

Europe's trade unions wary of fallout from coronavirus

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Days after Germany brought its economy to a temporary halt in March, 500 workers in the country's southernmost town, Sonthofen, learnt their jobs might be in peril.

While a strike to protest against the planned closure of a specialist gear-making plant, nestled at the foot of the Alps, was called off owing to the coronavirus outbreak, the factory's owner, Voith, did not suspend its restructuring plans.

The company was swiftly accused by Germany's largest union of taking advantage of the pandemic. "Such an approach does not create cohesion," said Johann Horn, the head of IG Metall's Bavarian branch, "but can lead to the tearing apart of society."

For the time being, the incident remains an isolated example — workers' representatives in Europe's two largest economies, Germany and France, have mostly co-operated with the region's largest corporations.

However, Philippe Martinez, head of the Communist-aligned French trade union, the CGT, believes there is a "risk that restructuring projects in desk drawers could be taken out and used during this crisis".

Companies such as Lufthansa are already warning that they could emerge from the crisis much smaller. The prospect of leaner businesses being able to function with reduced staff alarms labour organisations that have dominated the continent's manufacturing hubs since the second world war.

The coronavirus crisis has also disproportionately placed low-paid workers in shops, hospitals and on public transport at risk, spurring unions to fight for wage increases and for emergency support offered to gig-economy workers to be made permanent.

"We have to discuss a new social contract and put the most important subjects on the table," said Laurent Berger, the head of France's largest trade union, the Confédération Française Démocratique du Travail. "We have asked for a lot from workers, we have to let them speak when this is all over."

A few months ago, [French president Emmanuel] Macron thought the unions weren't good for anything but now . . . he thinks we serve a purpose. I will wait and see if that continues Philippe Martinez, CGT French trade union Unions in both France and Germany are urging the government to push back against globalisation and protect more strategic industries. They

recently received the tacit support of EU competition commissioner Margrethe Vestager, who told the Financial Times that European countries should buy stakes in companies under threat of Chinese takeovers.

While unions search for longer-term relevance, the crisis has put them in the unusual position of fighting the rights of workers to stay at home. “We do not want to see the shutdown or contact ban restrictions lifted even a day before it is absolutely safe to do so,” said Uwe Meinhardt, IG Metall’s director of policy. IMK, a think-tank with close links to the German labour movement, warned on Tuesday against a rapid restart of production, even as it estimated that the country would lose an additional 1 per cent of growth in gross domestic product for every month it remained in lockdown.

“Why do we keep making planes, cars, lipstick, when scientists say the best protection is to stay at home? Despite all of our warnings and alerts there are still shops where people are not protected,” said Mr Martinez. “It’s obvious, there are not enough masks for healthcare workers so there are also not enough for those on the second line, in supermarkets, in transport.” The CGT has already filed a criminal complaint against Carrefour and its chief executive Alexandre Bompard, alleging the supermarket chain was not adequately protecting its workers, while on Tuesday a French court handed the unions a victory after telling Amazon to only ship essential items in the country until it had done a systematic review of its safety measures. While the US has seen more than 16m people apply for unemployment benefits in the space of three weeks, governments across Europe have spent tens of billions of euros ensuring companies keep millions of employees on their books through short-term paid leave schemes.

The unions, too, have played their role. Several large manufacturers, including Germany’s Volkswagen, and France’s PSA and Renault, have also voluntarily topped up their government’s temporary pay measures after negotiating with workers’ representatives. Recommended AnalysisEU employment Europe’s drive to save jobs risks fuelling north-south inequality “In the past weeks and months it has become obvious what a crucial role [worker representation on boards] play in companies,” said Mr Meinhardt. “Without works councils and all the efforts they put in, this crisis would have hit employees and workers much harder.”

While Germany and France have largely avoided huge job losses, some analysts have begun to raise concerns about the longer term impacts of job-saving policies on both countries’ economies, as companies are lumbered with excess capacity. “The advantage of the US system is that while we have a steeper drop in unemployment going into the crisis, we also have a faster climb back out of it,” said Walter Olson, of Washington-based libertarian think-tank, the Cato Institute.

The relative speed of economic recoveries in developed countries will put the strength of Europe’s unions and job-saving schemes under more scrutiny than ever. While the unions’ traditional May Day celebrations are unlikely to go ahead this year because of lockdowns, the solidarity that fuels them may still prove vital to an economic recovery once workers are asked to go back to risky jobs.

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