

Global Unions?

Theory and strategies of organized
labour in the global political economy

**Edited by Jeffrey Harrod
and Robert O'Brien**

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Global Unions?

'Global Unions?' is an inspired collection. It has a wealth of accessible empirical detail on the condition of labour in the global political economy via comparative, case study and international perspectives. In addressing the central question of the prospects for union organization under highly differentiated global labour relations, the authors usefully historicize our understanding of the relationship between globalization, the nation-state and labour politics as a new social question of our time.'

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- trade union training on globalization in the UK and Brazil;
- transformation in US and Canadian union international policies;
- labour and regional integration in the Americas, Europe and the Asia-Pacific;
- the campaign for global labour standards.

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Series editors' preface

In March 2002, the Swedish Trade Union Confederation (LO) warned the ruling Social Democrats that it would not support a Yes vote in a referendum on Sweden's entry to the eurozone unless a state-financed 'buffer fund' were set up to stabilize employment in case of a national economic recession. With a union density rate of more than 80 per cent, LO is a formidable social and political force, hence its support would be crucial to winning such a Yes vote.

The Swedish example, unfortunately, is not representative of trade union power in the contemporary global political economy. And it is perhaps not even indicative of the real strength of LO and its capacity to resist the dismantlement of welfare structures in Sweden (see Magnus Ryner's 2002 contribution to the *RIPE Series in Global Political Economy*).

The globalization of finance, direct investment and trade has fundamentally altered the relationship between organized labour, governments and business everywhere. The latter two are not only the main actors in the ongoing process of globalization (governments through the deregulation, liberalization and privatization of national economies and capital through increasing cross-border transactions) but are also able to effectively use globalization to discipline national trade unions and workers. As a result, (organized) labour is on the defensive. In Western Europe, for example, this is reflected in a gradual shift away from demand-side corporatism (a characteristic of the Keynesian welfare state) to supply-side corporatism. This leaves trade unions no other solution than to become jointly responsible for restoring national competitiveness, among other things through wage moderation and labour market flexibilization.

On another level, the end of the Cold War and the concomitant renaissance of liberal political and economic ideas and practices reflect a more profound transformation in the global political economy, and of labour as a social force. Globalization has created new divisions in the world labour force as well as new identities. Labour has lost its 'old economy' image, including its organizational and institutional identity at the national level, to a large extent. Many scholars of globalization have concluded from all this that 'organized labour' no longer constitutes a credible social force that must necessarily be part of any counter-hegemonic bloc. Others have gone further and have even abandoned 'labour' as a valuable analytic concept, arguing that the combined effects of globalization

and the turn to post-Fordism have fragmented, as it were, (organized) labour into a multitude of social categories and multiple identities.

The editors of this volume, Jeffrey Harrod and Robert O'Brien, take these new constraints and challenges seriously and argue for a renewed interest in labour and labour organizations. In order to understand the shifting role of (organized) labour in a globalizing world, they argue, one should develop an interdisciplinary approach, uniting the two IRs: Industrial Relations and International Relations. It is the relationship between 'workplace and world order' that is at stake in this volume. One illustration of this is the focus in various contributions on the Multinational (or Transnational) Corporation. In order to advance our understanding of global restructuring we must stop focusing on global firms as black boxes and analyse them as 'sites of contest' instead. On the other hand, the volume investigates the possibilities for a 'progressive internationalism' whereby regional and/or global labour organizations can counteract the structural power of capital. Finally, the contributions to this volume convincingly show that the representation of workers' interests in the global political economy requires a 'multilevel engagement' of organized labour. Trade unions need to engage across a range of levels: at the workplace, at the state level, at the supranational level within regional frameworks of economic integration and/or co-operation, and at the global level within quasi-state structures like the WTO. This volume makes it clear that such a multilevel engagement is not restricted to the institutional representatives of global labour but also involves the input from different – and hitherto separated – disciplines in order to understand the limits of the possible of multilevel unionism.

We are confident that this volume, *Global Unions?*, will appeal to those who are not prepared to abandon the idea that labour can be a progressive force in the global arena of class relations. The book is required reading not just for scholars and students of politics, political economy, sociology and industrial relations, but for trade union officials and activists in particular who are constantly dealing with the pressing need to confront the challenges of the ongoing globalization of capital.

Otto Holman
Marianne Marchand
Henk Overbeek
Marianne Franklin
Amsterdam, March 2002

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Abbreviations

ACFTU	All China Federation of Trade Unions
ACN	Action Canada Network
ACTU	Australian Council of Trade Unions
AFL-CIO	American Federation of Labor-Congress of Industrial Organizations
AIP	Apparel Industry Partnership
AMWU	Australian Metal Workers Union
APEC	Asia Pacific Economic Co-operation
APLN	Asia Pacific Labour Network
APRO	Asia Pacific Regional Organization
ART	Alliance for Responsible Trade
ASEAN	Association of South East Asian Nations
CAP	Common Agricultural Policy
CCP	Chinese Communist Party
CEE	Central and Eastern Europe
CLC	Canadian Labour Congress
CNM	Confederacao Nacional dos Metalurgicos
COSATU	Congress of South African Trade Unions
CPP	Communist Party of the Philippines
CQNT	Coalition Québécoise sur les Négociations Trilatérales
CSN	Confédération des Syndicats Nationaux
CTM	Confederation of Mexican Workers
CUSFTA	Canada-U.S. Free Trade Agreement
CUT	Central Unica dos Trabalhadores
ECOTECH	Economic and Technical Co-operation Agenda
EEC	European Economic Community
EIFs	European Industrial Federations
EMU	Economic and Monetary Union
EOI	Export Oriented Industrialisation
EPZs	Export Processing Zones
ESCC	European Steel and Coal Community
ETI	Ethical Trading Initiative
ETUC	European Trade Union Confederation

EU	European Union
EWCs	European Works Councils
FDI	Foreign Direct Investment
FLA	Fair Labor Association
FTAA	Free Trade Agreement of the Americas
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GFA	Global Framework Agreement
GMC	General Motors Corporation
GPMU	Graphic, Print and Media Workers Union
GSMU	Global Social Movement Unionism
GUF	Global Union Federation
HRDWG	Human Resources Development Working Group
IBRD	International Bank for Reconstruction and Development/World Bank
ICEM	International Federation of Chemical, Energy, Mine and General Workers' Union
ICFTU	International Confederation of Free Trade Unions
IPEL	International Political Economy of Labour
IUF	International Union of Food and Allied Workers
ILO	International Labor Organization
IMF	International Monetary Fund
ITO	International Trade Organisation
ITSs	International Trade Secretariats
IPE	International Political Economy
JIT	Just-in-Time Production
JTUC/Rengo	Japanese Trade Union Confederation
KCTU	Korean Confederation of Trade Unions
KMU	Kilusang Mayo Uno
MAI	Multilateral Agreement on Investment
MERCOSUR	Mercado Común del Sur
MFN	Most Favored Nation
MNCs	Multinational Corporations
MTUC	Malaysian Trade Union Congress
NAALC	North American Agreement for Labor Cooperation
NAFTA	North American Free Trade Agreement
NIDL	New International Division of Labour
OECD	Organization for Economic Cooperation and Development
ORIT	Organización Regional Interamericana de Trabajadores
PKI	Indonesian Communist Party
PMFTU	Pan-Malayan Federation of Trade Unions
PRI	Party of the Institutional Revolution
RAC	Ravenswood Aluminum Corporation
SATAWU	South African Transport and Allied Workers Union
SEIU	Service Employees International Union

SEZs	Special Export Zones
SIGTUR	Southern Initiative on Globalization and Trade Union Rights
SMU	Social Movement Unionism
TIE	Transnational Information Exchange
TILF	Trade and Investment Liberalisation and Facilitation Agenda
TNCs	Transnational Corporations
TRIMs	Agreement on Trade Related Investment Measures
TRIPs	Agreement on Trade Related Aspects of Intellectual Property Rights
TUC	Trades Union Congress
UAW	United Auto Workers
UN	United Nations
UNICE	Union of Industries of the European Community
UNT	National Union of Workers
USWA	United Steel Workers of America
WCL	World Confederation of Labour
WFTU	World Federation of Trade Unions
WIPO	World Intellectual Property Organisation
WTO	World Trade Organization

Part I

**International political
economy and organized
labour**

Approaches and theories

1 Organized labour and the global political economy

Jeffrey Harrod and Robert O'Brien

The title of this collection – *Global Unions?* – was considered by the editors as a concise way of indicating the range of contemporary problems, aims and frustrations of organized labour in the global political economy. This construct, however, must be linked with several other aspects of organized labour, particularly labour seen as a social force within politics and economics, labour as at least half the population of the world but divided by work practices, organizational forms, ethnicity, culture and gender, and, finally, why in the first decade of the twenty-first century there is a renewed interest in the study of labour and work as an entry point to understanding wider aspects of human society and history.

In this first chapter, a first part will look at these factors of organized labour; a second part will review the different focuses and emphases of the authors in the collection as they search for an understanding of the theories and strategies of the organized labour in the global political economy; and in conclusion, we identify some major themes which emerge from the collection.

Organized labour: a global focus

Global unions: contemporary concern and future issue

The juxtaposition of ‘union’ and ‘global’ in the title evokes the joining of an established social and political phenomenon – the union – with a contemporary concern and development – globalization. In considering the nature of unions we are also able to define organized labour, while an examination of what constitutes globalization allows a brief review of the current international efforts of unions.

Organized labour has always been associated with the trade union (or labour union), because that is the universal form which it has adopted to provide organized structure to groups of working people since the earliest initiatives in the middle of the nineteenth century. The union is now globally ubiquitous, despite its variety of forms: craft, organizing a particular occupation, industrial, organizing an industry and general, encompassing several usually related industries. There is, in addition, a legislative counterpart of workplace labour organizations in the form of legally promoted or required enterprise councils or employee

associations. Whatever the form of workplace organizations the basic principles are similar: a membership or association of workers and employees the structure of which makes a distinction between the membership and management, or between those with less and those with more authority in the workplace, and which has the stated objective of improving the conditions of, and return to, work. Such an organization will also typically have a hierarchy of levels from the workplace to the enterprise, from regional groupings to national federations and from national federations to international groupings. The degree to which different workplace organizations do, or do not, represent the true and democratically expressed wishes of the workers is always, and will always be, in dispute for, based as they are on power divisions within the process of production, they are indelibly political.

Thus demands and contestation surrounding the establishment and operation of unions in the workplace and industry and their policies and actions are an ever-present social contest which is the subject of hundreds of daily reports from throughout the world in the labour press (<http://www.labourstart.org>). The right to organize for working people, defined as those with less power in the workplace, is enshrined in constitutions of countries throughout the world, is within the Core Labor Standards of the International Labor Organization and has been recently made a global issue through the debate concerning the social clause in trade (O'Brien *et al.* 2000) which would make trade conditional on the acceptance of the right. So ubiquitous is the workplace organization of labour that there may be a universal social dynamic producing 'an iron law of worker organization formation' in the industrial circumstance (Harrod 1987: 227). It may thus be that organization is the 'default mode' of industrial and commercial enterprises and many of the management efforts are directed at preventing the default mode from operating, in order to secure a more amenable (less organized) labour force for whatever particular purpose.

This collection is about such labour or workplace organizations, hereafter referred to as trade unions, as they currently deal with, or are involved with, the global political economy and the processes, power and organizations which arise from it. Regardless of the debates concerning globalization and the precise nature of it there can be no doubt that transport and communication between parts of the globe and its peoples have been dramatically intensified, and that the power of private organization, principally but not exclusively corporations, at the global level has reached levels and scope unknown before in human history (Harrod 2001). The principle questions thus become: is the organizing dynamic, so well established at the workplace and local level, a product of (and thus confined to) that level? Or is there a possibility that the processes which have occurred in the world under the guise of globalization will precipitate, however slowly or hesitantly, a global organizing dynamic?

Until the current period, such potential had been expressed through the creation of a structure of international trade unions. The origins of this movement at the beginnings of the last century were based on three factors. The first was those workers who were in occupations which were by definition interna-

tional – seafarers, for example. The second was the emergence of international promoted labour issues, (such as the world eight-hour work-day campaign) which received a heightened profile with the foundation of the International Labor Organization in 1919 as an inter-state body which constitutionally incorporated trade unions and employees organizations. The third factor was the growth of the international socialist movement which sought to involve the members if not the unions themselves in an international political movement. The international trade unions which have resulted have incorporated most of these elements, although currently there is more evidence and emphasis on the first two factors. To the immediate causes of international activity must now be added the emergence of the multinational corporation (MNC) as a global power. While it is conventional to refer to the existing structure of the international unions as the ‘international trade union movement’, it is more a collection of international trade union organizations attempting to coordinate national unions which are primarily local in intent and operations.

Organized labour’s international presence

Organized labour uses numerous structures to engage with international and global structures. At the highest level are the international organizations which bring national union confederations together. The largest and most active of these is the International Confederation of Free Trade Unions (ICFTU). A second element comprises, what have been traditionally known as International Trade Secretariats (ITSs), which bring together national unions in a particular economic sector. Examples of such union federations are the International Textile, Garment and Leather Workers’ Federation (ITGLWF), the International Metalworkers Federation, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUF) and the International Federation of Chemical, Energy, Mine and General Workers’ Unions (ICEM). Early in 2002 the most important of these international unions met and renamed themselves Global Union Federations (GUFs). The ITSs, or GUFs engage in day-to-day relations with corporations on behalf of their affiliated unions. A third part is the international activity of national unions or confederations, for example, the US based AFL-CIO has conducted an active international policy attempting to influence unions in other countries for many decades (Harrod 1972; Sims 1992). A fourth element is the international activity of union locals or branches. A union local might send funds to unions abroad or host visiting foreign unionists. In recent years there has been much discussion about the ability of workers to bypass traditional international structures mentioned above and create networks of workers through the use of information technology. For example, Waterman has written about the possibility of a ‘communications internationalism’ (1998: 215). The transformation and interaction of these organizations will be considered in later chapters. For now, it is important to note the dramatic changes that have been facilitated by the end of the Cold War.

The end of the Cold War in 1989 has increased the levels of cooperation between worker organizations of different political orientations. The contest between the Soviet Union and the United States for predominance put an end to hopes for worker internationalism that would cut across state and employer boundaries. The demise of the Cold War offers the possibility of constructing a new form of internationalism, less polarized by ideology. Free of Cold War politics, it might be possible to rekindle the spirit of the late nineteenth and early twentieth-century internationals (Van Holthoon and Van Der Linden 1998; Price 1945).

During the Cold War there was an organizational split with the forming of rival international confederations. In the autumn of 1945 trade unions from around the world, communist and non-communist, formed the World Federation of Trade Unions (WFTU). In the United States the Congress of Industrial Organizations (CIO) was a member, but the more conservative American Federation of labour (AFL) was not. Under increasing pressures from the Cold War and conflict over the Marshall Plan, the CIO and the British Trade Union Congress (TUC) withdrew from the WFTU in 1948, leaving it as a communist-dominated international. Along with the AFL, these Western unions assisted in the creation of a rival organization, the International Confederation of Free Trade Unions. The ICFTU was founded as much to battle communist unions as it was to battle employers' organizations on behalf of their workers. The split not only isolated Eastern unions from the West, but it also sharpened divisions between communist and non-communist unions in Western countries such as France and Italy (Busch 1982: 47–72). With the collapse of the Soviet Union, the ICFTU has become a world wide confederation.

The end of the Cold War does not mean the end of the ideological conflict for international unionism. Conflict between communist and non-communist unions predated the interstate Cold War which began in the late 1940s (Macshane 1992). The Cold War served to shatter the hopes of early postwar internationalism, but was not the cause of conflict between ideological rivals in the labour movement. The end of the Cold War signals the lessening of ideological conflict based on the divisions over communism and offers a radically new set of parameters for unions to organize across national divides that had formerly been forbidden territory. However, other divisions, such as those between business unionism and social unionism – that is, between unions taking a narrow economic interpretation of union function and those adopting a broader social and political view – or unions from developed and developing countries have not disappeared.

The end of the Cold War and the ease of communications facilitated by information technology and cheaper transport allows unions to rethink their international organizations and practices of internationalism (O'Brien 2000a). Some of the leadership of these organizations and some of the persons and politics surrounding them had as an objective, or more realistically dreamt of, the creation of global unions capable of engaging in collective bargaining with their natural partners, the MNCs. International collective bargaining and globally operating corporation-based unions, however, have either had only moderate

success or are only currently in their infancy despite efforts over at least three decades (Levinson 1972). Also in their infancy are the Global Framework Agreements (GFAs) between GUFs and specific corporations in which the latter agree to apply specified standards for conditions of work and workplace labour rights in all of their subsidiaries named in the agreement. The crucial test for global solidarity and for the emergence of elements of global unionism will come when it is necessary to monitor and enforce these agreements against a defaulting corporation but the agreements are too new for there to be any meaningful body of experience in this area.

Thus the possibility of the creation of Global Unions of the title is still very much uncertain. The question mark in the title has a double meaning: should global unions be attempted, given the past experience of frustration and failure and the possibility of unions wasting energy which could be better spent on more realistic projects? Second, if an attempt were made, are the conditions both in the global political economy and in the existing labour organizations currently conducive to such an attempt? The attempts of current international unions to become more effective and 'go global' has made the issue currently legitimate; that attempts have failed in the past makes it imperative to examine more closely the current conditions for the possible future success or failure (ICEM 1996).

It is here that the authors of the various chapters engage with the questions inherent in *Global Unions?*, not necessarily directly but in the particular and specific examination of the elements of the current situations, theories and strategies that organized labour is experiencing or pursuing. This then is the aim of the collection, and it is distinguished from more conventional approaches which usually either describe or promote international trade unions or consider the actions of existing unions in relation to future goals.

Labour as a social force: confrontation and response

Trade unions from their origins were associated with radical political movements which placed class at the centre of the social and political analysis. In the nineteenth and twentieth centuries these movements involved workers and were sometimes led by individuals who were workers, unionists and socialists. For this reason, organized labour has always been associated with concepts of working or labouring classes, and unions were often seen as a leading organization of the working class. This role was assigned to them by thinkers and strategists of many political orientations and was often adopted in practice. Marxists and communists were less enthused by unions arguing that it was the political party which should be the lead organization.

There can be no doubt that in the political history of many countries, including those which emerged from colonialism, unions and other labour organizations played an important and perhaps a pivotal role. Without entering into the controversial debate relating to organized labour's broader role in politics and society and without denying such a role it is nevertheless important to take a

closer look at the current experience and policies of unions without a pre-determined yardstick by which to measure their actions – that is, the measure of whether their actions further the working class, enhance the possibility of systemic transformation or directly support a society-wide norm of social justice.

Many of the chapters in this collection then examine the actual and current actions and policies of organized labour, or the organizations associated with them rather than place them into a transformational context. The broadest assumption is that labour in all its manifestations may constitute a social force, that is a pressure on social, political and economic structures which lead to change if not transformations in the longer run. Organized labour and labour practices in general thus may be seen as a social force just as the changes in powerful groups of professionals may be seen to be the determining factor in current societal changes (Reich 1991; Perkin 1996). Currently, the responses generated by labour in the face of neoliberal globalization certainly indicate a social force which is central to the development of the international political economy and international relations.

Yet international political economy (IPE) and international relations (IR) have, like many other disciplines, defined themselves too narrowly and have been unable to absorb theories and findings of other disciplines. For example, the concept of labour productivity is one of the crucial indicators of economy and a central organizing concept of industrial relations and human resource management. But at the same time, it can be an indicator of the stability of a society and the morale of the population. Social and economic turbulence and disintegration and the possibility of national decline, so important to international relations and international political economy, are often first heralded in a relative or absolute decline or increase in labour productivity. Accordingly, among the first scholars to accurately anticipate the collapse of the former USSR were those examining labour productivity and the various attempts to solve its endemic decline (Bergson 1978). Likewise, in the USA the uneven history of labour productivity since 1975 is considered by Madrick to be of historic importance determining the internal and thus the external policy of the USA (Madrick 1997). In each case the decline in labour productivity, to an important degree, starts in the workplace but reflects citizens' motivation, anomie or resentment and these in turn become the material for historians, political scientists and foreign policy analysts to examine in the search for the understanding of the shifting power of states, societies and communities in history (Olson 1982).

Policies and practices born by social forces are now global in scope, and the resistance to them by other social forces and movements can also be observed to have a global dimension. Thus the 'cost-cutting' techniques associated with MNC cross-border mergers are targeted at labour shedding and wage-bill reduction often outside the country of the corporation's headquarters, where political impacts are seen as more important. The observation that IMF structural adjustment programmes are an example of global government (by an imperial analogy) (Hoogvelt 1997) would mean that one of the major policies of such governance is the re-configuration of the labour market because all the

programmes contain labour market 'flexibilization' provisions. The dislocations these policies have engendered have been the source of social and international turbulence against which foreign economic and military policy are posited.

Finally, viewing labour as a social force and seeking a cross-fertilization of expertise to deal with it can also be seen as part of an effort to move towards a holism in which the greater issues of the immediate destiny of humanity could be at least raised. For example, currently the concept of economic competitiveness in international political economy and the focus on the individual, rather than the collective, individual relations at work in industrial relations have become important in their respective disciplines. These latter concepts, however much they may be criticized or discounted, have challenged the notions of historiography derived from the view of transformation arising from social forces (Cox 1987; Weber 1922), class development and conflict (Marx 1967; Moore 1967) while they tend to support the increasingly fashionable notion of the clash of civilizations (Toynbee 1946; Huntington 1998). Whether the concepts of national economic competition and individual labour are enhanced or destroyed, are symbiotic or parasitical is central to the global policies of unions, and therefore they raise some of the more fundamental questions inherent in this collection.

The world labour force: divisions and identities

The relationship between workplace and world order emphasizes the centrality of labour in the workplace, whether organized or unorganized. However, the essays in this book are concerned with organized labour, that is, that part of the world labour force conventionally described as workers within labour unions or organizations and are a distinctive and important group. But this description has in the past tended to hide that the person in the workplace, performing as a producer of goods and service, is also a citizen, and may be a woman, man, ethnically distinct or member of non-work related group or issue-driven social movements. These multiple identities throw up a series of conflicting and complementary interests and it is necessary to recognize the importance of these, even while holding a focused viewpoint on organized labour.

Divisions in the world labour force

There are a number of labour groups that could be considered in a broader study, but are not the focus of this book. One broad category is the unprotected worker (Harrod 1987; Sassen 1994) who functions without the benefit of meaningful union, state or political party protection. Furthermore, such a mass of people, almost by definition unaffected by rationalizing influence of formal organizational structures may be producing the core forces for international conflict (Harrod 2001b). Likewise a large and growing literature is devoted to the role of gender and global restructuring (Marchand 2000). Gender roles are constructed and promulgated to support particular forms of economic activity.

Another area of importance is subsistence and market-producing agricultural workers whose resistance to neoliberal globalization is a significant feature of labour unrest (McMichael 1997). From Mexico to India to the Philippines, peasants are active in confronting liberalization. Bales's (1999) work on new forms of slavery remind us about the 27 million people subject to debt bondage and contract slavery.

As with all disaggregations there is always damage to the aggregate but the process is necessary to make the subject manageable. Organized labour is politically special in that through organization there occurs a structured and often routinized relationship with other organized elements in any polity. Different categories of unorganized labour, gender, ethnicity and nationality impact the nature of organization and the nature of the structured relationships. The line of causality is a continuous and circular one, but the articles in this book choose to examine a segment without denying the line itself. Thus the interests and concerns of these groups are omnipresent but will appear in various chapters only to the degree that the authors consider them currently significant to the main topic of their work.

Nevertheless, to understand the current or potential importance of organized labour in the global political economy, it is necessary to consider the broadest possible scope, the developments within the world labour force and their associated changes in the nature and structure of the global political economy itself.

The world labour force, defined as the economically active population, at the end of the millennium stood at 2,369 million and comprised about 50 per cent of the total world population. The world labour force has been growing at least 3 per cent per year, which means that it has more than doubled between 1970 and 2000. It is predicted to grow by at least 20 per cent during the course of the next ten years. Over the past thirty years fewer children and young people as well as fewer older persons are to be found in the world labour force (ILO 2000). In 1970, 34 per cent of people over 65 worked compared with 25 per cent in 2000. In 1970 28 per cent of children between 10–14 were declared economically active compared with 13 per cent in 2000. These participation rates are predicted to further decline in the next decade.

These changes, however, are not as far-reaching as the change in the proportion of women in the labour force, which has risen from 33 per cent in 1970 to 40 per cent in 2000. In the richer countries the classical M-shaped curve of women entering the labour force before child-bearing, withdrawing during child rearing and returning at a later age has nearly been eliminated. The age curve of work follows almost precisely that of men, although still fewer women are in waged labour than men. In the richer industrialized countries gendered wage inequality for the same work has been substantially reduced (ILO 2000: XVII). But women still disproportionately occupy low-waged position, part-time and quasi-legal work. The result is that the average wage for women universally is much lower than for men.

During the past three decades there has been a decline in that proportion of the world labour force which can be considered to be organized, that is members

of unions and other workplace organizations. However, this decline is not as dramatic as claimed by management and corporate-oriented publications. It is still the case that in many countries the majority of the non-agricultural labour force is in some sort of worker organization. Further, the so-called union density rate (the proportion of workers in unions to the total employed in a sector or nation) is high in industrially and nationally strategic industries.

Thus the major changes in the global labour force has not been so much in its size, gender composition, and connection with the global economy as it has been in the dramatic change in the conditions of work and in the use of gender, age and ethnicity within the organization of production and the search to reduce labour costs.

Labour, labour market flexibilization and labour productivity looms large in current discourses on the global economy. The reason is not economic nor statistical; it is that the global political agenda changed in the 1970s from demand management and objectives of distributional equity to labour control and wealth and income concentration. At the end of the twentieth century, for the first time since the early 1930s, it became legitimate to promote unemployment to enhance productivity, to reduce the workforce to increase shareholder and executive salaries and to risk, health, safety and environmental dangers through a short-term maximization return policy.

These policies have been pursued to varying degrees of intensity throughout the world. While they are made in the name of a process of globalization or material economic processes characteristic of the era, there is little evidence to support this claim. The most important globalization has been that of policies seeking to increase the intensity of the labour effort and to reduce the projection of employees. The attraction of these policies is the increased wealth and freedom for the two top quintiles of income earners and the reduced income, freedom and health for the bottom two quintiles.

The empirical evidence after twenty years is now overwhelming. In almost every country of the world, income distribution has widened (UNDP 1999, 2000; ILO 2000a). Almost everywhere the intensity of labour effort has been increased. Two developments have been particularly noticeable: the reduction in protection and welfare through the dismantling of labour laws and enterprise practices which provided some protection against arbitrary hiring and firing, and the increasing employment of socially disadvantaged workers.

The first development has been characterized as the 'informalization' of work and of the structures within which it is performed. The greater the protection from arbitrary use of authority originating both within and outside the workplace is achieved the greater the formal, rule-based, routine nature of the work situation. Throughout the history of work and work relations there has always been a proportion of the labour force which achieved, or were granted, a status of established workers. Typically these would be the civil service, the military, those protected by guilds and those with high and rare skills who could be strategic to further expansion of production. The labour force covered by structured labour relations expanded throughout the twentieth century under two

impacts: the growth in the power of unions and their defence of human rights in the workplace, and the expansion and regulatory nature of the state under both liberal democratic and authoritarian regimes.

The expansion of the established worker category proceeded but with a slower rate of increase until the 1980s, when the process of consolidation and expansion of worker protection went into sharp decline. In the richer industrial countries, this was achieved through packages of policies advocating labour market flexibility, legislation weakening trade unions and successful power confrontations with militant employees, the development and application of technology, and work processes which reduced the dependence of production and accumulation on the continuing employment of the same persons. In the less industrialized countries the main mechanism to increase the supply of unprotected workers was through a regime change which required the destruction of the pre-existing corporate state in which portions of the labour force were granted relative privileged status under the corporatist umbrella.

The parallel but linked development was the search of employers for a supply of socially disadvantaged workers. Social disadvantage in the workplace is socially constructed, although often based on persisting physical characteristics such as age, gender and race. Thus as income equality increased so did the development of an underclass in which are found the low-paid, children, aged, women and racial minorities. The widespread and accelerating entry of women in low-paid employment – referred to as the feminization of the global workforce – the increased use of time-limited employment, the casualization of work and the concentration of racial minorities within it thus characterized the global labour force at the end of the millennium.

The existing structure of unions was thus confronted from the early 1980s onward with a situation with which neither most of the then leadership nor the members had any experience. Essentially, throughout the world an accepted political structure had emerged surrounding the core relationship between unions, government and employees. These can be seen as different types of corporatism: the political system formally seeking to create harmony and unity from potentially conflict-producing power hierarchies in production. Thus in English-speaking countries a form of tripartite corporatism was established, while in Western Europe the prevailing form was so-called social corporatism in which unions and employers were seen as 'social partners'. In Japan, enterprise corporatism was established in which the workers and management of discrete enterprises interacted with little concern for national structures, and in industrializing countries state-corporatism in which the state dominated the union–employee relationship through legal and coercive control of unions and their leadership. The importance of these forms was that in each system worker and workplace organizations were legitimate, even if, as in state-corporatism they were often brutally controlled. When government after government attacked the legitimacy of established procedure and processes, if not the unions themselves, a new political epoch was introduced.

In forcing the demise of the various union forms of corporatism, as well as

less corporatised systems, the rapid increase in financial mobility increased the power of corporations and was of crucial importance. In particular it provided the possibility, if not the intent, of management to move production to lower-wage and less unionized environments. Yet the threat of the possibilities of so-called globalization used against the workforce was both larger than was possible and larger than actions or transfers actually made. Throughout the period of the universally repeated idea of the mobility of capital, there was no dramatic shift of production out of the richer countries. The proportion of world foreign direct investment going to low-wage environments – about 25 per cent – of the total did not change until the mid-1990s when more investment went to China and Asia and pushed the percentage up to 40 per cent. Further, these investments were for the local markets rather than for re-exports which has meant that globalization itself did not affect the lot of organized labour. The policies secured using it as a threat, however, did.

The constraints of a global labour force

Despite the increase in the size of direct investment, financial transactions, in international traded goods and in international communications – the four components comprising any serious definition of globalization – there is no all encompassing global labour market. A universal global labour market could only be constructed if workers were to be afforded the same mobility privileges as finance and investment or if all workers were involved in direct competition with other workers in different countries. There have emerged specific regional and skill-delimited labour markets, such as domestic workers from South Asia in the Gulf States, the labour export programme of the Philippines and some professions still maintain a semblance of international mobility. But these examples, although the favourite of press and academics seeking colourful examples of cross-border labour movements, are insignificant when compared with workers who are confined for life to their nation of birth and citizenship. Thus the total number of current migrants in the world labour force is less than 5 per cent of the total at 120 million in 2000. While this number has increased by 60 per cent since 1965, it is predicted to stabilize or be reduced.

A logical next question would be, has there been a substantial change in that proportion of the world labour force directly involved in international or global production as the result of a claimed development of globalization? Here again the quantitative evidence for a massive increase in direct involvement is not overly impressive. Direct employment by multinational corporations and free industrial zones, as concentrated low-waged export facilities represent only a small fraction of the global labour force; the total employment by multinational corporations is estimated at 80 million persons or 3.4 per cent of the world labour force. Likewise, the total proportion of the world labour force involved in the export industries (goods and services) is no more than 10 to 12 per cent.

In conclusion, taking the global immigrant labour force, the workers in multinational corporations and those working in the export industries and adjusting for

double counting (migrants working in export industries or MNCs) it may be that there is 10–15 per cent of the world labour force which has a direct and easily observable linkage with the global political economy. This is in part a reflection of the structure of the global political economy – the most populous and largest economies are amongst the least trade dependent economies in the world. USA, Japan and Brazil have less than 10 per cent of their GDP going into international trade. Likewise, China has a only a medium-level involvement in global trade with about 20 per cent of its GDP. It is often the countries with smaller labour forces which are most involved in trade; thus Jamaica with a labour force of one million has 56 per cent of its GDP in international trade and Malaysia with a labour force of eight million has 77 per cent of GDP in trade. The USA, Japan, Brazil and China account for 40 per cent of the world labour force.

This presents one of the first formidable barriers to the possibility of a mass international or movement and the creation of global unions: more than 80 per cent of the world labour force has no *direct* linkage with the global political economy. The history of labour organization in industry, however, has rarely been one of the sudden and chiliastic (characteristic of peasant movement) mass action. It has rather been a process in which first the benefits of organization have been promoted and then the need to consolidate by the organization of solidarity.

If there has been globalization of investment, finance and trade there has been much more limited globalization of labour. Yet, a global labour force can be discerned if it is defined as those workers connected to the global economy. It is not universal because many workers are outside its reach. An adherent to the possibility of global unions would not be unduly deterred by the weak direct involvement of labour in the global political economy because a far larger proportion of the labour force is implicated through indirect linkages. Through the process of sub-contracting, the manufacture of components which enter into a globalized value chain and the impact of the global segment of the world economy on national wage and price structures can, in many cases, involve the whole of the economy and national labour force. In key global commodities, especially in energy, the global economy and relations within it determine the material returns, wages and real incomes for large proportions of the labour force not directly involved. In addition, global connections do link workers in particular key industries such as automobiles and textiles. But as noted above, the global economy connection becomes universal when it is used, as it has been done for many years, as a threat, a bargaining position and an ever-present real or constructed pressure on all workers and employees organizing at the workplace for whatever purpose (ICEM 1996).

A labour focus: renewed interest

In the contemporary field of international relations, organized labour is not a favourite subject of study (O'Brien 2000b). For those who do cast their gaze beyond states and corporations to civil society actors, the emphasis is currently biased towards NGOs and the 'new' social movements. One tendency is to

discuss NGOs as a group (Charnovitz 1997; Weiss and Gordenker 1996). These studies tell us something about the role that civil society actors are playing in global governance, but they do not view labour as particularly significant. The other tendency is to avoid mentioning labour in discussion of active transnational groups. For example, Keck and Sikkink's (1998) stimulating account of transnational advocacy networks focuses upon human rights, environmental and women's groups. Smith, Chatfield and Pagnucco's (1997) collection of articles on transnational social movements concentrates on peace, human rights and environmental groups.

The lack of interest in labour originates from, or is connected with a number of different views, positions and discursive practices. First, there is the view that organized labour is at the national level a spent social force. Second, there is the view that organized labour lacks modernity, is gender-biased, conservative and rooted in a blue-collar nexus unyielding to the demands of modernity and the worsening conditions of those excluded from its ranks. Third, there is a view that established workers with long-term structured and stable employment, traditionally the core of trade unions and organized labour, are destined to be a minority within a flexible, changing and precarious workforce.

These views and charges are now more than two decades old, which means that they need to be reconsidered. Reconsideration will show that a renewed interest of organized labour in the global economy is needed. It is clear that the rapid decline in union density – the degree to which the labour force is organized – has now ceased and membership is stabilizing and in some countries even increasing (ILO 1998). This change in the direction of the numerical size of trade unions has been accompanied by a change in the nature of the organization of labour, its composition and the mode of its operation. Thus while organization of labour had been traditionally considered as trade unions, it now encompasses a variety of forms and must therefore also include workers' councils and other such workplace organizations. The new organization of labour increasingly includes categories of occupations traditionally outside of the core of industrial workers. It is precisely in these categories that there were either a greater number of female workers or which have been feminine. Thus organized labour begins at this stage to lose its previously justified 'old economy' image. Contemporary research has shown that the media-induced view that a declining density of unionization meant a declining power is, as is often the case with such developments, not empirically confirmed (ILO 1997; Freeman 2000). Thus in some countries in which union density has dropped to below 10 per cent, there has been no decline in the power of organized labour as other forms of organization have increased. In some countries the number of workers covered by collective bargains has been extended in the context of apparently weakened unions. Finally, the role of organized labour has changed. Thus while direct labour market intervention to bid up the price of labour was the macroeconomic function in the past, now the role of organized labour is also in protecting workers in bureaucracies, monitoring and revealing internal workings of corporations and developing a base for human rights in the workplace based on non-discrimination, equality and due process. These roles are increasing, in a

double track manner, as the centralized power of large corporate bureaucracies has also increased. These latter issues affect functioning, revenues and profit margins indirectly rather than directly, as with a wage claim, but the quality of life demand may be as costly on revenue per worker as the wage demand had on unit labour costs. These trends have varying degrees of strength and viability but their consideration makes an important difference from the immediate past in which the main trends were connected with the modalities of organized labour loss of power.

There are then essentially two key reasons for a renewed consideration of labour in the global political economy. The first discussed above is precisely that organized labour itself is going through dramatic changes which may lead to a reassessment of its role and importance. The second is that the original core functions of trade unions coupled with the newer roles and dimensions means that national trade unions still exercise a strategic role through both their national activities and their direct interaction with key players in the global political economy particularly the corporation and the agencies of state.

The relationship of organized labour to state and corporation is of crucial importance as these are the two major institutions influencing the process of globalization. The Keynesian state of the advanced industrialized economies and the developmental state of other parts of the world, in which organized labour in the former and official unions in the latter played an important role, have been weakened. The historical blocs associated with these forms of state (Cox 1987; Rupert 1995) have disintegrated under the impact of neo-liberal market-oriented policies and greater integration of economies through trade, internationalization of production and increasing homogeneity of technology packaged into what is sometimes known as the competition state (Cerny 1995; McMichael 1996). Yet while the role of labour in those structures has diminished the focus on the state has remained and the influence of organized labour shifted to other areas.

So it is that organized labour has been central to the democratization process of many states in the final two decades of the twentieth century. In Poland, Solidarity challenged the legitimacy of the Soviet system of control which eventually led to a wider disintegration of East European Communist states in 1989 (Bielasiak and Hicks 1990). In South Africa, the labour movement was central to 'creating the conditions for transition, in shaping its character and indeed in legitimating the process itself' (Adler and Webster 1995: 77). Other prominent examples include the democratization struggles in Brazil and South Korea (Eder 1997). It was two decades ago that a major study of trade unions in the USA concluded that they were not necessarily good for profits but they were certainly good for democracy (Freeman and Medoff 1980). It is not surprising, then, that in the debate concerning labour standards the right to organize and bargain collectively has been promoted as a universal, basic, human and political right (O'Brien 1998). In the discussions concerning the models of capitalism (Albert 1991; Coates 2000) the distinguishing element between the three models associated with the USA, Western Europe and Japan has been the organization of labour in weakened bipartite relations in the USA, within a social partner and worker participation in Western Europe and in a corporate workforce model in

Japan (Ruigrok and van Tulder 1995). Thus organized labour has been a key element in challenging liberal forms of regional integration and advocating more social arrangements.

Ruigrok (2000) has argued persuasively that corporations and their strategic decisions are driving the globalization process. Increasingly, state policy facilitates such strategies. If this is the case, from which quarter will a power emerge to temper corporate prerogative? Worker organizations are the only organizations which penetrate the corporate structure, that possess information on the organization of production and the culture of governance which persists within the corporation. Increasing concentration and decreasing control by competition in the market pushes worker organizations to the forefront of discussions concerning the human rights at the workplace and the general social responsibility of corporations. One possibility is a coalition of civil society actors which insist upon corporate codes of conduct. This has been a subject of considerable debate and activity in the textile industry (Ross 1997). Others have pointed to the rise of anti-corporate activism and culture jamming by a growing number of young people fighting back against increased commodification of all aspects of daily life (Klein 2000).

These developments and the relationship between organized labour and the two dominant sources of power in the global political economy – the state and the corporation – make organizations of labour important parts of the emerging global networks which may be the precursors to a form of global governance (O'Brien 2000c).

The elaboration of the importance both current and future of organized labour goes far beyond even the major issues and structures identified above. It is for this reason that the authors of this volume can now take up the subject in the different contexts which has been the subject of their research: the integrated position of labour in the global political economy, the national and regional strategies which are emerging to deal with the current situation, and finally the actual engagement of organized labour with global dynamics.

Joining the Two IRs?

Such an approach by necessity brings together specialists from the fields of international relations and labour studies broadly defined. The authors are academics and practitioners from these areas and disciplines who share an interest in and concern for the role of work and working people in a global economy. Underlying the theme and objectives of the collection is the proposition that expertise developed in the disciplines of industrial relations (IR), human resource management, labour studies and the sociology of work potentially provide insights and hard data for understanding and prediction in international relations (IR) and international political economy (IPE), and that the insights of those involved in analysing the global political economy are increasingly essential to understand the current situation and problems of organized labour. Thus international relations and international political economy centred on global

dynamics need inputs from these disciplines, just as those centred on the workplace also need to consider the global dimensions derived from international political economy. In synthesis, they could contribute to the understanding of the dynamics within both disciplines.

The chapters have been divided into three parts corresponding to theory and approaches, national and regional strategies, and global labour dynamics and perspectives.

Theory, national, regional and global strategies

Approaches and theories

Organized labour faces an unprecedented challenge in the emerging global economy. To deal with this challenge, considerable effort needs to be put into rethinking the place of labour in the global economy from a labour perspective. The first three chapters address these problems from three different perspectives. Amoore argues that despite recognition of the corporation by international political economy, the crucial nature of the social relations or labour relations within them and between them have been ignored. Harrod considers whether an international political economy of labour can be constructed from the labour content of various different disciplines and areas. Hughes and Haworth complete the fusionists picture by suggesting a consideration of international regimes of industrial relations.

Louise Amoore provides a good example of an approach which integrates the corporate labour relations with the study of international political economy. Although the corporation has been recognized as 'globalizers in chief' and taken on a more prominent role in the study of international political economy, the social relations of which the firm is constituted have tended to remain invisible. The uprooting of sites of production from their social bases has considerable implications for labour in the international political economy. This chapter raises the profile of labour and social relations through an analysis of the competing social forces that define, contest and redefine the contours of global restructuring. Drawing on the restructuring experiences of British and German multinationals, the chapter argues that the activities of globally operating firms are less the outcome of unitary and unified actions than they are the result of a series of social contests. Such contests reflect and inform the social practices dominant in particular political economies, imbuing the processes of globalization and restructuring with distinctive meanings and understandings.

A sounder understanding of global political economy and history requires a reconsideration of the role of labour and its control and motivation is the core position argued by Jeffrey Harrod. He critically considers the labour content of current discipline areas, especially economics, labour relations and comparative labour relations, comparative politics and political economy. Using concepts such as labour market wage determination, labour cost, labour productivity and theories of trade unionism, corporatism and systems of labour control and

motivation, he argues that an international political economy of labour can be created. While labour can be considered as the driving force of history, his argument here is to develop a better understanding of the role, position, impact and importance of labour within current discussions of trade and investment and models of capitalism, and from there to contemporary global politics. An international political economy of labour would contain the basic material and tools of analysis necessary for considering the future of organized labour at the international level and the policy issues for any potential global unions.

Just as IPE needs to be rethought with respect to labour relations, labour relations can benefit from a dialogue with IPE. Steve Hughes and Nigel Haworth contribute to this emerging dialogue by considering the lessons of international relations regimes for industrial relations. Economic internationalization, trade liberalization and regionalization have significant impacts on institutions and behaviours in industrial relations. Industrial relations theory has not fully engaged with these processes as a result of limitations in the theoretical foundations of the discipline. Engagement with International Relations and International Political Economy provides one approach through which industrial relations can overcome these limitations. This engagement is explored conceptually in terms of the formation of international and regional industrial relations regimes.

National and regional strategies of labour action

Organized labour faces large challenges in coming to terms with an increasingly neoliberal and global environment. In responding to these changes labour must operate in three distinct, but connected arenas and at several spatial levels. The arenas are the state and interstate political structure, the market and corporate activity, and the realm of civil society action. One might term these the political, economic and social arenas, but that would imply a separation of spheres which does not exist. For example, the political arena takes decisions which have economic and social implications while the corporate world and civil society groups influence state policy.

The levels on which labour must act range from the local community to national politics to international institutions to global relations around the world. For our purposes we have divided the levels into two categories – the local/national/regional level and the international/global level. There is not enough space in this volume to delve into each level in detail so the levels have been collapsed but at the same time keeping a distinction between those in which there is a sense of community and identity from the macro levels in which this identity and community is nascent.

Thus the second section of the book begins with an in-depth consideration of the relationship between the strategies of organized labour in local communities and transnational corporations. Drawing upon the experiences of the 1990–92 Ravenswood Aluminum Corporation–USWA dispute and the 1998 GM–UAW strike in North America, Andrew Herod suggests that local organization can be highly effective in combating a transnationally organized corporation, particularly

if such local disputes target crucial parts of that corporation's organization. Unions may be faced with a choice between confronting economic globalization through international actions aimed to link different workers in different locales across the planet together, or by engaging in well-articulated, very local campaigns against particular key control points in a corporation's structure. The first assumes that unions must operate globally so as to conquer global space and match the global geographic reach of their employers. Such a strategy represents an 'organizing globally' approach. The second assumes that the need for corporations to engage in 'strategic localization' (i.e. to locate operations in particular places) means that unions may effectively disrupt the operations of a corporation through activities focused on only a small number of strategically located operations. Such a strategy may be said to represent an 'organizing locally' strategy. Whichever of these spatial strategies is most successful will depend upon the contingent relations within which workers find themselves in different places. By understanding how the 'politics of geographic scale' (i.e. which strategy is likely to be most successful, a global campaign or a local one) play out, it is possible to see how places in different parts of the world may be linked together through labour union campaigns against particular corporations, whether these are globally oriented or locally oriented campaigns.

In engaging with the internationalization of markets many national trade unions must, sometimes reluctantly, revise their strategies and bargaining agendas, moving beyond traditional *distributive* concerns to address *productive* concerns such as training. Janet Hannah and Clara Fischer examine vocational training programmes being implemented by a British and a Brazilian trade union which, it is argued, are significant for two reasons. First, they are challenging, and providing alternatives to, training agendas driven by the interests of international capital. Second, in so doing, they are refusing to passively accept the consequences of the neoliberal internationalization of markets. As national initiatives, these programmes represent a significant, but necessarily limited challenge. However, they have the potential to be adopted and developed by other national and international trade union organizations, supporting the belief that trade unions have a significant role to play in challenging the dominant trends of the neoliberal internationalization of markets.

Although national union responses to liberalization vary, there is some indication that many strategies are more genuinely internationalist than at any time since before the First World War. This certainly is the case in Ian Robinson's analysis of transformation in the international dimension of the US (AFL-CIO) and Canadian (CLC) labour federations' economic strategies since 1947. He argues that these strategies have gone through three phases. In the first phase, the two federations supported trade liberalization under the Bretton Woods regime because they believed that it facilitated their primary goal: constructing a Fordist system of *national* economic regulation. In the second phase, they opposed further liberalization because they believed it was incompatible with the preservation of those domestic Fordist institutions. In the third phase, they sought to build a new kind of Fordism by reforming the international institutions

and policies that had by this time severely eroded national Fordist institutions in each country. Although the timing of each phase was slightly different in the US and Canada, both federations have now moved to a much more progressive form of internationalism in response to regional and global integration.

Regionalization of the global political economy is one of the dynamic areas of structural change. Significantly it is often the so-called 'meso-level' actor of business, union and non-governmental organizations which lead the ongoing integration (Sanchez Bajo 2000). The regional arrangements – EU, NAFTA, MERCOSUR and others – create a level to which organized labour must respond and in which labour representation is included. Two chapters directly consider the regional perspective.

Dimitri Stevis moves his analysis up a level to question the conventional wisdom that labour unions are inherently nationalistic while capital is inherently internationalist. An examination of labour politics in North America and the European Union casts serious doubt on such an assertion. He argues that the international politics of unions are the product of factors similar to those of other social forces. One of the most important findings that emerges from this study is that unions, states and capitals employ complex mixes of domestic and international strategies and that these choices depend on the constitution of those actors and the political goals that these strategies serve. At a more immediate level these findings suggest that we pay closer attention to the changing agency of social forces, in general, and unions, in particular. More broadly, they suggest that the domestic/international nexus is a proper focus of empirical investigation, moving us away from the ontological separation of the two so prevalent in mainstream international relations.

Nigel Haworth and Steve Hughes suggest that even in an area of limited institutional development – the Asia Pacific Region – there are possibilities for organized labour to play a role. Since 1997 the Asia Pacific Economic Cooperation institution (APEC) has opened up the possibility of an enlarged regional impact for international labour movement. An important dimension of this potential is the relationship between China and APEC and between the International Confederation of Free Trade Unions (ICFTU) and the All China Federation of Trade Unions (ACFTU). Not only will APEC have to decide how the international labour movement will be integrated into its activities, but also the international trade union movement will have to decide how it will respond to the issue of China in general and the ACFTU in particular within APEC.

The global arena: unions and global dynamics

Labor internationalism has provoked high hopes and romantic passions in the past (Waterman 1998). It still retains its power and a hoped-for ideal in which those who are generally subordinate in the workplace overcome the national, cultural and linguistic barriers to see that their position within production has a unifying potential. The last five chapters examine the contemporary conditions, strategies and issues confronting organized labour at the global level.

Mine Eder argues that although labour internationalism faces immense obstacles, there is little alternative to making progress in this area. Despite immense challenges, labour internationalism appears to be the only effective strategy in defending worker's rights *vis-à-vis* the MNCs and the state. Improved communications and Internet can introduce new avenues of coordination of the labour movements. Given the transformation of the work force, labour movements would also have to develop cross-cutting alliances with other groups. These international linkages do not have to take the form of international federation of unions. Informal, less structured and grassroots-oriented efforts that aim at understanding and solving the problems at the shop floor are more likely to be successful. Combining local strength at the shop floor with transnational networks can finally begin to give labour a voice and strength in shaping the globalization process alongside the state and capital.

The question arises as to whether labour has the potential to emerge as a social force capable of transforming the present global logic. Rob Lambert brings the strategic choice of unions into sharp focus by analysing the diverse responses of organized labour in the Asia-Pacific. He reviews two general union orientations in the region (business and social), giving rise to four broad responses to globalization – strategic best practice business unionism, authoritarian business unionism, political movement and social movement unionism. Business unionism is characterized by an erosion of independent organization, ideology and strategy. This orientation may be freely chosen, as was the case in Australia, or it may be imposed as has happened in post war Asia. Political and social movement unionism are the alternatives to business unionism. Whilst both orientations display certain social movement characteristics, political unionism is marked by the subordination of unions to a political party. Social movement unionism posits a redefined relationship in which the party is embedded in civil society movements, including unions, and strives to reflect this collective will. Global social movement unionism (GSMU), which seeks to transcend business unionism and political unionism, is presented as a possible path out of the impasse. An emerging example of this approach, the Southern Initiative on Globalization and Trade Union Rights (SIGTUR) is highlighted.

Organized labour faces not only the power of corporate interests and sometimes hostile states, but an arrangement of international institutions that is becoming increasingly unfriendly to organized labour. Rorden Wilkinson renders visible the formal marginalization of the International Labor Organization (ILO) in global economic governance and offers some suggestions by way of explanation. He demonstrates that, whereas the system of global economic governance envisaged in the Havana Charter of the International Trade Organization (ITO) contained provisions for the inclusion of the ILO, the legal framework of the World Trade Organization (WTO) contains no such provisions. The chapter argues that this marginalization has been compounded by the actions of both the WTO and the ILO. What remains, then, is the absence of a formal voice for organized labour in a global institutional architecture that is so fundamental to

the management of the global economy. One of the challenges confronting organized labour is thus to set about recovering that political space.

The marginalization of organized labour in international institutions and pressure to lower national standards brought on by globalization has led to a widespread campaign for social protection amongst a broad section of civil society actors. Robert O'Brien's chapter considers organized labour's strategy of inserting social clauses into regional and multilateral economic regulation in an attempt to create minimum global labour standards. The major obstacles to achieving meaningful social clauses include: the struggle against dominant ideology; sparse opportunities to exercise influence; and the chequered history of labour internationalism. As a result of these obstacles, alternatives to trade related social clauses such as reinvigoration of the ILO, market based corporate codes of conduct, and holding MNCs responsible to home country standards have recently been gaining increased prominence. All of these strategies also have limitations. Although union time and resources are a precious commodity, it is likely that all of the above avenues need to be explored simultaneously because each option provides only a partial solution to improving labour standards around the world.

The final chapter is a contribution from a former prominent international trade unionist, Dan Gallin. He was for more than thirty years the General Secretary of an important international union. He traces the current problems of the international trade union movement through the past forty years and in particular the 'absurd debate' arising from the Cold War. Taking an inventory of the current situation, he sees a way forward through the so-called International Trade Secretariats – the industry based international federations – and some positive movements in relation to works councils. A practical proposal is that the ITSs should become members, rather than be absorbed by, the major international confederation of unions, the ICFTU. He sees the tasks of future global unions and/or union structures subsumed under the action-oriented slogans of organize, democratize and politicize. Organization efforts should be concentrated on the MNCs, the informal sector and those countries in which trade union rights are constrained, while the form of organization may be found in larger union structures. Democratization requires reducing the distance between union leadership and the members. According to Gallin there is a desperate need for the union movement to escape from the paralysis of the past debates and engage with the recreation of a cohesive political programme to face the current global situation. He believes that the union movement is the only organized structure with the potential for long-term social action at the international level. These contributions can be analysed collectively to discover commonalities and major themes which emerge from them.

Conclusion: four themes

At the dawn of the twenty-first century workers around the world face immense challenges, struggling to live decent lives. As corporate power concentrates, states transform and transnational economic activity intensifies workers are confronted

by ever increasing competition. This collection has highlighted the position of organized labour as it faces these challenges. In this brief conclusion we highlight four themes emerging from the book and some of the questions they pose for future research needed before moving forward. The themes are: the need for more attention to the corporation; the challenges of multilevel action; possibilities for progressive internationalism; and the importance of increased interdisciplinary interchange.

Scrutinize the corporation

One theme that runs through the book is a need to develop a better understanding of the activities of corporations and their influence on the global political economy and labour. While liberalization of the financial sector has undoubtedly increased the structural power of capital (Gill and Law 1993), there is a great deal of variety in the ability of particular sectors and corporations to exercise their power over labour. As Andrew Herod points out in his chapter, some of the strategies that corporations have used to increase labour intensity such as lean production, can also increase their vulnerability to industrial action. The key is that corporate vulnerabilities and strengths vary across corporations. A sound understanding of corporate vulnerabilities, whether that be in the production process or the sensitivity of its shareholders to bad publicity is vital if labour is to engage corporate power effectively. This focus on corporate activity is also an important aspect of non-union direct action against corporate abuses. For example, university student action against sweatshops takes on corporations directly by highlighting abuses and pressing for changed corporate activity.

There has been some attempt in the industrial relations field to analyse corporate strategy from a critical labour perspective. For example, Harvie Ramsay (1998) has argued that fads in corporate strategy such as the business portfolio matrix and core competency models, value chains and varying corporate structures influence the decisions that corporate managers make. This in turn throws up varying dilemmas for labour organizations attempting to respond to corporate restructuring. For example, a union located in a company that is placed in the low end of a business portfolio matrix can expect to pursue conflictual industrial relations with the employer because the corporation is intent either on reducing employee costs or selling the operation. In contrast, a union representing workers placed in the high end of the matrix with the same employer can expect to be treated more fairly.

Increasing competition between firms and within firms across state boundaries forces workers to confront dilemmas about their relationship with the corporation. As Lambert points out, the basic choice is whether workers see their welfare conditional upon fusing their interests with the competitive fortunes of their corporation or whether a stance which confronts corporate power is the most beneficial. It may well be that in some circumstances, such as in a high-growth high-skill industry cooperation can bring some benefits for workers. However, partnership agreements have been disappointing for many unions and

the Australian experience seems to show that concessions lead to greater corporate and state demands for further concessions, and even the elimination of unions from the workplace.

We would argue that renewed attention to the corporation is also needed in the study of international political economy. Jeffrey Harrod places the role of the corporation at the centre of his call for an international political economic of labour. Amoores chapter argues that an analysis of the industrial relations of firms reveals implications for broader political economy structures. There is much work to be done in this field. Although not concerned with organized labour, Phillips (2000) has pointed out how difficult it is for international political economists to sift through the diverse number of approaches to corporate analysis. He suggests that the advent of trans-border alliance capitalism makes this a task requiring urgent attention.

Emerging progressive internationalism

A second major theme of the collection is the increased signs of a more progressive form of labour internationalism. Dimitris Stevis's comparative chapter on European and North American labour strategies demonstrates that the notion of nationalistic unions confronting internationalist capital is a gross oversimplification. Unions, like businesses, pursue a mixture of domestic and internationalist strategies to defend their positions. Robinson demonstrates the transformation of the Canadian and US labour movements from supporting nationally focused Fordism, to trying to block liberalization strategies to working towards international standards. Although these strategies are still the subject of considerable debate North American labour has moved from blaming workers in developing states to agonizing over ways that cooperation can be facilitated between workers across state borders. This opens the possibilities of more egalitarian and less paternalistic internationalism. Lambert explores one of these options, the development of global social movement unionism.

Vital to supporting such positive developments is a process of education for workers so that they can better comprehend the forces that they confront and the problems facing workers in other states. Eder's suggestion that renewed internationalism would best be served by connections between the local shop floor and transnational network presupposes an educated and informed shop floor. How do unionists understand the world which confronts them and are they able to articulate an alternative vision? Hannah and Fisher outline how unions have responded with an alternative training agenda in response to neoliberalism. This is an important start in examining the role of education and considerably more effort could be put into this task.

Internationalism has been the subject of considerable debate since the creation of the labour movement in the nineteenth century. With increased discussion of globalization, the debate continues. Several authors (Panitch 2001; Wood 1998) writing from a left-wing political perspective have warned against unions putting too much emphasis on international affairs. They worry that fascination with

internationalism will divert energy and resources from domestic struggles. Their preferred strategy is building strong domestic labour movements which can influence state policy. International activity should be focused upon supporting national movements. In one sense this debate is about the degree of attention that should be focused upon transnational activity. On another level it reveals a deeper division about the extent of changes in political and economic structures that have developed over the past thirty years. Some analysts challenge the novelty of globalization and the need for new approaches, while others believe that globalization has created new challenges that require new global responses. We have not directly addressed this debate, but our studies will contribute to the ongoing debate.

Multilevel engagement

The studies collected in this book make it evident that organized labour faces challenges on multiple levels of organization and activity. At the workplace, new methods of production and management control threaten job security and working conditions. At the state level, a commitment to economic liberalism and the rising political power of corporations has reduced the utility of the state for worker organizations. The state remains important, but it is more and more difficult to have it enact progressive measures. Part of the restricting of state activity has taken place at the regional level through the creation of regional trade agreements which contain rules governing both state and corporate behaviour. Finally, institutions and practices that sit above the state and the region pose challenges to organized labour. The WTO binds state policy while the IMF and World Bank influence national political economies by promoting particularly liberal forms of structural adjustment.

This multilevel engagement raises a host of issues. We will mention just two. The first is labour's complex task of engaging across a range of levels. Unions have restricted time and money and must make choices about where their activity should be concentrated. Different chapters have made their cases for looking at particular levels, leaving the question of priorities hanging unanswered. This is a strategic choice that unions must make depending upon the particular issue or corporation with which they are struggling. Local action is crucial to build union power, yet regional and state structures are increasingly influencing the environment under which labour can act. We have suggested that engagement across the local/national/regional/international/global divide is required at different times. Perhaps more assistance can be given by economic geographers working on the implications of changing notions of space and location, as well as political scientists considering the restructuring of authority.

The second issue that deserves more thought is the creation of a more proactive vision of what a labour friendly international or global system would look like. Organized labour is clearly unhappy with the functioning of the international political economy architecture. The cause goes beyond Wilkinson's description of labour losing out in the political structure to the fact that these structures actively target organized labour as an obstacle to economic progress.

The question becomes, 'does labour have an alternative vision?' At the moment the answer must be no, at least if a properly developed and well-articulated vision is concerned. For many labour unions and organizations, it would be sufficient to restore the structure and policies of the past for the position of workers to improve. There are others, however, that realize that militant demands must be accompanied by strategic concessions and that the power that in some cases labour had in relations to the state in the past will never be re-established. Instead they see a healthy civil society in which the role of labour organizations is accepted, and this must be based on an overall societal concern for greater income equality and social justice in general (Harrod and Thorpe 1999). But in all the policies and visions, whether revealed by statement or implication, there are some fundamental issues which have been sidelined. For example, does any new internationalism of labour include effective international organizations, or does it privilege state sovereignty? Should labour's international policy seek to contain or control the multinational corporation by a form of global bipartitism, or support and join multipartite structures which include state agencies? The answer to these questions would have impact on immediate policy issues such as, should the ILO be strengthened even if this means impinging upon state sovereignty?

Increased interdisciplinary interchange

This collection brought together people working in the fields of education, geography, industrial relations, international political economy, labour studies and political science to discuss union issues. We thought it would be useful to try to synthesize the research and perspectives of people from the two IRs – industrial relations (broadly understood) and international relations. We found that a synthesis was too ambitious a goal, because time is needed for people from the various disciplines to familiarize themselves with each other's work and methodology. We believe this collection contributes to that process. Industrial relations/labour studies and international relations/IPE need each other because their perspectives are still too narrow.

In particular, IPE needs the insights of industrial or labour relations. IPE concerns are centred on the economic/political interface with an international element. At a central point in this interface resides labour as for many economists labour is the core factor of production and for many political scientists labour is the source of politics. To study the economics of international relations without the politics of labour relations pushes the local abstractions and assumptions of economics to the even less convincing abstract level of the global. It confines the subject to outworn notions of international relations as power relations between bounded and cohesive national communities. Joining the two IRs, or at least moving in that direction, and other similar projects becomes a crucial academic and intellectual project of the twenty-first century.

Hughes and Haworth have suggested that one way around this mutual exclusivity is for industrial relations specialists to consider the international relations concepts of international regimes and the possibility of international and

regional industrial relations regimes. This may or may not be appropriate, but it is a vital attempt to create dialogue.

Moving beyond the two IRs, it would also be helpful to integrate this emerging body of work on unions with work on the unprotected worker and other social forces. Various contributors to this volume have raised the issue of the relationship between unions and other civil society groups, but they have not been systematically explored here. For example, Lambert's preferred option for union strategy in the south is global social movement unionism. Drawing on the experience of SIGTUR, he argues that a broad-based union movement rooted in local community action and engaged transnationally is the most effective response to neoliberal globalization. O'Brien's chapter argues that the struggle for establishing minimum labour standards requires the pursuit of several different strategies by unions and non-union labour groups such as NGOs and consumer groups. Dan Gallin also calls for increased cooperation and strategic action between unions and other members of civil society in the fight to curb the abuse of corporate power.

Globalized unions?

The collection examines in some depth global-level social and political economy within which any future global unions would operate. The global arena is clearly dominated by organizations and forces which do not reflect nor consider the relations at the workplace and even deny them when creating supposed international structures. This situation may eventually be corrected. If it is not, it will remain a harbinger of a contradiction which in the past has been the precursor to interstate violence. Thus the involvement of organized labour at this level, as with other organizations arising from the civil society, can be seen as a necessity for the traditional concerns of international relations scholars: international peace. The specific instances of union strategy and action in this collection reveal ongoing processes of rethinking and adaptation of organized labour in face of the challenges of increased competition on a global scale. Responses vary from local action aimed at choke points of multinational corporations to building alliances with social movements around the world. Unions are increasingly being pushed to globalize their perspectives and strategy while being rooted in workplaces, by definition within particular communities and countries. Their efforts to connect workplace to world and to respect and honour both without surrendering their world view to the worse forms of nationalism and parochialism or their effectiveness at all levels is the symbolic dilemma of the beginning of the twenty-first century. In this sense the social and political burden of being a lead organization engaged with redressing social power inequalities, illuminating the injustice of workplace authority, and forging countervailing mechanisms in the face of market power which the organizations of labour have carried at the national level for their over 100-year history now appears at the global level. The creation of, or success of global unionism, thus goes far beyond the representation of worker interest but involves the unfolding social history of humanity.

2 Work, production and social relations

Repositioning the firm in the international political economy

Louise Amoore

... no involuntary changes have ever spontaneously restructured or reorganized a mode of production; ... changes in productive relationships are experienced in social and cultural life, refracted in men's ideas and their values, and argued through in their actions, their choices and their beliefs.

(Thompson 1994: 222)

Introduction

In contemporary times the concepts and processes of globalization and restructuring have captured our imaginations and understandings of grand-scale social change. For many, it is the globalization of finance and production that represents the rightful focus of analysis of contemporary transformations. For others, it is the social realms of labour and work that more meaningfully advance our understandings of what is happening to our world and to our place within it (Harrod 1987; Cox 1987; O'Brien 2000b). However, a preoccupation with all things global has tended to lead conventional approaches in international political economy (IPE), together with perspectives in economics, political science and business studies, to focus on one particular site of production and work: the multinational corporation. Firms have come to represent the primary vehicles of globalization, *acting* to intensify competition, *reacting* to technological imperatives and *transmitting* knowledge and practices of restructuring across national boundaries. As a result, our understanding of firms in the global political economy have tended to focus on their actions and reactions in pursuit of restructuring rather than on the activities and social relations that inform and contest these actions. Indeed, not only has the contested nature of the restructuring of firms been neglected, but it has become the vogue to present globalization as actually decoupling the firm from its relationships with state and society.

Put simply, it is the contention of this chapter that dominant ideas about globalization focus on firms as abstract entities, thereby forgetting the human and social relationships that constitute sites of production. The disembedding of sites of production from their social roots has considerable implications for labour in the international political economy. It is the contention of this chapter that if we are to advance our understanding of global restructuring and the

implications for labour, then we must reconsider the entity of the firm. Our focus must shift from the actions of the firm in order to account for the activities that constitute the firm. Defined in terms of the relationships between social groups such as corporate managers, financiers, shareholders, suppliers and a diverse range of labour groups, the firm becomes a site of contest in the international political economy.

The notion of contestation is developed here at two interrelated levels. First, firms themselves are explored in the context of the competing social forces of which, and within which, they are constituted. Drawing on the restructuring experiences of British and German home-based multinational firms, the chapter suggests that the activities of globally operating firms are less the outcome of unitary and unified actions than they are the result of a series of contests. If we understand the firm in this way, as a primary site of the experience of global change, then we are led to advance understandings of the contested nature of the restructuring of productive and working practices. We thus direct less attention to the firm as a vehicle of globalization and become more attuned to the social experiences of global change that are played out within and around the firm. In this way, space is opened up for examination of the role of labour groups in the contestation and shaping of restructuring. Second, the chapter seeks to emphasize the contested nature of our knowledge of the firm within the global political economy. Capturing the potential position of the firm in the contestation of globalization is thus posed as a challenge for the field of IPE, both as a 'field of inquiry' and as a 'set of assumptions' (Tooze 1984). In short, it is argued that there is a need to emphasize contest both in terms of the social forces within and surrounding the firm itself, and in terms of the contested nature of our knowledge of the nature and sources of globalization (Amoore 1998).

Understanding the firm in a global era

Within the discipline of IPE, and across the social sciences more broadly, there has emerged a prevailing order in the study of global social change. This order has prioritized the tensions and interactions of states and markets within wider processes of globalization. The analysis of markets has overwhelmingly substituted markets for firms, drawing upon models developed in economics and business studies. As a result, firms have come to be understood as essentially rational actors whose actions have created and sustained an intensification of competition in global markets. For IPE, a specific type of firm, the multinational corporation (MNC), has been cast as the key non-state actor in an increasingly interdependent world. In this way, from the 1970s, the firm has come to represent the primary vehicle of globalization as it creates restructuring imperatives for states and societies alike (Stopford and Strange 1991; Porter 1990; Ohmae 1990).

For many academics, policy makers, business people, journalists and indeed workers, there is a sense in which understanding globalization has become

synonymous with understanding the actions of MNCs as they, in turn, react to productive and technological transformations: 'What is loosely termed "global competition" is the outcome of how individual firms have reacted over time to the changing balance of opportunity and threat' (Stopford and Strange 1991: 65).

The firm thus becomes understood as both absorbing and contributing to globalizing forces so that it becomes decoupled from the institutions of state and society. Where state–firm relationships do enter analyses, these tend to be defined as a kind of interdependent diplomacy, particularly in terms of the state's attraction of foreign direct investment (FDI). Attention to firm–society relations is similarly confined to a focus on the imperatives of restructuring for lean and flexible productive and working practices.

So, what are the problems associated with this mode of knowledge about the firm? The idea that the firm has become a new unit of analysis in the study of the world political economy invokes, paradoxically, similar criticisms to those levelled at traditional international relations frameworks in their understandings of the state. The view of the firm as a coherent and identifiable actor in world politics has many parallels with the neo-realist view of the state as atomized, unitary and essentially rational. First, there are clear problems associated with the abstracted isolation of individual firms as actors, as though acting with one voice and a single set of objectives. The social groups and interests within the firm itself are rarely cohesive. Restructuring is commonly characterized by conflict between, for example, managers and production workers, financial and technical roles at the corporate level, or between permanent and contingent workers at shop-floor level. Second, and related to the problems of viewing the firm as a unitary 'black box', the actor-centred approaches do not account for the power structures of which, and within which, the firm is constituted.

Though the relationships between states and firms are explored and problematized to an extent in mainstream IPE literature, the contests within, across, and around the firm itself tend to be neglected. In this way, 'globalizing' forces are treated as though they exist exogenously and are rarely considered as integral elements of a wider set of social practices. So, for example, much of the analysis of the relationship between technology and the firm adheres to some variant of the imperatives of lean production. Womack *et al.*'s (1990) *The Machine that Changed the World*, for example, equated the loss of competitiveness in the European and North American automobile industries with the superior technologies and production processes of the 'Toyotist' Japanese model. As critical approaches to the restructuring of production and work have demonstrated, this simplistic construction of the interrelationships between states, firms, societies and social groups suffers from an 'unhealthy mix of analysis, description and prescription' (Ruigrok and van Tulder 1995: 6). The firm becomes a disembedded entity to be studied outside of the realm of state and society, except insofar as it impacts on these levels through prescribed restructuring imperatives. Put simply, orthodox understandings of the firm in IPE tend neither to *open up* the firm to examine the social power relations within, nor to *look outside* at their extension into wider social contests.

The embedded firm

As scholars have more actively explored interdisciplinary approaches to understanding global change, recent debates have begun to offer alternatives to the study of atomized states and firms. In particular, the work of Karl Polanyi has been used to demonstrate the historical and contextual contingency of social action. From Polanyi's rich and diverse writings, contemporary IPE has drawn out the notion of the embeddedness of economic transactions in a web of social relations and institutions:

man's economy, as a rule, is submerged in his social relationships ... Neither the process of production nor that of distribution is linked to specific economic interests attached to the possession of goods; but every single step in that process is geared to a number of social interests which eventually ensure that the required steps be taken.

(Polanyi 1957: 46)

Contemporary interpretations of Polanyi's work have, of course, imported his ideas into a new context. The problematic of *The Great Transformation* was to explore the historical transformation of nineteenth-century liberalism and to explain the social effects of an imposed self-regulating market economy. However, Polanyi's ontological position has become increasingly useful in the development of critical positions on global social change. In essence, his work places society firmly at the centre of analysis, reminding us that, 'normally, the economic order is merely a function of the social, in which it is contained' (1957: 71). For Polanyi, economic activities require social institutions to protect human beings and the environment and, indeed, to provide the skills and technologies necessary for production. To more fully understand the political economy of the firm, these insights suggest that there is a need to develop knowledge of the social institutions in which economic production is embedded.

Drawing on the Polanyian thesis, scholars have critiqued the notion of the firm as an abstracted global actor, and have sought to contextualize it within a set of political and social institutions. Pauly and Reich, for example, emphasize the enduring nationality of the firm, arguing that this reflects 'durable national institutions and distinctive ideological traditions' (1997: 1). Razeen Sally's (1994) institutional approach to the multinational enterprise (MNE) similarly explores the embeddedness of multinationals in broader networks of social institutions. From a different perspective, the 'societal systems' approach, applied widely to studies of industrial or firm-level change in the form of 'social systems of production' (SSP), characterizes the firm as a social arena (Maurice *et al.* 1980). At the root of these analyses is some notion that the global political economy is made up of an array of distinctive national capitalisms. Thus, following for example Albert (1993), Crouch and Streeck (1997) and Berger and Dore (1996), national models of capitalism arise out of a web of distinctive institutions and practices. For those whose focus is national models of industrial relations, it is

these institutions and practices that condition and reflect the organization of firms (Lane 1996a; Rubery 1996). The value of the 'national models' literature lies in their 'embedding' of the activities of the firm in the context of political and social institutions. Thus, in contrast to much of the contemporary 'hyper-globalism', the firm is analysed in its concrete relationships with the institutions and practices of a particular state-society.

There are, however, a series of inter-related problems with the uncritical adoption of a societal embeddedness approach to the firm. First, there is a clear privileging of the notion of firms *existing within* sets of social institutions, to the neglect of the idea of firms as *constituted of* competing social relations, so that the most basic and fundamental everyday social contests are neglected. Many of the 'external' actors identified by this literature – for example trade unions, financial institutions, and research institutions – cannot simply be considered to form the environment within which the firm is embedded. Rather, they are an integral part of the social contests which extend into and across firms. Second, there is a tendency to overemphasize the coherence of the national system of production within which the firm is situated, and thus to neglect the contests which may potentially reinforce or undermine it. As Streeck emphasizes, social institutions are sustained, not through immobile, static and cohesive social support, but through the pressure applied by 'strong opposing forces' in a process of contestation (1997b: 207). Finally, and a related point, the scholars who seek to raise the profile of the embeddedness of firms tend to do this through an emphasis on the institutions of the nation state. It should perhaps be considered that the contests that characterize the restructuring of production and work may be simultaneously national and transnational (Mizuchi and Schwartz 1987). In sum, the embeddedness approaches to the study of the firm have constructed an image of static national path dependency. If we understand the firm simply to be embedded within an array of fixed national institutions, then it becomes difficult to conceive either of how processes of change may occur, or indeed how transnational social forces may transcend these institutions.

Taken together, and in a critical spirit, the broad thrust of the institutionalist approach is illustrative of a gap in the IPE literature on the firm and restructuring. In short, we are led to consider that the firm does not simply act and react to exogenous imperatives, but rather forms an integral part of an historical social environment within which globalization and restructuring are perceived and experienced. The problematic at this point is to reinterpret these insights to characterize these meanings as socially bargained, negotiated and *contested*. Advancing an understanding of the firm as a site of contest serves to highlight the potential for individuals and social groups either to contest and transform embedded working and productive practices, or to challenge such a process of restructuring. If, as Drainville (1994: 107) suggests, this 'critical decade of restructuring' demands that social forces are restored to their central position in contesting processes of change, then a first step must be to view the firm as a socially contested environment.

The contested firm

The revived attention to institutional embeddedness in IR and IPE has provided some potential routes into exploring the social relations within and around the firm. However, in order to advance an understanding of the firm as a contested site, it is useful to consider the insights of a group of scholars whose work draws upon Gramsci's writings. Though Gramsci's ideas have been interpreted in many different ways to explain diverse contemporary social change, we can identify a core of ideas that specifically illuminate the dynamics of production and work within the firm. First, society and social relations are positioned at the heart of understandings of processes of transformation. In this way, historical change is understood to be the product of competing social forces acting within the parameters of social structures (Gill 1997: 17). In essence, such perspectives serve to counter economistic and teleological readings of globalization and change, reminding us of the human and social roots of transformation. For those who seek to raise the profile of civil society, and labour in particular, in contesting and shaping global change, these insights have considerable utility. Globalization and restructuring cease to appear as 'bulldozers' that destroy all potential alliances and resistance and, instead, become open to social contestation and redefinition.

Second, this range of approaches to IR/IPE has a strong and specific focus on the social relations surrounding production and work. Cox's (1987) and Harrod's (1987) seminal twin volumes explicitly explore the patterns of power relations within and around production. Both volumes contribute to a framework for understanding the social relations of production in a broad sense, acknowledging that societies may be constituted of several interconnected kinds of production within, for example, the firm, the household, the formal and informal economies. Production is, therefore, conceived as ubiquitous in the experiences, perceptions and lives of human beings (Harrod 1997a: 109). In terms of our focus on restructuring, attention is thus directed to the firm as a constitutive element of a broader and more complex web of social power relations which are produced, reproduced or transformed over time.

Finally, the neo-Gramscian analyses render visible the contested nature of social orders. Murphy interprets Gramsci's 'historical bloc' as a unified social order 'linked by both coercive institutions of *the state proper* and consensual institutions of civil society' (1994: 10). This approach directs our attention beyond institutional analysis which deals only with static, formalized public and private institutions, to expose the roles of informal and tacit social ideas, practices and institutions within, beyond and across states and firms. These ideas, practices and institutions will both reflect and inform the 'shape' of the historical bloc or how society should be organized or reorganized. Viewed in this way, restructuring becomes a process of contested definition and redefinition of social order. This has led some scholars to open up neoliberal globalization to the contests of 'labour and other subordinate social forces' (Stevis and Boswell 1997: 93).

For some, however, the neo-Gramscian agenda has failed to grasp fully the opportunity to explore the contestation of global restructuring. For Drainville, the project of 'open Marxism' has neglected the possibilities for 'active politics in the world economy' so that struggles are relegated to the 'sphere of national social formations' (1994: 121). Responding to the insights of a broadly Polanyi-inspired institutionalism and to the agenda of the neo-Gramscians, tempered by the cautionary analysis of Drainville, the next section raises questions as to the nature of social contest within and across the firm.

The 'contested firm': critical questions

The problematic raised here is to account for the restructuring of production and work as it gains its meaning from contestation within specific social contexts. A reading of Cox's use of 'ideal types' enables us to recover notions of historicity which may be lost in contemporary accounts of the dynamics of global restructuring:

Ideal types 'stop' the movement of history, conceptually fixing a particular social practice (such as a way of organizing production ...) so that it can be compared with and contrasted to other social practices. To conceptually arrest movement in this way also facilitates examination of the points of stress and conflict that exist within any social practice represented by a type. Thus there is no incompatibility between the use of ideal types and a dialectical view of history. Ideal types are a part of the tool kit of historical explanation.

(Cox 1987: 4)

Research concerned with the contestation of restructuring in firms within distinctive webs of social institutions can usefully draw upon this 'tool kit'. The ideal types of British and German firms, though highly stylized, offer insights into the contests which produce, sustain and potentially transform institutionalized social practices under processes of restructuring. The analysis which follows is centred around three questions that highlight the social power relations essential to an understanding of the contested firm.

- 1 *The state, the firm, and social power relations.* How does the firm relate to the institutions and practices of a state-society? What are the sources of, and limits to, restructuring within this context?
- 2 *Social relations across the firm.* What kinds of social contests characterize the relationship between the firm and other firms, such as suppliers and contractors, and social institutions such as research institutes and financial institutions?
- 3 *Social relations within the firm.* What kinds of social contests characterize the relationship between social groups within the firm, between employer and employee, and between different groups of employees?

The state, the firm, and social power relations

For many scholars the key realm of contestation in a global era has emerged between rival forms of capitalist organization with competing restructuring agendas (Albert 1993; Hart 1995; Crouch and Streeck 1997). Such perspectives advance the notion that different modes of political economy are rooted in, and contingent upon, specific societal configurations. Given that the firm is a key site for restructuring within a national political economy, perhaps it should not surprise us that it is at this level that many have identified the critical sources and limits of social transformation. In many senses, of course, as an arena of social contest, the firm is bound up with the social power relations of states *and* world orders simultaneously. It should be emphasized here that this paper does not seek to reject the significance of the firm as a transnational site of contest. Rather, it is believed that a focus on the firm in its immediate social relations can highlight the deficiencies in the globalist approaches to the firm, whilst at the same time exploring the potential for social groups to contest and define the contours of globalization and restructuring.

The institutionalized social power relations within a given state-societal context exert a significant shaping and constraining influence on the shape of social contest within the firm. The 'social context of production' (Cox 1987: 12), or for our purposes the social institutions within which, and of which, the firm is constituted, condition what kinds of things are produced and how they are produced. Thus, for example, British and German manufacturing firms are differently inserted into distinctive state-societal debates surrounding international competitiveness. In this respect the social power relations of workplace, state and world order are inextricably interconnected.

Focusing on German firms broadly, as ideal types, we are able to conceptually fix a distinctive set of social practices to view their underlying relationships and tensions. In the German case, the dominant social practices tend to produce and reproduce a high value-added set of answers to the 'what' and 'how' questions of production, transforming the high cost of labour into a 'competitive factor' through a focus on quality products (Wever 1995: 69). Despite much speculation as to the sustainability of the Rhineland model under globalization, Germany has sustained a substantial trade surplus with other European countries and does so through the production of high value-added consumer goods. The 'value-added' is ultimately rooted in the skills of the workforce and the innovations of a longer-term time horizon relative to the Anglo-Saxon models:

Employers who find themselves permanently prevented by rigid high labour standards from being competitive low-wage mass producers may discover that what they *really* want to be is producers of quality-competitive, customized products, oriented towards markets in which the expensive social system of production that they have to live with may not just be competitive, but may in fact be a source of competitive advantage.

(Streeck 1997c: 203)

Of course, the social power relations that sustain the dominant value-added production practices simultaneously give rise to the contradictions which may ultimately undermine them. Sustaining a set of high-cost production practices in a competitive global market places constraints on the creation of jobs in the dominant sectors. The social relations in German firms, in a state-societal context where welfare services are relatively underdeveloped, are more likely to be part and parcel of the wider reproduction of the institutions of a 'family wage' society, paying relatively high wages and providing relative job security (Esping-Andersen 1996: 75). In contrast to societies which have high social welfare service costs but which provide employment in these services, Germany's cost burden is in transfer payments which must be found by the social groups within the industrial firm, through employers' and employees' contributions. Given the relatively underdeveloped service and leisure sectors in Germany, the question of job creation on the one hand, and employers' cost burdens on the other, will continue to be the hotly debated and contested restructuring issues for the social partners.

In the British case, by contrast, the dominant social practices tend to produce and reproduce a low cost set of answers to the 'what' and 'how' questions of production, focusing on low-tech and service industry growth. The deregulatory strategies of the British state have generated employment growth in the low-skill service sector which is not, in the main, internationally-traded (Marsden 1995: 71). With this growth in the casualized service sector, social practices have adapted and provided manufacturing industries with an environment within which they can externalize their costs through the employment of temporary and part-time workers. The social relations within British firms, in a state-societal context 'content to compete for jobs and for trade on the basis of low wage levels', tend to reinforce the dominance of price competitive production (Rubery 1993: 27). In effect, the British context individualizes firms in their external and internal social relations, encouraging a process of fragmented contestation which effectively passes the cost burden like a hot potato between social groups. As a result, risk sharing, whether between firms for technological development, or between banks and firms for investment, or between groups of employees in consultation practices, is inhibited.

These stylized examples demonstrate that the social relations of production within the firm are closely bound up with the reproduction of social life more broadly. Viewed in this way, the restructuring of productive and working practices are contested, negotiated and experienced in distinctive ways in specific societal contexts. Broadly, the German firm finds its internal productive relations bound up with a dense set of institutions regulating social relations. The contests in this context are, generally, bound by shared understandings or formal rules reflective of the power of particular social agents. This is not to say that these shared understandings are not subject to contestation, but that they will be contested within the parameters of a known environment and not under the thumb of neo-liberal practices. There is considerable support among German and non-German academics for the notion that 'Modell Deutschland' continues

to be fiercely contested and that this contestation reflects historical social practices rather than purely the dictates of neo-liberal globalization. The British firm, by contrast, dwells within, and is constituted of, social power relations which have tended to reproduce individualistic and voluntaristic social institutions and practices. The contestation which characterizes restructuring in the British firm is likely to be more fragmented and less codified by the formal and informal rules of social groups than the German case.

Social relations across the firm

The themes of social contestation also emerge in the interconnections between the nature of production and work *within* the firm, and the social ideas, practices and institutions *across* the firm. Questions may be raised, for example, surrounding the relationships between firms, such as with suppliers and contractors (Lane 1996a, 1996b), and between firms and external social institutions, such as financial institutions and research institutes (Becker and Vitols 1997). Contests and bargains over the organization or reorganization of production and work will be informed by the social power relations which find their expression within such institutions. The relationships between firms and financial institutions, for example, are not viewed simply as embedded or in any way static. Rather, they become expressions of the relative power of social groups in an ongoing process of contestation.

The relationships between ideal type German firms, banks and shareholders are characterized by credit-based finance, cross-shareholding and interconnected directorships (Becker and Vitols 1997; Lane 1996a, 1996b). German banks held 10.3 per cent of total shares in 1997, a figure which compares to 2.3 per cent in the British case (Deutsche Bundesbank 1997). The attendant voting control which is held by German banks on the boards of industrial firms is strengthened by the system of proxy voting. Hence, the social relations between a firm and its sources of finance are characterized by long-term hands-on negotiated involvement. Indeed, the incidence of single-owner and family-owned firms in Germany remains relatively high, and further strengthens the profile of close ties between finance, ownership and management (Vitols and Woolcock 1997).

The strength of institutionalized support for long-term finance has significant implications for the social relations of production. The reduced threat of hostile take-over contributes to shared perceptions of long-term horizons for investment in human and technological capital. Thus, the dominant social practices favour risk sharing and a re-investment of value in the reproduction of quality based production through, for example, the linking of the training and skills of workers to 'long-term strategies of high-quality product standards' (Lazonick and O'Sullivan 1996: 33). The social relations which underpin such understandings tend to reinforce particular ways of thinking about the relationships between firms and social institutions of innovation, from training and education, to the high-tech innovations of research institutes and universities. For Soskice, German social practices which 'facilitate education and training of engineers,

scientists, technicians and skilled manual employees' require an ongoing process of 'cooperation from and between companies, universities and research institutes' (1996: 17). The interdependencies between large export-oriented firms and small and medium-sized enterprises (SMEs) tend to foster shared innovation strategies and close supplier relationships. Restructuring debates thus become bound into a process of negotiation between social groups with different relationships to, and experiences of, production and work, but some shared interests and understandings.

This 'ideal type' sketch suggests that the institutionalized relationships between firms and their suppliers, and firms and their sources of finance, reflect the relative power of social groups in a process of contest. For Gill, the German context plays the role of 'host to a small number of large, efficient, profitable, and innovative transnational corporations and a galaxy of smaller satellite producers. This generates an impressive level of productive power' (1991: 307). Hence, the contests that shape the reproduction or restructuring of such social institutions will arise from and reflect the relative power of these same interests. There is considerable contestation and debate, for example, surrounding the relative values of long-term financial relationships versus fluid equity capital. Jackson (1997) identifies support from some large firms for a shift to shareholder value as a business strategy. However, he also documents opposition from other large firms who argue that shareholder value leads to short-termism. Thus the 'Finanzplatz Deutschland' debate cannot be effectively explained as a shift to Anglo-Saxon social practices under global pressure. Rather, it emerges from historical social contests which remain salient. For Deeg (1997) there is an emerging dualism in industrial finance between a 'Mittelstand' finance model based on credit from large banks and, increasingly, regional banks and a large-firm finance model based on the sale of equities. However, he emphasizes that the social power relations continue to privilege stable, long-term share ownership, and that 'they are achieving this largely by holding large blocks of shares in each other' (1997: 70).

Hence, while the corporate interests within some key multinationals may seek greater access to the world financial markets, the essence of risk minimization and stability maintenance remains. Indeed, at the time of writing, Vodafone's hostile take-over bid for Männesmann-Orange has met with widespread resistance from German state-society. It would seem that even a telecommunications corporation with a global share-ownership profile has a remarkable degree of embeddedness in German political and social practices. For Gill, 'the key elements in German industry and banking see benefits in the Europeanization and globalization of the German economic position', but these are pursued in the context of 'many elements of continuity...harnessed to widely based support for qualitative modernization and organizational innovation' (1991: 306). A broad consensus has emerged among commentators that, despite ongoing change and adaptation, such change does not reflect 'Anglo-Saxon' practices, and the coordinated relationships between German firms and their sources of finance are a salient feature of social contestation in the German context (Jackson 1997; Vitols and Woolcock 1997; Schröder 1996).

Turning our attention to the British context, the relationships between ideal type firms, banks and shareholders tend to be arms length and fragmented, reflecting the centrality of the stockmarket (Lane 1996a). The dominance of fluid equity capital reflects the profile of large institutional investors such as pension funds. The assets of pension funds totalled \$879 billion in Britain in 1995, as compared to \$140 billion in Germany (Schröder 1996: 357). The concentration of shareholdings in the hands of institutional investors tends to produce and reproduce a separation of ownership from control, and a concomitant decoupling of firms from their sources of financial capital. Thus the dominant social practices characterizing the relationships between a firm and its sources of finance tend to be profit-focused, privileging the short-term and, therefore, the support of entrepreneurial 'start-ups' and venture capital. The dominance of such social practices has significant implications for the social relations of production. The vulnerability to takeover in the individualized market system and the lack of stability in ownership and management profile create disincentives to the formation of long-term investment between social groups. The returns from a particular agreement must be seen in the short-term as changes in ownership may undermine returns in the long-term. Perceptions of time-scale in the relationships between social actors are thus restricted to short-term horizons. British firms tend to be weakly organized in terms of their relations with institutions of training, bargaining and technology transfer, which tend to demand a longer time-frame. Thus, the dominant social practices across firms in this case do not favour long-term investment in people and technology:

British firms do not see themselves as producers but as asset managers; issues such as developing new products and technologies to enhance Britain's long-term competitiveness are treated very much as of second or third order importance to ensuring a decent return on capital.

(Rubery 1993: 10)

Corporate interests are, therefore, likely to privilege 'price-based' strategies and seek out multiple sources of supply rather than form partnerships and alliances (Lane 1996b). Social groups within supplier firms who are tied into the productive relations of larger manufacturing firms will tend not to benefit from shared innovation strategies, technological or skills investment. British firms are characterized as viewing skill formation 'not as a productive investment...but as an operating expense that depresses returns in the present' (Lazonick and O'Sullivan 1996: 33). This contributes to a general environment of competitive individualism, between firms, and between 'providers' of skills and innovations, so that close cooperation between firms becomes problematic (Soskice 1996: 17).

The ideal-type British firm tends, then, to be bound into a process of rather individualized contestation in which shared interests are problematic to identify. The short-term horizons of all of the actors in these relationships – bankers, managers, employees, shareholders, suppliers – weaken the lines of communication between social groups and make alliances fragile and vulnerable to dissent.

It is these lines of communication which appear to be central to the restructuring debates and contests across British firms and social institutions. On the one hand, dominant social interests organize to reproduce and sustain the equity-financed/price-oriented approach to productive relations, while on the other, this approach is contested by groups who seek to foster a 'stakeholding' approach to production. The dominance of a neo-liberal restructuring agenda has tended to support the former and in doing so has contributed to a further weakening of lines of communication between social groups across firms. Indeed, social contests in the deregulatory environments may be considered more fragmented and less 'manageable' than in the German context. Clearly in both state-societal cases the firm as a contested social arena is engaged in complex relationships with other firms and with social institutions.

Such relationships reflect past contests between social groups, and form the parameters within which future struggles about 'what ought to be' are likely to be played out. The restructuring of the firm's relationships with other firms and to social institutions thus becomes problematized to reveal the contested nature of processes of change.

Social relations within the firm

It is perhaps the social relations within the firm itself which are most self-evidently engaged in a process of bargaining and contest. Indeed, studies of industrial relations begin precisely from the point of observing such contests in their distinctive social settings. However, within IPE debates there has been a neglect of labour relations, and where labour has been studied it has been viewed through the lens of changes in industrial relations practices. So, for example, Cox's (1971) early work on labour and transnational relations directly equates labour with national trade union organizations. More recently, organized labour has become a focus for the analysis of potential strategies of resistance to neoliberal restructuring and globalization (Stevis and Boswell 1997; O'Brien 1997; International Institute for Labour Studies 1999).

There is little doubt that a focus on labour groups can go some way to counterbalance the preoccupation with finance and MNC power that globalization has precipitated. A focus on organized labour clearly makes some contribution to a humanizing of our knowledge of global change. However, it is important also to consider some of the problematics raised by a focus on organized labour. First, as emphasized by Hyman 'to be representative is to share the main characteristics of a broader population; but trade union and other employee representatives are never representative in this sense' (1997a: 311). Thus, a focus on the changing shape of trade unions, for example, may not closely reflect the diversity of experiences of change in the workplace. Second, and a related point, if employee representatives are taken as indicators of the interests of all social groups engaged in production, then the many, predominantly female, social groups who are not unionized or who exist in a 'contingent' relationship to the production process will be obscured from view. Hence, the contests and struggles

of these groups will remain invisible and processes of deunionization under intensified global competition will tend to be equated with a diminution of contestation at the workplace.

However, if organized labour is studied in the context of wider social relations, either within firms, or between firms across national boundaries, then this may raise the profile of previously neglected interests in the global political economy. There is increasing interest in the notion that labour groups may be, in the broadest sense, representative of the competing interests of a wider civil society. In this sense, organized labour is considered as an institution of civil society so that trade unions become 'the most organized actors and the most articulate voices in society' (Somavia 1999). Perhaps most interesting is the idea that this 'society' may in some sense have a global reach, transcending the boundaries of nation-states. Thus, for the International Institute for Labor Studies (IILS) (1999), the challenges posed to organized labour by globalization and restructuring are shared by civil society more broadly. We can say, for example, that the drive for a flexible global labour market has implications that are felt in terms of welfare, working conditions and labour standards, political and social representation and accountability. Whilst it is clear that the notion of a 'global civil society' is highly problematic (Brown 1999; Cox 1999), viewing organized labour as a potential agent of a fluid form of civil society, may help us out of a methodological 'hole' in the study of contemporary restructuring. If we align the interests of labour groups only with particular national systems, then in many, predominantly neo-liberal, states, we would be led to argue that labour has been chased out of a role in defining social change. However, if we can locate labour groups as more mutable and capable of transcending received boundaries, then we can perhaps raise the profile of such groups in the globalization debates.

There is a delicate balance here, then, between 'embedded' social practices which stabilize a particular set of social relations of production, and the 'contested' terrain which is inherent to such relations, and which may be increasingly transnational under globalization. A starting point in the exploration of these social relations is to focus on the firm as a primary site of production and work. This leads us to ask critical questions about the relationships between different social groups within the firm, and about how these relationships inform processes of restructuring. How do the social relations within our ideal type firms produce and reproduce specific social practices, and how might these practices be contested and transformed? For Cox, distinctive 'orientations to action' provide social groups with different ways of thinking about a problem: 'Specific social groups tend to evolve a collective mentality, that is, a typical way of perceiving and interpreting the world that provides orientations to action for members of the group' (Cox 1987: 25).

Hence, the experiences different social groups have of embedded practices within the firm will be imprinted on the world view that informs their understandings, actions and contests. For Pauly and Reich, such ideas provide 'broad orienting frameworks or belief systems that, when combined with national insti-

tutions, define “collective understandings” of roles, beliefs, expectations, and purposes’ (1997: 6). The social practices which rise to the top and become dominant in a process of contest between social actors are likely to reflect the relative power of social groups to engage with the debates surrounding restructuring, and to shape these debates in a way which reflects their interests and understandings.

Focusing on the German firm as an ideal type, the social relations within the dual trade union/works council model of employee representation are dominant (see Thelen 1992; Sadowski *et al.* 1995). The social relations within this pattern of employee representation are commonly held to be ‘mutually reinforcing’ (Hyman 1997a). The member unions of the Deutsche Gewerkschaftsbund have consistently gained two-thirds of all works council seats, with works councillors tending to be the representatives of unions within firms. This close linkage between trade unions and works councils is intensified by the reliance of the works councils on the resources and expertise of the trade unions (Sadowski *et al.* 1995). For Glasman, these social relations produce and reproduce a particular distribution of power within the firm:

By means of ... Works Councils ... the representation of employees on company boards and democratically administered pension funds, the economy was entangled within social institutions based upon the upgrading of skills and the preservation of ethics. By recognizing the importance of shop-floor expertise, local knowledge and experience were utilized to achieve product innovation and enterprise restructuring by the negotiated distribution of power within the firm.

(Glasman 1997: 22)

The formalized negotiation between social groups within the firm, supported by trade union structures across the firm, reproduces relationships of ‘responsible autonomy’ within which the employer receives the full value of the knowledge and experience of workers in return for their ‘negotiated involvement’ (Lipietz 1997: 4). In terms of the social relations of production these social practices tend to produce ‘shared understandings’ and lines of communication, both between employers and employees, and between different groups of workers. In a sense the contestation associated with trade union bargaining is kept outside of the parameters of the workplace, but given legitimate channel of access through the elected works council.

In a society where bargaining and negotiation is broadly sectoral, shared experiences of production and work will tend to produce and reproduce a kind of managed contest of structured bargains. Employer access to bargains with the external labour market will, however, be limited by this pattern of social relations. It is this tension between perceptions of the ‘beneficial constraints’ of formalized collective employee representation and the ‘rigidities’ they may represent which is characteristic of the contemporary contests within German firms (Soskice 1996: 282; Streeck 1997c). Pressures and changes in ‘Modell

Deutschland' are thus broadly informed and constrained by the interactions of competing social groups. An example of such a contest is the long-running dispute between IG Metall, the metalworkers' union, and the employers' organization Gesamtmetall, surrounding the issue of 'Altersteilzeit' or part-time working for older employees. The central point of contest between the groups was the issue of whether the agreement should confer individual rights on employees to shift to part-time working from the age of 55, or if this should be a matter to be decided by individual firms.

The specific issue of part-time working is reflective of a much broader debate surrounding the location of negotiation between employer and employee. Pressures from the employers' organization for a decentralization of bargaining to the company level are manifested also in proposals by Gesamtmetall for collective agreement reform, arguing that 'companies feel straightjacketed by the present agreement and want room to manoeuvre'. Certainly the 'association flight' from employers' organizations has prompted a debate about the degree of flexibility open to individual firms in negotiating compromises under intensified competition (Silvia 1997). But, even this apparent dissent from institutionalized industrial relations is not a simple Anglo-Saxon style assertion of employer power. The debate is strongly characterized by divisions between the interests of large producer firms who seek to maintain a peaceful workplace to secure productivity, and the smaller supplier firms who are faced with a price they cannot afford.

Hence, the relationships between social groups within the German firm are clearly not simply embedded in any static way. Rather, they are engaged in an ongoing process of contestation which provide insights for the ways in which we view social relations in processes of restructuring. The lines of communication between employers and employees are produced and reproduced not because they are embedded institutions with 'static' social support, but precisely because they are open to contest between competing social groups.

Focusing on the ideal type British firm, the relationships between employer and employee are bound up with an intensified emphasis on the individual in society more generally (Williams 1997: 498). In terms of production and work, the historical voluntarism of industrial relations implies a dual fragmentation, of the firm from its external social relationships, and within the firm between competing social groups. This decoupling of the experiences of work and production from a broader set of shared social understandings, has implication for the ways in which social groups seek to organize their interests. We can see several key mutually reinforcing strands to the individualization of the interests of social groups within British firms.

First, the lines of communication between employer and employee, historically represented by a 'single channel' of trade union centred collective bargaining, are increasingly 'dominated by the employer, with no independent representation of workers interests' (Hyman 1997a: 314). The 1998 workplace employee relations survey reported that 47 per cent of firms had no union members at all, a figure that compares with 36 per cent in the 1990 survey (Cully *et al.* 1998). Similarly, Towers (1997) highlights a 'representation gap' in the neo-

liberal state-societies, so that six out of seven US employees, and two out of three British, have no effective form of representation at work. As a result, concerted negotiation has been rejected in favour of social practices that privilege *ad hoc* concession bargaining and fragmented 'wildcat cooperation' (Streeck 1984). This process of decollectivization has been paralleled by an increased emphasis on individual mechanisms of control and monitoring such as those inherent to systems of human resource management, total quality management, and indeed many systems of 'employee involvement' (see Rubery 1993; Moody 1997).

Second, the individualized nature of the employee-employer relationship has contributed to the fragmentation of the interests of employees within the firm. Corporate managers tend to divide workers into categories of wage structures and terms and conditions, fragmenting social groups into various degrees of 'contingent' labour using part-time and temporary contracts. Crouch has equated this recurring pattern with the dissolution of the concept of 'employment', 'replacing it by a series of contracts between a customer firm and a mass of small labour-contracting firms, temporary agencies or, in extreme cases, individual providers of labour services' (1997: 375). This effectively both externalizes and individualizes the social relations of production, with employers sustaining and reproducing a longer term set of relations with a core of employee groups who are 'inculcated into a culture' and a larger group of contract workers who are 'outside that circle' (Crouch 1997: 375).

Finally, this fragmentation has distinctive implications for the bargaining terrain of trade unions. The social relations within which trade unions organize are likely to reinforce their links with the 'insider' fragments of the workforce. British trade unions have sought to respond to this environment by becoming individual 'service providers', for their 'consumers' (Williams 1997: 498), representing employees as individuals in disputes with employers. This process has, of course, further strengthened the role of certain social groups within the firm and placed significant constraints on the intermediation of contested interests.

The patterns of social relations within British firms, then, tend to be fragmented and individualized, providing the employer with unlimited access to *ad hoc* contract relations with the 'external' labour market, but significantly limiting the potential for production practices which require collective intermediation:

the demands for increased labour market flexibility grow more strident by the day while assorted management gurus tell our young people that regular, life-time employment is a luxury they cannot expect to enjoy in this brave new world...Paradoxically these demands are increasingly based on threats rather than promises. Wage reductions, the intensification of labour, the elimination of trade union influence, are all now said to be necessary in order to avert disaster and decline, rather than to attain greater prosperity. This shift is highly significant because the threat of decline constitutes a more compelling argument for change...There are no gains to be distributed, only losses to be averted. The stick has replaced the carrot.

(Bienefeld 1991: 4)

Following the insights of the Gramscian-inspired IPE approaches, an ‘organic crisis’ may isolate, fragment and marginalize social groups and, thus, fail to find legitimacy in the interests of a cross-section of social groups. In the case of British firms, the reorganization of work has circumscribed the interests of workers in many sectors, and with varying skills and specialisms. Indeed, it has presented greater ‘risks’ and insecurities for both ‘blue collar’ and ‘white collar’ workers alike:

some firms are seeking to discover how far they can proceed with a policy of ‘eating one’s cake and having it’: seeking strong but unreciprocated commitment and loyalty from staff. Anxieties about the constant pressure to demonstrate to shareholders adequate achievements in down-sizing and delayering lead managers to do this, these managers themselves being vulnerable to redundancy through these processes.

(Crouch 1997: 375)

Current debates in the British management literature about the potential costs of disaffected labour would suggest that the ‘loss of legitimacy’ factor is recognized by those who seek to manage change. Indeed, the most recent trends include an emphasis on ‘employee-centred innovation’ as the skills-shortage backlash is felt by industry (*Independent on Sunday*, 19 October 1997). The social practices which characterize the restructuring of British firms with their ‘nod’ to empowerment, employee involvement and the humanization of work are likely to encounter problems both in terms of ‘skills-focused’ production practices which require negotiation and cohesion, and in terms of dissenting social groups.

Taken together, the ‘ideal type’ sketches of the social relations within German and British firms demonstrate distinctive dynamics of contestation. Dominant social practices within German firms tend to favour the provision of legitimate ‘vents’ through the mandated channels of the trade unions and works councils, negotiating ‘outcomes that are both mutually and socially acceptable’ (Wever 1995: 63). Hence, those social groups in employment within the firm, despite differences in skills and tasks, find ‘shared’ and institutionalized channels of communication for their interests. The dominant social practices in British firms, by contrast, tend to reflect managerial autonomy, dividing and excluding social groups within the workplace and externalizing the employment relationship to ‘outsources’ and external employment agencies.

In sum, viewing the firm as a key site of the contestation of global restructuring makes visible distinctive patterns of social power relations. We are led to acknowledge that these social power relations may produce, sustain and potentially transform institutionalized social practices in ways that are distinctive and unique. Our comparative analysis of British and German firms demonstrates the contingency of social understandings of, and responses to, globalization and restructuring. The British ideal type is characteristic of a neo-liberal ‘fast but fragile’ approach to restructuring. Change tends to be initiated from the top and

to involve a limited number of social groups in negotiation. As a result, the emergent social contests arise out of fragmented interests and a lack of legitimacy for new ways of working. As one automotive production worker commented: 'In a lean system, someone somewhere has to take up the slack. It is usually the weakest link in the chain'. The German ideal type, by contrast, is characteristic of a 'slow but sticky' approach to restructuring. Change is a more protracted and negotiated process, involving key social groups and securing legitimacy through dissemination. In this model, the central problems are arising from the exclusion of large sectors of society from the restructuring compromises. For the unemployed, migrant workers, women working in the home and groups working in the underdeveloped service sector, the contemporary restructuring debates do not incorporate their concerns and interests.

For those who seek to raise the profile of labour groups in the understanding and shaping of global change, these insights have considerable utility. It becomes clear that individuals and social groups do not simply accept globalization and respond to its dictates with the restructuring of their working practices. Indeed, we may even question the notion of one clear and common process of globalization in the sense that 'my globalization is not your globalization', since people interpret and experience the processes in diverse ways. Viewed in this way, neo-liberal policies of labour 'flexibilization' are not unproblematic or ubiquitous, but open to contestation and challenge.

Conclusion

The study of the firm in international political economy has come to be closely bound up with understandings of globalization. In many senses the firm has a rightful place at the heart of understandings of global transformations. It is, after all, through production and work that most people directly experience and interpret processes of globalization in their everyday lives. In short, for academics, policy makers, businesspeople and non-elite social groups, the site of the firm has become a primary site of restructuring and change. Whilst supporting the renewed emphasis on the firm in contemporary IPE for these reasons, this chapter has noted a lack of critical engagement with the political economy of the firm in orthodox accounts. The chapter has made a series of preliminary steps towards such a critical engagement by highlighting the social relations that constitute and contest the firm as a site of work and production.

The first step has been to reflect upon and problematize our received understandings of the firm in the international political economy. Much of the mainstream agenda in contemporary IPE has been dominated by studies of the relative and structural power of states *vis-à-vis* markets. For 'markets', much of the literature has substituted 'firms', drawing on models advanced by economics and business studies to develop a 'rational actor' view of the behaviour of firms. This paper has sought to problematize this conception of the firm on the grounds that it ascribes the restructuring activities of the firm with a natural and automatic logic. Put simply, if firms are understood to have inevitable roles in

intensifying globalization, then the potential for states and social groups to regulate, challenge or transform these roles is restricted. The implications of an orthodox economic position on the firm are that its political and social character are overlooked.

The second step has been a direct attempt to capture the political and social character of the firm. A central aim of this chapter was to make visible the social power relations that underpin and contest the firm as a site of production. The ideal type models of the contests characteristic of British and German firms serve to demonstrate that processes of restructuring cannot, and should not, be presented as unproblematic or inevitable. The wider implications of a contested view of the firm are that processes of globalization and restructuring have a context specificity and historicity. Individual workers and collective labour groups do not simply respond to global imperatives and restructure their working practices but, rather, actively experience, interpret and contest their meaning.

Finally, the chapter has elucidated some of the implications of bringing contestedness to our understandings of the firm in knowledge terms. The political economy of the firm is itself constituted of contested knowledge: of what we know about the world, how we know it, and how we might seek to change it. Research agendas in recent years have tended to close our knowledge about social change around the idea that ‘globalization is...’ and that societal effects will follow. We have taken one central aspect of this mode of knowledge – understandings of the restructuring of firms – and subjected it to critical inquiry. The development of an alternative mode of knowledge of the firm enables us to see that transformations in production and work are actively contested by key interests and social groups. As a result, space is opened up for a consideration of the ways in which labour groups are currently contesting, or may in the future contest, the shape of contemporary restructuring. In terms of wider questions of globalization, the notion of contestedness enables us to move beyond the focus on abstracted, exogenous economic and technological transformations, to consider the ways in which globalization becomes manifested in, and contested through, diverse social and working practices. A central challenge for contemporary times, then, lies in exploring globalization as it is experienced, interpreted and contested by human agents within specific historical contexts.

3 Towards an international political economy of labour

Jeffrey Harrod

The objective of this chapter is to introduce the possibility of an inter-disciplinary, eclectic international political economy of labour (IPEL) and to illustrate how such a subject matter might be constructed using concepts from different contemporary subject areas. Some of the fundamental questions of this book relate to the possibility of the emergence of global unions therefore implying ‘global labour’. An IPEL would then be one step towards the study of global labour in which the world labour force could be viewed horizontally, divided by nature of work and employment, rather than vertically by nation.

The basic idea of an IPEL is to place labour, or producers, and work, or production, at the centre of social, political and historical discourses and to see it as a prime dynamic of human history. An IPEL would be able to explain what happens to labour globally but also how labour affects and shapes global history and economy.

Because this is a potentially all-encompassing subject, it must be made clear that the purpose of this chapter is extremely limited. It is to review some approaches and theories found within in three selected conventionally defined subject areas – economics and political economy, industrial labour relations/human resource management and comparative government – which could contribute to a wider and deeper understanding of the processes involving labour which affect, contribute to, or determine the nature and dynamics of the global political economy and world history. It is an attempt to show how an analysis of these, and by implication, many other subject areas and disciplines, reveal a central but sometimes hidden role or assumptions relating to labour and work. (These subject areas, in fact, provided the core materials for the presentation of IPEL to both graduate students and senior trade union officers.) The second limitation of the chapter is that it has as its focus, as does the whole book, on so-called ‘organized labour’.

Marx has traditionally been seen as the principal author who attempted to place labour and work at the centre of human existence. But his equal, if not over-riding concern, was the behaviour of capital in its attempts to extract the most from captive labour. Thus the activity of working people, short of revolution, in mediating or resisting authority in the workplace, in individual and collective actions and in forms of consciousness derived from different power

relations surrounding different work, rather than from class memberships, was not examined in depth. Yet it is these latter actions which have determined different models of capitalism, and, affected by gender, religion, ethnicity and age, which have provided the social and economic national variables from which international conflict has been derived.

A deliberate and purposeful attempt to incorporate the diversity of forms of power relations in production and so put labour in all its forms at the centre of global political economy and history was made in the late 1980s in two linked but free-standing books: R.W. Cox, *Production, Power, and World Order: Social Forces in the Making of History* (1987) and J. Harrod, *Power, Production and the Unprotected Worker* (1987). These built on the early work of Cox (1971). The argument made in these books was that if labour relations and industrial relations were admittedly and essentially power relations in production, then as production was ubiquitous and as power was dynamic and multi-formed, then power relations would be in all forms of production at all levels and would assume different patterns. This represented an attempt to extend the notion of the power relations of production, then most associated with organized labour, to the whole of the world labour force, defined as those capable of expending energy for production; thus, no distinction was made between waged, unwaged, established or casual workers or between economic sectors.

Essentially, and with open admission to intuition and the use of ideal types, the world labour force was surveyed with the purpose of seeking identifiable and distinguishable patterns of power relations surrounding work and production. Thus the power relations between an entrepreneur and an employed worker are different than those between an indebted peasant and the moneylender or between a self-employed worker and customers, between heads of households and household service suppliers, between family enterprises and unwaged family labour or between casual workers and casual employers. The base uniformity of all the relations is the nature of degrees of domination and subordination and authority within production. Twelve different patterns of such power relations in production were discerned.

Of these twelve some patterns were contemporarily dominant in that they substantially affected the nature of other patterns while subordinate patterns tended to be led by events and outputs from the dominant patterns. The combination of the dominant and subordinate patterns in any identifiable cluster was considered as a distinct social formation. Within the different patterns there were different holders, executors and targets of power and authority. These groups alone or in concert could constitute a social force in the process of change. It was also proposed that the power relations in production were the source of 'rationalities' ideologies, world views, or institutionalized practices which disguise or psychologically mitigate the acceptance of authority, domination and the inequalities that may be produced. The strength of such rationalities and the internalization of them by subordinate producers determined the nature and direction of change originating in these relations. The development of world views or counter-rationalities were then an essential part

of social change. In terms of this power relations approach the focus of this collection and this chapter is on the producers or workers in the dominant patterns of power relations. These latter are conventionally associated with tripartite and bipartite bargaining, state corporatism and large corporations (enterprise corporatism).

To some extent this approach represents a discontinuity in the disciplinary areas of social science and challenges the disaggregations of populations based on criteria delinked from work and production. This chapter does not elaborate this approach but rather attempts to demonstrate how such an approach requires use and cognizance of materials and concepts currently trapped within the compartmentalized and fragmented knowledge structure (Harrod 1997).

International political economy as a subject and as it manifests itself in the contemporary discourse in international relations does not adhere to any named ideology, unless the insertion of 'political' is perceived as such a bias. It is especially important in a chapter concerning labour to stress that modern international political economy does not necessarily mean a cohesive Marxist perspective. Thus the politics in international political economy can certainly be politics between classes, but also between nations, ethnic groups, state agencies and corporations. Modern IPE can thus be seen as considering the power dimensions within putatively economics relations. In this task Marxist, realist, constructivist and post-modern approaches can be used in much the same manner as in other study areas (Palan 2000). It is this inclusive view of IPE that assists in the potential absorption of elements from subjects such as industrial relations, labour economics, political science and sociology of work, it enables the connection to be made between workplace and world and thus the creation of an IPEL (Amoore 2002; O'Brien 2000b).

Constructing an international political economy of labour

For the purposes of presentation and attempted brevity the theories, approaches and elements of theories which have a labour focus can be divided into the contemporary study areas of economics and political economy, labour relations and comparative labour relations and comparative politics and political economy.

Economics and political economy

It would be impossible here to examine all aspects within all economic theories which would be important in constructing an IPEL. For our purposes here, three aspects of economic theory will be considered, all of which directly involve labour: labour market wage determination, labour cost and labour productivity.

The classical economists, such as Smith and Ricardo, on the one hand made labour central to their exposition of political economy and on the other removed agency from it. This was the result of two fundamental aspects of their work, the

first being the labour theory of value and the second that wages were determined by the functioning of the labour market in much the same way as any other commodity. In the labour market the suppliers of labour power – workers – could be seen as substitutable units of production meaning that oversupply pushed down its price (wages). This latter proposition was always heavily criticized, and significantly it was in labour economics that the institutional position became most refined (Boyer and Smith 2001). The basic institutionalist position confronted classical economics on the grounds that the labour market would be distorted by so-called institutions, which are organizations and/or practices aimed at intervention in the labour market. Currently, the so-called new institutionalists have a less radical position designed to refine rather than replace the classical position (Hira and Hira 2000).

Of crucial importance to the social history of industrialization and the politics surrounding it, however, was that both Marx and the neo-classical writers basically accepted that wages were determined by the labour market. For Marx, the wages produced by the market (which was kept in constant oversupply by the creation of the reserve army of available labourers) accrued benefits to the capitalists, thus: ‘The constant generation of a relative surplus population keeps the law of supply and demand of labour, and therefore keeps wages, in a rut that corresponds with the wants of capital’ (Marx 1967: ch. 28). For the classical and neo-classicists, competition in the labour market would maximize welfare if it were matched by an equal competition in the product market.

The labour market assumption of wage determination has dominated two hundred years of social history. It meant for Marx that the organization of trade unions – in a labour market perspective the attempt of an organization to secure the monopoly supply of labour – could only be conservative in that they sought, through different means, to secure the fruits of exploitation for themselves without altering the fundamental relations of the overall system. This caused he and Engels to condemn the conservative nature of British trade unions in the *Communist Manifesto*, and Lenin to disparagingly refer to trade unions as economistic. For the neoliberals in the current situation it has provided the theoretical and classical text argument for the weakening or destruction of trade unions, labour law and state regulations as impediments to the efficient allocating function of the labour market.

In the current IPE discourse, much is made of the work of Polanyi (1957). Polanyi’s strength from the labour perspective is that he did not assume the functioning of a labour market under capitalism as Marx did, nor celebrated it as an essential mechanism as the neo-classicists, but saw that operation of the law of supply and demand for labour as inhuman, something against which people would violently and persistently resist. The crimes against humanity committed in the course of attempting the construction of functioning labour markets are unparalleled. It required almost everywhere the forced uprooting of people from rural production and communities so that they would be available for a labour market of undifferentiated units of labour. All aspects of labour organization can be seen as a social attempt to prevent the existence and the working of a

labour market. There is no collective bargain, no regulatory labour law, no demand made by more than one person which theoretically does not impede the functioning of the abstract model of a labour market. In the current context the battle between those promoting and those alleviating and controlling the labour market is the current battle between neo-liberalism and its opponents which has become global in scope.

The interplay of supply and demand would determine wages but it would also play a substantial part in determining labour cost. Labour cost, which is that part of the total cost of a good which can be attributed to the cost of labour, becomes an important accounting practice in IPE. It is different labour costs which is said to drive trade and investment between countries of different levels of economic development. IPEL encompasses the labour cost dynamic of international economics and politics. As wages cannot be shown to be automatically determined by the labour market, then labour cost is the final outcome of an economic, societal and political processes. The economic concept of labour cost is thus referred back to the power relations which determine wages.

A functioning labour market, apart from determining wages, was also seen as good for increasing the intensity of work and intensity of work is a major element in labour productivity. Productivity is determined by many factors including the amount of capital and the technology available but an important factor for IPEL is the nature and source of worker motivation. The labour market was supposed to censure a lower than average worker productivity through the threat of losing work which in turn would have a impact ranging from starvation to inconvenience. As the labour market weakens under the impact of social resistance and embedded institutions, so does its disciplining force and, other factors being equal, productivity declines. It is then entirely logical for a neo-classical economist and author of a widely used textbook, Paul A. Samuelson, to blame the decline in the growth rates of labour productivity in the USA in the 1970s on the lack of the 'hungriness motive' due to labour market institutionalization and the welfare state (*Fortune* 1982, 12, 80).

Labour productivity is a key concept in any IPEL because it is the economic statistic which connects material production with worker motivation and so to morale and politics and eventually the macro-level politics of mobilization and the economic and military success of nations. Writers considering the productivity issue we would find agreement with the statement by Maddrick (1997) that the figures relating to the decline and unevenness in the growth of labour productivity in the USA since 1960 are 'history-making figures'.

Finally, it should be noted that most of the ideas surrounding labour, wages, cost and productivity in economics were developed in a single-country framework. Thus comparative or international variations or considerations were very weak, and any extension to the global is even more difficult. Marx, after carefully elaborating a relative intensity of labour wages-determination theory which should have explained relative wages between countries and should have had universal application undermined it by inserting into the determining factors the

necessities of life as ‘nationally and historically developed’ and, even further, that wages depended on the ‘degree of civilization of a country’ (Marx 1967: ch. 6). Wage determination was thus removed exclusively from the workings of the capitalist system and placed in the realm of differential factor endowments between nations naturally or historically produced.

Ricardo who, with his theory of class and economic groups and his interest in trade could be considered a political economist with an international perspective, abandoned these factors in favour of a mathematical discussion of the benefits of free trade. In his famous Portuguese–UK wine for textiles model he assumed away history, politics, intermediate goods and sectoral production traditions but accepted the labour market wage determination theory. If he had not done so, he might have noticed that wine in Portugal was in the hands of a state monopoly and price of cotton textiles produced in the UK partially arose from the low labour cost of slaves who produced the raw cotton – all of which showed a constructed rather than a natural comparative cost advantage. These factors made no difference to the frozen-frame mathematics of comparative cost, but would be crucial to an IPEL discourse.

The post-Ricardian economists outside of the Marxist framework have not developed a political economy which could be applied with any rigour to the global economy. It may be an impossible task, as the assumptions concerning behaviour, value, market, and state no longer hold good and power cannot be so easily ignored at the international level. There is no global labour market which could determine wages, nor equality of wages according to productivity, there is no global state which could be the ringmaster of classical origin in product competition. It is possible that it was for these reasons that Keynes noted: ‘I sympathize with those who would maximize economic entanglements among nations. Ideas, knowledge, science, hospitality, travel – these are the things which should be by their nature international. But let goods be homespun when ever it is reasonable and conveniently possible and above all, let finance be primarily national’ (Morris 1993: 156).

It is essentially the failure of economists to deal with the international dimension of labour in production which makes an IPEL more necessary. There is a need to take the emphasis of goods (trade) and capital (foreign direct investment) and place it upon labour and its impact on both. For this reason labour market dynamics, labour cost and productivity, shorn of assumptions of individual economic rationality, can become the core accounting and economic concepts which find their echo throughout all the other subjects which can contribute to an IPEL.

Labour relations and comparative labour relations

Labour relations were anticipated by Aristotle when he noted, ‘if the shuttle would weave ... without a hand to guide it the chief workmen would not want servants nor masters slaves’. In this he saw that automation and mechanization would profoundly alter the power relations and hierarchical needs of the work-

place. The study of labour relations is essentially the power relations between the layers of hierarchy in production, and should be key in contributing to an understanding of society and politics. Comparative labour relations examines the different patterns and developments in what are superficially the same relations cross-nationally.

Labour relations, or in the British variant, industrial relations, has had several streams which must be considered important for an IPEL. Among these are the micro aspects of work at the workplace, or the sociology of work, workplace relations between different levels of authority, theories of trade unions and the macro extensions of these to the societal, comparative and international level.

The greatest importance, however, for IPEL has been the work on the motivation of labour. For the neo-classical economists the motivation of labour was the coercive work-or-starve formula. But at the individual at the factory level this was not sufficient to prevent less-than-all-out effort or sabotage. Thus Frederick Winslow Taylor devised 'scientific management' which combined the division of labour, work study and organization and method. While labour market discipline was the ultimate external sanction, the workplace sanction was authoritarian censure for departure from established work routines and payment systems by amount produced. From Taylor arose the mechanistic view of human labour. Humans in production were nothing but machines which lacked external control mechanisms, which was to be supplied by scientific management.

This view remained largely unchallenged until the liberal response of the so-called human relations school emerged in the USA in the 1930s, associated with the name of Elton Mayo, who argued that productivity could be enhanced not by mechanistic treatment but by sympathetic environment, participation and soft management. In fact, neither Taylorism nor Mayoism sustained increases in productivity, and it was Keynesian economics of demand stimulation and union power which replaced the negative hunger threat with the positive incentive through material gain. Based on this experience the motivation to work, that is, to attempt to maintain the greatest output possible, has been seen in terms of three basic motivational possibilities: coercion (physical and labour market), material (higher material returns for higher productivity) and normative, (higher social prestige and abstract satisfaction for higher productivity).

These ideas help create a base for the subsequent interpretation of world history. For example, it was Taylor's scientific management set in the context of the availability of US mass markets and combined with material incentives which produced the Ford production regime, which in turn eventually legitimized trade unionism. Combined with Keynesian economics, these ushered in the age of Fordism with profound impacts on USA foreign policy and thus to world politics (Rupert 1995a).

In general, labour relations has meant the relations between management and worker organizations, usually trade unions. It has also been involved in the development and execution of labour law and therefore as part of the state

intervention into the bipartite relations. Labour relations scholars and practitioners were not, in general, likely to challenge economic orthodoxy and governing norms and myths of social relations. But in fact, their studies of collective bargaining practices and the development of power bargaining norms were a challenge to the labour market wage determination theory. In addition, it was the labour relations discipline which most developed information on, and theories about, trade unions, many of which are still at the core of current discussions concerning the role of trade unions and their policies, as is evident in several chapters of this collection. Thus, for example, Selig Perlman devised in the 1930s the maturity thesis of trade unions, policy development in which policies involving radical political objectives developed at a labour–management ‘polarizations stage’ but then went on to become mature ‘business unions’ policies demanding only improved wages and conditions of work. These then in turn became incorporated into structures of production and society.

This led to the most important refinement and development which was the theory associated with ‘Tripartitism’. Tripartitism had been institutionalized in the ILO in 1919 by a strange development in which a formal international organization essentially preceded national structures. State, employers and trade unions would at different levels, ranging from the state or the industry to the workplace, interact to produce rules and conditions of work. It came to international prominence when it was sanctioned by the leading economic powers in the 1940s. Within the discipline of labour relations, the publication of Dunlop’s *Industrial Relations System* in 1958 was of crucial importance as it presented the essentials of the tripartite practice as a theoretical package. The trade union–state–employer trinity embedded in a material incentives context was to dominate the scene for nearly thirty years and be the most familiar society-wide structure for dealing with labour. At the same time the publication of Kerr *et al.*, *Industrialism and Industrial Man* (1960), represents as the title suggests the zenith of the attempt from within the discipline to create an IPEL. This latter work following Perlman used a sophisticated analysis to predict that labour and trade union militancy at the beginning of industrialization would collapse into institutionalized tripartitism. This effort did not prevail within the basic discipline but was continued with less attention within comparative industrial relations (Adams 1995; Frenkel and Harrod 1995). The discussion of political systems based upon labour relations thus passed to comparative economics and politics.

The dismantling of the tripartite system since the 1980s has caused labour relations scholars to turn towards so-called ‘human resource management’, which has brought more squarely to labour relations the theories of organizations, bureaucracy and management. The growth of large-scale organizations as dominant features of economies and global economy has made bureaucracy once more the concern of labour relations experts. The battling trade union organizer is now replaced by the harassed whistle-blower as a popular icon. The modern corporation is envisaged as no longer being divided between production workers, supervisors and managers each with a collective contract. Instead the

individuals have personal contracts of a flexible nature and are driven by the benefits derived from the organization operating with internalized standards of excellence, performance and professionalism. While this may be a legitimate professional study, with the exception of the theories of organizational behaviour important in analysing multinational corporations, these human resource management studies have little to offer an IPEL.

The retreat of labour relations discourse from accepting the importance of labour relations practices in political regimes and the individualist turn towards human resource management has not entirely eliminated interest in power of institutions of the labour market and comparative labour relations still remains a core consideration for use by an IPEL.

Comparative politics: corporatism and competing models

Within the general area of political science and political studies, two areas of study and concern can be seen as important to constructing an IPEL. The first is the theories of corporatism; the second is the more recent development detailing competing models of production, state and society.

Corporatism was not substantially discussed within the field of labour relations, and yet its importance to an IPEL is precisely that it is one of the few named political systems based upon an extant recognition that one of its major purposes is the control of organized labour. Thus a serious factor analysis will use a 'standardized index of organizational power of labour' to determine whether a country is categorized as a social democratic corporatist or not (Boix 2000). Corporatist theory accepts that there is fundamental conflict between labour and management (as representative of capital), that management will accumulate to the detriment of labour and labour will organize against management.

The answer to this conflict is the involvement of the state as the arbiter and enforcer of compromise between the conflicting parties. Thus the horizontal and separate organizations of labour, employers and state in tripartitism is replaced by the vertical organization of syndicates for each industry. Within each are the worker and employer sectors, officially sanctioned, with functional limitation and controlled by a detailed labour law. The state is then spread across and over the syndicates to ensure harmony within and between them. State corporatism of this nature never existed because, as with the neo-classical theoretical competition in the labour and product market, the employers' syndical sections were never as effectively or ferociously controlled as were the syndical sections of labour. Of particular importance corporatism made extant the concept of 'official' unions and in doing so revealed the similarities to the state socialist systems.

The so-called neo-corporatist or social corporatism derivative of corporatism was essentially institutionalized tripartitism, in short, corporatism without such a heavy state involvement and without official unions. From 1940s onwards most of the currently industrial countries developed such corporatism while nations in the South adopted or were provided with a state corporatism.

But there were important differences of degree also within state corporatism and social corporatism. For example, state corporatism mediated by a powerful political party of which unions were part, such as in the one-party states of Africa and the single party dominance in Mexico, were substantially different from the constitutionally declared, but never fully implemented, corporatism of Spain, Brazil and Chile. Within social corporatism, the divide was the institutionalized and labour-code based tripartitism of continental Europe and the looser collective bargaining 'legislation' in the UK and North America and the policies produced by the resulting governments (Iverson and Cusak 2000).

It should be noted that this discussion enters the realm of the nature of the state and from there to foreign policy, the province of international relations. If the instability of the state corporatist system is historically evident then might not this instability be solved by seeking negative cohesion from outside threats? Is it then a state system which starts by attempting to control organized labour but ends by using that labour as an army in international conflict. Corporatism or the use of the position of organized labour to create a typology of political regimes could be an important element derived from comparative politics within an eclectic IPEL.

The second contribution basically from within comparative politics important to an IPEL is comparative political economy which not only provides a disciplinary and theoretical home for the pre-existing discussions of corporatism but also makes labour a key variable in the models developed (Lane and Ersson 1997; Berger and Dore 1996; Schor and You 1995).

Of particular importance to IPEL and comparative political economy is the concept of labour control or motivation. Devices, mechanisms and practices, some of which have been mentioned above, can be embedded in social and political constructs and function as an interlocking system or process of labour control and motivation. Different systems of labour control and motivation would produce different wages, different productivities and from there, different histories, societies and politics. This concept has echoes in the so-called 'regulation' school in which there are different modes of accumulation and regulation of all the factors in a capitalist economy.

From a standpoint of an IPEL then the concept of 'labour control' is crucial. The socio-psychology of work tells us, as noted above, that the motivation to work can be a mix of coercive, material and normative incentives. Economics accounting informs us that productivity is to a degree dependent on motivation and labour relations tells us that motivation is incorporated in labour relations systems and regimes while politics tells us that these are embedded in political systems or in a national political economy.

Thus the current discussion between Anglo-American capitalism and European continental capitalism is primarily concerned with the place of organized labour as minimized in the Anglo-American model and incorporated as a 'social partner' in the continental model and in the EU Social Charter (Harrod 1994; Coates 2000). A dramatic demonstration of this development is that it is thought possible to represent the history-making notion of globalization and the economic performance and the convergence of nations by a single line on a

graph representing the degree of labour market regulation within different nations (Hay 2000). The concepts and work pursued in comparative politics and comparative political economy are clearly a crucial component to an IPEL.

International political economy of labour: interpretations

An IPEL constructed from concepts and material considered above should be able to detail, illuminate or at least offer insights into the place of labour in, as well as the dynamics of, the global political economy. In this last section of this chapter, some illustrations are provided of critical analysis of contemporary wisdom and structure from an IPEL perspective.

For example, there needs to be a rigorous examination of the much-promoted idea that national competitiveness, trade, investment and multinational corporations' motivations are all balanced on labour cost differentials. Such an examination would begin with, as noted above, considering the extreme labour assumptions of classical free trade theory. The shortcoming of the labour aspects of classical theory might explain the contemporary facts of the trade situation which is that the bulk of world trade takes place between countries which have the highest labour costs. Currently, 75 per cent of world trade is between high-waged countries, and only 25 per cent between low-waged and high-waged countries. This statistic alone might lead to the conclusion that only an insignificant proportion of world trade is based upon extreme labour cost differentials.

This situation has not prevented international agencies placing labour cost at the centre of their policies. For example, the enforcement of IMF programmes of structural adjustment in the 1980s were based on a statistic known as the RULC (Relative Unit Labour Cost). Countries with a high relative unit labour cost, higher than similar countries, were asked to reduce it. When unit labour costs had been determined by strong trade unions, this was simply an invitation to imprison or murder trade union leaders, which of course has been the case: worldwide in 1996–7, according to the International Confederation of Free Trade Unions, 264 trade unionists were murdered, 4,264 arrested and 7,626 subjected to death threats.

The reason for the need for a lower RULC was to enable the country to export goods made from cheaper labour, but such exports were also needed to pay the sovereign debt: in short, work harder and cheaper to pay back the sovereign debt. In 1987 an ex-official of the IMF revealed what he claimed to be the IMF falsifying of the RULC index and other statistics in order to enforce a structural adjustment programme in Trinidad, an oil-producing state. After an exhaustive review, professors from Trinidad noted that the RULC index produced by the IMF was either 'deliberate manipulation' or 'astonishing incompetence and shoddy professional work'. (This incident became known as the 'Budhoo Affair' after Dr Davidson Budhoo who resigned from the IMF in order to publicize the behaviour of the agency; Harrod 1992: 68). These events revealed the direct involvement and interest in international agencies in wages and labour relations, and reflects the

incessant message of that period which was that the block to economic growth and prosperity was labour market rigidities, that is a restrained right of employers to employ and dismiss. This refrain has continued with some variations.

Likewise, an IPEL examination of the location of foreign direct investment (FDI) also does not reveal a labour cost imperative. In the late 1970s the so-called New International Division of labour theorists predicted a wholesale movement of production towards the South. It did not happen. Soon after the promotion of the theory, FDI in the South dropped to an historic low in 1984. What was missing was the other factors in location theory of direct investment. What was present was an over-easy acceptance of the statements of corporate officials as to why they invest or disinvest which is, by universal convention, to be blamed on labour legislation or labour cost whether it is true or not. A corporation which has failed to secure a change in the health and safety laws or environmental laws in a country will rarely announce this event, especially when the standards sought were lower than those in the headquarters countries. Invariably, then, the putative reason will be given, which is legitimate within the business and public discourse, namely labour was too expensive, too organized or labour laws not sufficiently flexible.

In this way the 'cheaper labour' bias has evolved and has been globally disseminated and promoted because it is easily accepted by those both seeking to improve wages as well as those wishing to exploit them. The labour-intensive industries – electronics, garments – were indeed concerned for labour cost but the capital-intensive industries are concerned with investment risk. Thus any labour cost dynamic for FDI location is much overstated and should be viewed in relation to specific industries. The fixation on relative wages has hidden some of the more powerful labour issues for foreign investment which included the 'unproductive' costs involved in health and safety and worker protection, the monitoring potential of organized labour in relation to pollution crimes and corruption.

This bias has meant that even environment and health and safety issues are expressed in the framework of wage cost. Consider the statement of the ex-US Treasury Secretary, L. Summers, when working in a high position for the World Bank in 1991 (published at that time in the world's leading newspapers) e.g. financial:

the measurements of the costs of health impairing pollution depends on the foregone earnings from increased morbidity and mortality. From this point of view a given amount of health impairing pollution should be done in the country with the lowest cost, which will be the country with the lowest wages. I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that.

(Financial Times 10/2/1992)

As with Ricardo, the labour assumptions of this statement are dramatic, including full employment and the economic determination of wages and from that to morbidity cost.

There are clearly indigenous political and economic reasons for low-wage economies beyond the functioning of imperialism and neo-colonialism, but there are wide differences between them, which implies a choice between them for the 'dumping' operations described above. The 1973 Act on Occupational Disease in Mines and Works in apartheid South Africa decreed that a 40 per cent loss of lung function for a black worker was compensated at the rate of 1,000 rand, for a coloured worker 6,000 rand and for a white worker 12,000 rand. Thus the costs for Mr Summers of dumping toxic waste in South Africa at that time would have been minimized by ensuring that only black workers were employed in the health-impairing pollution industries. This would mean, however, the abandonment of 'impeccable economic logic' because the lower compensation and lower wage of black South Africans compared with whites were substantially derived from particular and peculiar legislation of the South African apartheid regime. To what extent does the logic of Mr Summers, and others who overtly subscribe to it, then support, encourage and promote labour control such as that of apartheid South Africa which helps provide such low morbidity costs? In fact, it was the low compensation costs for lung impairment which kept alive in South Africa the hand separation of asbestos from its ore long after such practices had ceased elsewhere on health grounds. In 1980 a South African report noted 'there were strikes in the Canadian chrysotile (asbestos) mines due to complaints about health and safety conditions at work. The resultant disruption of production was a wind-fall for the South African producers and production and export of chrysotile was at an all time high persisting after the Canadian situation returned to normal' (Thorpe and Harrod 1984: 48). Recently the Canadian government approached the WTO, claiming that the European bans on asbestos were in restraint of trade.

An IPEL approach can also produce a view on contemporary history through the use of the concept of labour control and motivation. In the period 1950-80 the world was divided into four basic systems of labour control and motivation. In the rich Northern countries with so-called market economies the labour motivation was material, following the exhortations of Keynesian economics, the human relations school of industrial relations and coinciding with the power of trade unions. In the socialist countries, and in the earlier period greater, but not exclusive, reliance was placed upon normative values in motivational techniques: workplace symbolic prizes for high performance and building socialism. In the South, rural-based economies continued with physical coercion in the countryside and labour market coercion in the towns, while others provided a state corporatism which applied material incentives to workers in strategic industrial sectors. All systems of motivation decay over time, so that they are always in need of renewal. It is not surprising then that productivity problems, indicative of morale, mobilization and political attitudes, first manifested themselves in the 1960s in the Soviet Union. From Khrushchev's early factor reforms, the history of the USSR is that of the failure to devise suitable motivations and restore productivity growth. In the Northern countries the switch to material incentives after the 1930s produced motivational and distributional problems. The motivation problem was that a materially satisfied labour

force increasingly began to opt for leisure rather than greater intensity of work. Productivity declined but material demand did not, meaning that income was being redistributed in favour of lower incomes. Filling the gap between lower rates of productivity growth and nominal wage demands has traditionally been filled by a policy of inflation. In this case, however, the dependency of industry on energy resulted in the refusal of oil-producing countries to be paid in devaluing currencies. The resultant energy price increases added to inflation problems. At the same time, the notoriously unstable state corporatism regimes began to waver.

Lech Walesa in Poland, 'Lula' Ignacio de Silva in Brazil and Kwon Chung in South Korea led movements which heralded the end of the corporatist era and changed the direction and nature of their countries (Harrod 1989). All three were from originally corporatist official unions, all three were in high-productivity industries, and all three demanded first that there should be independent unions. Thus by the beginning of the 1980s there was a convergence of problems within the different labour control and motivation systems, and from this came the global neoliberal reaction. Using labour events in the USA as period markers in history, the so-called neoliberal response to the redistributive imperative of organized labour, the declining rate of productivity growth and the collapse of corporatism extends from the 1982 defeat of the air traffic controllers strike to the victory of the United Parcel's solidarity strike in 1997. The neoliberal onslaught had from an IPEL standpoint only one essential project, to restore the disciplinary (coercive) force of the labour market. To do so, of course, required the reduction in power of organized labour and the retrenchment of the redistribution.

The attempt to restore labour market coercion has largely failed as a dominant mechanism of labour motivation, as has the attempt to restore productivity growth in the major economies where it was attempted, principally in the USA and the UK. But redistribution was indeed retrenched. The impact of the attempt was to develop a duality in which an employed and unemployed 30–40 per cent of the population are subjected to labour market coercion, while the rest are involved with the residues of tripartitism or are cushioned by enterprise corporatism. The models of capitalism debate can be set in this context in that the resistance of the social corporatism and institutionalized tripartitism of continental Europe is greater than in the previous looser tripartitism of the economies following the Anglo-American model. In most of the countries of the South, labour market coercion prevails. Russia has rejected this model, but has yet to devise a replacement. A more detailed version of analysis can be produced by using the patterns or forms of power relations in production which would include rural and unorganized labour.

Finally, an IPEL using the power relations in production approach can be used in the debate concerning the rise of the corporation and the weakening of the state. Dominant patterns of power relations, based on the relationship of labour within them involving state and corporation are state corporatism, tripartitism and enterprise corporatism. Globally tripartitism and state corporatism

were most frequently found throughout the world in the second half of the twentieth century, but their decline – sketched above – resulted in the dominant form becoming enterprise corporatism in which the corporation attempts to extend its internal labour and work structures throughout the social environment, with minimal intervention from the state or organized labour (Harrod 2001). The rise of the corporation, with its rationality and its mechanism of labour control and motivation, is perhaps the most important social and political phenomenon at the turn of the century and is made even more important by the fact that, for the first time, the corporation, as one power element in the pattern, is global in its operations and targets. An IPEL approach is thus critical in answering the ‘Global Unions’ question in the title of this collection, and determining whether organized labour is capable of leading or playing an important role in bringing norms of social justice to bear on a rationality based on the market and private power.

The purpose of this chapter has been to illustrate by selected concepts and demonstrate by example how an international political economy of labour, as a subject area with its own analytical forms, could be used to analyse critically contemporary conditions and issues. Acceptance of it, even with an interdisciplinary and eclectic approach, would only be, however, one step towards a macro social theory in which the power relations surrounding work, production and distribution are restored to a central theoretical position.

4 **Internationalization, industrial relations theory and international relations**

Nigel Haworth and Steve Hughes

Introduction

The interaction of economic internationalization with industrial relations theory is a challenging study. Of particular contemporary interest is the impact of internationalization and its political concomitant, regionalization, on the traditional national focus in industrial relations analysis. For example, does industrial relations theory grapple effectively with the impacts of transnational capital, or with the industrial relations aspects of the European Union (EU), the North American Free Trade Agreement (NAFTA), or Asia Pacific Economic Co-operation? What developments in industrial relations theory must be considered if these impacts are to be better understood from an industrial relations perspective?

We address these questions, first, by offering a brief commentary on post-Second World War political economy and the rise of economic internationalization and regionalization; second, by assessing lacunae in industrial relations analysis related to this political economy; third, by highlighting, on a preliminary basis, the emergence of both regional and global industrial relations regimes; fourth, by establishing a linkage between industrial relations theory and international relations theory that provides an analytical foundation to such regimes, using the example of the International Labor Organization (ILO); and finally, by suggesting some implications of the concept of an international industrial relations regime for industrial relations.

Internationalization, trade and regionalization

From an industrial relations perspective, three processes – the internationalization of capital, the creation of global trade regimes and regionalization – are important contemporary determinants of the relationships between capital, labour and the state. The internationalization of capital, primarily through the agency of the transnational corporation, but also facilitated by the post-war financial architecture, extended the commoditization of labour in two key directions. First manufacturing sectors, then services were increasingly internationalized, outstripping traditional primary sector internationalization. Second, there was a spatial

extension as new labour forces were absorbed into international production relations. A 'new international division of labour' (Frobel *et al.* 1980) emerged in which the nature of labour's incorporation into global production depended upon spatial location. Drawing on dependency theory's 'core-periphery' analysis (a model displaying powerful symmetry with the intra-firm internal labour market model), core labour forces were identified within advanced capitalist economies, and peripheral labour forces in dependent economies (Cardoso and Faletto 1979; Frank 1969; Hoogvelt 1997; Chew and Denmark 1996). Moreover, as the restructuring of the 1970s, 1980s and 1990s took root, core and periphery relationships were identified within both advanced industrial and dependent economies as differential investment and employment shifts occurred (Gillespie 1993; Dickson and Judge 1987; Bluestone and Harrison 1982).

The General Agreement on Tariffs and Trade (GATT) supported the internationalization of capital. The GATT brought about major reductions in trade barriers during its eight rounds. As a result, industrial economy merchandise trade grew between 1950 and 1975 at an average 8 per cent annually, in comparison with GDP growth of 4 per cent (Jackson 1998). Trade barriers were reduced between advanced industrial economies, between advanced industrial and developing industrial economies, and between developing industrial economies. The erosion of trade restrictions and the expansion of the international trade regime became a force for international economic integration and, inevitably, a challenge to national industrial relations practices. 'World market' prices for production inputs, including labour, may not have been generalized for institutional reasons, but a labour conditions-employment trade-off became an important economic consideration in the minds of economic planners in both advanced industrial and dependent economies. The flexibility debate was an important example of this challenge within the advanced industrial economies. In the dependent economies, greater emphasis was placed on controlling direct labour costs.

The internationalization of capital and the emergence of an international trade regime combined to provide Western economists and politicians with a response to the profitability crisis of the late 1960s and 1970s. The juxtaposition of internationally mobile capital and freer trade established the importance of international competitiveness as the key goal of economic policy. The 1970s and 1980s neoliberal orthodoxy of the advanced industrial economies drew much of its rationale from this juxtaposition. Elsewhere, the success of the 'Asian Tigers' was put down in important World Bank analyses to international competitiveness, in turn dependent on unfettered markets (particularly labour markets), alliances with international capital and the effective use of freer trade (World Bank 1994).

Economic internationalization has contributed to sub-national and supra-national regionalization. At the sub-national level, frequently in conjunction with neoliberal restructuring, internationalization shifted the economic and political balance between regions. Neoliberalism's rejection of activist regional policy interventions tended to intensify that shift. In terms of industrial relations, the

effects of sub-national regionalization are seen, for example, in the economic decline of traditional 'smokestack' areas and the emergence of high-tech investment nodes. These changes have driven important shifts in labour markets and bargaining patterns and behaviours. However, whilst important, sub-national regionalization is not our focus.

Supra-national regionalization – the emergence of trading blocs and more developed regional political unities such as the EU, the NAFTA, APEC, MERCOSUR – enjoys a complex relationship with economic internationalization and trade integration. The EU is the outlier, in terms of history, process and impact. Its origins, bound up in complex ways with regional security relations as well as economic co-operation for nearly fifty years, sets it apart from the more recent regional blocs. The defining difference is that, whilst trade is important to the EU, it is not its primary *raison d'être*. In the case of the other three blocs, trade liberalization is the primary driver of co-operation. In part this is a historical effect. The origins of the EU lie in the 1950s redevelopment of the European economy. The other three blocs are the outcome of trade considerations emerging in the 1970s and 1980s, precisely those decades in which Keynesian thinking was in decline and the rhetoric of international competitiveness became ubiquitous. Moreover, European integration is a political process in which contending economic and political philosophies are played out in high-level regional institutions, often with profound policy impacts on member economies. This is not so for the other regional blocs. Their focus on trade liberalization is usually explicitly counterposed to any deeper political purpose. Thus, it is possible for the social democratic tradition embodied in Jacques Delors to sustain and implement interventionist policies in Europe. Neither the institutional framework for nor the political commitment to such interventionism is found in the NAFTA, APEC or MERCOSUR.

The different dynamics of supra-national regionalization combine protectionism and liberalizing tendencies in different measure, depending on the regional bloc. In the case of the EU, support for the World Trade Organization (WTO) exists, but it is constrained by, for example, the desire to sustain the Common Agricultural Policy. Similarly, the stalled Multilateral Agreement on Investment finds mixed support within the EU. In contrast, the rhetoric of APEC wholeheartedly supports the WTO and the attempt to create an international investment regime equivalent to the WTO's trade regime. However, the EU, APEC and other regional blocs are committed to international competitiveness in an integrated global economy. Hence, if all blocs share a common view of the desirable end – international competitiveness – they subscribe to different means of achieving that end. In the EU, tripartite, pluralist traditions are broadly accepted to contribute to competitiveness and are the subject of EU-wide legislation. An example of this is the establishment of European Works Councils. In the other major regional blocs, international commitments are limited primarily to trade arrangements. The governments that commit to these blocs accept the argument that liberalized trade impels domestic efficiencies and, consequently, improves competitiveness. Other means of achieving international competitive-

ness – for example, labour relations measures, industry policy and education and training – remain the prerogative of the participating sovereign economy and are not usually subject to international integration.

Lacunae in industrial relations theory

Our discussion has, so far, established that, in the fifty years since the Bretton Woods accords (and the forty years since Kerr (1962) and Dunlop (1958) were writing, and the thirty years since the Oxford School made its major contribution), the global economic and political order has changed markedly. Economic internationalization, trade integration and regionalization have transformed the international context in which the key industrial relations actors come together. For example, internationalization has greatly increased the international movement of capital, which in turn has challenged domestic industrial relations practices. Trade integration has resulted in reduced tariff protection. Sectoral and labour market restructuring is a common effect of tariff reductions. Trade integration and regionalization often ride together, with similar sectoral and labour market impacts. Moreover, the domestic policy frameworks of the 1940s, 1950s and 1960s have substantially changed in response to the three factors. From the perspective of industrial relations theory and analysis, the domestic impacts of the transformation have aroused much attention. The international impacts have been addressed primarily as they provide a context for domestic shifts.

To understand why this is so, let us consider the dominant approaches in industrial relations theory. Notwithstanding the seminal work of the Webbs, Commons and others, contemporary Western industrial relations thinking has been driven by the post-war debate around the systems approach, articulated explicitly in the works of Dunlop, and reflected in the Oxford School's institutional approach to job regulation (Kerr *et al.* 1962; Dunlop 1958, 1993; Flanders 1964, 1965; Fox 1966; Hyman 1975; Commons 1916; Adams and Melz 1993). Our concern here is not about the symmetry between Dunlop and the Oxford School, nor, indeed with the critiques of both traditions offered by radical theorists. Rather, we focus on two discrete dimensions of analysis shared by pluralists and radicals alike: a tendency to be concerned with national industrial relations actors and arrangements and the understanding of industrial relations as a 'synthetic' enterprise.

Industrial relations has a long tradition of spatial analysis, although it would not usually be understood as such. The idea of a national industrial relations system is particularly powerful. It locates within particular national boundaries a complex of factors that make for uniqueness. These factors include specific institutional, regulatory and legal frameworks in which bargaining takes place. The actors in the bargaining process are particular to that national setting. This uniqueness is defined in part by common cultural assumptions. Industrial relations discourse is similarly marked by a focus on national industrial relations systems. Comparative industrial relations texts tend towards country chapters

topped and tailed with overviews focusing on similarities and dissimilarities. Interestingly, industrial relations teaching has long adhered to a standard division of labour: a core domestic course and a (frequently optional) comparative, national system-based course. We conclude that the dominant theoretical approaches in industrial relations did not engage widely with the challenges posed by economic internationalization, trade integration and supra-national regionalization. Industrial relations theory's locus in national systems, or in national and sub-national job regulation (or control) ordained an inward and downward emphasis, rather than an outward, expansive development. It is not that there were no attempts to move beyond national frameworks. Much work has been undertaken around issues with an international dimension: for example, the industrial relations of foreign-owned subsidiaries, the implications of EU regulatory changes, the role of international trade union organizations, and the implications of international restructuring for industrial relations. However, such work has been undertaken primarily in terms of enterprise, sectoral or national impacts, or using approaches that are not integrated with 'core' industrial relations thinking. Such work has been marked, quite properly, by its contingent analytical license.

The notion of analytical license highlights the 'synthetic' qualities of industrial relations. It is a commonplace to understand industrial relations as a systems or job regulation core, into which is plugged a range of related disciplinary inputs. Thus, we commonly recognize the inputs into industrial relations offered by history, economics, psychology, politics, the law and so on. Two points follow from this. First, whilst these 'plug in' disciplines are in their own right often capable of analysing the international, the insights taken from them into industrial relations are most commonly not the international. Second, the two disciplinary areas that in the post-war years have contributed most to our understanding of the international political and economic order – international relations and international political economy – feature rarely in industrial relations discourse. We attempt to rectify this omission below.

It is worth emphasizing that internationalization was not a central theme of radical or critical theory-building in industrial relations. For example, in the Anglo-Saxon world, the standard radical alternative, Hyman (1975), substituted control over work relations for the pluralist focus on systems and job regulation. The critiques offered of orthodox systems thinking noted an overemphasis on institutions and the need to provide both historical and processual understanding of industrial relations. The role of the state as an institution and process was raised to prominence, as were issues such as class position and organization, and power and control in the workplace and over production. However, the critical perspective was still located firmly in the enterprise, sectoral or national environments and its power relationships. Where opportunities arose for engagement between radical industrial relations theory and international analysis – for example, around the New International Division of Labour debate, Cohen's (1980) New International Labour Studies notion, Deyo's (1989) work on Asian industrialization, Munck and Waterman's (1999) focus on internationalism, or,

more generally, at the interface between foreign direct investment (FDI) theory and industrial relations (Frobel *et al.* 1980) – they were generally underdeveloped.

International industrial relations regimes: institutions, space and content

Thus far, we have argued that the global environment has changed substantially since the dominant approaches to industrial relations were laid down. Economic internationalization, regionalization and trade integration have been important factors in this changing environment. Industrial relations theory and analysis has still to come to terms with the impacts of these factors. One way in which industrial relations can come to terms with global integration is by means of an engagement with international relations and international political economy.

It is our contention that this accommodation is achieved in the concept of an international industrial relations regime. International industrial relations regimes encompass three processes: institutional, substantive and spatial. First, the institutional process provides the wherewithal for regime formation and maintenance. At the global level, this has been most evident in the role of the ILO since 1919, but contemporary economic internationalization raises the possibility of other institutional locations, for example, in the context of the EU. Second, the substantive process initiates and drives regime development in the first place within spatial and institutional frameworks. The dominant substantive process for much of the twentieth century has been the development and implementation of international labour standards. A more recent phenomenon defines the third element in an international industrial relations regime, the spatial process. Regionalization and the creation of regional blocs such as the EU, NAFTA and APEC now provide, in descending order of gestation, similar opportunities for regime formation at the regional level.

In the twentieth century, the ILO has been in a position to facilitate these processes by initiating tripartite co-operation and influencing state behaviour through agenda setting, compliance monitoring and other functions of regime development. In doing so, it has contrived a unique presence in the international system rooted in a regime based upon principles, norms and rules that extend beyond the boundaries of national industrial relations systems. As a result, the emergence of an international industrial relations regime poses key questions for state, employer and labour agencies and their system of regulation. What are the international frameworks in which they must operate? How and on what basis are these frameworks constructed? How do they change? To answer these and related questions, we turn to the analytical insights provided by international relations and the concept of international regimes.

International regimes

Regime analysis emerged in response to a concern that while the study of international organization developed around the central concern of organizations in

international governance, it lacked any systematic understanding of international governance (Haggard and Simmons 1987: 491–2). Moreover, an overemphasis on issues of international order, authority and formal organization had tended to neglect the range of state behaviours which continued to be regulated or organized despite systematic change and institutional erosion. The concept of international regimes filled the void in understanding.

The most influential approach to international regimes is that of Stephen Krasner, who defines regimes as:

implicit or explicit principles, norms, rules and decision-making procedures around which actors expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behaviour defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice.

(Krasner 1983: 2)

The principles of regimes define the purposes that members of a regime are expected to pursue. For example, the principle of social justice has underpinned ILO activity and the international labour standards regime since 1919. Norms contain clearer direction to regime members on what constitutes legitimate and illegitimate behaviour while still defining responsibilities and obligations in relatively general terms (Keohane 1984: 58). For example, the norms of the international labour standards regime require that member countries recognize and protect the rights of labour. At the same time, there is a general recognition that the ability to ratify international labour standards is, in the main, dependent on the level achieved in economic development. Rules overlap with norms to a significant extent but are more specific in detailing the rights and obligations of regime members. Thus, while the norms of the international labour standards regime refer to the recognition and protection of labour rights, the rules set the specifics of how they may be achieved. For example, once a government agrees to ratify an international labour standard, it is obliged to introduce the standard into national legislation. Finally, a regime's decision making procedures provide the mechanisms for implementing principles and changing rules.

For Ernst Haas, regimes are artificial, man-made creations designed to bring about particular orderings of values among actors (Haas 1982: 211). This is in line with Oran Young's designation of regimes as social institutions governing the actions of those interested in specifiable activities (or accepted sets of activities). Thus, like all social institutions, regimes are recognized patterns of behaviour or practice around which expectations converge (Young 1982: 277). In practice, examples of international regimes would include the World Order (Ruggie 1993), the Cold War, the trade regime (with international organization such as the WTO at the centre), regional regimes (such as the EU or APEC), and the international labour standards regime with the ILO at its centre. In all cases

the regime comprises a normative element, state practice and organizational roles and will respond to many of the features defined above. Robert Keohane argues that it is almost impossible for international organizations to exercise authority over states because of the value that states place on sovereignty. He thus likens a regime to a 'quasi-agreement' that is legally unenforceable but, like a contract, helps to organize relationships in mutually beneficial ways. Similarly, regimes also resemble conventions, that is, practices to which actors conform not because they are uniquely best, but because others conform to them as well.

For Keohane then, what these arrangements have in common is that they establish stable mutual expectations about others patterns of behaviour and develop working relationships that will allow the parties to adapt their practices to new situations (Keohane 1984: 89). What becomes important in establishing mutual expectations and developing a stable system of behaviour is the transparency of actor behaviour, a core requirement in international regimes. How international organizations achieve this transparency remains an important consideration in regime analysis (Kratochwil and Ruggie 1986: 772–4).

Two other dimensions to an international regime can be identified. First, a regime can be designed on a perfectly rational basis but nonetheless erode when its legitimacy is undermined. The claim to universality by international organizations ensures that they are a significant location in which the legitimation struggle for international regimes takes place. Second, there is the epistemic dimension to regimes. Kratochwil and Ruggie argue that knowledge in the international arena, its accumulation and its comprehension, are neither passive nor automatic processes but intensely political. In this respect international organizations have 'manoeuvred' themselves into the position of being the vehicle through which knowledge emerges on the international agenda. It is in these epistemic processes that the future demand for international regimes lie (Kratochwil and Ruggie 1986: 772–4). This suggests that regimes must be understood in terms of historically conditioned, interpretative frameworks as knowledge and ideology evolve and as actors learn. It reminds us of the importance of historical context and the substantive issues around which the politics of conflict and co-operation occur. It also forces us to recognize not only that actor interests may change in response to new knowledge but that international organizations may feed the process of change through the information and ideas that they are able to mobilize. It follows that one of the most important functions of regimes is to allow for the collection and dissemination of information. Norms and rules cannot change without the inclusion of this function.

For Puchala and Hopkins (1982: 246–7), regimes themselves are subjective as they exist primarily as participants' understandings, expectations or convictions about legitimate, appropriate or moral behaviour. Thus, the reality of a regime exists in the subjectivity of individuals who hold, communicate, reinforce or change its norms and authoritative expectations. They argue that each regime has a set of elites who constitute the practical actors within it. While the governments of nation states constitute the primary representative components of most international regimes, and while representatives of other interest groups, such as

international trade union, employer and non-governmental organizations may also engage in participatory roles, regime participants are most often bureaucratic units or individuals. These operate as the 'government' of an international regime by creating, enforcing or otherwise acting in compliance with its norms. Individuals and bureaucratic roles are linked in international networks of activities and communication. These individuals and rules govern issue areas by creating and maintaining regimes (Puchala and Hopkins 1982: 246–7).

It follows that international organizations must be conceived as political systems and be cognizant of the attitudes and perceptions of actors in and toward international organizations (Cox and Jacobson 1973). For our purposes, actors include those appointed to act in the name of the organization, such as members of the international bureaucracy and the executive head, participants in decision making including those attending international conferences, and all officials and individuals at national level who determine or seek to determine the position of those involved in international issues. The attitudes and perceptions of the actors are influenced by a number of characteristics, for example, length and nature of association with the international organization, the competence of its international bureaucracy, political 'fit' with the actors' own world view, the charisma of the executive head, political relevance and ideological legitimacy. For example, the ILO made itself ideologically relevant by linking its efforts to promote social justice at the international level with the activities of social reformers and trade unions at the national level. In this respect, to be effective instruments of pressure, trade unions had to be free of state dominance and coercion. Thus, the ILO and the trade unions had a common interest in freedom of association. This functionalist approach helped translate ideology into action and underpinned the ILO's political alliance with those trade unions attempting to transform the world into a system of pluralistic, internationally integrated welfare societies (Haas 1964: 140–1).

Regime transformation and interest groups

In examining international organizations as political systems, the nature of relations with member states is given particular emphasis. This requires us to view international organizations as aspects of world and national politics. As such they are not fully autonomous entities but subject to environmental forces that become major constraints upon, and determinants of, organizational decisions (Cox and Jacobson 1973: 25). Thus, it is necessary to show why and how these forces – such as strength of national interest in international relations, economic and political characteristics of states, national and international aspects of social mobilization – change and interact over time and how they relate to the development of international organization. Robert Cox's work on the ILO (Cox 1996: chaps 3, 16; Cox and Jacobson 1973), for example, draws on a concern with the historical development of international organizations and with the changes in decision making and influence that are associated with historical development. This guides us to a number of influences on this decision making process; the

influence of national government, interest groups such as trade unions and employer organizations, segments of the international organization's bureaucracy, eminent personalities and the executive head. It also moves us to recognize that regimes are not static constructs and cannot be construed as such if a deeper and more comprehensive understanding of international regimes is to evolve. As Oran Young points out, regimes undergo continuous transformations in response to their own internal dynamics as well as their political, economic and social environments (Young 1982: 290–1). These dynamics are not mutually exclusive, and indeed reinforce each other during periods of critical change and uncertainty. Three processes that can lead to the transformation of regimes are identified: internal contradictions, shifts in the underlying structure of power and exogenous forces.

First, some regimes develop internal contradictions that can lead to serious failure and/or a demand for major change. These can take the form of irreconcilable conflict between central elements of the regime that may lead to its decline. Alternatively, the internal contradictions may manifest a developmental character which becomes more embedded over time, initiating a new complex of dynamics as the regime evolves. This process directs our attention to the role of crisis in existing regimes and how the institutional mechanisms of international organization respond to crisis. This prompts us to identify the organizational responses to internal contradiction while at the same time examining their significance for regime transformation.

The second type of process leading to transformation arises from shifts in the underlying structure of power in the international system. Here he underlines the political truism that imposed orders are unlikely to survive for long following major declines in the effective power of the dominant actor or actors (Young 1982: 292). The history of regimes often derives from an underlying political dynamic which draws its energy from the activities of dominant and/or competing interests. From this we can conclude that regimes are seldom neutral in their impact on participating actors as powerful interests often prevail in organizational and system bargaining. Thus, shifts in the distribution of power will be reflected more often in gradual rather than abrupt changes in social constructs like international regimes.

The third type of transformational process emerges when regimes fall victim to the impact of exogenous forces. These are forces that represent societal developments that may occur outside of a specific regime but are nonetheless powerful enough to initiate alterations in human behaviour that may undermine the essential elements of the regime. Young gives examples such as technological development and its impact on regimes such as the ocean regime (the growth in factory ships and their impact on the common property regime for high-seas fisheries) and the telecommunication regime (the growth in internet technology and its impact on industry and education), but acknowledges that the impact of these changes is difficult to assess with any accuracy. He concludes: 'If nothing else, this recognition reminds us of the dangers of thinking about specific social institutions in isolation from the broader social setting' (Young 1982: 295).

The work of Young, Cox, Keohane and others has prompted a shift from the functionalist emphasis on formal institutions to a broader understanding of institutionalized behaviour and provides us with an opportunity to develop a more capacious interpretation of regime development. The argument that international organizations provide political space for the development of alliances requires that the rationale and make-up of such alliances be examined. Relatedly, if broadening the interest base of international organization helps increase its propensity for survival, then an examination of how this contributes to regime development is necessary.

Each of these considerations returns us to one of our central concerns in developing the concept of an international industrial relations regime: how regimes influence national policy choices. In this respect, a strong claim for regimes is that they can alter actors' interests or preferences. From a functionalist perspective, the test is to demonstrate that actors' motivations are influenced by the benefits provided by the regime and/or by the reputational concerns connected to the existence of rules. Yet the knowledge of what these benefits are, and the recognition that knowledge is often a political construct, leads us to also draw on an epistemic approach to regime analysis, prompting us to explain change by reference to the values, beliefs and ideologies of actors. Another appropriate approach is to focus on the process of domestic decision making and identify the forces that influence its outcomes. This can help gauge the extent to which regimes can alter state preferences in the context of wider, often simultaneous, forces.

In emphasizing linkages between domestic and international interests, we might consider international co-operation not only as the outcome of relations among states, but of the interaction between convergent domestic and international interests (Haggard and Simmons 1987: 513–17). This approach raises some important questions. For example, how does the ILO go about engaging opinion in member states, and how does this aid in the development of the international labour standards regime? How do regimes influence national policy choices and the interests of national actors? Where political decision makers have been reluctant to engage in international co-operation, can the pressure and support of external actors tip policy in favour of those who seek engagement? Our central point is that growing interdependence means that groups at the domestic level increasingly have 'regime interests'. Welfare is tied not only to particular policy decisions, but to the compliance of other states to regime norms, the way in which international co-operation is institutionalized, and the access regimes provide for private actors. Thus, the substantive issues over which states are likely to seek co-operation, and the domestic and international forces that can lead to regime change, are important variables to be considered.

From national system to international industrial relations regime

In this section, we attempt to establish two outcomes that emerge from the juxtaposition of industrial relations with regime analysis. The first is the marked

symmetry between the two theoretical frameworks. The second is the understanding of the relationship between national industrial relations systems and international industrial relations regimes.

In conceptual terms, traditional industrial relations analysis has much in common with regime analysis in international relations. Both analyses in their orthodox formulations share Parsonian antecedents. Industrial relations applies concepts such as rules, norms and principles in line with Krasner's characteristics of regimes; industrial relations systems are social institutions (Haas, Young); they depend substantially on legally unenforceable, informal arrangements, but also encompass formal legal arrangements (Keohane); they require legitimacy that, if lost, causes the system to break down (Kratochwil and Ruggie); the role and status of their actors is an important dimension (Cox and Jacobson); they change or are challenged in line with Young's analysis. The concept of system in industrial relations even faces the same types of radical criticism in terms of explanatory capacity and analytical coherence that confront regime theory. However, in both industrial relations and international relations, radical critiques of the dominant orthodoxy are still substantially bound into the same conceptual terms, developed in terms of notions of contradiction, power distribution, class status and so on. In analytical terms, the concept of *system* applied to industrial relations at national level is consistent with the concept of *regime* applied to global and regional relationships in international relations.

This symmetry, largely unexplored (Harrod 1997a) in industrial relations circles, opens up an intriguing prospect. It follows that, if it is possible to extend the norms, rules, procedures and values from domestic industrial relations systems into an international industrial relations regime (or regimes), the potential exists for actors and processes to move across dimensions from the national to the international, from national system to international regime. From an industrial relations standpoint, the juxtaposition of a national system and an international regime provides a coherent analytical framework for describing and analysing the transition (or lack thereof) from one to the other. The key factor would be the capacity to internationalize and sustain the norms, rules, procedures and values associated with an industrial relations system in such a way that institutional and political action would be able to move freely between some set of domestic industrial relations systems and an international industrial relations regime. Again, to make the point explicitly, this argument is true for both orthodox and radical analyses of industrial relations systems.

The case study of the ILO offered above bears out this analysis. To emphasize the argument, the ILO has created an international regime based upon the extension of norms, rules, values and procedures beyond national industrial relations systems. The institutional form of the regime, the ILO, has, through the medium of conventions and other institutional arrangements, created a unique global presence. Moreover, the key actors in industrial relations – governments, employers and unions – have similarly extended their institutional and procedural activities to accommodate themselves to the ILO.

International industrial relations regimes: limitations

The discussion of the ILO suggests telling reasons why its international regime is limited to the existing convention-based mode of operation. This limitation may well help to explain, first, the longevity of the ILO; second, the failure to create a global industrial relations regime based on trans-national collective bargaining (long held by the international trade union movement to be the most effective response to the internationalization of capital); and third, the importance of regional industrial relations regimes (particularly that in formation around the EU) in extending international regulation beyond the convention mode.

To understand the limitation, we return to our previous commentary on industrial relations and economic internationalization. We noted that traditional industrial relations analyses perceive at best only partial symmetry of values, procedures and institutions across national industrial relations systems. As one moves from high-level general conceptual statements about industrial relations to its real-world practice, it becomes clear that different national industrial relations systems do not share similar values, norms, procedures and expectations. They are constituted upon a range of differentiated value systems, for example, veering from the voluntarist model of the UK to the closed models of some developing economies. Similarly, legal frameworks, bargaining procedures and institutions vary dramatically. Indeed, as we point out above, comparative industrial relations analysis has focused not so much on the similarities of systems but on their differences. Let us also accept the arguments of Wade (1996), and Hirst and Thompson (1996) that, notwithstanding the spread of internationalization, nation-states and their national regimes will retain high degrees of autonomy in the future. Convergence will not dominate. Such convergence as takes place will follow the restrained approaches evident in the EU.

Let us assume that the focus on the domestic and the comparative in industrial relations analysis is sensible and derives from concerted empirical observation of major differences between national industrial relations systems. As complex sets of relationships – political, social, economic, cultural, historical, legal and so on, brought together within particular nation-states – industrial relations systems may well be best understood in their diversity, rather than in their similarity. If this is the case, one element of our critique of industrial relations theory must take a somewhat different form from that expressed earlier. The national and sub-national focus in industrial relations may reflect an implicit understanding of the diversity of national systems. The weakness of industrial relations has been in not theorizing explicitly the extent to which that diversity is overcome by the effects of internationalization and regionalization. This point may also be made as follows: *international regime formation in industrial relations is unlikely to succeed unless a systemic shift occurs at supra-national level in which national frameworks can achieve greater symmetry.*

To digress somewhat, this argument differs from a classical convergence notion in a number of ways. For example, the motor forces of change are different. In the case of convergence, the motor force is industrialization, associ-

ated with an evolutionary process of elite-controlled nation building. In the case of internationalization, the motor force is the internationalization of capitalist production across economies at quite different stages of integration into the global capitalist order. Convergence does not automatically follow from internationalization. Indeed, heterogeneity across stages of development may be advantageous for capitalist internationalization. It is worth noting here once again that a key feature of regime analysis is its emphasis on the need to sustain regimes against decay. Moreover, the convergence argument focused on the emergence of similar institutions and processes within industrial relations across discrete national systems. These national systems, though increasingly similar, remained discrete. Put another way, convergence thinking could not anticipate the erosion of national boundaries by internationalization and regionalization. Convergence thinking could not anticipate, therefore, the potential scope of an international industrial relations regime.

International industrial relations regimes: future developments

The case study of the ILO and its development is particularly instructive when considering international industrial relations regime formation as a qualitatively new systemic shift. Eighty years of careful positioning, particularly by its key leaders, has created an international regime around the labour standards model and related capacity-building activities. The formation and development of this regime has required constant adjustment (and the expenditure of much time and many resources) in order to keep the support of the key actors and to sustain the relevance and impact of the regime. Its success suggests an obvious conclusion. The ILO is an international regime that precisely offers a qualitative systemic shift from national to international in which elements of national bargaining regimes have been united. The system surrounding the development, promulgation and enforcement of conventions constitutes the forging of shared norms, values, principles and institutions that give rise to an international regime. Regime theory allows us to analyse and comprehend the creation of this international regime in ways not recognized in current industrial relations theory. Here, then, the juxtaposition of intellectual traditions throws new conceptual light on the role of the ILO as an international extension of national industrial relations systems. It also captures the need for the ILO to expend energy and resources in order to sustain its position. Regime maintenance is costly in political terms, and in terms of human and financial investment.

However, this juxtaposition allows us to go further. The ILO is one example of international regime formation in the area of industrial relations. It is not alone. As we noted earlier, regionalization has in different ways and to different extent also laid the groundwork for similar regime formation. The EU illustrates such a shift. The Social Protocol in the Maastricht and Amsterdam treaties and the emergence of initiatives such as the European Works Councils are elements of a regional international industrial relations regime in formation (Brighi 1998).

We suggest that the EU has not yet achieved a regional regime commensurate with, for example, the international reach of the ILO. Rather, it has adopted a model of regional standards setting in line with the international practice of the ILO, and, indeed, nourished by that regime. It has also unleashed institutional developments (the European Works Councils model) which may contribute in time to the creation of a comprehensive regional industrial relations regime.

How we judge the potential of these developments is important. At one end of a spectrum is a view suggesting that regional industrial relations systems will be primarily focused on standards setting, wherein much of the constituent national industrial relations systems will be left intact. This type of regime might be categorized as minimalist. At the other end of the spectrum, a regional regime can be imagined in which there are very high levels of integration of national features into a regional framework – a maximalist perspective. At the regional level, outcomes will probably lie somewhere towards the minimalist end. We base this conclusion on two sets of arguments. First, when assessing the time, energy, resources and commitment required to establish and maintain the ILO regime, it becomes clear that the creation of a comprehensive regional regime in, for example, Europe is a daunting task. Second, Europe's commitment to regime formation in industrial relations is not assured in comparison with, for example, security, financial or trade arrangements. Further progress on this front is contingent on the priorities set by the EU's political process, and these may not include a more developed social agenda. Hence, a prudent analysis suggests that regional standards setting, possibly in advance of but supported by the ILO's international regime, is the most likely extent of the European industrial relations regime. If true for Europe, this will be even more so for the more recent regional blocs.

A second area of speculation relates to the extent to which regional regimes will be susceptible to aggregation into effective international regimes. In the current environment, it is likely that we will see two overlapping developments: a continuation of the ILO's international regime and the emergence of regional regimes at various levels of sophistication and development, broadly articulating with the standards-setting outcomes of the ILO. The arguments for this conclusion are similar to those advanced in relation to the European industrial relations regime. First, the ILO regime is established and defining, as is its broader context, the United Nations. It is unlikely to be usurped in the foreseeable future. Second, its history captures the logistical and political pitfalls facing alternative international formations. Third, there is no effective constituency amongst the actors in industrial relations for an alternative international regime. These arguments point to the continuing adaptation of the ILO to meet changing international circumstances (a message writ large in recent speeches by ILO director generals). They also point to the probability that regional industrial relations regimes will articulate their activities with those of the 'one true' international regime. European evidence supports this, as do the developments surrounding APEC and the NAFTA (Haworth and Hughes 1999).

Conclusions: regime formation and regime actors

The analysis offered above has clear implications for the actors in industrial relations. For states, participation in international industrial relations regimes will be dependent on the meeting of expectations and the adaptability of the regime to sovereign requirements. The objectives set and the outcomes expected will tend to be modest. The experience of the ILO convincingly supports this conclusion at the international level. At the regional level, the coherence of a regional industrial relations regime with other regime priorities (trade, security, growth, for example) will determine the extent to which regime formation is successful. Employers might be expected to take a similar view of industrial relations regimes.

However, for labour, regime formation takes on much greater significance. The creation of a comprehensive international industrial relations regime has been at the heart of modern trade union strategy since it was mooted (in other terms) by Levinson (1972). Internationalization of collective bargaining was to be the antidote to the internationalization of capital. This has not happened, and contemporary trade union strategy has focused instead on a two-fold approach to global issues: active support for a trade-labour standards link, and trade union representation in regional trade blocs. Regime analysis suggests that labour should draw two conclusions. First, regime formation is an important process in which trade unions enjoy regional and international legitimacy. This is clearly the case for the ILO and the EU. It is becoming so in the NAFTA and in APEC. Second, sustainable international regimes operate successfully around the relatively narrow agendas of labour standards setting and monitoring. Narrow agendas endure because they are sustainable in terms of resource requirements and actor commitment. Regimes have not so far extended themselves into areas such as international bargaining to any significant extent because of resource and commitment shortfalls. Trade unions are correct, therefore, to invest modest expectations in regimes such as the ILO and the EU.

If we are to understand and inform these processes, then we must address the limitations of industrial relations theory in dealing with changes in the global political economy. An accommodation with the analytical insights provided by the study of international regimes offers a fruitful avenue on which to do this. In this way, the concept of an international industrial relations regime brings together hitherto separate analytic traditions in a way that provides the potential for new developments in industrial relations theory.

Part II

**National and regional
strategies**

5 Organizing globally, organizing locally

Union spatial strategy in a global economy

Andrew Herod

Introduction

To date, much writing on how unions should adapt to the new realities of the global economy has assumed, somewhat uncritically, that workers will naturally have to operate transnationally if they are to successfully challenge transnational corporations (TNCs). In this chapter I want to question the uncritical acceptance of this argument, for I believe that it is based upon what is, at best, a partial reading of the nature of the contemporary transformation of the world's economic geography. Specifically, I suggest that whereas the traditional 'transnational solidarity' model in which workers attempt to make common cause globally with their confederates who work for the same TNC overseas may be crucial to their success in some cases, in other instances a second model may also provide workers with an effective means of challenging TNCs, this being a model which focuses not upon the global scale of worker organization but, instead, upon the very local scale of organization.

At first glance such a localist strategy may seem somewhat puzzling because the impetus for TNCs to 'go global' with their operations has often been precisely so that they may play communities and workforces in different parts of the world against each other. Likewise, workers' abilities to develop solidarity across space has typically been seen as a way to limit such whipsawing. Yet, as paradoxical as it might seem, I want to suggest here that in an increasingly interconnected planetary economy a locally focused campaign against a TNC may sometimes also be highly effective, particularly if such local disputes target crucial parts of that corporation's global operation. Certainly, which of these two strategies – what we might call here 'organizing globally' and 'organizing locally' – is more effective in specific cases will depend upon the contingencies of the situation within which workers find themselves. Equally, I do not want to suggest that workers face an either/or choice, for organizing at both scales simultaneously may best serve their goals. Instead, the point I wish to make is that rather than simply assuming that workers have to 'go global' so as to match the geographic organization of their employers, organizing at other geographic scales such as the local may, in fact, prove to be a more useful strategy in certain instances. Such a realization forces us to recognize both that union strategy may be significantly shaped by the geographical realities within which workers find

themselves, and that the choices they make concerning which types of strategy to pursue can have significant implications for the ways in which the geography of global capitalism is made (Herod 1997a).

The chapter itself is in four sections. The first section examines a number of contradictions in the process of globalization and what these mean for the geography of global capitalism. The second and third sections draw upon two case studies reported on in more detail elsewhere (Herod 1995, 2000b) which highlight workers' success in organizing globally and in organizing locally against transnationally organized corporations. The final section ponders a number of questions related to the geographical implications for worker solidarity of these strikingly different strategies.

Paradoxes of a shrinking and speedier globe

There are two inter-related aspects of the current sets of economic transformations which have popularly been labelled 'globalization' that I wish briefly to explore here. The first of these relates to the transformed relationships between places that have come about due to changes in transportation technologies and the phenomenon of a 'shrinking globe'. The second of these relates to the greater speed with which the consequences of economic and political decisions and actions can now be transmitted throughout the global economy.

Globalization and a shrinking globe

Revolutions in transportation technology have been fundamental to the historical and geographical development of capitalism during the past two centuries. Beginning with the shift from horse-drawn carriages to railways to automobiles and finally to jet aircraft, new transportation technologies have made it easier for firms to operate in distant markets and to exploit new opportunities, labour forces and sources of raw materials which may be located thousands of miles away. The development of newer and faster means of transportation which can allow people and commodities to cover greater distances in shorter periods of time results in what Marx (1973: 539) referred to as the 'annihilation of space by time' and what Harvey (1989) has termed 'time-space compression', by which both mean that the time taken to traverse space has been reduced as the productive forces of capitalism have been developed. The result is that many places which were once considered to be worlds apart have now become interconnected in such a way that, for example, we could realistically consider Santo Domingo, Tegucigalpa, Manila, Bangkok, and Ouagadougou to be manufacturing suburbs of New York, Los Angeles, Tokyo, and Paris (Herod 2000a).

Certainly, the shrinking of relative distances between places has been a geographically and historically uneven process. The plethora of international airline routes and telephone connections linking London, New York and Tokyo mean that the ability of commodities, information, capital and people to traverse the spaces between the major metropolitan regions of the European

Union–North America–Japan triad is very much greater than it is within, for example, the African continent where poor transportation and telecommunications links – one of the myriad legacies of colonialism – make travel and communication much slower and, by implication, mean that the process of time-space compression has played out more slowly there. Equally, just because a place may itself be physically located within the core spaces of the capitalist world economy does not mean that it has experienced time-space compression in the same way that have the central command and control nodes of the global economy – within the United States, for instance, the deregulation of the airline industry has meant the ending of service to hundreds of smaller communities, which has left them more isolated today than they were twenty or thirty years ago. Finally, I do not want to suggest that only capital has been responsible for transforming the temporal and spatial relations between different places. Workers, too, have been actively involved in processes of globalization and, as such, have contributed to the uneven development of the new time-space organization of capitalism (Herod 1997b). Despite such caveats, though, in many ways the world is very much smaller today than before.

Such a shrinking of the relative distances between places has several implications for workers. Perhaps the most significant of these is that the erasure of geographical boundaries which once protected workers from certain forms of competition means that some workers may increasingly find themselves competing globally for work. Indeed, even commodities such as perishable foods and fresh cut flowers may now be produced on the other side of the world from their final consumers (Hughes 2000). The conclusion one might draw from this – and this is a conclusion which has certainly been actively fostered by neoliberal ideologues – is that, in a shrinking globe, corporations are no longer constrained by spatial barriers (i.e., a single production location might very well be able to serve most places in the world within a very short period of time), that geographical location is thus no longer important, and that corporations can, therefore, effectively locate wherever they wish in the globe. Unquestionably, this is the intent of Ohmae's (1990) 'borderless world' metaphor. This interpretation, however, ignores a fundamental paradox of the apparent shrinking of our globe, namely that as space is being annihilated *à la* Marx, in certain cases geography may become more, not less, important. As Harvey (1989: 294) has presciently argued: 'As spatial barriers diminish so we become much more sensitised to what the world's spaces contain'. Firms capable of locating their operations almost anywhere are undoubtedly more discriminating in choosing between specific places.

In turn, this leads to a further set of paradoxes. For some firms, the fact that geographical differences between places become more important as time-space compression proceeds will likely mean that they themselves become more foot-loose and less tied to particular locations. As spatial barriers diminish, such firms may be able to rapidly shift investments to different parts of the world to take advantage of almost imperceptible differences in profit rates. This ability is at the heart, for example, of what some have referred to as the 'arbitrage economy'. For other firms, however, the fact that they can locate almost anywhere means

precisely that those places in which they do choose to locate may hold particular attractions for them, such as providing certain specialized labour or particular networks of linkages upon which they depend and which they can get in few other places in the world. Put slightly differently, it is a simple fact of economic life that, even in a world of hyper-mobility, corporations have to locate somewhere, production has to occur somewhere. Firms, then, will always have to negotiate the knife-edge between being sufficiently mobile to take advantage of new opportunities which may arise elsewhere or perhaps to flee militant labour forces, and being sufficiently embedded in a region to allow them to develop the business links with local suppliers or politicians or to train particular groups of skilled labour which are necessary for them if they are to engage in profitable production (Cox and Mair 1988). The point is that recognizing that time-space compression may have quite contradictory implications for different firms undermines the neoliberal argument of an inexorable journey towards a hyper-mobile capitalism in which, ultimately, all forms of capital will be able simply to move elsewhere at the drop of a hat. Firms must locate their operations somewhere, and this is true even for the most footloose of firms in a global economy. Such a need to be embedded to various degrees in certain locations – what Mair (1997) has called firms' need for 'strategic localization' – can provide significant opportunities, I will argue below, for workers and their unions when battling TNCs.

Globalization and speed

A second aspect of processes of contemporary globalization – and one which is closely tied up with the shrinking of the globe outlined above – is that of the speeding up of contemporary social and economic life. The ability of capitalists to colonize and control the speed of social and economic life is clearly linked to the competitive nature of capitalism. As Marx (1967) was keen to show, the ability of any one capitalist to get products to market more quickly than can competitors provides significant economic advantages, allowing that capitalist perhaps to corner a particular market and/or to turn over their capital at a rate which is faster than that of their competitors (which thereby makes the former's capital more productive). Certainly, I do not want to fall into the functionalist trap of asserting that all technological innovation is due to the nature of capitalist competition, nor the deterministic trap which sees technological innovation in and of itself as the driving force behind social development, but it is fair to say, I think, that competitive pressures do force many corporations to seek faster means of getting raw materials to their processing facilities and final products to market. Today, fibre-optic cables and satellite communications allow money to flow around the planet literally in the twinkling of an eye, so that the knock-on effects of, for instance, a downturn in the Tokyo stock market can readily be seen as a financial ripple travelling westward to markets in Europe and North America as the Earth spins on its axis.

Of course, as with the annihilation of space by time, the speeding up of social life is a geographically and historically uneven process. Thus, as Kern (1983) has

noted, the period from 1880 to 1918, for example, was one in which a plethora of new technologies and ways of organizing social and work life (e.g. Taylorism) dramatically transformed the speed at which life operated. Yet, these technological advances did not affect all areas of the globe simultaneously or in the same manner, and while some parts of the world leapt forward into the twentieth century as spaces of 'fast capitalism' (Agger 1989), others remained firmly fixed in the temporal rhythms of the Middle Ages. Much as the airplane and automobile changed the temporal rhythms of capitalism at the beginning of the twentieth century, so at the beginning of the twenty-first century are we witnessing the explosion of a host of new technologies (such as email and the Internet) and ways of organizing social life and work (such as 'just-in-time' production, more about which below) which are changing the speed at which many people must live their lives and the perceptions that they have concerning the spatial and temporal connections of different parts of the world to one another. Such changes have significant implications for the ways in which political praxis is conducted.

There are three principal points that I want to stress here with regard to the issue of the speeding up of contemporary social life. First, given that individual capitalists' ability to reorganize production and distribution systems temporally – which also often involves a geographic reorganization – may give them significant advantages which they can exploit in the market place, the management and control of space and time can be crucial avenues of conflict between workers and employers. Second, when thinking about the new time-space organization of capitalism, it is necessary to recognize that because this new organization develops in a geographically and temporally uneven manner, new historical geographies of capitalism impact workers in different parts of the world in different ways. Most importantly for my argument here, the fact is that some workers live in a faster, more interconnected, and smaller world than do others, a reality which will undoubtedly affect their organizing strategies.

The third point I wish to make is that the contemporary speeding up of social life contains an important paradox, at least with regard to the relationship between capital and labour. Specifically, whereas many corporations see the ability to speed up their operations as a way of reducing the turnover time of their capital, the greater interconnectedness of the global economy in general, and of the separate parts of any individual TNC in particular, which high-speed telecommunications and transportations technologies have augured mean that the consequences of any particular event can be transmitted much further and much faster than ever before. As the speed of communication and interconnectivity has quickened, so we have moved closer to what Foucault (1986: 22) called the 'epoch of simultaneity'. Whereas two hundred years ago the fastest means of transmitting information was at the speed of a swift horse – a form of information dissemination which meant that news of a particular event (and thus the consequences of that event) might take weeks or months to reach the outside world – today information travels around our globe so quickly that the occurrence of an event and our knowledge of it can be almost instantaneous. As the

speed with which the consequences of social actions spread has quickened, so do corporations have concomitantly less time in which to respond to, and to try to manage, crises.

This last paradox – that capitalists, both individually and collectively, seek to speed up their operations for competitive gain yet that this practice also provides them with less time in which to manage crises of whatever kind (strikes, political unrest, natural disasters affecting access to raw materials, etc.) – opens for workers and their organizations opportunities to challenge TNCs. The very technologies of communication which have allowed TNCs to manage their far-flung operations have also provided workers with opportunities to interact across space much more quickly than ever before, while the shrinking of relative distances between places facilitated, at least in part, by the new transportation technologies adopted to make TNCs' operations more efficient also bring workers much closer together in relative space. Thus, in a number of important union campaigns during the 1990s (one of which is reported on in the following section) workers have made widespread use of email, computer bulletin boards and networked databases, and have developed new forms of cyber-organization such as Union Rings through which unions around the world communicate with and help one another (see also Herod 1998c for more on how US unionists conducted a successful cyber-campaign against the Bridgestone Tire Company). Put another way, the very speed upon which many TNCs rely to conduct their operations may very well prove to be their undoing, for it can also allow workers the opportunity to spread the consequences of a dispute in one part of the TNC both very quickly and far and wide throughout the corporation's organizational structure.

The speeding up of everyday life which contemporary technological and social developments are bringing, then, is a double-edged sword for both capital and workers. For corporations, faster ways of organizing production may increase productivity but may also make them more vulnerable to disruptions in the production process. For workers and their unions, the increased speed with which a dispute in one place may spread to and impact people elsewhere can potentially stimulate solidarity between workers across space as more are quickly brought into a dispute with a particular corporation, or it may undercut it as workers who do not consider that their own interests are being addressed in any particular dispute in another part of the world are nevertheless affected by it. This latter reaction is likely to be exacerbated if the speed with which the dispute spreads results in the union having insufficient time to inform members and their allies elsewhere about the reasons for a strike and to build the types of support networks which are usually necessary for solidarity between workers across space to be developed and sustained.

Having discussed a number of paradoxes related to issues of speed, the shrinking of relative distances between different parts of the world, and the emergence of the unevenly developed new time-space organization of capitalism, in the following two sections I provide brief overviews of two important labour disputes which took place during the 1990s. These represent examples of what I have here called 'organizing globally' and 'organizing locally' against

TNCs. My purpose in recounting these disputes is twofold. First, it is to show that – *contra* much of the pessimistic views of many on the left and the disavowal by many of those on the right – workers can, indeed, organize against a TNC and win. Second, I want to use these two examples to think through a number of issues related to the geography of worker solidarity across space that these different modes of organizing may augur.

Organizing globally in a global economy: the 1990–1992 RAC–USWA dispute

In 1989 the Ravenswood Aluminum Corporation (RAC) bought an aluminium smelter in the small town of Ravenswood, West Virginia. During the next eighteen months, five workers were killed and several others injured in accidents at the plant. Consequently, officers of the plant's United Steelworkers of America (USWA) Local 5668 determined to make health and safety a key part of any new union contract negotiated with RAC. However, when the union's contract with the company expired on 31 October 1990, RAC security officers escorted Local 5668 members out of one end of the plant as they brought in non-union replacement workers at the other. Thus began one of the most acrimonious disputes between an employer and a union to hit the US economy during the 1990s. As it would turn out, the campaign waged by the USWA and its allies to have the locked-out union workers reinstated would also be one of the most imaginative campaigns implemented by a US union against an employer in recent memory.

Initially, the dispute between the USWA and RAC remained largely a local affair as both sides made a number of vituperative pronouncements in the local media. Two months after the lock-out had begun, though, the dispute took an unexpected turn as Local 5668 officials received anonymously in the mail a copy of an audit of RAC conducted by the Price Waterhouse accounting firm. Among other things, the report detailed a web of corporate ownership which stretched far beyond the small town of Ravenswood, nestled on the banks of the Ohio River. In particular, the document showed that the Ravenswood plant appeared to be a small cog in a much larger financial and commodities conglomerate run out of Zug, Switzerland by international commodities trader Marc Rich. At the time Rich controlled companies estimated to trade in excess of \$30 billion per year and had operations in many parts of the world. He was also a fugitive from US justice, having been indicted on a number of charges ranging from illegal avoidance of income taxes to mail fraud to breaking the US embargo on trading in Iranian oil (for more on Rich, see Copetas 1985). Whereas part of the plant was owned by local managers, the bulk appeared to be owned by Rich, although such ownership was through various corporate arrangements designed to hide his involvement.

As the connections between Ravenswood and the Marc Rich group of companies became more apparent, representatives from Local 5668 and from the international union's office in Pittsburgh, Pennsylvania sketched out a

five-pronged plan for ensuring that the locked-out union workers would be readmitted to the plant. First, USWA officials pursued the labour law aspects of the dispute with the National Labor Relations Board, arguing that this was an illegal lockout. Second, they worked with the federal Occupational Health and Safety Administration and the Environmental Protection Agency to investigate a number of health, safety and environmental violations for which, they argued, RAC was liable. Third, Local 5668 members and their supporters engaged in a number of morale-boosting solidarity activities, including leafleting at the New York Stock Exchange and several university campuses and state capitols, plus hosting a number of 'solidarity caravans' made up of trade unionists from across the country. Fourth, working closely with the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) Strategic Approaches Committee, the USWA International union initiated a consumer boycott to pressure over 300 end-users of RAC aluminium (now being made by the replacement workers) not to buy metal from the plant. In the end this would prove a highly successful part of the campaign, as several major (and many minor) users of RAC aluminium dropped their orders with the corporation, including Anheuser-Busch, the Miller Brewing Company and the Stroh's Brewing Company. Fifth, the USWA initiated an international campaign designed to harass Rich wherever he did business around the world.

The locked-out Ravenswood workers and union officials in Pittsburgh and Washington, DC quickly realized that, for Rich, the RAC plant was only one of many within his corporate empire. Thus, they surmised, if they were to be successful in their quest to gain back the jobs of the locked-out workers they would have to make connections with workers in those countries around the world in which Rich did business. This they proceeded to do. Making use of the fact that the USWA and the AFL-CIO were both members of a number of international labour organizations, including the International Metalworkers' Federation (IMF), the International Federation of Chemical, Energy and General Workers' Unions (ICEF) and the International Confederation of Free Trade Unions (ICFTU), USWA officials in Pittsburgh and Washington began to make contacts with numerous trade unionists and sympathetic politicians around the world. Their principal weapon would be the fact that Rich appeared keen to ward off any untoward interest in his financial dealings for two main reasons (Uehlein 1992): on a personal level, such interest might have undermined any attempt on his part to negotiate a deal with the US Justice Department which would allow him to return to the United States without facing jail, whereas on a business level the USWA's ability to draw attention to Rich's nefarious past may have threatened future deals that he was trying to consummate in Eastern Europe, Latin America and the Caribbean.

After conducting a thorough analysis of Rich's known holdings and how RAC fitted into these, the Steelworkers and staffers at the Industrial Union Department (IUD) at the AFL-CIO in Washington plotted out an international campaign to bring pressure to bear upon Rich. In June 1991, the IUD and the USWA sent representatives to Switzerland to meet with local unionists and

several members of the Swiss parliament. Using their IMF and ICEF contacts, the US unionists persuaded their counterparts in the Swiss metalworkers union to stage several press conferences with the aim of bringing the Ravenswood situation to the attention of the Swiss nation and lawmakers. They also contacted the Dutch bank workers' union, which subsequently arranged for them a meeting with representatives of the Nedelandsche Middenstandsbank which had financed part of the loan originally used to buy the Ravenswood plant. This was significant because, after having been apprised of the situation at RAC and the company's liability should it be subjected to a negative legal decision concerning violations of US labour, health and safety, and environmental laws, the bank's directors subsequently withdrew support for one of the local RAC managers who was trying to raise more funds. In October 1991, the US unionists also leafleted the London Metals Exchange, where they learned that Rich had a deal pending to buy an aluminium smelter in Czechoslovakia. Significantly, at this time the Geneva office of the International Metalworkers' Federation was beginning to make significant contacts with trade unionists in Eastern Europe and so was able to put the US unionists in touch with the national leadership of the Czechoslovakian Metalworkers' Federation OS KOVO (see Herod (1998a) and (1998b) for more details on the activities of the IMF and OS KOVO during the early 1990s). Fearing that a corporate operator like Rich would strip the smelter of any assets and then close it down, OS KOVO's national president pressured President Vaclav Havel to intervene to prevent the proposed purchase.

By late 1991, however, the difficulties of organizing sustained anti-Rich actions from across the Atlantic persuaded the USWA and the IUD that they needed to open a European office to coordinate their activities. After opening such an office in Paris and hiring a coordinator to take on much of the day-to-day tasks of writing press releases and conducting research on Rich's proposed other ventures in Eastern Europe, the US unionists were able to work more closely with their European confederates. The International Union of Food and Allied Workers' Associations (IUF), for example, organized a rally of some 20,000 trade unionists on behalf of the Ravenswood workers in Bucharest, Romania where Rich had planned to buy the famous Athénée Palace Hotel, a deal which subsequently was thwarted. Events were organized in several other Eastern European countries where Rich had deals pending, including Bulgaria and Russia. Eastern Europe was not the only region, however, in which USWA and IUD officials were active. In Jamaica the IUD contacted Prime Minister Michael Manley (who earlier in his life had worked with the USWA as an organizer in the island's bauxite mines), who in turn lobbied the Venezuelan government not to allow Rich to consummate a deal he had pending in that country. Through the IMF and the ICEF, the USWA also lobbied Venezuelan trade unionists and briefed representatives of the Organización Regional Interamericana de Trabajadores, the ICFTU's regional organization for Latin America and the Caribbean. Such pressure was ultimately enough to convince Venezuelan President Carlos Andres Perez to publicly dismiss Rich from bidding on an aluminium deal.

By April 1992 the USWA, the IUD and their supporters had organized anti-Rich actions in twenty-eight countries (including the Netherlands, Britain, Canada, France, Venezuela, Romania, Bulgaria, Czechoslovakia and Switzerland) on five continents, and had plans to conduct additional activities in Australia, Russia, Israel, Hong Kong and Finland. Combined with the impacts of their other activities – particularly the domestic consumer boycott of RAC’s scab-made aluminium – the US unionists and their overseas confederates had managed to bring tremendous pressure to bear upon Marc Rich and his operations. Although Rich continued to deny that he had anything to do with RAC, a representative of the largest share holder in RAC – a long-time Rich associate – seized control of the corporation’s board and fired the local plant manager (who was also a part-owner of RAC). During the next few weeks a new contract was worked out with Local 5668 officials, one which included the dismissal of the replacement workers and the return of the locked-out union workers, a strong union successorship clause, and wage and pension increases. In return, the union agreed to the loss of some 200 jobs through attrition. On 29 June 1992, some twenty months after they had been locked out of their plant, Local 5668 members returned to work.

Organizing locally in a global economy: the 1998 GM–UAW dispute

In the previous section I used the example of the Ravenswood dispute to show how one group of workers went about developing international solidarity with confederates in other parts of the world to secure their interests. In this section I examine several aspects of the 1998 dispute between the General Motors Corporation and the United Auto Workers to show how, as paradoxical as it might seem, in an increasingly interconnected global economy, locally oriented actions on the part of workers and unions may also sometimes be used successfully to challenge the operations of large, transnationally organized corporations.

The GM–UAW dispute began on Friday, 5 June at a metal stamping plant in Flint, Michigan as some 3,400 members of UAW Local 659 walked off the job in protest over the corporation’s efforts to change local work rules to limit workers’ abilities to ‘bank time’. For GM, such a change in work organization was important to achieve the flexibility the corporation said it required if the Flint plant was to serve as one of seven (five in the US and one each in Mexico and Canada) that would provide parts for a new generation of sport utility vehicles and pickup trucks, vehicles which have the highest profit margins in the North American auto industry. The situation for GM was subsequently exacerbated when, on 11 June, a second plant (also in Flint) was shut down by strike action on the part of 5,800 members of UAW Local 651. This plant was a Delphi Automotive Systems facility – at the time Delphi was a GM subsidiary – which provided the corporation with spark plugs, speedometers and fuel filters. Significantly, it was the only one in North America which made certain crucial components used on GM vehicles. For nearly two months the UAW and GM

struggled to come to an agreement which would end the two strikes. By the time a settlement was announced on 28 July 1998, over 193,500 GM and Delphi workers had been laid off (as had many more workers at non-Delphi plants from which GM also bought parts), twenty-seven of GM's twenty-nine North American assembly plants and 117 components plants had been forced either to close completely or to cut back significantly on production, the corporation had seen its market share drop from 31.9 per cent in August 1997 to 21.6 per cent in August 1998, and GM had lost production of approximately 500,000 vehicles and posted an after-tax loss of \$2.3 billion for the second and third quarters of 1998. The dispute would ultimately trim almost 1 per cent off the USA's gross domestic product for 1998 (General Motors 1998; *Ward's Auto World* September 1998; *Automotive News* 7 September 1998).

One of the principal reasons that the dispute spread so quickly and widely was the reliance which GM, along with other auto manufacturers, has placed upon using 'just-in-time' (JIT) systems of production and inventory control. There is a huge literature on JIT production and I do not want to rehash it here (see Babson 1995; Dohse *et al.* 1985; Green and Yanarella 1996; Kenney and Florida 1993; Linge 1991). Briefly, however, the use of JIT systems of production is designed to allow companies to use their capital more efficiently by speeding up its turnover time. Specifically, whereas traditionally manufacturers have tended to stockpile components in large warehouses so that they may be readily at hand when they are needed, under JIT components are only produced shortly before they are needed. However, the fact that JIT is predicated precisely upon not having large quantities of components stockpiled leaves any manufacturer using this manner of production open to disruptions in the supply chain. It was this vulnerability that the UAW was able to exploit in their dispute with GM.

The impact of the strike at the Flint metal stamping plant was felt almost immediately as the lack of parts led managers at an assembly facility in nearby Orion, Michigan to send 2,800 workers home at 11 a.m. on Monday, 8 June. By the end of the day an additional four assembly plants (including one in Ontario) had sent workers home, and by the end of the first week 50,429 workers at sixty-six other GM and Delphi plants had been laid off due to lack of work. Indeed, GM's reliance upon JIT production and inventory control meant that the Flint strikes had a snowballing effect upon other GM plants: the inability of assembly plants to get parts from Flint meant that they no longer had need of parts from other components facilities which, in turn, led those facilities to send workers home. By the end of the second week of the Flint strikes, a total of 121 assembly and components plants had been either partially or totally closed due to lack of work, and 105,514 workers had been laid off. As the dispute continued into July its effects drew in even more plants and workers, such that at its height on 23 July 193,517 workers had been sent home from 144 plants in Canada, the USA, Mexico and even Singapore.

There are a number of aspects of the geographical and temporal spread of this dispute that I wish to explore in the remainder of this section. Perhaps the

most significant of these relates to the speed with which the impact of the initial strike in Flint spread throughout GM's corporate structure in North America and even beyond. Although there was what we might call 'temporal clumping', in which the pace of the dispute seemed to quicken and slacken as new plants and workers were drawn in according to their location in GM's production chain, within a very short time after the walk-outs in Flint large numbers of additional plants and workers had been affected. An examination of the geography of the dispute also shows a number of interesting things concerning the way in which GM has organized its North American production. Specifically, of those seventy-one plants forced to send workers home during the first week of the dispute, twenty-seven were within 300 miles of Flint (in Michigan, Indiana, Ohio, New York, Wisconsin and Ontario), another thirty-nine were in Mexico, and only five were located in other parts of the USA. During the second week (15–19 June), of the fifty additional plants affected three were in Mexico, one was in Singapore and ten were more than 300 miles from Flint. Put another way, the impacts of the strikes in Flint were felt in parts of Canada and Mexico some time before they were felt in many other parts of the USA. This is significant because it illustrates how, in many ways, the dispute became international before it really became national in scope.

The temporal and spatial character of the spread of the impacts of the Flint strikes is significant for the argument I am making here for at least three reasons. First, the fact that the impacts of local disputes in a single community were transmitted throughout GM's corporate structure in a relatively short space of time illustrates how a union may quickly be able to drag into a 'local' dispute many more workers and plants. In other words, whereas a corporation may think it is dealing with local issues which may have sparked a strike in a single plant, the fact that for corporations operating under JIT a union's ability to spread a dispute so quickly, and so to draw in more workers and plants, may allow the union effectively to bring to bear on 'local' disputes the weight of its entire membership. Furthermore, the inability of a corporation so affected to sustain such a widespread shutdown may force it to the bargaining table more quickly, whereas the impacts of such 'local' disputes on the wider regional or national economy may bring pressure from government to settle early, perhaps on terms favourable to the union. Thus, the ability of a union to identify and shut down those critical parts of a corporation's overall operation through engaging in strategically focused strikes which, although they may technically be over 'local' issues nevertheless impact the corporation virtually in its entirety, can be a powerful weapon in a union's arsenal. Indeed, this is a strategy which the UAW has employed with some considerable success in the 1990s (Babson 1998).

Second, the fact that workers from communities far and wide can be affected by such 'local' disputes may have important – if sometimes contradictory – implications for union strategy. Depending upon the specifics of each case, on the one hand the ability of a particular union to spread a dispute in such a manner may allow it to secure support and resources in its struggle with a company from many more workers who might consider the issues at stake to be

ones that also affect their own lives. On the other hand, however, such workers may alternatively feel that they have been dragged into a dispute over issues in a plant in a community which may be hundreds or thousands of miles away and so they may be resentful of the fact that they have been laid off – temporarily or even permanently – over matters which they feel do not affect them. In such situations, they may decide to engage not in solidarity across space with their union brothers and sisters working for the same corporation elsewhere but, instead, may criticize workers on strike at other plants for the ways in which such strikes have inconvenienced them. Of course, which of these two responses workers who are affected by a dispute at another plant adopt will be conditioned by the contingencies of their location, their attitudes towards their own employers and towards other members of the union, and so forth.

Third, and perhaps most significantly for the argument I am making here, the ability of workers at just two plants in Flint, Michigan to affect production throughout virtually all of GM's North American operations – 27 of 29 of the corporation's assembly plants were forced to shut down, for example – illustrates the power that the local may have in a global economy. The fact that large numbers of plants and workers in other parts of the USA, Canada, Mexico and even Singapore were affected so quickly is suggestive of the power of a relatively small number of UAW members and local unions effectively to cripple GM's North American operations, and to do so in a short space of time. As GM has increasingly shifted during the past two or three decades towards the development of a highly integrated continental production system in which parts produced in one part of North America must be whisked as quickly as possible to assembly operations in another part so as to make JIT manufacturing work, so has the ability of the UAW to impact the corporation's operations through local, strategically focused strikes in the USA, Canada and Mexico grown.

To put this in slightly different terms, as GM has sought to shrink the relative distances between the communities in which its plants are located by ensuring speedy delivery of components between them, so too has it become easier for workers in certain key plants to spread the impacts of a dispute quickly across large distances. In turn, this has meant that GM has had much less time in which to respond to any disruptions in its production chain, something which, I would suggest, is giving these workers added political power. Thus, in the case of the 1998 dispute, it was only by the end of July that GM had been able to reorganize its JIT supply chains to restart production at its Silao, Mexico and Bowling Green, Kentucky assembly plants. Significantly, this was the day before the UAW signed an agreement ending the dispute which committed GM to no substantive changes in work rules in the Flint plants for the immediate future, to investing some \$180 million in the stamping plant represented by Local 659 (in exchange for a 15 per cent increase in productivity), to withdrawing its complaint in federal court charging that the strikes were illegal (thereby freeing the UAW from the threat of imposition by the courts of fines which could have ranged in the billions of dollars), and under which GM agreed not to close several plants for at least a further two years. It would take another week or so after the agreement

was signed for all of GM's plants to return to production. The ability of 9,200 workers in two plants in Flint to disrupt to such an extent the operations of one of the world's largest TNCs, then, is testimony to the power that locally-focused industrial actions on the part of workers may have in an increasingly integrated global economy.

Discussion: geographies of solidarity in a global economy

Throughout this chapter I have considered what some of the changes to the spatial and temporal relationships between places brought about by processes of globalization mean for workers' abilities to secure their interests against TNCs. In outlining the Ravenswood and the GM disputes above, I have tried to show how different groups of workers in very different situations resorted to quite different strategies articulated at very different geographical resolutions to achieve their goals. Certainly, there are a number of things which are particular to each of the disputes described here. However, I think that there are also a number of more general lessons which might be drawn from these two cases which are worth pondering with regard to the role of workers' political practice in shaping the emergent geography of the global economy, not least of which is that there appears to be no set 'scalar formula' by which workers and their organizations should go about challenging TNCs: that is, it may not always be necessary for workers to mirror the scale of organization of their employers if they are to take on TNCs. Indeed, the very significance of economic, political, geographic and other contingencies in any particular dispute means that there cannot ever be a singular, formulaic guide for workers' praxis. Below I want to explore a number of issues concerning globalization and the practice of labour internationalism which emerge out of the Ravenswood and GM cases discussed above.

Perhaps the most obvious thing to emerge out of an analysis of these two cases is that, as with all social processes, globalization contains within it a number of paradoxes and contradictions. Certainly, the phenomenon of the shrinking globe may lead to greater competition between places and workers as many spatial barriers are dismantled, but it may also facilitate greater contact between workers in different parts of the globe and so bring about increased opportunities for solidarity between them. For instance, while the fact that the Ravenswood plant was part of a TNC whose operations stretched around the world clearly provided the locked-out workers with the not insignificant problem of taking on a huge corporation and a powerful set of opponents, at the same time it also facilitated the USWA's expansion of the dispute beyond the confines of a small West Virginia town. Thus, the fact that the USWA and its allies in various international labour organizations were able to 'piggy-back' onto the organizational structure of Marc Rich's investments and to use this structure to make contact with workers in different parts of the world allowed them to tap into political, financial and social resources from sympathetic workers and others

which probably would have been unavailable to them had the Ravenswood plant not been part of a larger corporate entity. Such consequences of the overcoming of spatial barriers to the interaction between places was alluded to by Marx and Engels (1948: 28) a century and a half ago when they suggested that 'national differences and antagonisms between peoples are vanishing gradually day by day, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions of life corresponding thereto' and that 'the supremacy of the proletariat will cause them to vanish still faster'. Indeed, in this sense, although they seem to have ignored what Barber (1995) has called the 'dialectic of globalization and localization' – in which people, who feel their local cultures are under threat as globalization erases differences between places, resort to rabid defences of those local cultures – Marx and Engels's famous exhortation for the workers of the world to unite may be taken to be as much a geographic as a political project.

Equally the fact that, as Barber suggests, globalization appears simultaneously to be stimulating the rise of intense localisms – this is the essence of the Jihad v. McWorld conflict which forms the title of his book – means that TNCs, if they are to be successful, must frequently pay particular attention to local tastes and desires, and local economic and political constraints (for an interesting account of how many US TNCs have had to adapt their products to suit European cultural tastes, see Pells (1997: 278–324)). Some (such as Swyngedouw 1997) have termed this process one of *glocalization* (see also Kanter 1995). That globalization, then, appears to be spawning in its wake local fundamentalisms and frenzied defences of place has implications for workers and their organizations. On the one hand, it may provide spaces – both material and metaphorical – for workers to challenge TNCs. Having an island of local stability on which to stand in a sea of global change may provide the necessary support and traditions upon which workers can draw to defend their interests. Furthermore, the fact that TNCs frequently have to tailor their operations to local conditions and tastes because consumers may refuse to purchase imported goods or goods which do not conform to local expectations (perhaps because they have been produced elsewhere and so do not incorporate local components or ways of doing) means that local workers and governments may be able to exert considerable influence over them – if corporations are to be allowed to operate in particular regions or countries, for example, they may have to cut agreements with various national labour federations or politicians respecting certain labour rights, local content in final products, and the like (on such economic nationalism by US workers in the face of globalization; see Frank (1999)). On the other hand, though, defence of the local to preserve traditions and jobs is often one side of a coin whose obverse is rabid xenophobia, and so such localism may result in a parochial labour politics designed deliberately to protect particular spaces within the global economy at the expense of workers located elsewhere.

Clearly, although the resolution of this dialectic of globalization and localization is a geographically uneven process which plays out differently in different places and times, it does raise important questions concerning how class

processes relating to the changing terrain of power between capital and labour intersect with, and play out differently across, space and how globalization cannot be assumed *a priori* necessarily to undermine the power of workers. Indeed, for those workers who work in parts of the globe which are enjoying booms in exports, globalization may even be considered to be a boon to their local economies, creating jobs and wealth. Such workers' perspectives on the global economy – and how such perspectives affect their political practices – are likely to be quite different from those of workers whose jobs are threatened by imports or capital flight. In this regard, Johns (1998) has provided a number of useful insights concerning the intersection of spatial and class interests. Specifically, she argues that there are different types of solidarity in which workers may engage, depending upon their class and spatial interests. Thus, some types of solidarity are designed to protect particular privileged spaces in the global economy (e.g., communities in the US) by, for example, encouraging overseas workers to organize and thus to reduce their attractiveness to capital looking to relocate from such privileged spaces. This she calls 'accommodationist solidarity'. Other types of solidarity actions, however, are designed to challenge the class relations of capitalism without regard to which particular places within the global economy benefit or are negatively affected by such activities. This she calls 'transformatory solidarity'. The fact that workers may engage in different types of solidarity actions which have quite different implications for different places raises, of course, the question of which strategies workers choose to use and how they see one or the other as most useful for their immediate concerns, decisions which are likely to be shaped considerably by the contingencies of place – for example, is a local economy booming or in recession, does it have a history of xenophobia or of militant labour internationalism?

In presenting the two cases above, then, I would suggest that workers may face different sets of political, economic, and *geographical* questions – questions shaped for sure by the contingencies of their particular situation – concerning the strategies they will adopt when confronting TNCs. Thus, in some instances they may find it more useful to attempt to develop international actions aimed at linking together different workers in different locales across the planet. In other instances, they may decide that engaging in well-articulated, very local campaigns against particular key 'control points' in a corporation's structure is more useful for their purposes. In recognizing that the specifics of their particular situation means that different groups of workers may find praxis aimed at different geographical scales – a locally focused campaign v. a global one, for example – more useful in different circumstances, we should not, however, fall into the trap of assuming that one is necessarily a more progressive political stance than the other. Although there is often a tendency to think that transnational labour campaigns are, by their very nature, more politically progressive because they bring together workers across space, as Johns points out, many international solidarity campaigns are, in fact, quite politically regressive in that they are designed precisely to preserve the vaulted position of some workers in the global economy (often, those in the Global North) at the expense of others

(frequently, those in the Global South). Equally, we should not assume that local campaigns are necessarily parochial and concerned only in defending local communities' privileged positions within the global economy, a form of what we might call 'labour chauvinism'. Rather, they may in fact be designed to challenge directly at key locations in the production process the class relations which exist between capital and labour. Indeed, this is a strategy which the UAW has used quite effectively during the 1990s to challenge GM's efforts to introduce new work methods (Babson 1998). Prohibited from engaging in national strikes during the period of its contract with the auto producer, the union has used local strikes at high-profit plants to pursue its goals across the industry as a whole. Of course, in still other cases the ability of workers to develop actions at multiple scales and to build connections across these scales may be crucial to their success.

My final set of comments relate to the politics of the ideology of globalization and transnational solidarity. Suggesting that in all cases workers *must* organize transnationally to challenge TNCs may have unintended negative political consequences for workers' and unions' efforts to come to grips with the processes and consequences of globalization, for the very difficulties of trying to organize transnationally may set them up to fail. Hence, workers may think that if they cannot organize globally then there is no point in attempting to organize at other scales. In such instances, the rhetoric of 'global solidarity at all costs' may not only result in workers and unions having to spend more time and resources developing international links when challenging a TNC than may be necessary if similar results can be achieved by organizing at other scales, but such a rhetoric may also become quite politically paralyzing, particularly if given the right spin by capital. Furthermore, the fact that workers may have different options open to them – depending, as ever, on the particularities of their own situations – and that they may choose to exercise different options at different times and in different places is also important politically because it challenges the belief that it is capital alone which is remaking the geography of the global economy (Herod 1995, 1997a, 1997b; Gibson-Graham 1996). By choosing to engage in one type of campaign rather than another, workers also affect how the geography of the global economy is made, for different strategies will result in different geographies of capitalism. This is important to recognize if we are ever to realize the possibilities for a more humane world and its attendant economic landscape.

6 Trade unions, globalization and training

Initiatives in Britain and Brazil

Janet Hannah and Maria Clara Bueno Fischer

Introduction

Across the world, workplaces are experiencing a period of rapid change driven by factors ranging from technological developments and intensified competition to fashions in human resource management. There is considerable debate and disagreement as to whether these changes simply reflect the growing *internationalization* of markets and processes, or are part of a more profound phenomenon labelled *globalization* (Hirst and Thompson 1996; Ruigrok and van Tulder 1995). A detailed consideration of this debate is outside the scope of this chapter, and it is sufficient here to acknowledge that, irrespective of whether or not it is part of something deeper, the internationalization of markets and processes is occurring in many sectors of economic activity. There is growing recognition by governments, management and workers that the ability to compete and succeed in this new world economic order is contingent upon many factors, not least of which is the skill of the workforce. This requires continuous investment in the training and re-training of the workforce to cope with, or even drive, organizational and productive change.

Internationally, there would appear to be a growing belief amongst trade unions that the new world economic order is a reality which is forcing them, sometimes reluctantly, to revise their strategies and bargaining agendas (ICFTU 1996). In particular, it would appear to require them to become more actively involved in *productive* concerns such as training. This poses a significant challenge for trade unions that have traditionally viewed their role as being primarily concerned with *distributive* rather than productive concerns (Streek 1993). Of course, it is important not to exaggerate this point as trade unions have often encompassed both elements in their bargaining agendas, but it is nevertheless the case that the historical balance seems to be shifting. Whilst this might be expected to apply to all trade unions, it is likely to be particularly true for those whose members produce internationally traded goods and services.

If there is a growing tendency for trade unions to adopt 'productive' concerns, it is likely to bring new, or intensify existing, challenges and dilemmas. These include questions about the extent to which the unions' independence from management becomes compromised, another is the extent to which the

promotion of, or direct engagement in skills training, can be used to promote or undermine national and international workers' solidarity. As Judith Marshall has noted, the intensification of global competition increasingly challenges 'old practices of solidarity', as workers increasingly perceive their jobs to be insecure (Walters 1996: 59).

In a previous study, we explored how trade unions in Britain and Brazil were, in their education courses for union activists, addressing the globalization of production and its role in driving organizational change (Hannah and Fischer 1998). That study highlighted the extent to which some unions were promoting co-operation with management in the workplace to beat off the (foreign) competition. On the other hand, other unions were actively promoting international workers solidarity and challenging the received wisdom that the intensification of global competition was somehow natural and inevitable.

Against this background, this chapter examines vocational training programmes currently being implemented by a British and a Brazilian trade union. It could be argued that these programmes are significant for two reasons. First, they are challenging, and providing alternatives to, training agendas driven by the interests of international capital. Second, in so doing, they are refusing to passively accept the consequences of the neoliberal internationalization of markets. As national initiatives, these programmes represent a significant, but necessarily limited challenge. However, they have the potential to be adopted and developed by other national and international trade union organizations. If this were to happen, it would substantiate the belief that trade unions have a significant role to play in challenging the dominant trends of the neoliberal internationalization of markets. As O'Brien has noted, 'the international labour movement seems the most likely candidate for anchoring such a development' (1996: 24).

Both of the trade unions considered in this paper organize in industries characterized by rapid technological change and intense international competition. The Brazilian union, Confederação Nacional dos Metalúrgicos (CNM), affiliated to the Central Unica dos Trabalhadores (CUT), draws its membership from manual workers in the metal industries, including car manufacture. The British union, the Graphic, Print and Media Workers Union (GPMU), affiliated to the British Trades Union Congress (TUC), represents manual workers in the printing, paper manufacture and media industries. The Brazilian union has recently delivered a unique training programme for employed and unemployed metalworkers, whilst the British printworkers union has developed a national training and development initiative in partnership with employers, and its own employee development project. These cases are considered in turn, each beginning with a brief overview of the national context in which they operate.

The Brazilian context

Until very recently, vocational training was viewed by employers and the state as the private concern of capital (Arroyo 1996: 1), and trade unions had no official role. Despite this, vocational training was taken seriously by trade unions, and

featured in their agendas and policies (Manfredi 1998). In recent years, however, new negotiating spaces have began to open up with the government and with employers. These are, however, still only occasional and the workers are struggling to establish them further:

The negotiating challenge lies in the capacity of the trade unions to present proposals for vocational training in the face of the new forms of the production and organization of goods and services. These need to be considered together with questions that go beyond simple preparation for work.

(DIEESE 1998: 9)

Debates about the role of vocational training in Brazil are located within wider discussions about the economic, political and social development of the country. Trade unions and other organizations are challenging the growing levels of social exclusion and seeking alternative policies, for example, to combat unemployment, casual and informal work. Thus, re-emerging in Brazil and in other Latin American countries is the discussion about, and establishment of, co-operatives.

Another dimension that is relevant to understanding the politics of this and other initiatives relating to vocational training policies is that it is viewed by many, including the trade union movement, as action leading to the development of *cidadania*. This term has become widely used in Brazilian society. From the perspective of the social and popular movements, it is a notion that can be understood as:

Deriving from, and therefore intrinsically connected to, the concrete experience of social movements, particularly urban ones...such as movements of women, blacks, homosexuals, environmental campaigners, etc. In the organization of these social movements, the struggle for rights – such as the right to equality through the right to be different – constitute the fundamental base for the emergence of a new notion of citizenship. This concrete experience then accumulates into a wider emphasis in the construction of democracy, but more than this, in its extension and strengthening...As a consequence of these two dimensions, a third arises: the fact that she (the citizen) organizes a strategy for democratic construction, of social transformation, creating a nexus between the dimensions of culture and politics.

(Dagnino 1994: 104)

This highlights the significance of citizenship (*cidadania*) for the social and popular movements, and the wider political horizon in which the struggle for rights pursued by the Brazilian trade unions, such as democracy in the relations of work and control over public resources, is situated. In this context, the nature of relations between the state and civil society has had a considerable weight in the discourse and social practice of many organizations. There is a culture being constructed in society in respect of the rights of men and women to benefit from and to create rights, as well as the necessity of understanding the meaning of and the differences between 'state' and 'public'. Therefore, the making of public

policy and the allocation of state resources are becoming increasingly understood as the responsibility of society, and not only of the organs of the administration of the state apparatus. Thus, different collective bodies are pursuing and discussing forms of popular participation which complement, but also question, the traditional forms of representative participation.

Before going on to present the vocational training project of CNM/CUT, it can be stated that, in general terms, the trade unions have based their demands in relation to vocational training on three fundamental points:

- 1 To intervene in the debate about vocational training with their own proposals, orientated by political objectives and the clearest diagnosis of conditions in the world of work.
- 2 To strengthen the connection between basic education and vocational training as one of the principle orientations of union action in relation to worker education.
- 3 To promote the connection between vocational training issues and the demands for guaranteed work, a living wage, the organization and recognition of workers in the workplace and the public policies which guarantee the social development of the country.

(DIEESE 1998: 29)

The context briefly presented above has circumscribed, in various ways, the framework of the vocational training programme presented by CNM/CUT.

The *Programa Integrar* of CNM/CUT: training and qualifications for work

In general terms, it could be said that the overall strategy of CNM/CUT, also pursued through the *Programa Integrar*, is to further challenge political hegemony within Brazilian society. This takes the form of intervention in society, with an emphasis on public policies within and outside the factory, through the generation of alternative forms of work and employment which aim to redefine control of the productive process. This is an important key to understanding the meaning and the positions assumed by CNM/CUT in relation to vocational training.

The *Programa Integrar* was born with the policy decision of the Third National Congress of Metalworkers in 1995, 'with the aim of developing and planning vocational training and reinforcing the relations between unions and unemployed workers' (CNM/CUT 1998b: 12). There was an understanding amongst the metalworkers' leadership that:

A vocational training project – whether for the unemployed or employed worker – ought to seek integration with a new reality of production. In contrast to the models of training as instruction, the project would have to train the worker within a wider concept of citizenship (*cidadania*).

(CNM/CUT 1998b: 12)

The programme was then developed and approved in 1996, and began to function in the same year. It is publicly financed through FAT, which is managed by a Committee (*conselho deliberativo*) known as CODEFAT, and is connected to the Ministry of Labor (MTb). CODEFAT is a national, tripartite body comprising three representatives each of workers, employers and the government. The programme is managed by a series of political and pedagogical committees, as described later. It is implemented through a system of union movement associations, involving union leaders and the trade union education schools of CUT, universities and non-governmental organizations (NGOs). Amongst the national associations involved are the Inter-university Foundation for the Study and Research of Work (UNITRABALHO); the Inter-union Department of Statistics and Socio-economic Studies (DIEESE) and the Federal University of Rio de Janeiro – UFRJ/Postgraduate programme in Engineering – COPPE.

Since its inception, the programme has incorporated a strategic vision of the construction of the citizenship (*cidadania*) of the workers through intervention in the development of public policy, principally those relating to policies concerning the creation of work, wealth and education and in the unions' role in their negotiation.

The *Programa Integrar* has one strand directed towards the training of those in employment and another for the unemployed, and each is focused upon its sphere of action:

Whilst the programme for workers is focused upon the workplace, negotiating and agreeing qualifications as an item on the union agenda, the programme for the unemployed has as its focus the creation of work and wealth, the reinsertion of these people into a dignified society.

(CNM/CUT 1998a: 44)

The implementation of the vocational training for employed metalworkers is still at an early stage. Here, CNM/CUT is pursuing a project of participatory research for negotiating vocational training with fifteen companies to identify the requirements for vocational upgrading of the workers to confront the processes of the productive restructuring. The researchers include the trade unionists in these companies with the technical support of the university. The conduct of the research is negotiated with the employers in the workplaces, and the results form the basis of bipartite negotiations about the appropriate training courses for the workers. According to the Secretary for Training of CNM/CUT:

We really want to discuss everything with the employers: the curriculum, the methodology, the timetable, the financing. Everything arising from the research done on the factory floor, the real necessities of the workers.

(CNM/CUT 1998a: 40)

More recently, the research has begun to incorporate questions concerning how to identify and construct alternative opportunities for employment and wealth creation.

In 1999, the vocational training conducted with unemployed metalworkers is already in its third year. It is being implemented through state projects under national co-ordination, and is functioning in the different states in the following form, with some regional variations. It is structured in standard courses, delivered in modular form and through classes and so-called 'learning laboratories'. Pedagogical workshops are also held to explore the question of sustainable economic development, and the training of the trainers. The structure and functioning of the *Programa Integrar* at the national and state level are directly connected with the wider strategy of CNM/CUT, its principles, objectives and its stated public aims, the political/pedagogical policies and the material conditions available. The guiding principles of the programme are:

- 1 It is the responsibility of the state to guarantee public, quality education.
- 2 Public resources, applied honestly, must be directed towards meeting the interests of the workers.
- 3 Unemployment is a political-economic question, arising from the model of development pursued, and not a personal problem or due to a lack of training.
- 4 Connections must be made between training/action/the construction of citizenship and the strengthening of the trade union movement.
- 5 Connections must be made between vocational training and with technological qualifications of the first and second levels.
- 6 The knowledge of the worker must be recognized and valued.
- 7 Vocational training is not restricted to the factory.
- 8 Training is inter-disciplinary, connected to a central theme.
- 9 The worker is viewed as a complete, integral human being.
- 10 A project based on these principles must be recognized as still in the process of construction, and therefore likely to suffer limitations arising from traditional methods of training.

(CNM/CUT 1998a:14–15)

Connected with the strategy and its underlying principles presented above, the objectives of the programme are as follows:

- 1 To develop amongst the unemployed the consciousness that they can and must struggle for their reinsertion into the world of work, discovering new alternatives.
- 2 To offer learning opportunities which help to develop understanding of the world economic crisis, the rise of neoliberal politics in the government of nations, the significance and effects of economic dependency, the role of new technologies in the production process, the implementation of the restructuring of production within companies, the new dimensions of trade unionism.
- 3 To promote study and group relations as a means of respecting the person, facilitating the development of knowledge and widening social relations.

- 4 To combine the certification of the first grade scholar with the commitment of study and group and community participation.
- 5 To make clear the new aspect of trade unionism, committed now to the formulation of policies for vocational training combined with citizenship (*cidadania*).
- 6 To develop knowledge on the basis of a social pedagogy, adopting a methodology which will facilitate the development of mature, critical consciousness.
- 7 To position, through group action and participation in civil society, the search for alternative work and the struggle to overcome social injustice.
- 8 To increase understanding that unemployment will be confronted more effectively with greater knowledge and a collective force committed to initiatives for the generation of employment and wealth.

(CNM/CUT 1998a: 16)

A broad, and necessarily limited, picture of the *Programa Integrar* is presented above. Some aspects of the evaluation of the programme will now be described, based on documentary and interview evidence collected at both national level and in one of the participating states, Rio Grande do Sul. There is still a limited amount of information available, but it is nevertheless possible to draw some conclusions about the impact and significance of the *Programa Integrar* to date.

The significance of the *Programa Integrar*

CNM/CUT evaluates the programme in different ways: the learning outcomes identified by the worker and the actions stimulated by the programme (institutional impact), the creation of bonds of solidarity amongst the unemployed, the establishment of effective relations between workers' groups and centres of study and research and the organization of actions and events in which the dynamics of the restructuring of production are discussed (CNM/CUT 1998a: 16). According to Fernando Lopes, the Education Secretary of CNM/CUT, the programme has fulfilled initial expectations in valuing and accrediting workers' experience, and the objective of making the unemployed worker 'included' rather than 'excluded' through collective action has also been realized. Another positive aspect of the programme has been that the achievements of the unemployed are occurring through union action. Fernando Lopes also identified as positive the experience that the workers are having in administering public resources. However, it was acknowledged that one of the 'rather complicated' aspects was the generation of work and wealth. (CNM/CUT 1998a: 45).

In the state of Rio Grande do Sul, those responsible for the programme identified a number of positive outcomes during interviews. These ranged from the award of certificates to the regaining of self-esteem and the creation of a collective identity amongst the unemployed. It was also believed that participants had developed a greater understanding of public policies in relation to vocational training and the generation of employment and wealth. In some cases, this had

resulted in practical action leading to the identification of market and job creation opportunities.

It was also suggested that the programme presented a number of innovatory aspects. These included the efforts to integrate technological knowledge with the demands of the worker and the collective search for alternatives to unemployment, and the contribution to the development of citizenship in the workers already excluded or in the process of being excluded from the labour market (CNM/CUTRS 1998: 8–9).

Returning now to the basic question of how this experience effectively limits the control of capital in the area of vocational training, a preliminary analysis of the project suggests that the metalworkers have succeeded in limiting the control of capital in some important ways, as follows:

- 1 *The conception of vocational training adopted.* Through this project, the metalworkers are attempting to re-integrate that which has historically been disintegrated in capitalist societies: i.e. preparation for work versus general education. One of the clearest indicators of this integration is the curriculum of the programme which attempts to train the worker to be critical, political and technical. We would argue here that this achievement is a bold challenge to the restricted training in competencies for the market. It can be confirmed that the CNM/CUT project can be located within the trajectory of proposals of the workers movement in search of broadly-based, integrated education.
- 2 *Recognizing the value of the knowledge of the worker in the learning processes* based on knowledge of life, of work and of struggles; valuing in a different way from that of capital, clearly proving how workers' knowledge benefits capital. The knowledge of the worker is valued as the outcome of historical praxis.
- 3 *The consideration of and attempts to create concrete economic alternatives based on solidarity.* The integration of these deliberations in the programme creates conditions for the development of critical consciousness about the social relations of the capitalist system and the search for practical alternatives relating to the culture of work. However, there would appear to be here a more complex issue, difficult to achieve at least in the short term. A deeper analysis is therefore necessary to explore the extent to which popular economic initiatives effectively represent a challenge to capital.
- 4 *The struggle for the workers to snatch 'spaces' in the state.* This, historically, has been used to attend to the interests of capital. The struggle for tripartite spaces, although liberal in character, places limits on capital's control in society as a whole. In the case of Brazil in the 1990s, this is of major relevance, viewed not as a role that has been donated to them, but conquered through struggle.
- 5 *The creation of concrete conditions, through participatory research, for the workers to increase their knowledge, in a systematic way, of the reality of business.* Greater knowledge of this reality on the part of the workers, with the support of the trade unions, makes greater control of the process of production a possibility.

- 6 *The growth in bipartite negotiations reinforces the struggle for democratic relations of work.*
- 7 *The programme creates possibilities for the elaboration of public policies and the experience of the democratic management of production through co-operatives.*

Whilst all of the above conclusions (in relation to the question addressed) are positive, they must remain tentative as only a thorough evaluation of the programme can indicate its real impact.

The British printworkers union does not appear to consciously challenge the power of capital through its recent education and training initiatives, but there are nevertheless interesting similarities with CNM/CUT, and it is to the British case study that we now turn. A brief overview of the British context is presented first.

The British context

In the late 1980s, after a decade of decline, there were indications that the British trade unions had become resigned to the new economic and industrial relations climate, and were generally taking stock of how best to represent their members' interests. The abandonment of traditional, fixed notions of skill, allied with the unions' search for winnable causes, led to a resurgence of interest in the skills and training of their members (Heyes and Stuart 1998). Not surprisingly, the unions hardest hit by industrial restructuring were at the forefront of the new emphasis on a skills and training agenda. For example, the Manufacturing, Science and Engineering (MSF) union, launched its Campaigning for Training initiative in 1987, and the Electrical, Electronic, Telecommunications and Plumbing Union (EETPU) began to organize its own training provision in electronics and computing skills for electrical craft workers (Winterton and Winterton 1994). Meanwhile, the TUC had come to recognize that the issue of training had moved from the arena of national and industry level to the workplace. In 1990, it published a guidance note, *Joint Action Over Training*, arguing that union negotiators should include training issues on their bargaining agendas and should seek to develop a joint approach with employers (TUC 1990).

Claydon and Green (1994) have argued that these new policy initiatives established training as part of the 'new agenda' in British industrial relations, although a study of 762 collective agreements reached in 1991 and 1992 found that only thirty-one included a reference to training or employee development. However, these were still early years in the life of 'the new agenda' and, although no similar study has been undertaken since, there is ample evidence in union policy documents and newsletters that skills and training are now a firm feature. Undoubtedly, current union policy is being strongly influenced by national initiatives such as the the Investors in People (IIP) scheme, National Vocational Qualifications (NVQs), the University for Industry (UFI) and Individual Learning Accounts (ILAs), each of which is intended to contribute towards the government's aim of 'lifelong learning'.

These national initiatives have been criticized for their narrow focus upon skills training and the workplace, marginalizing or ignoring completely non-vocational educational opportunities and the needs of those who are not in employment. Although sharing many of the criticisms of these schemes, British unions have nevertheless identified opportunities for their members, and are incorporating them into education and training initiatives of their own, or in partnership with others such as education providers, government departments, Training and Enterprise Councils (TECs) or employers. Employer and union partnership is the basis of the first initiative in the case study to which we now turn.

The GPMU initiatives

The Graphical, Paper and Media Union (GPMU) was created in 1991 with the merger of the NGA and SOGAT. Today, it is the world's largest printing, paper and media union and represents over 200,000 members in the UK and the Republic of Ireland. Its membership is organized in branches which are known as 'chapels', a term which dates back to the earliest days of the printers' craft union. The industries in which its members are based have been particularly affected by technological developments in recent years. A 1997 report on the UK print industry found firms divided between those which continue to rely on old, mechanical processes and those which are more advanced, using electronic publishing (DTI 1997). To remain viable, the former rely on intensive cost-cutting with little or no investment in training, whilst the more advanced companies are capturing markets which require high levels of worker skill and initiative, and continuous investment in the updating of skill. Within the current UK training framework, access to training for those in employment relies heavily on the co-operation of employers. Thus a significant chasm has emerged between the cutting-edge, high-skill workplaces and their poor relations stuck in the high-volume, low-cost sector using outdated machinery and processes to compete on price alone. The former are clearly more likely to be training-oriented, and many offer a variety of opportunities including on-site learning centres and financial and practical support to undertake NVQs. The latter invest little in training, and there is a widespread belief that it is only a matter of time before such companies are driven out of business by cheaper international competition. Meanwhile, the workforce in these companies is not being exposed to, or trained in, new print technologies, reducing their chances of finding alternative work in the future.

The print industry is one of very few remaining industries in the UK where national negotiations between employers (represented by the British Print Industries Federation, the BPIF) and trade unions (represented by the GPMU) still take place and national agreements are produced. The BPIF represents mainly small and medium-sized enterprises (SMEs). Large employers tend not to be members, but apply BPIF agreements as standard minima in conducting their own negotiations with the GPMU. Generally speaking, the larger, non-BPIF firms are recognized as being the most 'progressive' from a union perspective.

Skills and training issues have always featured on the bargaining agendas of the BPIF and the GPMU (and its predecessors), but the recent national developments mentioned above have added impetus. In 1998, the BPIF and GPMU jointly launched a national Training Charter for the printing industry, with the following purpose:

To provide a model declaration of aims that companies throughout the printing industry should use as the basis of a public commitment to the training and development of GPMU members and other employees.

(GPMU 1998: 7)

In his introduction to the Training and Development handbook, published in 1998 with the launch of the Charter, the General Secretary of the GPMU comments that:

There can be little doubt that training is an important issue for all GPMU members. It can determine their pay, job security and future employment prospects. Most companies use the same machinery, equipment and technology as their competitors. What will increasingly decide whether companies are successful is the extent to which the workforce is effectively trained and developed.

(p. 4)

Later in the same booklet, it is stated that 'in the global economy it will be the countries with (such) adaptable, skilled and learning workforces that will be successful. This is particularly applicable to the sectors where GPMU members are employed' (p. 9).

In promoting the Charter, the GPMU has five broad aims. The first is to ensure that training and development are always on the bargaining agenda, and the second is to require all employers to invest in training and developing their employees. That access to training should be open to all employees without discrimination is the third aim, and the fourth is to encourage members to appreciate the benefits of training and the link between training and pay, job security, job satisfaction and employment prospects. The fifth and final aim moves beyond vocational training to encourage employers and members to appreciate the benefits of non-job related training and education. Companies adopting the Charter are committing themselves to the concept of lifelong learning, encouraging and supporting their workers to achieve 'the widest range of technological competencies' (1998: 12).

Implementation of the Charter involves a series of measures. A *skills audit* will be undertaken to evaluate the present and future skill requirements of the enterprise, and considered against the existing skills and training of the workforce. Having established the business needs, the focus then moves to the individual worker. A *personal development plan*, 'appropriate to the needs of the individual and the business', is agreed with each individual employee, and a relevant

programme of training agreed (1998: 8). Not surprisingly, concern about this has emerged within some chapels where members are worried that exposure of their deficiencies could leave them vulnerable if redundancies were announced. The Training and Development handbook acknowledges that such fears are 'understandable', and that:

managements vary in their style and degree of openness when dealing with the trade union in the workplace and chapel officials should, where necessary, be vigilant for any 'hidden agendas' behind management proposals. However, surely it is better, before any redundancies arise, to participate in a training audit, ensure it is carried out fairly and accurately, and then argue for increased training to improve skills. Such training will increase a member's chances of transfer to other work or employment with another company if redundancies do occur. It could also be argued that a company that has an effective training system is less likely to have to make redundancies.

(1998: 14)

It is expected that, in larger chapels, a formal training agreement will be negotiated and a joint management/union committee established to monitor training. The union representatives on such committees are offered training for the role through the union's education programme. This highlights the need to be clear about their objectives, ensuring that where possible, training leads to recognized (and transferable) qualifications, and that vacancies should be made available for young trainees and modern apprentices. Equal opportunities issues are also addressed, highlighting the need to ensure that black, disabled, women, part-time and older workers are given equal access. The tendency for training to be made available to those who are already well-trained, and the under-participation of manual workers and those with few qualifications, is also acknowledged.

The Charter has been operational for a very short period of time, and interviews with union officials suggest that the implementation of the Charter has not been as rapid as the union would have liked. It must be borne in mind, however, that the Charter is voluntary, and employers cannot be forced to change their practices. In recognition of this, the GPMU continues to lobby heavily for the introduction of a compulsory training levy on all employers in the industry. This would impose a financial penalty on employers who did not invest a minimum percentage of turnover in training their workforce (GPMU Journal, February 1998). In contrast with the Charter, which is a joint employers/union initiative, another recent project, the Learning Zone, is exclusively a union initiative.

In 1988, the Department for Education and Employment (DfEE) announced the launch of 'the Union Learning Fund', to which bids could be submitted from trade unions (alone or in collaboration with other organizations) on any aspect of 'learning' relevant to the trade union movement. The leadership of the Central Midlands branch of the GPMU submitted a funding application to establish a programme to promote educational opportunities for its membership

by establishing a network of workplace learner representatives, trained to advise members about educational opportunities and sources of funding. The identification and training of workplace representatives represents the first phase in a three-phase process, followed by the establishment of Individual Learning Accounts (ILAs) for all interested members. In the third and final phase:

The branch hopes to set up its own drop-in centre for unemployed members, featuring a training suite, where members will be able to receive tuition in computer-based training or help with other skills, such as compiling their own CVs in a professional way.

(The Learning Zone Newsletter No. 1 July 1999: 1)

The Learning Zone is therefore distinct from, but complementary to, the Charter described above. Whilst the latter emphasizes workplace training, the Learning Zone seeks to promote wider educational opportunities which may or may not be directly work-related. In its promotional leaflet, it states that:

You may be interested in learning about a subject that helps with your work such as computer skills, foreign languages or something non-work related such as care maintenance, music or cookery.

At the time of writing, the Learning Zone is still in its first year of operation, and workplace representatives are being trained on special courses run in local colleges of further education, and staffed by tutors who normally teach on courses for the TUC and other British trade unions.

The significance of the GPMU initiatives

In contrast to CNM/CUT, the GPMU does not seek (at least publicly) to consciously challenge, or provide alternatives to, the power of capital. Instead, it focuses upon the need to ensure members' job security and employability in a period of unprecedented change in the printing industry. However, there are important similarities with the CNM/CUT project, and it could be argued that, intentionally or otherwise, there are several important respects in which their significance and impact is also similar.

Through the Training and Development Charter, the union has succeeded in making the employers' organization agree to the identification of minimum 'good practice' in the industry. In view of the fact that the BPIF represents the small and medium-sized enterprises (SMEs) which are generally less favourably disposed towards investment and training than large companies, this is no mean achievement. Whilst it is important not to exaggerate this point, it is nevertheless true that some formalized control over the training agenda at workplace level has been achieved in these workplaces. This may prove to be a significant step in ensuring that their workforces are not placed at a disadvantage in comparison with those in the larger companies. This would help to address concern about

the inequalities of opportunity experienced by members in different workplaces, and the potential divisiveness of the management 'logic' of exploiting the weaknesses of 'the competition'.

Echoing the concern of CNM/CUT that training should not be restricted to competencies beneficial to capital, the Learning Zone initiative promotes the wider learning opportunities identified by CNM/CUT as '(satisfying) the many needs of the human being' (Informacut no. 257: 22). This emphasis on the development of workers as human beings is an important challenge to the management perspective of workers as 'human capital': a mere factor of production.

The Charter is, of course, a national initiative whilst the Learning Zone is restricted to only one region of the UK. Although highly significant at these levels, it is nevertheless the case that they remain small pebbles in the sand of the global economy. However, they could act as a catalyst for other initiatives, nationally and internationally. The prospect of promoting international agreements on training policy is a particularly exciting one for national and international trade union movements keen to address the threats, and exploit the opportunities, which globalization brings.

The GPMU/BPIF's Training and Development Charter is a good example of a national initiative which could act to provide a model for development at the international level. The GPMU is currently the largest affiliate of the International Trade Secretariat (ITS) known by the acronym FIET. It is therefore in a strong position to influence policy in its European arm – EURO-FIET – and promote issues for the international bargaining agenda through the European Works Councils (EWCs). Union officials report that training is already an item of the agenda of many EWCs in which the GPMU participate. No study has yet been undertaken to ascertain the extent to which this is beginning to happen in other EWCs. This is surely, however, the appropriate time to place training issues firmly on the international bargaining agenda. Trade unions cannot exercise much control over the macro-economic conditions which may or may not make a plant 'viable', but they have a tremendous opportunity to ensure that no plant is disadvantaged by management's failure to invest in the training of its workforce. The incorporation of training issues into international agreements could undermine the ability of management to play off workers in one plant against another. Negotiated and agreed training standards across all of the company's European plants would help to ensure that all workers receive adequate training. It will therefore be interesting to note whether future collective agreements reached at European level will begin to address skills training issues. For trade unions genuinely committed to the promotion of international workers' solidarity, it is surely a worthwhile and achievable goal.

Conclusion

In conclusion, this chapter has sought to present case study evidence from two countries with the aim of stimulating a debate about how trade unions might,

through the promotion of, and direct involvement in training, wrest some control from capital in determining the future trajectory of globalization. Although limited, the evidence presented is encouraging and suggests that this is a topic that merits further research and deserves a high priority on national and international trade union agendas.

7 The international dimension of labour federation economic strategy in Canada and the United States, 1947–2000

Ian Robinson

Introduction

All unions have strategies for advancing their basic economic goals. These strategies focus mainly on domestic economic institutions, policies and actors, but they always have an international dimension. This dimension addresses questions such as how integrated the national economy should be with the international economy, what domestic rules should structure that integration, and what institutions and policies should govern the international economy. Canadian and US union approaches to the international dimension of their economic strategy have gone through three parallel phases since the Second World War, though the timing of each phase has differed. The international dimension of their strategic thinking has become a more important part of the whole with each stage. This chapter explores the evolution of this international dimension in each country since 1947, focusing on the major federations in each country. It sets out the main strategic orientations of each phase, and explores the determinants of shifts from one phase to another.

Table 7.1, below, summarizes the three phases. They are shown in the table as continuous, but this is a convenient fiction. The precise timing of each phase is not an exact science, since there are always transition periods during which the majority coalition of affiliates favouring the existing federation strategy breaks down, and a new coalition is built up around an alternative strategy. The AFL-CIO's transition from Phase One to Phase Two, for example, took four or five years, from the mid-1960s to 1971 (Donohue 1986).

In the first period, unions focused on building their national versions of Fordist economic regulation. Most saw this goal as compatible with the kind of multilateral trade liberalization promoted under successive 'rounds' of the General Agreement on Tariffs and Trade (GATT), and actively supported trade liberalization of this kind. In the second phase, unions became convinced that further trade liberalization and increased international capital mobility posed a threat to the Fordist institutions that they were now trying to defend in an increasingly hostile environment. Their response was to fight against such measures in the name of the national economic policy autonomy necessary to maintain distinctive national Fordist institutions. In the third phase, unions

Table 7.1 Three stages of union economic strategy

<i>Stages/ Countries and Federations</i>		
Stage One		
<i>Embedded Fordism</i>		
Canada (CLC)	1947–85	Support each new round of GATT plus managed bilateral sectoral trade (e.g., AutoPact)
USA (AFL-CIO)	1947–70	Support each new round of GATT plus managed bilateral sectoral trade (e.g., AutoPact)
Stage Two		
<i>Just saying no</i>		
Canada (CLC)	1986–88	Oppose CUSFTA; but continue support for Tokyo GATT w/o any substantial reform
USA (AFL-CIO)	1971–96	Oppose all further trade liberalization; replace w/Burke-Hartke (unilaterally managed trade); no intl alternative
Stage Three		
<i>Toward an International Social Dimension (ISD)</i>		
Canada (CLC)	1992–present	Oppose NAFTA, WTO, MAI, FTAA, new round of WTO; press for creation of ISD at all levels of integration from NAFTA to WTO
USA (AFL-CIO)	1997–present	Oppose MAI, FTAA, new round of WTO; press for creation of ISD at all levels of integration from NAFTA to WTO

recognized that neoliberal restructuring had undermined Fordist regulation at the national level, perhaps irreversibly. They responded by calling for an alternative to the neoliberal model of international economic organization, including at its core a more or less comprehensive international social dimension.

Building national Fordisms

In the first period after the Second World War, labour movements in Canada and the United States sought to build their particular national versions of ‘Fordist’ macroeconomic regulation. The US version was more market-oriented than the Canadian, relying heavily on ‘pattern bargaining’ within key industrial sectors, and relatively informal linkages across sectors, to link real wages to national productivity growth (Piore and Sabel 1984). The Canadian version of Fordism relied on a more interventionist state (Crown corporations, and regional and industrial policies, supplemented by more ambitious and universalistic social policies) to compensate for the more decentralized character of Canadian collective bargaining. Both versions of Fordism shared the basic objective of linking worker incomes to productivity, and both were quite successful in this endeavour for the first quarter-century after the Second World War.

In both countries, gradual and limited trade liberalization, coupled with fixed exchange rates and highly restricted international capital mobility – the original Bretton Woods formula administered by the GATT, the World Bank and the

IMF (Helleiner 1994) – were seen by organized labour as compatible with the Fordist institutions regulating the national economy. Indeed, this kind of relatively liberal trade regime was seen as a net economic gain by US labour, and as a highly desirable economic policy by Canadian unions operating within a much smaller and more trade dependent national economy. The AFL-CIO leadership also saw stable, cooperative trade relations with the other major capitalist countries of the world as a key to cementing the peace among them, and their cooperation against Communist nations. The AFL-CIO was intimately involved in Cold War struggles abroad, so this consideration carried substantial weight with its leadership. Consequently, in the first post-war moment, union federations in both countries strongly supported each successive round of trade liberalization under the GATT.

This support has puzzled analysts such as Rogowski, who attempt to deduce the trade policy position of national labour movements from their factor endowments via the Stolper–Samuelson theorem (Rogowski 1989). Neoclassical economists who assume on the same basis that Northern unions will always be protectionist owing to the relative scarcity of labour in those economies tend to ignore this period. If they address it, they may point to the hegemonic status that the US economy enjoyed in those early post-war years. But labour federations in Canada and Western Europe were equally reliable supporters of trade liberalization through successive rounds of the GATT in these years.

On the other side of the economic spectrum, those who support trade-linked worker rights might also be surprised by the fact that both the AFL and the CIO were initially very concerned about unfair competition due to worker rights repression, and demanded that trade agreements include provisions designed to deter such behaviour by authorizing trade sanctions against GATT members who violated such rights. The Havana Charter of 1947 responded to that demand, but it was not ratified by the US Senate, at least in part due to conservative opposition to the quite extensive international social dimension found in the Charter (Spero and Hart 1997, 50–2). The GATT, by contrast, was a much narrower document, focusing almost entirely on tariffs and quotas in its early rounds. The only concession to organized labour's concern with worker rights was Article XX, which permitted discrimination against goods produced by prison labour, but made no mention of other worker rights or labour standards. Why, then, did the AFL and the CIO support the GATT despite its failure to address their concerns on these matters?

One reason was that as trade relations unfolded between 1947 and 1970, it became apparent that most US imports – including the vast bulk of trade in manufactured goods – were from the other rich capitalist democracies of the Organization for Economic Cooperation and Development (OECD). Organized labour in those countries was usually more powerful than it was in the United States. As a result, their worker rights protections were generally comparable or better, and worker compensation rose with productivity in those economies just as it did in the USA. Exports from these countries could still devastate US industries, as would become evident in the 1970s and 1980s, but initially their lower

productivity and Fordist links between wages and productivity ensured that they were not much more competitive than their US counterparts, despite significantly lower wages. This meant that the adjustment process was relatively slow, and so easier to manage. In a full employment context, it seemed sufficient to demand trade adjustment assistance to help displaced workers retrain and find new (perhaps better) jobs. Congress passed the first Trade Adjustment Assistance programme (TAAP) as part of the package that secured AFL-CIO support for the Kennedy Round of the GATT (1962–7) (Donohue 1986: 170; Spero and Hart 1997: 56).

Imports from the countries of the Second and Third Worlds – with the important exception of textiles and apparel – were largely confined to primary commodities in this period. So most US union members were not in direct competition with workers in the global South at this point. This may be enough to satisfy those who assume that calls by Northern unions for trade-linked international worker rights are nothing more than cover for a protectionist agenda. But successful labour movements – like other social movements – are never exclusively driven by narrow economic self-interest. They depend upon strong member commitments to remain viable in the face of employers and states that command much greater material resources and coercive powers. They generate these commitments by appeals to collective identities and moral economies that command powerful allegiance from their members. Unions are both directed and constrained by the imperatives of solidarity and social justice that flow from the necessity of maintaining these member commitments. Worker rights are normally a key constituent of union moral economies, and a widely accepted basis for invoking the duty of solidarity.

The AFL-CIO and its affiliates – even though most of their leaders embraced a narrow, ‘business unionism’ culture from the early 1950s forward – were not exempt from these constraints. However, in the Cold War context, worker rights were transmuted in a fashion that neutralized what might otherwise have been a more powerful pressure for their inclusion in US foreign (including trade) policy. During the Cold War, the AFL-CIO routinely invoked international worker rights to justify its struggle against communism and unions seen to be tainted by it. But to wage this struggle effectively, it was often judged necessary to side with anti-communist authoritarian regimes whose programmes included widespread repression of workers’ organizations. Whenever worker rights came into conflict with this anti-communist agenda (Guatemala in 1954, Brazil in 1964, Chile in 1973), the AFL-CIO sacrificed worker rights. Hence, such rights could never attain the status of the federation’s highest foreign policy goal, and its litmus test for acceptable trade policies, while the AFL-CIO leadership remained committed to a Cold War vantage point on international affairs. This remained the case until the Berlin Wall came down in 1989, and indeed for some years beyond (Cantor and Schor 1987; Sims 1992; Buhle 1999).

The Canadian Labour Congress (CLC) was at least as enthusiastic as the AFL-CIO about trade liberalization under GATT auspices in the 1950s and 1960s, and much more so in the 1970s and the 1980s. Canada’s much smaller

economy depended on foreign exports – above all, to the United States – to absorb a much larger share of its total production. In this, Canada's economy was more like the small, open economies of Western Europe – the Scandinavian countries, the Netherlands, Belgium – than the much larger, relatively closed US economy. Moreover, Canada's labour movement – in which social democrats predominated over business unionists among the leadership – sought to build a social democratic version of Fordism in Canada on the model found in Scandinavia (Smith 1990). In these years there was no sense that multilateral trade liberalization was an impediment to the realization of this domestic economic model. After all, many of the smaller Western European countries were at once more open and more social democratic than Canada's economy, suggesting no incompatibility and perhaps even a complementarity in the two policies (Cameron 1978, 1984; Stephens 1979).

Given a high and growing level of Canadian trade dependence on the United States, and the power asymmetries between the two countries, the conventional wisdom – among Canadian trade bureaucrats and trade unionists alike – was that international rules were much better than case-by-case negotiations based on US trade law, and multilateral rules were much better than bilateral ones. Thus, Canada was a particularly strong supporter of the GATT from the beginning. That said, Canada also negotiated a bilateral managed trade agreement with the United States in these years – the Canada–US Auto Pact of 1965 – with the strong support of the Canadian branch of the United Auto Workers.

This difference in basic economic structures, rooted in the size of national markets, helps to explain why the CLC would be a more enthusiastic supporter of GATT for a longer period than the AFL-CIO. It does not explain why Canadian unions did not insist more strongly that international worker rights be included in the GATT and other trade agreements. Here, I think the explanations of US behaviour also hold for Canada. It is true that the CLC did not have nearly as important a role in efforts to control the character of unionism overseas as did the AFL-CIO. But the CLC's basic orientation in these years was still informed by the same kind of Cold War logic that prevailed south of the border. That would not begin to change until the Vietnam War.

Just saying no

The US labour movement was the first to balk at further liberalization under GATT auspices. By the end of the Kennedy Round (1967), a number of major unions opposed further rounds of GATT liberalization. However, it was not until 1971 that most major AFL-CIO affiliates rallied around the Burke-Hartke Act, drafted by the AFL-CIO as an alternative to the Nixon Administration's Tokyo Round GATT proposals. Burke-Hartke aimed to neutralize the negative impacts of rapidly rising manufacturing imports on union jobs by using quotas to freeze imports at mid-1960s levels in key sectors such as steel. Exports of US capital and technology were also to be restricted (Donohue 1986: 303). This approach did not attempt to construct a new international economic order that

would be compatible with domestic Fordist institutions. Rather, it sought to build national barriers to the international mobility of goods and capital robust enough to insulate the domestic Fordist order from whatever might happen in the world economy.

By 1975, with Tokyo Round negotiations well under way, the AFL-CIO abandoned its efforts to get variations on the Burke-Hartke Act through Congress. The ideal of economic regulation embodied in that Act remained the federation's preferred option. However, it enjoyed so little support in Congress, even among labour's usual Democratic allies, that AFL-CIO leaders decided that the best they could do was to modify future trade agreements by retaining a seat at the negotiating table (Donohue 1986: 365–6). For the next fifteen years, the AFL-CIO pursued this kind of inside game, rather than opposing new trade liberalization initiatives outright, even though it did not really favour them. Major affiliates such as the Steelworkers and the Auto Workers (allied with the employers in their core industries) supplemented this approach with increased recourse of US 'fair trade' laws against dumping and subsidies. In response to this, the Reagan Administration negotiated a plethora of 'voluntary export restraint' agreements on a country-by-country, sector-by-sector basis (Destler 1992). Thus, in very specific areas, trade policy shifted in the direction favoured by organized labour, though these gains were outweighed by the much broader liberalizing impact of CUSFTA, NAFTA and the Tokyo and Uruguay Rounds of GATT.

This foot-dragging response to new trade agreements ended when the AFL-CIO actively and bitterly opposed the North American Free Trade Agreement (NAFTA) beginning in 1991. This shift originated in the determination of several key affiliates (above all, the Steelworkers, the Auto Workers and the Teamsters) to take a more aggressive stance. The importance of these affiliates was reflected in the fact that the AFL-CIO's Industrial Union Department – which these affiliates dominated – rather than the top officers of the AFL-CIO, led the fight against NAFTA at the federation level (Dreiling 1997). Despite this important change, the NAFTA fight in the United States belongs in the second phase of union strategy because the arguments raised against NAFTA during the final two years of the Bush Administration focused largely on the interests of US workers, often portraying the deal as likely to intensify a zero-sum competition for jobs between US and Mexican workers (Cowie 1994). Little effort was made to articulate international alternatives to the neoliberal model of globalization.

When Bill Clinton became President, and the focus of international trade negotiators shifted from the main lines of NAFTA to the content of its labour and environmental side-deals, the orientation of US unions and the AFL-CIO shifted briefly. At this point, the AFL-CIO argued that if worker rights were given the same protections as intellectual and investor private property rights in the agreement – that is, if worker rights were backed by equally effective trade sanctions – NAFTA would be acceptable. This proposal was probably never much more than a tactic for highlighting the normative bias of the neoliberal

trade agenda. In any event, by March of 1993 it was clear that the labour side-deal to NAFTA would fall far short of this kind of symmetry between worker and property rights. The AFL-CIO then returned to simple rejectionism, though its slogan 'Not This NAFTA' clearly implied that there was some other form of NAFTA that would be acceptable.

Summing up, the second phase of union international economic strategy in the USA really had three moments. In the first and shortest of these, the AFL-CIO actively opposed a new round of GATT and pushed for a unilateral, managed trade alternative. The AFL-CIO soon abandoned this approach, opting instead to slow down new trade agreements if possible and circumvent them in limited ways through fair trade law. Finally, the AFL-CIO actively mobilized against NAFTA without advancing any kind of multilateral international alternative, or indeed any domestic alternative such as Burke-Hartke.

In Canada, organized labour's 'Just Say No' phase came much later, took a more limited form, and ended faster. The catalyst to this shift was the Canada-US Free Trade Agreement (CUSFTA), which the Reagan Administration and the Mulroney government began to negotiate in 1985. The CLC understood CUSFTA to be fundamentally different from the GATT – both in its bilateral form and in its neoliberal substance – and it profoundly disliked both of these innovations. As a result, the CLC mounted an unprecedented mobilization against the deal, forcing a federal election on the issue and (together with other social movement organizations opposed to the deal) convincing a majority of Canadians to vote for political parties that campaigned against the deal.

Throughout the fight against CUSFTA, the CLC and its major affiliates continued to assume that – unless undercut by the new kinds of restrictions found in neoliberal trade agreements – Canadian Fordism would remain compatible with the GATT up to and including the Tokyo Round. The central theme of the fight against CUSFTA was thus the necessity of protecting national and sub-national government policy instruments essential to Fordist regulation from the crippling legal restrictions found in CUSFTA. It was assumed that national and provincial governments could prevent the loss of jobs due to weaker worker rights and lower wages in the Southern United States (and beyond) by imposing performance requirements (e.g., the Auto Pact rules) on investors, increasing public investment (e.g., PetroCan) and other domestic regulatory mechanisms regularly employed in the post-War era.

There was little discussion of the need to build solidaristic ties with US workers and their unions during the fight against CUSFTA. Canadian unions focused on preserving domestic economic institutions every bit as much as their US counterparts. However, they remained more optimistic about the compatibility of a high level of economic openness under traditional GATT principles and the social democratic variety of Fordism that they favoured. As a consequence, while the AFL-CIO opposed all trade liberalization initiatives after the Kennedy Round, the CLC only opposed bilateral or neoliberal deviations from the original spirit of the GATT. This important difference notwithstanding,

neither labour movement made any significant effort to develop or advocate a new multilateral, internationalist alternative to the trade deals that they opposed in this period.

Towards an international social dimension

The third phase of federation international economic strategy began when union leaders came to believe that national Fordist institutions were disintegrating, and that it was unlikely that the combination of low unemployment and rising real wages once guaranteed by these institutions could be restored as long as national economies were constrained by the international economic dynamics promoted by neoliberal policies. The rise of the Asian NICs, combined with the Third World debt crisis and the structural adjustment programmes administered in response to them, resulted in major changes in the post-war international division of labour. Manufacturing exports from the global South remained a small fraction of world totals, but in the 1980s they began to grow very rapidly from this low baseline.

These exports were not of the sort predicted by the theory of comparative advantage that lies at the heart of mainstream economic efforts to understand trade dynamics. They were much more capital-intensive than they should have been. These labour-abundant countries should have specialized in labour-intensive goods and production technologies, according to the theory. Capital-intensive production in the South was possible because of the unparalleled levels of international capital mobility that neoliberal policies – most importantly, the phasing out of capital controls, financial sector deregulation, and new protections for foreign investors in neoliberal trade agreements – promoted. This possibility became an imperative insofar as the combination of very low wages with the high productivity made possible by capital intensive production, became the dominant competitive strategy for a wide range of manufactured goods.

If the world economy was moving in this direction, a more radical stance would be required if wages and worker rights in the global North were to be preserved, and those in the global South improved. It would not be enough to defeat neoliberal initiatives such as the WTO or the Multilateral Agreement on Investment (MAI), while maintaining past levels of economic openness. It would be necessary either to significantly change the institutions, policies and rules of the international economic order, or to insulate national economies on the model of the Burke-Hartke Act. While some unions may have favoured the unilateral managed trade option, the major federations in both countries embraced the first approach. The choice was made earlier in Canada, and affiliate support for a multilateral response was probably stronger there as well. However, the AFL-CIO moved in the same direction after 1995.

At least four factors contributed to shift toward internationalism in both national federations. First, some of the unions that had been most threatened by imports in the 1970s had lost so many members by the 1990s that they no longer

saw protectionism as a viable way of saving their members. Second, federation leaders needed to secure the active support of union affiliates that were not directly impacted by trade – notably, the unions with large numbers of members in the private and public service sectors. Third, federation leaders understood by this point that they would need the support of allies in other social movement (environment, human rights, women) if they were to succeed with any alternative to neoliberal globalization, and most of those allies were strongly internationalist in their outlook. Last but not least, the unions' own efforts to place social justice and solidarity at the centre of their rejuvenation as labour movements demanded an internationalist response. Making Southern workers pay for the protection of much better off Northern workers would obviously violate these fundamental norms, and in the process, undermine member commitments; a particularly important union power resource under conditions of neoliberal restructuring. The process by which this logic – particularly the third and fourth points – became clear to most union leaders was particular to each country.

The precise timing of the shift to the third moment of international economic strategy in Canada can be debated. However, the processes that brought it about are fairly clear. One impetus was the failure to stop CUSFTA in 1988, and the assessment that one of the reasons for defeat was a failure to devote sufficient attention to internationalist alternatives. Over the next two years, it became clear that Mexican political elites were committed to negotiating a CUSFTA-type agreement with the United States, whether or not Canada was part of such an agreement. Canadian labour strategists did not believe that a NAFTA or GATT would alleviate Mexico's economic crisis. They knew that US and Mexican economies were already highly integrated, and that the level of trade between them was growing rapidly in the wake of the unilateral economic liberalization initiatives undertaken in Mexico since 1986. Unless Mexico's economic problems could be effectively addressed, they would reinforce already worrying trends in the US economy – trends that would make it more difficult to defend, let alone extend, a social democratic vision of Canadian society – with or without NAFTA. This consideration also suggested that just saying no was inadequate, even if it proved more persuasive the second time round.

As well, by the time NAFTA was debated (1991–3), it was apparent that the Uruguay GATT – if it succeeded – would probably contain weakened versions of the neoliberal investment, intellectual property and technical standards' provisions pioneered in CUSFTA and NAFTA. It might still be preferable to NAFTA by virtue of its multilateralism and the relative weakness of its neoliberalism, but it no longer represented a conception of trade policy consistent with social democratic values and aspirations.

One reason why the timing of the third moment in Canada can be debated is that the CLC's fight against NAFTA – and that of the Action Canada Network (ACN) as well – followed the same Just Say No strategy as the fight against CUSFTA. However, in Quebec the Confédération des Syndicats Nationaux (CSN) – and the wider social movement network (CQNT) that had mobilized

against CUSFTA on a Just Say No basis – took a different tack early in 1991. They argued that the labour movement's goal ought to be to change NAFTA, by pushing for the inclusion of substantial worker rights provisions (among other things), rather than simply killing it (Bakvis 1996). In November 1992 President Clinton was elected, in part on the promise to add a social dimension to the NAFTA that the Bush Administration had negotiated. The CSN agreed to participate in the process set up by the Canadian government to determine its negotiating position on the labour 'side-deal' to NAFTA, but the CLC refused to join them, arguing that any possible gains from the side-deals could never compensate for the losses that would result from the extensions of the neoliberal agenda found in the NAFTA text.

The shift by the CSN was obviously a major break with its past strategy, and in an internationalist direction. But what are we to make of the CLC's position? Peter Bakvis, who worked for the CSN on international issues in those days, argues that this proves that the CLC had not yet shifted to an internationalist strategy. But the CLC and affiliates supporting its response to NAFTA argue that it is possible to oppose NAFTA without qualification, as they did, while advocating an internationalist alternative to neoliberal trade deals at the level of the GATT (later WTO). At its 1992 Constitutional Convention, the CLC called for the abrogation of CUSFTA, the rejection of NAFTA, and a 'social clause' in the GATT to give force to International Labor Organization worker rights and labour standards conventions. The CLC also called for cooperation with the International Confederation of Free Trade Unions (ICFTU) to develop an alternative international trade and development initiative (Malanowski 1993: 8–9). At its 1994 Convention, a more detailed alternative was fleshed out. Workers rights protections must extend beyond trade agreements to the policies of the International Monetary Fund and the World Bank (CLC 1994a: §20). Neoliberal 'structural adjustment programmes' should be suspended. Debt relief and major new assistance for the developing countries and the former Soviet bloc should be included. And a transactions tax on speculative international currency trading (the 'Tobin tax') should be used to fund these initiatives, while reducing speculative pressures on national monetary policies (CLC 1994b: §76). I think it is coherent to reject NAFTA, side-deals and all, while arguing for a strong global regime. So I date the CLC's internationalist turn on the question of alternatives to neoliberal trade deals to 1992.

The CLC's expanded agenda drew both on its connections with European trade unions through the ICFTU, and its participation – principally through Common Frontiers – in international efforts to develop a progressive alternative, first to NAFTA and then to efforts to extend that deal to the rest of the hemisphere as the Free Trade Agreement of the Americas (FTAA). The first substantial fruit of this effort was the tri-national, sixteen-point Zacatecas Declaration of October 1991. These ideas were further developed as NAFTA negotiations continued. After NAFTA's passage, with the launching of the FTAA process, unions and NGOs from the three North American countries were joined by counterparts from Brazil, Chile and other Latin American countries in what

was renamed the 'Hemispheric Social Alliance'. The most recent document produced by this process is the 'Alternatives for the Americas' draft prepared for the April 1998 'People's Summit of the Americas', held in Santiago, Chile in conjunction with government efforts to revive the FTAA agenda.

The CLC's 1999 Constitutional Convention incorporated more of the ideas that emerged from this international negotiations process. Its policy statement, 'Global Solidarity,' reiterated its 1992 and 1994 positions and added calls to protect and improve education and health care, and to reverse the growth of child labour, in countries affected by the 1997–8 Asian crisis. It called for a doubling of federal foreign aid expenditures (from 0.3 to 0.7 per cent of GDP), and for 'making equality for women and marginalized groups a priority in all aspects of international work'. The CLC supported the Jubilee 2000 campaign for the immediate cancellation of the outstanding debts of the fifty poorest nations, and the reform of international financial institutions with a view to preventing a recurrence of such crises. The document also stressed the need to educate Canadian union members about what is happening in other countries and the necessity of international solidarity, announcing plans to disseminate a new 'global solidarity toolbox' to all its affiliates. The CLC concluded that while these efforts to redesign the international institutional structures and policies went forward, it was vital that Canadian workers 'commit to building links of solidarity, factory to factory, hospital to hospital, mine to mine...across borders' (CLC 1999: 18).

The third phase of the AFL-CIO's international economic strategy began after 1995. Up to that point, neither the AFL-CIO nor its major affiliates had participated in any official way in the US counterpart to Common Frontiers, the Alliance for Responsible Trade (ART). During the NAFTA fight, there were serious tensions between ART and Public Citizen, which coordinated the mobilization to defeat NAFTA in the House of Representatives (Dreiling 1997; Dreiling and Robinson 1998). Three interrelated factors contributed to the change in AFL-CIO position after 1995: first, the passage of NAFTA implementing legislation in November 1993; second, the election of Republican majorities in both Houses of Congress in November 1994; and third, the New Voice coalition's Fall 1995 victory in the first contested elections for top executive positions in the forty years since the AFL-CIO's formation.

The electoral challenge and victory of the New Voice slate – led by John Sweeney, the President of the Service Employees International Union (SEIU) – was stimulated by the first two developments, which demonstrated the bankruptcy of the AFL-CIO's traditional economic and political strategies. Initially, the new AFL-CIO leadership's central focus was the reforms necessary to increase levels of affiliate commitment to – and success in – organizing the unorganized. Even in these years, however, changes were under way on the international front. The AFL-CIO closed all of four of its regional institutes, retiring many of their staff, and replacing them with its Solidarity centre in July 1997. These institutional changes enabled the organization to retire many of the anti-communist old guard who had staffed the federation's regional institutions,

and the Department of International Affairs (DIA) to which it reported. Parallel changes were made within the DIA itself. Its most famous Cold Warrior, William Doherty, and many of his supporters in the Department were encouraged to retire. The Department's new strategic orientation was clearly stated by its new director, Barbara Shailor. Shailor argues that fighting to extend the 'right to organize' to workers in other parts of the world is now 'an integral part of building labour power in the U.S.' (Shailor and Kourpias 1998: 277). Why? Because there is no going back to the old Fordist order by the kind of unilateral *force majeure* envisaged by the Burke-Hartke Act:

Globalization is here to stay, but the neoliberal model of globalization is not preordained. In fact, it is within organized labour's collective ability and responsibility to radically change the dangerous course we are now on. labour has no choice but to educate our ranks about globalization, demand regulation of the global capital market, and organize the global labour market.

(Shailor and Kourpias 1998: 279)

The AFL-CIO, as we have seen, has always favoured linking international worker rights and trade agreements. However, this demand has become much more central to its international economic strategy since the leadership change of 1995. Now the AFL-CIO is an active participant in ART and the Hemispheric Social Alliance process. The alternative vision advanced by the AFL-CIO now looks very similar to that of the CLC. The AFL-CIO's new 'Campaign for Global Fairness' is worth quoting at length:

We have reached an historic turning point. It is time for a Campaign for Global Fairness that writes new rules for the world economy – a campaign not just about trade and the institutions that govern trade, but a campaign for a new internationalism. The objectives of our campaign are those articulated in New Rules for a Global Economy, the resolution passed by the 1999 AFL-CIO convention: (1) we want global growth and development that works for everyone; (2) we want enforceable rules to regulate global competition in a way that values people, not just profits; and (3) we want to reform the international financial architecture to support progressive growth.

To accomplish these objectives, our campaign for global fairness will include four broad tracks. We must first undertake a programme of broad-based education with our members and our leaders, then extend it to our allies and to the general public. Second, we must make workers' rights and human rights a mainstay of our trade and investment agreements and international institutions, with the defeat of permanent Normal Trade Relations with China our most immediate goal. Third, we must undertake major new efforts to build international solidarity with our brothers and sisters in emerging nations as well as in developed nations to create equitable, demo-

cratic and sustainable growth. We must escalate our support for their struggles to build strong unions and the other institutions of a democratic society. And we must reform international institutions to support progressive growth. Finally, we must launch aggressive new initiatives to hold multinational corporations accountable by demanding that the employers with which we bargain adopt the ICFTU code of practice for their global operations and disclose the location of their affiliates, joint venture partners and contractors internationally, most especially in China. And we must work with pension funds worldwide to find the appropriate shareholder voice for our capital in the restructuring of the global economy.

(AFL-CIO 2000)

Conclusions

Since 1947, the international dimension of AFL-CIO and CLC economic strategies has gone through three phases. In the first, the two federations supported trade liberalization under the Bretton Woods regime because they believed that it facilitated their primary goal: constructing a Fordist system of national economic regulation. In the second phase, they opposed further liberalization – though neither federation called for rolling back imports to early post-war levels – because they believed that the kinds of liberalization proposed were incompatible with the preservation of those domestic Fordist institutions. In the third phase, they sought to build a new kind of Fordism by reforming the international institutions and policies that had by this time severely eroded national Fordist institutions in each country.

Only in the last three or four years have the AFL-CIO and the CLC converged upon this third phase position. This is the first time that their strategies have been in sync for any sustained period since 1970, when the consensus on GATT first broke down in the USA. Like the first phase of their post-war strategic thinking, this one is internationalist. This time, however, it is an internationalism driven by an anti-neoliberal and anti-corporate agenda, rather than by anti-communism. It is pursued in a political economic context of intensifying class conflict within the nations of the global North and South alike, rather than early post-war social contractarianism. Arguably, these differences offer better prospects for genuine advances in international labour solidarity than at any time since 1914.

Important strategic and tactical differences remain within the broad parameters of this third phase of international economic strategy. One important issue is whether the inclusion of worker rights and environmental standards in the WTO (and other trade agreements) should be sufficient to gain federation support for the entire package, even if many of the other provisions of the trade agreement advance or entrench neoliberal policies. If such a clause is not enough, taken on its own, what more is required to secure this support? Those on the other side of the bargaining table will insist on answers to these questions, and if they are not forthcoming, accuse their interlocutors of bargaining in bad faith.

This issue might be dismissed as academic at this point, since efforts to include worker rights in trade agreements seem stalemated in the US Congress and at the international level. But we have already seen one limited version of this conflict. In November 1999, AFL-CIO President Sweeney signed a letter from the President's Advisory Committee for Trade Policy and Negotiations endorsing the administration's goals for the WTO, which included both worker rights and further extensions of the neoliberal agenda. This action sparked angry phone calls to Sweeney from the Presidents of the United Auto Workers, the Steelworkers and the Teamsters – the three unions that played the greatest role in the anti-WTO mobilization in Seattle later that month (Bacon 2000). The stillbirth of efforts to launch a new round of the WTO at Seattle has temporarily submerged this conflict. But organized labour's bottom line on such reforms remains a critical question, with the potential to fragment the broad social movement coalition that has put alternatives to the neoliberal model of globalization on the US political agenda over the last five years.

The stalemate on basic structural reforms means that it is important to develop interim strategies for advancing unions' international objectives. Kim Moody has recently framed this challenge as a debate between those favouring 'official labour internationalism' and those favouring 'rank-and-file internationalism.' By the former, he means efforts to reform and reorient the International Confederation of Free Trade Unions (ICFTU) and its regional counterparts (e.g., ORIT in the Americas, and the ETUC in Europe), together with the International Trade Secretariats (which function as international federations of industrial unions) (Moody 1997: 227–48). By rank-and-file internationalism, Moody means building international networks of union and allied social movement activists at the grass-roots level, and using these networks to organize various kinds of cross-border solidaristic collective action (Moody 1997: 249–68).

In practice, few advocate one of these approaches to the exclusion of the other. As Moody himself recognizes, international activist networks lack the material resources and coordination capacity to take on transnational corporations alone (Moody 1997: 262). At the same time, the International Trade Secretariats (ITSs) cannot field the kind of committed on-the-ground activists necessary to successful collective action, or develop the kinds of social movement networks that nurture the formation of such commitments. What is required is the reorientation of the former and the building of the latter, with as much coordination between the two as possible. For example, a strategy of enforcing corporate codes of conduct for all US transnational corporations (TNCs), such as the AFL-CIO proposed above, requires grass-roots activists to monitor the behaviour of the TNCs and their subcontractors. But it also requires the development of international corporate campaigns – in multiple countries sustained over several years – that bring worker and consumer pressures to bear on TNCs that violate their codes. This kind of sustained, coordinated action requires full-time organizers with substantial budgets. It is the kind of work that union 'bureaucracies' – in this case, the International Trade Secretariats, and the national offices of their affiliates – can do well.

It is too early to say how these debates will be resolved, much less how effective these responses will be. But the international dimension of the economic strategy now championed by the AFL-CIO and the CLC is morally defensible and intellectually coherent. For building the broad, deep social movement alliances that are essential if their alternative vision of global economic organization is to be realized, the former is as important as the latter.

8 Unions, capitals and states

Competing (inter)nationalisms in North American and European integration

Dimitris Stevis

Introduction

While the examination of the international political economy from the angles of states and firms is a very important endeavour, it becomes an obstacle to theoretical and empirical clarity when it reifies their constitution and preferences and when it obscures the role and agency of other social forces such as labour unions or political parties. This chapter sets out to examine and compare the role of unions in North American and European integration and thus contribute to a broader vision of international politics and to the dialogue between international politics and industrial relations (Harrod 1997).

But how should one examine union politics in these two regions in a manner that reflects their actual agency and not some *a priori* assumptions about how unions ought to behave? This is the subject matter of the first part of the chapter. The second part situates union politics in relation to the politics of other social forces. The third part of the chapter offers a comparison of the major challenges faced by unions in these two cases while the conclusion raises three broader questions about the prospects of union politics.

The evidence presented here suggests that unions have influenced regional labour politics even though their interventions have often been self-defeating, in my view. Most importantly, the evidence suggests that unions, states and capitals employ complex concatenations of domestic and international strategies rather than consistently international or domestic strategies. These strategies, in turn, have been shaped both by factors internal to the particular social forces and by the strategies of competing and allied social forces. Specifically, it becomes apparent that it is not accurate to contrast a reified vision of union nationalism to an equally reified vision of liberal internationalism. Rather, the evidence from these cases underscores the need to pay closer attention to the strategic agency of social forces, in general, and unions in particular. More broadly, it suggests that the domestic/international nexus is a proper focus of empirical investigation, moving us away from the ontological separation of the two domains so prevalent in mainstream international relations, including much of its transnationalist version.

Analytical considerations

European and North American labour politics can be compared in order to identify important similarities and differences, as we would do with any comparisons of domestic labour politics. The proliferation of regional integration suggests that there is empirical and theoretical value to such an enterprise. But, one may suggest, the evident differences between these two cases are so momentous as to render the outcomes of any comparison highly predictable. Arguably, however, North American integration is potentially as deep ('deep' refers to integration that transforms the internal workings of the countries involved) as that of Europe, albeit different (Office of Technology Assessment 1992; Bannister *et al.* 1994; Blank and Haar 1998). In terms of economic activities, migration and law and order, the integration of Mexico and Canada with the USA is much higher than that of various European countries to each other. This deep integration works through the rule-driven adjustment of domestic laws rather than legislation emanating from regional organizations, as is the case in the EU.

As one looks at the EU, moreover, it is evident that its labour dimension is neither formally nor practically symmetrical to its economic policy-making dimension (see Compa 1995; Stone 1995; Ebbinghaus and Visser 1997; Streeck 1998; Martin and Ross 1999). It is not simply the case that labour policies will catch up when the main goals have been satisfied. Rather, neoliberal alliances wish to recast the political economy of the region and reorganize labour policies through the mechanisms of the union, as well as other means. In short, they are not simply leaving out labour and social policies; rather, they want to shape the way that they are brought in.

John Logue has suggested that 'the greater the degree of trade union control over its national environment, the less likely it is to undertake international activity to achieve its members' goals' (Logue 1980: 11). It does make sense that unions will not engage in international activities if they do not have to. Yet, the reverse may not be true; unions may be slow to recognize the erosion of their power, or that erosion may take place in ways that they cannot affect; in short, variation in union control does not explain all instances of international inaction. Most significantly, it does not tell us what kinds of actions unions will pursue. These may be collaborative or competitive, inclusive or exclusive, through the state or through direct contacts, nationalist or internationalist.

Unions, in short, are not unidimensional entities any more than firms or states are. It may be true that firms and unions have identifiable interests and preferences over periods of time. The satisfaction of these preferences, however, is predicated on broader political economies. Secure and fungible property rights, flexibility and profitability, for instance, imply a more comprehensive edifice that goes far beyond the 'private domain' (Cutler 1999); the same applies to lower unemployment and collective rights. In short, the segmentation of political economies into spheres (whereby states are interested in 'security', firms in 'wealth' and unions in 'members' well-being') is substantively inaccurate and theoretically biased.

Levels of union politics

Because unions are not unidimensional entities, even when they seem like they are, this chapter does not simply focus on interunion politics but tracks union politics at three levels, i.e., their efforts at shaping the rules of regional integration, their efforts at engaging capital and their efforts at engaging each other (see Gobin 1997a; Hyman 1997b; Ebbinghaus and Visser 1997).

Regional and global integration projects are instances of institution building in the broad sense of the term. Unions have sought to affect these processes, mostly through their own states. Increasingly, moreover, we see a more identifiable union agenda, if not the means to achieve it. Unions have also sought to engage capital, whether through strikes or negotiations, in order to force it to accept some social regulation of its international practices. Finally, unions have also sought to engage each other, sometimes in competition and sometimes in collaboration.

Factors affecting union politics

It is not my goal here to compare the various factors that affect the international politics of unions at these three levels. Yet, in order to claim that unions do have agency, one must show that their choices are neither the result of some immanent characteristic nor mere reactions to the activities of other social forces. For this reason I make use of two broad categories of factors, internal (those more directly associated with unions) and external (those more directly associated with other social forces, such as states and firms) (Ebbinghaus and Visser 1997).

Unions embody particular social choices, no matter whether they are ‘business unions’ or ‘social unions’. The politics of unions vary with respect to constituency (skilled or unskilled, for instance) and ideology. While it may not be clear which type of union is more likely to engage in international politics, it stands to reason that the practices and goals they choose will be affected by their politics (for a case study, see Harrod 1972).

International union politics also depend on organizational characteristics and trajectories. In some countries, national federations have more power while in others power remains with individual unions. In addition to domestic organizational factors, the existence and nature of international labour organizations is also important. The view that international labour politics falls within what we may call transnational relations is debatable (Stevis 1998); historically, most international labour organizations have, in fact, been confederations whose goal was to delineate a country’s unions from those of another.

Various systems of industrial relations reflect the institutional position of unions (for summaries of industrial relations in these two regions see Crouch 1993; Cook and Katz 1994). On one extreme, unions are total outsiders; on the other unions are key partners. The nature of industrial relations also affects the international politics of unions as it may constrain or enhance the influence they can have on the other partners – as well as the reverse.

Externally, the politics of unions are affected by the politics of other social forces, particularly states and capital but, also, parties and churches. International

capital is seeking to abandon or transform existing industrial relations in favour of more flexibility; yet it also favours standardization, albeit one that enhances predictability and flexibility. Additionally, industrial relations require interlocutors; whether as a result of internal divisions or intention, there are no authoritative voices for capital at the international level.

Historical relations between unions and parties have also been the subject of rearrangements during the last two decades. Union–party relations, of course, are intimately related to union–state relations. At one level, union choices are affected by the choices and position of their own states. In addition to the politics of individual states, however, the internationalization of the state is also important (Cox 1987: 253–65). The rules and organizations emerging from regional or international negotiations have their own subsequent dynamic, opening and closing opportunities for various social forces (Levy and Egan 1998; O’Brien *et al.* 2000: ch. 6).

Union politics in the making of the European Union and the North American Free Trade Agreement

The European Union

Political context

At the beginning of it all, the European Steel and Coal Community (ESCC) was more supranational than the European Economic Community (EEC), reserving a role for the unions of the member countries (Barnouin 1986: 5; Gobin 1997a: 20–21). The Treaty of Rome, the product of increasingly confident conservative parties, replaced this limited supranationalism with intergovernmental liberalization, envisioning no role for unions nor any pan-European labour policies.

It was not until the mobilizations of the late 1960s and the resurgence of social democracy that unions and their allies sought to deepen the social dimension of European integration. This included a number of draft Directives whose primary goal was to regulate capital through EEC level legislation (Barnouin 1986: 121–132). In addition, European unions also sought to engage states and capitals in corporatist forums, such as the Economic and Social Committee and the Tripartite Economic and Social Conferences (Barnouin 1986: 79–95; Gobin 1997a: 77–104). The differences among unions were clearly one of the reasons why these efforts failed. Resolute resistance by international capital and its allies, however, was instrumental in defeating those policies that had achieved consensus among unions and their allies (DeVos 1989).

It is telling that the 1970s and early 1980s, a period during which a number of draft directives would have deepened European social integration, are known as the years of ‘Euro-sclerosis’. Once the prospect of social regulation had been defeated, neoliberal alliances consented to further liberalizing European economic integration, even though European capitals were not of one mind regarding the pace (Jacquemin and Wright 1993; Lanzalaco and Schmitter

1992). That European Commission President Jacques Delors and his allies finally managed to insert a social component should not obscure the fact that they considered it more of a collateral payment rather than a central element of deepening integration (Ross 1995).

The Social Protocol to the Maastricht Treaty on the European Union, now a Chapter of the Treaty of Amsterdam, fell far short of the expectations of unions and of the ambition of the 1970s (Silvia 1991; Streeck and Schmitter 1991; Lange 1993; Hyman 1997b). EU level labour politics ever since has been articulated around and channelled by the basic characteristics of the Protocol/Chapter with all the weaknesses and opportunities that this entails. On one hand, it does not mandate the harmonization of important labour policies thus leaving domestic labour rules largely unaffected; on the other, it does not provide for mechanisms to prevent the 'regulatory competition' that emerges as a result of increased economic liberalization and monetary integration (Streeck 1998; Eironline 1999a; Martin and Ross 1999: 348–58; Eironline 2000c). Within these parameters, EU-level policies cast labour in a marginal role by explicitly excluding important collective rights from the policy making powers of the EU and emphasizing bipartite negotiations over binding policies (Stevs and Boswell 2001). The European Works Councils Directive (EWC), the most prominent labour policy so far, highlights these limitations.

The Directive mandates that firms satisfying certain standards of size and location provide information to and consult with EWCs set up for that purpose. The Directive explicitly excludes labour rights, participation and broader forms of industrial relations. In addition, it does not require that workers be represented by unions (although unions have been active through industry federations) (Eironline 1998d: 7). A very large number of EWCs were negotiated during a grace period of two years between the time the Directive was adopted and the time it entered into force in September 1996 (Eironline 1998d: 1). On one hand, then, the fear of the Directive forced firms to act; on the other, voluntary negotiations allowed them to create arrangements that they feel more comfortable with.

Not surprisingly, EWCs have limited practical impact, as the *Vilvoorde* case demonstrated (Eironline 1997a and 1997c). In this instance, Renault did not inform or consult with its EWC before announcing the closing down of its plant in Vilvoorde, Belgium. For a variety of reasons this decision received a great deal of attention and led to what some have called the first Euro-strike. What is more important, however, is that the various criticisms emanating from governments and the EU were not against the inadequacy of the existing rules but against their violation (Eironline 1997a: 2–3).

Where do social forces stand with respect to industrial relations at this point? A longer account of union politics follows a summary of the views of states and firms. The Commission and the Parliament in general favour more EU-level social regulation than does the Council (Eironline 1999d: 4). As noted above, these policies are quite limited in their ambition, when compared to similar national policies. The Council is divided. A number of governments, such as the

UK and Spain have taken the lead in blocking the further deepening of labour policies, such as the draft Directive on information and consultation at the national level and the union participation provisions of the draft Directive on the European Company Statute (Eironline 1998c: 1–2; 1998g; 1998h). It is very possible that their initiatives allow other governments to take a less hostile approach.

Capital has also been opposed to deepening EU-level social policies, particularly those that enhance the role of workers and unions. In its view, such policies should be avoided and decisions should be devolved to the national level or to bipartite negotiations (Eironline 1998a: 1; 1998b; 1998e: 2–3). On the other hand, the Union of Industries of the European Community (UNICE) would welcome labour policies that enhance competitiveness, work-place collaboration, skills and flexibility (Eironline 1999c; 2000a: 2).

The various national business centres agree on these goals, but capital has made limited strides in terms of supranational organization and representation. While UNICE serves to represent business in the social dialogue, its decision-making capacity is even more limited than that of the ETUC. Sectoral business federations are also strongly intersocietal and weak. This situation reflects, to a significant degree, differences within capital (Eironline 1999c: 1). It also, however, reflects a conscious strategy to avoid formalizing pan-European corporatism (Streeck 1998: 434).

The views of capital, therefore, highlight the complex nature of liberal integration. At the level of rules, capital supports liberalization and standardization but is opposed to social regulation. While forced into the social dialogue by the fear of binding EU regulation it has sought to minimize the impacts of the dialogue and, in general, avoid binding agreements. At the level of organization capital has ensured that its collective voices at the international level – whether UNICE or industry associations – are without collective negotiating power. In short, and to state the obvious, capitalist internationalism is a particular kind of internationalism.

Union politics

What, then, have been the responses of unions to these developments and challenges? One would be hard pressed to argue that unions have taken the bold strides needed over the last thirty years. On balance, however, unions are open to a wider set of pan-European arrangements than either states or capitals and have become increasingly more vocal in recent years (Eironline 1999a; Schmitthenner 1999). Below I examine the trajectory and status of interunion politics at the levels of federations, sectors and unions, and with respect to organizational and political matters.

Organizationally, the pan-European labour network consists of the European Trade Union Confederation (ETUC), fourteen industry federations, about forty interregional trade union councils (councils bringing together unions in various regions of the EU) and some networks involving individual unions or activists (Eironline 1999a). The ETUC is the peak organization of the European unions

and consists of national federations and European Industry federations (EIFs). Industry federations participate in the various sectoral dialogues and are more closely involved in efforts at cross border coordination, within or outside of the EWCs. Individual unions and national federations have tended to work through the ETUC, the EIFs and the EWCs, but there is also evidence of autonomous initiatives.

The formation of the ETUC in 1973 was primarily a response to developments at the level of EEC rather than an expression of unmediated and proactive labour politics (on ETUC and European union politics see Barnouin 1986; Visser and Ebbinghaus 1992; Jensen *et al.* 1995; Gobin 1997a). Even though it has been in existence for close to thirty years, it remains a weak confederation of national federations. While it remains a confederation (as distinguished from a federation or a unitary organization), important reforms in the early 1990s have made it less confederal and more flexible in its operations (Abbott 1997; Dølvik 1999 [1997]; Goetschy 1999 [1996]). Even so, the organization remains primarily, if less so than in the past, a forum for shaping policy compromises, largely in response to EU initiatives, rather than a forum for devising proactive politics and strategies (Gobin 1997a; Abbott 1997). This is due to a combination of organizational and political reasons. Some of the member national federations are quite weak (such as the British and German ones) and cannot speak for their members or commit resources. This latter weakness, of course, is not due solely to organizational factors but emanates from deeper political differences over the role of unions and the type of industrial relations. Nonetheless, the ETUC does advocate a European system of industrial relations, a fact that suggests that this remains a difficult but not illegitimate or impossible goal (Eironline 1999b).

The fourteen industry federations vary in terms of organization and cohesion. While the majority of them are exclusively European a few are component parts of International Trade Secretariats. Additionally some are much more cohesive, presaging the formation of pan-European unions, while others remain more confederal. Organizationally they are better suited for collaboration at the level of sectors. Increasingly, there is evidence of coordination at that level initiated by industry federations in metalworking, services, textiles, printing and paper, and building and woodworking, some with respect to EWCs (Eironline 1999a: 8-10).

To close the account of inter-European union politics I must also mention that individual unions, most prominently the IG Metall, have also considered cross-border coordination initiatives (Eironline 1999a: 11).

The major political issues that face European unions are the policies of the EU and the articulation of intersectoral, sectoral and firm level policies. At the level of the EU the ETUC has to strike a balance between participation in the social dialogue and the other policy-making processes of the EU, without making them the exclusive arenas of its political activities. Undeniably, these are not arenas that the ETUC can disregard. Yet it is clear that working only through these channels will further cast labour as a junior partner.

The most promising strategy for avoiding this trap, and in light of the ETUC's confederal nature, is to encourage activism and coordination at the level

of industry federations and national intersectoral organizations. There is evidence of some activism in the direction of coordinated bargaining among EIFs, particularly the European Metalworkers' Federation and the European Federation of Public Service Unions (Eironline 1998i; Eironline 2000b). The Doorn Declaration adopted by the Benelux and German national confederations may also suggest a solution to this problem. The basic message of the Declaration was that unions of different countries should move in the direction of coordinating their bargaining policies (Eironline 1998f). The role that the ETUC can play is to ensure that such initiatives do not lead to fragmentation but complement policies across levels. One important issue here is the difference among national union organizations over pan-European sectoral versus national intersectoral coordination. Nordic confederations, for instance, are concerned about the adverse impacts of pan-European sectoral coordination on national intersectoral coordination (Eironline 1999a: 20-21).

At the level of the firm, confederations and unions with a more trade-unionist politics seem to favour coordination at the level of MNCs, whereas more corporatist ones favour sectoral negotiations (Hyman 1997b: 323-326). The deepening of monetary integration is having important impacts in this respect. Greater concentration and centralization of capital makes it difficult to subsume particular corporations under one sector, requiring, therefore, corporation level arrangements (Eironline 2000c). The problem is not whether corporation level arrangements are necessary as much as whether they are consistent with common sectoral and/or intersectoral priorities at the European level.

This brings me to the last issue that I wish to raise here and it has to do with the EWCs. It is clear that EWCs do provide unions with opportunities for establishing lateral networks and for learning. Thousands of workers meet and learn about their counterparts across Europe and, in some instances, across continents. EIFs, in turn, have a forum that they can use to build ties and common policies. EWCs, however, are weak and contested entities. As Martin and Ross (1999: 343-4) suggest, EWCs can well be used by corporations to divide their own workers and/or coopt them. In short, EWCs, and corporation unionism in general, can be the vehicles for micro-corporatism while excluding the majority of European workers from unionization (Ebbinghaus and Visser 1997: 200-202).

Even though European union organizations face a number of important challenges, some of their own making, they have also solved important problems and they are clearly better suited than the UNICE to engage in pan-European policy making or, at least, negotiations. One of the problems that the ETUC and the associated industry federations have solved is that of their relationship with ICFTU and the International Trade Secretariats (in addition to the sources provided above see also Kirchner 1980). As a result, the European organizations are independent entities (with few exceptions) rather than parts of global union organizations. On one hand, this allows them to focus on European developments. On the other, however, one must be concerned about possible fragmentation along regional lines. Another problem that the European organizations have successfully dealt with is that of membership. By now there are no important communist or

denominational unions that are outside the ETUC. Finally, as noted, the ETUC has revised its internal organization and decision-making procedures to allow it more flexibility and unity of voice *vis-à-vis* developments at the EU level.

Prospects

To summarize, then, it is evident that in recent years there have been some practical steps towards cross-border coordination. Major differences remain, however. These differences are aggravated by factors internal to labour, such as the weaknesses of the pan-European organizations and concerns about compromising strong domestic arrangements, as well as external factors, such as the unwillingness of states and capital to deepen social regulation at the level of the Union. What are the prospects for European industrial relations, then, and what options and challenges must unions deal with? I examine this question at each one of the three levels.

In terms of EU regulation there is very little that mandates supranational industrial relations but, also, no specific policy that mandates the undoing of national systems of industrial relations (Streeck 1998: 435). There is a great deal of evidence of the 'Europeanization' of collective bargaining and labour relations in response to economic integration, however, particularly the internal market and the European Monetary Union (Eironline 1999a; Streeck 1998: 429–42). Domestic social pacts, for instance, have been influenced by European integration down to their specific provisions (Eironline 1999a: 2–4). Sectoral arrangements also reflect sensitivity to developments in other countries. Finally, firms are using cross-border comparisons to extract concessions from particular units (*ibid.*: 13–17). As Streeck and others have pointed out the EU is a multi-level political economy that involves neoliberal integration combined with the nationalization of social policies and costs.

There is little evidence that the general labour provisions of the European Union will change in any dramatic fashion in the near future. The recently approved Directive on information and consultation at the national level and the still debated European Company Statute, however, will further facilitate cross-border contacts and formalize union–business interactions. None of these Directives, however, is aimed at some type of pan-European corporatism or collective bargaining, although the Statute may be the most far-reaching innovation. In addition, the labour rights related provisions of the Charter of Fundamental Rights have been diluted. This ensures that even when the charter becomes a chapter of the Treaty on the European Union it cannot be used to break the resistance of capital and its allies to broader and deeper industrial relations at a European level (Eironline 2000d).

In light of these dynamics, what can unions do? The existence of a strong, albeit neoliberal organizational edifice, requires that unions formulate policies at the European level and that they contest the organizations of the EU. In short, the existence of regional organizations will shape and channel labour and union politics. Bipartite negotiations are also an arena that unions cannot bypass but must contest. This, then, is another factor that will shape labour and union poli-

tics. In simple terms, both of these arenas present dilemmas. Regulation through the EU is more encompassing but, also, perpetuates labour's subordinate role. The social dialogue may 'entangle' capital but, according to the evidence so far, at the cost of weaker policies.

Unions, therefore, must also adopt proactive strategies that will be independent of the fora provided for by the EU. The complete harmonization of union policies or politics may be both impossible and undesirable at this point. Non-voluntaristic coordination, however, seems to be the most promising route (Eironline 1998i; Eironline 1999b; Eironline 2000b). Such coordination must be 'positive' in the sense of pushing forward common ranges of policy options and bargaining strategies that will prevent segmentation and 'regulatory competition'. The various domestic social pacts motivated by the EMU are indicative of the danger of supporting exactly those social forces whose long term goal is to further segment unions and weaken social regulation. High unemployment can also be used as a rationale for predatory alliances involving national states, businesses and unions. Unions from high-cost countries must be sensitive to the circumstances of low-cost countries; complementarily, the 'developmentalist' myth that legitimates predatory practices by unions in less industrial countries must also be exposed. The presence of union fora for dealing with such issues is necessary. Such fora, in my view, must be part of a comprehensive and cohesive network of union organizations. On one hand, such a network cannot afford to be voluntaristic and intersocietal. On the other it cannot afford to dismiss real historical differences among European unions and their immediate circumstances.

North America

Political context

Long before NAFTA there had been increasing, if uneven, integration of the Canadian and Mexican economies to that of the USA (OTA 1992). As early as the late 1970s, US presidential candidate Ronald Reagan had recognized the need for formalizing this regional development. The actual process, however, had to await until the late 1980s and early 1990s. By then, Mexico's domestic politics had moved in a neoliberal direction (for background see Barry *et al.* 1994; Marquez Perez 1995).

During the negotiations that led to NAFTA the states in each country were wholeheartedly in favor as were most major political parties, with the exception of the New Democratic Party in Canada. While elements of US and Canadian capital were wary of NAFTA, there was little practical opposition once some of their concerns were attended to through various exceptions. Important components of Mexican capital, however, were less enthusiastic and, in fact, were opposed to the process. As a result the Mexican state, controlled by the Party of the Institutional Revolution (PRI), played a determinant role in the process (for overviews of positions see Bognanno and Ready 1993).

USA and Canadian unions criticized the agreement as an additional

advantage for international capital (Robinson 1993, 1995). Even though some unions may have been opposed to the agreement under any circumstances, the major unions and federations were willing to support it provided that binding and enforceable labour rules were included. In this vein the American Federation of Labour-Congress of Industrial Organizations (AFL-CIO) supported trade sanctions, a demand that has made unions in other countries rather uncomfortable. The key difference here was the support that the official Mexican unions gave to the agreement and their opposition to including any labour rules in it. This was not unexpected given the clientelistic corporatist relationship that these unions have had with the PRI for many decades (on Mexican labour, see Middlebrook 1995). It is also important to note, however, that the kinds of labour rules that the US and Canadian unions espoused were squarely within their bipartite business unionist tradition rather than the corporatist Mexican tradition (Niessen 1990; Fuentes 1994).

As a result of opposition to any labour rules and the Clinton Administration's strong support of liberalization, labour rules were not included in the NAFTA itself. Instead, a side agreement – the North American Agreement on Labor Cooperation (NAALC) – was signed. On balance this is an extremely weak agreement both in terms of rules and organization (Robinson 1993). Its major characteristic is the prohibition of continental policy making, thus preserving the national character of labour relations; at the same time it does not provide the means for preventing 'regulatory competition'. More specifically it provides for largely voluntary cooperative activities and for a very weak dispute resolution process. Labour rights are clearly secondary, as evidenced by both the cooperative activities and the dispute resolution provisions. In addition to its weak rules and goals the NAALC is also organizationally weak consisting of a national component (the National Administrative Offices) and trinational component (The Commission for Labor Cooperation) (for overview and review of NAALC, see Commission for Labor Cooperation 1999; also Stevis and Boswell 2001).

Despite strong opposition, that brought together some unlikely partners, the NAFTA and the labour and environmental side-agreements entered into force on 1 January 1994 (with some adjustments for Canada). The NAFTA, however, is only part of the overall picture. The ultimate goal of the USA and its NAFTA partners is the Free Trade Area of the Americas (NAFTA Commission 1999). This goal reached its first crucial test in the autumn of 1997 when President Clinton asked for a renewal of fast-track authority to negotiate Chile's accession to NAFTA. The AFL-CIO played a key role in defeating the renewal but it is important to also note that nativists were an important component of the opposition. The Bush Administration, however, has been more successful in gaining 'trade promotion authority'.

Even though one may be tempted to call the NAALC outcome a total failure for unions such a conclusion must be tempered. On balance, North American unions have been marginally 'successful' in shaping the rules of North American integration by putting labour rules on the formal agenda. While the actual provisions are sub-optimal, they do compare well with the lack of provisions in the EEC from 1957 to the early 1970s, the total silence of the WTO or other

regional agreements, and the unilateralism of USA practice in the 1970s and 1980s (Compa 1995 and 1997). Equally importantly, we must note that the NAALC represents, albeit in profile, the legitimation at the international level of US-type industrial relations over formalized corporatist relations. Where, then, do social forces stand with respect to industrial relations at this point?

The administrations of all three countries have been consistently in favour of trade liberalization ever since, even though there have been pockets of opposition to its particular form (such as Clinton's first Secretary of Labour, Robert Reich). The Clinton Administration professed an increasingly tenuous commitment to some connection between trade and labour laws but was clearly not willing to disrupt liberalization for the sake of labour policies. The Bush Administration is further weakening this connection and use labour regulation as a bargaining chip even more so than in the past. Canada, finally, has adopted the NAFTA/NAALC model by agreeing to labour and environment side agreements to its trade agreement with Chile. As with NAALC, Canadian unions have criticized this labour agreement (*The Morning NAFTA*, December 1996: 1–2). Mexico continues to be opposed to any regional or international labour policies. As discussed below, Vicente Fox is not likely to emerge as a champion of labour. Quite possibly, however, he may accept some type of international labour regulation in order to marginalize PRI associated unions.

Business has monitored the NAALC process and has sought to ensure that it centres on non-conflictual cooperative activities rather than conflictual dispute resolution (Commission for Labor Cooperation 1999, Annex 5, United States: 20–23; and Annex 5, Mexico: 1–2). As in the European case, North American capital would welcome continental labour relations that emphasize cooperation and productivity and enhance its flexibility. This goal, in fact, is not limited to continental labour rules but is part and parcel of their efforts to reorganize domestic labour policies, as well (see various chapters in Cook and Katz 1994).

More so than in Europe, regional integration is taking place in the absence of any regional or even binational business associations with any power. On one hand this reflects differences within and among capitals; on the other, it is the result of a very consistent effort by USA capital, in particular, to prevent any form of tripartite arrangement. This, of course, is not as difficult as in some European countries given the absence of formal corporatist arrangements in the USA. It is worth noting, however, the similarities in the language and substance of the criticisms used by both US and Mexican business organizations in evaluating the NAALC (see Commission for Labor Cooperation 1999, Annex 5, United States, 20–23 and Mexico, 1–7).

At this point it may be illustrative to contrast the nature and approaches of states and capital towards continental labour regulation to those towards trade and investment regulation. If one focuses on the organizations of NAFTA and the related agreements it will become apparent that the whole edifice is minimalist. For all practical purposes North American economic integration is taking place through the use of domestic agencies to promote, implement and enforce integration. This organizational arrangement is articulated around rules which have

supranational reach, allowing convergence towards the same goals. In short, then, the minimalism of NAFTA's organizations obscures the depth of integration, most clearly exemplified by the investment dispute process, by the promotion of private dispute resolution and, in fact, by policy making at a continental level (NAFTA Commission 1999; Public Citizen 1999; Mann and von Moltke 1999). The resolution of investment related disputes in particular allows firms to take governments to binding arbitration if they consider that domestic policies discriminate against them. The potential impact of this process is momentous, as is its lack of transparency and the privatization of policy making that it implies.

As with Europe, state agencies are very much involved in creating this edifice while corporations are very much behind its details and implementation. In simple terms, liberal internationalism in North America, as in Europe, is a particular kind of internationalism. And as in Europe, capital and states are not opposed to all types of harmonization. Rather, there is good evidence that they would welcome a system of industrial relations based on cooperation, productivity and flexibility.

The election of Vicente Fox to the presidency of Mexico could well move the continent in that direction. Now in power, the Party of National Action (PAN) is pursuing its longstanding goal of reforming the country's labour law and doing away with its corporatist provisions. Many who are left-of-centre and even some radicals have, for various reasons, not distinguished between the need for a more democratic labour movement and the PAN's pseudodemocratic labour proposals. If the labour situation in Monterrey, Mexico's industrial capital, is any lesson, the PAN would prefer company unions rather than democratic unions (Steviss with Meyers 1997; La Botz 2000a and 2000b).

Union politics

How, then, have unions dealt with the various internal and external obstacles and how are they poised to face the continuing challenge of regional and continental integration? As with Europe, this part examines unions' effort to engage each other at the levels of federations, sectors, union and sub-union levels.

The deepening of regional integration has found labour unions unprepared and of different minds. The Confederation of Mexican Workers (CTM) and the other Mexican federations were very much in favour of NAFTA and resolutely opposed to any regional labour policies. In this, they followed the lead of the Salinas Administration, allying with it against national capital. The AFL-CIO, on the other hand, was opposed to NAFTA because it did not provide for binding labour rights and standards (Robinson 1993). Ever since the 1960s the Federation has pushed for 'fair trade', a change from its previously militant support of free trade (Donohue 1992). Its demand for international labour policies was not based on some common platform with other labour unions. Rather, it was based on its understanding of the impacts of liberalization on its particular position (see Marshall 1994). Canadian unions were opposed to NAFTA on grounds similar to those of the AFL-CIO. For reasons having to do with their political tradition, their proposals were somewhat less particularistic than those of the AFL-CIO (Robinson 1995).

The particularistic tendencies mentioned above were not helped by the lack of any meaningful coordination or collaboration at the regional and, even, bilateral level. The AFL-CIO and the CTM have long kept their collaboration limited within the parameters of the Cold War. On the other hand, the US and Canadian labour movements have moved away from AFL-CIO dominated supranationalism since the 1970s. This process accelerated in the 1980s (Sagnes 1994: ch. 21), and, in some sectors, continues to the present.

Since the passage of NAFTA the situation at the level of federations has changed, partly as a result of NAFTA and partly as a result of domestic changes. Within Mexico the dominance of the 'official unions' has been compromised during the last few years because of the death of perennial leader Fidel Velasquez, divisions within the union elites, the continuing move of the PRI towards neoliberalism and, finally, the election of Vincente Fox of the PAN to the presidency (La Botz 2000a and 2000b). The most important result of various divisions within the Mexican union elites and of pressures for democratizing the labour movement has been the formation of the National Union of Workers (UNT), the first labour federation to be organized in decades. Due to a number of reasons the UNT has not lived up to expectations either organizationally or politically. In general, this federation is closer to the AFL-CIO in terms of its programmatic commitment against NAFTA and the type of industrial relations that it espouses.

Since the election of Fox, there is evidence of important developments within the Mexican labour movement. The future of the official unions, brought together under the Congress of Labour (CT), is in peril because his election deprives the CT unions from preferential access to the state. That this is an issue is evident by discussions to create another union federation that will occupy the space between the CT unions and the UNT and offer itself as an interlocutor to Fox. This turmoil is likely to motivate losers in this contest to seek international allies more vigorously. The UNT, for instance, has intensified its effort to establish a presence at the border, in collaboration with the Coalition for Justice in the Maquiladoras, a trinational organization with strong AFL-CIO support.

The 1995 change of guard at the AFL-CIO has also had important implications. The election of John Sweeney has made organizing an important priority and has facilitated a reorganization of the federation's foreign policy bureaucracy away from the Cold War (Halpern 1999; Lichtenstein 1999; *Working Together*, September–October 1998: 2–3; Hays 1996; Tillman and Cummings 1999). The main Canadian federations have been consistently opposed to NAFTA and have deepened their international activities, some of which date from the 1980s (see various issues of *The Morning NAFTA*; Canadian Labour Congress 1999).

Yet, so far, there is little to show at the level of federations, either organizationally or in terms of policy coordination. In the absence of a trinational arrangement the AFL-CIO and the Canadian Labour Congress (CLC), in collaboration with South American federations, have sought to revitalize the Interamerican Regional Workers' Organization (ORIT) and make it less of a foreign policy arm of the AFL-CIO (*The Morning NAFTA*, June 1997). How far this will affect North American unions politics depends on developments in the

relations between US and Mexican unions. There are some encouraging, if tentative, developments in that direction.

In January 1998, John Sweeney was the first head of the AFL-CIO to visit Mexico since Samuel Gompers. During his visit he met with representatives of various federations, including the UNT, a decision that was criticized by the CTM and the other official unions. Perhaps as a result, in November 1998 the AFL-CIO and the CTM signed an agreement of communication and possible assistance on various issues (*Working Together*, January–February 1999: 4–5). The more significant aspect of this agreement is the focus on the plight of Mexican workers in the USA. Combined with the AFL-CIO's move to organize migrants, this is an encouraging development. Finally, in the autumn of 1999 the UNT and the AFL-CIO also signed an agreement that includes, among other, a commitment to revising NAFTA (*Mexican Labor News and Analysis*, 2 October 1999: 3–4). In short, the AFL-CIO has moved away from its exclusive historic contacts with the CTM. As noted above, it is possible that the continuing loss of influence by the CTM may motivate it to seek closer international ties, particularly as it realizes that the UNT may end up monopolizing this tactic.

The dispute resolution process also provides useful insights into the views of the various federations. In 1998 the CTM used the process to protest the treatment of Mexican migrants in the USA. While its submission may have aimed at simply embarrassing the USA, it may also signify a lukewarm critique of NAFTA by the CTM. Most interestingly, during 1997 federations from all three countries (in the case of Mexico the UNT) cosponsored a submission. While an encouraging sign, it cannot yet be considered as a long-term commitment to coordination at the level of NAALC, much less in terms of organizing or bargaining.

At the level of industries/sectors, the situation parallels that at the level of federations. In the absence of regional collaboration and organizations, the AFL-CIO and the CLC have sought to work through the International Trade Secretariats of the ICFTU. A few of these ITSs have shown some activism, but they definitely do not have the resources or authority to facilitate much more than exchanges of limited information.

In fact, the most important developments are taking place at the level of unions and networks of activists and in relation to particular companies and factories, rather than sectors. During the earlier days of the NAALC such instances of collaboration involved non-mainstream unions (United Electrical, Radio and Machine Workers of America (UE) and the Frente Autentico del Trabajo) and various civic groups (Armbruster 1995; Hunter 1995; Kidder and McGinn 1995; Frundt 1996; Boswell and Stevis 1997: 297–300). The only instance of mainstream union collaboration was between the Communications Workers of America (CWA) and the Sindicato de los Telefonistas de la Republica Mexicana (STRM). Increasingly, however, there has been more collaboration among unions from two or three countries, sometimes associated with the dispute resolution process of the NAALC and sometimes independent of it (Stevis and Boswell 2001; Kamel and Hoffman 1999). Outside of the NAALC process, US and Mexican unions have also engaged in some form of collaboration with respect to migrants

(for instance, migrants can pay into the Mexican social security system ensuring that their families receive health care benefits in Mexico).

It is here that the NAALC, particularly the dispute resolution process, has had its most unexpected results. Increasingly, the various complaints are supported by alliances of workers from unions in all three countries, along with various non-union allies. By themselves, such alliances cannot have a long timespan as the dispute resolution process is weak and cannot result in arrangements that will keep these alliances together. Nonetheless, the NAALC process provides an important forum for collaboration and cross-cultural learning that may work in a manner similar to the EWCs in Europe.

Prospects

What is the overall situation then and what are the prospects and challenges faced by unions? As with the European case I would like to examine them at the levels of rules, union–capital relations and inter-union politics.

During the last eight years the uneven integration of Canada and Mexico with the USA has continued and the strength of NAFTA's arbitration provisions has been demonstrated. The NAALC, on the other hand, has remained a weak entity with limited impacts of its own. On the positive side, this lack of formalization may preclude co-optation through some form of superficial regional industrial relations, such as those envisioned by the European Work Councils. On the negative side it enhances the possibility of regulatory competition amongst unions as they lack any forum for interaction.

What are the prospects of changing the rules of NAFTA? Even though the Clinton administration supported some minimal labour rules, its commitment was shallow and motivated by considerations of competition rather than commitment to labour regulation. The Bush administration is poised to use labour provisions for even more tactical purposes or abandon them altogether. No Republican or Democratic administration, however, is likely to be opposed to standardizing industrial relations along lines of flexibility and productivity, with competition thrown in the mix in order to ensure that workers turn against each other. The possibility that the rules and organizations of NAFTA will change in the direction of deepening NAALC and enhancing the role of organizational fora dealing with labour issues is limited. Much depends on the future of the AFL-CIO because of the USA's and the federation's preponderance, a position that no European country or federation has. If the AFL-CIO's efficacy increases then it is very possible that future USA administrations will insist upon binding social clauses inserted into trade agreements. Neither the AFL-CIO nor the various administrations seem interested in establishing an organizational edifice similar to that of Europe preferring, instead, a more rule-driven form of integration. If the AFL-CIO resurrects itself and plays a leading role, such an organizational edifice may not be necessary. If it becomes further marginalized, however, then the absence of a trilateral organization that can keep labour issues on the agenda will become even more significant.

The absence of formalized corporatist relations in the USA and Canada suggests that any developments that take place in terms of engaging capital are likely to resemble the patterns existing in the USA. The possibility of some continental type of business association is practically nonexistent. As a result, the most likely strategy would be for unions from the three countries to establish bipartite arrangements with leading corporations within each sector and regulate the sector through them. Such a strategy can easily lead to micro-corporatism, that will exclude the majority of workers in the three countries.

Inter-union politics is a bit more promising, mostly at the level of the firm. For this reason, if federations and sectoral networks or ITSs fail to provide some coordination and direction across firms we may very well see a fragmented and uneven patchwork of cross-border alliances. Again, developments within the AFL-CIO are crucial (see Halpern 1999 for overview). Yet, the AFL-CIO must still resist its nativist tendencies (evident in the discourse of the United Steel Workers and the Teamsters, for instance). In addition, US unions must recognize that Mexico's industrial relations, in particular, are historically different rather than inferior to those of the USA. This does not mean that they should do business as usual with the official Mexican federations. On the other hand they should be wary of ongoing efforts at introducing US-type industrial relations in Mexico, as their purpose may be to create company unions rather than democratic unions.

One factor that does distinguish North America, and perhaps the whole of the Americas, from Europe is the overwhelming preponderance of the United States. For this reason, I believe that the judicious use of the domestic arena in the USA can actually have positive international effects for union politics. Unilateral policies can and have been predatory and imperial (Compa 1995). The same, however, can be said about multilateral policies. In my view, domestic strategies which are integrated within an overall politics that seeks to build international connections and achieve upwards harmonization should not be abdicated. A ruling in November 2000 by a California court prohibiting the move of a recently unionized company to Mexico is such an example. Union policies that are sensitive to migrants can be another way in which unilateral policies can have a positive international impact. As with economic integration, domestic arenas can be used to legitimate complementary international labour standards. Clearly, one must be critical of nativist policies hiding behind such domestic tactics. Equally, however, one must also be critical of nativist policies hiding behind third-worldist discourses.

Comparisons

The examination of each region at these levels has pointed out that both internal and external factors have affected the preferences and efficacy of unions. In this part I am comparing a few major aspects of the two cases in order to highlight their differences and similarities. It would be surprising if there were no significant differences. What makes this comparison interesting, then, is the identification of similarities.

Shaping regional labour rules

One clear difference between the two cases centres around the mechanisms of regional integration. There is no doubt that the variation in mechanisms does reflect deep differences in the ambition of the two projects. One should not assume, however, that the existence of strong IGOs in the EU will produce a more balanced integration than their absence in North America. From this point of view, a comparison of the two regions must go beyond organizations to also examine the political priorities of the integration process. In the long term, the presence of IGOs does create different opportunities but there is no reason to expect that these opportunities will work in the favour of labour. Much depends on other factors, such as the internal organization of these IGOs and the capacities and political acumen of various social forces.

With these clarifications in mind, the absence of any consequential trinational organizations in North America deprives unions of a forum where they can push for trinational standards. Even though such an organization could work well against unions, the fact remains that North American do not have to take into account the activities of an IGO, whether these are friendly or hostile. Moreover, the absence of such an organization practically zeroes the possibility of some type of trinational corporatism, even similar to the weak one evident with respect to the Environment (Stevis and Mumme 2000).

Regardless of the politics and priorities of the EU, the existence of IGOs does impact labour politics. On one hand, the EU is shaping labour politics through rules and various efforts at dialogue. On the other hand, unions and other social forces cannot be impervious of the EU and its organizations. In the long term it is not possible to envision regional or national labour politics in the continent without some understandings at the EU level. Even if labour policies remain or are devolved to the various countries, the impact of the EU's economic policies is too pervasive.

To recapitulate, then, the important organizational difference between the two cases should not be used as a predictor of superior or inferior labour policies. Organizations can serve either purpose. The important difference is that organizations (more so than legal rules) provide a political arena that unions must deal with, whether to use it or to constrain its adverse impacts. For that reason, union politics in these two regions will exhibit important differences. To the degree that uneven integration dominates, unions in both regions will also have to deal with the specter of regulatory competition. It is here that the dynamics of the two regions are closer to each other, despite their organizational differences.

Engaging capital

As noted earlier, the labour provisions of the EU promote voluntarism and marginalize labour rights. Because of the 'social dialogue' and domestic traditions, however, it will be very difficult for European capital to avoid some kind of negotiations with unions at the European level. Equally importantly, capital is

motivated by its desire for standardization and industrial peace. How far unions will be able to parlay this concern into formalizing pan-European industrial relations remains to be seen. In my view, shifting the negotiations from the workplace to industrial relations is a formidable task, both because of the limitations of the Protocol/Chapter and because of the resistance of British and US unions (involved because of the EWCs) to formalizing corporatism.

In the case of North America, corporations have little incentive to adopt some common approach to labour relations across the continent. In the case of Mexico, and in the name of union democracy, neoliberals are seeking to replace the Constitutional Provisions and the Labor Law with the business unionist system of the USA. If successful, they will be able to do away with the most significant stronghold of corporatist relations in the region.

Differing industrial traditions, then, do play an important role. The nature of the overall rules, however, and the internationalization of capital do not guarantee that European unions will be able to impose tripartite or even bipartite relations at the EU level similar to those they are familiar with domestically. On the other hand, the increasing centralization of capital in both North America and Europe (as well as across them) suggests that unions may be able to force capital to the table if they can do so with a few leading companies.

Engaging each other

At the level of federations, the EU is certainly ahead of North America. Yet, the situation in North America does not compare badly to the earlier periods of the EEC. In any event, whether through the ORIT or trilateral arrangements, the North American federations do require a common forum. As noted with respect to ETUC, there is no guarantee that such a forum will be proactive. It could very well be a forum where federations agree to disagree. If unions are to play a role they do need meaningful regional organizations, and in this the Europeans have covered significant distance.

At the level of industries/sectors it does not seem likely that ITSs will play the same role in North America that the EIFs play in Europe. In fact I have noted that trade unionists, particularly those from the UK and the USA, favour company-level arrangements. Without getting into the details of this debate, the truth of the matter is that regulatory competition at the level of sectors and firms will be a disaster for union politics. Whether such competition will be avoided through sectoral organizations or through the regulation of leading firms may be less important. In either case, some coordination will be necessary.

Given the organizational traditions of the continental union movements and the existence of pan-European fora, there is less union-to-union collaboration in Europe, although that is changing. As a result most efforts were placed on negotiating the rules of integration and getting capital to negotiate at the top. In North America, the relative decentralization of the labour movement and the absence of corporatist relations and of trinational fora have required that unions get immediately and more directly involved in cross-border politics. Politics at the

level of unions can exert centrifugal pressures if not part of an overall strategy. It is for this reason that a multilevel system of union governance is necessary. On the other hand, the absence of horizontal networks and politics at the level of unions and locals is also a recipe for bureaucratic inertia and estrangement at the level of workers.

Conclusions

Ever since the late 1970s there has been much debate about the decline of union membership, particularly in industrial countries. This decline, in turn, has been used to explain the decline in union power while some analysts have pointed to the obsolescence of unions, in general. Capital mobility has also been used to explain the inability of unions to reverse this trend, often exaggerating capital's already formidable capacity to move. These are not issues that can be resolved here. Suffice it to say that there is some evidence that the decline in union numbers has slowed down and that capital mobility is not infinite. Even though traditional industrial unions are not likely to recapture their earlier numbers, there is no reason to believe that new sectors cannot be unionized, or that the organization of industrial workers was any easier in the past.

Moreover, the capacities of unions are not solely the result of numbers but, also, of the sectors they control and their position within the state or industrial relations. It is for this reason that IG Metall and the CWA exert the influence that they do. But the future does depend a great deal on the ability of unions to influence politics in general. Both business unionists and social unionists recognize this necessity.

Relations between parties and unions have been deeper and more common in Europe. In many instances political parties dominated over unions; in fewer cases it has been the other way around. In any event, changes in Western European political parties have significant implications for unions, precisely because of these intimate relations. Even though the left has been losing ground recently, the deeply entrenched welfare state and the presence of large social-democratic and statist parties provides a protection against US-type hyperliberalism (Rieger and Leibfried 1998). It is no guarantee, however, that the role of unions will increase or that social rights will deepen in the future. Rather, most of these parties see themselves as less and less dependent upon unions and increasingly as administrators of a looser welfare state. In short, any impact unions may have on European or North American labour politics will also have to come from their own autonomous politics. Such politics cannot be limited to conventional labour issues but must address the overall political economy that is unfolding. One thing that unions must recognize is that the majority of the working people (particularly migrants) are unprotected and must promote rules and practices that take them into account (Harrod 1987). Such policies are likely to put them at odds with nativists and their allies, or may even play into the hands of neoliberals. In either case, unions must formulate policy. In addition to 'bringing in' the unprotected, unions must distance themselves from political

allies who have abandoned them. This does not mean that they should not seek to influence them or ally with them. Rather, it means that their attitude towards them must be motivated by an autonomous politics rather than atavistic attachments.

The need for a broader labour politics is also apparent as we examine the third and final issue. It is often claimed that the failures of unions to stem the spread of neoliberalism are due to the absence of internationalism. This absence, in turn, is contrasted to the internationalization of capital and the state. It is clearly the case that unions have been slow in establishing international ties and policies. Yet, union internationalism has been the subject of contestation from the very beginning; it is incorrect, therefore, to compare the present absence of internationalism to some idealized period of the past. In fact, there is evidence of more international union activism over the last thirty years than for much of the rest of the twentieth century (Stevis 1998).

As one looks at the internationalization of capital, moreover, one is surprised by the absence of collective representation and supranational organization. While individual corporations are supranational, in some ways, capital as a whole is particularistic. Any political direction that capitals may share comes from various elites and thinktanks and through informal, albeit influential, networks and channels. Most importantly, it comes from particular states through laws and organizations that facilitate the international deployment of capital. To explain the weaknesses of labour politics and policies in these two regions by comparing a reified vision of liberal internationalism to a reified vision of union nationalism is tantamount to ignoring the role of states in shaping international integration, and to not recognize that labour internationalism cannot simply copy liberal internationalism.

For this reason, broader union politics and inter-union collaboration do not require that unions abandon their domestic arenas. Contesting national politics is not inherently bad nor shortsighted. Rather, it is bad when it is used for nativist reasons and shortsighted when international factors are not taken into account. National power is an integral component of international politics. Unions, therefore, can coordinate with each other to help control their national environments – something that will also help them avoid problems over industrial relations and ideologies – as part of an overall strategy of regulating capital. Such a strategy, of course, would also require cross-border collaboration. In short, an effective international union politics must be as multi-faceted as that of states and capital but not, necessarily, their mirror image. The important criterion is not whether unions behave like states and capital, but, rather, the degree to which they manage to be proactive and embed their choices and practices within more inclusive social priorities.

9 International labour and regional integration in the Asia-Pacific

Nigel Haworth and Steve Hughes

Introduction

The spatial dimension of labour relations has been a constant, if under-theorized, dimension of study since the nineteenth century. The concept of national systems of labour relations is widely used, using indicators such as national legislative regimes, national organizational bodies and traditions, and elements of national culture to define the particular form taken. The idea of international labour relations arose in the nineteenth century in contexts such as the international trade secretariats, international labour unions and mobilization and, later, in the International Labor Organization (post-1919). There has also been a traditional interest in regional labour relations, either at sub-national level (for example, the Appalachian mining industry, the Lancashire cotton industry), or at the supra-national level (for example, across the US–Mexican border, within the Association of South East Asian Nations (ASEAN) economies). Some theoretical approaches in labour relations have combined spatial concerns with industrial characteristics, as in the isolated mass analysis of labour behaviour. Finally, the intersection of labour relations theory and meta-theory has also provided a spatial understanding of the institutions and process of labour relations, as in, for example, the approach of dependency theory to development and underdevelopment and its understanding of the role of labour relations in the process of unequal exchange.

The focus of study tends to shift as one moves from the sub-national and national to the trans-national. Labour relations, defined traditionally in terms of collective bargaining, has been generally understood to comprise national bargaining regimes. Beyond these regimes, it is assumed that the focus of interest moves from bargaining systems to institutional relationships intended to bring influence to bear on national circumstances. This distinction responds to the chimera of trans-national bargaining regimes. Despite attempts at company and industry levels, particularly in the aftermath of the Second World War, and more recent attempts at regional level, supra-national bargaining has proved elusive. Economic internationalization has forged ahead during this period, driven first by the internationalization of US capital and later by capital shifts from Europe and Asia. Capital's ability to internationalize gave rise to the expectation that

there be a natural and parallel internationalization of labour responses. The consensus accepts that these expectations have not been met, for a variety of logistical, political and structural reasons (Ramsay 1996). Thus, international linkages across labour relations institutions have tended to be seen as focusing on the implications of international processes for national bargaining regimes – an inward, rather than outward, focus.

The later twentieth century is now providing a new context in which this focus may be reversed. The shift to a complex of regional configurations has partially moved attention from the national environment to the trans-national region. In different ways and with different intent, both the European Union (EU) and the North American Free Trade Agreement (NAFTA) have introduced supranational measures which provide some encouragement for internationally-organized bargaining responses (Haworth and Hughes 1998a). In the case of the EU, the Social Charter, its Action Programme and the Social Protocol open up a range of options which, to a greater or lesser extent, may provide the underpinnings of a European industrial relations area. These include measures relating to European Works Councils, the explicit defence of core labour standards at a European level, and information, consultation and participation for workers (Ramsay 1994: 13–44). In the case of NAFTA, the side agreement on labour (officially, the North American Agreement on Labor Co-operation, or NAALC) commits signatories to the promotion of a number of basic principles including freedom of association and the right to collective bargaining, and includes the establishment of a National Administrative Office (NAO) charged with the consideration of labour issues outside the narrow operation of national jurisdictions. Numerous questions and criticisms arise about the efficacy of these measures. Their long-term outcomes are not yet clear and there is every possibility that they may not lead to effective transnational bargaining regimes (Haworth and Hughes 1997a, 1998a).

However, supra-national regional integration does create a new dimension in which bargaining issues and the wider interests of bargaining parties are addressed. How they develop will depend on a number of key factors: for example, to what extent does regional integration fulfil the requirements of participating nation-states in terms of economic, social and security outcomes? To what extent are regional institutions capable of adapting to this process? Finally, to what extent will regionalization permit further labour co-operation in a region? This chapter addresses these questions in the context of emerging regional agendas in the Asia-Pacific. The key regional forum to be considered is APEC (Asia Pacific Economic Co-operation). We examine the attempt by international labour in the Asia-Pacific region to gain representation in APEC forums and to construct a social dimension to APEC. Specifically, it examines a key tension arising from the pursuit of this objective: the emerging dialogue between the International Confederation of Free Trade Unions (ICFTU) and the All China Federation of Trade Unions (ACFTU). The chapter proceeds in the following manner: the first section presents an overview of APEC and its agenda; the second section examines international labour's attempt to organize a

regional response to this agenda in the Asia-Pacific; the third section looks at the tensions arising from these responses, particularly those associated with China and the ACFTU; and finally, some conclusions are drawn.

Economic co-operation and human resource development in APEC

APEC was formed in 1989 and has moved forward rapidly to bring together by late 1998 twenty-one economies in the region, which together account for some 55 per cent of world income, 50 per cent of world trade and 50 per cent of world inflows and outflows of foreign direct investment. APEC includes the USA, Japan and China, with Russia joining the forum in late 1998. APEC defined its purpose in 1994 as:

- 1 Strengthening the multilateral trading system on the basis of open regionalism.
- 2 Facilitating and liberalizing trade and investment.
- 3 Working for development co-operation in the region.

The APEC agenda is often reduced to two themes: trade and investment liberalization and facilitation (the TILF agenda), and development co-operation (renamed in Manila in 1996 as economic and technical co-operation or the ECOTECH agenda). Up to 1996, APEC was captured intellectually and organizational by an almost exclusive focus on trade and investment (Morrison 1997; Haworth 1997). This is to some extent surprising as the contemporary APEC model owes much to regional debates begun in the 1960s primarily by Japan, which placed great emphasis on the developmental aspect of regional economic co-operation (Morrison 1997; Petri 1994; Soesatro 1994). A key effect of this capture was the concern to exclude all issues other than those associated with TILF from the APEC agenda. The argument for this was twofold: first, a consensus could be built in the region around TILF that reflected the commitment to a World Trade Organization (WTO) model of free trade and growth. To attempt to encompass other issues would, it was suggested, threaten this consensus. Thus, for example, security, environmental, human rights and labour issues should be dealt with elsewhere rather than in APEC forums. For many participants in APEC, the consensual basis for decision making in the forum (as opposed to, for example, the rule-based model of the WTO) supported this view. Second, the manifest economic advantages of TILF would in time provide a material framework in which these other issues might be addressed more effectively. In other words, economic growth was seen to be the answer to environmental and social pressures.

Notwithstanding this attempt to ring-fence TILF, some extraneous issues did survive, even prosper, within APEC. These included a focus on the environment and sustainability and, more generally, the development co-operation/ECOTECH agenda (Elek 1997). The ECOTECH agenda emerged in its current form out of

the APEC Leaders' meetings in Osaka in 1995 and Manila in 1996. In brief, the goals of ECOTECH are:

- 1 To attain sustainable development growth and equitable development.
- 2 To reduce economic disparities.
- 3 To improve economic and social well-being;
- 4 To deepen the spirit of community among APEC member economies.

Priority areas for activity were also defined in Osaka and included:

- 1 Developing human capital.
- 2 Developing stable, safe and efficient capital markets.
- 3 Strengthening economic infrastructure.
- 4 Harnessing technologies for the future.
- 5 Safeguarding the quality of life through environmentally sound growth.
- 6 Developing and strengthening the dynamism of SMEs.

From a labour perspective, the component of ECOTECH which attracts attention is human resource development. A vigorous area of APEC ECOTECH activity exists in the APEC Human Resources Development Working Group (HRDWG) (Haworth and Hughes 1997b). The precepts guiding APEC's HRD work were specified in Beijing in 1995 as:

the development of human resources (contributing) to the attainment of economic growth and development ... (underscoring) the importance of designing regional approaches to human resources development ... sustainable development depends upon the successful implementation of policies that integrate economic, environment and social objectives ... it is important to integrate environmental objectives into education and training programmes to enhance environmental management and technical skills ... the accelerating globalization of industry creates a prime opportunity to encourage the establishment and growth of domestic industry and to nurture a highly efficient and productive industrial structure ... (SEES) policy dialogue on human resource development, information access, technology sharing, the availability of finance and market access should be enhanced.

The Beijing statement also laid out eight priority areas which the HRDWG should address in its work. These were:

- 1 A quality basic education for all.
- 2 Regional labour market analysis.
- 3 Increasing the supply and quality of managers, entrepreneurs and training in the areas central to economic growth.
- 4 Reducing skill deficiencies and unemployment by designing appropriate training programmes.

- 5 Improving the quality of curricula, teaching methods and materials.
- 6 Improving access to skill acquisition in the bloc.
- 7 Preparing individuals and organizations for rapid economic and technological change.
- 8 Trade and investment facilitation and liberalization.

The omission from this statement of a range of contentious issues is not surprising. Labour migration, labour standards domestic labour relations regimes and, more generally, human rights issues did not find a consensual home amongst APEC's member economies and were excluded from the HRDWG agendas. On the other hand, practical issues associated with technical matters – for example, skill formation, the integration of technical change and labour, the development of appropriate educational and training provisions, management upskilling to deal with cross-cultural issues – did achieve a consensus and became the heart of the HRDWG process.

However, in early 1997, a sea change began to overtake the HRDWG, culminating in the Joint Ministerial Statement from the 2nd APEC Ministerial Meeting on HRD, held in Seoul in September 1997. In that statement, three themes were developed under the general rubric of a strategy for developing human resources in a new environment and its challenges. The themes are:

- 1 Fostering the linkages between learning and work.
- 2 Improving skills development through co-operation and participation.
- 3 Enhancing labour and management participation in human resources development.

The third theme dominates the statement. It has been interpreted by some key APEC economies to include an express wish that labour and management should participate in the HRD process. Moreover, the HRDWG is directed to develop work in which representatives of labour, management and government can exchange views on HRD issues, whilst acknowledging and respecting the diversity of economic situations, practices and arrangements in individual member economies.

The initial pressure for this recognition of labour as an equal partner with management within the HRDWG process came from the USA, later supported by the Republic of Korea and others. The USA has consistently expressed the wish that the TILF agenda recognize the importance of labour standards and the threat of social dumping. One tactic used by the USA in support of this has been to include representatives of labour in their delegation to the HRDWG (a measure also adopted by Canada). The third theme furthers this tactical approach. Korea's interest in this area appears to derive from pressure to present a respectable face towards the world in terms of labour rights at a time when a more liberal regime – and the requirements of OECD membership – has opened the way for the recognition of independent unions.

Following July 1997 and the sudden de facto depreciation of the Thai baht, regional concerns took a dramatically different course. Certainties about export-led growth, established over decades, gave way to profound uncertainty about the future economic performance of Asian economies. The outcomes of the Asian financial crisis for regional integration and geo-politics are complex. Some Asian economies – the most-affected being Korea, Thailand, Malaysia and, above all, Indonesia – became supplicants to the international lending agencies and saw domestic strife directed at international economic integration. Other economies, such as Chinese Taipei, weathered the storm and maintained modest growth levels. Japan suffered as the crisis revealed a desperate domestic financial situation in which bad debt reached massive proportions. With perhaps the exception of Korea, whose post-crisis macroeconomic performance has been impressive, policy responses have been unconvincing to international observers and concern continues about the health of the Japanese economy in the region. China largely insulated itself from the crisis, but the threat of devaluation is still present, entailing inevitable consequences for both Japan and Hong Kong if carried out. APEC's response to the crisis was at best measured. Many observers argued that the forum was largely invisible in comparison with the presence of the IMF and other international agencies. Where APEC addressed the crisis, a re-appraisal of the ECOTECH agenda was a common theme. The most-affected economies argued that APEC should address not only a range of obvious issues – for example, capacity building in the financial sector – but also wider social issues such as the impact of the crisis on employment and the need to create social safety nets where they did not exist. It is also interesting to note that tripartite activity was a feature of crisis responses in, for example, Thailand, Malaysia and Indonesia. In this way, wide-ranging debate was opened up about, first, how APEC could contribute to a resolution of the crisis, and, second, the narrowness of previous interpretations of the ECOTECH agenda. From this latter response, any long-term, effective widening of ECOTECH will open up greater opportunities for labour representation.

The new requirement that labour be involved in the work of APEC raises many questions. Some economies have still to indicate how they intend to include labour in their HRDWG activities. Government officials in some of these economies are still to be convinced that the intention of the 1997 HRD Ministerial Statement was as interpreted by the USA. When it is accepted that labour should be represented in the HRDWG, in some economies it is not clear who should represent labour, or if representatives will be independent of government pressure. In some cases (the USA and Canada, for example) it is clear that the established national trade union peak body has been nominated by the respective government as the representative institution within the HRDWG. In other cases still, the expectation is that the established peak bodies will provide representatives (for example, Singapore, New Zealand, Australia). Elsewhere (Indonesia, Malaysia, the Philippines, Chinese Taipei, for example) the future of labour representation in the HRDWG is not so clear. Not surprisingly, for TILF

devotees, the prospect of domestic conflicts between government and peak organizations arriving at the APEC table is unprepossessing.

APEC and international labour

Many of the peak labour bodies in the APEC region are members of the International Confederation of Free Trade Unions (ICFTU), the ICFTU regional organization (Asia-Pacific Regional Organization, APRO) and the ICFTU's regional grouping constituted around APEC-related issues, the Asia Pacific Labour Network (APLN). Currently, the ICFTU members' activities around APEC are focused in the APLN, which in turn is subject to close scrutiny in the APRO and the ICFTU headquarters in Brussels. The APLN was established in September 1995 to support and promote the work of trade unions in the APEC region. Its purpose is to promote dialogue with government and business interests in APEC in order to represent, protect and improve labour interests in the region. Specifically, it identifies four main objectives for its APEC activities:

- 1 The provision of a full social dimension to the APEC process.
- 2 The need to complement the existing structure of APEC Ministerial Meetings by a comprehensive work programme to address unemployment, and the development of a social agenda for APEC, requiring regular meetings of social ministers and labour ministers.
- 3 The introduction of an additional protocol into existing APEC investment guidelines with reference to international instruments concerning multinational corporations.
- 4 The establishment of regular arrangements for trade union consultation at different levels of APEC.

(ICFTU/APLN 1995)

Since 1995, APLN delegations have met with the respective host of the annual APEC Leaders' meeting, and in each case has procured a statement on labour-related issues. However, APLN deliberations have highlighted the tensions surrounding the incipient dialogue between the ICFTU and the All China Federation of Trade Unions (ACFTU). Historically, official ICFTU policy towards China has been based on non-association often underpinned by a political rhetoric firmly rooted in the Cold War. However, recent activities indicate a thawing of this policy. There are a number of reasons for this. Firstly, it reflects ICFTU concerns that it would not be able to represent effectively its Hong Kong affiliates – particularly following the 1997 return of Hong Kong – without some form of dialogue with the ACFTU. Secondly, it recognizes that economic reforms in China have prompted a greater willingness on the part of the ACFTU to engage in international dialogue around labour response to these reforms. Thirdly, the change can be construed as a logical outcome of the drive for free trade and investment in the APEC region. In internal discussion, the ICFTU has concluded that the effectiveness of its APEC activities could be

severely hampered if it did not include labour representatives from the largest country in the region.

Herein lies the rub for the international trade union movement. In the case of China, it must be expected that, if and when Beijing decides to nominate labour representatives to the HRDWG, members of the ACFTU will be chosen. Thus a situation will arise in which the official Chinese trade union movement will come together with ICFTU affiliates under the auspices of APEC. While this may have advantages for labour's APEC agenda, it also presents potentially intractable issues about co-operation between the ICFTU and the ACFTU which hark back to still-unresolved Cold War differences. Moreover, opponents of labour participation in APEC, some of whom still support the narrow TILF focus, argue that labour representation in APEC would be unbalanced without the presence of the ACFTU, presumably in the hope that a failure to reach agreement between the ICFTU and the ACFTU on APEC will undermine the US strategy for labour involvement. Thus, the task for the APLN is to consider outcomes which reconcile ex-Cold War warriors with the Chinese state-driven unions within an APEC focus, knowing that a failure to create a reconciliation may undermine labour's position in APEC.

In summary then, a number of issues arising from this situation can be identified. First, the reluctance to involve organized labour in APEC stems in part from the view taken by APEC that without Chinese and Indonesian representation, ICFTU/APLN is not representative of labour interests in the region. In this case, legitimacy in the eyes of the APEC process may require the burying of traditional hatchets. Second, the rationale for the emerging ICFTU-ACFTU dialogue is subject to broader interpretation. We have already noted how China's export-led growth strategy lends itself to collaboration with the APEC process. By extension, it also forms a basis for China's attempts to satisfy the conditions for WTO membership – an important plank in China's internationalization strategy. Thus, while China's commitment to APEC can be seen in the various APEC Ministerial Declarations and in the contents of its Individual Action Plan, this commitment, and the economic reforms supporting it, must also be construed as a process of broader multilateral engagement. Attendant exposure to international regimes of regulation – including labour standards and human rights – increases, providing space for new forms of political and labour representation.

Seeking accommodation: China, Japan and the USA

The commitment to TILF upon which APEC's consensus rests provides only modest camouflage of the geo-political and international economic tensions that define the contemporary Asia-Pacific region. One widely accepted interpretation of these tensions focuses on the Japanese search for regional economic hegemony, commencing in the 1960s, challenged in the late 1970s by a return of the chastened USA, and now balancing security issues which had dominated during the Vietnam era with an emphasis on economic power in the region (Soesastro

1994; Bello 1995). However, with the implementation of the post-1978 reform model in China and its effect on China's global economic significance, the East Asian picture has become more complex still. Both Japan and the USA wish to take advantage of Chinese economic reform. Both see China as an important destination for FDI and other forms of investment. Japan aspires to be the regional shepherd of China's emergence from its communist past and takes a pragmatic line on contentious issues such as human rights and democracy. The US government wishes to take a similar view but has been constrained, until recently, by domestic pressures. The containment of China on security grounds also still plays an important role in US foreign policy towards China.

On China's part, the primary focus is the control of the domestic process, despite tensions both economic and political created with the USA. It is generally accepted, for example, that Chinese officials take a long view of issues such as intellectual property rights, which are of significant concern to the USA. A similar view is taken of membership of the WTO and other international commitments. Chinese officials brook no intervention in China's domestic politics, notwithstanding external commitments to APEC and other organizations. China's focus on economic reform and international market growth for its exports leads to a functional approach to international linkages – if they are able to provide resources needed for this process, then linkages will be fostered at an appropriate level. This gives the key to China's activity in APEC. The TILF agenda conforms to the export-led growth model adopted by Beijing. The consensual basis of APEC decision making allows questions about China's domestic policies to be set aside. Furthermore, it is a relatively informal forum in which China may further its regional interests alongside the key regional economies without compromising its domestic policy focus.

It is on these terms that Japanese support for ICFTU engagement with the ACFTU should be interpreted. Japan has been a consistent and active supporter of China's accession to the WTO and, like the US, sees China's membership as an important stage in attaching China to a key international institution and in exposing it to the full force of multilateral regulation. Such exposure prevents China, hitherto unconstrained by WTO regulations, from punishing critics of its human rights record by cancelling or switching export orders. Under WTO principles of non-discrimination, such practices would be open to challenge (Bhagwati 1997; Eglin 1997; Takoh 1997). Japan also interprets China's exposure to international regimes as a way of consolidating stability in the region. The principles and norms associated with regime membership offer Japan the means to deal with potential trade disputes with China based upon international trade rules and the regulatory mechanisms of the WTO. It also prepares the ground for further Japanese investment in China. While problems in the Japanese domestic economy are apparent in the tears of its corporate brokers, Japanese investment in China remains significant. Despite the gradual decline in its FDI flows since its peak in 1993, Japanese investment in China has remained steady with large conglomerates such as Matsushita bucking the trend of other foreign investors by recording a profit from its China-based manufacturing

interests (JETRO 1998). For Japan's peak trade union body, JTUC/Rengo, a growing concern lies in the potential for Japanese investment in China to develop at the expense of Japanese domestic jobs, resulting in the reverse importation of managerial practices antithetical to post-war Japanese industrial relations traditions. In essence, then, one aspect of JTUC/Rengo support for engagement with the ACFTU is based upon a desire that the labour practices of Japanese multinationals operating in the region and, particularly in China, are subject to the full force of international regulation in order to protect workers in Japan's domestic industries from social dumping.

Another aspect of Japanese support for engagement draws on the bilateral links JTUC/Rengo has developed with the ACFTU over the years. Furnishing ACFTU unions with access to training and education programmes on issues such as collective bargaining, workplace organization and health and safety, provide the backbone of these links. To some extent these were developed alongside an official ICFTU edict of non-association imposed in the aftermath of Tiananmen Square. This policy remained in force at executive level until 1992 when JTUC/Rengo officials visited the ACFTU in Beijing. However, bi-lateral links between individual unions in Japan and China began – with the tacit encouragement of JTUC/Rengo – as early as 1990. Thus by 1995, when the ICFTU reviewed its relations with China, JTUC/Rengo had already established relations with the ACFTU on a number of levels.

Counter to the Japanese position have been the concerns most forcefully expressed by the AFL/CIO and other members of the ACFTU, notable the Canadian Labour Congress (CLC), all of whom have voiced strong reservations about the long-term benefits of closer relations with the ACFTU. These reservations centre around a number of issues: human rights abuses, China's support for the revision of international human rights instruments, its stance against the Social Clause campaign, the suppression of independent trade unions and a perception that ICFTU solidarity could be threatened by ACFTU involvement in its activities. Particularly influential in the argument against dialogue with China has been a report commissioned by the International Union of Food and Allied Workers (IUF). The report sought to examine the trade union situation in Hong Kong following its accession to China and to assist in developing a future strategy for international trade union action in Hong Kong and China (Gallin 1997). Its author, former general secretary of the IUF Dan Gallin, constructs a cogent and hard-hitting argument against dialogue with China.

In the report, Gallin criticizes national unions which have promoted 'constructive engagement' with the ACFTU for not explaining their reasons. He challenges them with the question 'for what purpose and at what price?' and addresses a number of their putative responses. For example, he rejects the assumption that opponents of dialogue are inspired by the politics of anti-communism and the rhetoric of the Cold War. Instead he argues that their concerns derive from the fact that the ACFTU is not a trade union but an instrument of the state that oppresses workers; is hostile to any genuine expression of workers interests; and has no possibility of evolving into an independent organi-

zation (Gallin 1997: 27–30). Gallin berates the ‘China lobby’ through a critique of an ICFTU internal report, written following a visit to China by an ICFTU-APRO delegation in September 1997. The final version of the report concludes that it was no longer a sensible and realistic strategy to isolate China, that international bodies will have greater authority with China on board and recommends that the ICFTU develops more formal contacts with the ACFTU. To Gallin (1997), the report is both ‘ludicrous’ and ‘highly manipulative’. He underlines his critique quoting a letter to the ICFTU-APRO from a leading activist of the Chinese independent trade union movement, Han Dongfang:

Chinese workers will see in the trip [by the ICFTU-APRO delegation] a tacit recognition of the ACFTU by the international trade union movement. At a time when we have never been more in need of international support and assistance, many will feel isolated and deserted by what will be perceived as a compromise by the ICFTU. The idea of independent trade unions will thus suffer a severe set-back ... those inside the ACFTU who recognize the need for change, will no longer dare speak out. Many will see the increasing influence of the ACFTU on organizations such as ICFTU-APRO as justification of the policies of their leadership and its willingness to serve as a tool of both the Chinese Communist Party and the government.

The IUF report represents the most cogent critique to date of the developing ICFTU policy towards China. However, its impact on the development of ICFTU/ACFTU relations may be moderated by a number of factors. First, since the election of John Sweeney as its President, the AFL-CIO has concentrated more of its energies on domestic issues in an effort to turn around the historical decline in US unionization. Sweeney campaigned on the issue of more resources for national issues in a deliberate, and perhaps long overdue, attempt to distance the AFL-CIO from its preoccupation with internationalism under the previous President, Lane Kirkland. As a result, the issue of engagement with the ACFTU may not be a priority for the AFL-CIO executive. Second, by de-linking human rights issues from Most Favoured Nation status for China, and by deciding not to sponsor the UN resolution condemning its human rights practices – something it had done since Tiananmen Square – the US government under Clinton eschewed outright condemnation of China’s human rights record. For the AFL-CIO, closely identified with US foreign policy since the 1950s, the challenge is to develop an appropriate response to Washington’s current China policy. While the AFL-CIO has voiced reservations regarding ICFTU/ACFTU dialogue, these reservations have yet to amount to outright opposition. Indeed, in a number of important respects AFL-CIO and JTUC/Rengo objectives on China converge. For example, both wish to see liberal democracy in China, both want a Chinese commitment to the recognition and enforcement of core labour standards, and both see increasing levels of foreign investment and the deepening of economic reforms as the condition for political reform. It seems that it is the means rather than the ends that divide on the issue of China. Third, apart

from JTUC/Rengo other influential labour confederations in Asia – for example Singapore National Trade Union Congress – interpret engagement with the ACFTU as an inevitable consequence of regional integration and the internationalization of the Chinese economy. In this respect, both have been critical of what they see as a European/US agenda excessively dominated by human rights issues. In contrast to the universalist position of, for example, the AFL-CIO, they argue for a more relativist/developmental approach, which acknowledges China's long-standing suspicion that human rights issues are an extension of Western imperialism. Finally, while supportive of the recognition of core labour standards and the raising of human rights issues in contacts with China, some Asian members of the ICFTU remain wary of approaches in which such issues are perceived to be overly occidental. In the Japanese and Singaporean view, to take a confrontationist approach toward China is to provoke the sort of defensive responses which undermine agendas designed to encourage international engagement, exposure to multilateral regulation and a more powerful voice in APEC integration. It is reasonable to conclude that unless there is some agreement between the ICFTU and ACFTU on APEC, then divisions among trade union bodies could be exploited to full effect by governments and APEC's powerful business lobby.

Conclusion

The restrained ardour of the ACFTU to engage in dialogue with the ICFTU recognizes that the structures in which the ICFTU worked in the past may no longer provide it with the rights and securities once guaranteed in a command economy. The depth of problems faced by a society undergoing significant and rapid economic change, compounded by uneven growth between the regions, has challenged the ACFTU. The development of a dialogue with the ICFTU represents a desire to address the changing nature of labour relations in China, to examine the consequences of change for Chinese workers and, in the process, help to define a new role for the ACFTU. For labour activists such as Han Dongfang, social unrest and a growing disillusionment with the ACFTU offer opportunity for the development of independent trade unions in China. In this context, dialogue between the ICFTU and the ACFTU is seen as undermining this objective.

The impetus for the ICFTU policy of engagement with China has come from the influential JTUC/Rengo. Its argument that isolationism has done nothing to further the development of independent trade unionism in China, and its belief in a strategy of encouraging economic reform while exposing China to the regulation of multilateral regimes, has been influential in the pro-dialogue lobby. Dialogue about APEC forms a critical part of this strategy. By encouraging the deepening of economic reforms and the elimination of tariff barriers, APEC integration and its TILF agenda is likely to deepen the problems currently faced by the ACFTU. Thus, for JTUC/Rengo, discourse around a social dimension to APEC is as much in the interest of the ACFTU as it is for the ICFTU. Thus, there remains a firm belief that dialogue rather than mute isolationism offers the

best way forward. However, the decision in June 1998 to cancel the visit of a high-level ICFTU delegation to China illustrates the barriers that still exist between the two sides. Thus, while the ICFTU may be driving a regional agenda, the immediate concerns of the ACFTU are located equally firmly in domestic and associated political considerations. The powerful and divisive issues of human rights and international labour standards remain as unresolved challenges between the ICFTU and the ACFTU. It remains to be seen where an accommodation between the contending agendas will be struck.

Finally, there remains the broader issue of the spatial dimension to labour relations raised at the beginning of this paper. As in other cases of regional integration, APEC provides a context in which the institutions of labour relations intersect with geo-political, cultural and organizational processes on a different scale from the domestic environment. One way to comprehend the issues of space and scale is to consider a three dimensional model with the institutions of labour relations along one horizontal axis, and the processes in which and around which these institutions act on the other. The vertical axis denotes the spatial dimension, moving from the plant and community, through sub-national regional environments to national, super-national and global environments. The model does not easily capture important dimensions of labour relations, such as sector, variations in employment structure or gender, for example, but it does capture the way in which the more one moves up the spatial axis, the more one moves away from the heartland of traditional systems thinking – collective bargaining. Moreover, it suggests that, as one makes that shift, the issues faced by labour become increasingly defined by a broader political economy, requiring analytical insights and skills quite different from those associated with bargaining. Whilst trade union rhetoric since the 1970s has recognized this requirement, appropriate practices have lagged behind. For example, Charles Levinson's grand, if flawed, vision from the early 1970s is still far from being achieved (Levinson 1972).

There is a positive aspect to regional labour activity today. A combination of three factors – internationalization of capital, the Social Clause/Labour Standards debate and regional integration – has provided labour with a need, a platform, and a context for action. APEC is but one opportunity for the labour movement to take advantage of international possibilities. As we noted above, the EU and NAFTA have opened up similar prospects. Under the auspices of the ICFTU in particular, the international labour movement is beginning to grasp the nature of this opportunity, but, in the process, is confronting an array of historical and organizational blockages. This is apparent in the case-study of ICFTU relations discussed above.

There is one further spatial consideration on which we shall conclude. The further up the vertical axis, the further away from the plant, community and sectoral bases in which trade union membership lives. It may be second nature for capital to operate globally. It is not necessarily the case for labour. The international labour movement is now aware that it must relate the activities undertaken at the level of APEC to the day-to-day experience of trade unionists.

This is not simply an issue of relevance to members. Members themselves are in numerous ways active on international issues and are increasingly sophisticated in their international analysis. They may not, however, see the immediate or extended relationship between their international concerns and the prosaic issues of the plant or sector. Creating the linkages is above all a political process in which the bargaining focus is melded into international involvement. In the APEC region, it is interesting if unsurprising to note that it is often the post-colonial and 'developing economy' union movements that can make these links most effectively. For example, the Australian, New Zealand and US union movements are currently primarily domestically focused for organizational, economic or political reasons. Meanwhile, for example, Korean, Thai, Indonesian and Malaysian trade unionists are, generally, both domestically and externally focused, driven by tradition, the financial crisis and a more explicitly political agenda. It may be that the OECD union tradition could learn something from this experience.

Part III

The global arena:

Unions and global dynamics

10 The constraints on labour internationalism

Contradictions and prospects

Mine Eder

Introduction

Workers are often projected as structurally defenceless against highly mobile and globally organized capital. At first sight, the relative weakness of mobility of labour in the face of highly adaptive and rapidly restructuring capital appears to put significant limits on possible labour strategies. Faced with the threat of technological unemployment, the fear of total capital flight along with the increasing pressure for 'flexible' labour markets, unions and labour movements all around the world have found themselves increasingly compelled to cooperate and cave in to growing business demands. The increasingly vocal arguments on the declining role of the states in shaping the global economy, the visible restructuring of the welfare state (the shift from the Keynesian welfare state to Schumpeterian workfare state, to use Jessop's terminology) and the emergence of what came to be called 'post-Westphalian' governance structures all suggest that the states will no longer be able to carry out their usual distributive social policies (Jessop 1993).

What are the prospects for constructing cross-national labour solidarity in such an environment? I suggest that the prospects of creating a 'global labour movement' that transcends and 'deborers' the states are very limited (Albert and Brock 1996). The national union and state strategies have actually converged in excluding and limiting the creation of such global labour networks whenever the national union's interests have outweighed the advantages of creating such global ties. NAFTA debates on labour issues, for instance, provide a good example. Despite significant lip service paid to the creation of cross-border solidarity of Mexican and US workers, the opposition of most of the US unions to NAFTA have not emerged from a concern for their Mexican comrades but from the growing anxiety for the US capital to flee to Mexico and the consequent unemployment.

Why, in the face of such threat of globalization, are the unions adopting such strategies based on 'national unionism'? How can we identify the significant barriers to cross-national labour movements? This chapter will develop four related arguments on the impact of globalization on labour movements in answering these questions. The examples will largely be drawn from various unions in the EU and the USA where the attempt to create these cross-national ties are most visible.

The first argument is that, contrary to conventional wisdom, the pressures for globalization had the effect of 'strengthening' the national level at the expense of the international with respect to the labour movements. Globalization of capital did strengthen the national labour organizations as these organizations came to terms with new global economy. In effect, it was not the erosion of state's power, which would have presumably pushed for global labour networks that created this impetus for 'national unionism', but rather the unions that were the first to suffer from globalization. Defensive response to the challenge of globalization came in the form of identifying the national level, where labour was relatively better organized, as the most 'feasible' site for struggle. The strengthening of national labour movements, however, has come at the expense of global responses.

Another reason behind the weakness of global labour solidarity lies in the fact that globalization has not changed but rather reinforced the discrepancy between core and the periphery both at the national as well as global level (Hirst and Thompson 1996; Hoogvelt 1997). Such a polarization has made the cooperation between the advanced industrial country unions and the labour organizations in the periphery extremely difficult. As most economic geographers argue, regions still matter in defining globalization patterns. Global capital has not fully deterritorialized (Storper 1997; Scott 1998). Despite all the discussion of multinationals as global supply oligopolists, local labour markets, existing social relations of production in a given territory still affect the investment flows and how firms transnationalize. Globalization and localization occur at the same time. As such, the lure of peripheral regions for the TNCs emerges as a significant challenge for the labour movements in core countries.

It is thus not surprising that dominant unions in the advanced industrialized countries often become 'agents of globalization' themselves cooperating with corporations and state's strategies internationally so as to strategically position themselves domestically. As Herod (1997b: 190) argued, for instance:

portraying capital as the only active agent in the production of global uneven development, however, represents an un-dialectical approach to understanding the process, for it conceives of uneven development as arising simply of the internal logic of capital. Instead by seeing workers as actively engaged in the process of uneven development, it becomes possible to link workers' social practices to develop particular spatial fixes of their own, which they perceive to be advantageous to themselves at specific historical junctures.

One can indeed argue that dominant labour organizations in most advanced industrial states have actually contributed to the politics of exclusion and indirectly exacerbated the uneven effects of globalization.

Another negative impact of globalization on global labour ties is that the mobility of capital coupled with technological development and emphasis on flexible labour markets have pushed the unions to focus on 'bread and butter' issues and to avoid larger political roles.

From the viewpoint of capital, the ideal position is one in which economic class struggle is confined within the limits of the market relation and the political class struggle is confined within the limits of bourgeois parliamentarism. There would be a clear division between trade union struggles concerned with wages and conditions and political struggles to promote social reforms through parliamentary majorities and mobilization of public opinion (Jessop 1978: 29).

The increasing depoliticization of labour movements particularly in the core countries has come as a result of the effects of improved working conditions, which has brought a clear embourgeoisment of the workers. Facing the breakdown of the class compromise which has led to increased workers' rights and better living conditions throughout the postwar era, the unions in advanced industrialized countries became increasingly defensive in their strategy and focused on wage issues and job security.

Not having gone through the same improvement in their lives, the workers in the newly industrializing countries adopted an entirely different strategy. Instead of exclusively focusing on bread and butter issues, even though they faced even lower and declining wages than their industrialized counterparts, they joined forces with other social movements and broadened their agenda. The labour movements in South Africa, Brazil and more recently in South Korea built cross-cutting alliances with various religious groups, women's groups and political parties and became a credible voice in pushing for democratization and overall opening up of their country. The divergence of goals, aims and strategies of the core country unions from that of the developing country unions creates yet another barrier to the creation of international ties.

The final but perhaps the most important reason as to why building cross-national labour solidarity proves so difficult lies in the very diversification and differentiation of production processes, industrial relations and forms of work. The widely acknowledged shift to post-Fordism and its associated social relations of production coupled with technological changes suggest that corporations and workers are constantly re-structuring their strategies in order to adapt to the increasing 'market discipline'. The creation of global commodity chains, to use Gereffi's terminology, the emergence of various institutional forms at the micro-level so as to remain competitive, the co-existence of divergent firm strategies (that combine lean production, for instance, with Fordism) have created significantly different social relations at the shop floor. Despite some similarities in terms of labour control strategies, such divergences have led to very different work experiences which systematically undermine the strength of labour movements not only at the international but also at the national level.

Are the cross-national labour movements thus doomed for good? Paradoxically, the prospects for such global labour ties are also embedded in the globalization process (Waterman 1998; Waterman and Munck 1999). The fact that globalization and localization occur simultaneously in the global economy suggests that workers can still play an important role by reasserting the power of the local, to use Kevin Cox's (1997) title. It is only by building upon such local strengths and continuing to 'take on' the state as well as the national unions, if

necessary, that a global labour network can be slowly formed. National unions, particularly in the advanced industrialized countries, may also come to realize that they cannot fight or manage the challenges of globalization alone.

The first part of this chapter elaborates on the ambiguity of the concept of globalization and argues that how globalization is defined is crucial both for understanding its impact on labour and for developing effective strategies for labour organizations in coping with its challenges. The second part will expand on the impact of globalization in labour in general. The third part specifically elaborates on the challenges globalization brings for international labour movements and union strategies and why the existing strategies have not worked so far. The chapter ends with a discussion of prospects of future international labour movements.

The ambiguity of globalization

Within the burgeoning literature of globalization, the definitions, causes, consequences and variations of the term have multiplied exponentially. Some scholars have equated globalization with the inevitable advances in production technologies, and unprecedented and unstoppable integration of worldwide product and capital markets (Dunning 1994, 1997; Ohmae 1995). Though not necessarily new in kind, the intensity and speed of capital flows largely driven by technological advances in telecommunications and transportation, these theorists argued, are unprecedented and mark a *qualitative* break with earlier global capitalism. The International Monetary Fund (1997b: 45) has described globalization as 'the growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, and also through the more rapid and widespread diffusion of technology'. What makes this globalization different from that of the nineteenth century, then, is the degree of *transnationalism*, the degree to which the bulk of economic activity transcends territory and crosses boundaries. This 'market-centered explanation' of globalization, as Woods (1998) called it, also sees increasing global competition and further integration of markets coupled with improvements as likely to improve global welfare and prosperity in the long run, despite short-run adjustment costs.

Another aspect of this market-centred argument has been the declaration of the end of the nation-state and the suggestion that globalization has made the role of the state in economic development redundant if not irrelevant (Reich 1991; Ohmae 1995). Accordingly, technological changes and global markets have placed significant constraints on what the state can or cannot do, and have in fact overwhelmed the capacity of the states. The major de-linking of money from territory and the emergence of supraterritorial production and markets through global business organizations, companies, strategies alliances and cross-border networks, the argument went, have largely undermined the capacity of states to control the flows of persons, goods, weapons, technology information and commodities.

As in all debates, the response to these market-centred explanations has ushered arguments based on the persisting legacy of the state and how it is the state choices that has made globalization possible (Hirst and Thompson 1996). According to the state-centred explanations, even though globalization does bring in *some* constraints on domestic choices, these constraints are usually used as scapegoats by politicians aiming to legitimize their policies (Garrett 1998b). It is not the technological advances that have driven globalization but rather the technological advances have been made in areas in which state policies opened up new possibilities. That is why the globalization of finance, for instance, corresponded to the abolishing of capital controls (Helleiner 1996). This idea is clearly not new. Karl Polanyi (1946) has long argued in his analysis of the nineteenth-century economy, that liberalization is not simply a result of technological and market developments and markets but was in fact 'made' by states. So globalization, according to this view, has not overwhelmed state choices but separated instead those states that could define the terms of their participation to the global economy and those that could not.

Similarly, Wade (1996: 66) argued that national economies are still dominant in world economy. 'The share of trade in GDP', he wrote, 'is still quite small in all but the smallest countries. Exports account for 12 percent of GDP or less for the US, Japan and the single-unit Europe, and the Asian, Latin American averages are well below 10 percent. This means that 90 percent or more of these economies consist of production for the domestic market and that 90 percent of consumption is produced at home'. This approach also made a clear distinction between *internationalized* economy with high levels of investment and trade versus a *transnationalised* economy defined above (Weiss 1998). As such, both the degree of the openness in contemporary global economy and the magnitude of changes, have been exaggerated and fall short of undermining the reality of 'national political economy'. Globalization is simply not enough for social 'uncaging' of the state namely to eliminate state's capacity to nationalize social life (Mann 1993, quoted in Weiss 1998).

Another variant of this state-centred approach came from Phil Cerny who traced the transition from 'welfare state' to 'competition state' marking a significant shift in the quality and quantity of state's power (Cerny 1995). According to Cerny, this competition state is different from developmentalist or strategic states since it promotes market activities as 'public good'. Thus, states become commodifying agents themselves. 'By increasingly promoting both the transnational expansion and competitiveness of its industries and services abroad, and competing for inward investment, the state becomes a critical agent, perhaps *the* most critical agent in the globalization itself' (Cerny 1996: 131). Hence the state is a midwife of globalization, not a victim of it (Weiss 1998).

However appealing all these assertions on globalization might be, both the market and the state-centred explanations tend to overlook the fundamental problem of globalization, i.e. its impact on and the role of people, workers, non-state actors and other groups. The market-centred approach projects globalization as an autonomous, apolitical process largely determined by

technological changes, market forces and increasing mobility of capital and labour. This conception, however, eliminates any room for agency and renders any political action either irrelevant or futile. The result is a purely economic explanation that fails to recognize both the disjuncture between economic and political institutions and the problems that globalization might raise for democracy, citizenship and participation. While the state-centric explanations bring the much-needed contribution of projecting the globalization very much as a *political* process, they also tend to ignore the civil society, the importance of people's participation and the impact of globalization on people's ability to organize and meet the challenges of globalization. The selective bias of state-centric explanations has led these theorists to single out the state as the only possible site of contradiction, conflict, and/or cooperation.

A people-centred approach to globalization: what happens to work and workers?

A 'people-centred' analysis of globalization that looks at the impact of both markets and states on people's lives and the role of people in the globalization process is necessary to address the pitfalls of both market and state-centred explanations. How does globalization affect the workers, working conditions, work life and employment in general? What are the social consequences of globalization in terms of equality and welfare? What role, if any, do people play in this process?

At first sight, the picture is not very promising. Income disparities are growing. Thirty years ago, the combined income of the richest fifth of the world's population was thirty times greater than that of the poorest fifth. Today their incomes are over sixty times greater. With joint assets of \$762 billion, just 358 billionaires now own more than the combined annual income of the world's poorest two billion people (Holdyard *et al.* 1996). Some one billion workers – one third of the world's labour force – remain unemployed or underemployed. Of the one billion, 150 million are unemployed and actively seeking and available for work (ILO 1998: 2). Of these 150 million, 10 million have been generated as a result of the 1997 Asian crisis. This is the worst situation since the Great Depression.

The unprecedented increase in unemployment figures that reach as high as 10 per cent in Europe suggest that the recent transformation of the global economy does not create sufficient jobs. Most industrialized economies, particularly Europe, suffer from high unemployment. In Britain, for instance, there has been no increase in full-time jobs. The newly created 'jobs' tended to be poorly paid casual work. Three out every ten new jobs created in Britain in 1996 were part-time (*Guardian* 11 June 1996). Even though employment levels are higher in the USA, real wage increases have lagged significantly behind the overall productivity growth in the manufacturing sector. 'This implies a "diabolical dilemma", which obliges the industrialized countries to choose between mass unemployment and the presence of the working poor' (Breitenfellner 1997: 532).

In the developing world, the picture is also grim with declining real wages, high unemployment and expansion of the informal sector, which is estimated to employ a total 500 million people. It is estimated that only 15 per cent of the work force in low-income countries is in the formal sector (ILO 1997).

As commonly argued, some of this unemployment is emerging from technological displacement. Although it may be rather premature to declare the 'end of work' as described by James Rifkin (1995), automation and technological unemployment are a reality. Most of the jobs in the contemporary world economy are indeed being created in the white-collar non-tradable (services) sector rather than in tradable goods (manufacturing). While some companies have adopted these new technologies to respond to the competitive pressures of globalization, others have been motivated in order to limit labour's power at the shop floor and control labour militancy. Although proving the 'real' intent of corporate strategies is beyond the scope of this chapter, three related arguments can be developed as a consequence of application of new technologies in production. The first is new management strategies known as Toyotism or flexible specialization, which have changed the nature of labour-management relations at the shop floor. The second is the unprecedented white-collarization of the work force, which raises new barriers and questions for labour movements. The third is the widening gap between low-skilled and high-skilled workers.

As Ernest Mandel (1980) has long argued, changes in hard technology are inevitably associated with soft technology, i.e. how technology is applied on the shop floor and the resulting labour-management relations. As Noble (1979: xxii) suggests, technology is very much a social process; it is 'always more than information, logic or things. It is people themselves undertaking various activities in particular social and historical contexts with particular aims and interests'. Some of these changes in soft technology were hailed in the mid-1980s as the 'second industrial divide' (Piore and Sable 1984). The new labour-management relations and 'lean' production techniques that are emerging on the shop floor largely as a response to the preceding dominant production method known as Fordism, it was argued, mark a new era in global capitalism. Just-in-time, multi-skilling (or rather multi-tasking), job rotation, teams, quality management, functional flexibility, all the different aspects of lean production, the argument went, increase productivity at the shop floor by integrating workers' skills and by providing more autonomy and responsibility to the worker. Hence, all these practices clearly differ from mass production methods based on hierarchical supervision, standardization of production and the division of labour.

The diffusion of these so-called best manufacturing practices at the shop floor made it clear, however, that these new production methods did not radically alter labour-management relations. Instead, they replaced the typical Taylorist managerial supervision embedded in Fordism with 'management by stress', since they involved cost reduction including reducing labour, job loading and time pressures on the existing workers. In short, this shift to flexible accumulation has increased the insecurity of the workers. With it has come 'downsizing, re-engineering and elimination of middle management. In 1994, for instance,

corporate America eliminated more than half a million jobs: a year when profits rose 11 per cent' (*The Economist*, 16 December 1995: 83). The average number of management layers in large British companies decreased from seven in 1986, to fewer than five in 1996. In the USA, 18.6 per cent of all positions phased out since 1988 came from middle management (ILO 1997:2).

While many white-collar jobs have disappeared since 1980s, there was also a significant white-collarization of the work force. As most of new job creation shifted to the service, non-tradeable sector, the traditional blue-collar working-class profile began to change significantly, particularly in the developed countries. As Zolberg (1995) explains, increased living standards of the manufacturing sector in these countries coupled with the class compromise based on the welfare state in the aftermath of the Second World War have established significant securities for workers but has diluted the traditional working class identity and undermined the prospects of collective action. Conversely, this argument can also explain why labour militancy persists in the newly industrializing countries where living standards are visibly lower and the concentration of workers in various industrial districts are considerably higher.

Finally, technology and the emerging information society (Castells 1997) have helped create dual markets and widened the gap between skilled and unskilled labour in terms of income and demand. The demand for low-trained labour has decreased considerably in the advanced industrialized countries, dropping by 20 per cent between 1960–90 relative to skilled labour (Wood 1994: 11). This gap is also at the centre of debates concerning the effects of trade liberalization on labour markets. Despite ongoing disagreements on the scale and scope of impact that trading with countries with abundant unskilled labour might have on labour markets, the overall consensus among economists has been that international influences widen the skill premium and contribute to wage inequality. These divided labour markets also lie at the core of the disputes on labour's response to trade liberalization. The extent to which cheap and unskilled labour from the developing world imposes a 'race to the bottom' in terms of wages and unemployment in the developed world, however, is highly controversial. Over two-thirds of the work force in most industrialized economies is employed in predominantly non-tradable service sector (Krugman 1986). In the developing world, by contrast, the bulk of employment is still in rural subsistence and in the urban informal sector. On average, only 12–15 per cent of jobs in these economies are in the tradable, modern sector activities (Lee 1996: 492).

The dual labour markets and increasing wage inequality are also directly linked to the difference between the degree of capital and labour mobility. The ease with which MNCs can move across the borders does not have its labour equivalent, even though labour migration is still significant. Thus, 'the world has become a huge bazaar with nations peddling their work forces in competition against one another, offering the lowest prices for doing business. The customers, of course, are the multi-national corporations' (US Department of Labor 1994: 47, quoted in Rodrik 1997: 16). The generation of pools of cheap labour in both peripheral countries and peripheral regions of advanced capitalist societies, the fragmentation of the

labour process, where different components of production can be produced in different places, as well as breakthroughs in communication and transportation industries have created unprecedented opportunities for capital flows. With capital and companies free to move across borders, the scope of playing workers and communities off each other has also expanded. A recent report on NAFTA, for instance, has indicated that NAFTA has become an effective union-busting tool for the employers by means of the threat of moving to the South:

Where in the decade before NAFTA, some 30 per cent of employers faced the prospect of employee unions threatened to shut down and move plants, since NAFTA a full 50 per cent of companies facing employee organization drives made the threat...The intimidation apparently pays off. Only a third of union drives are successful when conducted under the threat of moving as opposed to roughly half without intimidation.

(Goetz 1997: 32)

On one occasion, ITT has even brought in Mexican workers to videotape the plants as if to learn the necessary jobs, just to prevent the UAW from organizing in the plant. Such examples are particularly common in Texas, on the US side of the Mexican border.

Two important caveats, however, needs to be introduced in this discussion. As Cox (1997: 132) reminds us:

while space is a necessary aspect of social relations, it does not dictate particular strategies, either for labour or for business. At their most abstract, social relations define certain necessities and opportunities: the need to make a profit, to earn a wage, the possibility of shifting employment, and so on. But there is a considerable range of concrete sociospatial practices and strategies through which those social relations can be realized. Accordingly, there is always a variety of geographies that can come about.

First, MNCs are never completely foot-loose, ready to move whenever they run into labour problems and see cheaper labour. As Mittelman (1995) has argued, the 'old' 'New International Division of Labour' arguments overstate the importance of cheap labour as the propellant of capital around globe and simplify the long list of factors that MNCs take into account in relocation. Investment patterns indicate that MNCs are still drawn to locations where social costs are high. It is no wonder that the two-thirds of all FDI flows in the world take place among developed economies. Furthermore, globalization has not meant total de-territorialization of production. If anything, with the expansion of production, MNCs were more keen to take the regional characteristics, local tastes, cultures, values and advantages of educated 'human capital' into account (Gordon 1988; Scott 1998; Garrett 1998a). Economic geographers have convincingly made the argument that regions and territories are crucial in contemporary global economy and in the decision of the MNCs (Storper 1997; Scott 1998).

The second caveat lies in the implicit assumption that international mobility is severely constrained. Depending on the level of industrialization, and hierarchy among regions, there has been significant migrant flow particularly from the developing world. According to the United Nations Population Fund estimates, there are at least 100 million migrants living outside the countries in which they were born. Their annual remittance at home amounts to 66 billion dollars, more than all foreign development assistance from governments. One out of each eighteen African resides outside of his or her country of origin (Mittelman 1995: 283). Thus despite significant restrictions on immigration, people have consistently moved across borders just as other commodities bought and sold on a global market.

Can states help?

What needs to be underlined is that the internationalization of production and the departure of the so-called foot-loose capital to cheap labour havens such as the export processing zones have not simply been an outcome of the 'global competitive pressures' on multinational corporations. As state-centred explanations of globalization rightly point out, this internationalization of production was not simply based on corporate strategies and search for cheap labour, but was also dependent on a cooperative, and 'competitive', state. It is not coincidental, for instance, that states have adopted export-processing zones as a strategy to get access to capital and foreign direct investment. According to a research by Jeffrey Hart (1995), there were about seventy-four EPZs in 1984, functioning in thirty-five countries. This number of EPZs jumped to 200 in 1989, employing about 1.5 million workers. One hundred additional EPZs were being built. In short, states continuously compete so as to make investment and capital flows more desirable in their own territory. For instance, the World Investment Report (UNCTAD 1999: xviii) shows that out of the 145 regulatory changes in sixty countries during 1998, 94 per cent were in the direction of creating a more favourable environment for FDI. The number of bilateral investment agreements also increased considerably, reaching 1,726 by the end of 1998. By the end of 1998, the number of treaties for the avoidance of double taxation had reached a total of 1,871. Furthermore, it is not always the governments of developing countries that engage in various rounds of deregulation so as to create a 'favourable' environment for business which include lowest corporate taxes, the weakest unions, the most flexible rules on working conditions and the most lax safety and health regulations. A brochure prepared by the British Invest in Britain Bureau (IBB), for instance, highlights the willingness of governments to support businesses at the expense of labour. The brochure reads: 'The UK has the least onerous labour regulations in Europe, with few restrictions on working hours, overtime and holidays ... There is no legal requirement to recognize a trade union. Many industries operate shift work, and 24-hour, seven days a week production both for men and women' (Hildyard *et al.* 1996: 9).

Furthermore, globalization and competitive pressures began to challenge the class compromise mostly on the advanced industrialized countries based on the establishment of organized and well-paid workers in return for the arduous work regime and non-militancy. Whether we are witnessing a total end of the welfare state or a revision of it is beyond the scope of this chapter. What is clear, however, is that even though the 'market necessity' of the measures that the states are undertaking such as cutting employment benefits, undermining union strength and pushing for flexible labour markets are highly ambiguous, the governments have systematically engaged in cutting and slimming their social policies. As state-centred arguments regarding globalization point out, however, this does not necessarily suggest a weakening power of the state but the increasing influence of neoliberalism in government policies. The reports on the death of the welfare state are also highly premature. As Hobsbawm (1995: 43) indicates, 'In 1972, fourteen rich states of Europe, North America and Australia between them spent 48 per cent of central government expenditure on housing, social security, welfare and health. In 1990, they – including Reagan's US and Thatcher's Britain – spent 51 per cent'.

Furthermore, as Garrett (1998a, 1998b, 1998c) convincingly argues, conventional wisdom on increasing globalization constraints on national autonomy can be highly misleading. Government partisanship and the strength of organized labour still make a difference both in terms of public spending and in dealing with different aspects of globalization. For instance, 'whereas governments in countries with strong conservative parties and weak organized labour movements have reacted to financial openness with cut backs in public economy, strong left labour regimes have done precisely the opposite' (Garrett 1998c: 72). This explains why despite the relative decline of the Keynesian platform and the social democratic project, welfare state is still alive in most of the industrial countries. After all, there is still a significant difference between what Albert (1991) called the Rhineland model of capitalism based on redistributive strategies and reliance on public policies, and the Anglo-Saxon model based on limited state and *laissez-faire* policies.

Nevertheless, with globalization the priority of governments has largely shifted towards maintaining macroeconomic stability rather than achieving full employment. Tax evasion is rampant, which puts significant limitations on public expenditures; the need to curb budget deficits creates further pressures. The existing protective measures against labour losses such as the Social Chapter of the Maastricht Treaty provides little comfort as it recognizes work councils but no guaranteed right to organize and provides no provisions for those out of work. Even with labour governments in Europe there has been a *de facto* acceptance of unemployment as a natural corollary of deflationary and budgetary policies. Maastricht norms within the European Union have reduced policy making to achieving budgetary criteria. This has led to what Vilroks (1999: 75) has called an 'objectification of politics' based on the negation of the existence of alternatives and 'abandonment of the Enlightenment spirit without which politics is stripped of all its meaningfulness'.

Most importantly, globalization pressures in the form of deregulation and liberalisation are much more visible in the developing countries leaving relatively little room for policy autonomy. Not only are the external constraints due to high debt ratios much more present and clear-cut but there are also the pressures for privatization and neo-liberal reforms led by the international institutions such as the World Bank and IMF. Already weak or non-existent welfare states in these countries also exacerbate the unequal effects of globalization in these countries (Hurrell and Woods 1999; Rodrik 1997).

In fact, it is precisely the varying degrees of globalization effect and different levels of policy autonomy in core and periphery countries that has contributed to the intensification of overall inequality in the global economy. With the support of multilateral opening up of trade along with the emphasis on financial liberalization and orthodoxy, the gap between the core and the periphery has widened. Contemporary global capitalism appears to have shifted from 'expansion' to 'implosion' where the intensity of trade and capital linkages among the advanced industrialized countries has increased while similar linkages with the periphery have been relatively withdrawn (Hoogvelt 1997: 68). As Stallings and Streeck (1995) convincingly demonstrate, existing data on trade and investment flows in world economy is increasing within the so-called triad area (the USA, Europe and Japan) and within the regional blocs. Others are being marginalized in the process. They offer portrayal of 'semi-regionalized world economy regionalised from the viewpoint of the third world countries, but much less so from the triad perspective' (Stallings 1995: 353). In this process triadization of the global economy, peripheral countries have increasingly found themselves irrelevant and marginal (Boyer and Drache 1996).

In short, although it is too early to announce the death of the social democratic project, it is necessary to recognize both the extensive policy constraints of globalization and the deliberate political choices that governments make about deregulation, privatization and liberalization in current global economy. All these trends actually define a new role for the state where the states, as Sassen (1999: 3) aptly described it:

begin to function as the institutional home for the operation of powerful dynamics of denationalization of what were once national agendas ... Economic globalization does not only have to do with the crossing of the geographic borders, as is captured in measures of international investment and trade. It also has to do with the relocation of national public governance functions to transnational private arenas and with the development inside national states through legislative acts, court rulings, executive orders of the mechanisms necessary to accommodate the rights of global capital in what are still national territories under the exclusive control of their states, thereby denationalizing several highly specialized national institutional orders.

Indeed, one of the functions that states have often 'de-nationalized' has been the regulation of labour markets and full employment policies. These trends

have largely undermined the class compromise that had long characterized the golden age of Fordism based on welfare benefits and the strength of large organized labour.

What can the unions do? Shifting from defensive to offensive strategies

Given this transformation of state functions, are states still viable sites for struggle for unions and the workers? The answer to this question is both yes and no, which underlines the ambiguous nature of the globalization process. There is no doubt that the trends described above provide a grim picture for the prospects of workers' organizations. Trade union membership dropped sharply during the last decade, falling to less than 20 per cent of workers in 48 out of 92 countries (World Labor Report 1997–1998). It appears that the labour organizations have lost their battle both against the global firms and the states.

Yet this picture may be misleading, as globalization has also heightened the crises facing the labour movements thereby forcing a reconsideration of unions, their identity and their terms of inclusion and exclusion. Despite its declining membership, organized unions have had some success in influencing state policies. But globalization has clearly put most of the national unions on the defensive aiming to slow down or stop globalization rather than shaping it. That is why the responses took the form of pushing the state towards protectionism, working to maintain wage levels and resisting restructuring and job losses. Tactics ranged from organizing nationwide and adopting militant strategies to working and cooperating with management so as to compete in the global markets and maintain jobs. While the AFL-CIO was not successful in defeating NAFTA, for instance, its lobbying efforts were crucial in blocking the passage of fast-track legislation in 1997 and 1998 which would have given the US president a free hand to negotiate free trade agreements (Shoch 2000). From French truckers protesting over welfare cuts to Korean Daewoo workers resisting privatization and foreign corporate buyouts, national unionism is still alive and states are still the most common sites for struggle. Unions had traditionally acted within the parameters of the nation-states. The post-Second World War class compromise was very much based on the reciprocal consent between the state and the unions. The fact that the unions could be more effective on the national level than international level was, of course, another incentive.

Paradoxically, however, some of the main problems with the negative impact of globalization of labour have emerged from the very response of the organized unions to globalization rather than the effects of globalization per se. Some of the strategies of national unionism have actually contributed to the negative side effects of globalization rather than curbing it. With globalization, the national focus has become a liability rather than an asset. The concern for unemployment and the overall pressures of globalization began to pit the national unions of advanced industrialized countries against the national unions of the developing countries. The rift between core country unions and the unions of the

periphery is not unique. As Herod (1997b, 1998c) and Cox (1996) have accounted, the rich country unions have long collaborated with their national employers and the state during the Cold War so as to dominate poor country unions and conspire against the communist threat. Although Jane Wills (1998) argues that such alliance with the state has lost its lure in the aftermath of the Cold War, NAFTA negotiations in the US demonstrate how national unionism can still undermine prospects of internationalism.

NAFTA was actually hailed as a victory of trade unions due to their ability to link trade issues to labour rights and the establishment of NAALC (North American Agreement on Labor Cooperation) through labour side agreements. Yet, NAALC has no teeth and has not been able to transform the working conditions on either side. Most importantly, throughout the NAFTA negotiations, the arguments and resistance to NAFTA (by the AFL-CIO in particular) has emerged largely because of the impact free trade might have on the low-wage, low-skilled jobs in the USA and some paternalistic concern for Mexican workers. US unionism could not really solve the dilemma between its concerns about job losses that will result from the lure of cheap Mexican labour (economic nationalism) and the need to move together with their counterparts across the border (international solidarity).

The response to the Mexican peso crisis in 1994 also underlined how it was the former, not the latter, that drove the unions in the USA. Seybold (1995: 43–4) explains:

As details emerged about the plan to bail out Mexico and the role of the CTM (a Mexican government-controlled labour federation in suppressing protests), the national AFL-CIO was cautiously critical of the bailout. However, they did not embrace the statements or the actions of human rights coalitions such as the Border Rights Project that were considered outside labour circles and they discouraged local labour leaders from linking up to these coalitions.

The national leadership of the US labour movement was trapped in a political box of its own making. The paradox confronting it was a product of its emphasis on US job losses and stereotyped view of Mexican workers in the NAFTA debate. The underdevelopment of arguments related to cross border solidarity, international labour rights and the role of transnational banks in the Latin American debt crisis left the national AFL-CIO with a weak response to the Mexican crisis. Consequently, a coherent counter-argument or framework which could make the Mexican crisis understandable to the American public and the US unionists did not emerge from the national labour movements. Instead as during NAFTA, there was a lot of unfocused anger against the bailout of Mexico, which in its worst form was racist in content.

Nowhere is the rift between the advanced industrialized country unions and developing country workers more clear than in the issue of labour standards and the inclusion of the social clause in WTO. As Newland (1999: 3) explains:

Workers in poorer and less-developed nations often view unions based in the advanced industrialized countries as defenders of privilege. Their suspicions persist that demands for increased wages, conformity with labour standards, and environmental safeguards for Third World workers are simply the most disguised form of protectionism, designed to undercut the developing world's main source of comparative advantage: low labour costs.

That is why, for instance, even though Seattle protests against WTO in December 1999 can be seen as early signs of labour internationalism and increasing ties between the labour unions and other social movements, the extent to which such rifts and disputes on the nexus of core and periphery workers can be overcome remain to be seen.

Finally, another significant source of dispute and a significant barrier to labour internationalism revolves around the issue of migration. US national trade unions, for instance, are notorious in their opposition to immigration. The argument is based on the fact that large numbers of immigrants would bring more competition to the labour market, which is already full of the unemployed, and the alleged docility of immigrant workers, particularly of those without legal papers. The evidence on the first part of this argument is scant, while the second argument can easily be refuted by the growing participation of immigrants in union activity, particularly in big cities. Most immigrant communities also tend to reside together in working-class neighbourhoods, which make it easy to get organized (Moody 1997: 143–80).

A similar tone of exclusion is also evident is the attitude of the trade unions in France, Germany and Italy towards the immigrants coming from the developing world. Germany, for instance, one of the countries where labour unions are best organized, is openly hostile to foreign workers. These anti-foreign sentiments have particularly gained strength in the aftermath of the reunification of Germany, largely due to the high rate of unemployment in East Germany. As globalization increases, however, so do the numbers of unskilled workers in search of work and pressures to migrate. Migrant workers have always been part of capitalist growth, as was the case with the Irish in Britain, Belgians, Italians and Poles in France, and Turks in Germany. Driven from home by pressures of unemployment, these foreign workers are prepared to work for the lowest wages in the host country's wage standards and often carry out dirty, low-paid jobs. They have no job security, no sick leave, not even a guarantee that they will get paid at the end of each week. In places where labour scarcity exists, particularly for low-skilled jobs, these foreign workers become wanted though not necessarily welcome (Zolberg 1987). As unemployment increases in most developed countries, particularly in Europe, however, so does the tendency to blame foreign workers and the pressures for introducing further limitations on labour mobility. In short, the issue of migration has created yet another rift between the core country unions wanting to preserve their jobs and the workers of the developing world.

The growing job insecurity and relative lack of labour mobility in the face of rapidly growing capital mobility largely explains why the unions have remained

defensive and national in their strategies. There is clearly no doubt that changing global economy created significant problems of unionism both at the national and international levels. Yet, as unions aimed to gain ground and defend themselves against the job losses and unemployment at the national level, they inevitably became exclusionary and, at times, racist.

Ironically, it is mostly when the unions have been able to reach beyond their borders and cooperated at the international level that they have been effectively involved in shaping patterns of globalization (Herod 1997b). Such internationalism is needed more than ever. Almost every industrial dispute in the USA, for instance, has an international dimension. Sometimes companies are foreign and sometimes companies use the threat of moving abroad.

How can the unions maintain openness and push for international unionism in the face of such challenges? Some of the best examples come from the developing countries. The new unionism in Brazil and South Africa, where the unions have been able to forge cross-class alliances, has gone well beyond the bread and butter problems and focused instead on democratisation, participation and openness, and has been very successful in terms of mobilizing large sections of the population and pushing for abertura (Keck 1992; Eder 1997). In fairness, these countries are also where the European countries were more than half a century ago in terms of industrial concentration and workers' density, which makes organization based on working-class identity easier than Europe and the USA where the embourgeoisment of the workers is almost complete. So, even though alliances are forged with other groups, industrial workers have a significant presence in this social movement unionism. Whether this type of unionism can be carried to the international level, however, remains to be seen (Moody 1997).

There are hopeful signs of international unionism as well. As Herod (1997b) demonstrated, cyberspace has made such international linkages possible creating what he called a 'virtually organized workers' in global economy. Improved communication and transportation can work both for business and labour. The success of the United Steel Workers of America in Ravenwood West Virginia against the Ravenwood Aluminium Corporation (Herod 1995) proves that building global solidarity is possible. Despite its ultimate failure, the first Euro strike in 1997 when Renault announced its plans to close its plant in Belgium precipitated stoppages organized by the European Metal Workers' Federation. It demonstrated the potential of transnational unity. Finally, the cyberstrike organized by ICEM in 1997 against Bridgestone also became a classic case.

Meanwhile, though still suffering from adjusting to the post-Cold War era, the International Confederation of Free Trade Unions (ICFTU), with its 127 million members, is now by far the most important worldwide labour organization (Breitenfellner 1997). The industry-based international trade secretariats (ITSs) have also managed to develop successful response to MNCs by organizing work councils. Among these federations of affiliated national unions, the International Metalworkers Federation (IMF), the Postal Telegraph and Telephone International (PTTI), the International Union of Food and Allied Workers (IUF), and the merged International Federation of Chemical, Energy, Mine and

General Workers' Union (ICEM) are the best known. The IUF is particularly famous in its successful campaign against Coca-Cola in Guatemala. The establishment of European Works Councils also provide an interesting albeit controversial establishment of transnational links (Wills 1998).

Perhaps the most promising prospects for international labour organizations come from outside the union structure or what came to be called transnational networks. Transnational Information Exchange (TIE) is a good example. It was not only the inadequacies of the unions that led to TIE, but also the need to integrate more information and views from other movements to deal with complex issues. Clearly TIE is spread too thin in meeting the challenge of the MNCs. Though it never really tried to be an alternative rank-and-file labour movement, it was still very successful in setting up non-hierarchical, activist-oriented organization with the flexibility to respond to various needs of workers worldwide and develop grassroots ties. As such, TIE is a much needed addition to official international union linkages.

Conclusion

Globalization has precipitated unprecedented challenges to the workers and workers' organizations. The commonly accepted market-centred explanations of globalization imply that we are all facing an inevitable march of expanding markets and capital flows. But, as was the case through the development of capitalism, globalization is both a political and social phenomenon and is a result of choices being made by decision makers. State-centred explanations correctly show globalization occurring as much from specific policy choices made by governments including deregulation, prioritizing macroeconomic stability and cutting down welfare benefits, than from technological and market changes. But globalization is still not a simple product of firms–state interactions and strategies either. It also involves participation and compliance on the part of other economic actors, most importantly the workers.

So far, the impact of globalization on workers has been mixed. Worldwide unemployment is still very high. The gap between skilled and unskilled workers has increased in the information society. Immigration and capital mobility remain contentious issues. At a first glance, the immediate impact of globalization on workers and unions appears grim. Unions have lost considerable membership in the face of changing working-class identity, the increase in service sector employment and the white-collarization of work. The end of the old class compromise based on strong labour unions and welfare states particularly on the advanced industrialized countries have also been on the decline. Governments caged both by the pressures of globalization and fiscal constraints as well as their own policy choices have found it increasingly difficult to keep their end of the bargain.

Increasing denationalization of state functions suggests that labour struggles based on taking on the state and state policies can no longer be sufficient. Even though the national unions have had some success in responding to challenges of

globalization through pressuring their respective governments to adopt protectionism, and limit privatization and/or public expenditures, most of these strategies have been defensive.

Such defensive strategies have also undermined the prospects of labour internationalism. National union strategies based on protectionism have set the unions in the core countries against the workers of the developing world. Similar trends are also clear in the case of union attitudes towards the immigrant and foreign workers. Trade and financial liberalization and internationalization of production have forced workers, particularly unskilled workers all around the world, to compete with each other in the face of rapidly declining demand for unskilled work in the global economy. Such an environment is clearly not ideal for building international solidarity.

Yet, paradoxical as it may seem, globalization also offers a genuine potential in terms of creating new institutional networks, which might be used in workers' representation and mobilization. Improved communications and the Internet also introduce new avenues of coordination of the labour movements. Despite all its challenges, unions increasingly recognize that labour internationalism is the only effective strategy in defending workers' rights *vis-à-vis* the MNCs and the state. Given the transformation and fragmentation of the work force and changing production processes, they understand that developing cross-cutting alliances with other groups is necessary. These international linkages do not have to take the form of international federation of unions. Informal, less structured and grassroots-oriented efforts that aim at understanding and solving the problems at the shop floor are more likely to be successful. Combining local strength at the shop floor with transnational networks can finally begin to give labour a voice and strength in shaping the globalization process alongside the state and the capital.

11 Labour movement renewal in the era of globalization

Union responses in the South

Robert Lambert

Introduction

The contrast between the labour movement at the dawn of the twentieth century and its condition at the onset of the new millennium is stark indeed. The European labour movement was then in an expansionary phase, with its leading sections determined to win political power and assert working class interests. Marxism was the dominant ideology. The works of Kautsky and Bebel, which popularized Marxism, attracted the leaders of the working-class movement and the activists who followed them. Theory was condensed into three simple propositions (Sassoon 1996: 6). Firstly, the capitalist system is unfair. Juridical equality between parties disguises a real inequality: the capitalists ‘cheat’ workers by appropriating far more than they pay in wages and other necessary production costs. This appropriation is the source of the disproportionate wealth, power and influence of this class. Secondly, history proceeds through stages. The present stage is transient. Thirdly, workers are a fundamentally homogeneous class, despite the obvious differences that exist. All workers are united by the struggle to improve their conditions and achieve real rather than mere formal equality. To realize this, workers need to organize into political parties and unions that seek to attain these goals.

The contrast between this movement and labour movements venturing into the new century is striking. Firstly, with few exceptions, most contemporary labour movements are not in an expansionary phase. Instead, they have experienced substantial membership declines, which accelerated during the 1980s and 1990s as economic liberalization and the accompanying work restructuring took effect. Secondly, these movements appear to be in ideological disarray and confusion worldwide. The dissipation of Marxism as a mobilizing ideology is matched by the dominance of neoliberalism in the sphere of economic management, where even social democratic parties in power accept these parameters of economic governance. The three propositions that were the source of the early movement’s dynamism have been substantially modified. Critiques of the present system are *ad hoc* and piecemeal, lacking in focus. Injustice is no longer related to capitalism as an economic system. While certain union movements have begun to attack the effects of globalization, the underlying logic of this

expansionary dynamic is not analysed. In short, statements about the present lack power and rigour. They have failed to have any significant impact or attract citizens into their ranks to do serious battle against economic and social change.

This ideological crisis of labour is most apparent when the second and third statements are considered. The notion that 'the existing social order can be changed' has given way to a pervasive pessimism that the social order *cannot* be changed in any fundamental sense. Although unions may remain committed to defending worker rights and conditions the linkage between these immediate struggles and a longer term vision that might energize and give coherence and meaning to these short term goals is absent. The third proposition, 'what is to be done?' has given way to the bleak notion, '*nothing* can be done'. Globalization materialized through tariff reduction, financial deregulation and workplace restructuring that has created deep insecurity and personal suffering is generally viewed as inevitable, facets of the economic landscape that cannot be altered. National federations have in varying degrees begun to organize and support acts of resistance against these changes, and international union organization has begun to debate new approaches but a coherent alternative strategy, grounded in ideology, has yet to be devised. The helplessness of citizens before these forces of change is matched by the absence of an independent labour movement response.

This chapter seeks to contribute to a critical debate on how labour should respond to globalization; how the movement's present decline can be halted; and how horizons can again be expanded to include a vision of effective struggle for a just, equitable social order. The focus is on the varying labour responses to globalization in the Asian region. Differing orientations are summarized in the following tables. The two basic responses are business unionism and movement unionism. Business unionism has itself two variants: strategic and authoritarian. Movement unionism also has two variants: political and social. The distinguishing feature of business unionism is the adoption of a *partnership* approach with business that fails to acknowledge and confront labour market inequality. This blind spot is reflected in business unionism's uncritical commitment to corporate goals, now viewed as reflecting common interests. Business unionism is characterized by an erosion of independent organization, ideology and strategy. This orientation may be freely chosen, as was the case in Australia, or it may be imposed as has happened in postwar Asia. The second table attempts to capture the essential features of alternatives to business unionism: political and social movement unionism. An important distinction is made between political and social movement unionism. The political party/union relationship lies at the heart of this distinction. While both orientations display certain social movement characteristics, political unionism is marked by the subordination of unions to a political party. Social movement unionism posits a redefined relationship in which the party is embedded in civil society movements, including unions, and strives to reflect this collective will. The extent to which social movement unionism can be globalized is carefully considered as this may well provide scope for a more powerful union/civil society intervention against neoliberal globalization.

These orientations are analysed and weaknesses and potential in relation to global change evaluated. Such analysis will give substance to the pessimistic assessment of current state of labour organization developed in this introduction. However, in a more optimistic vein, global social movement unionism (GSMU), which seeks to transcend business unionism and political unionism, is presented as a possible path out of the impasse. An emerging example of this approach, the Southern Initiative on Globalization and Trade Union Rights (SIGTUR) is highlighted.

As the Seattle protesters showed, set agendas of a corporate elite can be derailed. The need to win the consent of the governed remains central to political and economic change. Just as unions played a role in many countries in securing worker consent for the global agenda, so too can these organizations undercut that basis of institutional stability. Unions can realize this by forging new alliances with civil society associations, setting a new agenda, thus creating a belief that change is *possible*. A central argument of this chapter is that southern experience of globalization has led to a search for a new strategy.

Response One: business unionism – strategic variant

Strategic unionism is also sometimes known as ‘best practice’ unionism because the core requirement is that there must be either a strategic or best practice upon which unions and employers could agree, or negotiate, for ‘making enterprises more efficient’ (Ogden 1993: ix). Ogden has provided a review of the cardinal features of this type of unionism, one of which is a transformation of the traditional relationship between management and unions. ‘The ingrained distrust of employers by unions must give way to a recognition that some points of agreement are critical to all of us – for example the efficiency of enterprises’ (Ogden 1993: 59). Furthermore, such an orientation produces ‘a cooperative industrial relations climate’ in which ‘unions and management can agree on strategic objectives and negotiate through their implementation. By minimising traditional conflict but remaining independent, the union can concentrate on wealth creation as well as distribution’ (Ogden 1993: x). Team-oriented, best-practice unionism, with its clear long-term strategy, enables enterprises to respond to the market more effectively. Companies become more profitable and the workplace becomes more democratic as unions take on managerial functions through work teams (Ogden 1993: 5).

A further contention is that this broader, sophisticated approach creates the possibility of an effective response to the competitive pressures of globalization. Strategic unionism can assist international solidarity through pursuing similar changes in work design and skill world-wide. This strategic orientation would pursue ‘approximately comparable minimum levels of skills, wage levels for skills, principles of best practice design’ (Ogden 1993: 6). Such an approach could avoid ‘the destructive competition between countries that will lower living standards’ (Ogden 1993: 7). An enterprise-focused, sectoral approach along these lines would replace ‘the empty rhetoric that has characterized the sloganizing of

Table 11.1 Response one: business unionism

<i>Criteria for Assessment</i>	<i>Strategic</i>	<i>Authoritarian Unionism</i> (state and/or employers)
Freedom to choose (ILO 87)	Independent	State control, direct/indirect
Company control (ILO 98)	Relatively independent, industry-wide unionism	Enterprise/company unionism
Internal organizational structure	Relatively democratic workplace structures	Authoritarian/bureaucratic; no independent workplace representation
Political party relationship	Political party hegemony	Dominated by authority in power
Stance on globalization	Constructive engagement/international best practice	Government instrument for 'development'
Relationship with community organizations	Crisis, change, new forms of engagement	No relationship
Relationship with non-core workforce	Weak, early stage of reassessment	No relationship
Global links	Positive/innovative	Passive/bureaucratic; search for legitimation

Table 11.2 Response two: movement unionism

<i>Criteria for Assessment</i>	<i>Political Unionism</i>	<i>Social Movement Unionism</i>
Freedom to choose (ILO 87)	Independent	Independent
Company control (ILO 98)	Working towards industry-wide unionism	Highly independent; industry-wide unionism the challenge
Internal union structure	Democratic workplace structures; participatory	Democratic workplace structures; participatory
Political party relationship	Party hegemony	Independent; search for a new union/party relationship
Stance on globalization	Critical; traditional left stance; globalization a new stage of imperialism	Critical and independent
Relationship with community organizations	Well developed	Well developed
Relationship with non-core work force	Strong; in need of strategic development	Conscious of globalization's impact; organizational dilemma
Global links	Positive, innovative	Positive, innovative, new directions; follow the contours of corporate investment

internationalism' (Ogden 1993: 7). Ogden argues: 'We must move beyond generalised conferences and exchanges to establishing links with specific companies and plants to discuss matters such as skills, work design, and management techniques' (1993: 72).

The Australian experience over the past two decades is a fine example of the failure of constructive engagement with neoliberal globalization. The Australian union movement had always been noted for its militant action. Left-wing unions

with Communist Party of Australia (CPA) influence dominated key sectors of the economy. The leadership had a strong sense of class interest. Yet it was leaders from this tradition that played a key role in the historic shift to best-practice unionism in the 1980s.

The new Labor government was ideally positioned to influence union leadership. An Australian Council of Trade Unions (ACTU) President was now the country's prime minister. Bob Hawke became a keen advocate of the competitive project. Union commitment to give Australian enterprises a world competitive edge was viewed as a cornerstone of such a venture. This strategic unionism reflected the 1980s debates on the new technologies, new production concepts and new forms of work organization. The change was seen as an 'historic watershed', not just for the Australian movement's future direction, but for trade unionism more generally (Ogden 1993: 11). Clearly, these changes were far-reaching for the Australian trade union movement.

A movement, noted for its long history of rank and file militancy, was now the advocate of a cooperative approach. Ironically, leading Communists vigorously advanced this strategy. When this was adopted at the 1987 ACTU Congress, Laurie Carmichael, General Secretary of the Australian Metal Workers Union (AMWU), spoke passionately on the need for change: 'Unions are the only force capable of providing for improved production.' The ideas contained in *Australia Reconstructed* should be 'taken up on the job' (*Australia Reconstructed* 1987: 123). Carmichael, a leading Communist, was part of the delegation that visited Europe to explore new ideas. They returned enthusiastic over what they had seen in Sweden in particular. They became advocates of a post-Fordist future where smaller nations such as Australia could compete on world markets by being smarter through swiftly adopting new technologies and work organization. They argued that Australia's reliance on the export of agricultural and mineral exports 'runs against the trend in world trade towards sophisticated manufactures and services' (*Australia Reconstructed* 1987: xiii). The Australian economy needed a 'fundamental restructuring' based on the concerted development of high value-added export and import replacement industries. This would involve increasing enterprise flexibility, efficiency and productivity (McCollow 1991: 3).

The industrial relations system became geared to advancing this goal. Wage increases were constrained and could not be secured without offsetting productivity gains emanating from the restructuring process. As a consequence, there was a process of constant trade-off of conditions and benefits for wage increases that further alienated workers from best-practice unionism. The architects of *Australia Reconstructed* failed to anticipate the response of employers to the union movement's cooperative venture. A decade later, research is beginning to uncover the impact of the changes.

Strategic unionism as a component of economic deregulation and global engagement, contributed to declining conditions and security. During this phase of restructuring, real wages fell, whilst profits rose. The wages share of non-farm output fell from 69 per cent to 65.6 per cent during the life of the Accord (1984–96), whilst profits increased from 31 per cent to 34.4 per cent. Taking

account of both social and real wages, average living standards declined by 5.4 per cent. The pattern of wage restraint was unevenly distributed. Those in relatively unskilled work suffered a massive cut of 15.6 per cent. The restructuring was accompanied by a rise in the level of part time employment, which has increased at three and a half times the rate of full time employment (ACIRRT 1998: 136). There has also been a notable shift to precarious employment through the increased casualization of work, increases in the proportion of temporary jobs, outsourcing and the utilization of labour hire companies as enterprises introduced 'numerical flexibility' into the workforce (ACIRRT 1998: 138).

As a result of downsizing and outsourcing work, in a mere twelve years between 1986 and 1997, 3.3 million full-time workers were retrenched. Of these, 2 million were blue-collar male jobs. By the mid-1990s, more than half of all Australian organizations had been downsized, with the public sector leading the way. Amongst large corporations, downsizing became almost a standard practice. Between 1990 and 1995 about 55,000 jobs were lost in just twenty large corporations. Most of these firms cut between 20 per cent and 80 per cent of their workforce (ACIRRT 1998: 148).

By 1994 it was estimated that about 25 per cent of the Australian workforce had been casualized (ACIRRT 1998: 139). Over the decade of global engagement, nearly all industries realized a significant growth in the proportion of

Table 11.3 Corporate downsizing, 1990–95

<i>Company</i>	<i>Jobs lost: numbers</i>	<i>As a percentage of employees</i>
Ford	7,160	50
Westpac	5,810	17
Nth Broken Hill	4,729	68
Coca Cola Amatil	3,787	55
Metro Meat	3,017	60
Aust. National Industries	2,855	38
Pasminco	2,687	43
Fosseys	2,408	38
BHP (slab and plate products)	2,355	24
TNT	2,334	20
CRA	2,256	15
BHP (rod and bar products)	2,189	38
Amcor Trading	2,175	95
Angliss Group	2,104	82
Shell	1,987	40
BP	1,761	44
BHP (Utah)	1,648	83
BHP (Log Products division)	1,562	40
Hawker De Havilland	1,443	56
David Syme	1,289	46

casuals (Figure 11.1). Australia's growth in temporary employment, or short-term jobs, has outstripped all OECD countries except Spain. This form of employment rose from 16 per cent to 24 per cent between 1983 and 1994. The growth in casual and temporary work is a form of precarious employment that has a serious impact on workers.

A significant historical gain of the Australian trade union movement, the eight-hour working day has been undermined by the move to strategic unionism. By the late 1990s only about one-third of the workforce works standard hours each week (ACIRRT 1998: 101). That is to say, the majority of Australian workers are now working extended working hours. The proportion of full-time workers working very long working hours – more than 48 hours a week – nearly doubled between 1978 and 1996, jumping from 19 per cent of all full-timers to 32 per cent. The system of wage bargaining introduced in 1987 forced workers to trade hours for modest wage increases.

These changes, which have impacted so adversely on the material conditions, lifestyle and daily experience of the Australian working class, expose strategic union's essential contradiction. In advocating enterprise efficiency, best practice unionism promoted declining standards and security. Neoliberal globalization provided the rationale for standing the union role on its head in this manner.

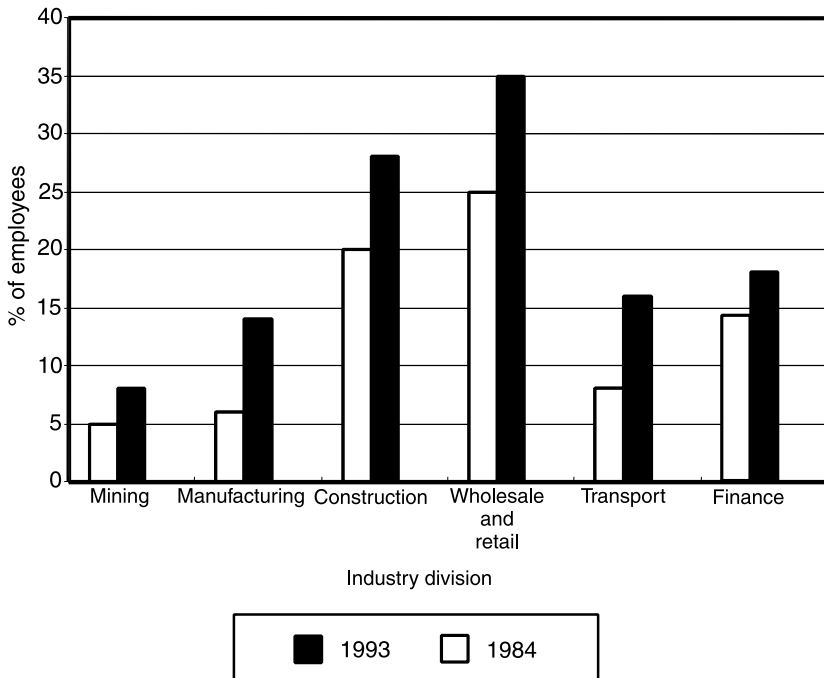


Figure 11.1 Casual density by industry divisions, 1984 and 1993

Note: Casuals as a percentage of total employees in each industry division.

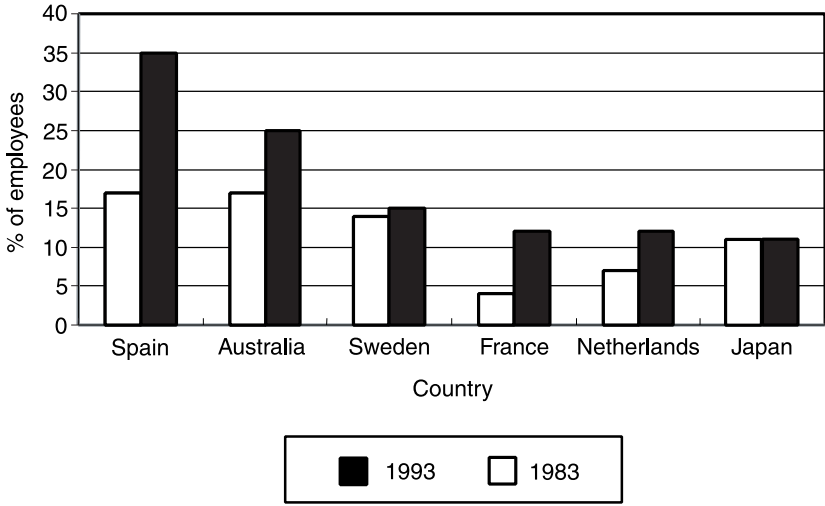


Figure 11.2 Incidence of temporary employment, 1983 and 1994
Note: Percentage of the labour force who are temporary workers.

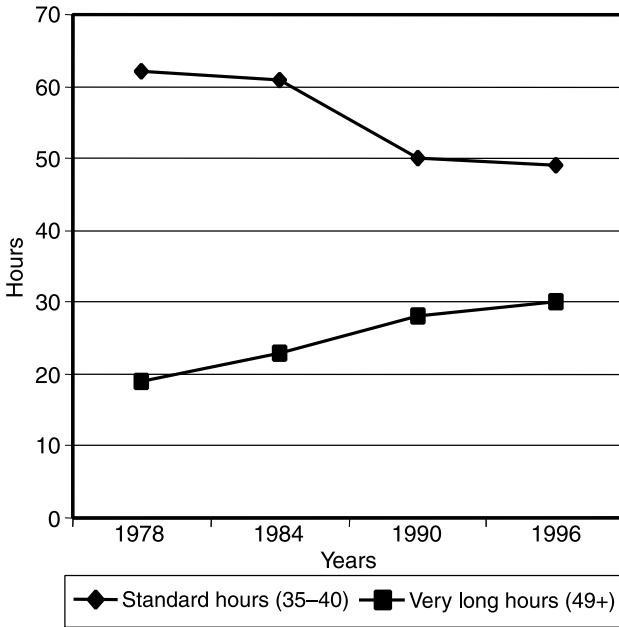


Figure 11.3 Changes in working hours

The data reveals the class character of globalization. The Australian working class has indeed paid a price for the policy shift. Workers are labouring longer and more intensely for lower real incomes. Despite the intensity of their labour, work security has all but evaporated before the strategies of downsizing, outsourcing and casualization. In these changes, labour's defender is ironically transformed into the transmitter of corporate class interests. This has seriously eroded workers' commitment to unionism.

The Australian movement's membership decline is one of the largest in the world (Peetz 1998: 7). This is the reality for a movement that had once enjoyed the highest density in the world. In the space of two decades of increasing engagement with globalization from 1976 to 1996, union density dropped by two-fifths (Peetz 1998: 1). Union density declined from 51 per cent in 1976 to 30.3 per cent in 1997. There was acceleration in the decline between 1986 and 1988 and again after 1992.

Tariff reductions have resulted in best practice unionism competing with and being undermined by state and/or company unionism that is imposed on workers. Tariff reductions lead to an organic connection between geographically distant and politically diverse labour markets and institutional systems through the global strategies of enterprises. This has meant that authoritarian unionism has become a force without boundaries, undermining the aspirations of best practice unionism and accelerating the decline in conditions and security analysed above. No nation has felt this effect more keenly than Australia, given its proximity to the Asian region.

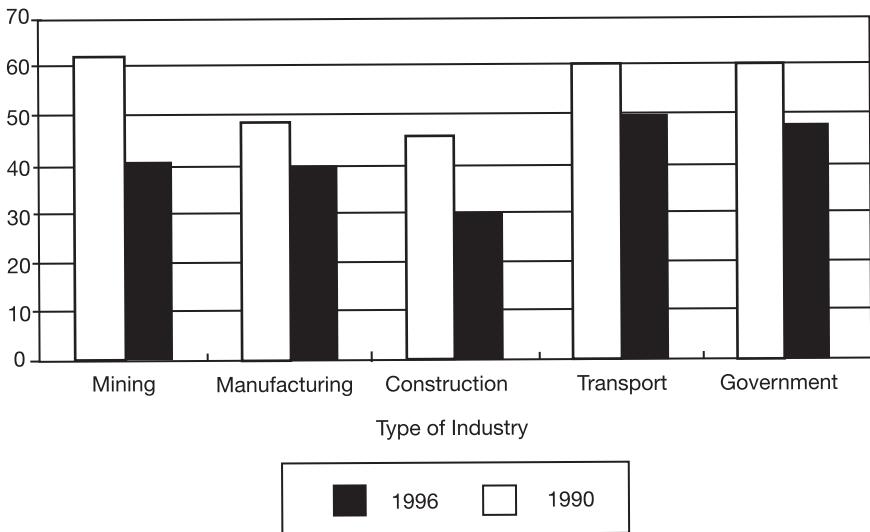


Figure 11.4 Trade union membership in selected industries

Business unionism: an authoritarian variant

The subordination of working class interests to those promoted by dominant corporations is the defining feature of business unionism. Viewed from the perspective of these prevailing interests, language, concepts and understanding differs. 'Subordination' is translated into 'international competitiveness'. Herein lies the largely uncontested ideological struggle. Neoliberalism has secured hegemony, presenting unions with a serious challenge. Their leadership has to discard the competitive discourse of globalization and refocus on the dynamic of subordination. Understanding the nature and role of the authoritarian variant of business unionism is central to such a project.

The construction of this labour market authoritarianism differs markedly from the Australian experience. The ACTU leadership freely consented to subordination as a critical element of global engagement. In their view, the national interest was at stake. Such freedom is largely absent in the Asian region although, as we shall see, this is being contested. Historically, there were three approaches that imposed particular union models on workers. The first is direct state intervention where unions are a state apparatus and freedom to associate outside this structure is denied and repressed. The second is where the state intervenes to establish bureaucratic control through complex, drawn out procedures. The third is indirect with greater reliance placed on the role of corporations where the promotion of company or enterprise unionism dominated by employers is the pathway to subordination. Export-Oriented Industrialization (EOI), a cornerstone of neoliberal globalization, provides a common rationale for each strategy. These orientations will be briefly elaborated. The terse analysis that follows provides insight into the structuring of global competitiveness, based as it is on labour subordination.

Indonesia and China are classic instances of state unionism. The violent repression that followed the 1965 Indonesian coup included the banning of independent unions. The Sentral Organisasi Buruh Seluruh Indonesia (SOBSI), the largest and most militant trade union federation, previously closely aligned to the Indonesian Communist Party (PKI), was displaced in 1967 by the first state-formed trade union federation, the Majelis Permusyawaratan Buruh Indonesia (MPBI). The new federation was established by the Ministry of Manpower and was designated as the sole representative of the Indonesian working class. This structure underwent refinements during the 1970s until it was subsumed by the military in 1983, when Serikat Pekerja Seluruh Indonesia (SPSI) was formed. The distinguishing features of the New Order regime characterized the new structure. These were, firstly, control by state bureaucrats over SPSI's internal functioning in much the same way that the parliamentary process was controlled; secondly, there was a military presence at all levels of SPSI; and thirdly, the particular interests of workers were subordinated to the general interest of the nation as defined in Pancasila ideology. Finally, any organization outside this state union was repressed.

State control of SPSI ensured that candidates for all positions had to be state approved. This facilitated a high degree of workplace control, where these

appointees operated as the 'eyes and ears' of management and the regime, ever watchful of any independent activity. Tight military integration meant that such activity was swiftly repressed. Secure in the power of these interventions to discipline and control labour, the Suharto regime actively promoted this image. Indonesia was advanced as a profitable place to invest, given these labour conditions. As with all EOI nations in Asia, ultra-low, below-subsistence wage rates are a weapon in the competitive struggle for foreign investment. In the early 1990s Indonesian bureaucrats acknowledged that the officially stipulated minimum wage rate covered only 60 per cent of a worker's minimum physical requirements. During this period the minimum wage rates were a mere US\$1–\$1.50, which was approximately half the minimum rate in Manila, one-third to one-quarter of the minimum rate in Bangkok and substantially below the average wage in Malaysia (Manning 1993: 81). Since most companies failed to abide by the stipulated minimum wage rates, the situation was in fact more advantageous to Indonesia's competitive position. These ultra-low rates even by Asian standards included forced overtime payments ranging from one and a half times to double the base rate and an attendance bonus which was only paid if a worker had a clean slate. During this period ultra-low wages were a factor in the relocation of companies from the four Asian Tiger economies – Singapore, South Korea, Hong Kong and Taiwan. By the end of 1990, companies from these four nations had invested US\$7.5 billion in 606 projects in Indonesia's export processing zones (*Progress* 1991).

China provides further evidence of state unionism's role in global competition's downward spiral. Chinese wage rates are, on average, thirty per cent lower than those in Indonesia. These extreme rates are maintained through the controlling role of the All China Federation of Trade Unions (ACFTU). As in the case of Indonesia, this is the only organization sanctioned to 'represent' workers interests. The Federation is an organization whose history is closely interwoven with the immense social upheavals that have characterized twentieth-century China. However, after 1949 the ACFTU became the transmission belt of the state, the vehicle for communicating the will of the state to a widespread, diverse workforce. This was achieved through the Trade Union Law of 1950, which clearly designated the trade union role. Under the law, unions were subordinate to the Chinese Communist Party (CCP) and soon became completely controlled by the party. Trade union leadership, at national and provincial levels in particular, is exclusively appointed by the CCP. In 1995 the ACFTU President stated that: 'The unions must better obey and serve the overall task of the Party...union organizations should not act independently'. The primary role of the union became the construction of a culture of self-sacrifice in the cause of increased production. After 1979, the role of the ACFTU in China's Special Economic Zones (SEZ) was tightly defined. Here it is argued that China now exhibits a 'mature form of unionism' that strives to ensure that foreign venture production is in no way disrupted. Hence the ACFTUs pre-eminent role is to educate workers on the need for disciplined cooperation with management. In 1994 the General Secretary of the ACFTU Xiao Zhen-bang asserted: 'Unions

must try by all means to eliminate instability', and ensure that 'unexpected incidents' are prevented (Greenfield and Leong 1997: 31). At the Twelfth Congress of the ACFTU it was stated that trade union activities should not conflict with the 'legitimate rights of investors'. At workplace level, union officials are most often company personnel managers.

The pattern in other Asian nations is similar, even though the form may differ. The second approach to securing subordination evolved out of the political fabric of British colonialism in Malaysia. This approach is far subtler than state unionism. The appearance of freedom and independence cloud pervasive bureaucratic controls that have served to stifle collective action. The banning of the militant Pan-Malayan Federation of Trade Unions (PMFTU) in 1948 paved the way for the establishment of a British Trade Union Congress sponsored federation, the Malaysian Trade Union Congress (MTUC). Persons elected to the MTUC had to be 'acceptable to the colonial government', who wished to 'erase the PMFTU from workers' memories' (Dass 1991: 86). Under colonial government patronage, the MTUC became distant from workers and was 'weak and ineffective' (Dass 1991: 86). The MTUC evolved as a bureaucratic organization, unwilling to fight for workers' interests. This was consolidated by a legalistic and bureaucratic industrial relations system that stifled instances of collective action.

The following example illustrates how bureaucratic control is utilized to great effect in Malaysia. During the 1990s, women electronics workers who demanded that an independent union be allowed to function in the plant subjected Harris Semiconductor, a US MNC set up in Kuala Lumpur, to an intense recognition campaign. Workers had achieved a majority membership: 1,371 workers out of a workforce of 2,700 joined. Given this majority, the union was formally recognized by government when the Director General of Trade Unions registered the union. The company immediately appealed against the ruling in terms of the Trade Union Act of 1959. This led to an investigation of the 'bona fide' of each member. While this time consuming investigation was being carried out, the company changed its name, requiring a union name change, which necessitated a new application for registration. All workers with the exception of the activists who had organized the union, were required to take up new employment contracts to reflect the company name change. The victimization of the activists has led to lengthy court action. Bureaucratic controls built into the industrial relations system have proved to be an effective anti-union device.

Company unionism, the third mechanism to consolidating and maintaining subordination, was the chosen route in the Philippines. When the militant Congress of Labor Organizations (CLO) had its registration cancelled and leaders imprisoned in the early 1950s, employers were free to establish a docile brand of company unionism (Lambert 1990: 262). The 1953 Industrial Peace Act that was closely modelled on the US National Labor Relations Act, or Wagner Act, allowed for an easy registration of unions. A system rapidly evolved where company management organized unions and then negotiated a collective bargaining agreement that met the company's needs. This was an effort 'to fight

unions through counter-organization rather than through repression' (Nowak and Snyder 1982: 56). Once a pliant company union was registered, those striving for independent alternatives faced the predicament of trying to organize already 'unionised' workers. Company unionism has remained an obstacle to the growth of independent unionism.

Whilst these approaches differ in form, the structuring of social relations is similar. Throughout the Asian region, independent unionism was repressed in the late 1940s to make way for state or employer-organized formations dedicated to sustaining labour subordination. This was deemed essential to low-wage competitiveness. Corporations have used this feature of the global economy to press for change in industrialized nations where union freedoms have, until recently, been relatively secure. However, over the past decade these forms of business unionism have been unable to contain and control workforces restive in the face of the conditions imposed on them.

Response Two: political/social movement unionism

A new unionism has slowly emerged, albeit unevenly in the Asian region over the past decade. Space to organize independently opened as authoritarian regimes, which sought the extinction of civil society, gave way to new regimes claiming popular mandates in Thailand, the Philippines, South Korea and Indonesia. Despite presenting new opportunities in civil society, these democracies have remained hostile to the notion of independent unionism since this threatens to cut across the competitive image of low cost, disciplined labour they continue to promote. Hence the leaderships of these unions have faced repression. There is an uneven but growing recognition in these movements that the conditions of continued subordination will only be challenged to the degree that an alternative power base is forged. This base is built when unions redefine their role and their essential character.

Such redefinition centres on unions transcending their constitution as a workplace organization, integrated into the state industrial relations system, which aims solely at wage and conditions bargaining for a particular group of workers. There are two inter-connected dimensions to this transcendence. First, a workplace *organization* becomes a social *movement* through commitment to collective action. Second, this change in character is realized when *enduring, long-term* alliances are forged beyond the workplace with other social movements in civil society so as to more effectively challenge the dominant circuits of power and the reproduction of ideology. A social movement is characterized by its issue-based focus and its capacity to attract a wide social spectrum of citizens to its cause. A *movement* comes into being when an upsurge of citizens who, in discovering common interests, act collectively to challenge specific issues and roles imposed on them by social institutions and corporations. A new form of unionism – social movement unionism (SMU) comes into being when these characteristics are materialized – workplace, industrial relations system transcendence through long term alliances with other civil society movements and a collective action orientation.

The development of SMU has potential to impact on existing patterns of power and subordination to the extent that production and wider civil society struggles are linked. SMU strengthens civil society against the state, rendering 'structural weaknesses and powerlessness more evident'. In building SMU, 'Civil society tends to swell rapidly from below. It feeds upon whatever gains it can wrench from the state' (Keane 1988: 5). SMU is committed to expanding the space of civil society.

Traditional strategies, where unions only organize full-time workers *at the workplace*, bargaining over wages and conditions, needs to be rethought. Unions will have to discover how to best track and organize workers spun out of full-time work through processes of downsizing, outsourcing and casualization that neoliberal globalization has legitimated. This could take many forms. Unions may set up their own new structures (general unions) to recapture the new part time, casualized workforce. They may well be able to forge new relationships with civil society organizations concerned about the plight of this growing underclass of working poor. However, the drive for social movement unionism is produced by more than labour market change. The impact of market rationalism on all spheres of society means that a new political voice has to be found. In a developed economy such as Australia's, the Labor Party seems unable to break from their commitment to the essential logic of globalization, hoping instead to secure a human face to an *inevitable* process of competitive change. When compared to the conservative alternative, Labor carries a corresponding economic banner of reform combined with a vital distinction – acceptance of the trade union role. In Asia, both authoritarian and democratic regimes are committed to global engagement based on cheap, controlled labour. At this historical juncture, there appears to be no alternative programme and no political party willing or capable of asserting political and social control over the process of global restructuring. Yet the lives of citizens are being transformed. Even a conservative Australian newspaper's lead article asked what it called 'The Billion Dollar Question: If the economy is booming, then why are so many of us suffering?' (*The Australian* 2000: 29–35). Workplace restructuring has created a 'tense, mistrustful, anxiety haunted society' (Hobsbawm 1995). In Asia's post crisis booming economies, the condition of labour mirrors the worst excesses of nineteenth-century Britain (Lambert 1999). In the absence of an alternative programme, workers and citizens worldwide are condemned to declining conditions, long working hours increased insecurity and psychologically damaging managerialism as unimaginable wealth is accumulated by the shareholding, business-owning class.

In the Asian region, the rise of the *Kilusang Mayo Uno* (KMU, May the First Movement) in the Philippines in the 1980s reflected the potential of SMU (Lambert 1990). Confronted by company unionism as a pre-emptive strategy of employers and threatened by the martial law regime of Ferdinand Marcos, the leadership of the new unions adopted a SMU approach. In the Philippines this orientation was identified as *sama-samang pagkilos*, the realization of labour's aspirations through collective action. The focus became the organization of *Welga ng*

Bayans, or peoples' strikes that linked employed workers with those in the community in common campaigns around issues of immediate material interest. These campaigns attracted working men and women into the ranks of the KMU. Membership rose rapidly to approximately 800,000. However, there was a major setback in 1993 when the Communist Party of the Philippines (CPP) that was closely aligned with the KMU sought to restrict strategic debate. This resulted in a serious split in the independent union movement, which has undermined its strength.

This experience draws attention to a significant distinction between political unionism and SMU, identified in the tables. SMU is reduced to political unionism when the union movement is subordinated in the party/union relationship. This occurs when there is a high degree of union leadership control by the party, reducing unionism to a mere transmission belt of party policy and interests. In contrast, SMU asserts a dynamic, democratic and open relationship between party, union and civil society movements. Indeed, the role of the party becomes one of absorbing the experience of the powerless seeking power through movement and then attempting to articulate the interests of common citizens. A politically significant reversal is sought. Union subordination to a political party is transformed into the party's subordination to the social movement.

The era of globalization has exposed the dead end of SMU that is not global in orientation. Moody (1997) has argued for a global social movement unionism (GSMU) as the only path out of the present impasse where workers' conditions and security are eroded in the lean production restructuring process. Moody's argument is weakened by the marginal examples he uses to explore GSMU. The rise of the Southern Initiative on Globalization and Trade Union Rights (SIGTUR) offers a more substantial instance of a possible way forward. SIGTUR's commitment to global social movement unionism (GSMU) is a distinctive contribution to the new internationalism that is evolving. At this stage, this does not mean that union leaders in SIGTUR identify the strategic shifts in union organizing and campaigning that are occurring as GSMU. However, the changes, which are uneven at this point in time, are best captured in the concept GSMU. This transition to a new style of unionism, now only in its infancy and certainly not present in all SIGTUR constituents, will be briefly elaborated.

SIGTUR has taken a modest first step in researching present restructuring and imagining an alternative during the Sixth SIGTUR Congress in Seoul, Korea, in November 2001. Work proceeded within three commissions: manufacturing, the state/public sector and international regulatory institutions. These commissions were mandated to present an analysis of restructuring and an alternative. This alternative was embodied in a 'Seoul Declaration' that proposed both an alternative vision *and* an organizing strategy to begin to reshape national political agendas. Such a Declaration will serve as a signpost, signalling a direction. The Document will be a focus within a process and therefore subject to regular deepening and revision as more substantial research data becomes available and as new union initiatives are reviewed and refined.

The declaration is likely to stimulate debate on union strategy that could bring the greatest possible pressure to bear on globalization politics, that is, on a position where existing parties claim *there is no alternative* to liberal economic restructuring. This may well lead to a renewal of interest in social movement unionism. The existing programme, representing the interests and consolidated power of international finance, corporations and traditional parties, can only be challenged by a new popular alliance between organized labour and the wider community, that is, through the strengthening of civil society against the current form of global change. Many of SIGTUR's constituents have had some experience of transcending the workplace. COSATU's opposition to the apartheid regime was characterized by a strong alliance with community organizations and innovative, community-based shop steward organizations that developed effective campaigns. COSATU's present campaign against casualization is premised on a strong alliance with community-based organizations. CUT, KMU and the KCTU have had similar experiences. The 1998 maritime dispute in Australia forced the issue onto the union agenda as it was generally recognized that community support on the pickets was crucial to the resistance.

However, an alternative power base will only emerge when alliances built out of spontaneous upsurges of support at moments of crisis demonstrate an *enduring effect* on the actual form of trade unionism. Spontaneous, fleeting alliances such as those arising out of the attack on the Maritime Union of Australia (MUA) cannot be said to be building SMU when traditional union structures and traditional collective bargaining within national industrial relations systems are unchanged after the event. Hence there are problems that require further national debate over reinventing national organization. Leaderships of SIGTUR constituents speak positively of the importance of SMU. 'We must involve the community and become involved in the community' has become a catch cry. Yet the construction of this alternative union form is yet to be realized in any enduring sense.

SIGTUR has taken the debate about alternative unionism a step further by advancing the notion of *global SMU*. Kim Moody (1997: 3) posited this as an alternative to the emergence of global business unionism, which has been a dominant response to global change. In our view, global SMU is realized when nationally based sectoral unions create *enduring* organizational linkages across national boundaries that aim to impact on national workplace and political strategies. Again, what is crucial is to move beyond episodic encounters that have characterized trade union internationalism to date. International visits of union leaders have been a core activity. Politically serious visits can have a value. However, global SMU can never be built on fleeting encounters. Unions have to choose to link organically across territory, oceans and continents. This has resource implications.

SIGTUR has chosen to experiment in this direction. At the Fifth SIGTUR Congress in Johannesburg in October 1999, the MUA and the South African Transport and Allied Workers Union (SATAWU) signed a declaration of intent to create a global union. Such a union would link the ports of Fremantle in

Western Australia with South Africa's east coast port of Durban. Such a linkage is highly symbolic. History resonates. During the apartheid years, Fremantle wharves often delayed South African shipping in protest against the regime. Ship owners were forced to refurbish the cabins of black seamen before the ships were offloaded. More recently, the South African transport unions came out in solidarity with Australian workers fighting against the imposition of anti-union laws. In 1995, the unions threatened a boycott of Australian shipping en route from Fremantle to Durban unless the Western Australian laws were withdrawn. The Western Australian government retreated on the understanding that the boycotts would be cancelled. When a new version of the laws was reintroduced in 1997, dock workers in all South Africa's major ports withdrew their labour for a day and marched to the city centres in protest against the renewed attack on Australian unions. Large numbers participated in the Durban marches, holding aloft banners proclaiming their commitment to Australian workers who had stood by them in their fight against apartheid. During the 1998 maritime dispute, shipping was actually boycotted. In early May, Australian ships were stranded with unloaded cargo.

Significant lessons were drawn from this experience. Global integration and the trade dependence of nations renders governments vulnerable to militant, global union action. In 1995, the Western Australian government was determined to press ahead with its labour market flexibilization agenda, yet they eventually crumbled before these pressures. A sensible strategy therefore requires that the global unionism experiment should first be applied to this strategic sector.

Hence the statement of intent signed by the MUA Assistant General Secretary and SATAWU President at the SIGTUR Congress. In the statement of intent it was pledged to advancing the process of linking the ports of Fremantle in Western Australia and Durban in South Africa organizationally. We commit to advancing this idea through their respective democratic structures (SIGTUR 1999).

Since the SIGTUR Congress steady progress has been made on implementing this agreement. The statement of intent was endorsed at the November 1999 National Conference of the MUA, which is the union's policy making body. An MUA delegate was been invited to a SATAWU meeting in May 2000. The commitment has been consolidated opening the way to the tough decisions on the form of the linkage and the way in which this will be resourced. The two unions have now organized an exchange which will take place in the coming months.

If SIGTUR can succeed in this modest first step, it may provide something of a general route map of where unions should aim in the twenty-first century. That is why the term *global* unionism is preferred. This suggests a break with previous initiatives. The major achievement was in securing a commitment to innovate from these two significant union organizations, who have the full backing of the ITF in this endeavour. Transforming trade union organization is no easy task especially when the transformations cut through national organizing boundaries.

The wide-ranging, difficult challenges GSMU poses are encapsulated in the following diagram, which aims to give definition to the concept so as to stimulate debate. The diagram seeks to raise a number of key issues pertinent to the debate over how to develop an effective resistance to neoliberal globalization. The key issues identified are:

- 1 How can workplace bargaining be empowered? How can these strategies move beyond the core and beyond the nation state?
- 2 How can non-core workers be reorganized? Can unions work with other civil society movements in this sphere?
- 3 How can the party political system be challenged?

These issues constitute the vital challenge that unions face in this era of globalization. The question is, will unions have the capacity to forge an alternative vision, strategy and organizational form? Whilst signs of change are evident, the challenge of actually realizing an alternative under such inhospitable conditions is indeed immense.

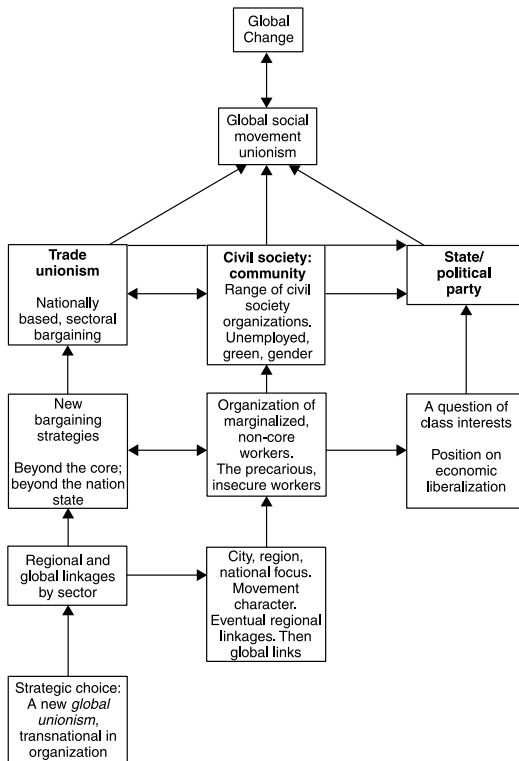


Figure 11.5 Global social movement unionism

Conclusion

At the outset of this chapter, the confidence and vision of the labour movement at the dawn of the twentieth century was contrasted with ideological confusion and organizational decline of the movement at the end of the century. In this regard, the chapter raised significant issues through exploring divergent union strategies in the Asian region as unions respond to neoliberal globalization. Two variants of business unionism, which subordinate workers' interests were analysed. Positive engagement with the global competitive project through the promotion of best practice unionism in Australia resulted in the erosion of rights and conditions. The globalization of production meant that the Asian authoritarian variant of business unionism, which sought to maintain ultra-low wages and extreme working conditions, undermined this strategy. In the era of globalization, GSMU presents as the only possible alternative to subordination. Given the embryonic stage of this new union form, prospects are difficult to assess. However, these critical strategic choices bring the political question of human agency to the fore. An optimism of the will is vital if the GSMU venture is to emerge as a social force with a new agenda to counter neoliberalism's hegemony. Given the degree of stress and human suffering global restructuring has caused citizens, the provision of leadership and the creation of a social movement has strong prospects in the longer term.

12 Peripheralizing labour

The ILO, WTO and the completion of the Bretton Woods project

Rorden Wilkinson

Introduction

The nineteenth century gave birth to a series of institutional structures designed to govern aspects of socio-political and economic life beyond the confines of the state (Murphy 1994: 46–152). Yet, it was not until 1919 that a concerted effort was made to develop a system of governance with the potential to penetrate the furthest reaches of human settlement. This system was to find its first expression in the League of Nations and the International Labor Organization (ILO), and its impetus in the dual spectres of world war and social revolution. The League was intended to provide a series of international commitments that would, in part, mitigate the incidence of war without outlawing a state's right to take up arms and, in part, open up new markets by promoting the principle of self-determination in an attempt to erode imperial preference systems. The ILO, in contrast, was directed at dissipating social unrest through enhancing the rights of workers in an effort to abate the possibility of further Bolshevik-style revolutions challenging the authority of Europe's ruling elites (Cox 1973: 102, 1996: 422; Hughes 1999: 38, 53). Taken together, both organizations were intended, rhetorically at least, to provide the institutional foundation upon which world peace could ensue.

The League of Nations, however, proved to be largely unsuccessful, hampered by the self-interested tendencies of the European powers, the shortcomings of its covenant, the failure of the USA to participate as a founding member, and the idiocy of its institutionalization of Germany's defeat (Carr 1991: 27–31; Keynes 1920: 251; Morgenthau 1985: 494–500). And although the organization survived in name until 1946 when the remainder of its activities were handed over to its successor, the United Nations Organization (UNO), its dysfunctionality had long been the subject of much scholarly and public ridicule (Carr 1991: 27–8; MacDonnell 1933). In contrast, the ILO appeared to be a beacon of success. Its role as the dissipater of social unrest ensured that organized labour was to enjoy a degree of institutional representation from the outset of the evolution of global governance. Furthermore, though perhaps contributing to labour's continued acquiescence, the ILO quickly set about taking the concerns of workers seriously, and embedding in international law a wide variety of workplace regulations (Hughes 1999: 54–93).

From the very beginning, the ILO established a participatory model much removed from the state-centricity that has characterized many international organizations. The ILO's tripartite structure, incorporating representatives from organized labour, employers and states, has ensured that non-governmental actors and thus organized labour have had a role in the decision-making procedures of an international organization. This is in stark contrast to other international organizations, which, even in the face of significant opposition, have failed to broaden the boundaries of their representation and legitimacy (see Wilkinson and Hughes 2000; O'Brien *et al.* 2000; Williams and Ford 1999; Scholte 1998; Chartier and Deléage 1998), preferring instead to use their relatively superficial engagements with NGOs as an opportunity for disseminating 'knowledge' about these global bodies (see, for example, WTO 1996a: paragraphs 3, 4 and 6).

The relative success of the ILO when compared with that of the League, did not, however, guarantee its survival. The ILO's association with the League – in spite of great efforts to distance it from its larger sibling almost from the outset (Hughes 1999: 64–94) – proved to be a sticking point and initially accounted for much ambivalence towards the organization (Alcock 1971: 171, 181). Moreover, the ILO's perceived role as a bulwark against worker unrest, coupled with a perception that the tripartite structure of the organization favoured the interests of capital over labour, ensured that it incurred much hostility from the USSR, one of the four major powers planning the UN system (Price 1945: 33; Bevin and Eden 1944: 277–91; Alcock 1971: 174). The establishment in 1943 of the United Nations Relief and Rehabilitation Administration (UNRRA) added to the threat incurred by the ILO – a challenge it was also to encounter in the 1960s from the United Nations Industrial Development Organization (UNIDO) (Jacobson 1969: 84; Cox 1973: 110).

In the shadow of an uncertain future, the ILO began attempting to secure a place for itself within the planned new system of global governance. This did not, however, prove to be an easy task. The ILO was not officially invited to the Dumbarton Oakes (on the structure of the United Nations Organization) and Bretton Woods (on the reconstruction of the global economy) Conferences. Furthermore, the ILO was not mentioned in the Dumbarton Oakes proposals; it was only invited to attend the San Francisco Conference (establishing the UN) after considerable lobbying; and, as a consequence, it was not mentioned in the Charter of the UN (Johnston 1970: 78–9). Nevertheless, against considerable odds, on 14 December 1946 the ILO made the transition from League to UN, securing a place within the latter's framework as a specialised agency (Phelan 1946: 281–4).

More specifically, the ILO was to be incorporated in such a way that its work would be largely supportive of an institutional heartland directed at managing the global economy with the aim of reconstructing world trade as the principal catalyst for the promotion of peace (Guinness 1944: 495–508; Scammell 1952: 230). In this sense, the ILO was deemed to be an essential part of the web of inter-institutional linkages laid out in the legal framework of the Havana Charter

establishing the International Trade Organization (ITO) working alongside the Bretton Woods twins of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD or World Bank). The realization of this institutional heartland – what here is termed the Bretton Woods project, as distinct from the system of exchange rate management established under the auspices of the IMF more commonly known as the Bretton Woods system – was hampered by the still-birth of the ITO (see Diebold 1952; Gardner 1956; and Wilkinson 2000). It was not until the establishment of the World Trade Organization (WTO) on 1 January 1995 that the system of global economic governance envisaged as a central component of the UNO could finally reach completion.

Yet the completion of the Bretton Woods project has brought with it an institutional framework which differs markedly from that envisaged by the wartime planners. The IMF and World Bank are still seen as central to the further liberalization and extension of the regulative parameters of world trade. However, the completion of this project has not brought with it a comparable role for the ILO. This omission has served to peripheralize organized labours' sole representative body in the governance of the global economy. Furthermore, the consolidation of the co-operation among the WTO, IMF and World Bank since 1995, as well as the drawing in of other like-minded institutions (such as the World Intellectual Property Organization, WIPO), has served to further underline this peripheralization, as well as to sharpen the neoliberal character of contemporary global economic governance.

This chapter sets out to detail the peripheralization of the ILO and with it the degree of political space previously attributed to labour in the heartland of global governance. In doing so, it proceeds in the following manner. First, it further outlines the ILO's incorporation into the UNO by exploring its intended relationship with the ITO. Second, it details the inter-institutional framework envisaged in the ITO's legal framework, the Havana Charter. Third, it explores the institutional framework envisaged in the legal texts of the WTO. Fourth, it examines the consolidation of these inter-institutional linkages since 1995. And finally, it makes some concluding comments as to the contemporary and possible future relationship between the ILO and the WTO.

The ILO and the Bretton Woods project

The incorporation of the ILO into the UNO was not solely as a result of the political and personal energies directed towards ensuring its survival – though these were of course significant. The ILO was also to benefit from the legacy of the economic malaise and accompanying chronic unemployment of the inter-war period, and the resulting need to find some compromise between the desire to reconstruct world trade on broadly liberal lines with the necessity of a modicum of domestic interventionism to ensure full employment and thus guard against the spread of economic depression (Gardner 1956: 13–5; Ruggie 1998: 72–3). For the wartime planners, this legacy ensured that the reconstruction of

world trade was deemed to be inseparable from the promotion of full employment, a legacy which was not only to find expression in the outcome of wartime planning, but also in the agreements between the US and UK that paved the way (see Atlantic Charter 1941: paragraphs 4–5; Lend-Lease Agreement (US and UK) 1942: Article 7).

The centrality of an international policy on full employment to the post-war global institutional framework was discussed during the Bretton Woods negotiations. One of the primary goals of the British delegation at Bretton Woods was to facilitate, through global economic management, the realization of full employment policies at home (Parmar 1995: 164–5). This was motivated not only by the memory of the high levels of unemployment of the inter-war period, but also by the potential for social unrest presented by mass demobilization at the end of the war (Bevin and Eden 1944: 278–83). Furthermore, in complement to the Bretton Woods discussions, the interrelationship between trade reconstruction and full employment was incorporated into the Constitution of the ILO, amended at the 1944 Philadelphia session of the International Labor Conference as a precursor to the organization's transplantation from one system of governance to another (see Part IV, Declaration concerning the Aims and Purposes of the International Labor Organization).

The ILO's expertise in labour issues more broadly not only assisted in its survival but also ensured that, when the United Nations proposed that a conference on Trade and Employment should be held in Havana between 21 November 1947 and 24 March 1948, it would finally play a central role. The Havana discussions resulted in the production of a legal framework encapsulating as a core component the linkage between trade and employment. It was this legal framework – the Havana Charter – that was to form the basis of the ITO and to detail the inter-institutional linkages deemed necessary to give coherence to a system of global economic governance directed at promoting postwar trade and full employment.

The centrality of full employment policies to the workings of the ITO were not, however, without controversy. Throughout the negotiation process, the issue of full employment remained the source of much tension. In particular, concern was raised in various quarters within the USA about the relinquishment of any portion of national decision making on employment issues to an international body. Nonetheless, after much debate as to the nature of the employment provisions to be incorporated into the legal framework of the ITO, it was decided that Chapter 2 of the Havana Charter should recognize the linkage between full employment policies and an expansion in international trade (Havana Charter 1948: Article 2, Paragraph 1; Gardner 1969: 278). The positioning of the employment Chapter at the outset of the Havana Charter served to illustrate further the importance accorded to these policies as well as to the postwar institutional framework. More significantly, Chapter 2 established an organic linkage between the ITO and ILO.

That said, the production of the Havana Charter failed to result in the creation of the ITO. In spite of much political energy, US ratification of the

Havana Charter proved impossible. Indeed, of the 53 states that signed the Charter, only two sought its ratification: Australia and Liberia (Williams 1991: 21). The relatively small number of participants seeking ratification of the Charter reflected a widely held perception that the USA, as the leading industrial nation and guardian of the ITO project, should be among the first to ratify its Charter. Once this had occurred, a general process of ratification would then take place (Ostry 1997: 63).

The demise of the ITO brought with it the collapse of the designs for a coherent institutional framework of global economic governance operating within the UNO. It was not until midway through the Uruguay Round of multilateral trade negotiations that the idea of a trade body mirroring the ITO was resurrected – what was to become the WTO (Jackson 1990a; 1990b; 1993) – thus completing the Bretton Woods project.

Designs for a system of global economic governance were not, however, absent from the global political economy in the gap between the ITO and the WTO. As an addendum to the creation of the ITO, in 1947, twenty-three governments negotiated the General Agreement on Tariffs and Trade (GATT). The purpose of the GATT was deemed to be twofold: first, to lock into place the advances that had been made on trade liberalization during the ITO negotiations; and second, to act as a bridging agreement between the fractious economic order of the 1930s and the rules-based system encapsulated in the ITO. Once established, it was intended that the GATT would be subsumed by the legal framework of the ITO (see GATT 1947: Article XXIX). The GATT was, however, a pale shadow of its larger relation, containing a much diluted set of commercial commitments directed solely at the regulation of trade in goods. Furthermore, while the GATT did contain provisions for co-operation with other organizations in pursuit of a coherent system of global economic governance, these too were much diluted. Mirroring the perceived indivisibility between exchange rate stability and the promotion of world trade for the reconstruction of the global economy, Article XV of the GATT committed the contracting parties to co-operation with the IMF.

The ITO and global economic governance

For the wartime planners, there was a natural logic underpinning the system of global economic governance. Their primary aim was to resurrect and ultimately liberalize world trade. Such a strategy was deemed to enhance the economic welfare of all involved and, in turn, contribute to the cause of world peace. However, the liberalization of world trade would not by itself bring about its desired result in a largely war-ravaged world economy. Rather, two additional mechanisms were deemed necessary. First, there needed to be some kind of lending facility to enable reconstruction. This reconstruction would, in turn, lead to an upsurge in the production of goods and services for trade. Second, there needed to be a mechanism designed to promote balance of payments stability, thus nurturing producer price confidence and national economic security. It was

only then that the reconstruction and liberalization of world trade could bring about its perceived benefits. There was, then, little debate as to the indivisibility of the work of the World Bank, IMF and ITO, though the detailed functioning of each body was the subject of significant tension (see Gardner 1956). It was to this logic that a commitment to full employment was married, and thus the inter-institutional linkages among the principal three (IMF, World Bank and ITO) and the ILO. But, the inter-relationship between the four bodies was not quite as straightforward as it might seem.

The legal framework of the ITO contains within it a vast range of commercial disciplines, separated out into nine chapters: (i) purposes and objectives; (ii) employment and economic activity; (iii) economic development and reconstruction; (iv) commercial policy; (v) restrictive business practices; (vi) intergovernmental commodity agreements; (vii) the composition and structure of the organization; (viii) the settlement of differences; and (ix) general provisions. Within these chapters, eighteen provisions were intended to establish co-operative linkages between the ITO and other organizations in the pursuit of a coherent system of global economic governance. These linkages fall broadly into two categories: primary and secondary. Primary linkages refer to those provisions relating to continuous and substantive collaboration with other intergovernmental organizations whose remit is deemed to be central to the workings of the ITO; whereas, secondary linkages refer to those provisions relating to co-operation with other organizations in instances when the work of the organization in question overlaps with that of the ITO (that is, in particular issue areas) or in instances when such co-operation is deemed necessary for the realization of the ITO's goals.

Of these eighteen legal references only two are primary. Both of these relate to co-operation with the IMF. Article 24 of the Havana Charter commits the ITO to long-term co-operation with the IMF in instances relating to exchange rate policy co-ordination and questions of quantitative restrictions, as well as 'other' non-specified measures. Furthermore, Article 24 commits the ITO to consult with the IMF in all instances concerning monetary reserves, balance of payments and foreign exchange arrangements. In doing so, it requires that the ITO accepts all findings, statistics and 'other facts' presented by the IMF (Havana Charter 1948: Article 24, Paragraph 2). Members of the ITO were further required to refrain from 'trade action' which may in any way frustrate the functioning of the IMF. Moreover, members of the ITO were also required to become members of the IMF, or at the very least, enter into a 'special relationship' with the Fund (Havana Charter 1948: Article 24, Paragraph 6a), unless the member in question uses the currency of another who is already a member of the IMF or has entered into such a special relationship. Article 24 makes minor qualifications to these provisions.

The sixteen remaining provisions commit the ITO to co-operation with other organizations in instances when to do so is deemed to be beneficial to the functioning of the organization. These secondary provisions can be divided further into two sub-categories: (i) those relating to the work of specific organizations; and (ii) those opening up channels for co-operation with other non-specified

Table 12.1 ITO inter-organizational linkages

<i>Legal Provision</i>	<i>Partner</i>
<i>Primary Linkages</i>	
Article 24 (paragraphs 1–8)	IMF
Ad. Article 24	IMF
<i>Secondary Linkages</i>	
i. Specified organizations	
Article 2 (paragraph 2)	ILO
Article 3 (paragraph 2)	IMF
Article 7 (paragraphs 2–3)	ILO
Article 11 of the Resolution on Development and Reconstruction	World Bank
Resolution to the Economic and Social Council Relating to Employment	ILO
Resolution of the International Trade Organization and the International Court of Justice	ICJ/UN
ii. Unspecified organizations	
Article 2 (paragraph 2)	unspecified
Article 10 (paragraphs 1–2)	unspecified regional organizations
Articles 11 (paragraph 2), 67, 72 (paragraphs d and f) 77 (paragraph 5), 83 (paragraph 5), 86, 96	unspecified
Article 87	non-governmental organizations

organizations should the need arise in the future. Of the first sub-category, Articles 2 (paragraph 2) and 7 (paragraphs 2–3) of Chapter 2, and the Resolution to the Economic and Social Council Relating to Employment relate to co-operation with the ILO and specify the context within which relations with the ILO are to be conducted. It commits the members of the ITO to the pursuit of full employment through increases in the volume and value of trade, with the proviso that any measures undertaken in pursuit of this goal should avoid the creation of balance-of-payments difficulties in other countries (Havana Charter 1948: Article 3, Paragraph 2). Chapter 2 also requires that the pursuit of full employment must be conducted in a manner which is consistent with ‘fair labour standards’ (though the content of these standards is not defined). In the pursuit of these standards, Article 7 (paragraphs 2 and 3) requires those members of the ITO that are also members of the ILO co-operate with one another, and that in all matters ‘relating to labour standards’ the ITO ‘consult and co-operate’ with the ILO. The Resolution to the Economic and Social Council Relating to Employment enhances these provisions by committing the Economic and Social Council of the UN to co-operation with the ILO in instances relating to ‘fair conditions of workers’ particularly relating to the problems of temporary or seasonal migration

of labour (Resolution to the Economic and Social Council Relating to Employment, annexed to the Havana Charter 1948: Paragraph 4 (b)).

Article 3 (paragraph 2) dealing with balance-of-payments difficulties, and Article 11 of the Resolution on Development and Reconstruction, provide for the establishment of secondary linkages with the IMF and World Bank respectively. However, in both cases neither organization is referred to by name, rather mention is made of their work and it is by implication that these co-operative linkages are extended.

The final provision in the first sub-category of secondary linkages deals with the ITO's relationship to, and legal status within, the UN system. This is the Resolution Concerning Relation of the International Trade Organization and the International Court of Justice. This provides for consultation relations between the two bodies, and places the ITO firmly within the UN framework.

The second sub-category of the secondary linkages consists of ten provisions. The purpose of these articles is to consolidate the ITO's position in the UN framework, as well as to provide legal space for the co-operation with other, non-specified organizations should the need arise. Interestingly, Article 10 (paragraph 2(b)) creates legal space for co-operation with regional Organizations, and Article 87 (paragraph 2) provides for consultation and co-operation with non-governmental organizations – thus enabling the ITO to extend the realms of global economic governance beyond its linkages with other global bodies.

What is clearly visible in this organic structure is that a 2 tier system of global economic governance was envisaged. The first, and primary tier was to deal with the substantive harmonization of economic policy between the ITO and the IMF. This harmonization was then to be supplemented by the second tier though co-operation with the ILO and World Bank, as well as with other organizations in specific issue areas.

The WTO and global economic governance

The inter-institutional framework envisaged by the ITO is, however, significantly different from that envisaged nearly fifty years later by the WTO, though some similarities remain. Comparable to that envisaged in the Havana Charter, the WTO's legal framework embodies a commitment to a two-tier system of governance. However, whereas the ITO envisaged an institutional framework reflecting the state building projects of the postwar era, the WTO centred system reflects prevailing neoliberal ideas of economic management. This is reflected not only in the inter-institutional structure, but also in the removal of cross-conditionality among the principal organizations of this system, as well as in the policies advocated by each institution (see Murphy 1999: 289–93).

The legal framework of the WTO is much tighter in structure and coherent in content than its predecessor. It comprises of an Agreement Establishing the World Trade Organization, as well as a series of (at its creation) twenty-nine commercial agreements covering various aspects of trade and related areas. This includes not only the updated version of the GATT (GATT 1994), but also the

Table 12.2 WTO inter-organization linkages

<i>Legal Provision</i>	<i>Partner</i>
<i>Primary Linkages</i>	
Article III (paragraph 5) Agreement Establishing the World Trade Organization	IMF/World Bank
Ministerial Declaration on the Contribution of the WTO to Achieving Greater Coherence in Global Economic Policymaking	IMF/World Bank
Ministerial Declaration on the Relationship of the WTO with the IMF	IMF
<i>Secondary Linkages</i>	
i. Specified Organizations	
Preamble to the Agreement on TRIPs	WIPO
ii. Unspecified Organizations	
Preamble to the Agreement on TRIPs	unspecified
Article V of the Agreement Establishing the WTO	unspecified
Article XXVI of the GATS	unspecified

General Agreement on Trade in Services (GATS), the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs), and the Agreement on Trade Related Investment Measures (TRIMs) (see Wilkinson 2000: ch. 3).

Throughout this legal framework and its accompanying documents are seven provisions which set the foundation for the development of formal co-operative relations with its counterparts. Again these linkages can be separated into primary and secondary orders.

With regard to the Organization's primary linkages, Article III of the Establishing Agreement makes explicit the functions of the WTO. Central to these functions is a commitment to the development of co-operative relations with the IMF and World Bank. This legal commitment is complemented by two Ministerial Declarations issued at the conclusion of the Uruguay Round specifically addressing the issue of global economic governance. In these declarations the WTO builds on its assertion that the task of constructing a system of global economic governance is essential, and that this must be done by consolidating linkages between itself, the IMF and World Bank. The Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking, for instance, clearly outlines the reasons behind the WTO's perception that the construction of a system of global economic governance is essential:

Successful cooperation in each area of economic policy contributes to progress in other areas...The interlinkages between the different aspects of economic policy require that the international institutions with responsibilities in each of these areas follow consistent and mutually supportive policies.

The World Trade Organization should therefore pursue and develop co-operation with the international organizations responsible for monetary and financial matters, while respecting the mandate, the confidentiality requirements and the necessary autonomy in decision-making procedures of each institution, and avoiding the imposition on governments of cross-conditionality or additional conditions. Ministers further invite the Director-General of the WTO to review with the Managing Director of the International Monetary Fund and the President of the World Bank, the implications of the WTO's responsibilities for its cooperation with the Bretton Woods institutions, as well as the forms such cooperation might take, with a view to achieving greater coherence in global economic policy-making.

(Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking 1995: Paragraphs 2, 3, 4 and 5)

Key to this system is the removal of cross-conditionality. This harmonizes the conditions under which members, and prospective members deal with each organization. Rather than having one particular set of procedures for dealing with each individual organization, dealings with the IMF, World Bank and WTO are to be unified. This is intended to make governments more aware of the conditions under which they have to operate; but it also has the effect of ensuring that a convergence of global economic policy occurs at the intergovernmental, and by extension national levels.

The Declaration on the Relationship of the World Trade Organization with the International Monetary Fund goes some way to determining more exactly the nature of the relationship between the IMF and the WTO. This Declaration specifies that the relationship between the GATT and the IMF, as specified by Article XV (exchange arrangements) of the GATT 1947, shall be continued, and that this relationship shall be extended to cover all of the Agreements administered by the WTO. The Declaration makes further provisions for the invitation of the Director-General of the WTO to review, in conjunction with the Managing-Director of the IMF, the implications of the organization's responsibilities for its co-operation with the IMF and the World Bank. Moreover, it furthers the relationship between the WTO and the IMF beyond a notional involvement in the areas of trade in goods and foreign exchange reserves to include a commitment to safeguard the rights and obligations of the members of the IMF when engaged in trade in services (GATS 1994: Article XI, Paragraph XI).

The WTO's secondary linkages

Like the ITO, the WTO's secondary linkages can be divided into two sub-categories: (i) those relating to the work of specific organizations; and (ii) those opening up channels for co-operation with other non-specified organizations

should the need arise. Furthermore, as with the ITO, the general pattern to these secondary linkages is one of co-operation with specific organizations in given issue areas in instances when the work of these organizations proves useful to that of the WTO.

The WTO's legal framework contains only one commitment to the establishment of linkages with a specified organization. The preamble to the TRIPs commits the WTO to the establishment of a 'mutually supportive relationship between [itself] and the World Intellectual Property Organization [WIPO]' (TRIPs 1994: Preamble, Paragraph 9). Throughout the TRIPs several provisions exist which serve to delineate this 'mutually supportive' relationship. For example, Article 5 of the TRIPs differentiates the Intellectual Property Agreements concluded under the auspices of the WIPO from that of the TRIPs. This it does by stating that, although the TRIPs requires that the Members of the WTO adhere to the provisions of four externally negotiated conventions, it is an agreement that seeks to internationalize the ownership of intellectual property in conjunction with the principles of most-favoured-nation and national treatment as a means of facilitating a further liberalization of the global economy. This is substantively different from the agreements negotiated under WIPO auspices which do not require such conditionality. Furthermore, Article 63 of the TRIPs makes provisions for co-operation with the WIPO in compiling a register of laws and regulations on intellectual property, as a means of (i) promoting transparency, and (ii) reducing the burden incurred by Member states in the pursuit of this transparency by aggregating resources (TRIPs, 1994: Article 63, Paragraph 2). What is clear, is that the WTO is not committed to wholesale collaboration with the WIPO. Most simply, it is committed to developing a 'mutually supportive' relationship with the WIPO in those instances where it is beneficial to do so as a means of consolidating WTO objectives.

WTO commitments in the second sub-category of secondary linkages can be found in the preamble to the TRIPs, Article V of the Establishing Agreement, and Article XXVI of the GATS. The preamble to the TRIPs, as well as dealing with co-operation with the WIPO, commits the WTO to the establishment of a 'mutually supportive relationship between [it] and...other relevant international organizations' (TRIPs 1994: Preamble, Paragraph 9). Here again, we can interpret the provisions of this commitment as simply giving the WTO a mandate to foster inter-organizational relations in instances where a convergence of interest occurs.

Similarly, Article V of the Establishing Agreement serves to establish legal space for co-operation between the WTO and other organizations in instances when those other organizations 'have responsibilities related to those of the WTO' (Establishing Agreement 1994: Article V, Paragraph 1). Paragraph 1 sets a precedent for co-operation with other intergovernmental bodies; while paragraph 2 enables the organization to co-operate with non-governmental organizations in matters related to the work of the WTO. Again, no substantive commitment is made to inter-organizational co-operation in Article V: it merely serves to create legal space for future co-operation should such a need arise.

The GATS is similarly vague in its commitment to fostering substantive co-operative relations with other organizations. Article XXVI commits the General Council of the WTO to the establishment of relations with the 'United Nations and its specialized agencies as well as with other intergovernmental organizations concerned with services'. Yet it fails to name those agencies or organizations with which the General Council might co-operate, and it is unspecific as to the nature of such co-operation other than to indicate that it must be in the field of services.

Beyond the founding agreements

The provisions contained in the legal agreements administered by the WTO do not constitute the sum total of inter-institutional commitments into which the organization has entered. Since its establishment, the organization has actively built upon these provisions in an effort to consolidate the system of global economic governance. This can be seen at both primary and secondary levels.

The commitments contained in Articles III and V of the Establishing Agreement and their accompanying Ministerial Declarations have been consolidated by the signing of co-operative agreements between the WTO and the IMF, and the WTO and the World Bank. On 9 December 1996 the IMF and the WTO signed a co-operation agreement focusing on three aspects of collaboration. First, the agreement provides the foundations for carrying forward the WTO's commitment to achieving 'greater coherence in global economic policy-making'. Second, it calls for the establishment of 'channels of communication' between the two Organizations to ensure that 'the rights and obligations of [the Members of the IMF and WTO] are integral to the thinking of each organization'. And third, it grants the WTO observer status in the IMF's Executive Board in instances when trade or trade-related issues are considered, and reciprocal status for the IMF in 'most WTO bodies' (IMF 1996; 1998: 186). More generally, the agreement focuses on the perceived indivisibility of the work of the two organizations, and reiterates the necessity of co-ordinating operations among the WTO, IMF and the World Bank.

On 28 April 1997 the WTO and the World Bank signed a comparable agreement. The specifics of this agreement are, to a large degree, similar to those contained in the agreement signed between the WTO and the IMF in that they focus on three aspects of collaboration. First, the agreement takes forward the WTO's ministerial commitment to achieving greater coherence in global economic policy making by making provisions for the exchange and consultation of views on matters of common interest. Second, it calls for the establishment of improved channels of communication and the exchange and sharing of information, as well as making provisions for the sharing of data, the undertaking of joint research projects and technical co-operation, and the exchange of 'reports and other documents' (WTO 1997). Third, it grants reciprocal observer status to the WTO and World Bank in the appropriate bodies of interest within each organization. And again the agreement specifies the need for the development of

substantive co-operative links as a necessary recognition of the indivisibility of the work of the two organizations.

On 3 October 1998 a joint statement was released by the heads of the IMF, World Bank and WTO committing the organizations to a further consolidation of the linkages embodied in the Uruguay Round Agreements and the subsequent co-operative agreements. The joint statement – essentially a response to fears that the economic crisis in East Asia would spread to Europe and North America via Russia and Brazil – reiterated the need for global economic governance among the organizations as well as an extension of the system, though no substantive moves were made (WTO 1998a; see Scholte *et al.* 1999; Williams and Ford 1999).

Similarly, the WTO has built upon its secondary issue-specific commitments. On 4 May 1998 the WTO signed a co-operation agreement with the Office International des Epizooties (The World Organization for Animal Health) on issues relating to the WTO's Agreement on Sanitary and Phytosanitary Measures (WTO 1998b); the WTO launched a joint venture with UNCTAD and the International Trade Centre (ITC) on 28 February 1998 (WTO 1998c); relations with the WIPO have been enhanced through the launching of a co-operative programme directed at 'helping' developing countries to meet intellectual property commitments by 2000 (WTO 1998d); a training programme has been launched with the Joint Vienna Institute (WTO 1998e); a channel of communication has been established with the United Nations Environmental Programme – an action that the WTO was keen to emphasize during the demonstrations that plagued the Organization's third Ministerial Meeting in Seattle in November/December 1999 (WTO 1999a); and in the aftermath of the WTO's May 1998 Geneva Ministerial Meeting, movements have been made to extend linkages to non-governmental organizations (WTO 1998f).

It would appear, then, that the system of global economic governance encapsulated in the WTO's legal framework consists of primary (substantive) co-operation with the IMF and World Bank, and secondary (issue area) co-operation with the WIPO and other congruent organizations. As such, the co-operative linkages embodied in the WTO's legal framework envisage a different system of governance than that intended by the ITO. The most striking difference between the Bretton Woods system as it was intended, and its realization is that the WTO does not make provisions for the incorporation of the ILO into the system of global economic governance. This formal omission, in turn, has ensured that labour lacks legal representation at the highest level.

Rhetorical linkages: the case of the ILO

This is not to say, however, that the ILO has been completely omitted from the operational activities of the WTO. Rather than committing itself to a formal legal linkage, the WTO has merely voiced its support for the work of the ILO – though this was not a voluntary declaration of support, rather a response to the

tension within the organization surrounding the trade-labour standards debate. The extent of the WTO's commitment to support the work of the ILO has simply taken the form of the issuing of a Declaration partially referring to the latter's work on labour standards and a side-stepping of the issue in favour of the development of channels of communication with non-governmental organizations.

During the WTO's first Ministerial Meeting in Singapore in December 1996, the organization addressed the much debated issue of trade and labour standards. This drew on a long history of the possibility of a linkage between labour issues and the regulation of international trade (Haworth and Hughes 1997a; Hughes and Wilkinson 1998; Wilkinson 1999a; Lee 1997; Langille 1997; Maskus 1997; OECD 1996; Fields 1995; Van Liemt 1989; Edgren 1979). Most succinctly, the WTO and its predecessor the GATT had been under prolonged pressure from a number of members as well as non-governmental organizations and trade unions to incorporate into its legal framework provisions requiring that the membership as a whole adhere to a core set of labour standards when engaged in the production of goods and services for trade. To date the WTO has managed to resist this pressure. In the Ministerial Declaration that was the outcome of the Singapore Ministerial Meeting, the WTO articulated its position on this issue (WTO 1996b: Paragraph 4). First, it stated that while the WTO acknowledges the need to adhere to a core set of labour standards, it perceives the ILO, rather than itself, to be the appropriate body to set, deal and administer these standards; second, the WTO perceives its contribution to the maintenance of core labour standards to be the facilitation of a greater degree of liberalization in the global economy – which it believes will naturally improve the position of labour – rather than the construction of a more formal relationship between itself and the ILO; and third, the WTO commits itself only to the continuance of its 'existing collaboration' with the ILO – though the substance of this collaboration remains unspecified.

In spite of the organization's attempts, the Singapore Ministerial Meeting failed to put a satisfactory end to the labour standards issue. Indeed, eighteen months later at the May 1998 Geneva Ministerial Meeting the issue was once again raised (Wilkinson 1999a: 177–81). Again, however, the organization refused to acknowledge anything other than a commitment to support the work of the ILO. In fact, the only concession that the WTO made was to issue a commitment to establishing channels of communication with civil society dealing broadly with 'social issues', of which labour representation was to form one part (Ruggiero 1998). These channels of communication, however, have failed to dampen the continuing pressure for the WTO to reconsider its stance on the labour standards issue. What became clear, was a reluctance on the part of the WTO to develop any kind of relationship with the ILO for fear that it would be perceived as a move towards a formal linkage between trade and labour standards.

The failure of both the Singapore and Geneva Ministerial Meetings to comprehensively resolve the trade-labour standards issue ensured that it was to

resurface as one of the many concerns of the protesters at the organization's third Ministerial Meeting in Seattle in late November/early December 1999 and provoked some discussion within the WTO. However, the discussion that did take place merely resulted in key players restating their already familiar positions, adding further to the increasing convergence within the organization as well as in other global forums around the Singapore ruling (Wilkinson and Hughes 2000). Indeed, the failure of the Seattle Ministerial Meeting to result in the launch of a new round of trade negotiations – the somewhat prematurely named 'Millennium Round' – put paid to a US/EU initiative calling for the establishment of a joint ILO/WTO forum to further explore this issue (see WTO 1999c).

The distance at which the ILO has been kept by the WTO is further compounded by its own response to trade–labour standards issue. Research into the perception of officials within the ILO towards proposals that the remit of the WTO be extended into the area of core labour standards has shown that such an approach was considered by some to sit uncomfortably with the organization's traditional emphasis on voluntarism and moral suasion in the pursuit of an adherence to labour standards (Haworth and Hughes 1997a: 189–93). Indeed, Haworth and Hughes suggest that this caution was one influence in the shift away from a sanctions-based labour standards regime – incorporating a formal, rules-based relationship with the WTO – towards the adoption of a new 'solemn and binding' Declaration on core labour standards. (Haworth and Hughes 1997a: 190; also ILO 1998a; Hansenne 1997).

More anecdotally, the reluctance of the two bodies to entwine themselves in any way surfaced in a speech given to the International Confederation of Free Trade Union (ICFTU) by WTO Director-General Mike Moore prior to the Seattle Ministerial Meeting of the WTO. He stated:

I have spoken to Juan Somavia [ILO Director-General] and assured him that I don't want his job. He assures me he doesn't want my job. This is, in part, because there is no difference between us on the vital importance of advancing labour jobs and growth – including growth through trade. The challenge is not for one organization to do the work of all, but for all organizations to work together in a more coherent way. Whether it's the ILO, UNICEF, WHO, the World Bank, IMF, or the WTO, we need cohesion in tackling these problems. No single Parliament or international institution can legislate away all the evils of our planet or the miseries often made worse by bad government. We can't have clean air in one country alone, or organize our fisheries or even run a tax system or an airline without co-operation of others. But, together we can 'inch up' workers' and families' conditions.

(WTO 1999b)

Moore's comments attempted to quash residual support within the international labour movement for a WTO examination of the issue of core labour

standards. And although he appears to suggest that co-operation among key global organizations is the appropriate way forward for a resolution of the tension that this debate has caused, on this reading at least, there is clear hesitancy at the suggestion that closer linkages ought to be developed between the two organizations – a hesitancy which serves to consolidate the ILO's omission from the system of global economic governance.

Conclusion

The completion of the Bretton Woods project, then, has resulted in the realization of a system of global economic governance markedly different from that envisaged by the wartime planners. Both of the inter-institutional frameworks embodied in the legal documents of the ITO and WTO envisaged a two-tier system of governance. Yet, whereas the ITO-centred system had as a central, albeit secondary, component a linkage with the ILO, the legal framework of the WTO has put into place the foundations of a system which omits such a linkage. The absence of a linkage between the ILO and the WTO-centred system does not, however, end there. The WTO, in conjunction with the IMF and World Bank, has set about increasing the coherence of this system of global economic governance by eroding cross-conditionality and drawing in useful like-minded institutions. Yet, the deepening of this system has occurred without the development of a relationship with the ILO. As a result, the complexion of contemporary global economic governance is such that a body does not exist at the heart of that system with the capacity to raise concerns about the social impact of economic liberalization. Rather, addressing the adverse effects of liberalization is left to representations made outside of the institutional core. But as the protesters at the Seattle Ministerial Meeting of the WTO demonstrated, external representations have yet to have much impact.

One short-term strategy for partially addressing the lack of representation in the contemporary system might be to direct energies towards developing a more inclusive role for the ILO. Yet this is not as straightforward as it might seem. We noted that one dimension of the exclusion of the ILO from the heartland of global economic governance has resulted from the tension surrounding the issue of a linkage between trade–labour standards. For its part, the WTO has been reluctant to develop a more intimate relationship with the ILO for fear that it would be perceived as a move towards a formal linkage between trade and labour standards. The ILO has been similarly reluctant, though for different reasons. For it, any move towards a more substantive form of co-operation with the WTO raises the possibility a shift away from its traditional emphasis on the use of moral suasion in the promotion of labour standards, towards a more punitive position. Moreover, the incorporation of the ILO into the heartland of global economic governance could compromise the autonomy of the organization – an autonomy which the organization went to great lengths to develop, and which contributed to the ILO's successful transplantation from one system of governance to another.

At one level, then, the ILO's lack of substantive inclusion in the WTO-centred system of global economic governance could be interpreted as broadly positive – enabling the organization to continue its work of monitoring global working conditions and seeking greater ratification of its conventions, while at the same time maintaining its autonomy and integrity. Yet, at another level, the peripheralization of the ILO comes at a cost. Whereas organized labour was guaranteed at least a modicum of political representation in the ITO-centred system, the ILO's omission from the contemporary system has ensured that labour is now without comparable representation in the heartland of global economic decision making.

13 The varied paths to minimum global labour standards

Robert O'Brien

Introduction

In the last two decades of the twentieth century, organized labour devoted considerable effort to inserting social clauses into the expanding web of regional and multilateral economic regulation in an attempt to create minimum global labour standards. This chapter assesses that effort. Its primary argument is that the drive for social clauses is a necessary, but very difficult element of advancing labour standards in an increasingly globalized economy.

The chapter begins by explaining why labour has decided to pursue the social clause option. It is motivated to do so because of the increasing globalization of production and it is given the opportunity by the efforts to institutionalize economic integration between states. The second section reviews attempts at creating social clauses at the regional and multilateral level. It examines the active, but relatively ineffectual, campaign by organized labour. The third section outlines the major obstacles to achieving effective social clauses. These obstacles include: the struggle against dominant ideology; sparse opportunities to exercise influence; and the chequered history of labour internationalism. The fourth section considers alternatives or complements to trade related social clauses. These include reinvigoration of the ILO, market based corporate codes of conduct, and holding MNCs responsible to home-country standards. Although union time and resources are a precious commodity, it is likely that all of the above avenues need to be explored because each option provides a partial solution to improving labour standards around the world.

Why social clauses?

'Social clause' is the name given to arrangements for minimum labour conditions that are included in regional or multilateral economic liberalization agreements. The key aspect of social clauses is that they set conditions for labour rights and carry a set of penalties or a form of arbitration to ensure that they are respected. Social clauses link workers rights to trade or market access concessions. In the United States, unions and some parts of the government have a long history of espousing social clauses while US business and other elements of

the state have resisted such initiatives (Leary 1996). As a result of this internal battle and external opposition, social clauses have not enjoyed a great deal of success. In recent years the most high-profile campaign for a social clause has been waged at the World Trade Organization. As proposed by the ICFTU, a WTO social clause would commit states to respect seven crucial ILO conventions (87, 98, 29, 105, 100, 111, 138) which provide for: freedom of association, the right to collective bargaining, abolition of forced labour, prevention of discrimination in employment and a minimum age for employment.

The question arises as to why organized labour has sought to have social causes implemented. A combination of motives and opportunity explains this activity. The motive is to respond to the globalization of capital and weakening of national regulation by rebuilding regulation at the international level. The opportunity is provided by the legislative changes that are required to formalize an institutional economic integration between states.

At the most general level, one can say that the drive for social clauses embedded in economic integration agreements is part of a self-defence of society against a neoliberal economic system which attempts to subject ever larger aspects of social life to market mechanisms. Examining the chaos of the early twentieth century, Karl Polanyi (1957) referred to this backlash against the dominance of the market as a double movement in the historical process. The first part of the movement was composed of people pushing for greater market dominance over social life, and the second, or double, part of the movement involved citizens attempting to reassert control over the market. Today, the ever-widening reach of international competition, the increase in jurisdiction of international economic and legal institutions, and the mobility of capital has led those groups most threatened and vulnerable to such activity to take steps to restrict their losses. Although lagging behind the initiatives of business, a number of groups are attempting to externalize national regulation in areas of most concern to themselves.

More specifically, organized labour has been concerned that the liberalization of national economies shifts the balance further in favour of capital over labour. Increased capital mobility makes the threat of divestment more credible and raises the spectre of corporations playing off workers and regulators in one country against workers in another country. It increases the structural power of capital (Gill and Law 1993). Workers can be forced into concession bargaining through the threat of divestment and states may feel compelled to engage in deregulation beauty contests for corporate investment.

The drive to further liberalize national economies provides the opportunity (however limited) for labour groups to insert a social clause into the liberalization mix. Liberalization requires a transnational regulatory structure to facilitate and mediate competition between private business. A set of rules for participants and a means for settling disputes is required for the smooth functioning of a freer market. The absence of such a structure would create uncertainty for investors and risk having commercial disputes deteriorate into national confrontations. Such confrontations would likely erect barriers to further liberalization and

might even reverse the process. Thus, even though the liberalization strategy is attacking national protective legislation there is still a requirement for a set of rules for market participants, state agencies and mechanisms for dispute settlement and enforcement if commercial activity is to flow more freely.

Although the regulatory system is international and supranational, it must be formalized in laws and thus requires the assent of state legislatures. The requirement for domestic legislator approval provides the opportunity for non-business groups to insert their concerns into the process. If labour and other social groups can obstruct or defeat liberalization proposals they have the opportunity to bargain for the insertion of social or environmental clauses into the regulatory framework. Social clauses contain commitments from states to follow particular standards and provide mechanisms for enforcement. It is the enforcement capability that unions seek because their experience with voluntary standards has been disappointing, to say the least.

Regional and multilateral experiences

Reviewing organized labour's experience with social clauses over the past twenty years two points are most obvious. Firstly, there is a wide variation in the content of social clauses. They range from being weak to non-existent. Secondly, the strongest clauses are associated with arrangements governing regional areas where organized labour is already relatively strong. Workers have been most successful in securing social provision in economic integration agreements in Western Europe, less successful in North America and enjoyed almost no success at the World Trade Organization.

In comparison with other areas of the world, regional integration and economic liberalization in Western Europe has always contained some element of social policy and support for workers. When the European Coal and Steel Community was created in the early 1950s, special arrangements were implemented allowing state assistance to the weaker industries of Belgium and Italy because of the weak state of their coal industries (Diebold 1959: 194–222.) The founding of the European Economic Community was greatly facilitated by a major act of social regulation known as the Common Agricultural Policy (CAP). While the CAP has been the source of considerable international controversy, it was the essential political deal providing social regulation which laid the foundation for extensive Western European liberalization under the EC umbrella.

The CAP would not be considered a social clause by most people engaged in today's WTO debate. However, it was a form of social regulation which restricted market forces in order that particular levels of production and prices could be achieved. It did not stipulate minimum labour standards, but it did provide room for labour that otherwise would have been undermined by market mechanisms. The CAP also contained centralized enforcement mechanisms. It may be that thinking about social regulation in a very broad sense will help us reconsider the methods by which minimum labour standards can be achieved.

Accompanying the drive to a single European market in the 1980s was an effort to build and regulate a 'social' Europe through the establishment of a set of social rights and a greater voice for labour in European decision-making (Wise and Gibb 1993). On the labour front, an attempt was made in 1985 to bring together the major social partners of labour, business and government through a social dialogue. The Val Duchesse talks proved of little value, as employers saw them primarily as a forum for discussion while the labour unions wanted the talks to influence Community policy. Although the plans for macro consultation have proved futile, some movement has occurred in the micro level with initiatives to encourage consultation and participation at the individual firm level through European Works Councils. With the election of a Labour government in the UK in May 1997, even Britain consented to the Charter of Fundamental Social Rights of Workers. Stevis's chapter in this volume discusses European struggles in more detail.

In North America, the Canada–United States Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) were successful in liberalizing economic activity on a continental basis, but unsuccessful in depoliticizing trade relations. The proposed continental regulatory frameworks which excluded issues such as labour standards, environmental controls and adjustment mechanisms, generated an intense political response. Broad-based social coalitions formed in Canada and the United States to campaign against the agreements.

The coincidence of approving NAFTA with an election year in the United States resulted in the attachment of labour and environmental side accords. The side accords were limited to providing a monitoring service to encourage each country to live up to existing labour and environmental legislation rather than creating strong continental standards. The labour side accord was particularly weak in that dispute settlement procedures were confined to areas of health and safety, child labour, minimum wage and technical labour standards (Robinson 1993: 37–46; Levinson 1993). Crucial issues such as the right to organize, the right to bargain collectively and the right to strike are reserved as guiding principles that the governments were only 'committed to promote' (*International Trade Reporter* 1993: 1555).

Whereas the labour-friendly content of economic integration at the regional levels has been relatively weak, it is even less salient at the multilateral level. Organized labour in the form of the International Confederation of Free Trade Unions (ICFTU), World Confederation of Labor (WCL) and national centres from many states have waged an active campaign to have a social clause inserted into the WTO (O'Brien *et al.* 2000: 67–108). Their goal was to marry the enforcement provisions of the WTO's dispute settlement mechanism to the ILO's Conventions on core labour standards (ICFTU 1996). The core standards would guarantee freedom of association, the right to collective bargaining, abolition of forced labour, prevention of discrimination in employment and a minimum age for employment. It was hoped the institutional power of the WTO which is now deployed to protect business interests in fields such as intellectual property rights could be harnessed to protect basic labour rights.

At the first WTO Ministerial Meeting in Singapore in December 1996, labour was unable to have a working group on the issue of labour standards created. It was forced to accept a statement in the Ministerial Declaration which acknowledged the importance of labour standards, and the primary role of the ILO. Some states interpreted this as the end of the labour issue at the WTO (UK, India, Singapore) while others thought it left room for further discussion (France and the United States). The third Ministerial Meeting in Seattle in December 1999 ended in failure to launch a new negotiating round. Developing countries objected to any further mention of the labour standards issue, while the US president insisted upon raising the subject during the negotiations. The chances of advancing labour standards at the WTO in the near future seem remote. Employers, many developing states and developed states with a neoliberal bent are firmly opposed. The commitment of strong states such as the United States is questionable if it entails forgoing commercial agreements in other areas.

Obstacles to social clauses

The proponents of social clauses face numerous obstacles. The most significant are: social clauses violate the ideology of selective regulation; powerful and well-resourced opponents; few opportunities to be insert clauses; and campaigns undermined by the spotty history of labour internationalism.

One major obstacle is that the notion of protecting social rights through some form of compulsory regulatory mechanism violates the spirit of the neoliberal economic regulatory vision. This vision can be termed 'selective regulation' (O'Brien 1998). Selective regulation refers to a process and a structure of regulation where activities deemed to be of liberal economic significance are governed by elaborate rules and enforcement mechanisms, while 'non-economic' concerns are either unregulated or regulated with weak or non-existent compliance mechanisms.

Regulation is implemented in the strictly 'economic' spheres and avoided in those that are 'political'. Economic regulation has to do with assisting in the free movement of capital, goods and services. Subjects outside this area are not 'economic' in that they may deal with social issues or be racked by political considerations. To take a slightly different view, those regulations which assist in freeing market forces and increasing competition between private enterprises are seen as being economic, while those that might pose restrictions upon market forces are viewed as political. For example, policies that free up competition and reduce subsidies will increase the competitiveness of markets by ensuring a level playing field for all firms and restricting the activity of government to particular narrow policy fields. In contrast, environmental or labour standards are viewed as hindering competition by reducing differences upon which comparative advantages are based.

Unions are experienced with advocating policies that go against the grain of liberal ideology. However, there are three particular aspects of this ideological

struggle around social clauses and international economic integration that are noteworthy. Firstly, the institutions are liberal and functional by design, they are not multi-purpose institutions tasked with integrating different values and interests, as governments are required to do. This makes it difficult for activists to advance the notion that values others than those the institutions were designed to serve should have a role. Secondly, because these agreements are between states, the community interest taken for granted at the national level cannot be assumed. The practice of national sovereignty and the painful history of imperialism retard universalistic programmes. Social clauses can be portrayed as exercising Northern state and/or worker imperialism. Thirdly, on a more positive note for labour, confronting the neoliberal economic integration agenda can have a radicalizing and transformative effect upon workers and citizens. For example, Rupert (1995b) has argued that the NAFTA debate in the USA caused unions and other social groups to work together, review their commitment to liberal 'common sense' and adopt a more critical stance to the corporate agenda.

A second major obstacle is that campaigns to implement social clauses face very powerful opponents from the business, political, academic and media elites. In the case of North American integration an effective coalition of state, business and economists was able to mobilize the resources for victory. In Canada, the government was supported by the financial and rhetorical resources of the Business Council on National Issues (Langille 1987). The Council represents the interests of Canada's largest companies (many US transnationals) and it spent an unprecedented amount of money influencing the Canadian FTA trade election. During the US NAFTA debate, President Clinton was able to draw upon the support of former Presidents, Nobel laureate economists and Fortune 500 business leaders in his bid to defeat the majority of his own party in the House of Representatives (Rupert 1995b). In Mexico a state elite and liberal economic technocracy effectively set and implemented the liberalization agenda.

Despite these impressive resources economic integration has not gone unchallenged. In the North American case, a majority of Canadians voted for anti-FTA political parties in the 1998 general election. However, their wishes were frustrated by the electoral system. In the United States the vote for NAFTA in the House of Representatives required a majority of Republicans to overturn Democratic Party opposition. At the December 1999 WTO meetings, street activists were able to contribute to the failure of an attempt to launch a new trade round. Resistance is possible, but the odds against success are great given the power resources of the other side.

A third obstacle is that there are few opportunities to implement social clauses. The same mechanism that opens up an opportunity for labour participation – the need for domestic legislative approval – also imposes high costs for failure. Proponents must seize particular moments such as the negotiation of economic integration agreements or the passage of trade legislation through national legislatures. They must achieve success when liberalizers are at their most vulnerable – at the time that they need legislative approval for their regulatory schemes.

A failure to secure recognition of a social clause at the appropriate moment is difficult to reverse because the creation of regional trade agreements or multilateral negotiating rounds are more similar to the creation of a constitution than the passage of national legislation (O'Brien 1999a). The rules created by such agreements are long-term, setting the framework for economic and social activity. States seeking to amend such agreements must embark upon a long and difficult battle to convince other states to renegotiate the agreement. Such agreement is unlikely since any renegotiation would threaten the domestic compromises that secured the initial agreement. In practical terms states must wait until there is a general effort to expand or revise the terms of the regulatory framework.

The locking in of a particularly liberal form of regulation has been termed 'new constitutionalism' by Stephen Gill (1992, 2000). It has two distinctive features. The first is that although it deals with economic issues, its implications also lie in the political field as it enshrines a particular form of restrictive liberal democracy. It attempts to institutionalize a classical liberal view of the role of government. As John Gray (1986: 79) explains: 'Common to all contemporary classical liberalism is the goal of a form of limited government under the rule of law in which...the central economic powers of government – powers of taxation, spending and the issuance of money – are subject to rules no less stringent than those which protect the basic personal liberties.' The ultimate goal is to constitutionalize economic policies that are, or were, the subject of political debate. The second feature is that the constitution-making takes place at a supra or international level, beyond the reach of large sections of the national polity.

The implications of the new constitutionalism for the labour movement are severe. Failure at mobilizing support and securing social clause content at crucial moments can have long-lasting effects. International economic agreements, unlike national legislation, cannot be revised with each new session of a national legislature. Once in place, they structure political economy relations for years to come.

A fourth set of obstacles is posed by the weakness of labour's internationalist history. Labour unions and civil society groups in developed and developing states are divided on the social clause issue. The main lines of division are between those groups who see social clauses as offering protection to workers in all countries and those that fear that social clauses will be used by Northern workers and states to attack developing countries. Many of the civil society opponents of social clauses are located in southern countries, especially amongst non-labour NGOs. However, some prominent southern labour organizations such as COSATU support social clauses. Northern unions tend to favour social clauses, but some Northern-based NGOs do not.

The debate among and between unions and NGOs rests on the potential coercion of developing states to respect labour standards. Groups that see themselves as opposing Western imperialism fear that linking trade sanctions to labour standards would only put another tool in the hands of developed states to use against developing countries. This has been the position articulated by the Third World Network which is a coalition of development and academic NGOs

from developing countries (TWN 1996). A similar fear of giving the WTO more coercive powers has led some Indian trade unions to propose that workers should push for a United Nations Labor Rights Convention and the establishment of National Labor Rights Commissions (ALU 1996).

As outlined in Dan Gallin's chapter, part of the problem lies in the fact that it will take time for unions and workers that have been on the receiving end of developed union's previous internationalist activity to become convinced that the leopard has changed its spots. As Robinson's chapter in this volume illustrates, sections of the labour movement in developed states such as Canada and the United States have come to a progressive internationalist strategy only recently. Initial labour response to neoliberal globalization was to erect national barriers and disregard the effects on workers in other countries.

Another part of the problem is that established unions in the developed world did not take enough time to listen to other members of the NGO community about their concerns over development issues. The ICFTU's early support of core labour standards was perceived to be self-interested and at the expense of other issues such as debt alleviation and unequal burdens for developing countries in GATT and the WTO. In response to this the ICFTU and unions in developed states have been broadening their critique of the WTO to take on a wider range of issues (O'Brien 2000b).

The attempt to have social regulation, including labour standards, internationalized has not come anywhere near the success that corporate groups have achieved in implementing liberal international and supranational economic regulation. Although innovations such as the European Works Councils and the NAFTA labour side accord can be used by workers' representatives, the opportunities to insert rigorous regulation of labour rights in interstate economic agreements are few and difficult to achieve.

Alternatives and complements to social clauses

The lack of success in advancing of social clauses encourages consideration of alternative strategies to accomplish similar goals. Social clauses are meant to provide a framework for workers to pursue their rights to safe, secure and rewarding work. The mechanism chosen is legal protection in interstate economic agreements. Unions are afraid that the increased mobility of capital will undermine their attempts to secure such rights. Social clauses are thus a mechanism to influence the behaviour of mobile capital. Is it possible to think of alternative or complementary methods of achieving the same goal?

Staying with the theme of international organizations, an alternative would be to strengthen the role of the International Labor Organization. The ILO has several advantages for labour groups seeking to improve working conditions around the world. Firstly, the ILO contains a vast expertise on labour issues. It publishes a large number of reports and engages in constant monitoring of labour issues. If an international organization is to deal with labour issues, this is the most knowledgeable and sympathetic institution in existence. ILO bureau-

crats are far more likely to take a favourable view of labour issues than WTO or IMF bureaucrats.

Secondly, labour has representatives involved in the decision-making process. Each national delegation to the International Labor Conference contains four delegates. Two represent the government, one represents the country's employers and one represents the country's workers. All four delegates may vote and they can take different positions. Workers or employers (depending upon national controls) may vote against their government's delegates. A mixture of government, employer and worker delegate support is usually required to adopt new measures. It is the only multilateral organization to have such a tripartite structure. This gives unions unique influence.

Thirdly, the ILO is capable of change. In reaction to the labour standards debate at the WTO the ILO adopted a new Declaration on core labour standards in its Conference in June 1998 (ILO 1998a). Officially the declaration was titled the 'Declaration on Fundamental Principles and Rights at Work'. It bound all of its members to respect the seven core labour standards and provided for a follow-up mechanism which would highlight abuses. By virtue of their membership of the ILO the Declaration covers countries whether or not they have ratified the relevant Conventions. The follow-up mechanism provides for the compilation of a global report which will cover one of the four categories of rights (freedom of association and collective bargaining, forced labour, child labour, discrimination in employment) each year (ILO 1998b). The report will then be reviewed by the ILO Conference. In addition, the follow-up mechanism provides for annual monitoring of the status of ratification of the core labour standards conventions. The Declaration was greeted with approval in official trade union circles (ICFTU 1998).

Relying upon the ILO has a number of disadvantages, however. Firstly, although the ILO is undergoing change, its influence is limited to persuasion rather than coercion. Unlike the Bretton Woods Institutions and the WTO whose rule-creating and rule-supervisory decisions have important immediate consequences for states and peoples around the world, the ILO (similar to United Nations Conference on Trade and Development) must rely upon moral suasion and argument (Cox and Jacobson 1973: 423–36). As illustrated in Wilkinson's chapter, the ILO has not been integrated into the core institutions of the global economy and is relegated to a subordinate role.

A second problem with a strategy of strengthening the ILO is that it is difficult to foresee under what circumstances it might gain the power to play a more formidable role. The ILO was founded in the wake of the collapse of the nineteenth-century order following the First World War and elite fear of communist revolution. Failing such systemic chaos, there appears to be no lever to force change. In the case of economic integration agreements such as the WTO, labour can hold the liberalization process hostage to concessions on labour issues. However, the same governments cannot be pressured to make changes to the ILO, because the ILO does not advance a project that they deem necessary to further economic expansion.

Two alternatives that have nothing to do with international economic organizations spring to mind. The first is to influence corporate behaviour through campaigns for corporate codes of conduct, and the second alternative is to hold multinational corporations responsible in their home states for violating basic rights in host states. Both strategies aim at influencing corporate rather than foreign state behaviour. They avoid the problems involved with punishing developing states for labour rights abuses.

One response to the absence of state regulation has been a proliferation of corporate codes of conduct designed to address the issue of labour exploitation (O'Brien 1999b). Codes have been implemented at the level of individual firm (e.g. Levi Strauss), sector wide (Apparel Industry Partnership), and across several sectors (SA8000). Civil society groups, including unions, have responded to the absence of supportive government regulation on labour issues by taking direct action against offending corporations through publicity campaigns and boycotts. Drawing upon the experiences of environmental groups in targeting polluters and the anti-apartheid movement attacking investment in South Africa, a wide spectrum of NGOs and trade unions have tried to influence corporate activity directly by insisting upon codes of conduct that would protect labour rights and curb human rights abuses.

A number of different forms of code related activity have taken place. In Great Britain, the government has played a key role in advancing the debate around corporate responsibility by supporting the Ethical Trading Initiative (ETI). The ETI is a forum bringing together trade unions, corporations and NGOs interested in improving the design and implementation of codes of conduct and ethical trading. Its goal is to increase understanding and knowledge about codes and their implementation. The ETI is designed to support civil society initiatives by hosting seminars and public meetings, as well as conducting research and publicity campaigns. In the United States the Apparel Industry Partnership (AIP) was created in response to the public outcry over sweatshop labour in the United States and in US factories outside of the United States (i.e. factories sewing for the Kathie Lee Gifford Label in Honduras). It originated from a White House Task Force initiated by US President Bill Clinton and Secretary of Labor Robert Reich in 1996. After two years the task force produced an agreement between the corporate representatives and some of the NGOs to create a Fair Labor Association (FLA). The FLA agreed a code of conduct for the industry that would determine whether clothes had been produced under fair conditions.

Another initiative has been the creation of SA (social accountability) 8000, which is an auditable standard for social accountability of corporations. It contains many of the elements considered essential by trade unions and NGOs such as: prohibition against child labour and forced labour; prohibition of mental, physical and verbal abuse; provision for health and safety regulations, guarantees for freedom of association; protection against discrimination; limited working week; a living wage; and management responsibility for documenting and implementing the code. Companies wishing to be SA8000 compliant can be

audited by a number of independent certification companies in the same way that they might be audited for quality control (ISO 9000). This professionalizes codes of conduct by ensuring the monitoring is conducted by firms dedicated to the task and knowledgeable about the process. While some see this as an improvement because it sets up an independent process, others criticize SA8000 because it concentrates social responsibility compliance in the hands of another corporate entity. It is also possible that trade unions can be excluded from the monitoring process.

The Secretary General's office of the United Nations has also been involved in the social standard debate. In 2000 the Secretary General Kofi Annan proposed a 'Global Compact' between the UN and the world business community (www.unglobalcompact.org). He urged business to support a set of core values in labour standards, human rights and environmental practice to preempt criticism of globalization and open markets. Fearing social backlash, the Secretary-General sought ways to 'give a human face to the global market'. Although the social compact is one more initiative to improve labour standards it has come under severe criticism as an attempt to 'bluewash' corporate labour rights abuses (see www.corpwatch.org.)

Although the proliferation of codes implies a growing concern with labour standards issues, there are several problems in the field. One problem area is a dispute over the content of codes of conduct. In some cases, codes have been designed as public relations exercises, meant to persuade the public, but to have little practical effects. In other cases there is disagreement about the breadth that should be covered by a particular code. The more controversial sections are those guaranteeing freedom of association and collective bargaining or a living wage. Some corporations object that trade union rights are a political matter and some NGOs advocating better treatment of workers do not recognize the significance of trade union rights for furthering human rights in the workplace. The most highly visible example of such a dispute was the AIP which was backed by some NGOs, but opposed by trade unions and other NGOs. Many trade unions oppose the AIP and FLA because the code of conduct does not commit companies to paying a living wage, does not encourage companies to support the right to organize and bargain collectively and allows companies to nominate the plants to be inspected for violations.

Even when the content of codes can garner widespread support, there is a key problem of implementation and compliance. Who should be responsible for monitoring and reporting upon the codes? Objections have been raised to systems which allow corporations to use their existing accounting firms to conduct audits. Trade unions are uneasy about NGOs having an auditing role. As mentioned above, one response has been the creation of SA8000.

In general, trade unions have supported the drive for codes of conduct, but have been wary that they might allow firms to avoid dealing with workers' representatives and that weak corporate codes of conduct will be pursued instead of national and international legislation (Kearney 1999). There is a fear that codes may be used by corporations as an excuse for not recognizing a union. Some

codes do not contain clauses which would recognize the rights of employees to freely organize and bargain collectively. A corporation may point to the existence of its unionless ethical code and claim that its moral and legal responsibilities are fulfilled. Now that they have a code to keep consumer pressure at bay they can do without a union. Workers voices and interests can be bypassed if the dialogue about corporate practice is confined to managers and outside groups with little connection to the workers in the factories.

An additional problem with codes of conduct is that they are likely to be limited to a particular type of firm. Firms vulnerable to codes of conduct pressure are those that rely upon brand name recognition for sales. They adopt codes to protect their brand image. Firms that compete on the basis of price rather than brand are unlikely to be affected by the codes campaign. Market leaders may be influenced, but the many other firms in the market place or in particular industries will not be affected.

If there are objections to a system which enforces workers rights by having one state take action against another state because of fears of unequal power, and there is objection to civil society action against corporations because of the need for state regulation, is there another approach? One that might answer some of the problems would be to hold MNCs responsible in home countries for their actions in host countries. A US or European company operating in other states would be required to treat its employees to the same rights and privileges as it does employees in their home state. Examples would include the right to collective bargaining and freedom of association. They could also be required to have similar standards of their contractors. Violation of such standards would result in prosecution in the home state.

Is there a precedent for holding nationals responsible for violating the equivalent of domestic legislation in foreign countries? Although MNC managers may not be flattered with the comparison, the best example of such action is legislation enacted in over twenty states which hold paedophiles responsible for sexual crimes against children committed in foreign countries. The aim is to prosecute national citizens making use of the child sex tourist industry. For example, a Briton engaged in sexual activity with a child in another country could be prosecuted in the United Kingdom. In some cases corporate entities such as tour companies can also be held criminally responsible if they facilitate or promote the child sex industry.

States have only recently put emphasis on such extraterritorial legislation and it faces a number of difficulties (ITCR 1998). Prosecutions are rare because of the difficulty in accumulating evidence, varying definitions of concepts such as 'child' and 'exploitation' and varying national legal procedures. Nevertheless, the principle that nationals and corporations can be held responsible for their actions abroad is being developed. Perhaps the same protections could be afforded to core labour standards in the operation of MNCs in other countries.

In the past several years the number and types of cases targeting MNCs in their home countries for actions carried out abroad has been increasing. Results vary by case and according to legislation in the home country. Two examples

serve to highlight this trend. In July 2000, the British Law Lords ruled that a UK mining company (Cape plc) could be sued in English courts for the personal injury that their asbestos mining operation caused to South African miners. They ruled that because there was little legal aid or expertise in personal injury in South Africa, the claimants could only enjoy a fair trial in the UK (Pallister 2000). This opens the door for further cases against UK MNCs by people that do not have the financial resources or legal expertise in their own countries. In the United States in September 2000 a Los Angeles judge ruled against human rights activists that wanted to hold Union Oil of California responsible for slave labour the Burmese government marshalled to build a pipeline for the company. The judge ruled that although the company may have been aware of the use of forced labour, it could not be held responsible because it did not actively conspire with the Burmese government (Lobe 2000). The case is under appeal, but shows the difficulty that such extraterritorial prosecutions face.

Although it holds some promise, there are three major problems with this approach. The first concerns the issue of extraterritoriality, the second concerns the scope of companies that would be exempt from such action, and the third concerns the political difficulties of having such a programme implemented.

The problem of extraterritoriality is posed when companies are required to obey domestic legislation when operating in foreign countries. Rather than having a negotiated set of standards, there is the unilateral application of one country's standards. Examples of such activity are the United States' bans on US firms doing business in Iran or Cuba. A set of peculiarly US interests prescribe certain types of behaviour that might actually benefit the states in question. A method around this problem would be to have only behaviour contravening the core labour standards of the ILO Declaration banned. It might be possible to have unilateral action based upon agreed international standards.

A second shortcoming of this strategy is that it would leave many firms exempt. For example, if the United States and the European Union took such steps, but Japan and the Asian NICs did not, there would still be exports from Asian MNCs entering the American market which did not adhere to the desired standards. Similarly, control of home MNCs does not deal with the problem of national, rather than multinational, firms which export into other markets. In other words, national regulation could only ever hope to be partial and incomplete. The industries thus regulated would obviously object to such regulation as being discriminatory because it would not apply universally.

This leads to the third shortcoming, which is the difficulty of having such legislation implemented. In many states, unions have been losing ground as legislative protection has gradually been removed. MNCs could be expected to mount ferocious opposition to such legislation. What makes such an initiative any more plausible than legislation bolstering trade union rights? There may be a possibility that a labour-plus coalition involving development and human rights groups could push for such legislation.

Conclusion

There are, of course, no simple solutions to enhancing labour rights in a globalizing economy, especially when globalization is predicated upon selective neoliberal regulation. This chapter has suggested that whatever method is used to strengthen labour rights, there will be difficulties, shortcomings and omissions. The attempt to pursue international social legislation through social clauses in economic integration agreements faces immense obstacles. The concerted opposition of business and state elites combined with fears of economic coercion in many developing countries makes the development of enforceable regulation very difficult. Reform of the ILO is helpful, but limited by the advocacy only role of the institution. Market-based codes of conduct hold out some promise, but are confined to industries that depend upon having clean brands and they lack enforcement measures. The domestic regulation of MNC activity in foreign lands may curb some activity, but would be difficult to achieve and would exclude many firms.

It is possible to interpret the struggle for minimum or core labour standards in a more positive light. The explosion of activity on labour issues in a multitude of arenas may be capable of creating synergy for labour standards advocates. For example, the WTO core labour standards campaign led to innovation at the ILO in the form of a new Declaration. The proliferation of corporate codes may force multinational corporations and export-oriented states to seek standardization through negotiation with civil society or international organizations. Civil society pressure on industry leaders could result in those companies pressing for universal standards to level the playing field with other corporations. The sum of this activity might, in turn, lead to a stronger constituency in favour of enforceable labour standards.

The conclusion is that there is no single strategy to deal with protecting labour rights in a global economy. Interstate, state and market based strategies must be pursued simultaneously. Not only is it unclear in advance which ones will enjoy the most success, but no single strategy is likely to be comprehensive in scope. For unions pressed in time and resources a multi-front battle is the last strategy they would wish to pursue. Unfortunately, in a system of global governance that is characterized by decentralization and fragmentation, such a strategy may be the only viable one.

14 Labour as a global social force

Past divisions and new tasks

Dan Gallin

Organized labour exists, nationally and internationally, and it may even be considered as a global social force. But the gap between the reality of its organization and strength and its potential remains immense. This chapter attempts to consider the current situation, what has made it as it is, why it is not what is needed and what must be done to move forward and realize organized labour's real potential.

History

To understand the present situation a flashback is needed to the point where it originated, to the end of the last war, when the organized labour movement reconstituted itself in formerly Nazi-occupied Europe and in Japan.

Superficially, the conditions of its re-emergence looked promising. Organized business was politically in a weak position. It carried the guilt of having supported fascism, first in Italy, Germany and Austria, then in all of occupied Europe, with a few honorable exceptions. The political mood of the time was therefore anticapitalist. In France, there were punitive nationalizations. The German Christian Democrats, at their first congress (Aalen), adopted what amounted to a socialist programme. The USSR, at the peak of its prestige and with half of Europe under its control, may not have been socialist but it was in any event anti-capitalist. In Japan, organized business had supported the military dictatorship and the war, and the occupation authorities, as in Germany, tried to dismantle the cartels. In the USA, the dominant power of the postwar world, the government was still New Deal Democrat and pro-labour, and in the UK Attlee led a reforming Labour government.

Whatever else fascism may have been, it was certainly a gigantic union-busting exercise, and the unions, allied to the re-emerging Left, were riding the crest of the Allied victory, whereas business, at any rate in Europe and Japan, had lost the war. Therefore trade union rights, in their most extensive form, were taken for granted and incorporated in all post-war legislation.

But the labour movement that re-emerged under these conditions was not the pre-war labour movement. It had been bled of its leadership: at least two political generations (more in Spain and Portugal, where fascism survived until the

1970s) had disappeared in concentration camps and in the war, or in exile, with few returning. The survivors were quickly exhausted and their successors lacked their training, experience and political vision.

In Eastern Europe, where (with the exception of Czechoslovakia) the trade union movement was never strong in the first place, the social democratic, socialist and dissident communist cadres who survived the war quickly disappeared in the jails and labour camps of the KGB. Trade unions were forcibly dissolved and replaced by repressive state institutions of labour administration by the same name.

In Japan, two types of unions emerged under American occupation: the successor organizations of the 'patriotic' labour organizations of the dictatorship, in general enterprise-based and management controlled, and genuine unions (often also enterprise-based) led by socialists and communists coming out of jail.

Social reconstruction, financed in large part by the USA (in Europe through the Marshall plan), therefore took place on the ideological base of social partnership, meaning roughly a trade-off between social peace and the recognition of labour rights, as well as the consent of business to participate politically and financially (through taxes) in building an egalitarian welfare state. Once the opposition (the communist unions in France and Italy and, marginally, the radical Left) had been disarmed, this was the pattern that would prevail for the next thirty years.

This social reconstruction, however, also took place in the context of the Cold War, which did enormous damage to the labour movement. I do not believe that the Cold War was the only or even the principal reason for the split in 1947 in the international trade union movement (in particular in the World Federation of Trade Unions (WFTU) which emerged at the end of the war). The radical opposition between the democratic socialist and communist social and political objectives, which became irreconcilable after the mid-1920s and the emergence of Stalinism, with the object lesson of the on-going repression against socialist trade unionists and any other independent trade unionists in the countries under the control of the USSR, would have sufficed to split the movement. Of course, as is well documented, the CIA also was involved where it could, but this is not to accept the police theory of history according to which conspiracies, rather than the movement of social forces, have a decisive impact on major historical events.

It remains nonetheless that for the next forty years or more, the political life of the labour movement was dominated by an absurd debate: whether capitalism (partially managed by social-democracy) or communism (in its Stalinist form) was best suited to workers' interests. In any event, the huge propaganda machinery mobilized to line up the labour movement on one side or the other of the vertical line of cleavage separating the two blocs largely succeeded in concealing the much more important horizontal line of cleavage separating classes within both blocs.

In the 'West', the sectarian and paranoiac anti-communist crusade of parts of the trade union leadership (in the USA, mostly former Leninists who seemed to have forgotten everything except the method) damaged the socialist and inde-

pendent unions more than those under Stalinist control, which they actually managed to consolidate in some cases (the Mediterranean ports are a good example). The 'Eastern' machine (propaganda, money, organization and, in isolated instances, terror) at the same time sought to establish a Stalinist monopoly on all radical opposition to capitalism.

One of the results of this 'debate', and we need to come back to this, has been to convince the present emerging/reconstructed labour movement in Eastern Europe and in the successor states of the USSR to embrace capitalism while ignoring any form of democratic socialism.

The end of the Cold War coincided, broadly speaking, with the end of the post-war economic boom. Mass unemployment started appearing in the industrialized countries with the first 'oil shock' of 1974; the Berlin Wall fell in 1989 and the USSR was dissolved in 1991. In that decade, between the late 1970s and the late 1980s, the labour movement in the industrialized countries was not in a healthy state. It had a diluted and trivialized ideological and political heritage, its priorities were distorted through the Cold War and the still powerful trade union organizations had blinkered and politically ignorant leadership (with some exceptions, as always). This leadership was geared to administering gains of earlier struggles rather than to organizing and engaging in new struggles, generally unquestioning in their acceptance of the ideology of social partnership and bereft of political imagination while the rank and file had been educated to bureaucratic routine and to passivity.

In what used to be called the Third World, the situation was not much better. As a rule (and here too there are exceptions) the unions were closely linked to anti-colonial and democratic people's movements. When these movements became government parties and generated a new political establishment no longer either popular or democratic, the trade union movement in most cases fell under the control of the government or, if it resisted, faced repression. The competition between the two camps of the Cold War, each trying to buy loyalty, created widespread corruption and a culture of dependency.

It would have taken a miracle for the international trade union movement to rise above the weaknesses of its members. Its present state reflects the losses inflicted upon it throughout the twentieth century. The remarkable fact is that it exists at all: it has survived two world wars and totalitarian systems with a destructive capacity without precedent in modern history. The reason is simple: as long as there will be workers, there will be unions and there will be a labour movement.

Inventory

In its present form, the international trade union movement comprises three types of organization that matter: the International Confederation of Free Trade Unions (ICFTU), the European Trade Union Confederation (ETUC) and the International Trade Secretariats (ITS), or international trade union federations by industrial sector.

The rest is marginal. The World Federation of Trade Unions (WFTU) continues to exist at a greatly reduced level as an alliance of Middle Eastern dictators with the remnants of the Russian *kolkhoze* bureaucracy. It retains two representative centres in Latin America (Bolivia and Peru) and in Asia (India), although their commitment at this point is largely symbolic. The rest of its membership is splinters and minorities. The World Confederation of Labour (WCL) (ex-Christian) is a small organization of a political tendency, with only one national organization representative in its own country (the Belgian CSC). Independent regional organizations like OATUU (Africa) and ICATU (Arab countries) are government dominated and thoroughly corrupt, therefore useless for trade union purposes.

The ICFTU has a fundamental structural problem which is also a political problem: it is a confederation of national trade union centres, which means that its governing bodies are composed of representatives of organizations accustomed to think and act within the confines of the nation-state, with a vested interest in believing (or pretending) that the problems of their members can be solved within those confines. Moreover, this generation of leaders (and their expert staff) has been largely shaped by the social partnership ideology and the Cold War. The combination of these factors makes it difficult for them to understand what is happening to them and to their members in the context of globalization (the rise of transnational corporate capital, the decline of the state as a machinery to deliver social consensus, the global labour market where repression is a competitive advantage).

This may change as the bad news gets around: the American labour movement, for example, threatened in its substance by the assaults of the militant Right, has reacted by becoming more radical, which has led it to new insights both domestically and internationally. This, however, is only a beginning, affecting principally the top leadership which has to contend with internal opposition and the inertia of organizations and, in any event, we need more than one 'new AFL-CIO'. The AFL-CIO is not the only national centre that needs a thorough renewal.

The ICFTU today is a paradox. Since the collapse of the Soviet bloc it has been joined by a great majority of the formerly non-aligned centres and of the centres which have arisen in Central and Eastern Europe and the successor states of the former USSR, including also Mongolia. It now has 206 affiliated organizations with a total membership of 125 million, and is by far the most representative international trade union organization that has ever existed. Formally speaking, the international trade union movement has never before in history been as united as it is now.

But, contrary to what has been often assumed, the main problem of the international trade union movement has never been its division, but the political weakness of its mainstream. That problem not only remains unresolved but is even more starkly revealed in the cold light of globalization. Anti-communism (without a positive alternative content other than social democratically managed capitalism) is dead as a substitute ideology. 'Social partnership' is revealed as a

fiction as transnational corporate power and the governments at its service have become more aggressive, notwithstanding the soul-searching at the annual meeting in Davos, Switzerland. Social democracy has interiorized neoliberalism and treats unions as just another 'pressure group' among several.

So the ICFTU drifts along without an ideology, without a policy and without a programme. To reinvent itself, it would have to remember that it is, in effect, the organization of the world working class, and therefore has a mandate and a responsibility: to propose a world economy and a world society – a 'new world order' – based on the needs of its constituency, which is actually much larger than its membership. There is no indication so far that this is about to happen.

Useful work is being done in the ICFTU on issues where a majority consensus within the trade union movement is achievable at a relatively low political cost, such as the defence of human and democratic rights, or equality between men and women. The blockage happens at the level of macroeconomics and political thought and action, where the main effort appears to focus on trying to convince the World Bank, the IMF and the WTO to subscribe to Keynesian economics and to social corporatism.

The ETUC has the same problem at the level of its governing bodies (contrary to the ICFTU where national centres, and not ITSs, are members, the European Industrial Federations (EIFs) are an integral part of the ETUC, but as it is a highly centralized organization their political weight is insignificant compared to that of the national centres). In addition, it has another problem which is its dependency on the Commission of the European Union, which pays 70 per cent of its budget. Thus, the EU provides the ETUC with its legitimacy and its funding, but at the same time sets its limits. The ETUC should therefore be seen as a trade union lobby within the EU and for the purpose of 'social dialogue' with European employers' organizations. Although unions and other workers' organizations (such as unemployed workers' movements) have begun to act together at European level, these initiatives do not originate with the ETUC which keeps getting caught in the position of having to race to the front of the procession to appear to lead it.

At the same time, the existence of the ETUC means that the ICFTU has no European regional organization. When the ETUC was formed in 1973, it was on the basis of uniting in a single organization the European affiliates of the ICFTU (the large majority) and the European affiliates of the WCL, and this meant the dissolution of the existing European Regional Organization of the ICFTU (the WCL had none). Thus a 'Europeanist' ideology, generously funded by the EU, prevailed over trade union internationalism. This conflict remains unresolved and although all sides avoid open clashes it keeps simmering and surfaces on a variety of issues, including in discussions on the status of other ICFTU regional organizations and also in the ITSs, where the European structures are integrated in the international structure in some cases and entirely separate and independent in others.

Clearly, an effective trade union response to globalization would be strengthened by the integration of the ETUC into the ICFTU as a regional organization

for Europe, not least because it would remove the burden of divided loyalties from the European national centres and help change their agenda. But there the WCL members have been a blocking minority, so that the integration of the ETUC into the ICFTU now largely depends on the merger of the ICFTU with the WCL. This, in turn, depends on a decision of the Belgian CSC, a decision over which it has been agonizing for years.

Meanwhile, the most significant and potentially most positive development in Europe has been the adoption by the EU in 1994 of the directive (draft legislation to be implemented in each EU country) on European Works Councils (EWCs). This requires most transnational corporations operating in Europe to institute a body composed of elected representatives from each of their enterprises in the different EU countries with whom they must meet at least once a year for purposes of 'information and consultation'. Several hundred (out of a potential 2,000 or so) such EWCs have been instituted so far. Two issues have emerged here: the trade union issue and the geographical issue.

The trade union issue arises because the EWC directive is a much diluted version of the original draft of 1980 which would have given trade unions statutory representation rights. In its final and present form it does not mention trade unions at all, so that unions (in particular the ITSs where they have responsibility for the European structures of their sector) have had to fight to nail down the right of union officials to be part of the EWC and to ensure that the lay members should be union members themselves. Where this has not succeeded, sometimes because the trade union EIFs which negotiated the agreement were more concerned with the quantity of agreements signed rather than their quality, EWCs remain vulnerable to management manipulation or become outright management-dominated fakes.

The geographical issue arises because the works council directive formally only applies to EU countries, but leaves agreement on the actual coverage of the council to the social counterparts. Most companies seek to limit the EWCs to the EU only (thus leaving out their enterprises in Norway and Switzerland, but also in Central and Eastern Europe), whereas the union interest is of course to secure the maximum coverage, ideally of every single operation of the company regardless of country. Thus some EWCs are confined to the EU, some cover all of geographical Europe and at least three are worldwide in coverage. Unsurprisingly, it is the ITSs who have fought hardest for the maximum coverage, whereas some European unions have bought into the 'Europeanist' agenda and obediently restricted themselves to the letter of the directive.

The International Trade Secretariats (ITSs) are clearly the most effective international trade union organizations existing at this time, even though they also have their own limitations. One of them is the fact that they, like every other international organizations, are made up of national members who think and act in national terms, even though there often is among these national unions a significantly sharper perception of internationalism because they are confronted daily with the consequences of globalization and are, in many cases, directly confronted with transnational corporations.

Another problem is the weakness of the ITS central structures (typically the secretariat staff will include 15 to 50 persons, less in the case of the smaller ITSs). This is due to their financial limitations: the bulk of ITS income is from dues, a varying but generally small part from project administration. Some ITSs have tried to overcome these constraints through decentralization (autonomous regional organizations, member unions taking over some international tasks), or through merger (in recent years, between two education internationals, chemicals and mining, food and agriculture and, coming up, a four-way merger in commerce, postal and telecommunication services, media and graphical workers).

The main limitation of the ITSs in a broader sense is that they hardly ever coordinate, hardly communicate and rarely cooperate even in smaller groups of two or three. As a group, their general secretaries meet formally only twice a year for one or two days at a time, and informally maybe on one other occasion, when they attend the annual ICFTU Executive Board as observers. This lack of coordination is in part due to the fact that the ICFTU, with the help of some of its national affiliates, has systematically prevented such coordination whenever it began to develop because it felt threatened by it. Another reason is that all ITSs are overextended; in other words they are all too busy fighting off the crocodiles to attend to draining the swamp.

I believe that many of these problems could be solved if the ITSs joined the ICFTU – as members, not as departments, with the same rights and responsibilities as its present members, the national centres. It would put an end to ICFTU/ITS turf battles and the ICFTU would no longer be able to divide the ITSs because they would be in it; cooperating among each other and with the leading national centres would be easier because they would be acting within the same organizational framework; their priorities would redirect the agenda and the resources of the ICFTU in a more practical and effective direction. These ideas are not new: Edo Fimmen, then general secretary of the International Transport Workers' Federation, made the same proposal for much the same reasons as early as 1924. For the historical reasons described above, it did not happen. At this time, neither the ICFTU nor the ITSs are ready for it, but the issue remains open and will have to be revisited as transnational corporate power continues to challenge the international trade union movement in its reasons for existence.

It is sometimes argued that the capacity for innovation and militancy of ITSs is limited because the secretariats cannot go much beyond the policies of their largest affiliates (in the same way that the speed of the convoy is determined by its slowest ship, particularly if it is a very large ship). In actual fact, the secretariats have a stronger mandate to act in the general interest than is sometimes supposed. On industrial issues, they can almost always build a consensus around militant action; although on political issues it can be more difficult. All of this depends in addition on variables, such as the organizational culture of each ITS and its sense of identity, the structure of the industry and of the unions it covers.

In any event, it is the ITSs who conducted the only effective international actions in the postwar period, such as the flag of convenience campaign of the ITF, a model of its kind, the actions of the IUF (food and allied) to defend trade union rights, and even the existence of trade unions in Peru (Nestlé) and Guatemala (Coca-Cola) or to force transnational corporations to withdraw from Burma (Heineken, Carlsberg, Pepsico). ITSs have also concluded the first international agreements with transnational corporations (IUF with Danone, Accor, Nestlé, among others, IFBWW with IKEA, ICEM with Statoil, etc.). In general, ITS activities have become markedly more professional and sophisticated.

To round out this description of the international trade union movement, it should be mentioned that the bilateral activities of a number of national centres and of some of the larger unions play a huge role in it, sometimes in support of the international structures described above, sometimes at odds and in competition with these structures. These activities are in general related to education and trade union development programmes in Africa, Asia and Latin America and, since 1989, in Eastern and Central Europe. The major players are the national centres of the Nordic Countries, the Netherlands, Germany (mostly through the extensive network of the Friedrich Ebert Stiftung, a funding organization involved with trade unions and social democracy throughout the world), the United States, Britain, Australia and Canada (the latter three partly through the Commonwealth Trade Union Council), France, Italy and Spain (through specialized institutions created for that purpose). Some of the larger unions like TGWU and UNISON in Britain, SiD in Denmark, CAW, CUPE and USW in Canada have also played an important role in specific situations.

The history of these bilateral policies and activities is fascinating and complex, but it is not possible to examine the detail in such a chapter as this. The danger is always that assistance programmes are driven by the political needs of the donors rather than the real needs of the recipients and, depending what these political needs are, the results can be highly damaging.

The cooperation of the AFL-CIO, its international department and its 'free labor' institutes with the American government throughout the Cold War period has already been mentioned and is well documented, as are parallel and related activities of the British TUC. One of the most positive results of the leadership change of the AFL-CIO in 1995 has been the restructuring and redirection of its international activities.

But the problem goes deeper: even unions with an agenda free from government influence, motivated ostensibly only by their own best intentions, can do a lot of damage through inappropriate and ill-advised programmes, especially if a lot of money is involved. These dangers can be largely neutralized when assistance is given through multilateral channels (such as ITSs) because these provide a level of expertise and control that is often absent from bilateral operations. A number of the national trade union donor organizations have realized this and their support has enabled some very constructive ITS programmes to go forward.

In this respect as in others, it generally remains true that international trade union organizations carry out in the most cost-effective and appropriate fashion

necessary specialized tasks which national unions could only perform in an expensive and inefficient fashion. That is the purpose for which they have been created, and nowhere is this proposition easier to verify than in the field of international trade union development assistance. To strengthen the capacity of international trade union organizations is therefore the most meaningful type of international activity any union can have today and certainly the only one that reflects an internationalist agenda.

Tasks

So much for the inventory. It is now possible to consider the tasks that are facing the movement and the directions in which it needs to develop to become the global social force of which the world is in need.

These related and mutually supportive tasks are essentially to organize, democratize and politicize. All three tasks have to do with structures, procedures and policy; each move at any of these levels involves a political choice, and even if any one choice is right, it will not ever in itself be a magic bullet to solve the problems of the movement. In the best of cases, it is the incremental accumulation of 'right' choices, i.e. mutually supportive and converging choices, at different levels and interacting with each other, that will build a new labour movement. The point is, therefore, not to look for dogmatic short-cuts which of necessity lead into blind alleys but to try to understand the complex, living reality of the movement and to move within it, at different levels perhaps, but always in the same direction.

Organizing is a good illustration of these interactions. It means in the first place creating the conditions under which the great mass of unorganized workers in the world can gain access to trade union organizations. At present, worldwide union density is about 13 per cent among wage earners (163 million trade union members out of 1,300 million workers within the wage system; if the informal sector is included, the percentage would be very much less, perhaps something like 5 per cent).

In the international context, three organizing targets are obvious: the transnational corporations, the informal and semi-formal sector and the dictatorship countries. The transnational corporations (TNCs) are already being organized by the ITSs, with varying degrees of commitment and effectiveness. Although the 73 million workers directly employed by TNCs worldwide represent only a minority of the global labour force (a much larger minority if sub-contracting is included), it is the most internationalized segment of the world working class and the best placed strategically to make a difference in the overall power relations between labour and management. In this perspective, the internationalization of the European Works Councils becomes important, either by expanding them to cover unionized workers employed by the same TNC outside of Europe or by integrating them into an ITS organization of regional works councils.

In the past, the principal obstacle in the way of long-term coordination has been its cost: international meetings are very expensive (travel costs, interpretation

and translation costs). But another labour movement organization, the International Federation of Workers' Education Associations (IFWEA), is about to solve this problem, at least in part. It has developed a model of international study circles through the Internet, where discussion groups (study circles) in different countries connected by e-mail are able to discuss the same issue at the same time, thus forming a single international study circle. The issue under discussion can, of course, be a TNC and the local study circles can be the local unions in the subsidiaries of this TNC. The outcome of such a study circle is therefore a permanent coordinating network linked by e-mail. The same techniques which have enabled capital to globalize also provides the means of creating global countervailing union structures, which also have the potential of directly involving the membership and therefore contributing to the democratization of the movement.

The informal sector is another target which, in contrast to TNCs, is huge, diffuse, complex and therefore perceived as daunting by many unions. Yet, it is the fastest growing sector in the former Third World and also, with the deregulation of the labour markets, in industrialized countries. The growth of the number of workers is outpacing the growth of job opportunities in the formal labour market. According to a 1995 International Labour Organization study every year 43 million people enter the labour force worldwide (ILO 1995) and most of them are obliged to create their own income or to accept jobs under precarious conditions. If the labour movement fails to organize this mass of workers, it will not only be unable to change worldwide power relationships to its advantage, but will continue to lose ground in its remaining bastions in the formal economy.

That this sector can be organized is demonstrated by the experience of, for example, the Self Employed Women's Association (SEWA) of India, or of the movement of landless peasants in Brazil (MST), or of the Dutch-based HomeNet network. But an international organizing strategy here requires the feminization of the trade union movement. A substantial majority of workers in the unorganized areas of precarious work are women found in the urban and rural informal sector, among immigrant workers in certain regions and occupations (Arab/Persian Gulf, in the Export Processing Zones, domestic workers, service workers, garment workers), and among home workers (of whom there are 6.9 million in Europe alone).

In the industrialized countries, the casualization of labour means also its feminization. The proportion of women in the labour force has gone from 33 per cent in 1960 to 42 per cent in 1993 and in the most industrialized countries it now approaches 60 per cent; among part-time workers between 66 and 90 per cent are women. This represents many millions of workers who are impossible to organize without a thoroughgoing change in the priorities, organizing methods and the staffing of the trade union movement. There is a necessity of not only better integrating the specific demands of women workers into trade union objectives, but also of adapting the way of operating of the organizations to the conditions of life and work of women workers and to promote women cadres in the unions,

as well as developing cooperative and mutually supportive relationships with women's organizations that may exist at community or national level. This has also implications for the internal democracy of unions insofar as such policies require that free rein is given to the already organized women members, and to accept that this not only can but should lead to changes in the top leadership.

The same applies to young workers. The Swedish Hotel and Restaurant Workers' Union, after a long period of stagnation, increased its membership from 40,000 to 60,000 in five years after giving its young members the responsibility of organizing other young workers, among other places in the fast food chains, and to leave them free to do it according to their own inspiration without any intervention from the leadership other than the necessary financial support.

A third organizing target, with immediate political implications, are those countries where independent and democratic trade unionism (and, in some cases, any form of trade unionism) is prohibited. There the struggle is to change or overthrow those regimes. Although this fight may be in the process of being won in Indonesia, union repression remains in China, Burma, Vietnam, Cuba and also Syria, Iraq, Libya, Saudi Arabia, the Gulf monarchies and Iran, to mention only the principal countries concerned.

This requires an international strategy of struggle for human and democratic rights on a world scale, without any double standards and without regard to political sentimentalism, although tactics can of course vary. Wherever this struggle is inhibited by links to national business interests or government priorities, these complicities must be exposed and denounced.

For the labour movement, human rights is not an academic issue or a question of cultural preference. It is an issue of basic class interest, because only where human and democratic rights are guaranteed are workers free to organize to defend their interests including their political interests. For this reason, the labour movement must also reject all arguments of cultural relativism where these attack the universal validity of human rights. They must be denounced as the self-serving arguments of corrupt elites who are defending their wealth and their power by abusing their countries' cultural heritage. An alliance with the representative human rights organizations (Amnesty International, Human Rights Watch, International League for Human Rights) is an indispensable element of such a strategy.

When it comes to fighting dictatorships, organizing TNCs or, indeed, organizing the informal sector, the international labour movement needs to redefine its political priorities. One example: the erosion of the right to strike. In most industrialized countries the right to strike in solidarity (secondary action), especially in an international context, has been severely curtailed or eliminated in the last thirty years by means of increasingly restrictive legislation. The resistance of trade unions has been surprisingly weak, mostly limited to formal protests. But what is involved is in fact a fundamental attack on the right to strike, particularly dangerous in the context of globalization where the interests of workers in different countries are increasingly interdependent, just like the process of production has become. If the right to strike is a fundamental human right, as

certified in several international instruments, by what right do parliamentary majorities (of the Right or of the Left) decide on which occasion workers are entitled to use it to defend their interests as they see them?

It is a great triumph of the right-wing propaganda campaigns against 'the excesses of trade union power' to have succeeded in criminalizing solidarity strikes in most of Western Europe and in the United States. The Liverpool dockers strike would not have ended in defeat if the union involved had not been shackled by legislation, and the successful international action in support of the Australian dockers strike came under threat by the same legislation. If there is an international struggle that is worth conducting, it is certainly the struggle to recover that right.

Structures

Policies have to be carried out by structures and, just like every end requires its own means, each kind of policy requires its appropriate structure. Structures are not ends in themselves but instruments. In the trade union movement, they are the means the movement gives itself to carry out its purposes and they constantly change throughout its history as the social and political context changes.

Structures become obsolete when they separate what should be united, when they inhibit communication and cooperation, when they generate unnecessary layers of hierarchy and bureaucracy with vested interests that conflict with the general interests of the movement. The present structures, in most countries and internationally, are inherited from the last century. They belong to a history museum.

In most industrialized countries, the trade unions have sought to compensate through mergers the growing gap between their tasks and the means available to carry them out, with shrinking memberships and diminishing resources. In this case, the objective is the concentration of resources. In the United States, in Japan, in Canada, in Australia, in New Zealand, in Germany, in the Netherlands, in Denmark, in Finland, in Sweden, in Norway, in Switzerland, in Spain, in Italy, union mergers have taken place for several years and, in the case of Japan and the Netherlands, at confederation (national centre) level. France, where national centres multiply as the overall membership shrinks, and Belgium, where the language issue has split the labour movement as it has split the state, are the exceptions.

The tendency is towards big general unions and in some countries this may lead to a radical restructuring of the movement. In the Netherlands, the new union *Bondgenoten*, created by a merger of four unions at the beginning of 1999, represents half the membership of the largest national centre to which it is affiliated, the *FNV*. The declared objective of *Bondgenoten* is to continue the merger process and to transform the *FNV* into a single union. A similar development may take place in Denmark, with the general workers' union *SiD*, already representing about a quarter of total trade union membership, as the core element.

In a context where the industrial sectors are losing their importance because of the refusal of management to continue negotiating at national industrial level, and where company structure itself is changing through decentralization and sub-contracting, the rise of large general unions may compensate for the refusal of organized business to continue bargaining at national industrial level. Unions will therefore become politicized, and the power relations between themselves, management and the state will move to the political level. In this sense, the old dream of revolutionary syndicalism in the USA, 'One Big Union', may be the pattern of the future.

Union democracy

This is where the issue of union democracy arises with urgency in a new context: how does one prevent these huge new organizations from becoming bureaucratic monsters, increasingly removed from the membership and ultimately dysfunctional? It is a mistake to assume that mergers automatically add strength; they can also conceal the weakness and decline of one or both merger partners and unless the new union can rely on an active, informed and participating membership there is no reason to assume the decline of the organization, however large, will not continue. The Dutch amalgamated union Bondgenoten has been trying to meet the problem by decentralizing the administration of its industrial sectors and services, whilst at the same time creating a denser network of union representation: each of its 500,000 members will have a union office at less than 25 kilometres from home.

But union democracy implies more than easy access to union services. It means the active participation of the members in the life of the organization, real membership power at all levels of the union structure where the priorities of the policies and activities of the organization are decided. This is what ultimately determines its strength.

At international level, the need for democratization, linked to new policies and new structures, is more than ever a necessity. The globalization of the world economy means that trade union policy is now mostly international policy, since most problems trade unions are confronted with in any part of the world are part of an international context or have international effects. Yet, the union mergers which we described above all take place within national borders. A simple idea such as merging unions of different countries across borders is regarded as utopian even though it lags behind what is already practised by corporations and the real needs of the membership.

It is true that at international level ITSs are also merging, but to create an international trade union movement that deserves its name would mean not only to merge existing organizations, but to centralize as much as possible the available resources and action structures, whilst decentralizing as much as possible the processes by which policies are prepared and decided. The point is no longer to 'cooperate beyond borders' but to create integrated, borderless organizations. The EIFs, for example, should develop into unions with the authority to

negotiate collective agreements, or to declare strikes, at European level. The ITSS at world level need the same centralization of resources and action, and the same decentralization of the political process which underpins structure and action.

The problem is that, in general, the great majority of the membership, and even most of the middle leadership, that is those who most need to know and most need to be involved often do not even know that international trade union organizations exist or, if they do know, their perception is distorted by misunderstandings and misinformation. International trade union policy to be effective must cease to be perceived as an exclusive responsibility – or, worse, a privilege – of the trade union leadership and must involve the greatest possible number of members.

To convey a new perception of international trade unionism is relatively simple in the case of the TNCs, where experience is the teacher. Developments in communication technology, such as the spread of e-mail, will certainly facilitate consultation and coordination among local unions and the creation of a ‘public opinion’ within trade union organizations. The role of trade union education needs to be reconsidered in that context: it needs to systematically integrate an international dimension. In the general trade union movement, however, it will be impossible to motivate and mobilize the millions of men and women who are not directly involved with TNCs and who do not have access to modern communication techniques without offering a political perspective that is at the same time realistic and hopeful.

Politics

Structures cannot by themselves create an organizational culture where the members have ownership of their union and perceive themselves as citizens of their organization. This requires a conscious policy that goes back to the roots of trade unionism, to the original purpose of the exercise, and which measures the value of an organization by its fighting capacity. The depoliticization of the trade union movement in the period 1950–80 has had a paralysing effect: it has created a layer of unprepared cadres and a passive membership. Therefore the movement needs to be re-politicized.

In the present situation, restoring the political dimension to the trade union movement cannot mean re-establishing allegiances or even dependencies with respect to existing political parties, nor taking control of a political party. For reasons which cannot be elaborated here, but which are connected to the declining autonomy of the nation-state with respect to transnational capital, the traditional labour parties are backing away from the trade union movement. The relationships of the past, be they transmission belts (both ways), electoral clientelism or corporatist agreements at the top, become more difficult to maintain and produce diminishing returns everywhere. This does not mean that the trade union movement does not need a political dimension: on the contrary, all trade union action is political by nature. What it means is that the politics of the trade

union movement have to be reinvented, taking as a point of departure the interests of its members at the point of production.

It is possible to say that democratic socialism has to be reinvented, from and by the trade union movement, as an alternative to the 'new world order' of transnational capital rather than as an ambulance service for its victims.

This is not an enormously complicated undertaking. The starting point should be to define the legitimate purpose of any form of social organization, whether local or worldwide, in other words, to affirm that enterprises, or an economic system, have legitimacy only to the extent that they serve human welfare in the widest sense of the term (the satisfaction of basic needs which also include justice, equality, freedom, access to culture, the rule of law). These values and basic principles, which can of course be elaborated upon, together constitute a programme of radical democracy diametrically opposed to the currently hegemonic neo-liberalism, and this should become the basic programme which the labour movement will defend at all levels with all appropriate means.

This is particularly important for the labour movement in Central and Eastern Europe (CEE), including the successor states of the USSR, where the movement has lost its ideological and political bearings (to varying degrees). The traditional values of the labour movement (as well as the vocabulary and the symbols) are discredited in the former communist countries by their association with Stalinism and large parts of the trade union movement have embraced the ideology of neo-liberal capitalism because 'socialism', as they experienced it and understand it, is no longer an acceptable option. How could it be? But to accept this situation is very dangerous.

It is, in the first place, dangerous to themselves. The rupture with their pre-Stalinist history (forty years in CEE, seventy years in the ex-USSR) means a rupture of identity. The highjacking of the Romanian miners' movement by national-Stalinist politicians is an extreme case of confusion, but it is by no means the only one, and no doubt not the last one. Without a strong sense of political identity and legitimacy, in the context of a deep economic and social crisis, the labour movement risks losing its way and being pushed to the margins of society. Secondly, it is a dangerous situation for the labour movement everywhere else. In the former communist countries there are millions of workers, in large part already organized into unions, that need to be integrated into the international labour movement as matter of urgency. This is not happening except at a formal level, despite the efforts of some committed ITSs and national centres.

An essential part of the integration effort has to be political: the rehabilitation of democratic socialist politics. Despite all the difficulties, this work has to be done: recover the values, the policies, the vocabulary and the symbols, recover the political space. There is no other political identity practically imaginable that would enable the labour movement in CEE to defend its members' interests, consolidate democracy in society at large and build solid bridges to the labour movement of other regions.

It is instructive to consider what happened in other situations where 'new union movements' have emerged: in Korea (with the KCTU), in Brazil (with the

CUT and the MST) and in South Africa (with COSATU). In all three cases, these are trade union movements which have taken responsibility for the problems of society in general, who have forged strong links with other elements of civil society, in particular communities, and who have political programmes for social reform.

What is at issue is not only to get the international trade union movement into shape and to turn it into an effective combat organization at international level, but to organize and unify the wider social movement through common action. This is to involve the organizations of civil society in all its complexity: human rights organizations, solidarity organizations, women's movements, movements for the defence of the environment, of minorities, informal sector organizations and also political parties to the extent that they remain supportive of the general movement and loyal to its objectives.

All these social movements represent converging interests. They have a common concern and their struggle is about the same overriding issue as that of the labour movement: what kind of world will there be tomorrow, in ten or twenty years? The objective of the trade union movement must therefore be to reconstitute the social movement worldwide, with the means provided by globalization and by its technologies. This new social movement will be the liberation movement of humanity and its weapons will be the fax and the computer.

The trade union movement alone can play this role. Its weaknesses are known. It remains nonetheless the only universal and democratically organized movement at world level, with an unequalled capacity for resistance. This is not surprising, since it is the only movement through which millions of workers achieve power through organization. These workers are conducting thousands of struggles throughout the world every day because they have no alternative, no other place to go. They only have the choice of fighting or of submitting, and if they do not submit, it is because the trade union struggle is before anything else a struggle for dignity, which means a struggle where ultimately no compromise is possible since people are prepared to die for it.

The trade union movement is not a 'pressure group' like any other and, contrary to what some believe, the paycheck of its members can never be its sole concern. It has no interests separate from those of civil society as a whole. This is not surprising either since the huge majority of the world's population are dependent workers and when it takes responsibility for these, it takes responsibility for all of society.

Finally, the trade union movement is a complex tissue of structures and networks which, weak and loose as they may be in places, cover the whole world and are that many potential or actual centres of resistance. This is of fundamental importance because if a new social movement is to emerge that can act effectively at world level and in the context of globalization, it needs structure, and it needs permanent organizations capable of acting consistently over the long term.

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