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SECURITY AT WORK AND STRUCTURAL CHANGE

A REPORT FROM THE FEPS/PROGRESSIVE BRITAIN ROUNDTABLE ON THE FUTURE OF WORK.
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INTRODUCTION

If social democracy centres on the primacy of politics, it is at times of crisis and transformation where that focus becomes clear. Against the backdrop of a more dangerous world, social democrats in and out of power are proposing plans that not only develop resilience against 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.

At the Stockholm headquarters of the Swedish Trade Union Confederation LO, Progressive Britain and the Foundation for European Progressive Studies brought together trade unionists, social democrats and academics to discuss the politics of work in an age of change and crisis.

The roundtable kicked off by hearing how a combination of the COVID-19 pandemic and geopolitical ruptures have helped repoliticise work in new ways. The pandemic exposed the traditional social and economic valuation of different forms of employment, with many low-paid or insecure essential workers highlighted as essential to keeping people safe.

The shared experiences of the pandemic and collective measures put in place to support the economy and workers has given voice to a desire to instil long-term changes in the value of labour. Current industrial disputes in countries like the UK – subject to surprisingly persistent levels of public support – reflect the desire of frontline workers for remuneration matched to their social contribution and spiralling inflation.

Reinforcing an existing return to industrial policy in the West, the pandemic also laid bare the fragility of supply chains in many advanced democracies and strengthened the centrality of manufacturing jobs and skills to the newly interventionist strategies developed by liberal states. The sense that the state was back in the driving seat, initially stimulated by the tentative retreat from globalisation under the shadow of populism, seemed to have been confirmed by government responses to COVID-19.

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. 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.

This stepchange combines economic and national security in new ways, feeding into a broader notion of defence matched to war and conflict spanning traditional domains like military means as well as areas like cyber, energy and financial sanctions. However, as the roundtable heard, 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 has especially been the case in the UK since the 2008 financial crash. 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 the defence and security of the country and its allies.

The roundtable in Stockholm, as well as a future event in Berlin, seeks to import back to the UK some of the best practice of social democrats elsewhere in Europe, whose longer-standing domestic experience of industrial strategy and industrial relations 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. Additionally, with 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 RENEWED MISSION FOR LABOUR

Jobs and employment today play a central part in Labour's evolving policy programme for government, but the roundtable 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.

This deeper, longer disconnect in how the centre-left speaks about work culminated in the 2019 UK election, the substitution of working-class votes with the metropolitan middle classes doing little

little to stop Labour slumping to the party's worst result since 1935. For a decade or so, right-wing populists had offered traditional Labour voters a protest option at the ballot box through which to express discontent around issues like the European Union, globalisation and migration.

Whilst comprehensively anti-union, the politics of a party like UKIP could cloak themselves in sufficiently 'pro-worker' a 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 the party that produced an apparent rightwards drift in Labour heartlands. Within this tendency – which 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.

Against this backdrop of defeat, part and parcel of renewal under Starmer is the ongoing campaign to confidently reclaim the mantle of the 'party of labour'. 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 appeal to the politics of work situates key aspects of this – economic security, skilled jobs, employment rights, industrial relations – squarely within the current context of crisis, conflict and competition.

Labour has started to build on this foundation in recent announcements. Labour's mission-based approach, announced shortly after the roundtable took place, gives focus to addressing long-term challenges facing the economy and workers, such as childcare and technology.

The day before the roundtable, Labour's Shadow Foreign Secretary, David Lammy, laid out some of the groundwork for such a politics, relating national security and economic security at home with human security across the world more widely. Lammy described three trends pivotal to how Labour frames and articulates global challenges with domestic priorities. The first is geopolitical competition between opposing blocs constructed around the US and China, and the difficulties confronting a UK adrift from the EU within this context.

The second is the condition of 'weaponised interdependence' that characterises the global trade and technological relationships that both bind us together and simultaneously sow the seeds for the weakening those links, deepening ties between competing powers at the same time as intensifying the conflict between them; Lammy identified automation and AI as a key site where these contradictions play out. The third is the blurred line between foreign and domestic policy at a time where the 'front' in any given conflict straddles the economic, the digital, the cultural and the informational alongside the more conventional military and diplomatic domains.

Security, we have suggested in a series of reports and articles, 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, Labour's policy agenda – what we have called elsewhere a '(geo)politics of production' based on national resilience through 'buying, making and selling more in Britain' – is emblematic of this interconnection.

Defence and allied industries are one area where the link with jobs, skills and secure working lives is clear – Labour having the benefit of close ties to several trade unions with a strong bargaining presence in sectors like shipbuilding and aerospace. The UK suffers from a vastly diminished sovereign capability to produce and supply military means and, as the Conservative government vacillates, it is instead the Labour Party finding a new language that overcomes some of the awkwardness the centre-left has demonstrated on these issues in the recent past.

The task of reconnecting wider shifts in the UK's political economy with a politics of work is rendered difficult by the lack of conventional institutional capacity. There is only sixteen percent union density in the private sector. 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 side. In this sense, any notion of bolstering national economic resilience must begin from the workplace upwards.

On this front, the UK may have much to learn from the well-established and recently revitalised Swedish model of industrial relations, anchored as it is in the specific needs of a productive industrial economy.

LEARNING FROM THE SWEDISH MODEL

Auspiciously, the roundtable took place in the very building where Sweden's Rehn-Meidner model was formulated in the fifties. The key features of this model were threefold. Wages increases were calibrated to productivity gains in order 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 weather movements and transitions between sectors and careers based on strong underlying skillsets 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 global owing to new producers, wage arbitrage and technological advances.

This 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 in 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 of 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 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. Public employment offices have largely failed to achieve these aims, largely as 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.

The outcome of this process 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.

However, this context of defeat for the centre-left, and the ruthless desire of the Sweden Democrats to win and retain power at all costs, should not detract from the substantial achievements of the agreement. Returning to the essence of Rehn-Meidner, these measures have been sold to rightwards-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 participant termed a 'new age of tripartite bargaining'. 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 this produces could serve the Sweden Democrats well in their long-term aspiration to usurp the SDLP altogether.

LEAVING 'LEFT BEHIND' BEHIND

As elsewhere, the increasing play for traditional working class support by the populist right-wing Sweden Democrats presents challenges for Sweden's centre left. However, in the context of the likely incapacity of the new agreement to address the underlying issues that drive this realightment, Swedish social democrats can 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 in order 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, but the parties vying for their support have yet to re-invent this concept in a changing global and economic situation.

This absence of strategic thinking has become more important as the consensus on trade and industrial policy has been upended, symbolised in the challenge President Biden's Inflation Reduction Act poses to the export-based economies of Europe. 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 will be the principal beneficiaries.

The Labour Party in the UK has been developing plans for its own similar approach, whilst also liaising with counterparts in Germany to ensure that strategic advantage in specific sectors can be spread evenly across allies so that the Western bloc is not divided by competition.

Whilst Labour has a lot to learn from sister parties among European social democracies, then, this should not obscure the substantial policy challenges they also face together. Moreover, the learning may go both ways, insofar as Starmer's increasingly successful leadership may have lessons to share with the centre-left elsewhere about how to strategically reorient a failing political offer in the face of global crises and conflicts.

Indeed, the discussion showed that social democrats in the UK and Sweden seem to be alighting upon similar responses to these events – the slogan of *Trygghet för vanligt folk* ('security for ordinary people') deployed by LO chiming with likeminded 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. This sense of insecurity spans not only in working life but around it, in areas like energy or crime. In terms of the bigger picture, voters increasingly see the future resembling a kind of uncontrollable chaos.

Insecurity being defined by the feeling of being out of control, social democrats in both UK and Sweden have noted the potential appeal of another slogan that resonates with recent experience: *Ta tillbaka kontrollen*, or 'Take Back Control'. From the Brexit years, where the mantra captured the combined cultural and economic grievances that powered the vote to Leave the European Union, the Labour Party has developed sufficient confidence to recuperate the slogan to sell its own devolution agenda.

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 conc-

erns 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 in order 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 (Swedish polling suggests that working-class voters see themselves as 'loyal', 'dutiful' or 'skilled', for instance). Nonetheless, there is a similar commitment to winning the trust of these voters coursing through Labour's strategy in the UK.

As in Sweden, this has a geographical element, with issues like the new coal mine proposed for Cumbria generating mixed feelings between local communities that stand to benefit from the jobs produced and metropolitan voters concerned about the environmental consequences. Indeed, as our discussions at the roundtable made clear, serious work on structurally weak regions and the confidence-building measures that can assist in their transformation is something that many European social democratic parties and organisations share in common today.

Some form of reindustrialisation is generally seen as central to such efforts – on the basis of the principle that, as one participant put it, 'one job at the mills means three jobs on the high street'. Whilst unfashionable, heavy industry and large plants produce multiplier effects for local communities, and can also change with the times as existing skills and infrastructures are turned towards technologies, resources and product lines central to the green transition. But this still 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, social democrats losing support where regional productivity and economic performance has declined – meaning that a place-based approach to policymaking is a strategic as well as material necessity.

The political turn to industrial policy need not imply government 'picking winners' through traditional subsidy systems. Rather, digital technology, global insecurity and the race for prosperity require an active role for the state, much as we have seen with the Biden administration in the US and UK Labour's mission-based 'modern industrial strategy'.

CONCLUSIONS: WINNING THE PEACE

Despite different starting points, Labour has much to learn from the Swedish model and its main agreement. It grants a predictability and stability to industrial relations in Sweden which, whilst providing a form of countervailing power to business, also helps 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 as offering the UK the possibility of 'industrial peace' under a Labour government.

There are undoubtedly significant barri-

ers confronting any effort to implement such an agreement in the UK. 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. The British state has been disarmed of its mechanisms for convening employees and employers to strike grand bargains. Meanwhile, we heard how the British debate on the left too often dwells 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. This renders difficult the recreation of some of the most effective European responses to the productivity crisis of the seventies, similar in some respects to our own time of stagnation, whereby a combination of lean manufacturing and greater co-determination helped coordinate cooperation between unions and employers in pursuit of improvements.

However, this difficulty need not paralyse attempts to rewrite industrial relations in the UK. Our Swedish counterparts saw real potential in Labour's capacity to bring unions and willing employer organisations together to shape an agreement similar to theirs. Building consent around new laws may not be possible in the short-term, but implementing piecemeal reforms should be seen as salvos in a much longer-term strategy. The first central agreements reminiscent of the contemporary Swedish model were initially developed in 1905, but it took over three decades of further work to realise a main 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.

Our colleagues in Stockholm saw lessons for Labour in this story, showing the balance that can be struck between short-term wins and long-term goals. They suggested that a Labour government send a message that it expects industrial relations parties to take greater responsibility over their actions, expecting bargaining parties to do more by in certain circumstances allowing them to experiment or deviate from legislated norms. Innovations like Labour's proposed Fair Pay Agreements 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.

Another reason that Sweden provides a template for the UK is that its political economy, contrary to the common Anglophone impression of a kind of socialist utopia across the North Sea, actually articulates the benefits of free trade with activist industrial policy and robust industrial relations frameworks. This combination it manages to carry off by providing workers with the tools to weather the winds of economic change.

However, whilst the industrial relations frameworks have withstood the test of time, the traditional collaboration between the private sector and the state

has gradually collapsed in Sweden. To this end their social democrats look to ideas incubated in the UK, like the so-called 'entrepreneurial state', as inspiration. Labour is already enthusiastically encoding much of this thinking in its plans for the economy, epitomised in proposals for a National Wealth Fund, an Industrial Strategy Council and a Council of Skills Advisors. Going further, there is a real potential for the foundations for a Sweden-style agreement to be hardwired into plans for industrial renewal – for instance, by rolling out collective bargaining as a foundation stone as enterprises arise out of the re-industrialisation drive.

We are attracted to the focus provided by Sweden's Job Security Councils which takes a wider view of work than just skills and can anchor flexibility and transitions between jobs and careers in an institutional structure providing stability and support. In an era where much work can be done anywhere (within and between states), the Job Security Councils speak to the need for security to be as much about place as people – crucial for the regions of the UK who will see investment in new green and extractive industries under a future government.

A particular focal point for alignment around this policy agenda would be the green transition Labour is promising to lead in government. An economy based on energy generation, critical minerals exploration and resource extraction will produce good, skilled jobs, but the vagaries of global markets and production networks in these domains will not necessarily render these jobs stable or secure. The history of hard rock mining in the UK testifies to to the constant ups and downs of the industry and the com-munities that depended upon it; the industries that will mimic its centrality to some of those same communities today will face similar cycles of feast and famine.

The real merit of the Swedish model to Labour's emergent plans may be to focus minds on how to provide security and certainty to workers in these industries and communities using means outside the employment relationship like a strong welfare safety net, training and support for transferable skills, and active labour market policies that match workers with opportunities. Futures of work seldom if ever unfold as expected – putting the policy foundations in place to enable working-class communities to deal with the contingencies of crises, conflicts and competition will be crucial to national economic renewal in the UK.

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