British unions rally for entry to euro

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Britain's trade union leaders celebrated May Day 2000—international workers' day—by providing a platform to plead for British entry to the euro, the European single currency.

Will Hutton, chief executive of the pro-business *Industrial Society*, spoke to just several hundred who had gathered to hear his lecture "New Millennium—What About the Workers?” organised by the Trade Union Congress (TUC). It was an appropriate enough question for the trade union bureaucracy to pose. Their only national May Day event was held in the Millennium Dome, London's ailing theme-park, and cost participants £10 a head.

Hutton, a former stockbroker and editor of the *Observer* newspaper, is an advocate of neo-Keynesian economics. Following the collapse of the Stalinist regimes in the Soviet Union and Eastern Europe—which he described as the "failure of the socialist experiment"—Hutton championed the concept of the “stakeholder society.” This was to be a partnership between government and private enterprise, with responsibility for dealing with the financial costs of sickness, unemployment and old age largely shifted to the individual “stakeholder”. He presented this as a replacement for the policies of social reformism administered through the welfare state, which had been abandoned by the Labour Party.

In his book *The State We're In*, Hutton wrote that reformist policies were no longer possible: "inequality is there whether we like it or not." But he also warned that the social tensions caused by high unemployment and poverty could be gravely debilitating, if the Labour Party did not find some new means of maintaining social cohesion.

Hutton, a keen supporter of Prime Minister Tony Blair's so-called "Third way", believed it would facilitate his “stakeholder” policies, but has become frustrated by Labour's opposition to virtually any form of economic regulation and its growing alienation from working people. In a recent essay *Society Bites Back*, he warned that “companies can no longer avoid responsibility for the social consequences where the state no longer alleviates.” He highlighted five companies (including BMW and Microsoft), which "are no longer seen as the lode bearers of an oppressive capitalism, but as the embodiment of progress".

Unfortunately for Hutton, *Society Bites Back* was written in February, before the US ruling on Microsoft's unfair trading practices and BMW's decision to close its Rover plant in the West Midlands with thousands of job losses.

The TUC are not concerned by such gaffes, however. For them, Hutton's primary value is as a campaigner for Britain's adoption of the euro. Earlier this year Hutton became chief executive of the Industrial Society, which describes itself as "the UK's leading thinkers and advisers on the world of work". It calls for an "effective partnership between employers and employees". The organisation's governing council is a veritable *Who's Who* of the British establishment—CEOs of leading corporations like British Telecom and British Airways, as well as academics, bankers, government officials, policemen and Lords. It also includes three major TUC leaders, Bill Morris (Transport and General Workers Union), John Edmonds (GMB) and Rodney Bickerstaffe (Unison).

Hutton's lecture at the Dome concentrated on the crisis at Rover and the part played in this by the high value of the British pound. Rover was already suffering significant losses when the German car company took it over in 1994, but BMW said that these had since been magnified by an overvalued pound and Britain's current position outside the euro currency zone. With automakers internationally looking to reduce costs and cut back capacity, such factors can play a significant role.

The TUC has used the plight of Rover workers to launch a campaign to defend "British industry", in which the trade unions and management are presented as vital partners in safeguarding the "national interest". This policy of corporatism has been pursued by union leaders in every country for more than two decades and has already led to the destruction of hundreds of thousands of jobs. In the name of making the company globally competitive, union leaders have pushed through 13,000 job losses at Rover over the past six years. Faced with possible closure, the unions are reduced to lobbying BMW to accept one group of buyers, Phoenix, as opposed to another, Alchemy, arguing that whilst thousands of jobs losses are inevitable, one group promises to retain a few more workers than the other.

The union bureaucracy presents itself to the government and major corporations as the only organisation in the country that is united over economic policy. Divisions within the British establishment over euro entry are longstanding and fundamental. Through the Rover crisis, the TUC has sought to take the lead of those sections calling for entry. This has nothing to do with building fraternal relations amongst European workers. The TUC's demonstrations over Rover were marked by their virulent anti-German chauvinism and demands that German factories should close instead.

The unions are particularly concerned that the high cost of sterling has virtually cancelled out Britain's advantages as a cheap labour platform over its European competitors. Britain's low wage rates had attracted high levels of overseas investment from corporations seeking access to the European market, particularly from the Far East. This was still the case following the initial launch of the euro. Whilst Britain remained outside, the Labour Party had indicated a strong possibility that it would enter in the foreseeable future. As this prospect has dimmed, however, fears have grown that as trade rivalries step up the transnationals will see their British operations as prime areas for cutbacks.

Hutton has attacked Labour's indecision over the euro, describing Chancellor of the Exchequer Gordon Brown as “an isolated man who only listens to a small band of his advisers”. To ensure that the right economic conditions were attained for British entry, the pound should be devalued by 20 percent, and Labour should use Britain's reserves to facilitate this by buying euros, he said.

Hutton did not consider the impact that such a course would have on millions of people's living standards. His main argument, shared by the TUC, is that in a world increasingly divided into two major economic blocs—Europe and America—Britain must go with the former. “There were only two alternatives—run for cover and join the euro or go it alone and weather capital flows,” he said.

Hutton attempted to make his prescription for British capital more palatable by presenting it as choosing "good" (European) social policies over "bad" (American) ones. In reality, the launch of the single currency last year was predicated on European governments cutting welfare and public spending and pushing through privatisation. The continent's mainly social democratic governments have obliged, pushing through austerity measures that surpass even those of their conservative predecessors.

From the audience, *World Socialist Web Site* reporter Vicky Short challenged Hutton's claim that his policy was a way forward for workers, pointing to the growth of social inequality across Europe. She noted that in Spain, for example, in a pact struck with the employers and the trade unions, the new Popular Party right-wing government of José María Aznar is cutting company taxes, "streamlining" welfare, reducing redundancy compensation, delaying the age of retirement and reforming the education and training system to create a pool of cheap labour. Whilst, in Hutton's terms, the Spanish economy is successful, nearly a quarter of Spain's population live on just £140 a month.

In reply, Hutton could only make unintelligible remarks on the scale of Spain's "temporary employment" problem, before admitting that it was "not one of my best answers to a question”. TUC General Secretary John Monks reiterated his praise for Hutton and the Industrial Society as a vehicle for developing social partnership and said the time for “barricade talk” as evinced in Short's question was over.