

Tomorrow's Welfare State

Second British-German Trades Union Forum

Berlin

12 and 13 June 2003

Executive summary

The second British–German Trade Union Forum brought together some 41 representatives of German and British trade unions to discuss the nature and scope of 'tomorrow's welfare state'. Participants came from unions active in a wide range of blue- and white-collar occupations and brought to the (frequently vigorous) debates extensive experience of both policy-making and grass-roots activism. The Forum was shrewdly guided by John Edmonds, in one of his last duties before retiring as General Secretary of GMB. John Edmonds, who is well known for his commitment to Europe, is also a trustee of the Anglo-German Foundation.

The meeting was timely, for the consensual assumptions that have governed social policy for many decades in both the UK and Germany are being vigorously challenged. The most influential and most powerful impetus for change is coming not from the parties and think-tanks of the right (out of power for some years in both countries) but from the heart of the two centre-left governments. Fundamental questions are being asked about the nature and funding of the welfare state: should all citizens benefit equally? should benefits be targeted to help the most disadvantaged sectors of society? what role is there for the private sector in delivering services and in providing benefits? how far should individuals be expected to secure their own future, and how much should they look to the state to provide? can the solidarity principle (whereby those in work fund the welfare state through taxes and social security contributions) be maintained, especially in times of economic recession and increasingly unfavourable demography?

In Germany the Chancellor launched a package of labour-market and social welfare reforms under the title Agenda 2010 in March 2003. Likewise, through a wide variety of measures – such as the quasi-independent foundation hospitals, the targeting of benefits, charging for higher education, and the private funding of infrastructure projects – the Blair government in the UK has made crystal-clear its commitment to restructuring the delivery of the welfare state. Both governments are meeting fierce opposition from their own parties and from the trade union movement, which is campaigning to maintain what it perceives to be the core values of the welfare state.

TOMORROW'S WELFARE STATE

These arguments were reflected in the Forum's opening session. Four prominent speakers – from Germany Michael Sommer, Chairman of the Deutsche Gewerkschaftsbund (German Trade Union Federation) and Franz-Josef Lersch-Mense, Federal Executive Secretary of the SPD, and from the UK Keith Sonnet, Deputy General Secretary of Unison, and David Triesman, General Secretary of the Labour Party – tackled the topic 'Under Pressure: What Remains of the Welfare State?' Their contributions revealed a major faultline, with, on one side, those who support a relatively 'traditional' welfare state (Sommer and Sonnet) and, on the other, those (Lersch-Mense and Triesman) who argue that far-reaching reforms are essential if the welfare state is to survive. Lively debate followed around several crucial topics:

- the assumption that the private sector delivers more efficiently than the public
- the distortions inherent in the current welfare state (e.g. inequitable provision for women) *and*
- the notion of plurality – that the public sector cannot deliver everything, and that who does the delivery is not anyway inherently important.

The next two sessions were devoted to issues at the heart of the welfare state: health and pensions. Delegates started by dividing into national groups for an in-depth briefing on the situation in the other country, and then reassembled for a comparative discussion. While both health and pensions differ radically in the two countries, important areas where each can learn from the other were identified. In health these included:

- the development in Britain during the past decade of evidence-based medicine and the focus on assessing outcomes and offering patients effective treatments, which are starting to be adopted in Germany
- the role of the GP as gatekeeper to other medical services, which the German government is keen to develop
- the right of the citizen in Germany to medical treatment – there is no equivalent right in Britain
- differing health costs and health outcomes.

Points raised in relation to pensions included:

- the low level of payments in Britain in comparison with Germany, and the general absence of poverty among elderly people in Germany
- the arbitrary nature of the state pension in Britain – individuals' contributions are fixed, but there is no guaranteed income at retirement
- the much greater reliance in Britain on occupational pensions, and the corresponding difficulties when companies cannot (or will not) maintain good-quality schemes as a result of demographic pressures and declining investment income.

In the final session delegates looked forward in an attempt to define the role of trade unions in tomorrow's welfare state. Three topics dominated the discussion: the opportunities, and threats, posed by a European welfare state; the importance of the trade union movement in combating the worst effects of globalisation and privatisation; and the part that young people can play.

There was general recognition that both countries' social systems were radically different and could only be made compatible by means of deep structural changes. The concept of a European welfare state was generally welcomed, as was the European Constitutional Convention's definition of the EU as a comprehensive social market economy guaranteeing full employment. However, there were grave doubts about whether a European welfare state could ever be realised, and fears that, if it were, it would take a neoliberal, 'safety-net' approach, providing basic benefits for the poorest in society rather than a guaranteed standard of living for everyone.

Trade unions' traditional role of protecting people is increasingly important as global companies become more powerful than national governments and as private companies run more and more of the services formerly carried out by the public sector. However, the trade union movement is weak at European level, where many of the most important decisions are now taken, in comparison with the private sector.

Delegates were worried at how few young people get involved in trade unions. While some delegates argued that this reflects society's increasing emphasis on individualism, many believe that young people do care deeply about social issues, but do not recognise the trade union movement as a vehicle for putting their commitment into practice. Trade unions need to find ways of harnessing the commitment and vigour of young people, for the way young people commit to solidarity will determine the future of Europe.

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