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Going Global

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Going Global

Abstract

[Excerpt] What power can counter the growing strength of MNCs and the forces of globalization? National governments have an important role to play, singly and together, as do international institutions of regulation such as the European Commission, the World Trade Organization, and the International Labor Organization (ILO). Equally important, we would suggest, is the countervailing power of modernized labor movements working actively at local, national, and transnational levels. Further, we suggest that in the current era, the renewal of national and local labor movements may in fact depend greatly on increased coordination with the labor movements of other countries. Transnational collaboration will be—and should be—an increasingly important feature of tomorrow's global economy.

Keywords

labor movement, globalization, transnational collaboration, multinational corporations, labor unions, participation

Disciplines

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Going Global

MICHAEL E. GORDON AND LOWELL TURNER

In spite of national peculiarities the labor movement has overleaped national boundaries. Economic conditions are swiftly becoming the same the world over. . . . As trade becomes international and the market a world market, the labor leaders in the several countries tend to draw together to exchange ideas, work out programs for common action, and protect the workers of each country against the competition of other countries.

Mary Beard, *A Short History of the American Labor Movement*

Mary Beard was one of the first scholars to recognize the economic trends pushing toward intensified global commerce and growing transnational collaboration among trade unions. Surprisingly, though, Beard was writing in 1920. Her comments indicate that unions have had to be responsive to international influences on labor relations for a long time. As global pressures in the form of trade and capital flows have intensified, nationally based unions have increasingly turned to transnational collaboration. And there are signs that such collaboration may even be contributing to a resurgence of national and international labor movements. Peter Waterman writes, "I note a definite revival of interest in labor as an international movement recently, not only among socialist labor specialists but even within national and international trade unions" (1998, 350).

Despite widespread prophecies of trade union demise in an increasingly global economy, the evidence presented here supports the notion that labor in the global economy can survive and grow, if not everywhere well, and that this is true in both national and international arenas. Unions have developed a range of formal and informal responses, national and transnational, some of them quite successful, to protect and promote the interests of labor. Although as yet we have no data on the extent or broad effect of transnational collaboration, close observers are convinced that such campaigns and contacts are increasing in number (Ramsay 1997; Turner 1996). These coordinated responses involve the development of new networks

among workplace representatives at plants and offices as well as at union headquarters in different countries (Martinez Lucio and Weston 1995). In some cases, campaigns take place worldwide, with new union structures that target multinational corporations (MNCs). As one example, the International Federation of Chemical, Energy, Mine and General Workers' Unions has launched an "action network" to link unions and members who work in different countries for Rio Tinto, the largest minerals company in the world (ICEM Update 1998). All such campaigns are based in part on the notion that "a small amount of leverage can elicit major gains and help redirect the entire labor movement" (Shostak 1991, 1).

Although a global marketplace can offer much in the way of economic growth and prosperity, it also has dangerous downsides. As large firms begin to operate on an international basis, it becomes possible for them to compel their workforces in different countries to compete against each other. Unions lose bargaining power, and workers stand helpless as individuals before company initiatives aimed at downsizing, cost-cutting, wage reductions, dislocation, and the casualization of labor. In the United States, increasing global competition during the 1980s and 1990s has been associated with a declining labor movement and a growing economic and social polarization between the upper twenty percent of the population and everyone else.

These are problems for workers, unions, and communities that ultimately threaten democracy itself. What is the point of democratic elections and processes if governments can no longer regulate the economy within their own borders?

What power can counter the growing strength of MNCs and the forces of globalization? National governments have an important role to play, singly and together, as do international institutions of regulation such as the European Commission, the World Trade Organization, and the International Labor Organization (ILO). Equally important, we would suggest, is the countervailing power of modernized labor movements working actively at local, national, and transnational levels. Further, we suggest that in the current era, the renewal of national and local labor movements may in fact depend greatly on increased coordination with the labor movements of other countries. Transnational collaboration will be—and should be—an increasingly important feature of tomorrow's global economy.

Labor Movements in Decline

Unions have been declining in most parts of the world for roughly two decades (Galenson 1994), although labor organizations have also grown as a

result of successful national liberation movements, as in South Africa. The magnitude of worldwide decline is highlighted in a recent study showing membership losses of 35.9 percent in central and eastern Europe, 19.4 percent in Oceania, 19.0 percent in Central America, and 15.6 percent in western Europe (ILO 1997, 2).

The situation today, at least in industrial societies, is a far cry from the "golden age" enjoyed by organized labor from roughly 1945 to 1970. In most countries, unions emerged from World War II with enhanced legitimacy and played important roles in the postwar settlements that laid the basis for the coming economic prosperity. As *Financial Times* employment editor Robert Taylor puts it: "It was during this period that trade unions in the industrialized countries reached organizational maturity as they became less social movements of protest against degradation and injustice of workplace life and more permanent and legitimate institutions in the 'age of the common man' allied to center-left democratic parties. . . . Trade unions helped to shape and reflect a collectivist view of the political economy" (1998, 25).

In the decades since 1970, however, the picture has changed. Membership has remained stable only in those countries where unions have been integrated as social partners into state administration (as in Belgium and Scandinavia) or firm decision making (as in Germany, with comprehensive collective bargaining and codetermination). More typically, stable postwar settlements have weakened or come apart, and unions have come under attack. Aided by more relaxed labor laws, European employers now find it easier to fire full-time workers and replace them with temporaries.¹ Even Germany's strong unions have experienced declining membership in the 1990s. Union decline has been attributed to growing employer opposition (clearly, the primary cause), inadequate laws and institutions, and inadequate union adaptation and response to the new circumstances.² As a thumbnail sketch, the following dynamics are broadly relevant: employers found that they could avoid or in some cases even successfully attack union representation; non-union or anti-union approaches by employers thus started escalating beginning in the 1970s; organized labor found that it was inadequately protected by existing laws and institutions; unions were unable to change their own ways rapidly enough to respond effectively to the new challenges. As a result, unions in many countries entered a prolonged period in which membership declined, along with political, economic, and social influence.

From the 1970s through the 1990s, matters went from bad to worse. In many democracies, undisguised repression of trade union rights was frequently replaced by a less easily or generally recognized form of management anti-unionism. In the United States, the changed pattern of repression

has been no less pernicious than when the law of the jungle ruled union-management relations. Phyllis Payne quoted the late George Meany on this subject: "Today's labor relations consultants carry briefcases instead of brass knuckles and they leave no visible marks on their victims. But their job is the same—frustrate human hopes and nullify human rights" (1977, 22).

Particularly in smaller companies, U.S. employers rely heavily on union suppression strategies to resist organizing attempts (which they and their management consultants found they could do under existing law). Indeed, workers virtually had lost the right to organize by the 1990s. Based on case studies of one hundred union organizing drives, Hurd and Uehlein (1994, 1) concluded, "In the face of determined employer opposition, it is virtually impossible for workers to achieve meaningful collective bargaining protections through the NLRB [National Labor Relations Board] process."

Union substitution strategies that remove the incentive for unionization are also quite popular, especially in large firms that can afford the specialized employee relations staffs required to implement these sophisticated approaches (Kochan and Katz 1988). American employers have developed new techniques of human resource management that, although not originally aimed at eliminating or pre-empting union representation, nonetheless exert a powerful substitution effect. Non-union grievance systems, formal and informal worker participation in workplace decision making, and employee selection systems that weed out potential union sympathizers are components of overall union substitution strategy at firms such as IBM, MCI, and Sprint.

If the combination of the stick (aggressive anti-union tactics) and the carrot (human resource techniques) worked well to weaken unions in the United States, the stick alone was the primary tool worldwide. Outright physical attacks on independent trade unions are commonplace throughout the non-Western world. "Violence and intimidation remain the most serious violation of the right to organize in many countries" (ICFTU 1994a, 15). Two widely discussed incidents were the late General Abacha's four-year imprisonment of Nigerian union officials Frank Kokori and Milton Dabibi and former President Suharto's long-term detention of the president of the Indonesian trade union federation, Mughtar Pakahan.

Alongside outright terror are the sophisticated attacks on trade union rights in the industrial democracies, where labor movements traditionally have played an important role in economic and social life. The increasing influence of neoliberalism in these countries is manifest in trends toward individualism and away from collectivism, with consequent erosion in the

rights of unions and enhancement of the freedoms of management (Strauss 1998). For example, while Conservative governments ruled the United Kingdom from 1979 to 1997, Parliament at regular intervals passed legislation that weakened unions. The 1993 Trade Union Reform and Employment Rights Act enabled employers to insist that workers sign individual employment contracts, even though a consequence might be the debilitation or termination of collective bargaining. And Britain appears to have provided a model of union-bashing for other Commonwealth countries. Legislation to foster the use of individual contracts has been introduced in Australia at the state and federal levels (Lansbury and Bamber 1998). Intent on attacking union power in both the social policy and bargaining domains, Conservative Australian representatives have eliminated previously sacrosanct union rights such as the right of access to workplaces and have tried to restrict the closed shop and dues check-off among public sector employees. The New Zealand Council of Trade Unions has filed a complaint with the ILO against its national government, alleging that the Employment Contracts Act of 1991 violates ILO Conventions 87 and 98. The Act dismantled the country's arbitration system, decentralized bargaining to the enterprise level, promoted employment relations on the basis of individual and collective contracts, made union membership entirely voluntary, prohibited union preferences, and required a union to produce individual authorizations from workers before it could serve as a bargaining agent (Kelly 1995).

Even the very modest Conventions and recommendations of the ILO, concerning basic issues such as child labor, prison labor, the freedom of association, and the right to bargain collectively, came into question in the 1980s and 1990s. During the Cold War, communist governments claimed that the principles did not apply in socialist economies. Today, employers and non-communist governments are complaining about the "intrusiveness" of the Conventions. Indeed, the government of Malaysia went so far as to question the applicability of ILO Conventions to developing countries *per se*, thereby calling into question the very universality of trade union rights.

Paradoxically, even in regions of the world marked by favorable socio-economic and political changes that would appear to enhance the bargaining power and influence of organized labor, trade unions remain ineffectual and politically marginalized. Deyo (1997) reports that throughout East Asia (e.g., South Korea, Taiwan, Thailand, and Malaysia), liberalization of previously restrictive labor laws (or, at the very least, the absence of heightened political controls), increasing industrialization, and rising levels of literacy have afforded unions new opportunities for organizing and collective

action. Nonetheless, East Asian trade unionism remains numerically weak, and densities have even declined in countries where industrial development and democratic reforms have been most significant (South Korea and Taiwan). Economic gains by workers in the region appear to be attributable to labor scarcities in critical skill areas rather than to bargaining successes of unions. The paradox of weakening trade unions in countries where democratic reforms continue (although haltingly in some cases) may be attributable to the fact that liberalization has emphasized deregulation rather than protection. Thus liberalization typically results in increased employer domination without a corresponding strengthening of organized labor.

And so it has gone. Unions around the world have found themselves under attack, openly or more quietly (as in new plant locations), by employers and governments in an increasingly global economy. No immediate relief is in sight. According to one expert on international labor cooperation, "all the evidence suggests that the challenge to labor from international capital, seeking to integrate business strategy ever more effectively, is greater at the end of the millennium than it has ever been" (Ramsay 1997, 518).

Globalization: A New World Economy

The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. . . . In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations.

Marx and Engels, *The Communist Manifesto*

"Globalization" has no accepted definition. We will not join the ongoing debates over whether globalization exists or how it should be defined.³ Rather, we accept as obvious the fact that nations, firms, and workers find themselves increasingly subject to international economic forces that influence (indeed, may supercede) the national and local contexts that have shaped and continue to influence their options and decisions. In accord with the ILO, we believe that globalization in the 1980s and 1990s refers to "the worldwide wave of liberalization of trade, investment and capital flows and the consequent growing importance of these flows and of international competition in the world economy" (ILO, 1997, p.1).

Liberalization, of course, describes the increasing predominance of the market economy in world financial affairs. With the collapse of communism in the former Soviet Union and its satellites, the market economy reigns supreme, ideologically if not everywhere in practice. Barriers to

freer markets and freer international trade are coming down throughout the world. Global economic liberalization exerts massive pressure for change, undermining established ways of doing things, including economic and labor market regulation. Established practices and institutions often prove painfully inadequate to serve the needs of workers in the new world economy. Jean-Michel Servais points out in Chapter 3 that labor law, for example, is traditionally written at the national level, whereas union-management relations are increasingly subject to transnational forces.

Developing Countries

Globalization is responsible for the emergence of developing countries as integral parts of the new world economy. By developing countries we mean nations whose primary products and most important exports traditionally were raw materials such as food and minerals. Although most foreign direct investment supports projects in Europe and the United States, the developing countries have been the recipients of an increasing proportion of these monies. "The average annual flows have increased more than three-fold since the early 1980s for the world as a whole, while for developing countries it had increased fivefold by 1993" (ILO, 1997, 2). Most of the foreign investment in developing countries is aimed at cutting production costs rather than at expanding product markets. Developing countries became competitive in world markets because of their relatively low wage structure, once they had imported sufficient capital and technology to protect and grow their industrial sectors (see Chapter 4).

The rapid growth in exports of manufactured goods from developing countries has meant that an increasing proportion of the world's labor force is engaged in activities related to international trade and capital flows. Consequently, the cost of labor has become a major factor of competition, although there is some disagreement about its relative importance compared to other factors such as technology and access to markets. Industrialized countries have responded to the challenge presented by the new manufacturing capabilities of developing countries by restricting imports (for example, the United States imposed quotas on imported textiles); by allowing real wages to decrease (for example, the erosion of fringe benefits for European workers); by switching production away from goods produced with unskilled labor (which led to unemployment among unskilled workers in Europe and the United States); and by upgrading technology and increasing productivity in order to maintain their competitive advantage (the latter is the only strategy that promotes increases in real wages and employment levels).

In sum, the competitive advantage held by developing countries because of their lower labor costs has jeopardized the job security of both union and non-union workers in industrialized countries. At the same time, the frequent exploitation of workers in developing countries by MNCs that create sweatshops, or countenance their creation by contractors, often has increased employment levels without improving the quality of life for the indigenous workforces. Consequently, workers in developed nations whose jobs have been lost or jeopardized by the expansion of operations in developing countries, and the exploited workers in those developing countries, share a common interest in the improvement in employment conditions. This common bond forms the basis for many instances of transnational union collaboration.

Governments

Capital mobility has undermined the effectiveness and autonomy of state policy-making at all levels. Time and again, governments have found that the demands of MNCs for a policy environment conducive to “competitiveness” are difficult to resist. “National, regional, and local governments have seen their traditional functions, powers, and authority leak away as the new international economic order has become established as the dominant factor in the public as well as the private sector” (Brinkerhoff and Coston 1999, 351). Consequently, the wishes of MNCs often determine national employment and labor policies (in Chapter 4, see specific instances of concessions about labor laws exacted by MNCs to assure their investment in export processing zones). Domestic firms also join the fray, threatening to move operations abroad if regulations are not relaxed and taxes reduced. According to David Jessup, “There is great irony in this situation. At the very moment in history when political democracy has triumphed in more countries than ever before, the decisions that affect people’s lives are being made outside the countries’ boundaries. National sovereignty, at least in the economic policy sphere, is inexorably crumbling” (Jessup 1994, 10).⁴

At the very least, movement toward higher labor and social standards may be closed off. An even greater danger is a “race to the bottom,” in which governments compete against each other to see who can offer the most competitive (i.e., deregulated, low-cost, and even subsidized) environment for investment. The problem for unions is that such policies exert downward pressure on wages and other labor standards and often facilitate non-union or weak union environments.⁵

On the other hand, governments can (and sometimes do, as in northern

Europe) opt for the “high road” by raising labor productivity in order to improve national competitiveness and attract capital investment. This approach entails, for example, supporting the expansion of vocational training and cooperative forms of organization, increasing investment in infrastructure, and devoting greater resources to research and development. For unions, such an approach is obviously preferred, because high labor productivity makes high wages possible and because unions often are included in initiatives on training and labor-management cooperation. National competitiveness, as northern European countries have shown, does not have to mean weak unions—although it all too often does, as in the United Kingdom, United States, and much of East and Southeast Asia before the economic collapse of 1997–98.

Another problem for labor is the privatization of government employment, in many cases inspired by global pressures that force governments to cut spending (Brinkerhoff and Coston 1999) and by the desire to reduce the role of the public sector while expanding the influence of market-driven institutions. Privatization often lowers wages and cuts jobs. At the same time, privatization takes entire workforces out of the public sector where union representation may be established more easily than in the private sector.⁶ Workers are likely to suffer losses when social protection benefits such as health insurance and pensions are shifted from one system to another, “because the old scheme does not transfer enough funds to the new” (ILO 1996, 57). Inevitably, privatizations result in a smaller government that can find itself less able to develop and implement policies for a global economy, such as training, support for displaced workers, or inspection of plants for labor law violations. Given these pressures, governments have tended in recent years to expand “individual rights,” often at the expense of collective rights, again undermining union influence (Galenson 1994). As Taylor has argued, “Rampant acquisitive individualism has become the dominant creed. Worshipping the values of the free market has helped undermine social cohesion. Trade unions are seen as obstacles to competition and often barriers to improved productivity” (1998, 25).

The aforementioned 1991 Employment Contracts Act in New Zealand and the 1993 Trade Union Reform and Employment Act in the United Kingdom are examples of “individualization.” In Australia, with the blessings of the government, Rio Tinto appears to be trying to deunionize its Hunter Valley No. 1 mine by insisting on individual contracts. In such cases, union influence is typically an explicit target, in order to “liberate” individuals from the tyranny of union representation.

In sum, governments are either on the attack against unions or under great pressure to reduce labor standards and union influence. Governments

no longer have the power they once possessed to regulate the national or local economies. In all of these ways, unions find themselves under new pressure and in need of new strategic responses of their own.

Multinational Corporations

By the mid-1990s, 40 percent of international trade took place among the subsidiaries of MNCs (Ramsay 1997). The dominance of MNCs is based in part on their size and in part on their willingness and capacity to transfer resources from one sector or one market to another venue in order to maximize profits (Southall 1988). Although most MNCs operate from a solid national base, a number act as financial trusts that simply buy and sell enterprises and therefore possess a rootless character. The ICFTU writes, "Trade unions cannot avoid the suspicion that, regardless of their behavior, MNCs make decisions that profoundly affect their members and communities without any obligation to take their interests into account" (1994c, Agenda Item 7, Section 36). Even governments have learned that MNCs' "national commitments are, unsurprisingly, severely constrained by the calling to maximize profit" and that MNCs "accordingly play one government and one labor force off against another, cross-subsidize product lines, engage in transfer pricing and so on" (Southall 1988, 5). And there is nothing to stop unscrupulous MNCs from additional anti-union tactics: transferring funds from one country to another, for example, to subsidize resistance against union job actions.

MNCs have been at the forefront of "production sharing,"⁷ a decentralized (i.e., segmented) production process that sequences stages of manufacturing in different countries. Subassemblies are manufactured in several countries, while final assembly is performed in still another, to take advantage of low wages and benign regulatory environments. Segmentation also characterizes research and development and manufacturing facilities, so that incubation of technological innovations is no guarantee of employment stability.

MNCs can and do threaten workers and unions by stating (or suggesting) an intent to relocate production to another, more "company-friendly" country, thereby enhancing their own bargaining power.⁸ In all of these ways and more, MNCs have undermined the prospects for independent unionism (as opposed to unions that are controlled by an authoritarian government or by a large and powerful company), especially in developing countries, but increasingly in developed countries as well. Even where

unions are strongest, as in northern Europe, MNCs have increasingly played the relocation threat card to get their way in negotiations. Where unions are not so strong, as in the United States, MNCs have used such tactics to resist unionization altogether.

Threats to Workers and Their Unions

Competitive pressures have forced many firms to restructure their operations. It is clear that employees have had to bear the brunt of restructuring costs and “they are suffering for it” (Cappelli 1997, 206). Employees have been laid off, relocated, demoted, spun off, put on temporary contracts, and otherwise dislocated. Real wages and salaries have been held down for most, benefits have been shaved or eliminated for many, while job insecurity has risen dramatically. Despite receiving less in the form of compensation and security, workers now must work harder, for longer hours (in many cases), under greater performance pressure and higher stress. In addition, many workers have been compelled to assume greater business risks: in performance-based compensation, in defined-contribution pension plans (in which employers no longer guarantee a post-retirement income level), and in many other ways.

The wages of lower-skilled workers have declined, on average, across the board, especially in advanced countries (ILO, 1997). According to Frances Stewart:

We can thus conclude that the new international division of labor is (and to a greater extent will be) associated with a new distribution of income. The division between rich and poor may no longer occur on country lines, but on class and skill lines. . . . The professional and skilled classes of the world will increasingly share a common standard of living, no matter which side of the old North-South divide they live on. And of course the very rich will continue to be the international capitalists, whose interests and willingness to exploit them are restricted to no country or region at all. (1994, 29)

As the bargaining power of workers and unions is undermined by growing capital mobility, relocation threats by domestic firms and MNCs alike become increasingly credible. Both relocation threats and new investment strategies can force competition among workforces, as governments make regulatory concessions that often result in lower labor standards and in

industrial relations concessions by unions. The ability of MNCs to extract such concessions, which ultimately become costs to workers (Langille 1996), constitutes a real threat to social stability and order.

Labor's Response

Responding to the challenges of the contemporary global economy requires that unions worldwide develop new strategies. Union efforts to cope with the demands of globalization have ranged from the traditional to the highly innovative. At the most basic level, unions have sought to restrict the expansion of free trade when it does not include protections for labor and social standards. For example, the umbrella European Trade Union Confederation (ETUC) coordinated a successful campaign for the inclusion of a Social Chapter in the Treaty of Maastricht (signed in 1991, ratified in 1993) that enshrined important labor rights within the European Union while it pushed on toward economic and monetary union. The failure of the North American Free Trade Agreement (NAFTA) to provide similar protections led American unions to wage a successful campaign against extension of the so-called "fast-track" provision in 1997. This measure would have empowered the President to negotiate trade agreements that could not be amended by Congress (to include, for example, labor or environmental provisions), but only voted up or down. Called "protectionist" by its opponents, labor's successful effort against fast-track in fact made possible a meaningful discussion of the terms under which expanded international trade competition should take place.

At the firm level, in many cases unions have developed partnership relationships with MNCs, in hopes of negotiating the effects of global competition, from workforce size and other personnel matters to working hours and new work organization.

The reinvented trade unions will have to develop as mediatory bodies, seeking to reconcile economic efficiency with social justice through mutual gains bargaining with companies. . . . It seeks to reconcile the financial objectives of the company in developing competitive goods and services with employee demands for greater security and protection of their human rights at work. . . . So-called partnership agreements at the company level have been pioneered by the Metalworkers Union in both Sweden and Germany with companies like Volvo, Ericsson, Volkswagen and Opel. (Taylor 1998, 26)

Although the American experience of the 1980s has made it clear that partnership efforts (often referred to as “labor-management cooperation”) alone cannot revive a declining labor movement, such efforts at willing firms can be an important part of a larger effort. Trade-offs have been made, for example, in which workers gain employment security guarantees in return for agreeing to greater flexibility in the organization of work.

To reverse their own decline at home, unions have developed a variety of approaches. These include, in the United States, United Kingdom, and other countries, offering new services to workers, including supplementary social benefits, group legal and other insurance benefits, union credit cards, and advisory services in work-related areas such as retraining, social security, and taxation. More militant activists may scoff at such efforts. However, when well designed and attractive, these approaches do, in fact, appeal to many members or potential members, as, for example, white-collar unions in Britain have discovered.

Many unions have addressed, or begun to address, the needs of a more diverse membership, in particular of those groups that have traditionally been outside the ranks of organized labor. Thus unions have taken on women’s issues, above all equal work for equal pay, in collective bargaining and in public policy arenas. Some unions, in Chile, Peru, France, and the Netherlands, for example, have begun to focus on organizing and servicing migrant, temporary, and part-time workers.

Understanding that labor needs allies more than ever, unions have built coalitions with community organizations, churches, and women’s groups. They have worked with Amnesty International to secure the release of imprisoned trade unionists. They have worked with environmentalists (thereby striving to repair an old schism that weakened both) to save the Great Barrier Reef in Australia, to defeat fast-track in the United States, and to protest environmental ruin at Rio Tinto’s mining projects.

In all such alliances, labor identifies its own interests with a larger, common interest, thus answering Robert Taylor’s call to “revive a more active sense of social citizenship” (1998, 26). This dynamic was apparent in the watershed success of the Teamsters’ strike at United Parcel Service in 1997. The union was able to frame the conflict as a battle on behalf of part-time workers seeking good full-time jobs—an issue with great resonance throughout the American working population in the mid-1990s.

In the United States, in particular, organized labor is increasingly addressing its decline through a new focus on organizing the unorganized. The AFL-CIO has created an Organizing Institute to train hundreds of new organizers in modern techniques. The AFL-CIO and many of its member

unions have shifted resources from other purposes (such as administration and servicing) to organizing. This major shift in strategy was advocated by John Sweeney when he ran for president of the AFL-CIO in 1995. Sweeney and his administration have made a massive new commitment to organizing and to a national campaign for the right to organize. To the extent that the decline of the U.S. labor movement is related to the globalization of capital, the AFL-CIO's domestic response constitutes an important international effort. Trade unions in other countries are watching closely this initiative by the AFL-CIO. In the United Kingdom, for example, the Trades Union Congress has established an Organising Academy based explicitly on the lessons of the American effort.

Finally—although this is by no means a complete list—unions have used, under a variety of names, so-called “corporate” or “comprehensive campaigns.” These efforts are targeted at large companies that are generally MNCs as well. Unions learned the hard way that, when negotiating local issues in a subsidiary, they are contending “with one tentacle of the multi-national octopus” (Litvak and Maule 1972, 62) that is able to “whip-saw” (Ulman 1975, 2) lower wages and other concessions. Therefore campaigns are focused on the corporation itself in order to win a strike, defeat an adverse corporate policy, prevent a plant closing, or otherwise promote the interests of workers who may be outgunned at the local level. To these ends, unions wage publicity campaigns, speak out strongly at stockholder meetings, and link up with the workforces of other subsidiaries of the target firm, thereby demonstrating innovative ways to pressure a company from other parts of the country or world. In some instances, unions create public relations fiascoes for the company by, for example, exposing company abuses of labor’s or stockholders’ rights at stockholder meetings (see Chapter 11). In other instances, pressure is brought to bear on politicians and government officials to become involved and influence the company themselves. Or unions may wield the generally unused economic clout that stems from their extensive holdings in pension funds.

A Brief History of Transnational Union Collaboration

Today’s union efforts build on a history of over 130 years. The first international conference of union officials, a European gathering, took place in 1864 (Beard 1968). An American union delegate first attended such a meeting in 1869, in Basel, Switzerland, seeking assistance in curtailing the emigration of cheap labor to the United States. These meetings and ties continued throughout the late nineteenth and into the twentieth centuries

with no pattern of common action, but with a great deal of communication and mutual learning. What unions in one country demanded and won, unions in other countries would often demand, in some cases finding the path smoothed by employer and government knowledge of bargaining outcomes in other countries. Solidarity, however, broke down in 1914, when European workers rallied to their national flags and killed each other by the millions on the battlefields of the First World War.

Unions nonetheless emerged from the destruction of war as a more influential force than ever. The Treaty of Versailles provided for an official international labor conference to help stabilize working conditions throughout the world. The first of these world labor conferences officially recognized by the League of Nations and many national governments was held in Washington, D.C., in October 1919 (Beard 1968). While the pattern of transnational communication, largely in the absence of common action, continued through the 1920s and into the 1930s, solidarity again fell victim to the brutality and nationalism of war.

Once again, unions emerged with renewed legitimacy and vitality from the ruins of world war. With the approval of most national governments, the new United Nations founded the ILO, which began its studies of working conditions and labor policies around the world, and which started the process of defining, encoding, and winning tripartite support for commonly agreed upon minimum labor standards and rights. Beyond the ILO, however, international labor confederations and meetings fractured along the lines of the Cold War. Unions from the West left the World Federation of Trade Unions (WFTU) to the unions of the communist East, instead establishing their own rival International Confederation of Free Trade Unions (ICFTU) in 1949. These contending bodies participated in government-led Cold War efforts and fostered extensive communication among national labor federations. However, neither the WFTU nor the ICFTU did much to promote meaningful transnational collaboration among unions during the 1950s.

It was not until the 1960s that union leaders began to consider closely the operations of MNCs and possible labor responses (Litvak and Maule 1972). Early attempts at collaboration occurred under the aegis of the international trade secretariats (see Chapter 6). The International Metalworkers Federation, for example, established three world auto councils in 1966, for General Motors, Ford, and Chrysler workers, to promote solidarity, harmonize working conditions, and increase communication and cooperation regarding negotiations, strikes, and other campaigns. The International Federation of Chemical and General Workers attempted something akin to coordinated bargaining in 1969 at the multinational company

St. Gobain, establishing a worldwide strike fund, agreeing to stop all over-time worldwide in the event of a strike, and agreeing to refuse shipments from a striking country (Levinson 1972). Although the St. Gobain campaign resulted in new job security and technological displacement measures, these early efforts did not lead to greatly expanded international labor collaboration. The barriers proved too substantial.

The AFL-CIO's Internationalism

For much of the twentieth century, American labor organizations, for better or worse, have played a substantial role in international union activity. The relative wealth of American unions, as well as their access to funds from the U.S. government, often provided financial leverage to influence the structure and policies of the international trade union movement, and to underwrite labor activities abroad. Because of the special role it has played in labor relations at the international level, it is worth describing, if only briefly, the activities of the AFL-CIO in global affairs.

AFL-CIO Foreign Policy

Samuel Gompers established the basic elements of AFL foreign policy, and these did not change greatly under successive leaders of the Federation (Larson 1975). One bulwark of AFL, and later AFL-CIO, foreign policy has been its strong aversion toward labor organizations dominated by communist or socialist political parties. Gompers' enthusiasm for partnerships with European labor movements was tempered by his dislike of socialism. His aversion was manifest in attempts to found international movements that would rival the various socialist Internationals, and was omnipresent in his promotion of pure and simple business unionism, which defined the role of organized labor as a partner to business and government in a capitalist society. Gompers and his successors argued that societies that embraced socialist or communist economic doctrine often limited the civil rights of their citizens, including the right to form unions free of government interference. The demise of free trade unions after the Bolsheviks came to power in Russia in 1917, and after the Nazis came to power in Germany in 1933, strengthened the conviction of George Meany and others that free trade unions could not exist in fascist or communist societies (Godson 1976).

Following World War II, in many European countries the control of

unions became a battleground for the intensifying Cold War. The AFL promoted pro-Western unions at the expense of communist unions. Although AFL (and after 1955 AFL-CIO) foreign policy blended well with U.S. State Department Cold War goals, the effect on foreign labor movements was, at times, disastrous. In France and Italy, for example, not only did AFL policy fail to prevent the consolidation of dominant communist union federations (CGT in France, CGIL in Italy—each by far the largest domestic labor federation), but the effect was also to splinter and thereby weaken the French and Italian labor movements as a whole. While the Italian labor movement recovered after 1969, to a large degree under the leadership of its predominant “Eurocommunist” labor federation, the French labor movement remains deeply fragmented to this day.

In spite of the negative effects, including a highly unfavorable reputation in some labor circles overseas, militant anti-communism guided the AFL-CIO’s foreign policy orientation for almost fifty years, even after the collapse of communism and the end of the Cold War. Because its anti-left stance was congruent with U.S. foreign policy and much of its funding for foreign activities came from State Department sources, the independence of the AFL-CIO has been questioned for many years (Shorrock 1999). John Sweeney has even been criticized in some quarters for accepting government money for new types of international activities. Although it is questionable whether the AFL-CIO has had much influence on U.S. foreign policy, it is clear that the Federation has played a role in helping to implement that policy. On the other hand, while admitting to an overlap of interests with those of the government, AFL-CIO leaders throughout the post-war period have claimed to manage their own foreign policy, i.e., doing whatever was necessary to strengthen free trade unions. To a large extent, this has meant using government funds for actions where overlapping interests were apparent.

The critical problem has been that U.S. State Department interests as well as the AFL-CIO’s definition of what constitutes a free trade union have all too often been at odds with the perceived interests of labor leaders in other countries. With important exceptions such as supportive AFL-CIO roles in Poland and South Africa in the 1980s, American labor’s foreign policy has often appeared to those in the targeted countries (except for those actually receiving the money or other support) as interventionism rather than solidarity. The way to judge the foreign policy of the Sweeney leadership, we believe, is not by where the money comes from but rather by what purposes it serves. Is it used for widening and strengthening international solidarity, cross-border collaboration among equal partners? Or is it used in the old Cold War manner of intervening in the affairs of another country’s labor

movement, to serve some U.S. hegemonic purpose rather than the interests of workers and unions?

Establishment of Transnational Labor Organizations

Almost from its inception, the AFL has promoted the idea of an international organization of trade unions. Between 1909 and 1913, Gompers led the transformation of the International Secretariat of Trade Unions, an organization of the secretaries of national trade union centers that concerned itself with issues of both unionism and parliamentary socialism, into the International Federation of Trade Unions (Mandel 1963). Having banned from the IFTU all unions with ties to the Moscow-led Third International, Gompers “endeavored to capture the leadership of this world movement” (Reed 1966, 160). Nonetheless, Gompers and fellow American participants grew increasingly uneasy about the commitment to socialist policies of the majority of members, and in 1921 the AFL withdrew.

Gompers’ missionary zeal to bring Mexican workers into the fold of organized labor led to the creation of the Pan-American Federation of Labor in 1917. This organization was created to promote “pure and simple” business unionism throughout the Western Hemisphere and to form one more barrier against foreign domination from any quarter in Latin America.⁹ Suspicious of AFL intentions, which were viewed as intervention rather than solidarity, few Latin American unions joined the association, and collaborative activities were for the most part limited to relations with established Mexican labor leaders (Harvey 1935).

Concerns about affiliation with Communist-dominated trade unions prompted the AFL’s refusal to join the WFTU after World War II, although the CIO believed that it could work in such an organization. Encouraging American unions to affiliate with the appropriate ITSs, the AFL was instrumental in thwarting Soviet attempts to bring the secretariats under control of the WFTU. With support from the Marshall Plan, the AFL organized union conferences in 1948 that gave impetus to formation of the ICFTU.

Cross-Border Activities

The central foreign policy principle of the AFL-CIO has been to promote the development of independent trade unions abroad. This view led the AFL-CIO into anti-communist battles across the globe throughout the twentieth century, as well as into battles against fascist, military, and other

non-democratic governments. It is beyond our scope to examine the various institutions through which the AFL-CIO has pursued its cross-border campaigns. In every case these institutions have been controversial: viewed by some as State Department–dominated and even CIA-linked (Shorrock 1999), viewed by others as independent efforts (although State Department–funded) to promote free trade unions around the world, through financial support, training for union activists, and related strategies. The institutions include the American Institute for Free Labor Development (AIFLD), an outgrowth of the U.S. government’s 1962 Alliance for Progress in Latin America; the African American Labor Center; the Asian American Free Labor Institute; and the Free Trade Union Institute in Europe.

Facing dwindling funding from USAID (a State Department agency) and the National Endowment for Democracy, the AFL-CIO under Lane Kirkland began consolidating the institutes to eliminate duplication of resources. Consolidation was well under way when John Sweeney became president, and the four institutes were replaced by the American Center for International Labor Solidarity. Many of the previously dominant “cold warriors” are now gone, in some cases replaced by their ideological opposites: former activists from the 1960s, opposed to foreign intervention while strongly in favor of new solidarity initiatives. Barbara Shailor, one such activist, now heads the AFL-CIO Department of International Affairs (which in turn governs the Center for International Labor Solidarity) (Shorrock 1999).

Beginning during the Kirkland regime, the AFL-CIO participated in pioneering campaigns in Asia (e.g., the Philippines, Malaysia, and Bangladesh) to help workers in garment and other factories. Organizers developed centers throughout the region where workers could go outside of the so-called Free Zones to get health care, take literacy classes or learn clerical skills, and receive legal assistance. Real breakthroughs occurred when workers convened organizing meetings in the centers that resulted in the formation of unions in the garment trades. The AFL-CIO and other international groups also assisted union organizers throughout Latin America, such as banana workers in Honduras and garment workers in the Dominican Republic (see Chapter 9).

The Kirkland leadership launched a major effort to link worker rights with trade, persuading the ICFTU and other labor groups to champion this cause inside the ILO and other international forums. Kirkland’s focus on international affairs, however, drew fire from those both inside and outside the labor movement who believed that U.S. trade unions might best be strengthened by focusing on organizing American workers rather than on cross-border concerns. This perspective helped elect John Sweeney to the

presidency of the AFL-CIO over Kirkland's handpicked successor, Thomas Donahue.

It would be a mistake to interpret the outcome of the election as a condemnation of internationalism. Rather, our reading of events suggests that the current AFL-CIO has two salient priorities: to increase dramatically the resources for innovative domestic organizing and political action, and to close down the old Cold War operations and move from intervention to solidarity. The Sweeney regime thus continues to involve the AFL-CIO in international solidarity campaigns, and these are increasingly important.

Obstacles to Transnational Union Collaboration

Obstacles begin with the attitudes, structures, and practices of unions themselves. Cross-national differences posing problems for cooperation have been widely analyzed (Helfgot 1983; Martinez Lucio and Weston 1994; Ramsay 1997; Streeck 1991; Ulman 1975). They include fear of loss of autonomy by national unions and federations; concerns about the cost of supporting foreign strikes (ranging from income loss during a solidarity strike to job loss for an illegal action); religious and ideological differences (although with the end of the Cold War these are less important); differences in union structure, collective bargaining practice, and national industrial relations systems, making particular demands or actions appropriate to one country but inappropriate in another; contrasting interests and agendas, between, for example, developed countries and developing countries; legal constraints on cooperation; and preoccupation with national and local problems, resulting in a lack of time for or interest in international solidarity. For all of the above reasons and more, analysts and many trade unionists have long doubted the viability of transnational collaboration. Even in Europe, where such cooperation has gone furthest, arguments prevail about the long-term limits or even impossibility of international cooperation (Mahnkopf and Altvater 1995; Streeck 1991).

Beyond the institutional and political barriers, an additional problem is the lack of accurate information about multinational employers. Transnational collaboration, from bargaining demands to industrial action, requires accurate information about the target firm: where it produces, how much it can afford, where it might be vulnerable, its own bargaining strategies in different locations, investment plans. Thus a first union effort in the international arena often involves the demand for information, ultimately making the MNC transparent (Latta and Bellace 1983). This can be seen, for example in the successful union push for European Works Councils as

well as in more recent efforts to promote information disclosure by large firms in the European Union. It can also be seen in the proposed code of conduct developed by the Northern Telecom Workers International Solidarity Coalition (including the International Metalworkers Federation and the Postal, Telegraph and Telephone International), the first section of which calls for "timely information." Yet full transparency, with a few exceptions such as at Volkswagen with its powerful works council and social partnership ideology, remains difficult to achieve, even in Europe (Ramsay and Haworth 1990).

Perhaps the most important barrier to transnational collaboration is the opposition of MNCs themselves. By withholding information, causing workforces in different countries to compete with each other, and other tactics, MNCs have demonstrated their determination to prevent collaborative bargaining efforts and other expressions of solidarity among their various national workforces. Just as determined employer opposition is often the key barrier to revitalizing national labor movements (as in the United States), so the intransigence of MNCs is the key obstacle to transnational union collaboration. And such employer opposition makes the effort to overcome the above institutional and political barriers all the more important.

Factors Promoting Transnational Union Collaboration

Economic and political changes throughout the world have now lowered barriers that previously hindered, if not prevented, collaboration among unions in cross-border campaigns. Cooperation is now more likely because of the dwindling political divisions within the trade union movement, reflecting dissipating Cold War tensions among nations. Gone is much of the hostility between and among communist, socialist, social-democratic, and liberal or business unions. When the Cold War ended, to cite just one example, professional activity among media unions was increasingly supplemented by international industrial action (see Chapter 8).

The history of organized labor indicates another factor that will continue to provoke transnational cooperation, namely, the willingness of unions to restructure themselves to suit environmental circumstances. Over the years, pragmatic concerns stemming from changed economic conditions (for example, development of transportation systems in the United States allowed employers to move manufacturing jobs from unionized areas to non-union facilities) gave rise to new structural relationships among unions intended to strengthen labor's ability to promote its agenda (for example, national

unions were created in response to transportation developments to take wages out of competition in union and non-union areas [Helfgot 1983]). Another environmental factor, viz., the increasing number and strength of multinational employers, has also provoked transnational cooperation among unions. Since local unions can only muster ad hoc responses to decisions taken as a result of policies contrived by multinational corporations, "developing a truly international force has become a condition for national trade union survival" (Levinson 1972, 141). Levinson, a former secretary general of the International Federation of Chemical and General Workers, proposed fully integrated collective bargaining as an appropriate structural response. In this vein, a German chemical, paper, and ceramic workers' union (IG Chemie-Papier-Keramik) and a British general union (GMB) agreed to extend full entitlements to each other's members. When working in Germany, all GMB members will be entitled to full support and advice from the IG Chemie, and vice versa. When the agreement was signed, GMB General Secretary John Edmonds said, "Multinational companies require a multinational response from workers. . . . Our goal will be the creation of a joint membership at the European level so as to achieve minimum standards on bargaining agreements for all workers" (ICEM Update 1997).

New sources of information and advances in communications technology offer unions high-tech tools for coordinating their efforts (Lee 1996). Shostak (1999, 230) found a new generation of labor "digerati," that is, "those eager to expand and improve creative uses made of computers," whose lives have been steeped in Information Age technologies and whose expectations for trade union renewal are limitless. Of particular fascination to this group are the possibilities for facilitating cross-border campaigns: "The vision of labor's digerati includes a quantum increase soon in the collective intelligence of 'global village' unionists in a global international. They expect unprecedented cooperation across national borders, and thereby, the first effective counter to transnational corporate behemoths" (1999, 231).

Advancement in electronic communications is one of the most important influences on the ability of unions to plan and conduct transnational campaigns. Computers now assist organizing efforts (Cantrell 1999) as well as servicing functions (Laskonis 1999). Unionists share data across enterprises and national borders to provide perspective on industrial relations problems confronting local labor officials (e.g., information may be shared about the bargaining practices and financial status of MNCs and their subsidiaries in different countries, for example). There is greater communication "in order to exchange information that will constrain management's

interpretation and use of data related to its own industrial establishment; on the other hand, information is being exchanged concerning the adoption of new management practices as potential means to find ways to curb the reassertion of the management prerogative” (Martinez Lucio and Weston 1995, 245). Responses to company actions can be mobilized by website notices that encourage letter writing or phone calls to MNCs’ worldwide 800 numbers. Unions have much to learn about transnational cooperation before they are likely to abandon their typically cautious approach to defending worker and human rights. But when labor’s adversary is multinational, cross-border collaboration appears to be one of labor’s most effective responses.