

# Anticipating the Covid-19 restructuring tsunami

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## **There's time to avoid the carnage of employer-led restructuring following the pandemic—but only if workers and unions set the agenda.**

States which experience the power of nature, through tsunamis, hurricanes and other devastating weather and geological events, mostly have well-established warning and safety strategies to anticipate the damage and limit the loss of life. As trade union leaders representing Europe's industrial workers, we know the vital importance of anticipating restructuring: if badly managed it can wreak damage, on those who lose their jobs and on those who 'survive', lasting for generations.



Judith Kirton-Darling

Yet Europe's tools to anticipate economic change are woefully inadequate—often limited to broad skills strategies. Just as European leaders seem eventually to have learnt the lessons of 2008-09, in terms of endorsing Keynesian capital investment, now they need to learn quickly the lessons for restructuring posed by the pandemic.

Isabelle Barthès

Since its onset, but especially over recent weeks, we have been sounding the klaxon to warn policy-makers and politicians of the coming tide of company restructuring. It's a klaxon we have used before.

### **Legislative proposal**

In January 2013, after three years of the devastating eurozone crisis, the Spanish Socialist MEP Alejandro Cercas presented a unique proposal to the plenary chamber in Strasbourg. Using the new parliamentary right to initiate legislation (under article 225 of the Treaty on the Functioning of the European Union), he advanced draft legislation on 'Information and consultation of workers, anticipation and management of restructuring'. The aim was to minimise the social costs of restructuring for workers and local and regional authorities.

The draft set out measures to anticipate change, ensuring the sustainability of the company concerned and the employability of its workforce, recognising the need for detailed social plans in cases of restructuring with clear roles for all stakeholders (social partners and public authorities). It also targeted business, as the costs of poorly managed restructuring—for those made redundant as well as those remaining in the company or workplace—have negative impacts on firms.

National and regional policy and legal frameworks in the EU differ regarding the management of change, which tends to increase inequalities between workers and create distortions between companies. In that context, the Cercas initiative aimed to establish a level European playing-field, by setting minimum standards promoting a proactive and socially responsible approach.

The Cercas report thus called for an EU legal framework, relying on five key elements:

- strengthened rights to information, consultation and participation for workers' representatives / trade unions, to ensure the long-term viability and sustainability of European workplaces;
- individual rights to training and the promotion of negotiated training programmes (at company and sectoral level);
- long-term corporate strategic planning, taking into account employment and skills needs;
- social dialogue and collective bargaining to negotiate fair solutions through tailor-made agreements, with public authorities playing their part where necessary; and
- support mechanisms for workers who fall victim to economic change, facilitating transition from one job to another.

Speaking ahead of the adoption of his report by the European Parliament, Cercas said: 'In these three years we have lost two jobs for each of those created and we have already lost 10 per cent of the industrial fabric of the European Union. We must do something to make it better and so that the despair that pervades millions of workers today, in dozens of regions, in towns and industrial zones, changes.'

## **Major announcements**

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The coming tsunami of restructuring will likely dwarf these statistics. Already major announcements in the automotive and aerospace sectors outstrip the past economic crisis; after the summer, the trickle-down effect will be felt through supply-chains and regional economies.

The pandemic is accelerating existing structural changes in many sectors, although in some these have been interrupted. Either way, we are witnessing massive and simultaneous sectoral restructuring across our economies—leaving us, as Cercas said in 2013, with a choice between 'civilisation and barbarism'. The political consequences of the latter are difficult to gauge.

In a sad twist of fate, the architect of the 2013 draft legislation (as of most EU legislation on information and consultation), the European Commission labour lawyer Fernando Vasquez, died at the beginning of the summer. He was a passionate believer in social Europe. He worked with us 'off the record', as we tried to mobilise support for the measures, against internal commission inertia and employer opposition.

Ultimately the proposals were killed by those forces, despite a significant parliamentary majority for the report. The failed attempt silenced the debate on the need for a legal toolbox on restructuring—for too long.

## **Real toolbox**

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Today we are increasingly hearing commission and employer voices make the case for ‘managed transitions’ and Just Transition—these are pseudonyms for anticipating change. Rarely is the link made to the need for a real toolbox to ensure that transitions are smooth for individuals. While many companies learnt the importance of keeping their workforce close through the crisis in 2008-09—hence the corporate and widespread public support for short-time working schemes—Europe’s legal framework on economic restructuring is fraying at the edges.

In several countries we have witnessed announcements to cut thousands of jobs, without informing European and local works councils—let alone giving them the possibility to discuss alternatives with real decision-makers. We hear about companies adopting Europe-wide cost-saving plans, with major impacts on salaries and working conditions, without engaging in discussions with trade unions at local and transnational levels. Together with the European Trade Union Confederation and other European union federations, we have made the case to the commission that while existing rights must be enforced that will not be enough—it wasn’t in 2008-09.

Perhaps now is the time to revisit the Cercas report before the Covid-19 tsunami of restructuring cases drowns out our warning klaxons. We need to anticipate economic change and lift all those affected to safe ground—and quickly.

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## **About Judith Kirton-Darling and Isabelle Barthès**

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Judith Kirton-Darling and Isabelle Barthès are deputy general secretaries of industriAll European Trade Union. Kirton-Darling was a British member of the European Parliament (May 2014 - January 2020) and confederal secretary of the European Trade Union Confederation. She also built European trade union experience in the European Mine, Chemical and Energy Workers' Federation and the European Metalworkers' Federation, where she worked as policy adviser. Barthès joined the EMF in 1996. As EMF and later industriAll Europe senior policy adviser, her responsibilities included company policy, collective bargaining and social policy.