

**3rd Statutory Congress of IG BCE
from October 9 to 14, 2005 in Hannover**

Motion adopted by the 3rd Statutory Congress of IG BCE

Refining the German Model

The economic model for Germany needs to be modernised. Over decades, this model provided wealth for our country and social progress for our workforce. Now it is in a sorry state: our growth is too low, unemployment is running high, public debt is excessive and the educational system is in a poor condition. We must make the German model safe for the future.

Globalisation, individualisation, and demographic change are all challenges to the German model.

Globalisation has a profound impact on our fundamental social fabric, thus threatening the German model. Profit expectations by the capital markets have increasingly come to dominate the operative decisions made by companies; employees are exposed to tremendous pressure to compete and perform; and governments throughout the world are engaged in a scramble for the lowest corporate taxes. The upshot is that social standards are being degraded, and not only in Germany. What's more, in Germany we have to tackle the impact of the reunification of our country. But globalisation also limits the scope of action of our negotiating partners in industry and politics. To an ever increasing extent, the former can do no more than implement the policies determined at distant corporate headquarters, while the latter have less and less decision-making power as a result of increasing economic competition between the nations. However, against the backdrop of all these disadvantages we must not forget the benefit of globalisation: people have attained a higher degree of freedom. And in a world that is growing together we will also approach the unions' vision of a peaceful and just life with acceptable social standards for all people. International division of labour is highly profitable for an export-oriented economy such as the German one.

At the same time, the trends towards individualisation and of demographic change are making themselves felt. We have promoted the trend towards individualisation through our successful negotiation of wages and working hours. Workers no longer support trade union policies as unequivocally as they did in the past. This is a challenge to IG BCE as a community of values. Union members are united in their conviction that freedom must go hand in hand with solidarity. The need for unions is greater than ever. The social questions today revolve around fairness, sustainability and participation. The waves of support after the floods in eastern Germany and in Asia have shown just how great the willingness to embrace solidarity still is. We can use that as our starting point.

Increasing wealth as well as technical and medical progress have resulted in a longer life expectancy. But we Germans are having ever fewer children. This is why our society is growing older. The resulting demographic challenge requires a rejuvenation of society and a consolidation of the financial foundations of the welfare state, in other words, a society based on solidarity.

We need to modernise the German model.

We are at a crossroads. Globalisation, individualisation, and demographic trends are all bringing pressure to bear on the German model. We must set the stage for reforms that will have an impact far into the future. We must not squander our current opportunities. After all, conservative and radical market forces are also bent on seizing their opportunities. Their attacks on the German model have an ideological motivation. They want to despatch the German model.

We are decidedly opposed to such attacks. We want to build on what made us strong. The core elements of the German model are still indispensable. One of these elements is the social market economy. Its core aspects are free collective bargaining, co-determination and the works council system. Other elements are social justice and equal opportunities. The social market economy, social justice and equal opportunities allowed us to achieve a top position in the world. However, we have not updated our model for a long time. Necessary reforms have been delayed for too long.

The German model must be reformed. But the reforms must be fair; the stage must be set for a society based on solidarity, and people must be socially included. But this also means: we do not need new values; instead, we must update traditional values to bring them into line with the modern world.

Social justice must be the leading idea for the modernisation of the German model in Europe and make a contribution to a social Europe. Social justice is indispensable if we want our country to progress. We are fighting to create new jobs and to secure existing ones. We fight for the modernisation of our welfare state. We champion the modernisation of co-determination and free collective bargaining as part of a fair partnership between employers and employees.

The German model stands for a society based on solidarity. However, solidarity must not be limited to solidarity between workers; we also need solidarity between those who have a job and those who do not. Creating job opportunities, securing existing jobs and creating new ones – these are our most important objectives today. But solidarity as a precondition for a humane society also means that the good relationship between young and old people must not suffer from demographic change. There must be no gender discrimination. Germans and foreigners should respect each other and live together in peace.

A German model that does not involve and include people is unthinkable for IG BCE. People have a right to co-determination at their place of work and to a just proportion of the value-added generated by their companies. Workers must not be mere objects of decisions but subjects involved in decision-making. This is why co-determination in the supervisory board and at the place of work must be modernised.

A modern model for Germany will also have to include dialogue between management and labour. Therefore, in the industries we represent we have developed numerous pragmatic and targeted tools for consensual co-operation. At the end of intensive negotiations, which may or may not be conflict-ridden, the industry involved – both its companies and employees – is often the winner. Consensus with politicians and employers is the best way forward to modernise the German model. Dialogue between management and labour can balance different interests. At the same time it is an approach to finding the best solutions for the challenges of our times. However, consensus and negotiation orientation have their preconditions. We do not accept a situation where employers only look for compromise with IG BCE when they feel that this will be useful for them. We expect employers to be our partners also where it hurts them. To achieve this, we must remain strong and able to fight.

The German model in Europe

The German model must be embedded in an efficient and socially minded Europe. Through the European Union, the political scope for action that has been lost can be regained.

Innovation, employment, social justice and participation in Germany can only be realised if the necessary European framework is in place. We need a framework for a European model for the welfare state and for European social and labour relations. We need a European industrial policy that establishes fair conditions for all. Co-determination has been enshrined at the European level through the European works councils, but now it is necessary to ensure it for the supervisory boards at the European level as well. To make employment policies a success, social dialogue must be promoted throughout Europe.

We trade unions must have a much more international approach, intensifying cross-border co-operation. Among other things, this means that we must support the establishment of effective unions in other countries and that we must promote our model of balancing different interests. IG BCE does this in many countries. Nevertheless, we have to check if and how we can intensify this involvement in the future.

Concrete measures

To modernise the German model, IG BCE holds these measures to be necessary:

1. We need to have a public debate on social responsibility. IG BCE's policy is ample proof that we assume our responsibility. If, however, employers threaten to relocate in order to maximise profits, or if a company market emerges where companies are bought and sold as required, this responsibility for the German model is trampled on.
2. The German model is only viable as long as sufficient jobs for all are available. A policy of redistribution will not be enough. We need investment and innovation in the areas of goods and services that generate new jobs.
3. IG BCE's wage policy strives for a distribution of incomes that reflects performance. It also ensures that issues such as working hours, further training and the balance between work and family are socially balanced. Flexibility within the wage system allows for solutions that fit for individual companies: for companies ridden with crisis or companies striving for long-term restructuring. Hence, free collective bargaining is the joint search between management and labour for the best solutions.
4. Co-determination promotes innovation within companies. Being innovative also means offering qualified employees the possibility of co-determination. Co-determination and participation imply an active involvement in shaping the company's future. Extending co-determination means developing joint ideas and assuming responsibility. Strong works councils are imaginative works councils. Through their active involvement, they generate success and trust.
5. The welfare state must ensure social security. People's fundamental needs are work and a regular income, educational opportunity, and the protection of their health and social security in old age. We welcome a reform of the labour market that will allow unemployed people to find better jobs more easily. Only well-qualified employees constantly improving their qualification can hope to enjoy job security. Nobody in Germany must be left helpless when faced with ill health. The social security character of the health insurance system must be maintained. People must be able to look forward to a safe and acceptable income in old age. We therefore demand that the three-tiered pension system be reformed carefully.