of return.’\textsuperscript{40} To date, only four per cent of the overall German workforce are temporary agency workers. However, the fact that there are between 10 to 20 per cent temporary agency workers of the overall workforce in large manufacturing companies signifies the overall importance of this type of workers for German industrial relations.

The increasing use of temporary agency workers has had drastic implications for workers and unions. First, being a temporary agency worker becomes less and less a route into permanent employment. Companies have to some extent stopped employing directly new workers themselves. Second, the fact that temporary agency workers are employed on lower salaries than their colleagues, although they are doing the same jobs, and that they face the constant threat of dismissal, should there be an economic recession, has a disciplining effect on permanent workers. ‘Looking at the temporary agency workers, the regularly employed workers of the client firm sense that, in case they would lose their job, their chances of re-entry into regular employment would be equally low.’\textsuperscript{41} This will affect their position on whether to criticise management and, unsurprisingly, it has become more difficult for unions to organise strike action.\textsuperscript{42}

German unions have to some extent re-gained influence since the onset of the global financial crisis in 2008. Against the background of global recession, union leaders were suddenly consulted again by the state and employers. As Klaus Dörre, however, points out, this type of ‘crisis corporatism’ is at best a type of corporatism of weakened partners, which is only possible, because it intensifies the declining power of unions in the labour market,
which will ultimately also come to haunt the core workforce in stable, full-time employment. If employment risks are systematically referred to informal workers, already existing divisions will be further weakened and erode unions’ organisational and institutional power resources. This, in turn, will eventually also affect negatively the core workforce. Therefore, union incorporation into crisis corporatism should not be mistaken for re-gaining their traditional power and influence over policy-making.

In what way has this weakening at home impacted on German unions’ efforts of transnational solidarity with workers elsewhere in Europe?

*German unions and transnational solidarity*

Some have accused German unions of consciously putting the interests of German workers above the interests of workers elsewhere in Europe. After their ‘competitive corporatist’ wing had won the internal battle against their Euro-Keynesian opponents following the defeat and resignation of Oscar Lafontaine as German finance minister in spring 1999, German unions did not implement the co-ordination strategy at home from the early 2000s onwards. Confirmation of German unions’ lack of solidarity with other European unions and workers was apparently given by Berthold Huber in 2012, then General Secretary of IG Metall. First he blamed Spanish unions for the fate of the Spanish economy. Having obtained ‘too high wage increases’ they would be responsible for undermining the competitiveness of Spanish companies. Then, he argued that the Spanish labour market should be restructured to re-gain competitiveness. Finally, he criticized the planned strikes in some Southern European countries for the European-wide trade union mobilization of 14 November 2012 as ‘voluntaristic nonsense’. By arguing that wage formation is responsible for competitiveness and supporting labour market deregulation, Huber placed himself well within the dominant understanding of the crisis and the required solutions.
This understanding of the role of wage formation, in fact, may have underpinned unions’ engagement with employers. While there has been a significant weakening of German unions, which may partly explain the wage increases below productivity increases noted above, German unions may have at least some responsibility for this development. Indicative here is also the fact that the increase in effective average wages is below the negotiated average wages, resulting not only from the decline in bargaining coverage, but also the increasing use of opening clauses since 2003, as highlighted in an EU report that is informed by studies of Bispinck and Schulten from the union-related Institute of Economic and Social Research (WSI). The so-called Pforzheim Agreement of 2004, the Commission document points out, also allowed deviations from collectively agreed standards in certain cases in order to maintain and improve competitiveness, innovative capability and investment. Hence, opening clauses are now possible for companies in acute economic difficulties as well as in response to general competitive pressures. Unsurprisingly, there was an increase in company-level derogation agreements from 70 in 2004 to 730 in early 2009. ‘Around 70% of these agreements include derogations concerning wages.’ These opening clauses are part of collective bargaining and were, thus, agreed upon by trade unions in line with the understanding that wage formation is responsible for national competitiveness.

And yet, it would be dangerous simply to write off German unions as a potential part of resistance to austerity. First, the IG Metall and German unions in general should not be understood as homogenous actors. Huber’s statements led to heavy criticism from within the labour movement.47 Second, within the IG Metall different fractions can be identified. Hans-Jürgen Urban, a left-wing member of the Executive Board of the IG Metall, has a rather different position and is fully aware of the problems resulting from German wage developments for other European unions. In view of the need for more solidarity in Europe, he argues that unions should pursue a double function: (1) they need to pursue an offensive re-
distribution policy in collective wage bargaining; and (2) they should operate as political pressure groups mobilising against the Troika’s austerity policies. In order to counter capital more successfully, the European labour movement would need to develop a European strategy. Moreover, the current General Secretary of the IG Metall Detlef Wetzel recently criticized negotiations of a neo-liberal Transatlantic Free Trade Agreement. While the potential benefits are either unclear or small at best, the planned investor-state dispute settlement mechanism would undermine national sovereignty and potentially also include downward pressure on working conditions and workers’ rights. In fact, in the declaration Change of course for European solidarity of 9 October 2012, the IG Metall Executive Board does not only demand radical medium-term institutional reforms towards a political and social EU as well as an active, co-ordinated and democratically legitimate economic and industrial policy, but also explicitly mentions the important role of unions in co-ordinating collective bargaining: ‘The trade unions must also contribute to the management of a common currency union. This particularly applies to wage coordination.’ In short, the nationalist assessment, visible in Huber’s competitive corporatist position on Spanish competitiveness, is not necessarily predominant within the IG Metall.

In general, it is often assumed that areas of transnational production, in which IG Metall organises workers, are those most easily susceptible to strategies of transnational solidarity. Unions in these sectors are the first to recognise that organisation at the national level is no longer enough to keep wages and working conditions outside capitalist competition. And there are positive examples of transnational solidarity. In 2001, European GM unions and works councils organised a successful one-day strike of 40,000 GM workers across Europe against the closure of the GM plant in Luton in the UK. This did not only lead to a pioneering European labour agreement that prevented forced redundancies in all European sites from 2001 to 2008, it also showed that competition for investments does not
necessarily pre-empt transnational collective action. Nevertheless, transnational solidarity in transnational production structures is not automatic. When General Motors (GM) established a new production site in Poland in the late 1990s, this new site ‘entered a competitive race with the German plant in Rüsselsheim over the distribution of new Opel Zafira capacities.’ Moreover, in view of GM’s decision to close down the production of Opel in Bochum/Germany towards the end of 2014 the German chairman of the European Works Council (EWC) from Rüsselsheim as well as the chair of the works council at Opel in Bochum tried to save local jobs by highlighting the higher quality and productivity of their production sites. Perhaps, it is actually the service sector, where co-operation between unions and social movements may provide a better platform for resistance against austerity as well as the establishment of solidarity across borders?

Interestingly, not only are there different groups within individual German unions such as the IG Metall, there are also differences between various unions. Ver.di, organizing workers in service sectors, blamed already in 2010 German wage policy for causing ‘unfair competition’ and downward pressure on wages of workers in other Eurozone countries. ‘The wage policies of the EU Member States must be geared to national productivity and inflation indicators, so that as a minimum, they make full use of the cost-neutral scope for redistribution of wealth.’ The union also demanded a transnational minimum wage policy. Of course, accomplishing these goals in practice has been difficult for Ver.di too. In the most recent round of collective bargaining, Ver.di was unable to catch up with private industry. While its rhetoric is more radical, understanding that low wage increases in industry affect its members negatively, Ver.di’s concrete power has been weakened especially by the fragmentation of the public sector due to decentralisation and privatisation. Nevertheless, Ver.di demonstrated more concrete actions of transnational solidarity. For example, the union developed a global dimension in its current struggle over collective bargaining rights with the
retail giant Amazon. While Ver.di members went on strike in several Amazon depots in Germany in December 2013, the union sent a delegation to Seattle in the USA to protest together with several US unions in front of the company’s headquarters.\textsuperscript{57} In turn, Ver.di supported recently striking workers at one of Amazon’s depots in France, starting to develop this into a fully international campaign.\textsuperscript{58} While this does not yet constitute the organisation of a transnational strike against a particular TNC, it nonetheless indicates how unions can successfully support each other across borders in industrial conflicts. Furthermore, Ver.di supported Turkish workers, who were made redundant by the Deutsche Post DHL company for joining a trade union. First, they sent a fact finding and solidarity mission to the striking workers in Istanbul, Turkey,\textsuperscript{59} then they lobbied the General Meeting of Deutsche Post/DHL in May 2013. Moreover, Ver.di was heavily involved in the European Citizens Initiative on Water and sanitation are a human right\textsuperscript{60} We will return to the significance of this example for transnational solidarity in the Conclusion. Before, however, we will briefly assess aspects of the struggles in three countries of Europe’s Southern periphery, Greece, Spain and Italy.

\textit{Struggles in Europe’s Southern periphery}

It is countries in Europe’s Southern periphery, which have been hit particularly hard by the Eurozone crisis, being subjected to austerity programmes by the Troika. For example, ‘the fiscal cuts imposed on Greece amount to 10.5 per cent of GDP for 2010 and 2011, and another 9.9 per cent until 2014. The consequence of this austerity is a drop in real GDP in Greece of more than 4 per cent in 2009 and 2010.’\textsuperscript{61} But imposed austerity went also beyond direct cuts. ‘At the same time [Greece] has been forced to introduce new legislation in labour markets and to engage in ambitious privatisation.’\textsuperscript{62} These measures are clearly directed against trade unions’ involvement in social and economic decision-making at the national level and shift the balance of power towards capital. Unsurprisingly, resistance against
austerity erupted predominantly in Europe’s Southern periphery with 35 out of 36 general strikes having taken place in Southern Europe and France.\textsuperscript{63}

Interestingly, resistance to austerity brought new types of movements to the fore. In Spain, the 15-M movement was launched on 15 May 2011. 15-M is primarily made up of various other groupings of progressive social movements. The movement coalesced around the slogan of ‘real democracy’, whilst also attempting to assemble various ‘citizen coalitions’ to resist the targeted government actions of austerity.\textsuperscript{64} A prominent member is the Plataforma de Afectados por la Hipoteca (PAH) (Mortgage Victims Platform). They have been successfully involved in stopping evictions through direct and legal action, whilst also relocating those who do become evicted.\textsuperscript{65} Spanish unions initially hesitated, while there was still a social democratic government in power. Only after the electoral victory of the right-wing Popular Party in November 2011 and anti-union labour market reforms did unions start to organise mass demonstrations and a general strike on 29 March 2012.\textsuperscript{66} In turn, social movements distrust unions, regarded as implicated in the crisis and part of the establishment due to their focus on social pacts and dialogue with employers and government. Nevertheless, at the local, sectoral level, campaigns based on alliances between unions and social movements have been established. In defence of public education, for example, the so-called Green Tide movement, including unions, parents’ organisations and neighbourhood assemblies, has been formed in Madrid from August 2011 onwards.\textsuperscript{67}

In response to the first bailout package in May 2010, the initial resistance in Greece was led by the big unions, which called dozens of general strikes. Over time, however, partly as a result of close links between union bureaucracy and the social democratic PASOK party, deeply implicated in the crisis, rank-and-file members and the wider Greek population took over in setting the pace of resistance.\textsuperscript{68} The so-called Greek Indignados were ‘awoken’ by 15-M after a Greek news story reported a banner being held up in Puerta del Sol, Madrid (the
main occupied square in Spain), stating ‘Shhhhh…keep it quiet, we might wake up the Greek.’

The next day, 25 May 2011, more than 20,000 people had gathered in Syntagma Square, though the banner never actually existed. Unlike in Madrid there was not a popular unified assembly in Syntagma Square. More progressive voices linked the struggle to the experience of occupation during WWII, along with the struggles against military dictatorship in the post-war period. Strong nationalist sentiments were, however, also present which drew on the struggles of independence from the Ottomans of 1821. This highlights the unprecedented heterogeneity of the protestors’ identities. Spatially the square became divided, not only along the lines of ideology, but also the pursuit of particular action. Syntagma Square has two levels and sits directly in front of the Parliament building. The lower level was primarily made up of progressive forces linked to leftist-movements which had a long organisational presence in Greece. This called for peaceful protest in which processes of direct democracy would be practiced in a bid to develop alternatives to the dominant parliamentary system. The upper square was, by contrast, a mix of progressive and reactionary forces, taking direct action to express their outrage at corrupt politicians.

This division of popular forces is also reflected at the political party level. While the left party SYRIZA became the second strongest party with just under 27 per cent of the popular vote in the last elections in June 2012, the right-wing, extremist party Gold Dawn obtained almost 7 per cent. Importantly, parallel to these developments, Greek citizens increasingly organised collectively in organising the provision of basic services ranging ‘from social clinics and pharmacies to social groceries, and from the movement to cut out the intermediaries in agricultural production to various cooperative ventures.’ Overall, however, there is still too much mistrust between trade unions and social movements in both Greece and Spain, preventing the emergence of a more permanent and powerful force of resistance.
In Italy, trade unions have to a large extent accepted capital’s offensive around the hollowing out of the collective bargaining system. Resistance against austerity and neoliberal restructuring, however, evolved around struggles against water privatisation. The Italian water movement, a broad alliance of social movements and trade unions, successfully mobilized around a discourse of water as a human right and a commons to be jointly administered and enjoyed by all for a referendum against the privatization of water in June 2011. Developed over a period of ten years, this broad alliance included Catholic and secular organisations dealing with labour issues, environmental groups, consumer groups as well as local citizens’ initiatives. On the trade union side, Funzione Pubblica – CGIL, the largest Italian trade union federation organising public sector workers, was the most important actor. Nevertheless, the rank-and-file unions Cobas and Unione Sindacale di Base (USB) too had become actively involved. When the referendum took place on 12 and 13 June 2011, the victory of the water movement was overwhelming. For the first time in 16 years, it had again been possible to secure the quorum of at least 50 per cent plus one voter participating. In fact, just over 57 per cent of the electorate cast their vote. The majorities on the questions against the forced privatisation of water services and against the right to make a profit with water were even more impressive. ‘95.35% yes (4.65% no) on the first question; 95.80% yes (4.20% no) on the second.’ The victory could not have been more decisive. The successful referendum, however, did not prevent the European Central Bank leaders, Draghi and Trichet, on the 3 August 2011 from making any ECB help for the Italy state conditional on a long-list list of ‘business friendly’ measures, including ‘the full liberalisation of local public services (...) through large scale privatizations.’ Nonetheless, precisely because the victory in the national referendum did not stop the privatization pressures, the Italian water movement arguably paved the way towards the broader, European-level European Citizens’ Initiative on water as a human right discussed in the Conclusion.
Conclusion

When analysing the response by European unions to neo-liberal austerity, it remains important to remember that this is not a struggle between different countries such as Germany on the one hand, and Greece, Portugal, Spain and Ireland on the other. Instead, this is about class struggle between capital and labour. At the European level, unions have been unable to converge around a strong counter austerity strategy. It proved impossible to organise a European-wide strike as a result of uneven political and economic conditions in the various member states, different levels of union power resources and traditions as well as a missing common discursive frame of reference.\textsuperscript{77} While several Southern European unions are more supportive of general strikes, most Nordic unions tend to favour not doing anything at the European level, as they are confident that they can still contain austerity at the national level. Some unions also try to secure their position nationally through concession bargaining,\textsuperscript{78} whereas others proposed a ECI against austerity, following the successful ECI on water as a human right.\textsuperscript{79} What has ultimately emerged from these discussions was first a European-wide day of action on 14 November 2012, which combined general strikes in Greece, Portugal, Italy and Spain with solidarity demonstrations in other countries. Moreover, an ETUC initiative for a European investment programme was adopted at the meeting of the ETUC Executive Committee on 7 November 2013\textsuperscript{80} and an ETUC demonstration of 40.000 workers took place in Brussels on 4 April 2014, causing a security ‘lock down’ at the US permanent representation to the EU.\textsuperscript{81} Interestingly, in its recommendations for a European investment programme the ETUC follows closely the ‘Marshallplan für Südeuropa’ initially proposed by two Euro-Keynesian Ver.di economists\textsuperscript{82} and the DGB’s subsequent ‘Marshall Plan for Europe’, published in December 2012,\textsuperscript{83} as it also includes the idea that interest bearing bonds, intended to raise the necessary money for investment, should be partly
financed and secured through the receipts from a Financial Transaction Tax and a one-off tax on wealthier people. There is, however, also a national dimension in the ETUC’s plan, when it argues that individual countries should identify for themselves, how to raise the necessary finances for investment. There is, thus, still the danger of a nationalist, competitive corporatist strategy, reflecting ultimately the position of many of the ETUC’s national members.

The most high-profile and successful strategy of concrete transnational solidarity was organised in the service sector. Building on the success of the Italian water movement, the European Federation of Public Service Unions (EPSU) was crucial in launching the first European Citizens’ Initiative on water as a human right, collecting more than 1.85 million signatures between May 2012 and September 2013. The demands of the ECI were threefold: ‘(1) For the EU to recognise the UN right to water and sanitation into EU law; (2) not to liberalise water services in the EU; and (3) to contribute to achieving access to water and sanitation for all across the world’. On the one hand, there is the interest of trade unions in keeping water provision in public hands, as working conditions are generally better in the public sector. On the other, user groups are supportive of universal access to affordable clean water. It is the inclusion of issues beyond the workplace, the right to access to clean water, which has allowed EPSU to link up with other social movements and, thereby, broaden the social basis for resistance and form bonds of solidarity. Returning to the role of German unions in transnational solidarity, it was unsurprisingly Ver.di, which most strongly supported this initiative in Germany and was at least partly responsible for the fact that out of the almost 1,9 million signatures, 1,38 million were collected in Germany. In turn, observing the hearing in the European Parliament of the ECI through a video link gave water activists in Thessaloniki/Greece the confidence to go ahead with their plans of holding an independent referendum on water privatisation in their city. EPSU and the European water
network supported this initiative through sending international observers to monitor the referendum on 18 May 2014, when proposals to privatise the company were overwhelmingly rejected with 98% of votes against.86 While manufacturing unions in transnational production networks find it often difficult to establish transnational solidarity as priority over national competitiveness and the European labour movement has been unable to agree on joint anti-austerity actions through the ETUC, together with social movements, service sector unions across Europe have, thus, managed to organize a truly transnational solidarity campaign across national and European levels.

Finally, we should not overlook developments from below either. While unions often struggle to identify strategies of transnational solidarity, at times workers take the initiative into their own hands as in the case of recent factory occupations by workers in Greece, Italy and France.87 Unions have to be careful to appreciate this new reality, if they do not want to run the risk of being pushed aside by more active forces in the wider labour movement.

We are grateful to Oliver Nachtwey and Daniel Behruz for their assistance with material on German unions. Many thanks also to colleagues from the Transnational Labour Project at the Centre for Advanced Study in Oslo (see http://transnationallabour.wordpress.com/) for the necessary time and space to complete this essay.


5 Roland Erne, ‘European Unions after the Global Crisis’, in L. Burrini, M. Keune and


12 Lapavitsas et al, *Crisis in the Eurozone*, p.158.


The EPC comprises two Commission officials, two officials from each Member State (e.g. from the Finance Ministry and the Central Bank), and two officials from the ECB. See: http://europa.eu/epc/about/index_en.htm

Erne, ‘Postscript’.


German unions have, however, started to respond to this situation. The more union officials realised that the growing vertical disintegrated labour relations are increasingly affecting also the apparently secure core workforce, the more they emphasised the need for inclusive trade union strategies and policies. See Hajo Holst, “‘Commodifying institutions’: vertical disintegration and institutional change in German labour relations’, Work, Employment & Society, 28/1, 2014, pp.3-20.


See [http://www.verdi.de/themen/geld-tarif/amazon/++co++a36b0792-671f-11e3-8c2b-5254008a33df](http://www.verdi.de/themen/geld-tarif/amazon/++co++a36b0792-671f-11e3-8c2b-5254008a33df); accessed 30/04/2014.

See [http://www.verdi.de/themen/geld-tarif/amazon/++co++a2d630ea-addd-11e3-bb8e-52540059119e](http://www.verdi.de/themen/geld-tarif/amazon/++co++a2d630ea-addd-11e3-bb8e-52540059119e); accessed 30/04/2014.

See [http://www.verdi.de/themen/internationales/++co++30fff246-28d0-11e2-802a-0019b9e321cb](http://www.verdi.de/themen/internationales/++co++30fff246-28d0-11e2-802a-0019b9e321cb); accessed 30/04/2014.


62 Lapavitsas et al, Crisis in the Eurozone, p.120.


64 The Guardian, 15 October 2013.


Sotirakopoulos and Sotiropoulos, ‘Direct democracy now!’, p.449.

Laskos and Tsakalotos, Crucible of Resistance, p.143.


Corinne Gobin and Roland Erne, ‘Des défis sans précédents mais des réponses faibles. La Confédération européenne des syndicats dans un contexte de crise financière et économique’, under submission with *Revue internationale de politique comparée*.


See [http://www.verdi.de/themen/internationales/wasser-ist-menschenrecht](http://www.verdi.de/themen/internationales/wasser-ist-menschenrecht); accessed 30/04/2014.

Jan Willem Goudriaan, ‘Resisting austerity in Greece: The Thessaloniki water referendum’ (13 May 2014); available at [http://andreasbieler.blogspot.no/2014/05/resisting-austerity-in-greece.html](http://andreasbieler.blogspot.no/2014/05/resisting-austerity-in-greece.html); accessed 12/06/2014.
87 Markos Vogiatzoglou, ‘Workers’ trans-national networks in austerity times: The case of Italy and Greece’, under submission with *Transfer: European Review of Labour and Research*. 