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REPORT

Employees' Perceptions in the Crisis: Internalized Constraints and Credibility of Alternatives

Perceptions in the Crisis
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Foreword

In January 2014, the first workshop of a cycle dedicated to perceptions in the crisis was held to tackle questions revolving around the crisis of political consciousness in Europe. Previous research, as well as fruitful discussions between public-opinion specialists and social scientists from Germany, France and Greece showed that the state of political subjectivities was linked to the intensity of the crisis. The primary goal was to comprehensively study the causes behind both revolts and resignation.

It turns out that representations of labor – such as dependence on wage and low-cost employment policies – play a very important role in the mechanisms of resignation. Changes will remain out of reach if the relation between the Left and labor isn't re-

newed. To more accurately match employee's needs and become emancipatory policies, alternative proposals must take into account their representations in terms of working statutes and production conditions.

This research project relies on a combined approach bringing together different social realities and subjectivities related to labour through a dialogue between France and Germany. Beyond national particularities, the idea is to find out whether or not common issues and perspectives can be identified in order to nourish the elaboration of alternatives capable of simultaneously challenging the neoliberal hegemony and gaining popular support.

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1. Observations – Representations of the Constraints of the Productive System

Internalized constraints by the employees have grown along with a set of global changes that occurred during the past 40 years, with regard to the productive system. This section will allow a presentation of these changes, as well as their consequences upon working conditions and the resulting perceptions of credible changes.

Transformation of Working Conditions and Perceptions of the Crisis – the Example of Germany

Joachim Bischoff and Richard Detje, co-editors of the Hamburg-based journal *Sozialismus*, led a pioneer research project dedicated to the evolutions of perceptions regarding working conditions in Germany. They conducted over 30 individual interviews and set up 15 group discussions. The main added value lies in the fact that these meetings were held at two highly significant points: the first set occurred after 2008 – when the crisis was at its peak –, while the second set took place in 2012 when Germany had already started to emerge from the crisis. The sample was composed of workers and staff representatives of metallurgical, electrical and textile industries, as well as employees from social services, health care and youth education sectors – whose situations in 2008 were radically different. The outcomes of this inquiry showed that working conditions of the above mentioned sectors, namely industries and services, have come closer together. The Fordist structures characterizing the 1970s have been constantly challenged by a massive rise of precarious employment – whose implementation skyrocketed in the aftermath of the European crisis.

Germany is facing a situation which differs to a large extent from that of the other EU countries. It is for instance the only European country that managed to catch up with its pre-crisis industrial production – and even exceeded it in some sectors. Other singularity, Germany's unemployment rate

has rather strongly decreased over the last couple of years. This drop can be explained by a huge extension of precarious jobs, at a higher rate than in other EU member states. German workers are well aware that the unemployment rate is lower than that of 2009. And if 40% of the respondents stated that they were not impacted by the crisis, the feeling of fear according to which the crisis can come back and hit even the domestic economy even harder is spreading. Moreover, four fifths of the respondents do believe that Germany's situation is far preferable from that of the other European countries. This is playing a central role in employees' consciousness' of their own condition – and hence in how potential claims regarding the improvement of the working conditions are considered credible, “given the surrounding context”.

To put it differently, there is a latent feeling of unease within the population. While being grateful that the worst was avoided and that the country resisted the stronger effects of the crisis, the consciousness of living in what Bischoff and Detje named “a paradise under threat” is very acute. It was crystal clear to most of the respondents that their somewhat privileged situation wasn't secure, that it could be jeopardized by a further economic deterioration in neighboring countries, as well as – and this is a new element – by an increase of the “internal threat” embodied by the continuous erosion of social justice.

The Ascendancy of Finance over Labor – the Example of France

Opinion surveys undertaken in France at different stages of the crisis showed a clear identification of the financial system as the main responsible for its outbreak – as explained Yann Le Lann and Hugo Varenne. According to the “Generation” survey, 90% of the respondents are of the opinion that finance rules the world. This assessment corroborates the outcome of another opinion survey (IFOP) led

in 2010 according to which banks and credit institutions are seen as “rather responsible” for the crisis by 92% of the respondents. If all the social categories are indeed suspicious of financialized capital, the most vulnerable tend to associate it even more with the causes of the crisis – and therefore as causes of the weakening of politics as a whole –, while the most favored express more trust in the ability of politics to overcome “the crisis of meaning”.

Criticism of markets, privatizations, capitalism and profits altogether are on the rise, regardless of age and social differences. One can only notice a growing opposition to neoliberal economic values, albeit in different intensities. The most vehement criticism is to be found in the assessment of stock markets – whose nature was described by Yann Le Lann as the most liquid and concentrated form of property. Another opinion survey (Montaigne Institute) observed that 76% of the respondents think that companies don't perceive the preservation of jobs as a priority. The most vulnerable social categories consider companies first and foremost as institutions dedicated to defending the interests of shareholder – although this perception tends to decline along with companies' size. SMEs (small and medium-sized enterprises) are seen as well-balanced institutions that respect the interests of capital and labor in a fair manner. It is worth mentioning that SMEs are praised as the most trustworthy of institutions – far ahead of corporate groups, as well as administration services, parties and trade unions.

Given the high resentment toward financial institutions, left-wing policies shouldn't merely focus on criticism of banks and financial activities. Another outcome of the in-depth inquiry led by the co-editors of *Sozialismus* reveals that, according to most of the interrogated employees, the problem lies in the lack of transparency and in the difficulty to understand how the financial system works. As Detje recalled, the Marxian notion of “mystification of capital” turns out to be efficient. The Left must contribute by comprehensively explaining how the financial system works and shed light onto its shadows. The Left must coherently articulate how it is that seemingly abstract financial and economic forces concretely affect individual lives, subjective experiences.

Financialization and Globalization

Gabriel Colletis delivered a thorough comparative analysis of globalization and internationalization by using the red thread of financialization as a differentiating factor. In this respect, internationalization can be defined as the opening of national economies to significant flows of goods and services. After opening themselves up, national economies – therefore internationalizing their activities – experience important increases in production of exports, and/or the internal market's penetration rate. Internationalization affects goods and services that circulate between countries. It can be measured through competitiveness – with the key criterion being the trade balance.

Globalization, on the other hand, is much less characterized by the mobility of goods and services, but rather with the financialization of the economy. Capital circulation is at its core. But contrary to standard economic analysis, Colletis doesn't see capital and labor as homogeneous factors. He distinguishes instead the mobility of the financial capital (e.g. bonds, derivatives) from the mobility of the productive capital (e.g. domestic and foreign direct investments). And the same goes with the Labor factor. One can differentiate workers whose skills are recognized and wanted from workers whose skills don't match the imperatives of the current economic trend. Financial capital is more than mobile: it is volatile – and much quicker than productive capital that takes at least a few years to allocate or relocate. Low-skilled workers aren't as mobile as the migration flows of the 1950s and 1960s remind us they were. Their mobility is, at best, discouraged, and when it does occur, takes place in extremely precarious conditions. These workers are, for the most, refused the fruits of globalization.

All the evidence suggests that income depends on the rate of mobility. In other words, the most mobile factor earns and takes the most before dictating the amounts of remuneration awarded to all the other factors. Financial capital can count on average return rates of approximately 20%, while those of direct investments barely exceed 8%. In addition, the greater a worker's mobility, the higher his/her income will be. Globalization is an intrinsically unequal process. The rise of inequalities should not be

regarded as an unfortunate collateral damage. Quite the opposite – it is at the very heart of globalization. The dividends provided to shareholders no longer depend on the final profits of a company: they are now posited as the starting point of any venture. The amount of the dividends is even known in advance.

A Multi-Level Competition

Competition, in all its forms, works as a very powerful constraint. Employees have internalized the multi-level reality of competition – including the competition between states with regards to social systems – after decades of neoliberal cultural and political hegemony. This has a huge impact on the way that workers perceive the distribution of added value. The idea according to which the international economic situation obliges employees to work longer hours for the same income is gaining ground with workers themselves. To Claude Debons, an increasing number of workers tend to believe that, within the current balance of power, the company would simply go off to another country if any of the owner's demands are not met. Competition makes it very hard for proletarian internationalism to take priority over national interests.

Companies managed to impose their views on global price competition calling for more productivity – as if it was the only relevant structural problem –, up to the point where workers resign themselves to accept a decline in wages. This staging of competition works as a very efficient lever

for the acceptance of neoliberal constraints. The outcomes of the inquiries led in Germany showed that opinions on competition have a lot to do with the perception of social justice. The sacrifices in terms of wages made at the altar of competition and productivity have become more and more obvious, leading social injustice to grow constantly for the past years. For most of the respondents, it is the State's responsibility to prevent a further increase of social inequalities – responsibility, in their opinion, at which it failed.

Financialization of the economy is to blame for the generalized competition. Colletis turns the example of Vilvoorde into the paradigm of financialization's constraints. Rather than using migrant work force like in the 1950s and 1960s, it is the Renault production site that migrated. Generalized competition has nothing to do with an alleged lack of competitiveness. If that would be the case, the decrease in overall costs would aim at a rise of price competitiveness – and such a phenomenon is nowhere to be observed. Saving up on labor force costs cannot represent more than 10% of the total costs. Hence, it cannot be the ultimate reason for outsourcing production. Delocalization is merely motivated by profitability for shareholders. Financialization needs generalized competition to achieve its domination over the real economy. The mobility of financial capital must be restrained to help preventing delocalization and reducing the ascendancy of "competition".

2. Open Questions – Alternatives, Subjective Credibility, Internalization of Neoliberal Discourse

Throughout the study day, issues popped up from the presentations and the joint discussions. The following section intends to gather them into a set of crucial topics that needs to be further addressed by the working group.

Perception of Globalization on Working Conditions and Wages

Yann Le Lann and Hugo Varenne proposed to analyze employees' representations on globalization in order to better grasp constraint systems that weighs upon companies. According to their hypothesis, criticism of globalization wouldn't diverge much from that of the current economic system and its values. The fact that companies are perceived as benefitting from globalization, as 60% of the French respondents do, according to a Ifop poll, that production costs have declined and yet working conditions and wages, begs a few questions. Which stakeholders are benefitting? And by how much?

It is worth mentioning that the working class isn't the only one to have a negative perception of globalization – and especially of the effects of trade and capital internationalization on working conditions and remuneration. White-collars testify to suffering from the same deterioration regarding productivity and the slowdown of wage growth. Opinion surveys show that globalization has enabled a significant enrichment of the biggest companies, while deteriorating working conditions – in terms of both wages and employment's stability. If employees are aware that the enrichment of some is only made possible through the precarization of others, where are the claims for more social justice? How can they be better articulated?

Perception of Precariousness

Precarization of working conditions doesn't only affect Southern member states, but also "core EU countries". In one of the most profitable BMW in-

dustrial hub in Germany (Leipzig, Saxony), 40% of the work force was hired with a temporary contract. The homogeneity of the employees as a whole has been compromised by the cohabitation of both permanent and temporary contracts. Competition has been introduced into the production site between permanent employees and temporary employees. The impact of this long-term transformation on their perceptions, as well as the credibility of change, should be properly examined, while the issue of right-wing populism becomes even more acute and jeopardizes what is left of collective solidarity.

Several sociological surveys shed light upon an increasing gap between the fields of precarious and permanent labour. This dividing line is evolving as the number of temporary workers grows. Permanent workers have grown more aware of being under the pressure of the threat of precarization of their own working conditions, which has led to more solidarity towards temporary workers and more criticism towards the idea that precarization could save jobs. As Joachim Bischoff and Richard Detje pointed out, trade unions must further adapt to precariousness. To become potential actors of change and overcome strategies that stimulate competition among workers, their political mandate must also be enhanced.

Endangering the safety and the sustainability of wages as main source of income, precariousness has led to a process of households' financialization. The need for financial products – to own property, to supplement retirement income and/or to access better health care – has increased along with the precarization of working conditions. Banks are making up for both income losses and the decline of households' social protection. This new function for the banks, caused by austerity recipes and transformation of working conditions, impacted the perceptions of local banks. "My bank" is seen as an institution that helps increasing "my income" – and is therefore quite well perceived. Such local banks

aren't associated with "big banks" and their triggering role in the outbreak of the financial crisis.

Credibility of Alternatives

A pan-European opinion survey leading by the Gallup Institute in 2013 revealed growing criticism towards austerity – not only in Member states most affected by the crisis, but also in EU "core countries". To the question "are austerity policies working in Europe?", 51% of the respondents declared "no, they are not" – with only slight differences between Spain and Germany. This shows that the TINA mantra, according to which austerity is the only realistic and efficient response to the crisis, does not meet perceptions of the majority of European population. It potentially means that people would be responsive to alternatives.

But it raises the issue of the lack of trust in politicians, as well as in politics as a whole. 85% of the respondents interrogated by Joachim Bischoff and Richard Detje believe that politics cannot solve the problems related to social injustice, and that it actually makes them worse. The suspicion and mistrust towards politics is reflected in the electoral turnout that has dramatically decreased over the past years – especially among the working class that participate neither in elections, nor in policy making. Even if progressive politicians would advocate for alternative policies benefiting the working class, the issue of its low electoral turnout endangers the possibility of alternatives altogether. How can this fundamental problem can be overcome? This implies to tackle the very roots of the causes leading to a perception of politics as the problem and not as the solution.

To Joachim Bischoff, several key factors explain the suspicion towards politics. The primacy of economics over politics. A growing social conservatism resulting from decades of neoliberal brainwashing, according to which the state should not deliver more than a net of social security. Perception of politicians acting only to serve their own interests. Political parties, far from being seen as actors of change, are more and more perceived as alienated realities. Trade unions remain the only institution whose intentions to protect people's interests is not massively put into question.

Credible claims for social change cannot be isolated from the subjectivity of the working class. As Yann Le Lann and Hugo Varenne pointed out, employees' bargaining power has been facing a profound reorganization. The working class was well aware of its bargaining power until the early 1980s. Possibilities of improvement were therefore considered as credible, and Left parties were still perceived as major stakeholders to advocate for – and eventually implement – policies leading to positive reforms of the economic and social system. In the 1970s, when the idea of Revolution as a quick mean to overcome the social order was left behind and considered as utopic, wage regulation became the core of the strategic bargaining power. Increase in wages was seen as the best way to fight against unemployment and poverty. Decades of low growth periods and recessions, together with the shift towards the neoliberal cultural hegemony, have strongly impacted consciousness and the credibility of claims for the improvement of working conditions.

From the moment the impact of the crisis started to be felt – from 2008 on in France –, claims for better wages have been less and less considered credible and the very idea of cuts in wages was increasingly accepted. Opinion surveys show, on the one hand, that issues related to employment were of the highest importance in 2012 for 78% of the French respondents and that, on the other hand, nearly 80% of them were ready in 2010 to accept cuts in wages to keep their jobs. Funnily enough, German employees are less inclined to accept any kind of "low cost job" – although, or precisely because, precariousness is wider spread in Germany than in France.

Yann Le Lann and Hugo Varenne insisted on the role played by thirty years of austerity on employees' perceptions. In this respect, it is worth mentioning that 56% of the surveyed French respondents (Montaigne, 2012) believe that the best way to fight unemployment and promote employment is to reduce labour costs – regardless of social categories, gender, and age. However, social differences remain when it comes to the best way to promote employment. While seen as a tool for individual emancipation by the most favored social categories – considering therefore better and longer training periods

to promote employment –, the other categories tend rather to believe that cuts in wages and social security contributions are the most effective means to create jobs. These outcomes raise the following questions: how to unite perceptions and claims of all social categories regarding labour market reforms? And how to make the demand for increased wages a credible claim for both improvement of working conditions and employment as a whole?

The Primacy of the Renewal of the Wage System

Gabriel Colletis recalled that the alternative proposals must keep the wage system at its core. But it requires an analysis of the labour crisis in the long run – actually consisting of three overlapping crises. The productivity of labour is in crisis. Fordism allowed a transfer of productivity gains into wages. Then, Keynesianism implemented state mechanisms in order to “re-allocate” the revenue of added value – which implies further increase of productivity gains, but those started to decline in France from 1967. The second crisis is due to the decoupling of economies, together with a breach of the economic stage. There is no longer a relation

between consumption, production and imported goods – as illustrated by the 1981-1983 period. Finally, a crisis affects the world income distribution. As mentioned above, one can speak of an income indexation to the degree of mobility.

Without such a global diagnosis, an alternative solution to exit from the multilevel crisis will remain wishful thinking. The issue of labour must be integrated into the challenges regarding democracy, companies, meaning of productive activities, and the place of mankind within the natural environment. In other words, alternatives regarding labour and wage system must form part of a global development model. Gabriel Colletis underlined that a return to the 1950s productivist model is not only dangerous in terms of environment, but will prove ineffective. Productivity gains will no longer protect workers. It is a losing battle against workers from the Global South, whose productivity level is essentially the same than in the West, but much cheaper. The battle is to be led on the nature of production and manufactured goods. But it implies the fostering of an authentic knowledge-driven economy where labour forces, as well as training periods, would not be perceived as costs.



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