

FREE TRADE AND SOCIAL RESPONSIBILITY

(by Manfred Warda, Head of International Relations.Europe, IG BCE)

In the early 90's, when the confrontation between ideological systems came to an end, the question arose as to whether global debates on various models of society would continue, and what form they might take. International think tanks quickly drew attention to what they called the "struggle between world cultures", which is expected to increase in ferocity. With the war in Chechnya and, to a lesser extent, the Balkan crisis, this thesis was dramatically confirmed in Europe and its immediate vicinity.

When considering these conflicts and attempting to establish their causes, one quickly turns to the increasing debate on globalisation and its prospects and risks. From the inevitable debate between modernisation and maintaining the status quo, the discussion has turned into a debate on systems, which is in turn increasingly influenced by extreme points of view.

Thus, neo-liberal enthusiasts self-confidently maintain that fully opened markets, unrestricted competition and the de-regulation and privatisation of all sectors of life will ultimately lead to the total liberation of humankind and the end of poverty and deprivation. In the opposing camp, groups have formed who are convinced that globalisation is in fact a conspiracy to enslave large parts of humankind, if not whole nations.

This theory adds fuel to the fears of developing countries where poverty continues to increase and people see no immediate prospects for themselves or for future generations. The theory also finds resonance amongst employees in industrialised countries who are overburdened by the fast pace of developments and who fear for the future of their jobs. Throughout the world, trade unions are experiencing great uncertainty. As they face enormous new challenges, they increasingly listen to the simplistic reasoning put forward by self-appointed leaders of civil society, not noticing that they offer no new alternatives, but, at best, re-packaged old solutions which have already proved to be unworkable.

Even more worrying is the fact that the polarisation of the debate has led to irritations within international trade union organisations. This is an inevitable conclusion considering that some of their representatives seem to want to hail the debacle of last year's World Trade Conference in Seattle and the OECD's inconclusive discussions on a Multilateral Agreement on Investment (MAI) as a successful result of trade union mobilisation. This, consciously or unconsciously, ignores the fact that the International Confederation of Free Trade Unions and the International Trade Secretariats failed to reach their set targets. With the support of the European Union and the U.S. government, there was a strong chance for reaching generally accepted social standards for international trade. Also, the MAI should include certain principles that offered a chance for a more social form of globalisation.

Especially in the USA and France, but also elsewhere, opponents of globalisation managed to increase their influence on public opinion. For months now, they have prepared to mobilise against this year's World Bank and International Monetary Fund (IMF) conference in Prague, whilst local businesses proceeded to barricade their premises. Their next target will be the European Summit held in Nice in December. The international trade union movement must not relinquish the initiative and its leading opinion-forming role. On their part, international finance and trade institutions need to show, more than ever before, their understanding that globalisation without a social dimension will always be under threat and it is therefore an issue requiring a thorough global dialogue.

There is no doubt that reforms towards market economies have liberated enormous potential in some countries, such as the encouraging examples in India and China. The collapse of the planned economy in central and eastern European countries was followed by reform dynamics that have brought about changes with promising prospects. However, the euphoria surrounding these well used examples cannot disguise the fact that globalisation has also created new problems and has given many people good reason to fear they will be left behind.

China's new economy will not be able to replace the lost jobs in the decrepit state companies once the country opens up to the world market. Even in highly developed industrialised countries, no sure-fire solutions have been found for all the problems created by the enormous pressure to adjust. Countries must find their own solutions if they are to maintain their political stability which is the main condition for sustainable economic success. Huge efforts will need to be made around the world to bridge the enormous gap between rich and poor, so that humankind may truly live in peace and security.

Free world trade must respect the aims of social justice. For this, targeted developmental policies and social investment are needed, and here the World Bank and the IMF should play their part. In addition, it is of major importance to implement and maintain minimum social standards and fundamental employee and trade union rights on the international level. This, ideally, should be achieved through cooperation between the World Trade Organisation and the International Labour Organisation (ILO), as Federal Minister of Labour, Mr. Riester, stated during this years' general assembly of the ILO in Geneva. As a result, fair competition will be achieved, which is also of interest to industry and the economy.

Globalisation has particularly brought down borders for large multinational companies. Their influence upon development in many parts of the world is already greater than that of national politics. While benefiting from their emerging opportunities, they must also accept their resulting responsibility. This could, and indeed should, be more than mere compliance with many countries still inadequate labour, social and environmental legislation. The support given to the "Global Compact" initiative of the UN Secretary General, Mr. Annan, sets a good example. The participating companies, including the German BASF, have committed themselves to maintaining worldwide basic environmental standards and so-called »core labour standards« of the International Labour Organisation, at their sites. However, experience, such as that of Adidas, the German sport articles manufacturer, has shown that this by itself is not sufficient protection against attacks by groups who are not interested in finding proper solutions to specific conflicts, but seek to challenge global production and distribution systems.

The collaboration with trade unions and their international federations can be of assistance here. An example of this is the global agreement which ICEM and IG BCE concluded recently with the Freudenberg Group, under which, as reported, the Freudenberg Group has undertaken to maintain the International Labour Organisation's core labour standards at its sites around the world and, at the same time, to develop a social dialogue with trade unions which will serve the common interests of the company and its employees worldwide.

Without doubt this is a great challenge to international collaboration among trade unions, especially to the IG BCE, which has taken on a special responsibility.

Trade union organisations worldwide are as numerous as their cultures, activities and objectives. However, almost all trade unions around the world - whether in industrialized countries, newly industrializing countries and developing countries, eastern countries in the process of transformation and countries in Western Europe - feel that old conflicts must be solved and a constructive dialogue between trade unions and companies initiated in order to meet difficult challenges and make full use of emerging opportunities. This is often hindered by resistance of employers and the aggressive behaviour of local management. This, in turn, fuels militancy at the grass root levels of trade unions, further complicating the necessary task of overcoming traditional modes of thinking which still stand in the way of effective trade union cooperation.

Europe, with its accomplished dialogue between social partners, can set an example. This could only be achieved if Europe itself were to overcome all the new major obstacles it is currently facing. The liberalisation of the energy markets and the planned eastern enlargement of the EU both increase the speed of the restructuring and adaptation process. Industry and industrial sites are increasingly challenged by the environmental political debate. In this, trade unions have an important role to play, also on the European level.

As yet, not all European employers concede that social dialogue needs to be part of this. The EMCEF now strives to ease their blockade policy through a Europe-wide initiative. As Hubertus Schmoldt recently emphasised at the congress of the EMCEF: "Social dialogue offers an enormous chance to find solutions and to come to agreements which meet the current needs of different sectors of industry".

Since the crisis a couple of years ago, enthusiasm for the Asian tigers has given way to strong disillusionment. Today, even in New Zealand, one concludes that the comprehensive liberalization and deregulation of the country, which was widely praised until recently, failed to show any long term benefits. Today, the model of European social relationships, which was ridiculed for many years as a brake on investment, has once again attracted a great deal of interest. Beyond Europe's borders, it can help ensure that the prevailing sense of powerlessness towards globalisation does not cause a regression to counter-productive protectionism.