

European Labour: The Ideological Legacy of the Social Pact

by Asbjørn Wahl (2004)

The trade union movement in Europe is on the defensive. Not only that, it is also in a deep political and ideological crisis. The general picture is that the trade unions, for the time being, are not able to fill their role of defending the immediate economic and social interests of their members. They have lost ground in all sectors and industries. The strongest and most influential trade union movement in the capitalist world in the post W.W.II period is thus today openly confused, lacks a clear vision and hesitates in its new social and political orientation. The strange thing is that it is the same theories, analyses and policies which gave it its strength in the post War period that have now become its heavy burden. The ideological legacy of the social pact policies is now leading the trade union movement astray.

The neo-liberal offensive

Behind this development lays the ongoing neo-liberal transformation of our societies. As this process is not the theme of this article, let me just mention some few, important points. Over the last 20 years, we have been confronted with an immense offensive from neo-liberal forces. Capitalist interests have gone on the offensive, and we have seen an enormous shift in the balance of power between labour and capital. Multinational companies have, of course, been at the forefront of this development. The post-war social pact between labour and capital¹ has broken down. The capital side has withdrawn from the social contract and is increasingly pursuing a confrontational policy towards organised labour.

An important part of this development is the attempts by multinational companies and their political servants to institutionalise their newly achieved power positions and to bring them further ahead. This is particularly being done through international institutions and agreements, like for example the World Trade Organisation, and through regional power structures like the European Union. Since these bodies are less democratic than local and state governments, they have obviously proved to be the most useful and effective instruments for the institutionalisation of corporate power.

The following analysis is thus based on the concept that the European Union of today is the way in which the predominant neo-liberal social and economic model is being institutionalised in Europe. The European Union and other regional and supranational institutions are being constructed on the basis of the new balance of power and cannot be considerably changed, democratised or defeated before we are able to shift the current balance of power in our direction. That means the mobilisation of popular and class power. This should, therefore, be the main long-term task of the trade union movement.

¹ Social pact, social partnership, social contract, class compromise, consensus policy – the relatively stable power relations and peaceful cohabitation between labour and capital, which was dominant in the post War period in particular in most of Western Europe, has got many names. Here, they are used about the same social phenomenon, which is elaborated in more detail later in this article.

New conditions – same policy

However, this is neither the analysis, nor the project of the trade union movement in Europe today. The paradox we face is that while the economic and political preconditions for trade unions have changed enormously, most of them seem to continue to pursue their policy of the social pact. They consider the so-called globalisation not to be the result of conscious strategies, new power and class relations, but rather necessary consequences of technological and organisational changes². In this framework, the change, which is needed, they say, is to transfer the policy of the social pact from the national to the regional and global level. The methods are so-called social dialogue with employer organisations and state and supra state institutions, campaigns for the formal introduction of labour standards³ in international treaties (for example in the World Trade Organisation) as well as the pursuing of corporate social responsibility (CSR)⁴, codes of conduct and framework agreements with multinational companies.

The problem is that this policy is being pursued independently from a concrete analysis of power relations and without a realisation of the necessity of mobilising class and popular power in order to achieve social change. This leads me to a more comprehensive analysis of the current state of play in the European, or mainly Western European, trade union movement. To understand the current problems, we do have to look closer at the history of the European labour movement – in particular the policy of the social pact, which can hardly be overestimated if we really want to come to grips with the current political and ideological crisis.

The historic compromise between labour and capital

In this analysis I will only focus on some key elements that are decisive for the development of the policy of the social pact. During the 20th century, the trade union movement gradually developed a sort of peaceful cohabitation with capitalist interests. During the 1930s this cohabitation started to become institutionalised in some parts of Europe when the trade union movement struck agreements with employers' organisations, particularly in the North, and after W.W.II in most of Western Europe.

This social pact between labour and capital formed the basis on which the welfare state was developed and wages and working conditions were gradually improved. From a period characterised by confrontations between labour and capital, societies entered a phase of social peace, bi- and tripartite negotiations and consensus policies. Due to important achievements in terms of welfare, wages and working conditions, this policy gained massive support from the

² This understanding does not differ much from the TINA notion, which was introduced and made immortal (?) by Margaret Thatcher during her time as the Prime Minister of Great Britain (TINA=There Is No Alternative).

³ International Labour Standards are defined as seven of the most basic conventions of the International Labour Organisation (ILO).

⁴ CSR is the term for voluntary codes of conduct developed by multinational companies. They are not binding, not enforceable ethical standards which the companies have devised themselves. Their main aim seems to be the counter-acting of the negative public image that trans-national corporations have experienced over the last years. The UN Global Compact and the OECD Guidelines for Multinational Companies are both part of this growing industry of guiding standards which do not interfere with power relations in the companies, and which so far have had very little or no identified effects in terms of improved corporate behaviour.

working class, and the more radical and anti-capitalist parts of the labour movement were gradually marginalized. Thus, this development led to the de-politisation and de-radicalisation of the labour movement and the bureaucratisation of the trade union movement. It became the historical role of the social democratic parties to administer this policy of class compromise⁵.

It is important to realise that this social partnership between labour and capital was a result of the actual strength of the trade union and the labour movement. The employers and their organisations realised that they were not able to defeat the trade unions. They had to recognise them as representatives of the workers and to negotiate with them. The peaceful cohabitation between labour and capital rested in other words on a strong labour movement. Another important factor in the post W.W.II period was that capitalism experienced more than 20 years of stable and strong economic growth. This made it possible to share the dividend between labour, capital and public welfare.

A decisive part of the social pact was the existence of national regulation of capital and markets. Capital control was the order of the day in all countries. Settlements between labour and capital were made in rather orderly and peaceful ways within national borders. As an important result of that, the trade union movement became very nationally oriented. Internationalism in the trade union movement had for a long time already had tendencies of developing into a sort of diplomacy in international bodies (like the ILO) and even into different forms of trade union tourism, with little or no connection with the immediate needs and interests of the members, even though some of the internationalist political rhetoric remained in place.

For the trade union movement the social pact in reality represented the acceptance of the capitalist organisation of production, the private ownership of the means of production and the employers' right to lead the labour process⁶. In exchange for the gains in terms of welfare and working conditions the trade union confederations guaranteed industrial peace and restraint in wage negotiations. To put it simply, the welfare state and the gradually improved living conditions were what the rather peaceful labour movement achieved in exchange for giving up its socialist project. Today we can conclude that it was a short-term achievement in a very specific historical context.

An important feature of this context was the existence of a competing economic system in the Soviet Union and Eastern Europe. As the British historian Eric Hobsbawm⁷ has pointed out, this was instrumental in making the capitalists in the West accept a compromise. It was on the basis of this compromise that the most important welfare reforms and institutions were developed during three decades after W.W.II. The radicalised labour movement which came out of the economic and

⁵ This explains the current ideological and political crisis in the social democratic parties. Since these parties developed into becoming the bearers of the policy of the social pact, and thus became mediators between labour and capital, they obviously face problems when the class compromise is breaking down and class contradictions once again are coming more openly to the fore.

⁶ This was, of course, only seldom, half way and indirectly expressed by leaders of the labour movement. Socialist rhetoric was regularly used, especially during the first years of class co-operation, although more in the trade unions than in the Labour Party, since socialist sentiments were still strong at the grassroots. The main lasting consequence of the policy of the class compromise, however, was the de-politisation and the de-radicalisation of the working class.

⁷ See Eric Hobsbawm, *Age of Extremes, The Short Twentieth Century 1914 - 1991*, London 1994.

social crisis of the 1930s and the W.W.II was, in other words, met by a conscious strategy by its capitalist counterparts. They voluntarily entered into social pacts and gave in to many of labour's social and economic demands in order to win time and dampen socialist sentiments in the labour movement. Seen from a position more than 50 years later, we can say that this corporate strategy proved to be quite successful.

A stronger division of work within the labour movement was a noticeable side effect of the class compromise. The conditions for buying and selling of labour would be regulated by the trade union movement through negotiations, while social security when out of work would be dealt with by the party in parliament. This laid the foundation for a more narrowly economic development in the trade union movement, something that weakens trade unions today, as social democratic parties more or less have deviated from even their former reformist politics.

The ideology of the social partnership

During the era of the social pact, this corporate strategy was not understood by the labour movement. On the contrary, based on real experience, i.e. 20 years of continuous improvements in living and working conditions, the common understanding was that a way had been found to a society that brought social progress and a relatively fair distribution of wealth to ordinary people – without having to make all the sacrifices connected to class struggle and social confrontations. The dominant apprehension was that society had reached a higher level of civilisation. Through gradual reforms the labour movement had increased democratic control of the economy. The crisis-free capitalism had become a reality. No more economic crises like that of the 1930s, no more mass unemployment, no more social distress, no more misery among people. All social trends pointed upwards. For a great many in the labour movement this was the reformist road to socialism – and it was for everybody to see that it worked!

These real existing social achievements formed the material basis for a social partnership ideology that became, and still is, deeply rooted in the national and European trade union bureaucracy. Personally, I met this social partnership ideology openly expressed for the first time when I took part in basic trade union education at the educational centre of the Norwegian Confederation of Trade Unions at the beginning of the 1980s.

There I learnt that the first third part of the 20th century was characterised by strong confrontations between labour and capital – including general strikes, lockouts and the use of police and military forces against organised workers on strike. This was a destructive period which in the end (in the 1930s) brought the working class nowhere. It was first when this confrontational policy was abandoned, when the trade union movement started to take full social responsibility, that real progress was achieved – in the form of better working conditions, better wages and a number of welfare reforms. In other words, confrontations with the employers are destructive, peaceful social dialogue is the way forward. This was the lesson that was taught at the trade union educational centre as late as the beginning of the 1980s.

The above analysis was wrong at that time and is wrong today, but the consequences of this policy are becoming more dangerous for the trade union movement today as the social pact is breaking

down. What this analysis fails to see, is that the great achievements in terms of welfare and better working conditions during the class compromise policy after W.W.II represented a harvesting period. This was made possible only because great parts of the working class had been able to shift the balance of power between labour and capital through a number of confrontations and hard class struggle during the first part of the 20th century (including the Russian revolution). It was in other words the confrontational struggles of the previous period that made it possible for the trade unionists of the social partnership era to achieve what they did through peaceful negotiations.

The breakdown of the social pact

The class compromise, however, was a fragile construction. As part of its fundament was a stable capitalist economy with high growth, the compromise became gradually undermined as soon as deep economic crises again started to ride western capitalism as from the early 1970s. The crises resulted in increased market competition, neoliberalism gained ground at the political level and capitalist forces went on the offensive, among other things in order to reduce costs – by attacking trade union rights, keeping wages down and reducing public expenditure, i.e. the economy of the welfare state.

The de-radicalised and de-politicised trade union and labour movement was taken by surprise by this development. The employers suddenly became much more hostile at the negotiating table. Negotiations which had previously mainly been about improvements of wages and working conditions, now also started to involve attacks on previous achievements and existing regulations. As most of the trade union leadership had had all its education and experience in the environment of class compromise and social peace, it was not at all prepared for these hostile attacks. Within the framework of the ideology of the social pact, this neo-liberal offensive was simply incomprehensible. The trade union bureaucracy remained passive, the trade union movement was forced on the defensive, in many countries a lot of workers left their trade unions altogether – as they proved unable to protect their interests.

Thus, the 1980s represented an enormous setback for the trade union movement, something which can be seen from the development of the level of unionisation in some important West European countries⁸:

Level of unionisation	1985	1995
France	15%	9%
Italy	48%	44% (1994)
Great Britain	59% (1979)	31%
Spain	27% (1980)	19% (1994)
Germany (West)	35%	29% (1993)

⁸ Taken from A Wahl et al., “På tide å lære fransk” Strategi for motstand, in F Gustavsen and M Thorkildsen (ed.), *Markedets vidunderlige verden*, Oslo 1998.

Most of the few trade unions which tried to take action against the neo-liberal attacks, like for example the British mineworkers, were defeated, not least because the bureaucracy of the trade union confederation (TUC) obviously considered the militant industrial action to be a bigger threat to the consensus policy of the social pact, than the furious attacks from the National Coal Board and the Thatcherite regime⁹.

With the breakdown of the command economies of the Eastern Europe around 1990, the only alternative to western capitalism disappeared. Capitalism had triumphed on all fronts, and the compromise with labour was no longer necessary. Capitalist forces could pursue their narrow economic and political interests in a more uninhibited way than they had been able to for decades. That is why the class compromise (or the consensus model) has broken or is breaking down all over Western Europe. The historical and economic preconditions for such a compromise are no longer there, and the most important product of this compromise, the welfare state, is being put under increasing pressure.

This analysis of power relations are not realised by the dominant trend in today's trade union leadership. When the neo-liberal offensive took off some twenty years ago, and the employers gradually broke with the policy of social partnership, the only answer most of the trade union bureaucracy was therefore able to come up with was to continue its consensus policy. Some trade unions have almost been begging rather hostile employers for a continuation of the social pact. This policy has been fuelled by the strong national orientation of the trade union movement. Rather than reorienting themselves towards confronting the gradually more aggressive capital interests, their narrow national orientation and strong social partnership ideology have led great parts of the trade union movement into an alliance with, and consequently a subordination under, "national" capital in a struggle for better conditions of competition¹⁰.

In this way, great parts of the trade union movement have been drawn deeper into business unionism and legal formalism rather than shifting towards a strategy based on class relationship and an assessment of the balance of power. The struggle of the German trade union movement for a "unity for work"¹¹ during the middle of the 1990s is one good example of this policy of national alliance with the employers. In the same way the relatively narrowly focused struggle for minimum labour standards in the WTO, which dominant parts of the international trade union movement has been pursuing over the last ten years, is an excellent example of the legal formalism which is developed completely independent of an analysis of the balance of power between labour and capital.

⁹ In the 1990s, after having been further weakened and legally handcuffed by the Thatcherites, the TUC officially admitted that it had been wrong in not supporting the miners' strike. This has not, however, resulted in any fundamental change of trade union strategy, at least not in breach of the ideology of the social pact.

¹⁰ The Germans use the meaningful notion "Standort Wettbewerb" on this phenomenon, referring not only to competition between companies but between entire societies, including taxation, social standards, size of public sector etc., which now increasingly seems to be the form of competition in the open, unregulated global economy.

¹¹ "Unity for work" (Bündnis für Arbeit) was proposed by the German Confederation of Trade Unions as a pact between itself and the employers' association. It failed because the employers felt strong enough to turn away the "offer" of a new, formalised, social pact – even if it included downgrading of working conditions. What the confederation demanded in exchange was a guarantee of job security.

The trade union bureaucracy both at the national and at the international level continues to consider itself mediators – between labour and capital. Even in today's world, when capitalist forces are on the offensive and have provoked the development of an international popular justice and solidarity movement which oppose the current corporate globalisation, the international trade union movement is eager to define itself as mediators also between this movement and the corporate interests.

This was openly expressed when the 3rd World Social Forum (WSF) was held in Porto Alegre in Brazil in January 2003– in parallel with the World Economic Forum (WEF) of the political and economic elites in Davos in Switzerland. The international trade union movement then issued a statement, "Democratising Globalisation: Trade Union Statement to 2003 WSF and WEF," which was signed by all the important international trade union bodies¹². Among other things it stated that:

*"The international trade union movement has a common message to Porto Alegre and to Davos. Vision, political will and the necessary capacities must be brought together at the global level to attain development and guarantee decent work for the millions of workers who today live in precariousness and poverty without prospects of a better future. That will require resource commitments as well as commitments on paper. It will require governance systems to promote our common good, our rights and democracy. It requires effective democratic processes, and it requires dialogue to make it happen. We will press the WEF to address the need to globalise social justice. At the same time, we will contribute in the WSF to finding constructive approaches to democratising globalisation in the interests of all working people."*¹³

Most of the international trade union organisations do not, in other words, consider themselves to belong to the new social forum movement against corporate globalisation¹⁴. They consider this new movement to be too politically radical – and themselves to be go-betweens. The ICFTU or the Global Unions therefore do not join forces with the rest of the movements when they go to the World Social Forum – they held their own conferences and meetings on the fringe of the forums. At the same time, they send equally high-ranking delegations to the World Economic Forum. "We have always achieved most through dialogue," is the constantly recurring refrain.

¹² The statement was endorsed by the so-called Global Unions Group – including the International Confederation of Free Trade Unions (ICFTU), the Global Union Federations (GUFs) and the Trade Union Advisory Committee (TUAC) to the OECD, the World Confederation of Labour (WCL) and the European Trade Union Confederation (ETUC).

¹³ Quoted from: www.icftu.org/displaydocument.asp?Index=991216994&Language=EN

¹⁴ There are exceptions. In particular, the Public Services International (PSI – www.world-psi.org), the international umbrella organisation of national public sector trade unions, has played an important role in the World Social Forum movement, in particular through the WTO/world trade focused Our World Is Not For Sale network (www.ourworldisnotforsale.org). An increasing number of national trade unions and local branches are also gradually involving themselves more strongly with the new, global justice and solidarity movement.

Policies independent from power relations

The complete lack of analysis of power relations and preconditions for trade union strategies can also be witnessed in trade union educational work that take place internationally. A number of West European trade unions and confederations are running training programmes in the form of solidarity projects with sister unions in Eastern Europe as well as in developing countries. In these educational projects, Western unions are disseminating what they consider being their own great success story – the social pact. They are strongly trying to convince the trade union movement in the rest of the world of the advantages of pursuing a social partnership model. Under current power relations this kind of education can of course be directly counter-productive – and of very little help for trade unions in Eastern Europe and the developing world which are under attack from aggressive, confrontational employers.

In the developed world, it is important to notice that the very defensive and deteriorating development affected more strongly trade unions in the manufacturing industry than in the public sector and in important parts of the transport industry, among other things because the manufacturing industry is more strongly and directly exposed to international competition. Thus the setback of the trade unions and the political and ideological shift to the right have been more prevalent in the manufacturing industry than in any other part of the movement.

The disastrous continuation of a policy of social partnership, in a situation in which the economic and social basis for this partnership is fading away, is today being pursued by most of the European trade union bureaucracy – in particular the European Trade Union Confederation (ETUC). Thus, over the last years, we have seen growing activities in the form of consultations, negotiations, lobbying and so-called social dialogue between the *social partners* on the labour market. The result so far is a strengthened bureaucratic development in the European trade union movement. The social dialogue, or negotiations at the EU level, which it is wrongly being characterised by some, is an exercise that does not include the right to take industrial action. Easy to understand, then, that results so far have been meagre.

At the international level, the ICFTU is the strongest advocate for the policy of social partnership, very clearly expressed in a statement in which it commented on the UN Global Compact. Among other things, it boasts of having issued a joint statement with the UN using some of the same key language as in a corresponding joint statement between the UN and the International Chamber of Commerce, namely:

“It was agreed that global markets required global rules. The aim should be to enable the benefits of globalisation increasingly to spread to all people by building an effective framework of multilateral rules for a world economy that is being transformed by the globalisation of markets. (...) The meeting agreed that the Global Compact should contribute to this process by helping to build social partnerships of business and labour.”¹⁵

At company level, European Works Councils have become the bureaucratic answer. These councils

¹⁵ “ICFTU statement on the Global Compact”, www.icftu.org.

of workers' representatives in transnational companies give the workers practically no real influence, although the bodies can be useful for information and trade union contacts. The councils give much less influence than the similar institutions which in the post W.W.II period were developed in the Nordic countries and in Germany, but the workers' representatives have lost real influence in the companies also in these countries as market forces have gained ground.

In Europe, this policy of powerless social dialogue is bringing the trade union movement into a dead end. A trade union policy based on the mobilisation of their members to confront and fight the attacks from the employers is almost non-existing at the EU level, even though we have seen tendencies in this direction at the national level (France 1995, Italy 2002).

The depressing results of these policies have been that the dominant part of the trade union movement has accepted a step-by-step reduction in welfare and working conditions¹⁶. Through negotiations trade unions have gradually accepted an increasing flexibilisation of work. One important effect of this development has been the demoralisation of workers and a decline in trade union membership, as the trade unions have not been able to protect the interests of their members. A fuelling of the growth of right wing populist parties is probably the most dangerous result of this trade union policy of indulgence.

Strategic considerations

So what can the trade union movement do in order to confront the global corporate offensive of today? One thing is clear, radical rhetoric is not sufficient, even if that is a common phenomenon at international meetings. Experiences from the first European Social Forum in Florence in Italy in November 2002 can stand as an example. There we heard at least two types of trade union contributions. Some were very militant ones, but from small and non-representative groups. Another type of presentation was made by representatives from mainstream European trade unions. An example was a representative of the German IG Metall, who wanted to open the struggle for the 30 hours' week. He did not mention, however, that the same union negotiated an agreement with Volkswagen only a year before, which undermined existing wages and working conditions in order to make the company set up its new factory in Germany rather than in a low-cost Eastern European country. None of these trade union representatives addressed the real problems of the trade union movement in Europe today. It is necessary to do that as a basis for developing a viable trade union strategy.

The first thing is to realise that multinational companies and other capital interests have to be confronted, or more correctly that the confrontational policies of the employers have to be met by the trade unions. There are disagreements and contradictions on this position in the trade union movement today – at the national and local as well as at the international level. Those in the trade

¹⁶ In different European countries we have experienced retrenchments in welfare provisions like reduced sick pay and pensions, cut in unemployment benefits, higher user fees in public education, nursery schools, health and social services, the abolition of non-profit housing policies, etc. Working conditions have been adversely affected both through the weakening of labour laws and agreements, including the weakening of working hours regulations, reduction in overtime pay, reintroduction of shift work in many industries, reduced job security, more temporary short contract jobs, more use of contract and leased workers, more decentralised bargaining, etc.

unions who want to revitalise their organisations, will therefore have to build new alliances based on the best parts of the movement. Even if there are many exceptions, these labour organisations are mainly to be found in the public sector, in transport, in some of the private service sectors, and in a number of local branches across the trade union movement.

To confront transnational corporations it is necessary to build networks and encourage co-operation between workers in the same companies across national borders, but also across company borders. The development of international, class-based solidarity will have to break with the tendency of business unionism that favour “our” company over “other’s.” This is a tendency which has stronger traditions in the US trade union movement than in Europe, but it has been strengthened also in Europe over the last twenty years, as depoliticised and deradicalised trade unions have joined forces with “their own” employers to protect jobs at the national level – in competition with companies in other countries. This narrow misguided strategy must be replaced by a joint class-based struggle in which democratic control of economy and production is taken to the fore.

Another main struggle around which a new internationalist, solidarity-based trade union alliance will have to be built, is the struggle against the ongoing corporate take-over of our public services. This means fighting privatisation and competitive tendering, and to defend the achievements which were won through the welfare state. The corporate take-over of these parts of society represents exactly some of the most important means that today contribute to the shift of the balance of power between labour and capital in our societies.

A further important part of a progressive trade union strategy is to challenge the dominant thinking (ideology) of the trade union bureaucracy – the ideology of social partnership, or the peaceful cohabitation between labour and capital. We will have to have hard, but friendly internal discussions on this particular subject within our movement. These discussions should be based on the understanding that the policy of social partnership is not the result of conspiracies or treachery, but the result of a specific historical development. We need new analyses, analyses that can explain to people how the historical compromise between labour and capital was realised and why it has broken down. People’s discontent with current developments has to be taken seriously, their anxiety and dissatisfaction should be politicised and channelled into trade union and political interest-based struggles for their working and living conditions. That is the only way to break away from the current trend where many of these people are being mobilised by right wing, populist parties.

We should focus on welfare and working conditions, on the brutalisation of work that is taking place as a growing part of the economy is exposed to market competition and workers’ influence over their working day and control of the work process are being reduced.

It is important to realise that this also has a lot to do with people’s self-confidence. Workers’ dignity is systematically being attacked – in the work places, in the media, in the general public debate and in the social and cultural climate of a society dominated by middle-class thinking and values and neo-liberal policies. This can be changed only by reclaiming the notions of productive labour, class relationship and class identity. It cannot, however, be imposed upon the working class

from outside, it has to be developed as a part of, and during, the social struggle.

Finally, we do have to build alliances with the new, global movement against neo-liberalism – for democracy, global justice and solidarity. This global movement of movements is currently more politically radical and system-critical than the trade union and the labour movements, even though its knowledge of class relations is rather poor. The trade union movement needs the radicalism and the militancy of this popular movement in order to break with a reality that is no longer there. If this alliance is developed constructively and correctly, the two movements could reinforce each other and bring the struggle to a higher level.

The social pact never was a defined aim of the labour movement, it was the result of a specific historical development. It was made possible only as a result of an enormous shift in the balance of power between labour and capital. The combination of the Russian revolution, a strong labour and trade union movement in the West, strong liberation movements in the third world and a long period of stable economic growth in the capitalist economy after W.W.II were the very specific preconditions which made it possible with a relatively stable period of class compromise until the 1970s. To aim at a new class compromise, or a social pact, under the current much less favourable power conditions, is, in other words, rather illusionary.

Our aim, therefore, must be to go beyond the social pact and the welfare state. Only a transformation of society which is deep enough to remove the material preconditions for a restoration of neo-liberal policies, say capitalism, can safeguard the interest of working people. Nothing less than socialism can provide that.

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