

# A PROGRESSIVE POLITICS OF WORK FOR THE AGE OF UNPEACE

WHAT LABOUR CAN LEARN FROM  
THE EUROPEAN CENTRE-LEFT

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# **EXECUTIVE SUMMARY**

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# EXECUTIVE SUMMARY

- In today's unstable world, new thinking about security opens a compelling narrative that translates from the global to the individual. We believe social democrats are best placed to transfer this into political action.
- Security at work does not mean stasis, but rather the restoration of support for workers as their industries rise and fall in a changing world. This means centre-left governments reviving institutions and restoring power to workers and businesses to mediate between themselves.
- As in previous historic crises, Labour – and social democrats across Europe – can link the global and local to build the case for a transformative agenda for their respective nations, best exemplified in Britain with Rachel Reeves' "securonomics" agenda.

Discussion of the future of work is often narrowly focused on technological issues, whether working from home or the rise of AI. These are important issues, but work is too central to the lives of citizens to be treated as a technological problem. It is, and always has been, a political problem, and the contours of its future shape are politically defined.

In the context of the global pandemic, and now the Russian reinvasion of Ukraine, we can clearly see that this definition does not just happen at the level of the shop floor, or even of national governments, but as part of broader geopolitical and geoeconomic shifts.

Reactions to the "age of unpeace" – the interconnection enabled by globalisation paired with hostile competition that borders on (or breaks out into) confrontation and war – filter from the global stage, via national capitals, into the workplace. Social democrats in Europe and the UK must have a response.<sup>1</sup>

Through a series of meetings with trade unions, academic experts and social democratic representatives, we have come to the conclusion that a wider vision of a broader progressive politics of work attuned to a rapidly changing contemporary context of continental war, geopolitical competition, climate crisis, deglobalisation and increased state intervention is both required and starting to take shape.

Addressed to how the future of work and workers will be shaped by these political and economic dynamics, the vision we present centres on a series of recommendations for the British Labour Party and labour and social democratic movements further afield. This partly informs how the centre-left in opposition should speak about work and its future, but also about how it should govern work and its future in government, too.

## Security and social democracy

The concept of *security* enables social democrats to speak to the intersecting forms of insecurity that voters and polities face today and define solutions that speak to the different dimensions of security: national security; economic security; energy security; and security at work.

Security also reaches across the divides – emotional and material, cultural and economic – that have characterised recent political upheavals and enables social democrats to respond to the fluid shifts of political sentiment that accompany a time where cost-of-living pressures are twinned with culture wars.

UK Labour is constructing an approach around such a concept of security, which underpins an

increasingly coherent and confident argument about the changing world and the role of the country, state and party within it. More can still be done to make it clear where work and workers sit within this appraisal of the potential opportunities of a more dangerous and divided political economy, and how they stand to benefit from them.

In this policy study, we contend that the centre-left can look to the social democratic past, where a social and industrial compromise with workers and their unions at its heart played a vital part in enabling liberal democracies to face the challenge of geopolitical contestation in the mid-20th century.

## **Security and the future of work**

To be meaningful, security requires social democrats to offer a politics of production that enables workers to shape their pay and conditions, rather than one that rests on ameliorating negative outcomes after the fact. This is particularly pressing in countries like the UK, where lagging growth and productivity diminish the fiscal resources available to the state to fund redistributive policies.

In the face of technological, political and geopolitical factors, the centre-left should rhetorically champion government's capacity to manage the change rather than feeding the sense of powerlessness before inevitable change that has propelled populist discontent in recent years.

It is true that there is uncertainty and contingency about precisely what the centre-left can achieve in government to reregulate employment and the economy. This is especially the case in countries like the UK where many of the levers of coordination, negotiation and partnership that formerly helped mediate industrial relations have been severely weakened.

But, learning from the Swedish and German models of industrial relations, parties of the centre-left can reregulate and remediate the world of work

where there is presently an absence of channels to coordinate production and resolve conflicts.

Collective bargaining should be seen as a way to help strike industrial compromises that drive improvements in productivity and economic dynamism as a cornerstone of security. The Fair Pay Agreements that Labour proposes to bring to the UK from New Zealand provides one such tool to act as a basis for a decentralised, flexible model of bargaining that develops specific responses to the conditions of individual sectors and, where recognition is in place, permit adaptations of prevailing rules and regulations, depending on the needs of the industry.

Striking such a combination of flexibility and security, we suggest that parties of the centre-left, like Labour in the UK, can mitigate risks, particularly in strategic sectors like defence and green industries, by emulating the Swedish Job Security Councils and German Regional Transformation Councils, which bring social partners together to manage industrial change in specific localities.

## **Security at work and “securonomics”**

The flexibility needed for security also requires an economy well-placed to occupy a range of positions in global value chains in critical goods and resources. Social democrats should approach and articulate the interconnections between workplace and economic shifts and the backdrop of the more dangerous world epitomised in the illegal Russian reinvasion of Ukraine and the increasingly assertive role China is playing across a range of fronts.

The labour movement played an important part in previous periods in which liberal democracy was under attack. This creates an opportunity for the centre-left, symbolised by the Labour Party in the UK, to make the case for how this turning point presents an opportunity to build a better world of work.

Labour's thinking on securonomics and national economic resilience should, therefore, meet with the party's thinking on work and employment;



fundamental questions of industrial and economic design must be asked as a condition and consequence of building a better world of work.

The green transition is also part of this, but it is much broader. Labour should support a range of productive, social and extractive industries that should make up an expanded notion of infrastructure in our new political economy.

The SPD in Germany and Bidenomics in the USA provide models of how to keep workers and their communities at the centre of an overarching macroeconomic and geopolitical argument, against the temptation to discard the labour interest altogether in the name of stability or competitiveness.

Rather than suffering a crisis of confidence in its capacity to convince the public and the press of the importance of a New Deal for Working People, we argue that Labour's cornerstone commitments on employment reforms should be presented as part and parcel of building a more secure economy and society capable of withstanding the threats posed by an age of unpeace.

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# INTRODUCTION

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# 1. INTRODUCTION

Over the past year, we have been leading a Foundation for European Progressive Studies project for Progressive Britain on the implications of geopolitical shifts for work and workers, and how to found a new politics of work in an age of change and crisis.

The project looks to Europe to think through how the British Labour Party can re-envision its role as the party of labour, with a new intellectual agenda around social democracy and the future of work. This includes how the party talks about work, but also how it creates a policy platform that situates the world of work within a wider political economy characterised by new forms of conflict and competition.

As well as the Labour Party in the UK, this also holds lessons for social democratic and labour parties across Europe, many of whom face similar challenges.

We have done this by means of a series of roundtables, bringing together social democratic politicians, policymakers, trade unionists and academic experts, to discuss the situation in the UK

and how the British Labour Party could learn from its counterparts in Germany and Sweden in developing the new politics of work it is constructing. The roundtables sought to import back to the UK some of the best practices of social democrats elsewhere in Europe with longer standing or more recent governmental experience of building institutions for industrial strategy and industrial relations.

We were specifically interested in how granting workers security in economies where manufacturing and resource extraction are more significant components than in the UK has helped prepare them for the demands of a rapidly unravelling foreign affairs climate.

This process of dialogue and engagement can help Labour in the UK in two ways: in economic policy, by fleshing out the programme of a future government; and in electoral strategy, in particular, developing a narrative needed to win power and enact that programme.

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In exchange, we have shared insights into how Labour is now leading in the polls in the UK, having successfully started to overcome substantial challenges. Additionally, with the German SPD going from election success to serious challenge from the AfD, the Swedish social democrats (the SDLP) narrowly out of power and sister parties struggling to recalibrate their message and policy offer elsewhere, European partners may have something to learn from how Labour has staged such a successful revival under the new management of Keir Starmer.

A first roundtable in the UK took place at the headquarters of the Prospect trade union in London. We discussed how the politics of work at a personal and local level interacted with the sweeping economic and geopolitical changes that were accelerated by the war in Ukraine but could also be traced to the pandemic and rise of China.<sup>2</sup>

A second roundtable in Sweden took place at the headquarters of the LO trade union confederation in Stockholm. We heard how the export-led resource and industrial economy of Sweden had necessitated the Swedish model of welfare and industrial relations to actively support workers with skills and transitions between jobs and industries.

A third roundtable in Germany took place at the offices of the Friedrich Ebert Stiftung in Berlin, considering how social democrats and trade unionists were responding to the challenges

being posed to an established industrial model under strain from the consequences of the illegal Russian reinvasion of Ukraine, and which must now be reformed in the shadow of the so-called *Zeitenwende*, the historical turn in the German defence and foreign policy posture.<sup>3</sup>

Whilst from a UK perspective they are often lumped together as apparent alternatives to British political economy, we heard from roundtable participants how Sweden and Germany were in different camps when it came to their national growth models, although with some similar policy initiatives from which Labour could learn. Expanding our perspective outside Europe, we have also convened meetings with colleagues from New Zealand and taken inspiration from the developing policy agenda the Democrats are pursuing in the USA.

This study gathers what we have learned from this process and makes some recommendations for the continued development of Labour Party policy and strategy based on the outcomes. In this, it acts as a guide not just to understand the future of work in a new light, but to shape it in the shadow of new times of conflict, crisis and competition. We suggest that *security* is key to this, for good strategic reasons both domestic and global, epitomised in the “securonomics” agenda Labour is setting out.<sup>4</sup>

Domestically, insecurity is a key driver of contemporary political alignment, and we suggest

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that Labour’s securonomics agenda speaks to what the philosopher Bernard Williams saw as the “first political question”: the responsibility of aspiring governments to show how they will ensure voters stability in a turbulent world.<sup>5</sup>

“Security” does not simply indicate a baseline instinct for conservative preservation of the present status quo, and there is no dichotomy between security and the pursuit of innovation, aspiration, justice or freedom, for instance.

Security is not an end in itself, but a means for the stimulation of what Marc Stears calls “ordinary hope”, the foundation for a good life, to which insecurity is the greatest threat.<sup>6</sup> Stears suggests that sometimes this requires “tapping the brake” on history to grant people the short-term stability to weather the storm and do the ordinary things that they did and enjoyed before, as a basis for longer-term incremental and achievable change.

Globally, securonomics develops a coherent analysis of the economic implications of the geopolitical fracture emerging between two competing blocs – one organised around the USA and Europe, and another around China and Russia – and Britain’s future place within the former.

These two strategic pillars, one domestic and one global, are the foundation for a clear-sighted argument for Britain’s place as an actor within what some commentators describe as a “new Cold War”.<sup>7</sup> Here, Britain is recast as a producer of goods, energy and resources and a trading partner of trusted allies. The need for a just green transition in the context of the climate crisis goes hand in hand with the need for greater self-sufficiency and “friendshoring” against a backdrop of deglobalisation and war.

Part of the purpose of this study is to trace the emerging principles, perspectives and positions influencing this new (geo)politics of production, from the overarching global rationale guiding industrial strategy to its translation at the level of the employment relationship itself. The study charts, from geopolitical conflicts to ballot box concerns and shop-floor dynamics, the links between the

different levels of Labour’s emerging policy agenda under Keir Starmer’s leadership. More broadly, we also aim to provide a point of reference for social democratic parties and movements across the EU. Although the institutional context in which they operate is different from that facing the Labour Party, the challenges – and, we hope, the solutions – are both enduring and encompassing.

In short, the argument we have developed over the course of the three roundtables and set out here is that the conceptual underpinning of Labour’s programme for government – and that of social democrats elsewhere – in a notion of security is correct, answering the “first political question” of keeping citizens safe. The key challenge is building a consensus on the meaning of “safe” and how it, as an end, can be achieved in the world of work and the broader sense of economic, national and international security. Once we look at things at these different dimensions, it becomes clear that security



UK Labour Party campaign placard. Image by Samuel Regan-Asante from Unsplash.

can never be total and complete, counterintuitively its provision requires some measure of flexibility to deal with the new forms of insecurity that the search for other forms of security can sometimes produce.

For the purposes of programmatic recommendations, we apply this argument to some policy implications flowing from our three roundtables. Firstly, we follow participants in suggesting that what Paul Mason calls a “British *Zeitenwende*”, akin to that pursued in Germany, is required on security and defence, and Labour should lead on creating a clear link between this and the inclusion of workers and their skills in a new industrial strategy.<sup>8</sup>

Secondly, we suggest that the risky and uncertain world of the green transition and other industrial transformations requires policies that enable adaptive flexibility as an aid to security.<sup>9</sup> We propose that the Swedish Job Security Councils and German Regional Transformation Agencies provide a potential model for how to translate Labour’s securonomics on the ground by enabling workers to navigate and take advantage of the economic shifts it implies.

Thirdly, we suggest that Fair Pay Agreements (FPAs), inspired by the example of New Zealand, provide the basis to follow Germany in innovating with forms of decentralised bargaining based on the capacity to deviate from norms and regulations in response to the specificities of different sectors; in this case, in the so-called “everyday economy”.<sup>10</sup>

All three suggestions reflect a pervasive insight repeated across our roundtables: the limited capacity of a new Labour government confronted with decimated levers of policy administration and industrial relations to secure its desired outcomes, and the need for a more careful, piecemeal and sometimes experimental approach that balances short-term wins with long-term goals.

In the first part of the study, we consider the contemporary moment in the context of the history of the Labour Party and social democracy more broadly across periods of conflict and crisis like our

own and outline the key strategic debates facing the party at the present time in common with social democrats in Europe. The second part of the study considers the present geopolitical situation in more detail and outlines its relevance for Labour in the UK and social democratic policymaking in the EU more broadly, and particularly its implications for work and workers. The third part of the study considers the main points of policy and strategic convergence and divergence Labour reckons with against this backdrop, including around key questions like pay, power and redistribution. Having presented this context, in the fourth part of the study, we consider what Labour can learn from the experiences of social democrats in and out of government in Sweden and Germany, with an emphasis on how their approaches to “derisking” fit with the conditions of the “polycrisis” with which policymakers are today presented.<sup>11</sup> In the fifth part of the study, the lessons learned are then applied to three sectors key to Labour’s programme for government: defence; green industries; and the “everyday economy” epitomised in social care. The specific policy implications of the insights gained through the roundtable process are outlined. The conclusion zooms back out to the bigger picture.



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# **1. SOCIAL DEMOCRATIC STRATEGY PAST AND PRESENT**

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# 1. SOCIAL DEMOCRATIC STRATEGY PAST AND PRESENT

It is often said that Labour has generally done well electorally on the basis of an optimistic vision of the future.<sup>12</sup> In the 1940s, it offered the promise of a universal welfare state. In the 1960s, it offered mass-producing, mass-consuming workers a world of new technologies, tolerance, permissiveness, opportunities for creativity to flourish and an erosion of traditional class barriers. In the 1990s, it proposed a “new life for Britain” based on a “third way” between the rigidities of Thatcherism and those of the “old left”, with an implicit promise of the best of both worlds.

## 1.1. An insecure world

Today, however, it is hard to be so positive and future facing. The past looms large over a present in which stagflation and systemic rivalry return to define the economic and political terrain, and tripartite bargaining and neocorporatist planning once again rear their heads as a high road through the impasse.<sup>13</sup>

Moreover, the pervasive insecurity inaugurated by a world spinning out of control is synonymous with the obstruction of any capacity to develop a positive vision for the future of the kind that has traditionally underpinned Labour’s successes. Representing the capacity to plan ahead, the concept of security – increasingly important in how Labour frames its policies and positioning – helps connect the search for stability with the ability to embrace the prospect of the future by establishing the conditions to be positive about the changing world of work and economic life.

Keir Starmer laid claim to some of the terrain in his 2022 conference speech, beginning it by addressing head-on the fear and anxiety that hamstring any feeling that the country or the world has a positive

future on the horizon.<sup>14</sup> Resonating with recent work by Marc Stears, Starmer extolled the need to restore the “ordinary hope” that working-class communities and families felt, fleetingly, in the 1970s. Starmer associated this squarely with shifts in working life itself, whereby people are working “harder and harder” without achieving the kind of security guaranteed, albeit it briefly and exceptionally, by the post-war social and industrial compromise.

It is the rudiments of such a compromise, and the compact between workers, business and the state that once underpinned it, that much of Labour’s current agenda can be seen as attempting to recreate in the context of a fluid and precarious global economic situation.

The experience of what some call “COVID corporatism” of recent years would seem to create favourable conditions for a rediscovery of some of the same structures that presented a “high road” through geopolitical contestation and stagflation in the past.<sup>15</sup> One vision put forward in *Labour’s Covenant* pamphlet from Labour Together is to create a “developmental state” of the kind that characterised the Cold War years.<sup>16</sup> This was based on the “political integration of the labour interest” in coordinating the economy and greater government expenditure on subsidies and R&D spending.<sup>17</sup>

At a time of such profound change, exploring Labour’s past helps illuminate the present. In different ways, Labour Together’s *Labour’s Covenant*, and Progressive Britain’s own *Rethinking Labour’s Past*, remind us that the purpose of Labour – big “L” – has historically been shaped by the shifting demands for political expression and institutionalisation of labour – small “l” – in the context of changing British capitalism.<sup>18</sup> At similar economic and social hinge points in history, Labour has seized the reins as the necessary agent of change and consensus. As the parliamentary expression of the interests of

organised labour, it has, on occasion, been the right party at the right time to rally the forces fit for the challenges the country faced.

## 1.2. Big L, little l

But, although it began as organised labour's representative in parliament, a seamless relationship between labour and Labour is seldom guaranteed, especially in times of flux. There is no predetermined relationship between the experience of labour at the coalface and the way workers express themselves politically. The Labour Party has always had to strike compromises across the complicated cultural and political terrain that separates the workplace from the ballot box. Union members have remained plural in their voting allegiances. Working-class votes have never been "in the bag", as some have assumed, and Labour has seldom been a party of simple class struggle.

At its most successful moments, Labour has tended to wield a stabilising influence by organising and representing the "labour interest" in ways that were ultimately useful for the developmental needs of the economy.<sup>19</sup> Just as unions have never had a wholly oppositional or revolutionary role in industries, Labour's story is really one of accommodation *within* the system, leading to accommodation of the system to better reflect the national interest given the changing position of labour within the economy.

The rise of mass production dovetailed with forms of industrial citizenship and franchise, of which Labour was the parliamentary expression. Later, organised labour and the Labour Party played a central role in coordinating the political and economic foundations of the country's war effort between 1940 and 1945. As the world consolidated into national economies and systemic rivalries in the Cold War years, Labour steered a developmental state, the industry and productivity of which was underpinned by social partnerships between business, unions and government.

However, the changing conditions of capitalist competitiveness in the wake of the unravelling of this compromise in the 1970s rendered the incorporation of the labour interest increasingly contrary to the requirements of a functioning economy.<sup>20</sup> The conditions for growth and profitability switched from coordination with labour to suppression of the labour interest in the new Thatcherite mode of governing economic relations.

New Labour, along with the New Democrats and third-way social democrats in Europe, later acted as a vehicle for the expression and institutionalisation of a somewhat different "labour interest". Post-deindustrialisation, it was felt that the political expression of labour could only find success at the ballot box if it spoke to an emergent "aspirational" service, finance and knowledge economy. While the legal rights of workers were expanded, and more women and previously excluded people were brought into the workforce, the settlement that



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was developed proved to be fragile. In the UK, the financial crisis led to an anti-worker Conservative government, Brexit reopened issues of workers' rights long thought to be settled and technological shifts presented new challenges such as the platform or "gig" economy.

### 1.3. Modern mediation

Thirteen years into opposition, the question for Labour is what kind of political and institutional mediation of the labour interest resonates with the direction of the economy today. There can be no winding back the clock, no nostalgic resurrection of the past, but we can at least learn from the roles Labour assumed in the wake of past transformations to guide our approach to those underway in the here and now.<sup>21</sup>

There is, of course, considerable autonomy, in terms of both policy and voting behaviour, separating political from economic drivers. But the past shows that Labour (big L) has found space to operate where the state recognised that coordination of and with labour (small l) was the foundation for prosperity and national competitiveness. This has often been compelled by crises, especially international conflict, both of which look likely to be a defining feature of the present period.

Labour's emerging programme for government would seem to be drawing upon its history of using the state to convene social and industrial compromises in the context of previous periods of conflict, crisis and geopolitical contestation. As the Trades Union Congress (TUC) has argued, a stronger institutionalisation of collective bargaining represents an effective policy response to crises past and present, making the propulsion of productivity from below possible, as workers bargain for higher wages and induce employer upgrading of processes and techniques.<sup>22</sup> In a similar spirit, Labour's "modern industrial strategy" seems to accept the need to renew the economy from the shop floor upwards as a condition of national competitiveness.<sup>23</sup>

In this, Labour's agenda increasingly resembles the "high road" to growth that took second place to Thatcherism in the 1970s as a response to stagflation: a tripartite compact whereby the state brokers negotiated settlements between labour and capital that support strategies to manage wage growth and share the outcomes of productivity gains in the shape of pay and better terms and conditions. Rather than expecting investment to trickle down from above, this would take the opposite approach of compelling it with pressure from below through industrial strategy and reforms to industrial relations.

However, whilst the current context of war, conflict and crisis generates few resources for hope, the question is whether it is possible to realise, in the negatives of the present, the potential to recreate some of the positives unrealised in the past. At a strategic level, our project develops the social democratic capacity to think and talk about the politics of work in the context of this changing world. It is important for social democrats to think and talk about work politically because workplace and labour market dynamics underpin many of the crucial political questions and upheavals of our time, but are often addressed tangentially in the electoral and policymaking sphere.

Many countries, including the UK, are witnessing a wave of strikes in search of settlements to longstanding industrial disputes over pay and modernisation that have been sharpened by the uptick in inflation. The long lack of resolution exposed the absence of spaces and institutions for capital and labour to get together around the table and negotiate in pursuit of compromises – a result of decades of institutional degradation removing channels for workers to talk with bosses.

Against this backdrop, part of the centre-left's job is to maintain the central position of work in the political and popular imagination. Strategically, the centrality of a politics of work offers the centre-left a response to the breach of trust it has experienced with many parts of its traditional electoral coalition in the past decade or so.<sup>24</sup> In the UK, a deeper, longer disconnect in how the centre-left speaks about work culminated in the 2019 election, the substitution of

working-class votes with the metropolitan middle classes doing little to stop Labour slumping to the party's worst result since 1935. Even union members did not vote en masse for the Labour Party.

This may have been because Labour, in common with other quarters of the left in Europe and elsewhere, has too often been seen to offer a doom-and-gloom missionary message on the doorstep that assumes all workers experience their employment first and foremost as a site of domination, oppression and exploitation, rather than sometimes also a source of pride, status and belonging. It is often both of these at once, and there is great complexity and specificity to the way that people find meaning and reward in their work, constantly navigating the coexistence of difficulty or drudgery with other social or financial benefits. This means that the political expression of working life is complex too and does not align neatly with where social democrats and parties of labour will be at any given time.

#### **1.4. Wolves in workers' clothing**

For a decade or so, right-wing populists have offered traditionally social democratic voters a protest option at the ballot box through which to express discontent around issues like the EU, globalisation and migration. Whilst comprehensively anti-union, the politics of a party like UKIP could cloak themselves in a sufficiently "pro-worker" garb to convince working-class voters of their relevance. Taking the loyalty of these voters for granted, the centre-left's lack of effective response gradually saw localised electoral protests open the gateway to a more fundamental split with social democracy that produced an apparent rightwards drift in its former heartlands. Within this tendency – which in the UK eventually benefited the Conservative Party amidst the realignment around Brexit – many commentators and analysts viewed issues around work and place playing a major, although sometimes implicit, part.

Today, work has a role in the practical politics of rebuilding consensus out of this impasse, as one roundtable participant put it. Jobs and employment

today play a central part in the evolving policy programme for government espoused by Labour and its European counterparts. But there are challenges to this. Our roundtables noted an increasing differentiation of people according to their value systems, which are quickly drifting apart. Political affinities no longer have the relationship with work to anchor them as they did in the past, where the labour movement and social democracy were based on a common identity constructed around the workplace.

#### **1.5. Work as a divider and unifier**

This disorientation means that, in a period of rapid change, work divides as much as unites. For instance, not all workers have shared in the spatial and temporal reshaping of work epitomised by the pandemic. A rift has emerged between "footloose" workers engaged in digitally connected forms of work that can be conducted from home, and those in "fixed" work involving face-to-face, transport-dependent or on-site activities conducted in real time and space, for example, manufacturing, maintenance, delivery, care and health services. The pandemic highlighted the unequal social, political and economic esteem in which these forms of employment are held. It forced us to recognise the vital contribution to our well-being made by the millions of frontline workers for whom there was no choice to work from home, subject to undervalued jobs characterised by low-pay, precariousness and few opportunities for progression.<sup>25</sup>

In the UK and elsewhere in Europe, these rifts intersected with geographical and generational splits, most notably between deindustrialised smaller towns, and larger metropolitan areas with younger, more formally educated and more ethnically diverse populations.<sup>26</sup> Bringing a new focus to stark inequalities in regional economic development, the political dynamics this produced were visible in the wave of populism that seized many countries from 2016 onwards, symbolised in the UK by Brexit and the crumbling of the so-called "Red Wall".





*The pandemic highlighted the unequal social, political and economic esteem in which forms of employment are held...the vital contribution to our wellbeing made by the millions of frontline workers for whom there was no choice to work from home, subject to undervalued jobs characterised by low-pay, precariousness and few opportunities for progression.*



In light of these divides and challenges, our roundtables heard how there is still some uncertainty as to how to talk coherently and consistently about the politics of work. Solving this requires a more sophisticated discussion of the future of work than the “science fiction” version offered in much public, political and academic debate of recent years, which has too often been remote from the widespread experience of work as a paradoxical source of both anxiety and dignity.<sup>27</sup>

## 1.6. Not one future, but many

Whether automated red plenty, industrial white heat or net-zero green transition, the centre-left tends to present workplace transformations as imminent and inevitable. This deprives workers of a feeling of agency and ownership over their future. There is thus great danger in fashioning a centre-left response to the changing world of work focused narrowly on the inevitability of technological transformations.

Some social democrats have sought to present a reassuring and empowering narrative of how successive generations of skilled workers have wielded power and control over new technologies in the workplace. This is only the latest contemporary iteration of the “white heat of technology” espoused by Harold Wilson in the 1960s. However, in the absence of the institutional frameworks that enabled workers to share in the gains of modernisation in the

post-war golden age, this runs the risk of presenting as a done deal technological transformations that are either remote from the experience of many workers or the source of profound uncertainties.

In this way, too often, our political discourse exacerbates feelings of anxiety and insecurity among those whose work is perceived as being susceptible to automation or unsustainable amidst technological or ecological shifts.<sup>28</sup> Celebrating novelty over continuity, it tells a generational story of ceaseless change and adaptation that places under strain any intergenerational politics based on shared struggles and aspirations for good work and better lives.<sup>29</sup>

And, as the pandemic gives us pause to revalue the contribution of key workers to the economy and society, the presentation of the future of work as a *fait accompli* threatens to rhetorically devalue the existing jobs and skills of other equally important workers whose professions and industries seem out of sync with the times.<sup>30</sup> In particular, it diminishes the powerful and persistent relationship between place and specific forms of work and industry.

Particularly relevant here are working-age non-graduates, a crucial section of the voting public that the Labour Party needs to win back the support of to win an election.<sup>31</sup> Characterised by social conservatism and economic insecurity, there is evidence that their voting behaviour during the Brexit years was driven by the first of these characteristics,



owing to anxiety about social status.<sup>32</sup> However, the translation of economic threat into reality has switched the emphasis to the latter.<sup>33</sup> As inflation and the cost-of-living crisis exacerbated this switch towards economic issues, so too has Labour's messaging.

## 1.7. The party of labour today

Initially, Labour under Starmer's leadership presented a positive vision of the values widely seen as attached to work – dignity, pride in skill, social meaning and a sense of belonging.<sup>34</sup> Up against Boris Johnson, the language used clearly sought to muscle in on the electoral terrain occupied by the Tories in so-called Red Wall seats by rhetorically shoring up the status and prestige of routine work. But when economic hardship passed from a future possibility feared by voters to a clear and present fact of life, polling suggested that voters were shifting their order of priorities away from the kind of cultural anxieties that drove the electoral coalition behind Brexit and Johnson towards direct material concerns.

As workers responded to rising inflation by entering into industrial disputes with employers in pursuit of higher pay, Labour was forced to adapt its approach at quicker speed, responding to a perceived need to demonstrate not only a moral but a material case for workers to share in the proceeds of growth. The sharpening economic situation has meant that reforms initially posed in the name of dignity, voice and power have required reframing around material security by means of a series of policies on pay.

Putting behind years of defeat, part and parcel of Labour Party renewal is the ongoing campaign to confidently reclaim the mantle of the "party of labour". In this, the party senses an opportunity to craft a narrative around work that can reconnect the party with voters it has lost.<sup>35</sup> As we will see, rebuilding trust across the political and economic divides that opened up around work in the period of populism and pandemic, Labour's programme and messaging is beginning to address the anxieties

about an uncertain future that have powered recent electoral upheavals – not only in their cultural dimensions but materially, too.

Thinking carefully about where the future of work fits in within this pervasive atmosphere of anxiety and uncertainty is crucial. Stories that diminish our collective control over the future pose a political danger to social democrats, exacerbating the cultural and emotional conditions that propelled the rise of populism and from which the right typically stands to benefit most readily.

The capacity to cut and slice policy offers, satisfying sectional interests through retail politics of the kind pioneered by the "third way", is no longer viable in the absence of the economic growth needed to support meeting competing demands. This means that the centre-left needs to alight upon common issues around work which articulate between different groups and their experiences, constructing compromises and coalitions across the economic and cultural divides that have characterised the vexed politics of our age of populism and pandemic.<sup>36</sup> For progressives and the left in the UK and elsewhere, work has the capacity to become a golden thread running through a new agenda for rebuilding a political, social and economic contract in a polarised world. This should draw out the shared experiences of work that unite voters across class, parties and geographies, and the sometimes divergent ways in which British capitalism is failing to meet their needs and aspirations.

Seizing these opportunities, our project has found means to refocus the debate about the "future of work" and re-envision the way Labour and other social democratic parties think and talk about it. But these are not just strategic points about the stories we tell and sell about the future of work. Rather, these issues speak to the principles underpinning the policies the party must offer to build a better world of work.

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## **2. SECURITY, THE STATE AND INDUSTRIAL STRATEGY**

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## 2. SECURITY, THE STATE AND INDUSTRIAL STRATEGY

If social democracy centres on the primacy of politics, it is at times of crisis and transformation where that focus becomes clear and the centre-left steps in to steer the situation in a progressive direction. In the UK, there is a sense that the present moment mimics prior periods of war and crisis like 1945 or previous points of obstructed transformation like 1964 and 1997, in that the convening, intervening power of a Labour government is necessary for both stabilisation and modernisation.

### 2.1. The age of unpeace

Whilst some speak of a new Labour government having the reconstructive role played by the Attlee government of 1945, we are only in the foothills of a dangerously fragmenting and colliding world of vying powers, rather than having surmounted its peak. It is complacent to imagine that reconstruction can begin in earnest before the destruction is complete. The participation of Labour in the war effort from 1940, managing the workforce and economy as part of Churchill's cabinet, might therefore be a better template for the next period in office.

Any new Labour government will lead the nation through what has been labelled by Mark Leonard the "age of unpeace", wherein the same bonds that make for a more interconnected world are simultaneously the cause of its conflicts.<sup>37</sup> The main difficulty confronting a reset in these circumstances is that the centre-left is emotionally and intellectually predisposed to a positive view of human progress, which poses challenges for its capacity to strategically pivot as old uncertainties unravel at a time of war and zero-sum competition between systemic rivals.

We heard in our first roundtable how, with war erupting in Europe, geopolitical competition cutting

the global political and economic order in two, and supply chains disintegrating, there are substantial barriers to the reenactment of a third-way-style policy offer based on an upbeat appraisal of social and economic trends. Against the backdrop of a more dangerous world, social democrats are thinking on their feet as the consensus on trade and industrial policy that underpinned the third way has been upended.<sup>38</sup> In and out of power, they are proposing plans that not only attempt to withstand the threats before us, but put the centre-left on the front foot in building a better economy and society in the shadow of war and conflict.

In this sense, we suggest social democrats should continue reorganising their policies and strategic



Posters from the Cold War era. Image by Sinitta Leunen from Unsplash.

positioning around a concept of security that rehouses economic, defence, trade and foreign policy within a more strident advocacy of the national interest in an era of global conflict. Security constitutes a core concept for associating the politics of work with these tendencies. As states worldwide take a greater role in managing the crises of contemporary capitalism, a centre-left policy agenda based around a “(geo)politics of production” would be emblematic of this interconnection.

## 2.2. Defining the geopolitics of production

Our roundtable participants suggested that a “holistic” approach was required, bringing together trade policy, foreign policy and defence policy with a politics of work rooted in everyday working life. Security in and at work should be supported by the economic security granted by stronger supply chains, safer critical infrastructure and more protected strategic industries. In turn, these help guarantee national security in a new era of geopolitical conflict, reducing dependence on rival states for resources and technologies.

These economic steps also feed into a broader notion of security matched to war and conflict, spanning traditional domains like military means as well as areas like cyber, energy and financial sanctions. They become the condition of the capacity to stand

four-square, through the provision of lethal aid and commitment to swingeing sanctions, behind the human security of citizens in allied democracies, like Ukraine, the security of which is, in turn, intertwined with that of its supporters.

This prospectus pushes us beyond a narrow and specific conception of security of and at work, to address the wider sense of security and insecurity attached to livelihoods as a whole, and the jobs, skills and industries that they are dependent upon. In an era of profound global and domestic insecurity, any policy agenda for work must reckon with the intertwined relationship between economic and national security.

## 2.3. Bidenomics

In this, innovations across the Atlantic can provide an inspiration. President Biden’s policies, such as the Inflation Reduction Act, are couched by some on the centre-left in terms of the green transition, even though the truth of their motivation lies closer to the geopolitical struggle with China and the need for a new industrial effort to maintain support for Ukraine. While Biden does not promise a simplistic “America First” programme, such as that of his isolationist predecessor, stopping short of total decoupling from China, there is an attempt to connect foreign policy with the domestic needs of working-class communities in the USA.<sup>39</sup> The “productivist” or



*Bidenomics places jobs—often unionised—at the centre of trade, national security at the centre of industrial policy and supply chains, and competition with China at the centre of American interests overseas, including its relationships with allies.*



“modern supply-side” economics that underpins Biden’s Inflation Reduction Act has attempted to reengage voters who have felt hard done by in a more connected world, whilst reorienting US policy on trade, technology and foreign affairs to be more cautious and competitive, namely, with reference to China.<sup>40</sup>

The strong geopolitical rationale used to justify these shifts was set out in a recent speech by national security advisor Jake Sullivan.<sup>41</sup> Reflecting how geopolitics has come to comprehensively shape economic policymaking, this “new Washington consensus” sets out an alternative US-led model of world trade and economic governance confined to relations between liberal democracies and their allies. This recognises, rather than runs from, the fact that trade itself has become a tool of the power politics that has re-emerged from out of the liberal internationalist order. This places jobs – often unionised – at the centre of trade, national security at the centre of industrial policy and supply chains, and competition with China at the centre of American interests overseas, including its relationships with allies.

Linking the global and the local, Biden’s agenda has so far successfully translated wonkishly technocratic policy thinking into tangible benefits for workers and communities at home in the shape of jobs and new business activity. Careful regional targeting of the available support may well represent a downpayment on the next election for the Democrats. In this respect, Labour has been learning carefully from Bidenomics; this becoming most clear in Rachel Reeves’s recent paper for Labour Together on the concept of securonomics.<sup>42</sup> The concept of securonomics represents the best-defined break between Labour’s economic policy under Reeves and that of both the Conservatives and past Labour governments.

Whilst Bidenomics has been enthusiastically embraced by the centre-left in the UK as the consensus on trade and industrial policy has been upended, it presents a significant strategic and material challenge to the EU and, in particular, the export-based economies that set its political

direction. In this sense, Bidenomics impacts not only individual member states but the EU as a whole. European states now face the balancing act of responding through a policy arsenal of their own without, in turn, fragmenting the Western economic and political bloc at the onset of what some commentators characterise as a “new Cold War”, from which China and Russia could be the beneficiaries. The aim is to ensure that strategic advantage in specific sectors can be spread evenly across allies so that the Western bloc is not divided by competition. The dilemma is how much of the response to this changing terrain should be concentrated at the level of the nation state or at the level of the EU or other alliances and partnerships.



President Biden making a public appearance in Warsaw. Image by Bohdan Komarivskiy from Unsplash.



## 2.4. Brusselsnomics

As we heard in our roundtables, one side of the debate stresses the importance of EU-level initiatives. Advocating Keynesianism of a “welfare” kind, rather than the more robust variant being experimented with in Bidenomics, many member states see industrial policy as prioritising the expansion of effective demand satisfied by domestic production. They do not necessarily see the merit in using industrial investment in sectors like defence as a counter-cyclical measure incentivised by the current context of conflict and crisis. It was agreed by participants that the EU should play an important part in enabling the economic transformations Western liberal democracies are experiencing, for instance, by ensuring the equal distribution of battery production across Europe. The EU can also support active industrial strategy by collectively accessing alternative sources of energy following the break with Russia.

A specific area in which these were perceived as making a possible difference would be in shaping the terrain of the future of technology. On the supply side, money is pouring into new technology from government at both the German and European levels, without any sense of what to practically do with it at the level of firms or the state because it is not following any sort of consistent industrial strategy around digitalisation. Against the capacity of the USA and China to make the weather in this domain, national initiatives like the German Sovereign Tech Fund are often very limited. Meanwhile, at the EU level, there are initiatives such as the strategic cloud infrastructure fund and the European Investment Bank operated European Tech Champions Initiative, in which Germany, France, Spain, Italy and Belgium pool their resources to boost funding for promising high-tech scale-ups to compete on a global scale whilst staying in Europe. At present, these are not enough to release Europe from “dependence” on US big tech, we heard in the roundtables. There is no grand plan to compete on the basic infrastructure of the future, as it is developed and implemented by the Silicon Valley tech giants. One mechanism for pushing such an agenda proposed by participants would be the AI Act being developed at the EU level.

The other route is to retain autonomy for individual states to invest and innovate. Although austerity presents a geopolitical risk in the present climate, the EU’s fiscal prudence makes it hard to replicate the new kind of military Keynesianism represented in Bidenomics. For established reasons, industrial policy at an EU level is not about picking winners but rather distributing industrial capacity between member states to make the whole stronger. These principles create a strategic void within which individual member states often innovate instead of the EU itself.

The opportunities of autonomy from the EU represented a recurring theme in the roundtables. We heard how national-level initiatives like a Swedish battery alliance have invested billions in production. And, with its commitment of state aid to industry far in excess of other member states, we heard how Germany’s own relationship with EU rules on investment was far from straightforward, with Germany tending to break or reshape EU rules to suit its own purposes. This flexibility provides opportunities for social democrats and the labour movement to advance their agenda. Some of the big trade unions in Germany are in favour of active industrial policy and strategy at the level of national government, with assistance where necessary from the EU. In this period of geopolitical change reshaping the role of the state, one participant argued that there should be no going back to the old EU state aid rules, which were organised around a market-driven model that is no longer tenable.

## 2.5. Brexitnomics?

The UK presents an interesting example here, having broken with the EU but still not making full use of its freedom from state aid rules under a Conservative government still overly wedded to free-market orthodoxy at a time where this is increasingly untenable. As geopolitical dangers call upon a more active role for the state in economy and society, social democratic renewal could increasingly be associated with the navigation of a new European reality beyond conventional state aid principles. In



this, the Labour Party and its European partners share much in common. The consequences of the Russian reinvasion of Ukraine, combined with a cost-of-living crisis caused by both local and global factors, have drawn new connections between domestic and foreign affairs in the public imagination. These tendencies have made tangible and concrete relationships between economic, defence and foreign policy that may have previously struck most voters as distant and abstract. Among many European social democratic parties in the UK and elsewhere, this results in the proposal of a holistic approach to trade, foreign, defence and industrial policy.<sup>43</sup> Practically, this plays out in measures like support for supply-chain reshoring, due diligence on foreign takeovers, stimulation of domestic energy production and greater independence in the creation of new technologies.

Around these issues, European social democrats are coming to see the ecological and geopolitical crises of our time as opportunities to resolve socioeconomic challenges. In common with the likes of the SPD in Germany, Labour's policy agenda, in particular, is marked by a recognition that the bleak reality of these global challenges and transformations provides the impetus to reconfigure the UK's economy in a more dynamic, independent and inclusive direction.<sup>44</sup> Climate change and the return of war and conflict to the European continent demonstrate the importance of state intervention and investment in strategic industries and sovereign capabilities like energy and defence.

## 2.6. Security and the ballot box

Security – whether national, international, economic or at work – is the red thread running through the different elements of this. Research by Labour Together shows that insecurity is a major issue for the voters Labour needs to earn the trust of to win an election.<sup>45</sup> (In)security is an issue that straddles both emotional and material anxieties that have culturally and economically underpinned the populist upheavals of recent years. Insecurity in one aspect of everyday life can quickly reinforce a wider and more pervasive sense of insecurity – whether mortgage rates, childcare costs or the health of a pension scheme. Importantly, insecure people and insecure communities do not tend to lend their support to a progressive agenda.

Labour has struggled on this terrain since at least the 2008 financial crash, failing to win voters' trust on crucial issues of competence. Until 2020, Labour lurched from one electoral collapse and political crisis to another under unsuccessful leaderships, whose ideological projects were increasingly disconnected from voters' concerns and who struggled to convincingly demonstrate a commitment to their defence and security and that of allies overseas. Pivotal to Labour's near-death experience in 2019 was the then leadership's positioning on defence and foreign policy, and its inability to answer the doorstep question of how Labour would keep the country safe. Such was the strain placed on public trust by the previous leadership, the party has had



*The consequences of the Russian reinvasion of Ukraine, combined with a cost-of-living crisis caused by both local and global factors...have made tangible and concrete relationships between economic, defence and foreign policy that may have previously struck most voters as distant and abstract.*



to exert a great deal of effort to be taken seriously again on issues of security since 2019.

This rhetorical shift has translated into practical policy in reaction to the challenges the global order has faced in the form of geopolitical conflict with Russia, systemic competition with China, and the destructive impact of populism and pandemic on international institutions and supply chains. The cost-of-living crisis has rendered concrete the domestic consequences of these big global transformations and the connections between them. In this context, Labour has articulated an increasingly comprehensive account linking together, for instance, continued support for NATO and the liberal order overseas, with greater national resilience in defence and green industries, with the guarantee of skilled jobs and fair pay for workers.

When Labour answers the question of how it will keep the country safe, it responds not only to concerns about the defence of the realm, or security overseas, but a deeper sense of social and economic uncertainty and precariousness. For too long, the UK has relied on being a low-wage, low-productivity economy.<sup>46</sup> This has driven insecurity for individuals and communities facing declining opportunities and the loss of a sense of status and place. This analysis connects global power shifts with the experience of the towns and regions of the UK that, having seemingly leaked jobs and industries as globalisation gathered pace, expressed a perceived sense of status loss by punishing Labour at the ballot box. In this way, Labour is working towards precisely the kind of “holistic” approach that our roundtable participants recommended, organised around the concept of security as a key issue articulating across the needs of working-class communities, the national economy and the country as an actor on the global stage. Research by Labour Renaissance suggests that such an agenda – based on state investment, bringing jobs and industries back to communities and redefining Britain’s role in the world – resonates with the heartland voters the party lost in the previous two elections.<sup>47</sup>

## 2.7. De- or re-globalisation?

These local, tangible impacts on communities and livelihoods have a lot to do with the changing shape of supply chains. Reinforcing an existing return to industrial policy in the West, the pandemic laid bare the fragility of supply chains in many advanced democracies. The networked character of contemporary production and supply chains creates points of weakness where relations break down, as exhibited by recent ruptures around the global shortage of semiconductors. Among those countries that can, this creates tendencies to withdraw from interdependence towards independence in areas such as energy, the internet, and other goods and services central to national infrastructure, as countries seek to reduce vulnerability to security concerns and exposure to supply-chain shocks. In particular, this strengthens the centrality of manufacturing jobs and skills to the newly interventionist strategies developed by liberal states.

The period of globalisation had enabled many Western countries to depend upon the consumption and circulation of goods made elsewhere, on the assumption that national industrial power was no longer definitive of strategic advantage. However, the pandemic dovetailed with national-populist discontent and deteriorating relations with China and Russia, and the resulting conflicts, tensions and upheavals placed many democracies in a position of having to play catch-up in building their sovereignty and strategic intent in the sphere of production, especially as sectors like energy, green tech and defence have become central to geopolitical competition. In this context, many states in the orbit of the two big power blocs forming around the USA and China have followed these countries’ leads by also prioritising, subsidising and encouraging local consumption from domestic producers against international suppliers.

Free trade itself has been called into question by populist discontent and the future likely lies with trade taking place within smaller blocs of trusted partners and allies constructed around vying world powers. The capacity of international institutions

like the World Trade Organisation to mediate these problems and transformations has become severely compromised amidst the geopolitical upheavals of our time. As such, bloc-based power politics – a US-led bloc wherein rules are set to collectively govern the novel and shifting terrains of technological, political and economic power in the age of unpeace, replicated with a rival China-led grouping and further evolution of EU approaches – will increasingly come to supplant, in the making and breaking of global governance, established institutions of the liberal order like the ailing UN. This could take the form of a new set of trade, investment and regulatory relationships in areas such as supply chains and data markets based around some fidelity to liberal norms.

Such an initiative would be swimming with the tide rather than against it. US attempts to decouple from China are mirrored in China's own plans to introduce a "dual circulation economy" insulated from global competitive pressures and disruptions, whilst Europe too is sporadically beguiled by its own vision of "strategic autonomy", not only from China but from its erstwhile but unpredictable allies in Washington DC.

At the same time as building new institutions to manage this disintegrating global economy, many countries face a tightrope walk between an avoidance of forms of strategic dependency that weaken national economies and maintaining a continuing

economic openness to markets. An unravelling geopolitical climate clearly provides an inhospitable environment for an open, global economic outlook, and the political upheavals of recent years have understandably focused attention on the local and national need for secure jobs, industrial renewal and economic growth. But, at the same time, capitalism operates on the basis of a world market and global set of social and economic relations against which turning inwards to the nation represents no bulwark or alternative. The task for countries like the UK in this context is to walk the narrow tightrope between wholesale interconnectedness and protectionism.

## 2.8. Staying open for business?

This is an important, if difficult, debate for social democrats to have. On one hand, Labour's "Buy, Make and Sell More in Britain" pledge stresses the importance of supply-chain resilience as a shock absorber in a globally more fragile economy, responding to growing evidence of reshoring of supply chains in the wake of global shocks.<sup>48</sup> Recognising the regrettable reality of a widespread retreat from global interconnection in recent years, the policy seeks to address how, even in sectors that are superficially non-strategic and not directly implicated in national security, overdependence on cheap inputs of labour and resources from abroad, in particular China, had fixed in place a preponderance



*Many countries face a tightrope walk between an avoidance of forms of strategic dependency that weaken national economies and maintaining a continuing economic openness to markets*



of low-wage, low-skill and low-productivity service jobs and industries, whilst also weakening the country more widely.<sup>49</sup> Offshoring has left the UK, like many European partners and even to some extent the USA, dependent on systemic rivals like China, whose low-cost labour and commodity inputs have supported a race to the bottom on wages that has harmed domestic productivity.

Even in a context where many of our key industries depend on the umbrellas provided by Europe and the USA, rather than providing a comparative advantage, this state of affairs is seen as detracting from the manufacturing capacity needed to defend the country from the manifold threats of a global order simultaneously more interconnected and more at odds. The country's economic competitiveness has suffered from an absence of the strategic industrial policy pursued by the US and EU comparators, and its national security has suffered from a lack of independence in critical supplies and strategic

industries. In particular, this concerns the country's capacity to diversify and adapt to new product lines via parallel supply chains and other means in the event of systemic shocks, like pandemics or military conflicts, where production grinds to a halt due to unavailability or unaffordability of inputs. This will be supported by a proposed cabinet subcommittee on national resilience and a dedicated Minister for Resilience within the Cabinet Office. This will be informed by a "supply-chain taskforce" that reviews critical needs and infrastructural vulnerabilities, creating strategies to reduce dependence on hostile states and pool capabilities with allies.

At the same time, there is evidence that COVID-19 and geopolitical tensions have seen British businesses themselves switch towards more local supply chains as a means to guarantee greater security and stability.<sup>50</sup> This increases demand for government support for firms seeking to "reshore" production or procurement, for whom the steps needed to secure long-term security seldom represent a cost-efficient option in the short term. Labour's Buy, Make and Sell More in Britain agenda seeks to create a coordinated response to this need, building capacity for companies to play their part in a broader transition unfortunately compelled by crisis, conflict and competition. In line with Labour's wider industrial strategy, the policy is based on the principle that supporting firms to make the switch towards more local supply chains now means that the state reduces the costs of having to step in and shore things up if and when global shocks occur in the future. In this spirit, Labour pledges to help steer a stable transition towards more secure production and procurement of goods that realises the benefits of reshoring in the creation of a higher-wage, higher-value, higher-tech economy.

The complexity of the task ahead is addressed in a recent paper by the Tony Blair Institute for Global Change.<sup>51</sup> This argues that, rather than bringing back traditional manufacturing industries, which, in an age of technological transformation, cannot sustain the number of well-paying jobs they did previously, it is better to focus on developing an industrial strategy that stimulates the skills, infrastructure and R&D needed to power specific areas of innovation in



The image of globalisation: cargo ship with containers. Image by Galen Crout from Unsplash.



which Britain can compete globally. There is greater potential to do this in emergent industries like green tech and renewables than in established industries where complex global production networks have developed. In recognition of the constant movement and transformation of production as new industries develop and relocate in global markets for goods and labour, the study recommends that industrial strategy should grant workers and businesses the tools to adapt to, rather than withstand, economic change.

This nonetheless holds out the possibility that national security concerns may well justify a less-open and global approach to production and supply chains in areas like critical technologies and infrastructure. But in treading this path, it is likely that Labour, like many centre-left parties in Europe and elsewhere, will go into the next election with a policy agenda that seeks to balance greater economic security in the name of national security with the need to revitalise the centre-left case for a progressive global orientation in our politics and economy, albeit concentrated within allied blocs of trusted partners around hegemonies like the USA or EU. This is not without difficulties, which may well arise where domestic consent is sought to scale up local initiatives to the level of transnational blocs and agreements designed to counterweigh the global reach of rival powers. The story of the Transatlantic Trade and Investment Partnership (TTIP) is a case in point, an agreement to create durable, independent economic links between the USA and Europe eventually coming a cropper.

Some may also warn the party against focusing narrowly on the repatriation or protection of traditional industries and advocating an explicitly protectionist agenda. However, Labour's current thinking suggests instead that its energy in government will be committed to renewing institutions as much as individual industries. In this sense, rather than seeking to rebuild the past industrial structure of the nation in an attempt to shut out global economic change, a Labour government will revive aspects of past institutional structures that enabled the country to adapt to previous periods of transformation and uncertainty similar in many ways to our own. Rather

than withdrawing from the world, the aim will be to protect and render secure workers and their communities so that they can better weather global instabilities.

## 2.9. An interventionist state?

Labour has walked this line by taking a more strategic and interventionist approach in areas where the state invests taxpayers' money or shapes markets, ensuring that government expenditure expands rather than detracts from the wealth and power of communities in the UK. Where workers will be guaranteed security through reforms of worker rights and bargaining power, businesses will be supported with investment in risky new industries, techniques and technologies through the National Sovereign Wealth Fund. State provision of this environment of trust and confidence for workers and businesses will rest on a new social contract, whereby firms are expected to start investing in skills, training and new technology so as to upgrade rather than degrade pay and working conditions. In this regard, Labour presents these reforms not as radically antagonistic to business, but rather in line with the desire of industry for the long-term confidence to invest, grow and become more productive.<sup>52</sup>

This will call upon the state to act in new ways, a subject central to the discussions we have had in the roundtables. Recent years have not seen a simple "return of the state" – it has always been present – but the connection between the contemporary shifts outlined above is that they all call upon the state to coordinate and intervene in the economy and society in ways that are unprecedented in recent history.<sup>53</sup> The pandemic, plus the current geopolitical tensions, have accelerated pre-existing tendencies towards greater interventionism in Western economies. Underpinned by the greater role the state is assuming in the management of contemporary capitalism at a time of crisis, industrial policy has emerged as a particularly important aspect, playing a mediating role between these two levels. With industrial relations a central part of any industrial strategy, this articulates security in national or

international political economy with what happens in the workplace, the labour market and everyday economic life.

Taking inspiration from how Bidenomics has translated into tangible new jobs and industries for regions of the USA, Labour's challenge is now to translate securonomics into local, concrete terms that can win the next election in the UK, too. The wider Western policy reset represented in such initiatives creates space for social democrats to offer a convincing alternative that puts work and workers at the centre of "new rules for a new world order", as one roundtable participant put it. However, there is a risk that work as a specific but cross-cutting domain of policymaking gets squeezed out as larger issues loom on a more dangerous landscape of global bigger-picture threats and transformations – whether the war in Ukraine, climate crisis or rapid technological change. It is therefore important that any new politics of work situates its key aspects – economic security, skilled jobs, employment rights, industrial relations – squarely within the current context of crisis, conflict and competition, and vice versa.

These policy and geopolitical shifts promise to reshape the kinds of workplaces the UK and Europe are home to, with the aim of a new economy constructed around new skills, new industries and a new productivity effort. Systemic competition between rival powers will combine economic, political and technological aspects as never

before, reshaping the relationship between the state, business and workers. However, more clarity is needed for how countervailing power can be preserved and advanced within this relationship. It is this aspect we consider in the next part of the study, before looking to counterparts in Europe and elsewhere to flesh this out with specific positions and policies.

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*Taking inspiration from how 'Bidenomics' has translated into tangible new jobs and industries for regions of the US, Labour's challenge is now to translate securonomics into local, concrete terms that can win the next election in the UK, too.*

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# **3. THE POLITICS OF WORK FROM DISTRIBUTION TO PRODUCTION**

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# 3. THE POLITICS OF WORK FROM DISTRIBUTION TO PRODUCTION

The challenge for progressives and the centre-left now is to demonstrate their relevance in the face of changing global circumstances. Much of the centre-left's canon for policy came out of the experience of two world wars and their aftermath, whether that was the welfare state or mixed economy. Today's global insecurity, although different in vital respects to that experienced in the 20th century, provides a backdrop to re-evaluate social democratic principles.

The key role played by the labour and social democratic movement in securing liberal society against its past enemies becomes newly relevant. In particular, the inseparable association postwar social democracy struck between international relations and industrial relations seems open for rediscovery.<sup>54</sup> The representation and organisation of the labour interest must once again be central to the centre-left agenda for economic, national and human security at home and abroad.

The crisis of 2008, the agonisingly slow recovery that followed and the self-inflicted crisis of Brexit could have been moments when a new corporatism was rediscovered in the UK. Due to the political instincts of the ruling party at the time, in reality, this was always unlikely, but it was also not something the Labour party was offering at the time.

However, the crisis of the pandemic was so deep and so dangerous to life and wealth that the question of the settlement between workers, capital and government inevitably had to be reopened. Ultimately, the recognition that low-paid frontline workers were essential to society evaporated, but the relationship between geopolitical crisis, pay, hours and conditions was nonetheless firmly (re) established across the world.<sup>55</sup>

Today, the war in Europe accelerates and compounds this underlying condition in such a way as to change everything, and the conventional social democratic

approach to thinking about the future of work and employment is not immune to this.

In the shadow of war, we think that the future of work will increasingly be shaped by a combination of international relations and industrial relations, with industrial policy playing a vital role in mediating between these two levels.<sup>56</sup>

Security is a crucial concept for how social democrats are approaching this terrain, linking security at work with wider notions of economic and national security. In this context, our roundtable discussions have reframed the social democratic understanding of the politics of work and its future around a series of other global trends that go beyond technological transformations, but nonetheless incorporate them in some way at a time where our connections are becoming themselves the source and site of conflict, competition and crisis.<sup>57</sup>

## 3.1. Politics and technology

The domestic and the global are more closely intertwined in this new era of conflict by the character of the technology that occupies its core. During the Cold War, it was the Soviet launch of Sputnik that spurred the USA to invest in initiatives like the Defense Advanced Research Projects Agency (DARPA), which eventually produced innovations on the scale of the internet. Today, technologies like AI are the battleground between the West and China or Russia, a key site for where "weaponised interdependence" plays out.<sup>58</sup> Weaponised interdependence is the state of affairs whereby the global trade and technological relationships that bind us together simultaneously sow the seeds for the weakening of those links, deepening ties between competing powers at the same time as intensifying the conflict between them. In the shadow of these

dynamics, there is a blurred line between foreign and domestic policy at a time where the “front” in any given conflict straddles the economic, digital, cultural and informational areas alongside more conventional military and diplomatic domains.<sup>59</sup>

The pervasiveness of these technologies means that the contest between nations and blocs has direct implications for nearly all areas of everyday life and work, and across all areas of critical infrastructure, in most parts of the world. Much of the contemporary debate about the future of work has tended to focus on this technological dimension.<sup>60</sup> Technology is a key part of the productivity puzzle confronting policymakers in the UK and elsewhere, but, in themselves, the technological possibilities of the present day are not decisive in shaping workplace life, and there is nothing inevitable about change. Stripping back the layers of hype reminds us that futures of work comes and goes every couple of decades or so but hardly ever happen as expected.<sup>61</sup> Staking legislative or regulatory agendas on a future that may never arrive is not a good basis for effective policymaking, with time and money wasted investing in the wrong skills or R&D priorities. As one roundtable participant stated, just because the trends are there does not imply a definitive future of work or dictate what it will look like.

### 3.2. Moral panics

Moral panic about robots stealing jobs amidst the onset of rapid automation simply does not make for a good narrative with which to reassure voters of a potential government’s capacity to act in their interests. It amounts to a disempowering discourse, when the situation is not clear cut and the public, business and governments have the power to change the trajectory. As we heard in our discussions, it is vital for any progressive democratic force to offer agency and ask what we want from the future. This means avoiding a technologically determinist approach that ignores the role of social relations, politics and regulation in shaping technology. It means cracking open the inevitability attached to digital transformation, putting agency and

contingency in the place of exaggerated visions of either utopia or dystopia. And it means expanding the conversation beyond those in the media, academic and consultancy milieu who narrate the changing world of work from the overly specific vantage point of their own desks, pitching to the broader public a future of remote working, which for many remains just that: remote.

Moreover, in the face of global and domestic crises on multiple fronts, debates on the future of work confined to technological issues alone miss too much. Importantly for our perspective in this project, roundtable participants identified two key shifts that we should take into account when considering the future of work: firstly, the greening of the economy; and secondly, geopolitical conflict, centred on a “new Cold War” between the West and China. In the context of pandemic and war, these have become intertwined, to some extent. Climate change and net-zero initiatives are intersecting with processes towards deglobalisation and protectionism accelerated by populism and pandemic. The illegal Russian reinvasion of Ukraine, the ratcheting up of Chinese intimidation of Taiwan and Iranian provocations in the Middle East have only served to intensify the sense of a large-scale systemic confrontation brewing between liberal democracies and authoritarian states.

### 3.3. Big state or big partnership?

The transformations and antagonisms they produce are bound up with technology as a strategic asset and weapon, but the futures of work that flow from this fragmenting world are not solely motivated or shaped by technological forces. Arguably much more significant is the new role being assumed by the state across these different crises and contests – “the return of the big state in some fashion”, as one participant in our roundtables termed it. As with conflicts of the past, an emergent hot or cold war may well see states play a vital role in propelling precisely the kind of technological and industrial

change that markets alone have been incapable of accomplishing.

This greater presence of the state in the economy at a time of systemic competition is symbolised in Labour’s “modern industrial strategy”. Based on principles of social partnership, it represents an echo of institutional frameworks for coordination and negotiation that saw Britain through past periods of crisis and conflict. This is epitomised in the creation of a series of new and durable institutions that embed worker voice and power in the long-term planning and everyday management of the economy. Inspired by the Australian Productivity Commission, an Industrial Strategy Council comprising unions, businesses and academic experts will have the statutory power to scrutinise legislation for its contribution to growth and productivity, as well as directing R&D spending and patient finance for innovation and ensuring the protection of critical infrastructure and supply chains.<sup>62</sup> Similarly, a Council of Skills Advisors comprising unions, business and other experts will focus on equipping workers and industry with the skills they need to prosper.<sup>63</sup> Perhaps most significantly of all, a National Economic Council will convene industry and unions to set the direction of broader economic policymaking and long-term planning.<sup>64</sup>

This institutionalisation of new forms of social partnership and social dialogue is reminiscent of the tripartite structures of the post-war period, with the state brokering compacts between labour and capital to stimulate and share the gains of greater growth and productivity by managing and mediating the pursuit of better pay and conditions. Just as then, it is presented as a means to help strengthen strategic industries and sovereign capabilities, while mainstreaming good work as a key element of national and economic security.

In this way, the modern industrial strategy commits government to strategic intervention matched to the specific characteristics of “sovereign capabilities” such as technologies, resources or infrastructure that require some measure of independence and protection against geopolitical threats; high-tech, high-value new industries that propel productivity

in the UK; as well as the materially and culturally undervalued “everyday economy” of essential services, the integral status of which was laid bare in the pandemic. In line with the party’s broader shift from a politics of distribution to a politics of production, the role of the state here is seen as generating rather than drawing down on growth. It will do so, the modern industrial strategy suggests, by creating greater trust and confidence in the economy to grow the country’s productive capacity and industrial base.

### **3.4. What is the role for workers in the new settlement?**

However, the provision of this environment of trust and confidence for business comes with the requirement that the same level of security and stability is afforded to workers. The new role for the state set out in the modern industrial strategy is clear, but it is important that the commitment to giving a new role to workers is not simply lip service. In the roundtables, we explored where labour (with a small l) sits within, between and against the forces of capital and state. Between the new power of the state and the established power of business, we heard that there is a need for further thought about the role of labour and the politics of work that will define it.

In particular, participants in our discussions stressed how, to secure society and democracy against the threats confronting it, the state must share power with workers, unions and communities. Devolution of powers has emerged to assume a central part in the Labour Party’s plans for government, but at a time where local authorities are so constrained that the ones which have not gone bankrupt can barely empty the bins, policy needs to clarify the state’s role in other areas of economy and society.

As the country and its allies engage in what is effectively an economic war against Russia, institutional mechanisms must be created to translate industrial war into industrial peace at home – whilst affording workers and their unions

sufficient “menace”, as one participant put it, to bring employers to the table and police the resulting agreements. This will require a balance of productive conflict and stabilising compromise on all sides.

Collective bargaining is the traditional mechanism for balancing labour and employer interests at work. It remains the central means for doing so, with even the Institute for Fiscal Studies (IFS) recognising that addressing income inequality requires some form of mediation at work.<sup>65</sup> The EU itself has set a goal to increase collective bargaining as part of its approach to addressing worker voice and to create a floor against rising inequality. In this context, a particular priority for the contemporary centre-left is a new model of social partnership that redefines a role for worker voice in bargaining with employers around goals of shared prosperity, particularly in the private sector.

Establishing a balance between worker voice, employer interests and state policy requires a new compact or social partnership. State intervention and a more protectionist procurement policy will help secure strategic industries and sovereign capabilities, send signals to investors in risky new ventures, support firms with reshoring of supply chains, and safeguard the critical and digital infrastructure to create an environment of trust and confidence within which businesses can trade.

### **3.5. Policies and levers**

A renewed approach to social partnership will require security for both business and workers, as a condition of receiving any public assistance.<sup>66</sup> A more comprehensive policy framework for rebalancing power in the workplace is required to strengthen worker voice across industries and professions. Security cannot be expected to descend from above but needs to be compelled and guaranteed by measures and powers embedded from below. This entails a new industrial or economic ecosystem that considers security at all levels.

Procurement is one lever to encourage some of these outcomes. The tendency across capitalist economies today is to offer investment on the basis of forms of conditionality that establish a “carrot and stick” dynamic to compel the right kinds of social and economic behaviour, with jobs and workers at the centre. The US Inflation Reduction Act, as our roundtables noted, poses significant issues for European economies. But it does also project a possible example of how to use the levers of government to accomplish the goals of a new politics of work in response to the key generational challenges of the green transition and systemic competition with the West’s authoritarian rivals.<sup>67</sup> President Biden’s agenda in the USA places union power front and centre of the new industrial compromise his administration has sought to strike in order to compete with Chinese manufacturing capacity and prowess.

The subsidies and state aid it offers US firms are conditional on the recipients meeting certain wage requirements and training expectations. The tax credits that underpin the scheme thus incentivise a better world of work in many of the cutting-edge sectors that will shape our future economies in the context of the climate crisis and a new Cold War. Emulating this through public procurement policies and other means could be a way to encourage collective-bargaining coverage at both an EU and individual member state level – the green industrial plans being developed by the EU and member states being a potential site for exploration of these possibilities.

Importantly for Labour in the UK, linking working conditions to public procurement was seen across our discussions as a good way to make clear to the electorate the links between different spheres of policy and get buy-in from voters on a broad interventionist platform. Labour is already developing plans to award contracts based on conformity with the kinds of minimum standards on pay and conditions implied in measures like FPAs, for instance.<sup>68</sup> Our discussions over the course of three roundtables suggest that there are certainly ways to take this forward, further and faster – but that ultimately the party’s agenda is going in



the right direction, with existing plans to reward domestic firms and enterprises that meet so-called “stretching” social, environmental and labour clauses with government contracts for goods and services. This could be further strengthened in areas like infrastructure, where national investment could be used to help support growth in Britain’s industrial base by using domestically produced materials and developing the skills of the UK workforce.

The pursuit of countervailing power might be even better addressed with changes to how firms themselves are governed, with Labour considering reforms of corporate governance through regulation that encourages or compels companies to embed the long-term needs of the firm and its workers in their decision-making. In the longer term, there could be steps to encourage representation of stakeholders, such as workers and communities, alongside the specific interests of shareholders – possibly through putting workers on company boards, as the TUC has long proposed. Specifically, roundtable participants suggested that more might be done to increase worker participation in corporate governance and engagement in the workplace, including via statutory mechanisms.

### **3.6. Wages and productivity**

Our roundtables also suggested that a specific area ripe for legislative advances in the present climate is pay. To manage upwards wage pressure in a systematic fashion, a Labour government has already proposed to instruct the Low Pay Commission to set the minimum wage according to the real cost of living – presented as a genuine “living” wage worthy of the name. But whilst the lowest paid have seen some limited gains from government policy in recent years, those in the middle of the wage spectrum lack effective labour market institutions capable of shoring up their pay against prevailing downward pressure relative to inflation and managing or mediating the relationship between wages and the cost of living in the sectors they work in. Roundtable participants thus raised the possibility that the state could go beyond helping

the lowest paid by convening forms of solidaristic bargaining between labour and capital around wages, productivity and skills formation, as part of a national effort to manage the economic pressures associated with the current crisis.

Workers currently experience productivity drives as a managerial imposition aided by new surveillance technologies and means of data collection over which they have no control.<sup>69</sup> The decline in trade union density and collective bargaining in many economies over the last three decades has eroded previous means of sharing mutual gains between capital and labour, meaning workers today lack clarity about how they can benefit from productivity increases.<sup>70</sup> In this respect, it was suggested that the Labour Party should continue taking inspiration from European economies where mechanisms exist to manage the alignment of wages to the cost of living owing to frameworks of collective bargaining that present not a limit on growth and productivity, but rather their foundation.

The difficulty in implementing this is that any real politics of work has been sorely lacking from social democracy since at least the 1990s. For decades, any discernible centre-left politics of work has been lost within what is, in fact, a politics of welfare focused on (re)distributing wealth rather than the conditions under which it is produced – taxes, deficits and benefits rather than wages, skills and productivity. The underlying economic stagnation in countries like the UK limits the capacity of the vying claims of employees and employers to be equitably satisfied by government compensatory measures, intensifying domestic conflicts without resolution at a time of conflicts abroad.<sup>71</sup>

### **3.7. A distribution solution?**

The use of redistributive measures to temporarily resolve social and economic contradictions and shore up the declining status of those cast adrift by industrial and technological change is today ruled out by the rapidly shrinking fiscal room that results from stagnating growth.<sup>72</sup> Struggling productivity



leaves a dwindling surplus for the state to share out to compensate those on the losing end of a failing economy. The limited fiscal resources available to the state in the context of a country like Britain's ailing economic model mean that any talk of redistribution soon runs up against a financial brick wall whereby some very tough and often unpopular decisions must be taken in terms of priorities. Moreover, on a strategic level, the left has long been associated in the minds of some swing voters with a tax and spend statism that is seen as not rewarding contribution enough – an impression that social democrats in countries like the UK are working to shake off.

The material and electoral constraints on a traditional social democratic redistributive toolkit against this backdrop forces the centre-left to engage seriously with a politics of production focused on building an economy where inclusive growth is twinned with workers having power in their workplaces and beyond, delivered via new rights and institutions.<sup>73</sup> Our discussions have spent much time discussing what is sometimes termed “predistribution” – in other words, creating a broader, fairer playing field in advance of the need to redistribute, enabling workers to lay claim to value at the level of the workplace itself rather than relying on compensatory amelioration of inequality after the fact.<sup>74</sup> Countries like Sweden, where stronger redistributive measures are in place and fewer state resources need to be devoted to redistribution, are widely recognised as sustaining much better outcomes economically.

The capacity of redistributive approaches to address inequalities was seen at our roundtables as being particularly germane to the digital transformation of work. The effects of digital transformation on work and incomes are unevenly distributed across sectors and branches of industry. Research by David Autor and others shows that the most innovative companies of the last 80 years have tended to see stark inequalities in income distribution, and today's innovators are no different.<sup>75</sup> In cutting-edge fields, it is sometimes assumed that a trickle-down effect will ensure everyone benefits from the implementation of new technology, data and AI. But this is seldom the case, and even where innovations are positive,

the underlying inequalities they imply can ripple across the macroeconomic picture as a whole.

The policies that Labour has developed for reshaping power relations and pay patterns in the workplace promise to act precisely as such a means to “predistribute” wealth at the point of production rather than simply redistributing it after the fact. Labour's modern industrial strategy sets out to renew the economy from the shop floor upwards, with the party's New Deal for Working People pledging to improve wages and conditions, specifically in sectors where union density is currently low, as a means to incentivise investment in productivity-raising techniques and technologies, and vice versa.<sup>76</sup>

### **3.8. Even if we know what to do, do we know how?**

However, as roundtable participants pointed out, there are dangers confronting the kind of approach that Labour is developing. It will likely, even if erroneously, be condemned by the right-wing press as a simple return to 1970s corporatism.<sup>77</sup> It is true that there was a road untaken in response to the stagnation of the 1970s, as Thatcherism chose confrontation over compromise to overcome the crisis of the post-war order.<sup>78</sup> The rediscovery of that unrealised alternative is undoubtedly of relevance to the stagnation faced by British capitalism today. But what makes things different now is that, partly owing to the Thatcherite revolution, any future Labour government will also face emptied out institutional structures and a lack of muscle memory of what it means to operate them.

In light of this, for some decades now, the centre-left has been sorely lacking in any developed thinking about the politics of production that would rise to the challenge of the present moment. The centre-left's muscle memory of state intervention has all but disappeared, and few contemporary social democratic parties have given serious thought to the industrial-relations frameworks necessary to build consensus around more productive, skilled

and stable national economies. This is due to both legislative and institutional obstacles.

On a legislative level, the story of centre-left governments in the UK and elsewhere is all too often one where a party gains power only to find that the legislative levers available to them no longer work as anticipated, having been weakened by neoliberal reforms. This, in particular, has constrained previous attempts to improve worker voice and bargaining rights in the UK and may well do so again. Even with a massive majority, much of New Labour's incoming agenda for work and employment following the 1997 general election was never realised. It had the benefit of access to a rich culture of sometimes vying intellectual tendencies to inform its thinking, accommodating in government influences running the gamut from industrial-relations pluralism to knowledge-economy hype. But successes like the Low Pay Commission took years to develop and steer through parliament.

These challenges require Labour, as it seeks power, to consider what it will prioritise and how. As explored below, this probably implies focus on a few particular interventions for the first four or five years of a future Labour government, rather than being spread too thinly.

On an institutional level, meanwhile, any social democratic agenda for the present-day UK must also reckon with a much more severe vacuum than that confronted by previous incoming Labour governments. There is only 16% union density in the private sector. The latest statistics on trade union membership showed that, in 2021, just one in four people in the private sector were covered by a collective agreement.<sup>79</sup> Labour market institutions, the very bodies which mediate and enforce social partnership in competitor countries in Europe and elsewhere, have been severely weakened in the UK over successive decades. Frameworks of social partnership have been emptied out or left to rot, reducing room to create consensus around how sectors and industries can be structured and restructured to reflect the interests of both the employee and employer sides.

There will be a requirement for compromise with this reality, and as is proving obvious within the Labour Party, decisions will have to be taken that leave some parts of the labour movement disappointed. Undoing an economy that is organised around the intensified exploitation of low-cost labour will present the party with an uphill struggle, and there are substantial legislative hurdles any Labour government will confront. Lacking the levers of employment and economic regulation available to Labour governments in earlier periods, the party needs to locate other levers capable of effecting the new economy it wants to create.

The long-term objective of renewing or creating a culture and set of labour market institutions fit to navigate worker and business interests in a changing economy remains, however, a key priority for a new progressive government.

Resurrecting sectoral collective bargaining would emulate the institutional foundations for the productivity and well-being associated with the UK's continental competitors, but the creation of new rules and norms to bring both the worker and employer sides to the table would wend a painful parliamentary path that could outlast a government. Moreover, whilst current industrial disputes have focused attention on the section of the workforce that is most unionised and able to benefit from collective bargaining, in reality, this represents only the tip of the iceberg in terms of discontent. Largely forgotten by the media narrative, there are many more millions of workers for whom union membership is impractical and who want better pay and conditions but lack the ability to collectively negotiate pay and conditions backed up by the plausible threat of strike action.

Whilst policies like FPAs are seen by some as simply the first item on a long shopping list of pro-union measures, where they have been rolled out by social democrats, such as in New Zealand, they have implied restrictions on strikes in return. The conversation needs to include and make clear these compromises from the start rather than create inflated expectations of what future government will achieve that are disappointed later on down the line.

These challenges are why, in this project, we are interested to hear from colleagues and comrades in the labour and social democratic movements in countries with established approaches to industrial strategy, industrial relations and economic governance; economies that are more like the one that many UK policymakers would like to see in our country; and those with recent governmental experience of operating or reforming them. In this sense, we turn now to Sweden and Germany.

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# **4. LEARNINGS FOR LABOUR: SWEDEN AND GERMANY**

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# 4. LEARNINGS FOR LABOUR: SWEDEN AND GERMANY

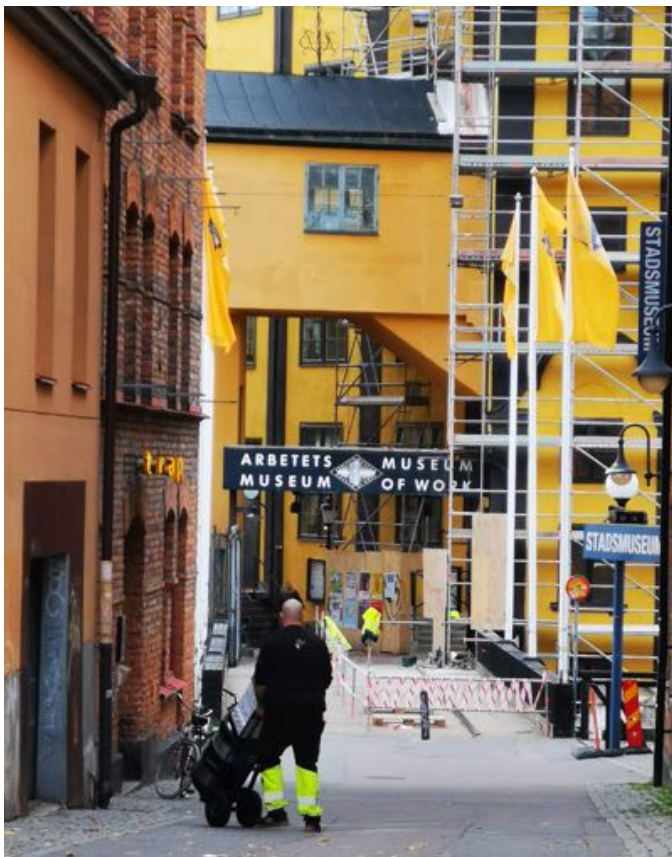
To many outside policymakers, Sweden represents a balanced economy focused on higher-profit provision of quality products and services underpinned by high effective demand at home driven in turn by higher pay. Possessing the kind of export-oriented, resource-rich economy that many would like to see in the UK, the Swedish model accepts that the forces of global competition and technological transformation will constantly reshape working life. In response, it offers security to workers to weather the winds of change with a strong system of rights and protections. Unions are also seen as part and parcel of a thriving economy insofar as coordinated wage setting calibrates pay increases with productivity gains. This articulates the benefits of free trade with activist industrial policy and robust

industrial-relations frameworks, whilst also acting as a mechanism for managing and mediating the relationship between wages, productivity and the cost of living.

## 4.1. Scandi-mania meets Scandi-reality

The centre-left in the UK often looks to Scandinavian social democracy as a model, admiring the way its political economy appears to generate wealth more productively and equitably in domestic industries to strengthen the national security of society itself. It sees potential strategic lessons for centre-left renewal among key groups like working-age non-graduates in some of the policy measures espoused by Scandinavian social democratic parties, such as lower pensionable age for workers who enter the labour market earlier, often without having pursued higher education. However, we found that the reality is somewhat different from the common Anglophone impression of a kind of socialist utopia across the North Sea. Social democrats in Sweden recently suffered a serious election defeat and now face the challenge of how to build policies that can be communicated to the voters they need to win back – a challenge faced in common with the Labour Party in the UK. Swedish social democrats, it was suggested at our Stockholm roundtable, might even have something to learn from the Labour Party's renewal under Keir Starmer's leadership.

At our Swedish roundtable, we heard about the merits and challenges of Sweden's longstanding, although recently revised, collective model. Sweden's recent renegotiation of its national collective agreement is the first major renewal of its industrial-relations architecture since the 1930s. The first central agreements reminiscent of the contemporary Swedish model were initially developed in 1905, but it took decades of further work to realise the main



The Swedish museum of work. Image by Juliana from Pixabay.





*The Swedish model accepts that the forces of global competition and technological transformation will constantly reshape working life. In response, it offers security to workers to weather the winds of change with a strong system of rights and protections.*



agreement brokered between the state, industry and unions, and then another decade of war and disruption to put it into practice. Even when marked by occasional failures and defeats, the course of this long journey saw reforms implemented along the way that made a meaningful immediate impact on working lives.

The mainstay of this framework has been the Rehn-Meidner model formulated in the 1950s. This had three key features. Wage increases were calibrated to productivity gains to avoid inflation. Prudent finances were encouraged as a foundation for investment in physical capital. Active labour market policy sought to protect workers, rather than jobs, by granting workers a welfare safety net, enabling them to navigate movements and transitions between sectors and careers based on strong underlying skill sets created by programmes of training. This was all seen as necessary to stabilise an economy based on export-sensitive industries subject to volatile market dynamics, as prices fluctuated globally owing to new producers, wage arbitrage and technological advances.

## **4.2. Managing, not arresting, change**

The Swedish model enabled unions to accept the necessity of structural change for two reasons. Firstly, it granted workers greater security in the face of technological shifts and the vagaries of free trade on global markets for goods and resources. Secondly, it provided a clear framework through

which the surpluses produced from cutting-edge industries could be shared by workers via collective bargaining. This approach prepared the ground for a social and industrial compromise constructed around the positive disposition that, whatever the short-term costs of dislocation and uncertainty, the new jobs capitalism generated would always be better than the old, and those on the receiving end of structural economic change would be compensated for their loss.

This approach bore fruits for workers on account of an evolving combination of policies, many of which operate at the local level: stimulation of transferable skill-sets; the mapping of skills against opportunities; promotion of skills to potential employers and investors; institutional support for transitions; and a well-embedded spirit of coordination that incorporated a high level of intervention and number of actors and organisations in the collective effort. The lasting legacy of the Rehn-Meidner module can be seen today in the Job Security Councils, employer-union-owned employment offices, which actively help redundant workers find work fit for their skills or facilitate training to enable transition to new occupations.

However, public employment offices have largely failed to achieve the adaptation to industrial change achieved by Job Security Councils. This is largely a result of poor political steering and failed attempts to privatise core functions. The consequences of redundancy and unavailability of suitably secure and skilled replacement opportunities have driven workers without formal qualifications towards the

populist right. Support for the right-wing Sweden Democrats is particularly high in regions where the regional domestic product per capita has fallen behind the gross domestic product per capita. This all provides context for the renegotiation of Sweden's collective agreement in 2022.

### 4.3. A not-so-basic agreement

The outcome of processes of political realignment meant that it was not the social democrats but the populist right who took power and responsibility for rolling out the new "basic agreement", updating the Swedish model that was signed off in June 2022. The renegotiation has seen a revival of neocorporatist approaches associated with the Rehn-Meidner policies of the post-war period. It has also seen the creation of a substantial reskilling package. The revision of the basic agreement has been sold to right-leaning voters by a populist government keen to trumpet its "pro-worker" (although latently anti-union) credentials. The updated agreement includes developing new proactive labour market policies, reskilling schemes, the long overdue certification and validation of existing skills, and a reinvigoration of tripartism that one roundtable participant termed a "new age of tripartite bargaining".

The context of defeat for the centre-left, and the ruthless desire of the right-wing Sweden Democrats to win and retain power at all costs, should not detract from the substantial achievements of the agreement. However, there are shortcomings of the new agreement insofar as its reskilling provisions are poorly targeted, bypassing the workers who stand most in need of such support and who are unlikely to independently seek it out, namely, blue-collar and so-called "left-behind" workers. The discontent the revised agreement produces among workers excluded from its provisions could end up serving the Sweden Democrats well in their long-term aspiration to usurp the SDLP altogether among the traditional working-class electorate.

### 4.4. Taking back *kontroll*en

Some of the most interesting discussions at the Stockholm roundtable concerned the strategic dimensions of how the SDLP could recover some of the ground they have lost to the populist-right, as the latter have made a serious play for traditional working-class support. In the context of the likely incapacity of the new agreement to address the underlying issues that drive this realignment, it was suggested that Swedish social democrats could rebuild their electoral coalition by plausibly claiming to have a plan that will strengthen the country's well-established "state individualism", whereby the state guarantees security to set the individual free. Russian threats to Sweden's security raise new issues of security and capability for Swedish institutions. With no widespread clamour for neoliberal policies, polling shows that Swedish voters yearn for a stronger state, having seen the limits to state capacity in the context of COVID-19. However, the parties vying for their support have yet to reinvent this concept in a changing global and economic situation.

Some of the other concerns expressed at the roundtable share much in common with those the Labour Party has reckoned with in the UK over recent years. The discussion showed that social democrats in the UK and Sweden seemed to be alighting upon similar responses to these events – the slogan of *Trygghet för vanligt folk* ("security for ordinary people") deployed by the LO chiming with like-minded appeals in Labour's policy messaging, and reflecting an assessment that many of the shifting priorities of working-class voters centre on various kinds of insecurity.

Insecurity being defined by the feeling of being out of control has led to social democrats in both UK and Sweden noting the potential appeal of another slogan that resonates with recent experience: *Ta tillbaka kontroll*en ("take back control"). From the Brexit years, where the mantra captured the combined cultural and economic grievances that powered the vote to leave the EU, the Labour Party has also developed sufficient confidence to recuperate the slogan to sell its own devolution agenda and tie it

to policies to grant workers and communities more voice and power.

In Sweden, these steps in the direction of a conceptual language of security and control, together with perceived inaction and broken promises from the conservative-right coalition, have seen the SDLP rise in the polls. There has been a concerted focus not simply on “developing answers”, as one participant put it, but actively “having answers” for those who have struggled with structural change. This has a particular local and regional dimension, seeking to address the concerns of, say, younger male voters in rural areas or the so-called left-behind voters, who feel they must commute or move away from their hometowns to find good and secure work opportunities, yet who often do not want to leave. The term left behind is falling out of fashion in the UK, being a phrase that describes people in terms they themselves would not use or recognise, and Swedish polling suggests that working-class voters see themselves as “loyal”, “dutiful” or “skilled”, for instance, rather than left behind. Nonetheless, there is a similar commitment to winning the trust of these voters coursing through Labour’s strategy in the UK.

This has a geographical, place-based element. Some form of reindustrialisation is generally seen as central to such efforts – on the principle that, as one participant put it, “one job at the mills means three jobs on the high street”. This requires a “place-based” approach attuned to the specificities of given regions or locales – as one participant reported, some areas of Sweden see near full employment in mining municipalities, but severe shortages in the service industries necessary to support everyday life there. Moreover, in Sweden, as elsewhere, there is a regional dimension to voter realignment from the centre-left to the populist right, with social democrats losing support where regional productivity and economic performance has declined – meaning that a place-based approach to policymaking is a strategic and material necessity.<sup>80</sup>

Sweden and Germany are sometimes lumped together as exemplars of what the UK is not. But a closer look reveals substantial political and economic differences. Whilst Sweden’s social democrats

are reflecting on recent defeat, Germany’s social democrats can claim recent success in the election of summer 2021. The SPD restored their credibility with voters they had lost, specifically through rooting social policy in the everyday experiences of the electorate. The picture is by no means rosy, with the rising popularity of the far-right AfD in the East, but, nonetheless, the SPD crafted an election-winning platform.

#### 4.5. Building on the *Mittelstand*

Like Sweden’s, the German model is export-led, but competes on costs as well as quality, which implies wage constraint as a means of cost reduction and an industrial overdependence on car production. The accepted narrative is that retaining manufacturing capacity as a source of advantage, whilst neighbours and partners staked everything on services, has seen Germany outcompete other EU member states. This has supported a redistributive state funded through the tax system and delivered through welfare and benefits, symbolised by the *Kurzarbeit* policy of contribution-based employment insurance, which is similar in effect to the furlough scheme rolled out in the UK during the pandemic. Skills policy is key to industrial policy, with Germany boasting a good track record on policies for vocational training.

#### 4.6. Security in practice

However, the German model has been exposed in recent years as highly vulnerable, firstly, due to the pandemic’s impact on supply chains and then Russia’s war on Ukraine, owing to its overdependence on cheap Russian gas. *Zeitenwende*, the country’s foreign policy and defence reset enacted in the wake of the illegal Russian reinvasion of Ukraine, has challenged a German industrial model based, in part, on cheap energy inputs. Moreover, three years of declining real wages combined with the same inflationary pressures faced worldwide has seen a spike in public-sector strikes.

But Germany has emerged from these shocks in reasonably good shape and with its labour market remaining strong. We heard that Germany's "fairly easy ride" compared to other countries was partly attributable to the policy programme of the SPD-led coalition. It has used the crisis to accelerate a coalition agenda of strategic sovereignty in certain areas, innovation funds stimulating and retaining domestic production, and encouraging onshoring and "friendshoring" of supply chains and sectors like solar panel production from China.

Workers are seen as central to this. It was recently noted by the German chancellor, Olaf Scholz, that companies with worker participation and codetermination through works councils – which cover around half of all employees – have come through the current crisis in the best shape. Collective bargaining is seen not as divisive but rather synonymous with industrial, economic and societal resilience against contemporary risks and threats. The rupture in energy supply has also

intensified efforts to involve workers in a "just transition" towards a greener economy.

Roundtable participants were at pains to stress how Germany's course through the crisis has been supported by redistributive interventions. The political consensus around redistribution has been facilitated by there being enough of a surplus to share out to satisfy the competing demands placed upon it. There has been a lot of compensation from the government to individuals and groups who have suffered losses in income through the pandemic – low-earner households, families with children, students and the unemployed. Other groups have felt the benefit of price controls and the lowering of income taxes. This has eased the pressure on trade unions to go in hard for higher wages and accept more moderate gains in the deals struck with employers. The government support has created space for unions and employers to negotiate compromises by making real wage losses more liveable and palatable to members – a "deposit on social peace", softening the danger posed by multiple domestic and international economic, social and geopolitical challenges.

This is associated with the centrality of the concept of "respect" to Scholz's election-winning platform.<sup>81</sup> In the context of shrinking fiscal space for traditional compensatory and redistributive measures, a social democratic agenda can be stretched to breaking point as it seeks to satisfy the sometimes contradictory positions of divergent voter blocs. The universal appeal represented by "respect" enabled the SPD to sidestep this trap, articulating across professional and occupational differences the basic needs of human dignity shared in common, naming something that a broad range of workers found lacking in order to rebuild trust. Respect was rhetorically presented in terms of an abstract "values offer" but then made concrete in practical policies on wages and pensions that afforded voters genuine material gains.<sup>82</sup> The two sides – moral and material – were not in tension, but intertwined, dignity respected and recognised rhetorically as well as in terms of remuneration. This had at its heart a notion of quality of work for essential and unskilled workers – those workers foundational to



German Chancellor Olaf Scholz. Image by Tobias Rehbein from Pixabay



any “everyday economy”. This spoke to a broader constituency than the narrow promise of high-skilled employment in cutting-edge sectors.

Through recognising their contribution to society, this enabled the SPD to reconnect with the working-class voters the party, like Labour in the UK, had lost. Labour has been keen to learn from this experience. However, we heard warnings that it is by no means a given that this election-winning agenda will pay off in terms of governing successfully and winning subsequent elections. The workers targeted are some of the furthest from identifying politically with their work, and workers at the lower end of the labour market often lack the power and agency to take advantage of regulatory boosts to the quality of work.

Moreover, roundtable participants warned that the economic foundations that underpin the state’s capacity to advance a redistributive agenda based on the concept of respect face dark clouds gathering on the horizon beyond the current crisis. We heard that the switch from combustion engines in the auto industry will come to pose a major challenge to the existing model of production in Germany. Compelled by dawning geopolitical reality, some form of decoupling from China is coming, much quicker than many enterprises can handle and with even greater consequences than decoupling from Russian gas. This all suggests that problems are being stored up for the future, with Germany preserving its model for the short term at the risk of long-term costs. At the same time, rebalancing away from manufacturing

would be an error, as other countries – like the UK – have come to recognise the loss of power and advantage that came with deindustrialisation.

As the UK experiences its own period of economic and industrial transition, we heard of a number of initiatives established in Germany from which a Labour government could learn. A key intervention we heard about in Berlin was the Work 4.0 agenda, which constituted an attempt by trade unions and social democrats to drive the discussion of what sort of society should emerge from the changes afoot in the workplace, posing a “social” vision of the future of work against the “Industry 4.0” model espoused by employers.<sup>83</sup> Interestingly, this embedded in Germany a notion of “good work” indebted to the work of the Taylor Review of Modern Working Practices commissioned by Theresa May’s government but subsequently abandoned as the UK has flailed from crisis to crisis.<sup>84</sup>

This bottom-up approach to navigating the changing world of work was epitomised in other initiatives. We heard how collective bargaining has become decentralised to the company level in Germany over the course of the last 20 years. This has enabled flexibility and deviation in agreements struck between employers and employees. This has weakened industry wage standards, but works councils at the plant level are stronger and can influence investment decisions and strategies of businesses. In this sense, works councils were seen as a potential solution to challenges around innovation by acting as a crucible for social partnership and planning. Business is



*In Germany, collective bargaining is seen not as divisive but rather synonymous with industrial, economic and societal resilience against contemporary risks and threats.*





failing to plan for transformation – in the space this opens up, works councils can act as a means for worker-led transitions. By getting more involved in strategic debates, we heard from one participant that works councils could become “co-innovators”, using their shop-floor knowledge and capacity to coordinate the workforce to become active partners in digital innovation. From the perspective of the state, a bottom-up industrial strategy of this kind can avoid the investment of taxpayers’ money on “costly ruins” of unrealised innovation.

Finally, we also heard of valuable initiatives that helped workers navigate the uncertainty and upheaval implied in plans to “green” economies in pursuit of sustainability and greater national security through resource sovereignty and independent energy supply. In Sweden, we learnt about how reskilling and transitions between jobs in the context of industrial change and structural transformation were being facilitated at the regional level by Job Security Councils bringing together unions and employers. A similar idea that captured our imagination in Berlin was the use of Regional Transformation Agencies, initiated by major union players, like IG Metall and others.

Having developed as part of regional policies responding to the end of coal mining, these assist workers in making the transition between jobs and industries. A particular context within which these agencies are currently proving useful is in anticipating the transitions that will follow from the large-scale shift from conventional combustion engines to green alternatives in the car industry. The agencies help smooth what will be a necessary adaptation for workers whose skills have been based on working with combustion engines.

#### 4.7. Lost and found in translation

All in all, it is difficult to compare the UK’s experience with Germany’s in terms of the capacity for redistribution from the state and the consensus constructed around it in the political sphere. This capacity and consensus are ultimately dependent on state spending being able to redistribute a surplus in such a way as to satisfy all the competing claims on it. Labour in the UK will inherit a very poor fiscal picture, which will bind a future government’s hands in terms of being able to spend without increasing taxation. However, as a means of potential “predistribution”, specific measures like Regional Transformation Agencies, as well as the flexibility introduced by decentralised collective bargaining, represent a key innovation that Labour could take forward in the UK.

#### 4.8. Security not stasis

Across these conversations, one lesson has stood out that is relevant to how Labour develops securonomics to address the needs of workers in a changing economy. This is that attaining security at



A sign indicating a German works council. Image by Foto-RaBe from Pixabay

the level of the economy as a whole does not always imply security at the level of individual workers or their communities. As the academic literature on securitisation shows, this is a feature, not a bug, of attempts to securitise parts of social, political and economic life.<sup>85</sup> Where security is established in one area, a new insecurity will rear its head elsewhere, whack-a-mole style.

In aggregate, a productivist agenda based on making things, generating energy, or mining minerals and metals, for instance, might help secure the overall national economy against the headwinds of crisis, conflict and competition. But the Swedish and German approaches have an in-built expectation that global trade and price dynamics, even within blocs of friendly allies, will always mean some churn of jobs and businesses in those industries that produce goods, generate power and pull resources out of the ground. Their governments take steps to put in place the social and physical infrastructure required to support strategic industries and the workers and industries that depend on them. This story often has a local and regional dimension, mirrored in the governance of the institutions constructed in response.

We are attracted to the focus provided by Sweden's Job Security Councils and Germany's Regional Transformation Agencies, which anchor flexibility and transitions between jobs and careers in an institutional structure providing stability and support. Such bodies speak to the need for security to be as much about place as people – crucial for the regions

of the UK that will see investment in new green and extractive industries under a future government.

What this approach accepts is that security is not about making impossible promises to attain an end point of total stability, but about providing a platform for some measure of prosperity against threats and competitive pressures – risks epitomised, most recently, in the historical turn in Germany's posture symbolised by *Zeitenwende*. Whilst the churn of political and economic life means that the whack-a-mole of securitisation will continue without resolution, global conditions create a situation where no real alternative to what Labour is now labelling "securonomics" is possible. What is at stake is precisely how it is done, as long-term transitions in pursuit of greater security incur short-term costs and frictions associated with the change and upheaval necessary to get to a point of stability and resilience.

If Labour is to look across to European partners for inspiration in building a stronger and more self-sufficient national economy based on making and trading, then this form of security requires that we safeguard workers against the vagaries of international markets in materials, energy and more. Security is not a byword for stasis, but for the capacity to weather storms. What the Swedish and German examples recognise is that they require, counterintuitively, policies that have an element of flexibility in empowering workers to adapt to change and upheaval. Futures of work seldom if ever unfold as expected – putting the policy foundations in place to enable working-class communities to



*Sweden's Job Security Councils and Germany's Regional Transformation Agencies anchor flexibility and transitions between jobs and careers in an institutional structure providing stability and support.*



deal with the contingencies of crises, conflicts and competition will be crucial to national economic renewal in the UK.

Despite different starting points, Labour has much to learn, in particular, from the Swedish model and its main agreement, anchored as it is in the specific needs of a productive industrial economy. It grants a predictability and stability to industrial relations in Sweden, which, whilst providing a form of countervailing power to business, also help attract a steady inflow of funds from investors confident in the country's economy. In our age of domestic and international conflict and upheaval, something like the basic agreement was seen by roundtable participants as offering the UK the possibility of "industrial peace" under a Labour government.

However, there are limits to how much Labour can plausibly claim to reproduce the well-developed industrial-relations systems found in other social democracies. Labour will not be able to easily replicate the scale of sectoral collective bargaining seen in Scandinavian countries or the workplace bargaining of other European neighbours.<sup>86</sup> Not least, an incoming Labour government would need to substantially reform the labour market institutions and regulatory frameworks required to support a social partnership model. In the 1970s, such a combination of economic coordination, active industrial policy and tripartite compromise presented a realistic response to stagflation, aligning wage growth with productivity gains as a high road back to economic health. But the institutional capacity to effect such a programme was decimated, as Thatcherism offered itself as a more plausible response to lagging profitability and sharpening industrial conflict, and reforming governments dismantled the labour market institutions that underpinned neocorporatist compacts. Unlike in the comparable European economies from which Labour is currently sourcing inspiration, the UK today faces a lack of effective parliamentary, legislative and organisational levers through which to reinstitutionalise a partnership path to growth. The capacity of the state to project and guarantee outcomes has vastly diminished, removing the levers through which Labour can

confidently claim to implement plans from day one of a future government.

The British state has been disarmed of its mechanisms for convening employees and employers to strike grand bargains. Whilst the furlough scheme offered proof of concept of the continuing viability of informal "crisis corporatism" when it comes to the crunch, regulatory frameworks for arbitration and negotiation between state, capital and labour have been stripped out over the past 40 years. As evidenced in recent industrial disputes, the UK economy lacks mechanisms to help contain and mediate the inevitable tensions that arise from an employment relationship where the interests of workers and bosses seldom neatly coincide, especially where difficult economic circumstances sharpen competition. In this context, we heard how the British debate on the left too often dwelt on expanding the space for unions to strike rather than expanding the space for social partnerships to be struck in support of broader political and economic consensus and compromise. Beyond these debates, the needs of many ununionised workers go unaccounted for. Trade union density is much lower than the 90% collective-bargaining coverage the Swedish system boasts. The preponderance of small and medium enterprises complicates overarching policy architectures on work and employment.

Labour, therefore, needs to be realistic about what can be achieved in the UK in its first term in office, being open-minded to the precise forms in which advances in industrial relations might emerge as labour and capital find room to move within the regulatory environment provided by the state.

In particular, our colleagues in Stockholm saw lessons for Labour in the long story of the slow and piecemeal development of Sweden's industrial-relations model, showing the balance that can be struck between short-term wins and long-term goals. Labour already seems to be painfully aware of this balance, which is part of the inevitable prioritisation of policies in the run up to a general election. Labour's Employment Rights Green Paper sets out a long-term vision for a renewed form of collective bargaining at sectoral and enterprise levels, but in the context of

existing industrial-relations architectures, this would require cultural steps forward as well as legislative change, which cannot be achieved in a single term. The creation of new rules and norms to support this model on both the worker and employer sides is, in reality, a long-term project, whilst policies like FPAs represent shorter-term potential achievements that, once introduced, promise to propel further change from below without the need for extra legislation.

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*Policies like Fair Pay Agreements represent a shorter-term potential achievement that, once introduced, promise to propel further change from below without the need for extra legislation.*

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# **5. POTENTIAL IMPLICATIONS FOR THE UK: SECTORAL CASES**

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## 5. POTENTIAL IMPLICATIONS FOR THE UK: SECTORAL CASES

In what follows, we suggest some shorter-term measures that can shore up security for workers, whilst also permitting flexibility to adapt where needed and create space for employees and employers to find innovative industrial-relations solutions matched to the specificity of their sector. We do so with reference to three brief, illustrative, industrial case studies: defence, a case study in the ideas of *Zeitenwende* and regulatory experimentation around skills and innovation are most relevant; green tech, where the balance between security and flexibility found in the Swedish Job Security Councils and German Regional Transformation Agencies is highly relevant; and the everyday economy, epitomised in social care, where the German model of decentralised bargains and local deviations may fit well as a part of the FPAs the Labour Party is proposing to implement in the sector. Epitomised in approaches like the Meidner proposals that underpin the Swedish system of industrial relations, these takeaways emphasise greater state involvement in “derisking” work and economic life, granting economic democracy and bargaining capacity not as a utopian ideal but as part of a social and industrial compromise that implies certain trade-offs with respect to the needs of the economy as a whole – whether the sustainability of wage increases, defence and national security or the flexibility required to adapt to technological or environmental transformations and transitions.

### 5.1. Defence industries: A sectoral strategy for security and skills

It was remarked at our first roundtable in London that, until the point the Russian reinvasion of Ukraine upended Western complacency, the European centre-left had largely been concerned with planning for a green transition as the centrepiece of its long-term strategy. Insofar as it is co-extensive with

energy security, the green transition is now seen as a key element of a strategy for national security, but, as one participant pointed out, there has been little of the same long-term thinking about defence itself. This is notable not least because many of the same policy issues around new jobs and skills cut across both the green transition and the transition to a more dangerous world with a greater economic role for defence industries.

The roundtables raised the question of whether the UK labour movement needs to engage with the possibility of a “British *Zeitenwende*”, hearing from participants in Germany about what their own defence and foreign policy reset has meant in practice.<sup>87</sup> Western liberal democracies are confronted by an authoritarian bloc hell-bent on breaking rules and norms. The distinct possibility of a wider and more formal military conflict, whereby the current “new Cold War” runs hot, creates opportunities for the centre-left to advance a policy agenda based on industrial policy, social partnership and the integration of the labour interest into the apparatus of the state, as was necessary in previous periods of conflict and geopolitical competition.

However, the roundtable considered the lack of state and political capacity available in the UK to achieve such a thoroughgoing British *Zeitenwende* in practice. The left suffers from an emotional and cultural aversion to serious thinking about defence and its relationship to the realisation of social democratic aspirations, as well as discomfort about the kind of public and private-sector spending necessary to ensure the security of national policies and international allies. Defence manufacturing and supply chains are such a key area of contemporary industrial strategy because their protection and improvement guarantee security not only for workers and communities in specific countries, but also allies, populations and movements confronting adversaries overseas. At a time of conflict, we heard, social

democrats must take up the mantle of developing an industrial policy that maintains the European commitment to the cause of Ukrainian resistance against Russian aggression. This will entail striking partnerships between public and private sectors to deliver procurement and production policies that realise the potential multiplier effects of defence spending in terms of the social value for working-class communities represented by skilled, secure jobs in sectors like aerospace and shipbuilding.<sup>88</sup>

With the stakes so high, the social democratic search for security suspends the traditional calculation of “guns or butter”, whereby military spending squeezes budgets for, say, health and welfare. In a crisis that cuts across domains, the defence of the realm does not reduce to expenditure on conventional military means. Defence takes on a new focus in this new world, with a requirement for readiness to confront risks and threats across multiple areas of public policy transcending the quandary facing the centre-left at a time where dwindling fiscal resources seemingly demand a greater prioritisation of how money is spent and should have an enabling effect against a dire economic backdrop.

In the UK, Labour has taken a proactive approach on defence spending and procurement.<sup>89</sup> Labour’s approach seems to move past the narrow Conservative concern with the level of spending and number of individual vessels, vehicles and arms this acquires. Instead, it creates a set of wider expectations and standards for precisely how money is spent. Moreover, there is an emergent understanding of national security as something that is not exhausted by conventional defence expenditure but rather achieved holistically, hand in hand with broader notions of economic and social security – the “whole-of-society” approach associated with Scandinavian social democracies. This is epitomised in the centrality of trade unions active in the defence sector – like GMB, Unite and Prospect – to Labour’s agenda. Running through its defence industrial strategy is the idea that work and workers, and the jobs and skills that grant them wealth and power, can be part of a national effort to rearm and retool.

This message resonates not least because the Conservatives have cut the country’s land, sea and air power at precisely the point where a more dangerous world demands conventional military capacity as a condition of our security and that of our allies like Ukraine.<sup>90</sup> This represents an important and opportune political space for Labour to occupy, not least because current procurement and production practices suggest that any increase in defence spending under the current government will fail to realise the potential multiplier effects that it promises. For instance, hardware is made overseas and simply assembled in the UK, preventing working-class communities benefitting from the economic and social value derived from the secure, skilled, productive manufacturing jobs that defence industries and related sectors like aerospace and shipbuilding provide.

Whilst the UK government can credibly claim to have made an important contribution to Ukraine’s war effort, its flawed approach to defence procurement



Shipyard in the defence industry. Image by Franz P. Sauerteig from Pixabay

has led to a failure to adequately guarantee the future supply of some of the most effective lethal aid the UK has provided our Ukrainian allies in their struggle against Russian aggression. Even prior to the war, the procurement of hardware has long been blighted by poor government contracting decisions and reliance on international businesses.

In response, Labour proposes to direct defence investment towards British industries first and foremost, whilst keeping open the option of investing in firms based in democratic partner countries where there is a clear rationale for doing so, in a context where the consequences are often life or death. An example is the government contracts issued for the construction of the new Navy fleet support ships, which went to foreign shipyards with low labour costs, poor conditions and fewer union rights. Labour has pledged to reverse the decision and build the ships in British shipyards with trade unions and their members as vital industrial partners in the national effort to defend the UK and its allies against threats faced in common.

As part of this, Labour has been advancing an agenda that goes beyond notions of “social value” alone to look instead at the economic contribution made by defence jobs and industries to the prosperity of many parts of the UK. This suggests that, by realising the multiplier effects of effective procurement and commissioning, a Labour

government will drive wider benefits in the creation of the high-value manufacturing jobs that defence industries and related sectors like aerospace and shipbuilding provide.

The modern industrial strategy suggests that defence industries are strategically important for the UK economy, not only because of their role in protecting the country but also for the skilled jobs, spillover effects and global markets in goods and services that they sustain. Industries like defence fit within a priority area of Labour’s industrial strategy, “sovereign capabilities”. It is recognised that such industries cannot be left to the private sector alone and demand instead that the state acts as a partner, using regulatory controls, strategic procurement and R&D spending to incentivise long-term decision-making, productive investment and behaviour in line with the national interest.

However, it was noted by one participant in the first roundtable that the defence sector received comparatively little attention in the industrial strategy document, and there was no commitment to a specific strategy for this important part of industry. In particular, it was suggested that Labour should consider carefully defence and allied industries as a specific site through which to make clear the connection between its industrial strategy and gains available to working-class communities in the shape of jobs, skills and secure livelihoods. Labour

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*Creating a policy environment for defence and allied industries to be a leading site for good work requires a centre-left ‘Zeitenwende’ of the kind pioneered by the SPD in Germany—a newly clear-sighted posture on the historical responsibility of labour and social democrats at this time of conflict and crisis.*

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has the benefit of close ties to several trade unions with a strong bargaining presence in sectors like shipbuilding and aerospace. This creates an avenue to carve out a new centre-left agenda on defence built from the bottom up. In the shadow of the current geopolitical context, our roundtable considered the potential for the defence sector to act as a particular space for policy innovation around skills pipelines as part of an effective industrial strategy.

A recurring theme of the roundtables was the legislative difficulty of fundamental change, even for governments with large majorities. The Labour Party is seeking to overcome this challenge by adopting a sectoral approach to policy innovations – social care as a testbed for FPAs, green industries as a posterchild for the modern industrial strategy via the Green Prosperity Plan. There is a need for something equivalent appropriate to the specific issues faced by the defence sector as an area similarly strategic to the future of the country's economy and society as care or energy. This should include adjacent industries like cybersecurity, satellite technologies and space innovation.<sup>91</sup>

In particular, the first roundtable considered how defence could act as an arena in which to roll out a new policy apparatus around skills as a specific area of the new politics of work. At present, the British skills base is largely determined by the decisions of private individuals and providers, but Labour's aim should be to coordinate skills development and match supply with the emerging demands of a different economy shaped by a more dangerous world. This would draw upon a rich history. We heard how, in past periods of conflict, the labour movement played a crucial role in ensuring sources of skilled labour were in place to propel the national effort in facing down emerging threats through rearmament. The task today, in turn, is to align the skills strategy with an industrial policy based on national security.

All in all, creating a policy environment for defence and allied industries to be a leading site for good work requires a centre-left *Zeitenwende* of the kind pioneered by the SPD in Germany – a newly clear-sighted posture on the historical responsibility of labour and social democrats at this time of conflict

and crisis. Labour has been working closely with the SPD and allied organisations like the Friedrich Ebert Stiftung to develop plans for closer defence cooperation between the UK and Germany, as well as pledging to mimic the SPD-led coalition's creation of an Armed Forces Commission when in government. This collaboration should go further in applying lessons about industrial strategy and skills policy from the wider German economic model to the British defence sector as a particular site where both protection and innovation are strategically necessary in a more dangerous world.

## 5.2. Green industries: Attaining security through flexibility

At one roundtable, we heard of the danger that the green agenda is presented a quantitative job creation scheme that ultimately appears abstract and remote from the realities of work as it exists



Mining critical metals for phones. Image by Nik from Unsplash.

already and the kinds of skills and experiences that people possess. “Life is not lived in aggregate”, as one participant put it, and a purely macroeconomic view of contribution to the economy leaves out too much. Greening the economy is a necessity and an opportunity, with the potential to upgrade jobs, skills and working conditions – but this is a “battle yet to be fought”.

At a time of geopolitical fractures, and inspired by Bidenomics, much centre-left thinking about the green agenda is couched in the language of national competitiveness. Current crises, from conflict to climate, are seen as opportunities to retool economies around independence in green industries and renewable energy. This includes areas such as minerals and metals, where China is the major producer of 12 of the 18 the UK considers “critical” to sustainability and technological innovation. Cornwall, in the far west of the UK, has substantial reserves of lithium, tin and tungsten unparalleled in much of the USA and Europe, at a time where prices are forecast to rocket in light of supply and demand factors. Their extraction will not only satisfy the domestic need for clean green tech but also service the requirements of allies, too.<sup>92</sup>

The recent spotlight, however, has been on energy as a case study in how questions of national security and the green industrial transition are intertwined. For instance, in the UK, Labour has responded by presenting its plan for “Great British Energy” as an alternative to what Rachel Reeves terms the government’s “universal energy disarmament”, which has gradually increased dependence on

the state capital of systemic competitors in the resourcing and provision of energy infrastructure.

As well as a foundation for greater energy independence, new green technologies and industries are seen as a promising source of future competitive advantage and driver of good work. Labour’s Green Prosperity Plan is pitched as a grand social and industrial partnership between government, business and unions to create jobs for skilled tradespeople. The proposals will see government, business and unions work together to deliver a new role for manufacturing based on green industries and technologies like e-batteries, offshore wind and carbon capture. The plan could help geographically rebalance the UK economy, with industrial revitalisation of factories, ports and steelworks through new green technologies and industries and the resurrection of sectors like metals and minerals that promise to generate hundreds of well-paying, skilled jobs in some of the country’s most deprived areas.<sup>93</sup>

An economy based on energy generation, critical minerals exploration and resource extraction may well produce good, skilled jobs. However, the vagaries of global markets and production networks in these domains will not necessarily render these jobs stable or secure, but instead be subject to global price fluctuations and technical innovations by other producers. The history of hard-rock mining in the UK testifies to the constant ups and downs of resource industries and the communities that depend upon them. Historically, tin mining was at the mercy of shifts in prices as producers in



*Industrial revitalisation of factories, ports and steelworks through new green technologies and industries and the resurrection of sectors like metals and minerals promises to generate hundreds of well-paying, skilled jobs in some of the country’s most deprived areas.*





countries far away exploited new ore fields with new techniques. This placed mines in a constant cycle of opening, expanding, reducing and closing, with consequences for the workers and communities that depended upon them for their livelihoods. The industries that will mimic its centrality to some of those same communities today will face similar cycles of feast and famine, local insecurities emerging in the shadow of the wider search for national economy security. Workers will need to be supported into, between and out of jobs by means of reskilling and matching with suitable opportunities.

There has been plenty of thought across the centre-left in Europe and elsewhere about “derisking” the overall business environment within which these industries operate. The substantial risks these innovations incur for firms and investors appear to demand government support for R&D and strong signalling for a wider strategic push for clean growth that can create a sense of stability and security for business.



Installation of solar panels. Image by Markus Spiske from Unsplash

A case in point is the German experience. We heard in a roundtable how the market-driven model associated with EU rules meant that, in Germany, present levels of private funding were proving insufficient to properly propel the green transition, for instance, from coal to hydrogen power in the steel industry. Steel will be crucial to the production needs of both the green transition and rearmament in the face of Russian aggression. Hydrogen presents an answer to the long-term unviability of coal in firing steel plants but, without state support, the risk aversion of private investment will prevent the inflow of cash required to save the steel industry in countries like Germany and, to some extent, the UK as well. Any policy agenda matched to the challenges of the present needs to mobilise and “derisk” private investment through the initial provision of public investment.

This is something Labour in the UK is already developing a series of plans and programmes for. Labour’s securonomics agenda follows the Biden administration in seeking to derisk the investment environment for future industries. Where previous governments have allowed market failures to fester – such as in the steel or battery production sectors – or where cutting-edge technologies and industries present a risk to investors and private enterprise – such as in renewables – a Labour administration will partner with business to support innovations at speed and scale, whilst soaking up some of the uncertainty.

Using public-sector investment to encourage private-sector investment, this “clear signal” from the state is intended to provide industry with the security to plan for the future in an age of chaos. In some cases, the state will act as a partner or backer where there is a strategic rationale for securing a market in, say, minerals and metals or wind and wave power. In return for the provision of supporting infrastructure or insulation from market dynamics, taxpayers and communities will take a share of the rewards via the National Wealth Fund, which will act as a vital vector of investment in risky new industries, techniques and technologies. Labour can look to Sweden and Germany in this respect; our roundtables discussed their commitment to putting in place both social

and physical infrastructure, whether resettlement schemes, roads or refineries, required for strategic sectors like energy and mining to grow.

But to derisk work for workers and communities, this top-down vision of *securonomics from above* will also need to be complemented by *securonomics from below*. Just as with derisking investment, this will create a conducive environment for workers to invest in the right skills and seize the labour market opportunities opened up by revitalised industries. But it also needs to re-establish a localised safety net for workers to endure the ups and downs experienced by geographically specific resource sectors, like energy or extraction, in the past and to make transitions into and out of these industries where necessary.

Part of this is around apprenticeships. Labour has plans to grant firms greater adaptability to reskill and upskill workforces through reform of the apprenticeship levy, with workers empowered to embed learning and upskilling throughout their working lives.<sup>94</sup> However, the uncertainty of new ventures in green energy or clean tech minerals and metals, for instance, often means that companies have limited capacity to guarantee successful delivery of a full three- or four-year apprenticeship scheme. Public bodies and other providers should be empowered to step in to guarantee apprenticeships and get ahead of skills demands in sectors key to the green transition.

There also needs to be greater support in dealing with the labour market frictions that emerge in transitions, in times of boom and bust, as well as the inevitable bumps along the way. In the past, the Department of Employment or its equivalent would step in to coordinate the reallocation of skilled workers from branches of industry that were ailing or closing to others in phases of expansion that could soak up the surplus labour. The capacity of the local or national state to offer such support has been largely emptied out in the UK, but the risks posed by dynamic markets remain in areas like raw materials or wind, wave and solar power. In light of the centrality of these sectors and the sufficiency of their supply to the national interest, there could be

some thought given to a furlough-style arrangement for workers left without work where plants or firms have to temporarily cease operation because price fluctuations make continued production unprofitable.

However, an even more compelling response would be the adoption of something like the Job Security Councils we heard about in the Swedish roundtable and the Regional Transformation Agencies we heard about in Germany. The Swedish and German structures are slightly different, but share certain common key attributes, such as a specifically regional or local frame of reference. They each serve to smooth over labour market frictions – either where workers are made redundant in one branch or industry and require support to seek employment elsewhere, or where a new branch or industry opens up and there is demand for labour that workers require support to take advantage of. Moreover, the bodies in each country are typically coordinated via a social partnership between unions and employers, providing channels for training and reskilling to enable workers to switch jobs and prosper in the context of broader industrial and technological transformations.

From a UK perspective, a key question is how devolution and the so-called “levelling up” agenda can be used to stimulate similar exercises around regional transitions and skills pipelines. If these are to have the local remit they assume in each of those countries, then this may require devolution of powers and budgets in areas like adult skills – something Labour should continue to explore as it builds upon the recommendations of Gordon Brown’s devolution paper.<sup>95</sup>

This devolution could be associated with steps to ensure workers and communities realise the value of the industries that exploit their natural environment or physical resources, especially where local or national government provides firms and workers with investment or support. Labour’s mooted National Wealth Fund represents a potential starting point but could go further. One example of positive distribution given in the roundtables was the way the German renewables sector had distributed the

gains of green transition to workers involved in the production of windmills, for instance, in the form of new collective agreements on pay and conditions.

Finally, bringing securonomics down to earth demands that those on the centre-left in countries like the UK seeking a Scandinavian-style social democracy recognise how rooted such models are in resource extraction and power generation, and the substantial role the state plays in supporting, funding or profiting from the vertical integration of various stages of value chains in these sectors. This is the result of an industrial strategy that nurtures the development not only of the capacity to extract resources or raw materials but process and convert them into other commodities.

The jobs and industries associated with cleaner, greener energy in fields like solar and onshore and offshore wind rightly form a major part of Labour's industrial policy. Moreover, it goes without saying that a Labour government cannot overnight recreate the conditions for the type of welfare and industrial-

relations systems found in countries like Sweden. However, the experience of social democracies across the North Sea should show the party the importance of getting our hands dirty, too – making the best of a bad geopolitical situation by securing the supply of the materials and resources that make the world go around and the jobs and wealth that come with it.

However, this comes with the responsibility to offer the right balance of security and flexibility needed to operate in this space – something Labour should certainly look to the Job Security Councils and Regional Transformation Agencies of our European partners for inspiration in attaining.

### **5.3. The everyday economy: Adaptations as part of FPAs**

Contemporary centre-left industrial policy is understandably concerned with high-value productive and extractive industries in sectors strategic to economic or national security. However, our roundtables heard of the importance of the everyday economy as a mechanism for broader-based economic growth driven by domestic effective demand. Growth and investment in high-value, high-tech manufacturing alone does not in itself help level-up opportunities for good work but rather benefits existing regional concentrations of capital and skilled labour. Moreover, Western overdependence on China for the supply of inputs and products extends to a much broader array of everyday goods, with lower-value production of more basic commodities just as strategic to national security as cutting-edge advanced technology.<sup>96</sup> However, in this case, we are concerned with the everyday economy's association with personal services like retail and, most importantly, care.

This part of the economy has a much less coordinated character, with lower union membership and collective-bargaining coverage than aforementioned industrial strategy hotspots like automobile or aerospace manufacturing, for instance. In this respect, our roundtables suggest that there is a



Critical worker in the care sector. Image by Luke Jones from Unsplash.



need for Labour to offer policies for the majority of workers who are not in unionised sectors of the economy.

Labour's Employment Rights Green Paper sets out a British approach to FPAs originally modelled in New Zealand with an initial focus on social care. These will set out key conditions – such as pay, conditions and skills – in economic areas that are difficult for both union organisation and employers. The case of social care stands out, as it is defined by a private-sector contribution where there are a large number of small employers and low union density.

The party is developing this policy agenda as a way of showing respect to the workers who, staffing the frontline of essential services and industries in the pandemic, have since sought to translate claps into pay claims to keep pace with spiralling inflation. Care workers, in particular, would be the first to benefit from the rollout of FPAs.

Although sometimes conflated with sectoral bargaining, FPAs follow the example of New Zealand's social democratic government in providing a more flexible way to achieve some of the same outcomes as more conventional collective-bargaining arrangements.

FPAs anchor a broader set of reforms in New Zealand to enable workers to lay claim to value. Recognising the limitations of workplace bargaining in many quarters of the contemporary economy, and accepting the context of low private-sector union coverage and density after decades of government attacks, FPAs pave a more practical path for workers in hard-to-organise sectors to extract concessions from employers.

Initially, the rollout of FPAs focuses on priority areas determined by the New Zealand government. Social care is one such area, a focus emulated by Labour's proposals in the UK. Care is typical of a sector where the tendering process compels firms to compete on cost, forcing down workers' pay and conditions. Procurement policies could be harnessed to encourage the take up of FPAs in such sectors,

incentivising providers to compete on the basis of quality rather than on the backs of workers.

FPAs provide a basis to raise standards beyond the current legislative minimum wage within economic settings hard to reach by conventional collective bargaining. The initial targeting of key industries enables the complementary introduction of wider reforms around union access rights and collective bargaining elsewhere in the economy.

Unions are not allowed to strike to achieve an FPA, but under the terms of the legislation are able to take industrial action to ensure the conditions of an agreement are delivered by employers.

Confronted with claims that the extension of bargaining would return the country to the 1970s, the Ardern government argued that, on the contrary, a more coordinated approach to pay and conditions would face up the future by steadying the shift to new skills and sectors sparked by automation, AI and the green transition. In particular, the introduction of a floor preventing race-to-the-bottom wages and standards provides a means of overcoming the longstanding productivity challenge confronting economies like the UK and New Zealand. FPAs will, the government hopes, incentivise investment in skills, training and new technology, rather than cost-cutting, and drive industry to engage in new product lines and value streams to compete domestically and internationally. This is very much in line with Labour's modern industrial strategy.

Whilst developed to respond to the specificities of New Zealand's industrial relations, FPAs are inspired by the rich tradition of tripartite compacts between labour, capital and the state that underpin European economies like Germany and Sweden. At the international level, the principle of sectoral bargaining has received support from the OECD, suggesting that industrial or occupational agreements produce higher wages, better conditions and improved productivity when compared with those struck at a workplace-by-workplace level.<sup>97</sup>

However, the same report also noted the necessity of underpinning this with the legal capacity for workers

to also bargain at a firm level in pursuit of specific gains.<sup>98</sup> In this respect, FPAs in the New Zealand context represent part of a toolkit of instruments and processes. Independently and collectively, they contribute towards an economy where unions grant workers a greater voice in the workplace, and workers have the power and agency to command better pay and conditions through a range of means matched to their specific circumstances.

Labour's new social contract will bring structure to the process through which firms invest in skills, training and new technology to upgrade rather than degrade pay and conditions on the shop floor. On the flipside, participants at our first roundtable argued that there must be recognition on the part of unions that stronger legislative provisions come with the expectation that something must be given in return as a basis for agreement. In particular, unions need to be active participants in solving challenges like the productivity problem, rather than resist change.

We heard from one trade unionist that Labour's "new deal for working people" should not be seen as means to have more strikes. Rather, the aim should be to have fewer. This could be achieved by emulating aspects of the Swedish model in the UK. Roundtable participants in Sweden suggested that a Labour government send a message that it expected industrial-relations parties to take greater responsibility over their actions, expecting bargaining parties to do more by, under certain circumstances, allowing them to experiment or deviate from legislated norms. Innovations like FPAs, which place limitations on strike action as a condition of completion, are an opportunity, sector by sector, starting with care, to get employee and employer sides to sit down and negotiate their own rules of play. This is an example of how a path can progressively be paved towards a more substantial and durable overarching agreement – a first step to building a stronger and more resilient industrial-relations model.

In Germany, we heard of a specific form that this flexible approach to bargaining might take. The decentralisation of collective bargaining found in the German model effects a weakening of legal

constraints in some areas to strengthen regulatory approaches in others. Such an approach may be suitable for the UK, where attempts to unionise begin from a very low ebb and highly unfavourable set of conditions in highly fissured workplaces and industries. Cooperation in the form of collective bargaining could be incentivised in the context of a sector's specificities, one participant suggested, by establishing a set of minimum basic standards on pay and conditions and then allow deviation from these standards only where agreed between employees and employers by means of collective negotiations with a recognised union.

This proved controversial in Germany, where it was used to facilitate flexibility around working-time regulations and the use of temporary agencies in the provision of casual staff. There is also a danger that it could result in the proliferation of "false" or "sweetheart" deals between firms and complicit unions or groups of workers. However, it could prove particularly attractive to both businesses and unions engaged in many of underregulated and underunionised grey areas of employment, including white-collar professional occupations with individualised working patterns or areas of the precarious gig or service economy where the work requires some degree of flexibility in light of contingent demand or seasonality.<sup>99</sup>



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# 6. CONCLUSION

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This study has shared insights from a series of events bringing together politicians, policymakers, trade unionists and academics associated with the British Labour Party, its European sister parties in Germany and Sweden, as well as colleagues further afield in New Zealand and elsewhere. The main aim was to foster dialogue between the British Labour Party and its social democratic counterparts on the European centre-left and beyond, to learn lessons for Labour's perspectives, positions and policies as a general election and potential government draw nearer.

Too often, the popular and practitioner discourse about the future of work has depicted an automated utopia or dystopia that is technologically determined and inevitable. Whilst such visions are seldom backed up by the facts on the ground, the policy response has been to present the forecast changes as a *fait accompli* to which states, industries and individuals must simply adjust or be left behind. This project has sought to find another way for the centre-left not only to speak about the future of work but to understand and shape it. This means recognising that technology is not the only force propelling the transformation of our economies and the quality or quantity of the employment available within them.

Political and geopolitical factors also play a vital part, creating the capacity for social democrats wielding power in government to lead rather than be led by the unfolding future of work.

Some of the regulatory issues this raises are addressed by the Labour Party's bold agenda for reform of the UK's labour laws and employment rights. However, we have suggested here that, should it be given the opportunity to govern, a range of factors will mount substantial challenges to any attempt to accomplish everything originally encoded in its New Deal for Working People: the parliamentary legislative timetable; the low rate of unionisation; the cultural change required of industry; and the fissured character of the economy all make this potential achievement very difficult to pull off.

In this context, we have emphasised how the Swedish and German examples demonstrate the imperative to maintain flexibility in the way that work is governed and organised not as a barrier to security but as a means to guarantee it, in the context of an economy based on making and trading goods and resources on global markets. This experimental approach represents a nimbler route to consensus

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*Social democrats in the UK and elsewhere should learn from the processes that have been established in Germany and Sweden for workers and their unions to be active participants in how digital transformation is rolled out and regulated in the workplace.*

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and concrete gains than the introduction of full-scale sectoral collective bargaining overnight, for instance. To give one example, we have suggested that social democrats in the UK and elsewhere should learn from the processes that have been established in Germany and Sweden for workers and their unions to be active participants in how digital transformation is rolled out and regulated in the workplace.

Moreover, the party can look to Sweden for inspiration on how to see policy experimentation in certain specific or strategic sectors not as sign of weakness but as a pragmatic strength. Such an approach in the UK could build upon the sector-by-sector approach Labour takes in its proposals for FPAs, which set out to start with social care initially and move outwards from there. We have suggested additional sectors that Labour should consider as sites for experimentation with new policy approaches to work and employment that go beyond FPAs alone.

Owing to the shifting geopolitical stakes compelling a new significance of national security, the defence sector and allied industries act as a potentially strategic site in which to pioneer new approaches to bolstering skills and productivity. Meanwhile, the green industries – including offshore renewables and critical minerals and metals – present a sectoral context in which to innovate with new ways to smooth and stabilise transitions for workers

and their communities under inherently uncertain circumstances.

We have suggested that social democrats should approach and articulate these interconnections between work and wider economic shifts against the backdrop of the more dangerous world epitomised in the illegal Russian reinvasion of Ukraine and the increasingly assertive role China is playing across a range of fronts. Germany's *Zeitenwende* provides a model for how to house a new politics of work and industrial strategy within a wider reset on foreign policy posture. Our roundtables heard how the UK, too, needs a British *Zeitenwende* of its own, to coordinate its readiness and resilience across multiple industries, government departments and areas of everyday life.

The role of work and workers is sometimes absent from this intensifying sense of a historical turning point, but the labour movement played an important part in previous periods in which liberal democracy was under attack and it can do so again. The current moment creates an opportunity for the centre-left, symbolised by the Labour Party in the UK, to make the case for how this turning point presents an opportunity to build a better world of work.

For Labour in the UK, then, we suggest that it should seek to smuggle the politics of work into the wider conversation already ensuing on national, economic and energy security. This would be a strategic and constructive way to advance arguments for its



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existing agenda into new areas and new audiences – stressing the pressing contemporary need for social partnership, strengthened workers' rights and the creation of new institutions to represent and mediate the labour interest, whilst relating this to previous periods of upheaval where such compacts were necessary.

In the time we have been working on this project, the Labour Party has made considerable progress on this front, establishing securonomics as something of a red thread linking seemingly disparate spheres of frontbench policymaking. Insecurity runs through

much of our modern age, whether that is in low-paid work or global conflicts. Labour has recognised the profound risk represented by the current crisis of the global order, responding by making the case for a more interventionist state; the reinvigoration of social dialogue and social partnership between unions, business and government; and the expansion of worker power and voice in the workplace and wider society. But it needs to go bolder and deeper in making these connections, and a new politics of work ready for the age of unpeace is one area in which this can be achieved.

The distant and recent past of policy debates in the Labour Party has shown that, when Labour loses sense of this bigger picture and its interconnections, its emergent policy agenda gets broken down into smaller more specific parts that then become complicated by internal and external conflicts and contradictions. This study has argued that a new politics of production that “derisks” work and economic life in the context of the so-called “polycrisis”, shaped around security but recognising the need for flexibility, provides Labour with opportunities to develop both a narrative and policy framework that connects the shop floor with global and geopolitical challenges, such as the Russian reinvasion of Ukraine or the climate crisis. Situating the pressing necessity for a new politics of work within the context of this changing political economy will help lend it weight and strengthen consensus against electoral and ideological headwinds.

Pitched in this way, Labour's agenda goes with the grain of several profound social, political and



Strike graffiti. Image by Markus Spiske from Unsplash.

economic shifts. The collective experience of the COVID-19 pandemic strengthened an increasing political consensus on the viability of a kind of new national consensus or “crisis corporatism”.<sup>100</sup> Meanwhile, the illegal Russian reinvasion of Ukraine has highlighted the implication of aspects of our industry and infrastructure in a world riven by a new Cold War between liberal democracy and authoritarianism. Labour should use this context, and the extreme risks it poses to supply chains and infrastructure, to push at strategic points where the argument can be made for industrial revitalisation, institutional modernisation, skills transition and technocratic oversight as a foundation for the security of the country and its allies.<sup>101</sup> The Tories have long abandoned their own industrial strategy and the very limited recommendations of the Taylor Review, so Labour is proposing to put another in its place; this time with work and workers at its centre. Unlike the Conservatives, Labour can draw upon a rich history of being called upon to define, express and institutionalise a changing “labour interest” in cross-class electoral coalitions geared towards a national economic effort at times of conflict, crisis and renewal.

In an age of technologically mediated conflict and economic war, where the front is at home as well as overseas, redressing these sources of insecurity in the domestic sphere is simultaneously a means to pursue, if not guarantee, national security on the world stage. But beyond a narrow “national interest”, it should also be seen as supporting our ability to protect and expand the human security of people outside the country’s borders. By providing businesses and workers alike with an environment of security and stability in which to make plans for the future, Labour is standing as a plausible alternative to the Tory mismanagement that is weakening the country’s capacity to weather the crisis at home and runs the risk of weakening public and political resolve to support the struggle of our Ukrainian allies against Russia’s revanchist aggression.

This broader context of conflict and war is inseparable from the struggles confronting workers in the UK today. During the first Cold War, the world was divided between two blocs within which there

was some trade and interchange between relatively national systems of production forged from the wartime economies. These conditions underpinned the greater bargaining heft that workers, their unions and communities wielded in that period, both in the workplace and on the political stage via social democratic parties and neocorporatist industrial-relations frameworks. As the largely closed world economy began to open for business with the onset of globalisation, that power waned.

The question is whether today, whilst regrettable in many ways, the fragmentation of the global order and global economy, and the greater strategic and national security significance granted to key industries, present genuine opportunities for the restoration of some of the forms that countervailing power assumed in the past, avoiding the subordination of workers to the overweening power of either capital or the state. The underlying task confronting the centre-left in Europe and elsewhere is to define the statecraft of security in domestic terms, whilst granting workers and unions room to move and the tools to struggle for a better world of work.

We have suggested that, because it can never be complete, it is insufficient to simply promote security as an end in itself. Rather, security should be seen as a basic foundation for the extension of rights and freedoms, and power and autonomy should be devolved to social partners to bargain and negotiate the terms on which they work and do business, with the state as a broker. Free association, decentralised bargaining and organised labour as part of an active civil society should all be seen as sources of democratic strength and stability that reinforce rather than take second stage to the pursuit of security. Collective bargaining should be seen as a way to help strike industrial compromises that drive improvements in productivity and economic dynamism as a cornerstone of security. This reinvigoration of architectures of industrial relations that have been left to wither in recent decades should also be matched by policymaking and rhetoric around the changing world of work that empowers rather than stifles agency at the level of the workplace and the political process.



However, before Labour can even begin addressing all of this, it will be necessary to secure a majority. It is also necessary to recognise the massive challenges, strategic and institutional, that limit Labour's ability to say it will achieve everything it might wish to in the first term of a new government. It is in light of these considerations that we have tried to extract some lessons for Labour from social democrats in Germany and Sweden, as well as New Zealand and the USA. These show how a new Labour government should use the power of the state to create space for policy innovations that could, in turn, guarantee workers security and flexibility in a risky new political economy – in so doing providing the foundation for a long period in charge of its levers, however limited.

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Progressive Britain is the new platform for policymaking, political education, and imaginative thinking to rebuild Labour and the Nation. Rooted in the Labour Party, we are dedicated to national renewal through the intellectual revitalisation of the UK centre-left.

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In today's turbulent world, the concept of security takes on new dimensions, transcending global complexities to touch the lives of individuals everywhere. Who better to shape this narrative into political action than social democrats?

Security at work is not synonymous with stagnation; it's about revitalising support for workers in a dynamic world. Centre-left governments are reinvigorating institutions and empowering workers and businesses to find common ground. Across Europe, social democrats are forging transformative agendas, best exemplified by Britain's 'securonomics' championed by Rachel Reeves.

While discussions on the future of work often centre on technology, this study argues that work is fundamentally political. Political forces shape the contours of its future, particularly in a world grappling with a global pandemic and geopolitical shifts.

The 'age of unpeace' is marked by global interconnection, hostile competition, and the ever-present threat of confrontation. Social democrats in Europe and the UK must respond to this challenge. Through consultations with trade unions, experts, and social democratic representatives, a progressive politics of work is taking shape, addressing the complexities of continental war, geopolitical competition, climate crisis, deglobalisation, and increased state intervention.

This study offers recommendations for the British Labour Party and social democratic movements around Europe. It guides not only how the centre-left discusses work but also how it governs work in the future.

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