

LABOUR/MANAGEMENT PROGRAMME
THE ROLE OF TRADE UNIONS IN LOCAL DEVELOPMENT

**Report on a meeting of trade union experts
held under the OECD Labour/Management Programme**

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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(Paris, 8 July 1996)

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FOREWORD

Under the OECD Labour/Management Programme for 1996, a meeting of trade union experts on "The Role of Trade Unions in Local Development" was held in Paris on 8 July 1996. The meeting was prepared in collaboration with the Trade Union Advisory Committee to the OECD (TUAC).

Below is an overall report of the discussions of the meeting of experts, prepared by Professor Sam Aaronovitch, who was designated as General Rapporteur for this activity.

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FINAL REPORT ON THE MEETING

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The objectives of this meeting were to discuss practical strategies that trade unions could implement for an active support to employment creation. The meeting aimed at an exchange of experiences between countries towards a greater involvement of trade unions in local development. The role of trade unions was examined through four main themes:

1. Local or Area-based Partnerships to Fight Unemployment
2. Manpower and Employment Services: Tripartism Arrangements in Decentralised Public Employment Services
3. Local Responses to Industrial Restructuring
4. Promoting Entrepreneurship and Self-Employment at the Local Level: a response to Unemployment and the Setting up of Financing Support Mechanism, including from Solidarity Funds

I. INTRODUCTION

The objectives of this paper are first, to provide a summary analysis of the context in which the trade unions seek to play such a role; second, why local economic development has so sharply increased its profile over the past decade and the importance for trade unions; third, to indicate some of the main areas affecting local development in which trade unions are involved and some of the issues arising. The concern with jobs and combating unemployment as expressed in the *OECD Jobs Study* is clearly central to this exercise.

This paper however is in no sense an assessment or evaluation of what is happening across the OECD.

We do not, in this paper, attach any precise definition of what is 'local' except that it refers to any level below that of central government.

PART ONE

II. THE CONTEXT

The way in which the issue of locality has emerged as a significant and growing issue for trade unions cannot be understood without referring to the changes, however familiar, which are taking place in the

environment in which trade unions operate. These changes are economic, social, political and cultural. In turn, the way in which trade unions respond is itself part of the environment.

1. It is now common ground that at least since the seventies a major restructuring of the world economy has taken place, which include:
 - i) significant changes in the world division of labour between countries and regions;
 - ii) greater degree of integration at an international level of production, trade and finance; the increased role of multinational companies;
 - iii) pervasive technological change which has affected the composition of output, the processes of production and the composition of output and the drive towards the so-called 'information society';
 - iv) the continuing rise of the service sector to become the major source of employment and employment growth in advanced industrial countries including the rise of productive services which have played a vital role in the transformation of production;
 - v) the intensification of competitive pressures in traded goods and services which has in turn led to a powerful drive by business to rationalise production and cut costs.

It should be noted however that these trends are often exaggerated in order to weaken opposition to policies which damage employment.

2. The process of restructuring, sometimes discussed in terms of a transition from a so-called Fordist mode of production to one based on a system of flexible specialisation, has in turn resulted in a process of restructuring of the labour force: who does what, where and how. Some key features of this restructuring include:
 - i) the shift in employment from manufacturing to services influenced by the continuous rise in the productivity of manufacturing and the relative productivity lag in much of the service sector (though this is changing in areas such as financial services); has involved the displacement or elimination of jobs from where they were previously located;
 - ii) the growing need for higher levels of skill and relevant qualifications to meet the changing character of the production of goods and services and which has reduced the demand for unskilled labour;
 - iii) the mobility of capital which makes it easier to shift locations to regions of lower cost;
 - iv) in a number of countries there has been a considerable rise in the participation of women in the workforce especially in part time jobs; this increased participation has occurred in sectors which are growing compared with traditional industries in which men were mainly employed.
3. The profound effect of these changes on working people has been accentuated by the general slowdown of the economy of the countries of western Europe since the seventies compared with the so called 'golden age' which preceded it. This has affected the demand for labour.

It is the main cause of the secular rise in most advanced industrial countries of unemployment and especially of long term unemployment underlining the structural nature of the problem -- fully reviewed in the OECD report on Employment.

Unemployment has also particularly affected young people, those unqualified, older people and ethnic minorities. Social exclusion has become a growing issue.

The changing character of production and the employers response to these changes has increased the pressure for more flexible working practices and for fixed term and short term contracts which in turn has increased the sense of insecurity.

In dealing with the problems arising from the growth in unemployment a lively debate has taken place on the role of deregulation in the labour market as a possible way of reducing unemployment.

4. The impact of these changes and of the economic slowdown and rising unemployment on governments has been to create serious problems of government finance; concern with the fall in tax revenues and budgetary deficits. Government responses in turn have influenced the pace, character and consequences of these structural changes. Very influential has been the increased preoccupation with inflation as the main objective as compared with previous concerns with some concept of full employment.

Government concerns are also affected by the way in which systems of social protection and solidarity have come under pressure (affected also by ageing populations) which in total has contributed to rising costs from ill health, increased crime and anti-social behaviour.

III. THE RISE OF LOCALITY

In recent years there has been an extraordinary expansion in most if not all OECD countries of policies, programmes and projects concerned with local economic development initiated by a wide range of regional and local authorities and seeking to create various kinds of partnerships to formulate and implement them.

In the main this has occurred because of the structural changes described earlier but the response to these changes has helped to intensify forces already at work within national States.

1. The policies pursued by national governments and the impact of restructuring on localities and regions has increased the realisation by local and regional authorities that they cannot wait for or depend on what national governments do to defend, regenerate and advance their local economies. Such local initiatives are not to be regarded as extensions of existing central or federal government policies but frequently as a necessary challenge to such policies. Their future cannot be based upon income transfers from central government.

The costs imposed on them by relocation, closures, redundancies etc. through rising unemployment, with all its other economic, social and political effects create, the need for proactive and not simply reactive strategies.

Regions and localities find themselves competing for resources and increasingly for inward investment with other regions and localities within the same nation State and abroad.

2. In some countries there has been a deliberate policy of central government to transfer some functions to local/regional authorities but not always with the associated funding. These pressures too increase the need for local strategies to respond to additional responsibilities. Even so, there remain powerful centralising forces. But localisation does not have to mean decentralisation of central areas of policy.
3. The competitive pressures at work lead to a recognition that the enterprises and industries which exist in the locality need to be modernised, taking advantage of technological and managerial advances. Where there is dependence on one or two major industries, the consequences of failure to compete effectively or arising from decisions by the headquarters of the enterprises involved to relocate and close, has had and can have catastrophic effects. More positively however, localities are being seen as centres of innovation.
4. Elected bodies have also felt the pressure from the voters, from community and other bodies including trade unions to take action to deal with the problems facing localities, and to some degree this is part of a broader movement for decentralisation, local and regional autonomy. In some countries there has been a reassertion of national identities, as in Spain and Great Britain for instance.
5. This process has been encouraged within Europe for instance by the policies of the European Commission and the development and use of its Structural Funds. The need for social cohesion has strengthened the argument for ensuring that localities and regions do not feel excluded from the European project.

IV. THE SITUATION THAT FACES THE TRADE UNIONS

Trade unions have been profoundly affected by the impact of all the changes described above. They face new, complex and uncomfortable tasks. They are obliged to consider new strategies and objectives and inevitably they do this within the context of the economic, social, political and institutional conditions of their own country and region.

Trade unions all have as their core responsibility the protection and advancement of the real income and conditions of their members to whom their leaderships are accountable but they do so under profoundly changing conditions which open up new possibilities but also new sources of conflict.

As noted earlier, the process of restructuring has taken place in a prolonged period of reduced economic growth but in which competitive pressures have intensified with all the changes in the way in which production is organised and where and by whom. We have indicated the profound effects on regions and localities. Trade unions are confronted in a more fundamental way than previously with policies of modernisation which deeply affect their own members and with conflicting outcomes. Employment will be less concentrated in giant enterprises and spread more amongst small and medium sized firms.

At the same time such strategies at local level inevitably require the construction of partnerships and alliances involving local and regional elected bodies, agencies created by central government and employers. Such partnerships themselves, as we discuss below, raise many issues for trade unions since

they almost inevitably involve compromises and have to be the outcome of negotiating conflicts of interest.

The potential for such conflicts where local strategies are developed may be expressed in competition between the interests of members of the same or other unions in other localities and regions. Conflicts arising from relocation proposals, for inward investment encouraged by grants etc. are not uncommon and are likely to intensify in the absence of overall co-operation and agreed strategies across localities but also regions.

V. DIRECT EFFECTS ON THE TRADE UNIONS

1. As a result of the changes already discussed, trade unions in many countries (though not all), have experienced a drastic fall in membership with the decline in employment in sectors where they were traditionally strong; in the new developing sectors they have found it difficult to establish a critical mass as well as where women have entered the workforce in large numbers, typically in part time jobs. In some sectors, such as construction, the rise in the number of self employed especially in the United Kingdom has added to the recruiting problems of unions.

This has shifted the spatial distribution of membership and its composition between sectors.

2. The same processes have also redistributed the balance of trade union strength from the private sector to the public sector and within the private sector to services; and this in turn has shifted the balance of strength between trade unions and trade union confederations themselves. Public sector institutions, even taking privatisation into account, are a major employer and player in local and regional affairs and this is also a factor in growing concern with what happens in a locality and region.
3. In these changed circumstances, trade unions are having to rethink in many cases, what would make them attractive to existing and potential members, the kinds of services they offer, much of which has a local and regional dimension. This is especially the case for women who have primary concern with provision for children and family needs and therefore with the whole range of service provision as delivered locally.
4. In the circumstances described there has undoubtedly been a shift in the balance of power between employees and employers which of course has deeply affected the capacity of trade unions to serve their members. Increasingly employers have adopted a more aggressive attitude in hiring and firing and towards trade union organisation and these behavioural changes deserve analysis. It could be argued that legislation which constrains trade unions has only reinforced these changes in behaviour. Where alliances and partnerships at local and regional level are required, these changes obviously enter the calculations of those actually or potentially involved.
5. One consequence has been a reduction in the number of experienced trade union officers and activists but simultaneously a rise in the pressures and problems faced by unions at plant level. This in turn has aggravated the tendency to be preoccupied with 'fire fighting' as compared to broader strategic issues, including at regional and local levels.
6. We have referred earlier to the increased concern in regions and localities to develop their own comprehensive economic development strategies and programmes. Such strategies raise issues

which go beyond the specific concerns of trade unions who must themselves, if they wish to participate, grapple with this wider range of interests. We referred earlier to the question of alliances and partnerships which trade unions have to respond to and define the kind of contribution they believe they need to make. The current situation in Germany arising from the proposed 'alliance for jobs' illustrates vividly the kind of problems which seek to connect collective bargaining with proposals for job creation. The need for creative and innovative thinking on all sides has never been more urgent.

PART TWO

VI. PRELIMINARY REMARKS

Reviewing the experience of trade unions within the OECD establishes three propositions:

First: that the variation between countries in their political, social and economic situation is such that we cannot simply transfer policies and programmes from one country to another without the most careful analysis.

Second: that the OECD member countries not only generate forces which operate internationally but they are also subjected to these forces so that common problems and issues arise which are of general interest.

Third: that even where countries differ and also when they are similar, the responses differ also. These responses in turn result in policies, programmes and practices which are of interest beyond those countries and which also may affect the relationships between countries.

For these reasons we need to have in mind what shapes the context in which trade unions act and we suggest four 'dimensions' which seem to be critical.

1. The structure of the State and its institutions both at the national and sub-national level:
 - i) the policy directions of governments, its degree of stability and the alliance they may need to operate;
 - ii) the extent to which power is devolved to regional and local levels and the democratic legitimacy of the local State; but also the way in which services are delivered including public employment services, vocational education and training etc.;
 - iii) the vitality of its civil society; the degree of involvement of its citizens in all the diverse areas of their lives.

2. The structure of the economy and especially its enterprise structure:
 - i) the degree of concentration as between large and small and medium size firms;
 - ii) the ownership structure and especially the extent to which multinationals play a dominant role;

- iii) how dependent the economy is on declining industries compared with those sectors which are growing.

3. The different ways in which employers are organised:

- i) their political and ideological directions;
- ii) their legal status and roles in their social security, vocational education and training;
- iii) how they are organised for collective bargaining, national, sectoral, regional and at company level.
- iv) the degree to which they are organised at local and regional level and how those boundaries compare with the administrative and other boundaries of government itself, of trade unions etc.

4. The development and characteristics of the trade unions:

- i) their political, ideological, religious attachments and affiliations;
- ii) their organisation at the territorial, sectoral and enterprise levels and their boundaries;
- iii) the degree of decentralisation and devolvement;
- iv) the relationship between unions and union confederations;
- v) how collective bargaining is conducted and at what levels.

These differences are significant not only between countries but also within them.

These four dimensions combine and interact with each other and understanding these features is vital also for interpreting the possible role of trade unions and locality. Italian unions for instance are much more influenced by regional features than say those of the United Kingdom.

VII. SIGNIFICANCE OF THIS FOR TRADE UNIONS AND LOCALITY

Given this account of the structural changes under way and their impact on the economies and the labour force, trade unions are faced with acute issues of policy on which they have both common and contested positions.

How to respond to the competitive pressures and its affects on collective bargaining? What is the potential for job retention and job creation? Is full employment still a meaningful objective of economic policy? What implications for government finances, service provision and taxation? We shall return to these issues below.

Local economic development with the implicit content of a strategic approach involves deep analysis and understanding of what is involved in formulating such strategies for a region and a locality; what assembly of forces is required, what mechanisms and systems of implementation are needed including the necessary resources? It requires formulating views on labour market policies, vocational education and training, etc.

Its effectiveness requires, as trade union experts agreed, a recognition of the need to link active labour market policies (ALMP) with economic and industrial policies.

Such strategies and their implementation require partnerships, coalitions of interests and alliances. They assume the possibility of reaching agreements and implementing them even when there are in other respects conflicting interests. In this regard, trade union experience has raised important questions:

- who are partners?
- what do they bring to each other and what is their relative strength?

There are in fact, many kinds of partnership.

In all regions and localities it is the nature and significance of partnerships which is in question. 'Partnership' is not a value-free concept.

1. The issues at stake are:

- i) what are the terms on which the partnership has been established, its formulated objectives?
- ii) partnership suggests some significant degree of equality between the partnerships: what is the reality?
- iii) how are differences negotiated so as to respect the position of the partners.

2. One way of examining partnerships is to look at their characteristics as follows:

- i) synergistic: where it is expected that the results of co-operation will be greater than the sum of the individual contributions;
- ii) transformative: where the objective is to change the relationships between the partners in terms of objectives and practices;
- iii) budget-enhancement where the collaboration serves to attract funding that would not otherwise be available.

There is undoubtedly experience which shows however that discussions on partnerships created locally allow agreements to be reached much more easily than at higher levels. They are not so subject to political differences which affect central government-local relationships or inter regional differences which often make it hard for local authorities of differing political complexions to collaborate with each other. In addition, they may be able to assert themselves against bureaucratic, top down behaviour within their own organisations.

We now focus more closely on three areas of activity which TUAC and the OECD consider have an important bearing on trade unions and locality in a practical way and represent ways by which the issues

raised in the *OECD Jobs Study* need to be progressed. These are first: Area and regionally based economic development strategies; second: Labour market policies and the role of Public Employment Services; third: Local responses to industrial restructuring. In the meeting of experts the latter was touched on only briefly.

VIII. AREA AND REGIONAL BASED ECONOMIC DEVELOPMENT STRATEGIES

For the reasons already given, the need for such development strategies has sharply increased in importance. Much discussion has already taken place on the role of location in conditions of capital mobility and competition for investment. What is at stake are both issues of democracy and the possibility of jobs and rising real incomes. The concept of 'industrial districts' and 'clusters' emerges from these concerns.

There is now within many OECD countries regional, area and city development agencies concerned to formulate such strategies. and trade unions have had to take account of what is involved in formulating such strategies and then seeking to implement them.

They involve consideration of: the use and mobilisation of indigenous resources; encouragement of product and process innovation, modernisation of existing enterprises, creation of new growth sectors and new enterprises; support and encouragement of small and medium enterprises and perhaps also of self employment, encouragement of inward investment to the locality/region.

Such strategies have to integrate in them the whole range of services which local and regional government deliver to their citizens which involve planning, housing, social services, environmental concerns, etc. These bodies themselves have complex financial and political relations with central government and often through them with international bodies such as the European Commission.

Furthermore these strategies are formulated within specific political and institutional structures which may or may not be friendly to working with trade unions.

In many if not most localities and regions the actual composition of the economy is dominated by small and medium firms and with a working population predominantly in the service sector -- areas in which, apart from the public sector, trade unions have only limited strength.

Constructing such strategies is a complex political, economic and social task but it necessarily requires creating partnerships and alliances. Trade unions therefore have to consider to what extent they take part or seek to be involved in working with agencies and interests with which they both need to formulate a common vision but also pursue distinctive and sometimes conflicting objectives.

However, in some countries a strong corporatist tradition and structure exists as examined in detail in the recent report: *Local Responses to Industrial Restructuring In Austria* (OECD, LEED, 1995).

It notes that the four main social partners: the Trade Union Federation, the Chamber of Labour, the Chamber of Commerce and the Conference of the Chambers of Agriculture 'are involved at the highest level of public decision making' and that 'every piece of draft legislation from whichever government department must be presented to the social partners for evaluation before submission to the legislative assembly.' At the local level, the report maintains that the 'social partner system is strong' and must be included in any local development.

Experiences from Ireland, Denmark and Belgium identify some of the key issues. For a detailed account of the Irish experience see the OECD report: Ireland - Local Partnerships and Social Innovation, 1996.

Local policies have, for some time, played a great role in Belgium, industrial restructuring situations included. Local structures were set up from the 1950's when regions started trying to attract FDI and regional development agencies were set up. Later, in the 1970's, sub-regional employment committees including the social partners were implemented for vocational training and placement. It is the existence of these structures that allowed an active role in industrial restructuring, and it is these structures that were activated or re-activated in the 80's when restructuring broke out in the coal, confection and textile industry.

The role of trade unions on these local structures is very important and their authority is not challenged thanks to the European Commission's demand for the involvement of social partners. The main problem that could emerge in the trade union's role is, once again, a funding problem.

The experience of a 'corporatist' framework is clearly important. In Ireland, the unions consider they have a major influence on macro-economic policy. Recognition of their role as a key social partner is strengthened by the insistence on partnerships by the European Commission in the use of Structural Funds of which Ireland is a major beneficiary. The ICTU played a crucial role in establishing 12 Area Partnerships which have generated a whole series of local structures in which more than 150 trade unionists are involved. Belgium too has a long history of local and regional development.

What lessons have emerged from their experiences?

- i) the value of social partners and relevant organisations working together at local level, enabling local problems to be tackled in a way best suited to the locality and helping to overcome political and ideological barriers;
- ii) the extent to which business is supportive is important as also the degree to which employers are organised and conform to local and regional boundaries which generally govern the scope of local and regional LED strategies;
- iii) the need to link LED strategies with the workplace; locality not only affects enterprise but the reverse is also true;
- iv) trade unions need to be proactive or the vacuum will be filled by others such as organisations of the unemployed etc. which may substitute themselves for the unions to the latter's disadvantage. However, there is a danger that these bodies may be regarded as not relevant agencies in LED;
- v) where specific projects are concerned there is still much unclarity on the criteria which trade unions should apply e.g. in relation to the quality of jobs (pay, temporary nature, conditions of work etc.); who shall decide what is acceptable?
- vi) the problem of resources especially in the general case where central government support is reduced as has happened in the United Kingdom and other countries; and EU member countries where those funds may no longer remain available. The importance of bringing in private finance and funds locally available was a theme raised in discussion;

- vii) a serious issue is not just the danger but the reality of rivalry between localities and regions, e.g. in competing for inward investment with special grants etc., and whether trade unions should have a role in regulating the process. Localisation can act positively but it can also have negative effects;
- viii) In this field as in others, the question arises in an acute form of the capacity of the trade unions to play a leading role and the capacity of trade union members at the local level to participate effectively in LED strategies and project development.

The ICTU has established a Local Development Unit briefing members on a monthly basis (also using E-mail) but also encouraging members to use their initiative and be innovative. But it should not be taken for granted that trade union members want to see their own resources used in this way;

- ix) here as in other areas, there is some tension between the sectoral and territorial modes of organisation in the unions themselves.

In this context we can see that the trade unions operate in a profoundly changing world. Their capacity to protect and advance the interests of their members requires them to go far beyond the established conventions of ‘collective bargaining’.

In one sense these are not totally new questions for unions - but it is the scale and range of the changes which requires new and innovative thinking and practices by unions. As Hyman and Ferner ask: can unions successfully address areas of experience and aspirations within the working class which have traditionally been external to the agenda of collective bargaining? (New Frontiers in European Industrial Relations, Blackwell, 1994, p115).

What emerges is the need for trade unions to contribute to democratising the process of economic development at the regional and local level as well as the national and international level.

This involves:

- their role in involving workers in a locality whether they are trade union members or not;
- reviewing and improving the internal democracy of the unions so as to enable rank and file members to bring their own experiences to play on the problems which confront them; this means listening to what members say who are involved in local economic development even if it conflicts with national policy in some respect;
- recognising the important, indeed vital, role of the voluntary, community, not-for-profit organisations as necessary and growing players in local development and not as an “irritant”.

IX. LABOUR MARKET POLICIES AND THE ROLE OF PUBLIC EMPLOYMENT SERVICES

The issues raised in the previous section all affect labour market policies but here we reach directly into the heart of policy issues which deeply affect the role and purpose of trade unions, connecting closely with macro fiscal and monetary policies.

What are the objectives of labour market policies (LMP)? To what extent is it tied to the notion of full employment? The operating of equal opportunities and anti-discrimination policies? Universal benefits as against means tested ones? The level of unemployment and related payments relative to earnings and the incentives to those whom are unemployed to take the jobs which are available or relevant training. Many of these issues are encapsulated in the phrase: 'welfare to work'.

We can approach this by way of initially distinguishing between active and passive labour market policies. With a few exceptions it seems that most government resources are devoted to passive labour market policies which are not directly concerned with active measures to get people into jobs.

Public Employment Services (PES), as a recent OECD survey reported, are organised in many countries on a tripartite basis in line with ILO convention 88 but the bodies that express this tripartite or bipartite role are typically, it seems, mainly advisory and exist at national level; the exceptions which also have a local presence are to be found in Germany and Sweden, the latter weakened by a withdrawal of the employers in 1991 because of disagreement with majority voting. Austria and Netherlands however, have moved more recently to establish independent, tripartite and decentralised structures. However, it is difficult to establish the effectiveness of trade union involvement especially at a local/regional level.

Active labour market policies (ALMP) have three components which we shall briefly refer to below:

- job broking and placement services in which the Public Employment Services typically play an important role;
- training to enable people to enter the changing job market;
- direct job creation measures.

Although the view has grown that ALMP are needed with particular emphasis on the second and third components, the shifts in policies and resources still tend to be limited.

Job broking and placement services and the role of PES

The OECD, in its report "Implementing the Strategy," sees the PES as primarily concerned with placement, benefit administration and referral to ALMPs. The picture generally, as already indicated, is of only limited trade union involvement at local level but it is vital that this be understood as a tripartite business if it is to have any success.

Training to enable people to get into the changing labour market

A special interest is training for those who are unemployed with a particular concern for young people, the long term unemployed and those disadvantaged through discrimination, family situation, etc. Here also systems of vocational training vary enormously between countries -- the United Kingdom and Germany for instance, appearing almost as polar opposites. There are instances where trade union initiatives have been critical as in Spain for instance where the CC.OO and the UGT set up training projects for women. The training network in every province has been done independently by every trade union.

In the United Kingdom, the government disbanded the Manpower Services Commission and the local Area Manpower Boards which were tripartite bodies and established the Training and Enterprise Councils in England and Wales and the Local Enterprise Agencies in Scotland. These are predominantly business led bodies. Nevertheless there are now 69 trade union directors on the boards.

In terms of local involvement the picture is one of great contrasts and as in other spheres, much depends on whether central governments operate policies of exclusion or inclusion with respect to trade unions and the degree of autonomy of regions and localities to take up their own positions.

What emerges here, as in other areas we are considering, is the problem of piecemeal, fragmented structures making it difficult to construct coherent strategies. In training especially, trade unions are faced with the problem that if there are no jobs, the incentive to train is greatly diminished on the part of those who, probably, need it most. If more people are equipped with higher levels of skills there must be the demand for those skills.

Evaluations of ALMP produce very conflicting results.

Area based partnerships in job creation

Job creation, aside from using fiscal and monetary policy to stimulate demand has taken two main features: first: creating jobs in the public sector or in not-for profit organisations; second: increasing demand for labour through subsidised employment. Within Europe, Belgium, Denmark and Germany have been very active in the second. Reduction in non-wage labour costs (also exemptions from social security contributions) have been a growing feature during the nineties.

The main players in initiating job creation schemes at local level are the local and city authorities. The trade unions appear to have some role in national policy formulation but a very limited role at local level. An interesting exception is provided by the ICTU who together with the Irish Government and other social partners set up Area Board Response to Long Term Unemployment creating Local Partnership Companies which are required to produce local action plans and involve the private as well as the public sectors.

The Italian experience is also relevant.

Discussion and contractual engagement of local partners on development projects are at the heart of “territorial pacts”, launched in Italy by the 1995 law, to promote employment in the country’s distressed areas. With this law, social partners, local communities and other concerned local actors are invited to work together and to elaborate productive activity development and job creation proposals (excluding infrastructure), within the framework of a sub-regional development plan. A national body, the CNEL, a national Social and Economic Council, is in charge of the promotion and monitoring of these pacts: it identifies the leading partners, organises discussion meetings and forums and provides technical assistance for its preparation that must follow a standard model.

After signature, the pact must be validated by an interministerial committee for economic planning (CIPE) before being eligible for national or European public funding. This validation is made on the basis of the quality of proposals but also on the following criteria:

- territorial dimension and homogeneity;
- composition and representatives of the partnership, priorities of actions;
- mobilisation of resources and local knowledge;
- extent of partner’s commitment;
- term of project realisation, etc.

According to the CNEL guidelines, the main point of these pacts are the following:

- a presentation of the motives and goals of the pact, the territory, its problems and potential;
- a ranking of objectives and actions to be lead, a presentation of signatories and their commitments as well as a documentation about them;
- the characterisation of the co-ordinating and responsible body;
- the financial plan of resources as well as a provisional plan. In June 1996, two pacts were accepted and 62 were in preparation in the whole of the southern regions.

There is a considerable measure of agreement on many of the recommendations to 'solve' unemployment presented by the OECD. However, trade union involvement at local level is influenced by many of the issues which affect it at national level: the extent to which firstly, there is agreement that the secular rise in unemployment in many countries is largely structural and not cyclical and therefore cannot easily be dealt with by expansionist policies and second, that significant measures are needed to deregulate labour markets and make them more responsive to market forces. Economic growth nevertheless is a major issue for job creation. The attitude of the employers and employer organisations such as UNICE in Europe is also influenced by disagreement with unions on these issues. In addition there are the obvious concerns about effects such as substitution, displacement and dead-weight effects of job creation strategies some of which find an echo amongst organisations of small business as well as about subsidising low wage employers.

The concept of territorial employment pacts is important also at a European level. At the Florence Summit of June 1996, using a European Commission proposal in its communication entitled "Action for Employment in Europe, a Confidence Pact", the European Union Council of Heads of State and Government proposed the launching of "territorial employment pacts" in certain regions and towns of the Union. The candidates' proposal, selected by the national authorities in October 1996 and retained by the European Commission, will be implemented in 1997-1999 with community funding. This proposal appears within the framework of a number of preoccupation's of the Commission aiming at mobilising social and other partners in favour of employment, at giving a new impulse to social dialogue not only high level but also at grassroots level and at stimulating development projects so as to secure available but under-used programming credits.

X. LOCAL RESPONSES TO INDUSTRIAL RESTRUCTURING

The pace of industrial restructuring has varied from country to country and from region to region within them. Limited in some cases, in others it has been like a destructive gale. In every country trade unions have been involved in a wide range of actions and partnerships to deal with its impact. We should look at two but related aspects of local responses:

The first attempts to deal with closures and redundancies by limiting them, devising rescue plans where possible, seeking new owners, exploring management buy-outs, conversion into co-operatives where there seems some chance of viability, securing State aid, etc. There is a great deal of accumulated experience especially in industries such as coal, steel, shipbuilding, textiles etc.

The second concerns the need to grow new industries, encourage and facilitate modernisation of existing industries, support enterprise development especially of small and medium firms.

Though different in character, there is in fact a third type of restructuring which results from privatisation of existing enterprises and through contracting out of activities from the public sector to the private sector. This too has evoked constructive action by trade unions, for instance in Scotland, but it has proved to be a difficult process.

As the recent OECD report on *Local Responses to Industrial Restructuring in Austria* points out, responses are best dealt with as part of a more comprehensive programme for local economic development and not simply as 'crisis management.' This approach is reinforced by the ways in which the Structural Funds of the European Commission are being used to develop strategies for restructuring in areas such as the East German Laender, the Ruhr, North Rhein Westphalia. An important feature is the requirement by the EU that the social partners should be involved in the planning and use of structural funds and the monitoring of projects. This would be an important area to review.

The issue has already been raised of linking ALMP with economic, industrial and financial policies -- and this emerges strongly from TU experience.

Collective bargaining must include education, environment and job creation proposals. Though the structures for instance of educational institutions and enterprises make the achievement of integrated policies difficult, the key is to make a start. Trade unions in Denmark and Sweden certainly believe they have had some success in dealing with the problems that have arisen from restructuring.

XI. PROMOTING ENTREPRENEURSHIP AND SELF-EMPLOYMENT AT THE LOCAL LEVEL. A RESPONSE TO UNEMPLOYMENT AND THE SETTING UP OF FINANCIAL SUPPORT MECHANISMS, INCLUDING FROM SOLIDARITY FUNDS

Much valuable experience is now being built up in this field in different countries but of particular interest are the developments in Quebec as reported by Mr. Gerald Larose, President of the Canadian Confederation of National Trade Unions (CSN).

In the 1980's an interesting innovation was implemented by trade unions in Quebec specifically, consisting in fund raising to support industrial and local development projects and combat the economic crisis. The dramatic situation of unemployment (about 50% of the workforce of the manufacturing sector was made redundant) and inflation encouraged trade unions to develop a number of resources including workers' funds. Groups of consultants were set up, acting as experts for the trade union movement. These funds helped create or maintain over 50 thousand jobs over two years, essentially in the construction sector. The main line of this strategy was to involve workers in the management by making them shareholders of specific projects. In spite of a lesser profit compared to other investments, fiscal advantages that this type of investment offered made it very popular, 1.5 billion dollars were thus made available for the development of new sectors and restructuring of firms. These instruments allowed a new synergy to develop and gave much more weight to trade unions, allowing them to generate economic activity in a different way and have a complementary approach to traditional financing from the banking sector, mainly interested in the financial profit side. Trade unions could involve themselves in internal aspects of the firm such as the re-organisation of the firm, new technological choices and other fundamental elements that effect employment creation.

Since the creation of the funds, a new stage of regional development has appeared in Quebec with the government entrusting the local level with regional development problems. Nevertheless, this system has to follow strict rules and face certain challenges according to Mr. Larose:

- transparency is a must, it is the guarantee of the involvement of workers;
- equity must be respected with a fair share of choices and advantages;
- funds must not serve the organisation's interests but the community's.

Trade unions in Quebec are increasingly interested in local development and are increasingly setting up a social economy. The main equation to success appears to be: Resources + political mechanisms + general vision.

XII. SOME IMPLICATIONS FOR TRADE UNIONS

Economic development and regeneration strategies at local and regional level are becoming of increasing importance and certainly accentuated by the presence of structural problems in the economies of OECD countries.

If the analysis is correct, trade unions must carry through a major reappraisal of their objectives and what is needed to rebuild their strength. Economic development and regeneration strategies at the regional and local level are critical not only for the future of the regions and localities but for the trade unions themselves, assisting them to become more embedded amongst the population and communities including those they have not been much in contact with. This should also be thought of as part of a process of continued democratisation.

Such a reappraisal must not obscure the vital relation between national policies and their local impacts. Understanding these links must be part of working for integrated and holistic strategies as compared with piecemeal and fragmented strategies.

For trade unions to participate effectively in such development strategies requires them in some countries and sectors to review their own structures so as to deal with the tension between territorial and sectoral organisation; the degree of decentralisation within the unions.

Trade unions must improve co-ordination of the activities and initiatives of their own members and also between unions so as to assist in the emergence of coherent and consistent policies and programmes.

There is a major task to be done to strengthen the capacity of trade union cadres to take an active and creative part in such development strategies which are of necessity complex in technical and human terms. This requires resources devoted to this by unions and useful experiences were reported from Ireland and Sweden. But there is a very strong case that public bodies should regard support for such training as part of the process of empowering local organisations to participate effectively in such developments. Perhaps in this area too, there might be attempts to construct the elements of a curriculum using the experiences so far gained in this entire field.

Funds should be created to undertake serious evaluation of projects in which trade unions are involved, the appraisal of partnerships and alliances. But also to evaluate how effective trade union involvement is and what lessons are to be learned. There is still a big gap in the critical learning process.

ANNEX - LIST OF PARTICIPANTS

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