



Labour, Education & Society

27

Francesco Garibaldo
Mirella Baglioni
Catherine Casey
Volker Telljohann
(eds.)

Workers, Citizens, Governance

Socio-Cultural Innovation at Work

PETER LANG

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Introduction

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Volker Telljohann*

This book has two principal aims. The first is to describe and review current concerns in regard to the conditions of labour markets, production organizations, working conditions, and industrial and employment relations. Prominent among these concerns is the crisis in trade unions and in democratic labour market institutions, and the rise of what many critics regard as technocratic administrative powers in the displacement of democratic practices. These concerns, which may be seen as part of broader crisis in democracy, require careful evidence-based documentation and analysis. What are the principal factors of the crisis? How successful are current efforts in response? Has a recalibration of labour and capital relations set an institutional path dependency for a long time to come? What are the options for social and economic policies? These concerns stimulate, in addition to critique, a search for theoretical and practical responses for regenerative social paths. In particular, they stimulate efforts toward a rigorous search for socio-cultural innovation in the regulation of economic action, most especially at the level of labour markets, organizations and workplaces.

The second aim of the book, therefore, is to explore aspects of the search for socio-cultural innovation in wide areas of work, industrial, organizational, management, and employment relations. What are the prospects, and sources, of revitalising participatory democratic practices in the world of work and production? Are there prospects opening in recent policy initiatives at European Union level in regard to citizenship, social cohesion, wider participation in education and training? Are growing cultural interests in, for instance, identity, solidarity and non-market values, sources of socio-cultural innovation in the regulation of work and governance of economic action? These questions guide the enquiries and discussions presented in the various chapters of this book.

The context in which these questions and debates are explored in this book is that of the European Union and its member states. While shared concern for the questions outlined above is very much in evidence in other parts of the developed world, the particular relevance in the context of the European Union countries lies in the current course of development of the project of the European Union. The historical pattern of discussion of questions of industrial relations, industrial democracy, citizenship aspirations and behaviour has predominantly

been focussed on the level of particular nation states. The level of the nation state retains very much importance in setting the context in which people work and in which workplaces and industrial relations are governed. But the extensive developments in the sphere of economy, the mobility of capital, of transnational organizations and production networks, in multi-employer sites and extensive new and emerging institutions at the level of the supranational European Union raise a considerable field of problems, challenges and possibilities for the development and governance of European production and market relations and of its models of citizenship.

The cultural aspiration for participatory democratic society and more equitable social distribution of power continues to be formally highly valued in European, and many other societies. Yet, as a number of social analysts have observed, many aspects of democratic practices have seriously diminished in some key areas of social life in recent years. The world of work and employment, which since the mid-20th century has been regarded as a vital arena for the advancement of participatory democracy, appears at the present time powerfully influenced by forces and interests that weaken and undermine that social project. The aspiration for wide social participation in the regulation and governance of work and workplaces encounters a crisis. In comparison with two or three decades ago in many European countries many workplaces, including large and corporate ones, are less rather than more, conducive to the expansion of worker participation, the democratisation of systems of authority and control, and the expansion of democratic citizen rights to industrial practices. Current tendencies in the management of production organizations and industrial relations require workers' integration not through democratic citizenship and representation, but through conformity to elite-established rules and systems.

The twelve chapters in this book endeavour to respond to these far-reaching concerns. Overall, the book, in which authors contribute perspectives from many different European countries, seeks a paradigm change of some key aspects of EU policy and direction. It seeks and explores possibilities for developing alternative policies. The authors offer contributions which also recognise the concerns expressed by diverse peoples across European societies of discontent and disappointment in current EU institutions and directions. All the contributions share broad social interests in a search for deep innovation in the practices of collective actors. They seek in particular innovation of socio-economic institutions that will enable a much wider and emancipatory vision and practice of Europe to flourish and be sustained.

Opening chapters trace the crisis in democracy and society. Francesco Garibaldi outlines the historical antecedents of the current crisis and the political paths taken by European governments in recent decades. The seeds of the current

crisis lie in policy deployment of neo-liberalised regulatory regimes which national governments have variously adopted. Roland Erne analyses the role of trade unions in the process of European democratization. After referring to the original international solidarity of trade unions movement, Erne critically addresses the contribution that trade unions can provide to the process of democratization. Erne finds that trade unions are caught between the pre-determined constraints of technocratic decision making at the EU level and the particular demands of national socio-economic processes. Trade unions are constrained to operate in very limited policy areas and to neglect their broader original values of economic, social and political emancipation. In order to enlarge the scope of social protection new actors should be integrated into the process of policy making and new pressure strategies should be devised in order to contest the consequences of neo-liberal ideology on employment.

Mirella Baglioni's chapter addresses questions of institutional path dependency in the patterns of governance of capital and labour. The focus of her analysis is on the persisting differences among the national institutions of labour relations evident across member states. Path and past dependency which still shape industrial relations at the national level are increasingly challenged by globalization. The answers given by social partners vary from conflict to adaptive changes but do not express shared values leading to socio-cultural innovation in labour relations. In consequence Baglioni proposes a new research agenda that could better capture the indicators of these dispersed responses and, on this ground, open a better understanding of common trends of change for innovating the role of European trade unions.

Richard Hyman's chapter looks more closely at governance in regard to labour market policies in the European Union. Following elaboration of salient ambiguities within the European social model, Hyman acknowledges the different degrees of influence exercised by unions and employers in shaping the policy functions of Europe and the implications of the constitutional asymmetry on the construction of social Europe. Against the difficulties faced by social Europe, Hyman invites trade unions to contribute by an innovative effort to the construction of social Europe and more specifically to consider a new strategy of social inclusion and to renew the identity of union as social movement.

Rainer Greca's chapter takes up questions of the welfare state. Greca describes and analyses the regression, since the mid1970s, of the providential welfare state characteristic of the European model. The process can be understood as re-commodification. Greca argues that after processes of de-commodification of a range of social goods, the effects of the crisis of the traditional welfare regimes stimulate a process of *re-commodification*. An especially notable result of the comparison of different financial policies to fund the welfare activities is that

there is no significant shift within the countries, but there are remarkable differences between them. A way out of this trend can be found in new approaches for a common European welfare politics such as the recently developed concept of *ecowelfare* and *reflexive democracy* which Greca sketches out.

Kevin O'Kelly examines roles and avenues for worker participation in the European Union and critically assesses the effectiveness of Directives on information and consultation. O'Kelly analyses the role played by social dialogue in building the project of the European democracy. By recalling the phases of its evolution, the chapter highlights progresses and failures of the social partners' contribution to the construction of the European democracy. O' Kelly considers the recent development of sectoral social dialogue as a positive and encouraging event, which together with the recasting Directive on EWC and the Framework Information and Consultation Directive could help the progress of workers' participation at industry and workplace levels. That would also contribute, he argues, to improved competitiveness of European economies.

The chapter written by Isabel Da Costa and Udo Rehfeldt takes up questions for trade union organizations in the current institutional conditions. The authors trace historical developments in the structures and strategies of transnational union actors, from the early Internationals to the new ITUC, from the International Trade Secretariats to the current "Global Unions" and from the ETUC to European trade union federations. They analyze current institutional aspects of international unionism. They depict a continuous evolution towards a more unified and institutionalized voice of labour both at the global and the European level. That movement toward shared objectives may prove a more powerful political development in conditions of increasingly global markets.

Matteo Lucchese and Mario Pianta's chapter then turn attention to European Union policies for industrial development and innovation. They critically address potential and problems within the EU's new policy of *Europe 2020* which was introduced in 2010. Lucchese and Pianta point out that despite policy recognition of the failure of weak governance mechanisms to avert the financial crisis, *Europe 2020* still fails to recognise the deep crisis for labour incurred through continuing liberalisation and new austerity measures.

Peter Brödner's chapter addresses underlying processes of economic globalisation and social processes which affect a fragmentation of the working class and re-commodification of labour. He points to the process of work organisation in post-industrial conditions in order to critically analyse the various and conflicting aspects of the knowledge economy production and particularly the working conditions of the innovative sectors. These conflicting trends seem to worsen when institutions do not contribute to create shared values on sustainable development of knowledge economies.

The final chapters of the book turn to look toward future prospects for social and cultural innovation. Volker Telljohann explores ways in which democratic practices can be revitalised at the level of the workplace. He looks at new tendencies with regard to evolving forms of participation processes. In a first step Telljohann looks at the role of the institutional context for participation. He argues that in various EU Member States the establishment of wider information and consultation rights by law is mainly due to the transposition of European directives. In a next step the author shows that the effectiveness of participation processes depends to a large extent on how direct and representative participation interact with one another. Another critical point for the company-level structures of interest representation is represented by the access to knowledge and competencies that may guarantee effective participation within the scope of change processes.

Valeria Pulignano's chapter opens with an analysis of the process of re-commodification of labour under global market society and the project of European integration. Pulignano argues that it appears that a continuous process of market-based liberalization has accelerated the process of re-commodification. The high risks incurred in that process place in jeopardy basic conditions for the regulation of employment in the EU at the core of the European Social Model. Pulignano argues for a process of change in trade unions in order that they become more participative internally and within their political-economic contexts. Generating participative structures will revitalise their forces as a social democratic.

Catherine Casey draws critical demands for improved political and economic conditions for work and workers into a broader discussion of citizenship formation and effectiveness. She argues that European Union policy discourse places much emphasis on citizenship and participation, and on lifelong learning and social cohesion. These generally attractive goals are, however, contradicted and defeated by current labour market and industrial policies which subjugate workers and obstruct their full participation as citizens in expansive democratic societies. She argues for ways in which lifelong learning and worker education can forge innovative responses to the current situation. Revitalised worker education, utilising EU policy promotion for expanded education and training and citizenship action, can formulate vision and practical paths toward effective democratization of production organizations and society.

All contributions share concerns about the conditions of labour markets, production organizations, working conditions, and industrial and employment relations. The re-commodification of labour, the weakening of industrial citizenship, and of European welfare states, negatively impact on the process of European democratization. They call into serious question the future of the European So-

cial Model and the role of European social partners. All the chapters, however, address the need for socio-cultural innovation in these spheres. They formulate a number of proposals which contribute to a revitalisation of social Europe and its citizenship-based polity. And they call, from the vantage point of different member states and industry sectors, for active, collective participation in the rebuilding project of social Europe so evidently in crisis before us at the present time.

The social roots of the democratic crisis of the EU and the role of Trade Unions

Francesco Garibaldo

Introduction

This chapter analyses the way in which new regulative powers were established in the European Union since the signing of the Maastricht Treaty. This analytical framework is instrumental to assessing the actual situation of trade unions today. The main line of reasoning here is that trade unions are not only in a dire situation but that situation is compounded by their inadequacy to cope with the new industrial and institutional reality of the EU-27. The concluding remarks sketch a process of necessary change in face of the new challenges. The argument builds on the conceptual contributions of geographers and sociologists addressing the problems of the geography of power and of institutional arrangements.

A breakthrough or a foreseeable evolution?

Are the dire situation of European society and the declining capacity of its welfare system the sudden and unpredictable outcome of the economic crisis started in 2007? Or do these arise from the way the European Union was constructed?

To address this question, the Maastricht treaty in 1992 and Delors' plan in 1993 on the construction and economic development of the EU should be brought to the fore. Delors' concept was, indeed, based on this causation scheme: investments vs. consumption, more technology to improve competitiveness, and a structural gap between wages and productivity dynamics to adequately remunerate investments. These are critical prerequisites for a huge expansion and improvement of European infrastructures and to obtain, therefore, an integrated and Europe-wide productive system with sufficient capacity to participate in global competition. Macroeconomic stability through the Euro and stable currency exchange rates should be added; macroeconomic stability requires small and diminishing public balance deficits to avoid inflationary risks due to a robust economic expansion.

In this new framework employment levels are an indirect outcome of the economic growth and no more its specific target and even less its social con-

straint. This strategy was very soon made more clearly oriented to a strategy of high investments, high technology, high profits. The mantra that the rising tide of economic growth “will lift all boats” was frequently repeated. The actual dire European situation has made clear that this strategy was inadequate and basically flawed for reasons that Minsky, for instance, and its school made evident starting from the late ‘70s.

As Minsky (1986, 2008:325) stated:

The emphasis on investment and “economic growth” rather than on employment as a policy objective is a mistake. A full-employment economy is bound to expand, whereas an economy that aims at accelerating growth through devices that induce capital-intensive private investment not only may not grow, but may be increasingly inequitable in its income distribution, inefficient in its choices of techniques, and unstable in its overall performance.

As Wray (2009:5) made clear, Keynes rejected:

general “pump priming” (that is, general policies to raise aggregate demand through a combination of tax cuts, government spending increases, or lower interest rates) in favor of “targeted” spending programs. Unfortunately, many of his followers neglected this warning, believing that Keynesian policy relies solely on “pump priming.”

What are today blamed as socially unacceptable features of the European society, such as growing social inequality, and economic and financial instability are built-in from the very beginning. The 2007 crisis has simply magnified to an unprecedented scale the foreseeable outcomes of those policies. The situation has been compounded by the undemocratic institutional set-up (Hyman, in this book), and from the growth of a new social power regime.

The capitalistic take-over of Europe

The European Union and the bottom-up approach

Upon launching the European Union a transformation occurred from the preceding French-derived, top-down approach to the new one – a German-inspired bottom-up kind, in which individuals may outline their own actions within a framework of common rules and opportunities. The instrument for developing this new policy is networking – that is, the creation of an opportunity for a restricted group of people to co-operate on a precisely identified problem. This new policy has shifted the emphasis on the capacity to grasp the opportunities from the bottom, built at Union level; it implies that the most successful ones will be (Bianchi, P. 1995:243)

those who, already advantaged, find themselves with the best initial set of conditions, such that over time (this being a cumulative process) the disparities tend to increase and the leading role of the most active players is consolidated, leaving the weakest facing the alternative of either not participating in the game or of taking on a following role.

The basic idea is that these initiatives from private actors freed of “institutional constraints” will create a new Europe and new rules and institutions from the bottom.

Actually this was only an ideological concept, the market is not a natural state of society but a sophisticated construction based on strong and purposeful institutional and political acts. The new European order is the outcome of the Maastricht Treaty (Hyman, here). There is thus an institutional problem in the construction of the European Union that cannot be resolved inductively on the basis of market forces that would take it upon themselves, once freed, to create the necessary institutions.

The neoliberal hypothesis has ended in a blind – alley: the structural changes, without the institutional changes, which allow us to legitimately select some frameworks of reference or integration of the scattered initiatives, lead to the creation, or the increase, of inequalities between countries and within the member countries of the Union. This determines the cessation or slowing down of the necessary structural changes determining regressive coalitions; that is, coalitions of interest based on resistance to change – to the European-wide reorganisation of the division of labour and the market – in order to protect their positions of power without being able to put forward new and alternative forms of division of labour and of market reorganisation.

The responsibilities of such a vicious circle cannot be put down only to the blindness or selfishness of the “different corporations” or of populist ideas – as is customary today – but is the inevitable result of a democratic deficit, which does not allow for the integration of existing interests in a process of change. The non-integration of the interests existing in a process of change – i.e. the definition of a negotiated social compromise – with the correlated social tensions that spin off from it, thus leads the political circles to miss the declared objectives, or to an authoritarian drift, or perhaps at times the two things together: an oligarchic government that stutteringly goes ahead. In this new European space a deep process of restructuring has occurred, and a new division of labour has been built.

A new social division of labour

The building of a European industrial structure was based on a process of concentration. The concentration process was not centralised, in the classical way of

a highly integrated company. On the contrary, concentration without centralisation (Harrison, 1994:47) was the model chosen. It consists of a double move; on one side the strategic functions of a corporation become more and more concentrated, on the side of the production operations there is a strong disarticulation via a new concept of the supply chain. I have in turn described this (Garibaldo, 2001) as a process of verticalisation and parallelisation at the same time. That is, on the one hand, the companies are verticalised while, on the other, they have become parallel: they decentralise. They verticalise because all the strategic functions migrate as high up as possible in the network structure, while, on the other hand, there is the parallelisation of the functions of a manufacturing type. In actual fact, the latter process is technically more complex and has various alternatives (Garibaldo and others, 2000).

Unlike what it seems to be, decomposition and/or deconstruction, it conceals a very high level of concentration of capitalistic power which, moreover, by assuming the shape of high finance satisfies a rationale increasingly linked to the value-use of the products and services provided.

Besides the process of consolidation of a large variety of industrial and services sectors occurred via mergers and acquisitions, in the private sectors, and the privatisation of former public utilities. A new oligopolistic structure was built in EU-15 and this structure took control, in the enlargement process, of a large majority of all economic activities in EU-27.

In the 1980s the concept of the supplier, which used to be considered a way to flexibilise the capacity of a firm which needed extra capacity for any reason, changed dramatically: it became a new competitive industrial sector supplementing many different branches of industry with specialised tasks and/or parts to be assembled or integrated within a more complex good [the same is true for services]. There are large, medium, small and very small firms in this new sector and a web of possible different relationships among them. These networks of supplier or supply chains are segmented in tiers and poles. The tiers have different value-added capacity, depending on the productive power; for instance in all industries, the producers of modules or complex parts are stronger than other companies.

The poles are the key players of each tier (Garibaldo, F. and Bardi, A., 2005). At the bottom of this ladder there are the “last”, the companies simply supplying an output of a certain amount of basic manufacturing/processing activity or simple services. They are struggling to survive. This is the new social division of labour in Europe: an integrated industrial system with an uneven territorial distribution of core competencies and corporate headquarters; the companies of the eastern countries of EU-27 are mostly under the control of western corporations.

What is new is that these supply chains are more integrated than in the past and the companies engaged in the upstream activities are no more merely in the buy side of the option make-or-buy; they are in some way under the authority of the firms controlling the specific supply chain as a whole – the so called Original Equipment Manufacturers (OEMs) –, or of the other key players in each tier. To be “under the authority” means that the key players decide for the other companies on how to plan the output’s quantities in a given period of time, the pace and the speed to deliver the output’s batches, how to arrange in sequences a mix of different items, etc. By and large they have the classical prerogatives of the managers. Sometimes, namely for the highly specialised companies, such as the modules suppliers, the degree and the nature of the integration in the network is such that the border lines between companies blur and new ways of co-operation start with original corporate governance schemes.

These webs of firms sharing a production process of goods or of services are under certain circumstances, from the point of view of the production process, a comprehensively integrated process; thus a kind of factual congruity between the internal organisation and the nature of the relationship between the firms involved should be posited. These new extended or virtual companies are the new key industrial players in Europe and they consider the EU territory as a strategic resource. They can, indeed, organise their networks utilising all kind of diversity of legal, fiscal, social obligations, as well as of skills and competencies availability, as a way to fine-tuning their internal division of labour.

A new regulative power was built in the EU-27 with the possibility of regulating from few headquarters the economic and social life of the citizens. This was made possible through a specific economic and legal building of the EU, starting from the Maastricht Treaty.

The social fragmentation of Europe

This new industrial environment leads to a high level of fragmentation of each economic activity and therefore to the fragmentation of the working class and to the weakening of trade unions all over Europe. The decline in trade unionism is both in terms of declining of union density and of mobilizing power. There is a structural unbalance between a new kind of firm, highly centralised in terms of power of control of its productive reality and highly fragmented in terms of production processes, on one hand, and trade unions still organised by country and by legal productive unit, notwithstanding these units are de facto under the regulation of a common power centre, on the other hand. Working conditions,

because of the weakness of Trade Unions, obviously largely depend on the relative positioning of each company in these networks/chains.

The working conditions of the “last” group are in a very precarious state, very close to the grey and black areas of the economy. In this new industrial organisation the companies in the grey and black areas are no more considered as free-riders but functionally integrated parts of the system in many industries, as for instance in the garment industry (Saviano, R.: 2008). This new European industrial system was built as a way to afford the so-called process of globalisation.

The European way to globalisation

The critical factor in the globalisation process was and still is a growing over-production turn. This is one of the key factors to explain the 2007 global crisis and its aftermath. The excess of supply of goods and services over demand is not absolute; it depends on the possibility to profitably sell goods and services. The financing of the overall economic activities and the ideology and the praxis of the shareholder’s value maximisation lead to looking for high levels of return for each capital unit, irrespective of the nature of the investment. It means an obsessive search of cutting costs and maximising the returns. This situation has changed the nature of competition jeopardising the stabilised previous oligopolistic structure.

The restructuring process has had a common goal, broadening the market share, and two conflicting dynamics to reach it: consolidation/concentration and, namely after the entrance in the global market of China and the former East Europe communist countries, the addition of new plants in these new markets for many different reasons: legal constraints on foreign direct investments (China), spoiling the wage and labour conditions gap (all countries) and for some sectors, such as automotive, market proximity (mainly China). The prevailing rationale of these huge investments in merging, alliances and building new facilities it has not been driven by unfulfilled social and public needs, but to take away market share from the competitors. It leads to a structural overcapacity.

Starting from the mid-seventies and with an accelerated pace the competition became global and more and more aggressive. It depends on the growing necessity of sectors’ concentration to control bigger and bigger market shares.

Summing up, two main processes have deeply changed the European and the global economy: concentration without centralisation (Harrison, 1994:47) and a model of competition based on endless pursuit of a never-ending expansion of all kinds of consumption and therefore the necessity of new markets, in an endless race of consumerism (B. R. Barber, 2007: 5-56). This race has been fought add-

ing new facilities. The new system has also been built on the functional integration, in a single framework, of many different subsystems of companies with different regimes leading to an overall effect, namely in Western countries, of pushing down the working class situation in terms of income as well as of social and working conditions. This dire situation has been compounded by the doubling of the global workforce since the end of nineties (Freeman, 2004).

A new kind of competition

To fight this competition war two preconditions are needed. The first is to push down the labour conditions in order to improve the competition capability of each firm in trying to conquer new markets; therefore export driven strategies. This is very similar to the historical mercantilist strategies of the beginning of the capitalism, became again anecessity for nations or economic areas willing to play a leading role in the new global economy. These strategies, as the German case witness, are therefore normally associated with wages deflation over long period of time (Bellofiore, Garibaldi, Halevi, 2010).

The second is the necessity of a full control of the production process performance in terms of its internal flexibility and of the institutional and legal societal framework. This control must be unconditional because of the very aggressive nature of the competition; as a matter of fact the survival of each of these new players is at risk. It implies that the workforce should be considered as “soldiers” in a war and that no kinds of external societal regulation can be allowed. Society at large should surrender to the competition needs of the new industrial-financial players; this is the global firm by Crouch (Crouch, 2004).

The crisis of capitalist democracy: a new geography of power

The inversion of the relationship between capitalist economy and political powers

The overall effect of the new emerging powers is the *foundational realignments inside the state and, thereby, between the state and the private realm* (Sassen, 2006:144), and, as Sassen states *the state is partly constitutive of the new organizing logic* (ibid: 144). The blurring of the traditional division between the public and the private realm leads to the crisis of capitalist democracy. The crisis can be assessed in different ways: as a call into question of the resilience of our capital-

ist democracy (Posner, 2010:6) for an institutional structure and a political culture probably not equal to the economic challenges facing it (ibid: 387), or as a morphing of democracy in a post-democracy (Crouch, 2004) that is a regression to liberal democracy (ibid:3), namely a democracy in which there is no longer a positive active citizenship but the reverse (ibid:13) and no longer an egalitarian perspective (ibid:4), or as a foundational call into question of the historical compromise between democracy and capitalism through the dismantling of the welfare state and all kind of an egalitarian perspective (Glyn, 2006) or the birth of a new supercapitalism that has not stopped at the artificial boundary separating economics from politics (Reich, 2007:143) leading to the dismantling of the countervailing powers built in the civil society that had previously structured a poliarchy (Dahl, 1971). To wit there is an inversion of the relationship between capitalist economy and political powers (Ferrarese, 2000) that is epitomised in the shift of the political agenda of the European Union from social stability and full employment to budget stability and policies to tame inflation dynamic.

Sassen summarises the main features of the new internationalisation process, nicknamed globalisation, in three major processes (Sassen, 2006: 186)

- i. *The reversal of the centuries-old trend that saw the growth and the strengthening of a formalised public domain. It consists not only of the rise of new private powers but also of the dynamic interaction between a "privatizing" executive and the erosion of citizen's privacy rights.*
- ii. *The privatisation and marketization of public function.*
- iii. *The change in the character of the private interests that insert themselves in public policymaking and thereby shape possibly critical components of the domain of the public. It consists of the representation of the private sphere as neutral and technical and of the market as a superior ordering from that of governments.*

My focus is on the interplay between the private interests of the new European global firms and the public policies described in point three. Today global enterprises no longer compete only to acquire a better hierarchical position on the market, but to a much greater extent, simply to survive. In the past, marginal enterprises were closed down. Today, in most industrial sectors, the struggle for survival concerns the main players of the market, due to a structural excess of manufacturing capacity. Furthermore, the ambition to control industrial processes only to obtain a greater financial return prevails, thus making the situation even unstable.

Hence, capitalists, managers and employees of a specific company have to fight, side by side, against all the other companies to survive. Of course, during "war", some rights cannot be guaranteed and multinationals must try to standardise employment relations. The problem is, therefore, not only to reach agreements with trade unions on flexibility and cost control but also to change

the nature of industrial relations; managers must be allowed to reshape the employment relation. A sort of “militarization” of the workforce occurs, so that workers are seen as though they were “soldiers in an emergency situation” and everything is to be subject to a superior aim, which is the very survival of the enterprise.

Once this natural trend of capitalism – its animal spirit – was restrained, if ever, by laws and agreements within the framework of a strong and well regulated national sovereignty and this was especially true in Western and European parliamentary democracies.

Today, therefore, society as a whole should be made instrumental to this goal: it triggers an authoritarian drive because democracy as an egalitarian ideal becomes a constraint on the road to the economic success.

“Transcality”?

How does it work? The transformation of the government system that has been in place over the past few years can be briefly described as the emergence of new forms of trans and multi scalarity, i.e. a system that connects independent or partially overlapping scalar systems, linking between them different levels of different scalar systems, notwithstanding their internal hierarchy. There are, therefore, new social and economic dynamics, for example the role of the Nation-State, which is “forced” to waive its exclusive authority in its territory to allow for “globalisation”, hardly disappears at all, but rather it changes, as a result of (Sassen, 2003:8): *the growing influence/ power of some of the supranational organizations*.

Supporting globalisation means not only “passively” or politically allowing it to take place but also “working actively” to create the formal conditions of the process (ibid:9):

It changes the answer to the question: Why do we have States, and what are States for?

There is therefore a problem of fully-fledged jurisdictional conflicts that at times explode in the shape of competitive claims in the supra-national regulation, as is the case of the *corporate governance*, or on the other hand, towards the conflicts between the authorities that control the markets, or again on the rules of company accountings, and on the regulation of labour.

Historically the regulation of labour is country – based as for the legal and the contractual system – but the new geography of power is competing with the national system – the process called Europeanisation – and this process is mostly controlled by the new capitalist powers (Pulignano, here). The way chosen from

the EU authorities to try to skip an open and clear conflict among the different spheres of de-facto jurisdictions, is to deregulate instead of reregulate. For instance working hours can be up to 48 per week but also down to 35 and the centre of regulation is the single firm. It means that each national regulation by law as well as each national and sectoral agreement is more and more a mere reference framework and the Industrial Relation System is downscaled from national to corporate agreements. These agreements are interpreted according to the needs of the new European global players. It doesn't mean a general race to the bottom; instead each firm will choose the regulation more suitable to its market positioning.

There is thus a double movement that creates a more or less extensive pocket of low-cost labour within a large firm's own area of influence while wages differentials are used on a global scale; this double movement is deliberately organised by a fraction of capital, the more widely globalised one, while the one that has not so far been exposed to the international competition and/or is not able to articulate on a global scale a productive process reacts angrily to these modifications of the international division of labour that marginalise it. The social dumping is thus one, but not the only one, of the vectors of the rearticulating of the international division of labour and the processes of industrial restructuring internal to the main economic areas; by definition the scale of such differences cannot remain stable. A problem then arises concerning the scales for action. In other words must such a *fine-tuning* be limited to the *business* or also to the institutional and social processes more in general?

Trade Union responses

Thus there occurs, in the absence of specific policies, a process for overcoming the divisions, constructed by means of social dumping, fragmented and uncertain employment relationships with characteristics that are at times particularly destabilising on the economic and social level. Therefore, the need for publicly supported strategies, to overcome the social fragmentation of Europe urgently arises. Public policies oriented to overcoming *this process of social fragmentation*, in the first place within Europe, and more in general on a world scale, cannot only be based upon *moral suasion*, for example the codes of conduct and the various forms of social responsibility. The question thus arises for the public authorities as to whether to consider the forms of constraint on the direct foreign investments of Western companies in countries with low guarantees on trade union liberties. Of course, positive constraints i.e. those that oblige the extension

of such rights at the corporate level and that allow unions to have negotiating power for acceptable wage differential levels in the sense mentioned earlier. The other essential aspect, at least in the areas such as the European Union, which are not considered mere economic areas, is the problem of the harmonisation of the taxation and welfare systems.

Social actors and the scale for action

There nevertheless remain, for the reasons illustrated above, the problems of the social actors and the scales of action for their strategies. The reflection of the geographers on the use in the 19th century of trans-scalarity therefore comes in handy, a practice moreover widely in use in many movements of international volunteers and social and political activism.

Cox (1998) quotes Harvey, (Harvey, 1985):

Those who built a sense of community across space found themselves with a distinct advantage over those who mobilized the principle of community in place. Politically, this meant increasing ruling-class reliance upon national and, ultimately, international power sources and the gradual reduction of the sphere of relative autonomy of urban-based class alliances...The more the bourgeoisie lost control over urban centres, the more it asserted the dominant role of the nation state. It reinforced the authority of the spaces it could control over the places it could not. This was the political lesson that the bourgeoisie learned from the rise of the industrial city as a powerhouse of accumulation and a crucible of class struggle.

The bourgeoisie learned the lesson that is possible to use non-local resources for local policies and, of course, vice-versa.

Cox goes into depth on this concept through the distinction between spaces of dependence and spaces of engagement. As I have written earlier (Garibaldi, 2007):

The space of dependence is the one within which it is possible to substitute a social (or spatial) relationship with another one but beyond which such a substitution is difficult if not impossible. Such a space does not have a predefined level and scale and they can, for a specific agent, be more than one. A space of engagement is the one through which the "agents" ensure the continuity of their space(s) of dependence through the inter-relating and the construction of a network of obligations with other centres of social power outside their space of dependence.

In short, the dynamic between spaces of dependence and space(s) for engagement is a dynamic with which all the "agents" have to come to terms, if considered abstractly as generic social categories, but in the first place such spaces are multiple for every agent and not overlapping upon one another; then there is the problem of the asymmetric distribution of power, whether it is social, political, economic and/or institutional. Thus, the defence of the local interests is critically conditioned by the ability to exercise territorial power. The goal is to con-