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# THE POLITICS OF SECURITY BETWEEN PRODUCTION AND DISTRIBUTION

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

BERLIN, MARCH 2023.

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## Introduction

In late March, we brought together a group of social democratic policymakers, trade unionists and academic experts to discuss how the British Labour Party could learn from Germany in the new politics of work it is constructing, as well as sharing insights into how Labour is now leading in the polls in the UK having successfully started to overcome substantial challenges.

We focused on how the future of work should be reframed as part of a broader 'politics of security' central to Labour's progressive policy offer under Keir Starmer's leadership, as well as the 'securonomics' being fleshed out by the Shadow Chancellor Rachel Reeves as a response to our age of insecurity.

The roundtable formed part of our [Progressive Britain](#) project on [Security at Work in an Uncertain World](#), which was [launched](#) in March 2022. Funded and supported by the [Foundation for European Progressive Studies](#), the event followed previous roundtables in [London](#) and [Stockholm](#) with colleagues from the British and Swedish social democratic and labour movements. We have also convened meetings with colleagues from Australia and [New Zealand](#), and taken inspiration from the developing policy agenda the Democrats are pursuing in the US. The insights gathered over the course of this process will be collated in a report making some recommendations for the development of Labour Party policy and strategy.

Our original paper, and roundtable in London discussed how the politics of work at a personal and local level interact with the sweeping economic and geopolitical changes which were accelerated by the war in Ukraine but can also be traced to the pandemic and rise of China.

Our roundtable in Sweden 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.

In Germany, we were interested in how social democrats and trade unionists are responding to the challenges being posed to an established industrial model under strain from the consequences of the illegal Russian invasion of Ukraine, and which must now be reformed in the shadow of so-called *Zeitenwende*.

## New rules for a new world order?

Whilst from a UK perspective they are often lumped together insofar as they represent apparent alternatives to British political economy, we heard from roundtable participants how Sweden and Germany are in different camps when it comes to their national growth models.

The German model is export-led, competing on costs as well as quality, which implies wage constraint as a means of cost reduction and industrial overdependence on car production.

Sweden is more balanced, being focused on higher-profit provision of quality products and services underpinned by high effective demand at home driven in turn by higher pay.

Germany's long tradition of export-led growth is at odds with the general transition in other developed economies towards service industries. Retaining manufacturing capacity as a source of advantage whilst neighbours and partners staked everything on services has seen Germany outcompete other EU member states. However, the German model was also vulnerable to the pandemic's impact on supply chains, as well as the war in Ukraine owing to its overdependence on cheap Russian gas.

Whilst three years of declining real wages combined with the same inflationary pressures faced worldwide has seen a spike in public sector strikes, Germany has emerged from these shocks in reasonably good shape and with its labour market remaining strong. In this context we heard that Germany has had a 'fairly easy ride' compared to other countries, and this is partly attributable to the material policies that follow from the SPD's 'respect' agenda, which we were keen to hear more about.

However, at the same time roundtable participants were keen to emphasise that this resilience may not be long term, and there are darker clouds gathering on the horizon for Germany 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. Even though there was some disagreement among participants, the general view was that this would probably happen 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 at the risk of long-term costs.

The dilemmas faced have a much wider relevance, as our expert participants explored in Berlin. Export-led economies like Germany's face significant obstacles, but rebalancing away from manufacturing would be an error as other countries – like the UK – come to recognise the loss of power and advantage that came with deindustrialisation.

At the same time, many countries face a tightrope walk between continuing economic openness to markets and an avoidance of forms of strategic dependency that weaken national economies. 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.

This all 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'. This would emulate the impressive

Inflation Reduction Act implemented by the Biden presidency in the US, as the ‘securonomics’ set out by Rachel Reeves promises to do in the UK.

## Policies and strategies

The German roundtable took place at the headquarters of the Friedrich Ebert Stiftung in Berlin. The FES has produced an array of papers and reports relevant to our project over the previous few years, including on [trade unions](#), [digital transformation](#), [socio-ecological transition](#), [structurally weak regions](#), and the new age of [geopolitical conflict and competition](#).

In the context of these issues, our project develops the social democratic capacity to think and talk about the politics of work in a 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 HEREsphere.

This has implications for both policy and strategy. Policy-wise, it implies a shift from a politics of distribution to what we have called a politics of production akin to that promoted in Keir Starmer’s recent speech to the Progressive Britain conference.

In the past centre-left policymaking and offers to the electorate have tended to touch upon work largely via programmes of (re)distribution. However, organisational and technological changes to the structure and content of working life necessitate careful thinking about new rights and institutions. Moreover, the current economic landscape has seen unions representing workers recognised as ‘key’ or ‘critical’ in the context of the pandemic launch new claims to higher wages in the face of spiralling inflation.

The underlying economic stagnation in countries like the UK limits the capacity of the claims of employees and employers to be equitably satisfied by government compensatory measures, intensifying domestic conflicts without resolution at a time of conflicts abroad.

The 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. This would put a radical rebalancing of the economy on the side of greater national stability in the context of a more dangerous world.

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. Work has a role in the practical politics of building consensus, as one roundtable participant put it.

But there are challenges to this. Another participant in the Berlin roundtable framed this around the 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.

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. In this light, there is danger in fashioning a centre-left response to the changing

world of work focused narrowly on the inevitability of technological transformations still largely intangible to many workers.

However, there are common issues around work which social democrats can articulate between different groups and their experiences, overcoming these emergent social and political divides.

The German experience here is particularly relevant, Olaf Scholz's election-winning [‘respect’](#) agenda successfully resonating across professional and occupational lines, naming something that a broad range of workers found lacking in order to rebuild trust.

Scholz's respect agenda had at its heart a notion of quality of work for essential and unskilled workers - those workers foundational to any 'everyday economy'. This spoke to a broader constituency than the narrow promise of high-skilled employment in cutting edge sectors. 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.

Seizing these policy and strategy opportunities, our project suggests, means refocusing the debate about the 'future of work' so that we can think and talk about work in a way that similarly resonates with the experiences and expectations of a broad array of voters. 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 remote.

Stripping back the layers of hype that surround the future of work debate reminds us that futures of work come and go every couple of decades or so but hardly ever happen as expected. 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.

Leaving aside the empirical reality, moral panics 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 voters, workers, businesses and governments have the power to change the trajectory. As we heard in Berlin, it is vital for any progressive democratic force to offer agency and ask what we want from the future.

## The (geo)politics of security

In this spirit, our project attempts to reframe 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, crisis and climate catastrophe.

As we heard in Berlin, this is a case of separating out the essential, long-term trends from the passing tendencies that are little more than distractions. The so-called [‘megatrends’](#) identified five years ago are a case in point. Digitalisation – as something more granular than large-scale automation, but including AI and autonomous systems of various kinds – is undoubtedly a major trend. Demographic change is another, specifically as regards an aging society and the forms of work that this demands. Deindustrialisation and the rise of the service economy is by now an established fact, but with signs emerging that it might slowly be undone on pain of ruin. Migration continues to occupy an important position at the interface of geographical, economic and geopolitical fractures.

There is already a vast edifice of evidence and practical expertise in how to support and protect workers across many of these shifts. However, the envisioning of these ‘megatrends’, whilst broadly accurate, cannot anticipate how new tendencies arise that cannot be predicted and about which the old predictions have little or nothing to say. Even climate change was not so prominent in the public imagination five years ago as it is now.

There is thus a need to renew the stocks of evidence and experience to produce strategies for workers to weather new storms that, for whatever reason, did not loom so large on the horizon in the past.

Importantly for our perspective in this project, roundtable participants identified two key shifts: 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 invasion 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.

The transformations and the 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 always obvious, and will not be 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 the roundtable termed it.

Recent years have not seen a simple ‘return of the state’ – it has always been present – but the connecting thread of the shifts outlined above is that they all call upon the state to coordinate and intervene in economy and society in ways that are unprecedented in recent history. In our existing reports and papers we have suggested that this is organised around a concept of security that rehouses economic, defence, trade and foreign policy within a more strident advocacy of the perceived national interest in a global order rapidly falling apart.

This politics of security has subsequently been articulated increasingly clearly in key speeches and papers emerging from the Labour Party leadership in the UK. This associates security on the international stage with security in the domestic sphere – from national to economic security, right down to security at work. Labour Together’s [research](#) shows that insecurity is a major issue for the voters Labour needs to compel in order to win an election. This suggests that the reframing of the politics of work around a broader and more encompassing concept of security, such as that recommended in the [outputs from this project so far](#), has something to offer the party as it further develops its vision of ‘securonomics’.

However, there was a word of warning from participants at the roundtable, who pointed to the

'danger' of 'mixing up' economic competition with economic security in the context of broader forms of systemic rivalry. Every microchip or semiconductor cannot be seen as a strategic military asset. Were this the case, the pervasiveness of these technologies would mean that many everyday products could one day be labelled a national security risk, with the restrictions that follow.

## The state and social partnership

The new role the state is assuming at the interface of these forms of security creates opportunities for social democrats to advance longstanding goals and values, but at the same time the role of work and workers in these transformations has not been fully fleshed out.

Our project is keen to think further about where labour (with a small 'l') sits within, between, and against, the forces of capital and state. Transformations are requiring a more activist role from the state, and new partnerships with capital. These have import for the workplace. The role of social democrats in this should be to define and strengthen the role and power of workers within these partnerships and the wider transformations to which they have been forged as a response.

This prompts a series of questions that we were interested in exploring further in these roundtables. How do we embed workers interests in the policymaking process and make sure they have a directive role in decision making that affects them? What kinds of institutional frameworks need to be put in place to enable working-class people and communities to benefit from the promise of e.g. net zero industries?

At the 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 already and the kinds of skills and experiences that people carry with them in their work. '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'.

New renewable and extractive industries will not always be secure and stable, being subject to global price fluctuations and technical innovations by other producers. Workers will need to be supported into, between, and out of jobs by means of reskilling and matching with suitable opportunities. There has so far been too little thought given to the right structures to assist in this in countries where institutions have been emptied out, like in the UK. There is a need for broader structures to support citizens through the fluctuations brought on by changing global capitalism, and a need to bring the coordination of the green transition down to the local and regional level to deal with the specificities of how it is experienced in different concrete places.

In a similar context in the past, where geopolitical contestation shaped domestic economies in the postwar period, forms of social partnership integrated the labour interest into the state. What are the equivalent moves being made by liberal democracies today to ensure social and industrial peace towards the productive, competitive or defensive effort? The experience of the past suggests that the benefits of global shifts will not fall into the laps of workers. It is important for social democrats to consider the forms of regulatory and workplace power that will best enable workers to prosper from tendencies towards deglobalisation, protectionism, industrial policy, or from increases in defence spending and the potential 'multiplier effects' unlocked by the industries this sustains.

Labour, in the UK, is starting to make some of these links and provide potential answers to some

of these questions, giving an analysis and telling a story about the intersection of the local, the national and the global. As the Conservative government have lost interest in their own industrial strategy, Labour has launched its own [modern industrial strategy](#) based on supply chain resilience, a state-supported energy competitor, and a national wealth fund. As epitomised in the security-based foreign policy outlined in a [recent pamphlet by David Lammy](#), Labour increasingly articulates the domestic and the international in a context of so-called '[weaponised interdependence](#)'.

Labour has also been developing a new approach to social partnership based on [Fair Pay Agreements](#) that expand bargaining agreements in sectors where union density is currently low. This spirit of social partnership, integrating unions into the structure of governance, is also epitomised in a series of new institutions: an [Industrial Strategy Council](#), a [Council of Skills Advisors](#) and a [National Economic Council](#).

This is presented by [Labour's critics](#) as a return to the neocorporatism of the seventies. It is true that there was a road untaken in response to the stagnation of the seventies as Thatcherism chose confrontation over compromise to overcome the crisis of the postwar order. 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.

This is 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. Germany is one example.

## A deposit on social peace?

One of the most interesting aspects of the roundtable was the different opinions on redistribution offered by our German colleagues. Part of the purpose of our project has been to get Labour thinking about a politics of work focused on production rather than a politics of work that is in fact a politics of welfare, focused only on distribution.

As considerable work has already been devoted to the topic of distribution, we were keen to re-focus the discussion on production and what is sometimes termed '[predistribution](#)'. This was not least because the limited fiscal resources available to the state in the context of Britain's ailing economic model mean that any talk of redistribution soon runs up against a financial brick wall in which some very tough decisions must be taken in terms of priorities. Moreover, Labour 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.

However, there was some concerns raised by participants at the roundtable that there is insufficient attention being paid to redistribution via taxation in the papers and discussions arising from our project.

Our discussion took place against a backdrop of redistributive interventions by the government that were widely appraised as having successfully pulled Germany through a period of crisis. The political consensus around redistribution has been facilitated by their being enough of a surplus

to share out, in order to satisfy the competing demands placed upon it.

For starters, 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.

State aid to households and companies is at about 8% of GDP (200bn euro), well in excess of other nations in the EU. Whilst contravening the regulatory framework governing EU internal markets, this was seen as having granted Germany resilience in the face of proliferating risks and threats. These heavyweight payments were described by one participant as a ‘deposit on social peace’, softening the danger posed by multiple domestic and international economic, social and geopolitical challenges.

The new challenge for Germany is how to distribute the costs of climate change across households and sectors. After the experience of the pandemic and the shock caused by the illegal Russian invasion of Ukraine, there was some suggestion that the government would be prepared to step in with similar support to households and individuals in the context of the climate catastrophe and the requirement to change course immediately to constrain its environmental, social and economic costs.

However, Germany has a coalition government partly comprising liberals. The liberals in the coalition may not accept future fiscal interventions, and especially not the fiscal cost of continued support to households and individuals dealing with the various crises of the age. Other problems await too, participants suggested. With inflation driven by energy and food prices, state support enabled moderate wage increases to get the country through the crisis and avoid any potential ‘wage-price spiral’. The question is what will happen to these redistribution-aided wage deals when inflation does eventually start to taper off.

Nonetheless, contra some strands of contemporary social democratic thinking, among our participants there was a feeling that predistribution does not go far enough and that redistribution of productivity gains across sectors and plants is necessary, from high productivity to lower productivity units based on existing use of data and technology.

This was seen as important in dealing with the inequalities produced by the digital transformation. We heard how 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 eighty years have tended to see stark inequalities in income distribution, and today’s innovators are no different. 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. Whilst we have been keen to emphasise a predistributive politics of power and production as the best foundation to make the best of this situation, our roundtable participants proposed redistribution as a means to redress these negative consequences of innovation whilst enabling firms to continue their pathbreaking endeavours.

This redistribution, it was suggested, could either come in the form of material measures such as



higher wages or non-material measures such as working time reductions. One example given 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.

These agreements did not always need to be confined to wages, but could instead concern working hours, which have not seen a reduction in three decades in Germany. [The four-day week](#) was suggested as a means by which growth could be realised in more than purely material advantages, aspiring to improvements in quality of life more widely. Higher wages or increased leisure time, participants argued, could also help stimulate a stable level of aggregate demand that would benefit the economy as a whole, using as its basis the more equal distribution of the gains afforded by green transition and digital transformation.

## The practical politics of redistribution

Policies for effective demand recurred as a theme that many participants found missing from our characterisation of Labour's policy agenda. This was associated, it was argued, with the lack of any explicit mention of the asset- and finance-driven growth model of the UK, and the need for a demand-led alternative based on higher wages and increased spending power. The question posed by one participant was: 'who are the people spending money on domestic product and how can they be helped as a mechanism for broader-based economic growth?'

In this light, some participants felt it was unrealistic to stake everything on the development of a high-tech model for growth. Domestic demand for domestic services and products is also an important determining factor of a successful contemporary economy – in other words, the so-called '[everyday economy](#)' which Labour devotes considerable attention to in its recent modern industrial strategy document.

Such policies should also be supported by a progressive agenda on tax, our participants argued. State aid is never perfectly targeted and hard to get to go where it is needed, and so taxation is important in order to create fiscal resource for expanded investment. A windfall tax was seen as an effective means to access part of the profit of the companies that benefit from state programmes.

In proposing a more conventional redistributive politics as a complement to a politics of production based in specific industries, participants highlighted the need to have a broader offer on working life that goes beyond the workplace alone. The reconstruction of a redistributive welfare state financed through tax would fund public services and childcare provision, for instance, that are fundamental to any positive transformation of working life. The difficult question is how to strategically present this in a vote-winning way that overcomes the anxiety Labour has understandably developed around redistribution in the vexed context of UK politics and economics.

It was felt that Labour's reticence around redistribution should be overcome by reframing the traditional association with tax-and-spend. Redistribution should be presented as a means for the productive contribution of workers to be shared equally among them by way of reward for their efforts, and taxation as a means to fund a programme for a more active state.

In this spirit, there were some specific recommendations for how to address both the policy and strategic dimensions of rebuilding consensus around redistribution in the context of shrinking fiscal resource. As one example of where redistributive measures funded through the tax system

and delivered through welfare and benefits have proven successful in Germany, participants cited 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.

A way to build consensus around such a measure, it was suggested, would be to reinforce the contributory principle at play as a way of heading off criticisms of a Labour government giving money away to those who are perceived as undeserving of it. In this scheme, like those introduced to deal with the pandemic, people take out in proportion to what they pay in.

It is difficult to compare the UK 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.

That being said, there may be some strategic sense in pivoting towards redistribution as part of a broader array of policy proposals. In the shaping of our project, steering the conversation away from redistribution responded to [academic research](#) suggesting that the recent populist upheaval had been driven by the anticipation of hardship – not actual hardship – in light of economic and technological changes impacting working-class communities. This anticipation drove voter interest in electoral solutions that would shore up a social or cultural sense of status, rather than material or economic policy offers.

However, with the inflationary spiral and accompanying stagnation in countries like the UK, there is now [some evidence](#) that actual rather than anticipated hardship is in fact driving voters to once again seek out material and economic measures to ease the pinch on the pound in their pockets. This may function as either an alternative or complement to the social and cultural politics of status protection that has characterised electoral dynamics in recent years. This emergent material turn means there may be an argument for paying closer attention to the potential relevance of redistribution after all, and our German colleagues have certainly given us much to think about in this regard.

## **Worker-led transition and decentralised collective bargaining**

Whilst it may prove hard to create channels of coordination in the vexed cultural context of the UK where there is little recent experience of cordial industrial relations, bringing stakeholders together, as is routine in Germany, is crucial for the resilience of any new industrial or economic model such as that desired by many Labour policymakers. This would need to actively create or recreate different layers of cooperation from top to bottom, with a focus on carving a 'worker-led transition' through the various transformations our societies are undergoing.

Labour in the UK is already proposing to work in active social partnership with both business and unions. On the business side, participants recommended that Labour learn from the long term commitment by the SPD's Green coalition partners to building up a durable relationship with the most innovative parts of industry, in particular the research-intensive, investment-driven sectors like fintech and biotech. This has helped the Greens present a convincing definition of a future economic model in successive elections, garnering from contacts with enterprise a tangible idea

of where the future might lie around which could be constructed an electorally effective consensus.

However, there are two sides to social partnership and participants provided a number of excellent suggestions for how Labour can develop a vision of the future of work that springs from the experiences and insights of workers and unions themselves. 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 discussion of what sort of society we want to 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.

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. Nonetheless, in spite of the government's failure to take forward the recommendations of the review, the concept of 'good work' is being popularised in the UK by local authorities and other actors, most prominently the [Institute for the Future of Work](#). This creates the opportunity for Labour to articulate and advance its own contribution to this increasingly influential way of understanding how a 'bottom-up' future of work can be developed to complement that being developed from the 'top-down'.

As part of this, we heard how collective bargaining has become decentralised to the company level in Germany over the course of the last twenty years. This has weakened industry wage standards, but works councils at plant level are stronger and can influence investment decisions and strategies of businesses. In this sense, works councils were seen as standing a potential solution to challenges around innovation by acting as a crucible for social partnership and planning. Business is failing to plan for transformation – in the space this opens up, works councils can act as a means for worker-led transitions.

It may sound counterintuitive, but in historical terms, we are in a period of [unprecedentedly low innovation](#) with very few transformative inventions. Nonetheless, on the supply side, money is pouring into new technology from government at both the German and European level, 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. In this context, to align the commitment of resources to actual innovation, work councils could be a highly important and influential component of any such industrial strategy.

Management and the 'C Suite' draw blanks on how to envision and implement plans for digital transformation of the shopfloor and production processes. One union present had asked workers if their managers have a plan for future transformation and investment in the company's business model and two thirds of members answered that they did not. By getting more involved in these strategic debates, we heard from one participant, works councils could become 'co-digitisers' and co-innovators' using their shopfloor knowledge and capacity to coordinate the workforce to become active partners driving 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.

There are other merits to decentralised bargaining. As bargaining has been devolved to local firm level, we heard how discussion of pay has become a less dominant part of negotiations in Germany and working time and training opportunities have become a more important aspect of union claims.

Taking forward this decentralisation of collective bargaining – and the weakening that it effects in some areas in order to strengthen regulatory approaches in others – we heard of a particularly

radical approach to industrial relations that could be suitable for the UK where attempts to unionise begin from a very low ebb and highly unfavourable set of conditions. Cooperation in the form of collective bargaining could be incentivised, 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 some 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, for instance.

[Labour’s Fair Pay Agreements](#) may function as a basis for such a system of deviations, in that they will establish in sectors like care the basic minimum floor of wages and standards beyond which employees and employers have the capacity to bargain and negotiate further. High standards could then be set at the national level with collective decision-making the only means by which to loosen or adapt them for specific contexts. Making collective bargaining agreements a condition of deviations was proposed as a compelling way to institutionalise unions into the architecture of how industry is governed and strike a practical balance between flexibility and security in line with the needs of a dynamic economy.

## Regions, nations, and the European Union

We also heard of valuable initiatives that help workers navigate the uncertainty and upheaval implied in plans to green our 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 are being facilitated at the regional level by [‘Job Security Councils’](#) bringing together unions and employers. A similar idea that captured our imagination in Berlin is the use of Regional Transformation Agencies (or Transformation Councils), 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 for the entirety of their careers to date.

However, an unresolved question is what kind of skills and businesses should replace existing jobs and enterprises. Government funding appears to point towards innovation and R&D in high-end services, but it is not clear how to cultivate this nor what precisely the money should be spent on towards this end. This being said, Germany can boast a good track record on policies for vocational training. Training on the job has expanded towards the tertiary education sector, with many Universities of Applied Sciences running dual degrees with companies that are widely regarded as highly beneficial for upskilling.

From a UK perspective, a key question is how the 'levelling up' agenda, and the devolution of financial support through the Shared Prosperity Fund that replaces the EU funding landscape, can be used to stimulate similar exercises around regional transitions and skills pipelines. Indeed, the opportunities of autonomy from the EU represented a recurring theme in the roundtable. 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 is far from straightforward. Whilst evidently effective in navigating the social and economic aspects of transitions, there is some sense among other member states that Germany achieves this at the expense of others.

Participants were split as to the answer to this issue. There was consensus in the room that current conditions dictate that we undoubtedly need a more active state, and that the Inflation Reduction Act in the US poses major challenges to the EU as a whole as well as to individual member states. 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.

One side of the debate stressed the importance of EU-level initiatives. A specific area in which these were perceived as making a possible difference would be in shaping the terrain of the future of technology. Against the capacity of the US and China to make the weather in this domain, national initiatives are often very limited – for instance, the German [Sovereign Tech Fund](#) amounts to a meagre ten million euros annually. Meanwhile, at the EU level there are initiatives such as the strategic [cloud infrastructure fund](#). At present, these are not enough to release Europe from 'dependence' on US big tech, we heard. There is no plan to compete on the basic infrastructure of the future as it 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 EU level.

Whilst Germany tends to break or reshape EU rules to suit its own purposes, we also heard how national-level initiatives like a Swedish battery alliance have invested billions in production. However, it was agreed that the EU should play an important part in enabling the required transformations, 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, for instance from Morocco via Spain and onwards to other member states.

More relevant to the UK's current position, however, is a route which retains autonomy for individual states to invest and innovate. Some of the big trade unions in Germany are in favour of active industrial policy and strategy emanating principally from 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 State Aid rules which were organised around a market-driven model that is no longer tenable.

This is important because present levels of private funding are 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 – something Labour in the UK is already developing a series of plans and programmes for.

# Conclusion

Such forms of investment can of course be accompanied by forms of conditionality that establish a ‘carrot and stick’ dynamic to compel the right kinds of behaviour from capital. This brings us, by way of conclusion, to a consistent area of both concern and consensus in the discussion which also emerged as a theme in the roundtable in Sweden: the aforementioned US Inflation Reduction Act.

Whilst, as noted above, this poses significant issues for European economies, 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.

The subsidies and state aid it offers domestic firms in the US 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 work conditions to public procurement was seen 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 Fair Pay Agreements, for instance. Our discussions in Germany suggest that there are certainly ways to take this forward, further and faster – but that ultimately the party’s agenda is driving in the right direction.

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