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Political Entrepreneurs and Co-Managers: Labour Transnationalism at Four Multinational Auto Companies

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Keywords

labor transnationalism, multinational auto companies, industrial relations

Disciplines

Human Resources Management | International and Comparative Labor Relations | International Business

Comments

Required Publisher Statement

© Wiley. Final version published as: Greer, I., & Hauptmeier, M. (2008). Political entrepreneurs and co-managers: Labour transnationalism at four multinational auto companies. *British Journal of Industrial Relations*, 46(1), 76-97.

DOI: 10.1111/j.1467-8543.2007.00667.x

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Suggested Citation

Greer, I., & Hauptmeier, M. (2008). *Political entrepreneurs and co-managers: Labour transnationalism at four multinational auto companies*[Electronic version]. Retrieved [insert date], from Cornell University, ILR School site:

<http://digitalcommons.ilr.cornell.edu/articles/970>

Political entrepreneurs and co-managers:

Labour transnationalism at four multinational auto companies

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Published in the *British Journal of Industrial Relations*

Vol. 46, No. 1, pp. 76-97, March 2008

Abstract

This paper examines labour transnationalism within four multinational automakers. In our sample, we find different forms of labour transnationalism, including transnational collective bargaining, mobilisation, information exchange and social codes of conduct. We explain these differences through the interaction between management and labour in the context of the company structure; of particular importance are transnational coercive comparisons by management and the orientations of worker representatives as political entrepreneurs or co-managers. We conclude that, although intensified worker-side cross-border cooperation were not preventing wage-based competition in general (due to the lack of between-firm coordination), they have reshaped employment relations within these MNCs.

Acknowledgements: Special thanks to Martin Höpner, Sarosh Kuruvilla, Nathan Lillie, Susan Müller, Miguel Martinez Lucio, Ludger Pries, Paul Stewart and Lowell Turner for valuable comments as well as participants of the School of Industrial and Labor Relation's (ILR) Collective Bargaining Workshop (26 September 2006), the third and fifth Transatlantic Social Dialogue in Berlin (20-21 May 2005) and Brussels (March 2-3, 2007), the Global Labour University workshop in Kassel (10-11 March 2006) and the LERA conference in Chicago (4-8 January 2007). We also thank two anonymous referees and BJIR editor Simon Deakin. The research was funded by the Max Planck Institute for the Study of Societies, the Washington Office of the Friedrich Ebert Foundation, the Hans Böckler Foundation, ILR's International Programs, Cornell's Institute for European Studies, Cornell's Einaudi Center for International Studies and the German Academic Exchange Service.

Labour transnationalism is by now a well researched subject, especially in multinational corporations (MNCs) in Europe. Much literature has analyzed the emergence of labour transnationalism and its structural forms (Anner, Greer, Hauptmeier, Lillie and Winchester 2006; Müller, Platzer and Rüb 2004), its embeddedness in national and local industrial relations arrangements (Hancké 2000; Lillie and Martínez Lucio 2004), and the role of the sector and European integration (Marginson 2000), but it remains unclear how it becomes strategic for worker representatives facing threats of disinvestment. Do trade unionists view it as a tool for in-plant, national, or transnational action? Could it limit the intense competition behind concession bargaining?

We examine labour transnationalism at the automotive firms DaimlerChrysler, General Motors (GM), Ford/Visteon and Volkswagen (VW). Common to these four firms is strong collective labour representation, as indicated by high union density and broad, overlapping representation bodies such as labour unions, works councils, supervisory boards, European Works Councils (EWCs) and, in two firms, World Works Councils (WWCs). These companies all began a restructuring process in the 1990s, including the building of new production capacity, the closure and downsizing of older plants, the outsourcing and spinning off parts production, and the purchase or construction of new plants. During this period, managers set up transnational in-firm competition in various ways, from blatant whipsawing – in which management plays plants off against each other in order to extract concessions from labour – to more subtle

comparisons and benchmarking, and union-side international cooperation intensified in response.

Labour transnationalism, however, plays out differently at each firm. At DaimlerChrysler and Volkswagen, we see global-level information sharing, and, to some extent, global standard setting over labour rights. Here, labour transnationalism is a matter of providing a minimal level of information and collective rights for foreign colleagues. These works councils, however, have done little to prevent competition between locations. At two other firms, Ford and GM, we see European-level coordination and bargaining. While unionists at GM and Ford have used worked to influence restructuring at a in Europe, their colleagues at VW and DaimlerChrysler have extended transnationalism beyond Europe. At GM, European worker representatives have organised transnational mobilisations to resist plant closures and dismissals.

We base these case studies on 197 semi-structured interviews between 2003 and 2007,¹ as well as archival sources and press reports. Although most transnational activity is confined to Europe, we examine its global extension, where applicable. Our narratives begin in the 1990s with labour-side responses to international competition.

Examining labour transnationalism in MNCs is becoming important as they expand. The ratio of outward Foreign Direct Investments from MNCs to total global Gross Domestic Product more than doubled between 1996 and 2004, from 11% to 24% (UNCTAD 2005). If trade unionism extended itself to the national level in the late 19th

¹ We conducted these interviews in Germany, the US, Spain, and the UK. In each country we spoke to national-level and in-plant trade unionists responsible for each firm (including, where possible, different caucuses and unions). In Germany, Spain and the US, we also spoke to managers, workers, regional trade union officials and academics. In Germany and Spain we talked as well to employer association representatives.

to mid 20th century, as nation-wide firms, states and markets became more important, it is worth asking whether an analogous process is underway in the 21st century. We define labour transnationalism as the spatial extension of trade unionism through the intensification of cooperation between trade unionists across countries using transnational tools and structures.

This paper begins with a review of the literature on labour transnationalism, followed by a preview of our evidence. Then we offer an explanation for the different patterns of labour transnationalism, emphasising the interaction between management and labour in the context of the company structure. Of particular importance are management's ability and willingness to whipsaw and the orientations of worker representatives. The latter, we suggest, can be classified as political entrepreneurship and co-management. The following empirical section consists of four case studies on labour transnationalism in multinational automotive companies. Finally, we provide a comparative assessment of the case studies and conclude that, although competition and concessions and within-plant job retention remain important, international trade union cooperation has reshaped employment relations within these MNCs.

Labour transnationalism and the internationalisation of firms

The internationalisation of markets and firms has transformed labour relations. In manufacturing, unions grew up in order to prevent 'ruinous competition', as local and regional product and labour markets were supplanted by national ones (Commons 1909). In the first half of the 20th century they began to consolidate themselves by accepting the rules of national industrial relations systems. By the late 20th century, as imports began

to penetrate these national markets, as corporations established production locations around the world, and as collective bargaining began to lose its ability to provide both competitiveness and worker well-being, unions in the Global North had increasing difficulty sustaining their members' wage levels.

The notion that workers would coordinate across national boundaries in response to globalisation has not been self-evident to industrial relations theorists. To the contrary, some writers have suggested that, in the face of international markets, unions could take advantage of the decentralisation of business activity, either at the regional level (Piore and Sabel 1984) or at the in-plant level (Katz 1993). Others have argued that national institutions would continue to protect workers, because of the interests of employers in stability (Thelen 2001) or comparative institutional advantages (Hall and Soskice 2001).

In the mid-1990s, Turner (1996) argued that the structural preconditions for labour transnationalism existed, at least in Europe, but had not yet been filled out by action. Since then, a literature has grown up on this process, addressing the globalisation of industries (Anner *et al* 2006) and corporate structures (Müller, Platzer and Rüb 2004); the Europeanisation of social policymaking (Keller and Platzer 2003); and even – in the case of seafarers – negotiated global wage minima (Lillie 2006). This literature emphasises the opportunities for labour transnationalism and sees EWCs as 'vehicles for labour-oriented networking' (Martínez Lucio and Weston 2004: 41) and the globalisation of firms as a potential stimulus for 'organisational learning' by unions (Kädtler and Sperling, 2002).

Other writers identify constraints. For example, Wolfgang Streeck (1998) argued that EWCs were not transnational, but rather extensions of national industrial relations

systems that articulated national or local interests. Hancké (2000) argued that, in the European automotive industry, EWCs tended to facilitate, rather than impede, management-led restructuring, by giving worker representatives information to use in local productivity coalitions. Beyond the auto industry, observers found that the Europeanisation of in-firm industrial relations was not connected to an extension of collective bargaining (Lecher, Nagel and Platzer 1999), that managers were using EWCs to generate consent for downsizing (Tuckman and Whittall 2002), and that the actions of trade unionists remained shaped by national identities (Timming 2006). Moreover, as Dølvik (1997) showed, national unions have preferred to serve their members at home and resisted a transfer of power to the European Trade Union Confederation.

BMW's sale of Rover in 2000 seemed to confirm this scepticism. Having bought British automaker Rover in 1994 in hopes of entering a mass-production market, BMW managers had, five years on, failed to increase Rover's market share. As it became clear that management wanted to break up Rover, international relations between worker representatives became tense. The works council knew management's intentions because of German co-determination rules and in-firm co-management practices; British worker representatives, by contrast, were kept in the dark. BMW sold one plant to Ford, retained two plants, and handed the largest plant – which was eventually closed – to a consortium of investors (Armour and Deakin 2000; Tuckman and Whittall 2006; Villiers, 2001). British worker representatives at Rover arguably lacked the information they were entitled to under national law, never mind the additional leverage supposedly provided by the EWC. Although a transnational structure existed, it did not alleviate the conflicts of

interest between national unionists or compensate for the varying degrees of privilege in their access to management.

Since then, however, several events have raised doubts about the arguments of the sceptics. First, the EWC at GM has organised days of action, including work stoppages by as many as 40,000 workers, to pull management into European-level bargaining (Costa and Rehfeldt 2007). This suggests that EWC are not always useful to management, and that there is not always a trade-off between local interests and international solidarity. Second, the EWC at GM and at Visteon have negotiated collective agreements at the European level, in order to 'share the pain' of restructuring and limit competition in bidding processes introduced by management; at VW and DaimlerChrysler the union camp has agreed to reject the work of other plants in the event of a strike. Thus, worker representatives are coordinating in ways that do not seem particularistic, and bargaining has not been simply decentralised. Third, two EWCs at DaimlerChrysler and VW, established even broader forums of worker representation, World Works Councils, which negotiate international framework agreements regulating labour standards at the companies and their suppliers.

Explaining labour transnationalism

We argue that the forms of labour transnationalism depend on the interaction between management and labour strategies in the context of the company structure; of particular importance are management's whipsawing practices and labour's orientations as co-managers or political entrepreneurs. This argument is actor-centred and emphasises the strategies of management and labour but also recognises that actors have built structures

with implications for future action. Once established, European and World Works Councils, production networks (platforms), and the proximity of worker representatives to corporate headquarters all affect the labour-management interaction.

(Table one about here)

1. Labour orientations: Political entrepreneurship and co-management

Trade unionists pursue several goals when they do international work, including securing labour rights and standards, constraining whipsawing and competition within the firm, avoiding dismissals and plant closures, and securing a fair distribution of production across plants. We see two different political orientations of individuals and collective labour organisations that lead to different sets of labour strategies and repertoires of action: co-management and political entrepreneurship.

Political entrepreneurship refers in this paper to the exploration of transnational strategies by individual unionists and their organisations. Union leaders have to represent the interests of their constituency, which in turn has to confirm the course of the leadership in democratic elections. Given these constraints, political entrepreneurs play an essential role in the development of labour transnationalism (Müller, Platzer and Rüb 2004). Political entrepreneurs have the vision to explore transnational strategies and the leadership skills to convince their constituency. They are creative as organisers, can communicate with colleagues and management in English, are ready to mobilise the workforce and public opinion, hire dedicated staff to support their international work, and build networks of international relationships over many years. The overarching goal is to

regulate restructuring through transnational collective bargaining, and the main methods are transnational mobilizing and coordination. Political entrepreneurs develop forms of leverage independent from their relationship with management and are not working in close proximity to world headquarters.

A different orientation is co-management, which usually involves an exchange: management grants trade unionists a role in decision-making, and trade unionists then bear responsibility for the resulting decisions. Co-managers limit their mobilisation role and their resort to public pronouncements but receive more information and financial resources from the company. This happens more often when worker representatives operate in close spatial proximity to global headquarters: German trade unionists engage in in-depth co-management at German headquarters, and their U.S. colleagues do likewise at Ford and GM (Anner *et al* 2006). Co-management happens in a more diluted form in Spain and the UK, at times with help from European Works Councillors based in Germany. Co-managers rely on cooperation from management in developing their strategies and attempt to integrate or suppress worker representatives who oppose labour-management cooperation.

2. Management: Transnational whipsawing and platform strategies

Two sets of international management strategies – the production strategy and labour relations strategy – are crucial in shaping labour transnationalism. As lean production has taken hold in the industry, production has become more standardised and locations more comparable. ‘Coercive comparisons’, enabled by systematic benchmarking of production sites, has long been central to management’s bargaining strategy (Mueller and

Purcell 1992). More recently, managers have won even more flexibility to shift production according to fluctuations in demand by introducing a small number of 'platforms' across the various brands; this has further enhanced their capacity for transnational whipsawing.

Whipsawing capacity varies considerably in our sample. The most clearly contrasting cases are GM and DaimlerChrysler. GM has introduced shared platforms, allowing them to produce different brands (Saab, Opel, Vauxhall) with similar parts and standardised assembly procedures. This has allowed management to shift production more easily between plants, and managers have aggressively used this ability to threaten worker representatives with disinvestment and win concessions. At DaimlerChrysler, by contrast, plants are specialised, overcapacity is less of a problem, and management's ability to shift production internationally is relatively limited. VW and Ford occupy intermediate positions. Compared to DaimlerChrysler, Ford and VW managers have more ways and pressures to shift work between plants, but compared to GM, a less confrontational negotiation style. At Ford, whipsawing capacity is less than at GM and VW, because there are fewer assembly plants, less parallel production, and therefore fewer exit options.

DaimlerChrysler: Global labour standards settingⁱ

Baden-Württemberg-based DaimlerChrysler was the product of Daimler-Benz's purchase of the U.S. automaker Chrysler in 1998. At the time of the merger, Daimler-Benz had more than twice as many employees than Chrysler. Three large German sites, Sindelfingen, Mannheim and Untertürkheim, were built before World War II, and

afterwards the firm expanded into other parts of West Germany and abroad, in to Brazil, South Africa, Turkey, Mexico, Spain, Argentina and Indonesia. DaimlerChrysler also purchased two US-based truck manufacturers (Freightliner and Detroit Diesel) and a stake in Mitsubishi, established the subsidiary, Smart, and established Mercedes production in the US. In May 2007, Chrysler was sold to the private equity firm Cerberus.

German works councillors have taken the lead in building transnational structures with their pre-merger work with colleagues in the Global South and post-merger work with North American colleagues. Because 95% of the firm's European car production is in Germany, international coordination mainly takes place at the global, rather than European level. The international work originated in the 1980s, not as a response to economic pressures, but at the urging of church officials, mainly in support of strikes in South Africa and Brazil. Though 'official' works councillors and leftist dissidents in Germany conduct their international work separately (and former have attempted to marginalise the latter, through threatened expulsion from IG Metall and refusing to allocate works council funds to their projects), both are guided more by a political concern for labour rights than by fears of whipsawing.

The merger led to a deepening of international ties due to uncertainty felt on both sides of the Atlantic. Although management promised a 'merger of equals', noticeable changes began to take place. In Germany, management introduced 'lean production' techniques developed in the U.S. and Japan, and in the US, management announced a massive redundancy programme. Unionists responded by holding regular international meetings, including UAW participation on the supervisory board, a somewhat larger

'labour committee' (including the Canadian Auto Workers) to prepare for supervisory board meetings, and a considerably larger International Automotive Group (including representatives from Spain, Brazil and South Africa). Bringing a UAW representative to the supervisory board was a major innovation. The UAW used the supervisory board for information, rather than as a strategic tool, reflecting its national focus on crisis management. The IG Metall and UAW, in cooperation with their global umbrella organisation (the International Metalworkers Federation, or IMF), then negotiated with management to set up a world works council, known as the World Employee Council (WEC). The WEC was kept much smaller than the EWC out of cost considerations, but had much the same purpose of information and consultation, funded by the company. It has six German members, three from the US and one each from Spain, Brazil, South Africa and Canada, but excludes Indonesia, Mexico, Argentina, and Turkey.

Parallel to the WEC meetings, worker representatives and managers negotiated the firm's *Principles of Social Responsibility*. This code, patterned on the UN's Global Compact, protects workers against violations of core labour standards, such as child labour, forced labour and various kinds of discrimination, while encouraging positive labour-management relations and requiring neutrality in union organizing campaigns. The company agreed to enforce the agreement not only in-house, but also at its suppliers. While DaimlerChrysler does not monitor suppliers' factories, its labour relations department supports trade unionists and whistleblowers when complaints arise.

Because worker representatives and managers did not think they would find many violations, the agreement was uncontroversial. They were surprised when workers in supplier plants began to file complaints, mainly for being fired for trade union work; in

the first three years, there were 15 offenders, including establishments in Turkey, Brazil, Costa Rica, the US and – unexpectedly – Germany. In contrast to most firms, whose codes only exist on paper, DaimlerChrysler's code requires the company to respond. In most cases, workers win reinstatement, although DaimlerChrysler does not force union recognition (Works council and IG Metall interview 21 May 2005).

Shows of international solidarity at DaimlerChrysler are not unheard of, but have only limited relevance to international competition, given the structure of production. In 1996, Untertürkheim's works council turned down orders to work Saturdays, to make up for lost axle production from a strike in Brazil. During a 2001 strike in South Africa, German works councillors similarly refused to pick up the slack, and Brazilians supported a 2002 warning strike in Germany with a brief walkout. These actions are important for their symbolic use in specific disputes, but have not prevented concession bargaining (Works Council Interview 25 November 2005).

German works councillors doubt that the company would shift work to smaller plants in the global south, because these seem to specialise in specific markets. The only parallel production is with the C-class, produced both in Sindelfingen (in Baden-Württemberg) and Bremen (in northern Germany); otherwise, threats are limited to future investment decisions or relatively small amounts of work. While Sindelfingen and Bremen employ about 30,000 and 15,500 workers respectively, the South African plant making right-handed C-class (mainly for the British market) has fewer than 4000 workers, and the Brazilian plant making the A-class, 1500. Because Mercedes factories tend to specialise in unique products, worker representatives believe that company lacks the capacity to make good on major threats to shift work across borders (ibid).

Because the main whipsawing threats occur domestically, international solidarity is seen as having little relevance to the problem. In 2004, for example, the company threatened to shift C-class assembly work to Bremen from Sindelfingen, threatening 6000 jobs, if the works council did not agree to a package of concessions. Management's demands included the undercutting of a working time provision from Baden-Wuerttemberg's sectoral agreement dating back to the 1970s, which sparked an impressive mobilisation domestically. International support came from South Africa and Brazil in the form of solidarity letters and – at least in Brazil – demonstrations. In the end, the works councillors agreed to a set of concessions that kept the sectoral agreement intact, but saved the firm €500 million a year. Rather than using international coordination, the works council spread the concessions beyond Sindelfingen to other German plants. The central works council thus maintained inter-plant solidarity within Germany, but introduced longer work hours for workers doing indirect labour, such as cooking and cleaning, and lower wage tiers for new hires (Anonymous 2004).ⁱⁱ

Amid widespread disappointment with Chrysler's performance, the Daimler-Chrysler merger came unravelling, as Chrysler was sold to a private equity firm. Initially, UAW officials were opposed to the deal and worried that the new owner would 'strip and flip', rather than develop a sustainable business. After meetings with works councillors and Daimler CEO Dieter Zetsche, UAW leaders changed their position, despite continued opposition by Canadian unionists. Convinced of the deal's inevitability and reassured by provisions to fund pensions, they joined the rest of the supervisory board to vote in favour of the sale. Despite worries about private equity more generally, IG Metall and UAW officials chose a non-confrontational approach to the Cerberus takeover.

Ford/Visteon: European bargaining

Ford is a Michigan-based company with a significant presence in Europe. The firm established plants in on the outskirts of Cologne (Niehl) and London (Dagenham) in the 1920s, and after World War Two, it extended its presence by building assembly plants in Valencia (Spain); Saarlouis (Germany); Genk (Belgium); and Halewood (UK). More recently, it has acquired new luxurybrands, including Volvo in Sweden and three British brands known as the Premier Automotive Group (PAG): Jaguar, Land Rover and Aston Martin. It has also expanded its Ottosan van-making joint venture in Izmit (Turkey), and built a plant in St. Petersburg to serve the Russian market. In the late 1990s, it began to concentrate 'blue oval' assembly work in Germany and powertrain work in the UK, while converting Valencia into a 'swing plant', capable of both kinds work. Compared to VW and GM, Ford built up less parallel production across Europe, and chose instead to downsize production in order to increase plant utilisation.

Like at GM, Ford worker representatives have used the EWC for leverage in European bargaining. Although international redundant capacities are less important and production more narrowly spread in Europe than at GM, management has a less confrontational approach than at GM. Transnational collective bargaining has taken place over a large spin-off (Visteon, which took over Ford's parts operations) and a joint venture (GFT, which makes transmissions), in which the EWC – with the help of the UAW – used transnational bargaining to influence workplace restructuring.

Ford's European Works Council was established under the direction of Wilfried Kuckelkorn. Kuckelkorn was head of the central works council from 1984 to 2001 and,

between 1994 and 2004, a Member of the European Parliament. As chair of the EWC from 1996 to 2001, he orchestrated the Visteon spinoff agreement, Kuckelkorn played a central role in winning the support of the UAW. After the fatal 1999 explosion at the River Rouge plant, Kuckelkorn organised a collection from German workers for the families of the victims, which he personally presented to the UAW. Later, when he requested support in the Visteon negotiation, the UAW Vice President for Ford flew to Cologne to support Kuckelkorn's demand (works council interview 02 April 2004).

This spinoff affected nearly 20,000 workers in Europe and led to the first transnational collective agreement. It included the eight main Visteon plants in Europe, including four in the UK, three in Germany and one in France. While there is some uncertainty as to whether Visteon management wanted this agreement to be Europe-wide, it did allow them to win something that they were denied in the US: Visteon workers were transferred into the new company, rather than remaining Ford workers. Ford agreed to a parts catalogue that would give Visteon until 2007 to find new customers, and Visteon's incumbent workers were guaranteed wages and working conditions that mirrored those at Ford. The second transnational agreement, with similar provisions, involved the spin-off of transmission production into a joint venture with a smaller firm, GFT, with 3900 employees in Halewood (UK), Bordeaux (France) and Cologne (Germany). This business thrived, and bargaining proved to be less difficult than at Visteon.

A third transnational agreement came in 2003. With end of the sourcing agreement with Ford in sight, Visteon deepened its concessions, once again with the involvement of the Ford EWC. The company continued to lose money, and the EWC

negotiated a set of plant-by-plant cost savings targets. The agreement, called Plan for Growth, contained a list of products in various plants, either to be expanded or eliminated, depending on the assessments of Ford and Visteon managers for future market share. In Germany, the agreements included redundancies, the elimination of over-tariff payments for any future workers, a wide range of outsourcing measures to bring workers into plants under cheaper collective agreements, and the creation of a 'transfer corporation' to help redundant workers find new jobs (works council and management interviews 26 August 2004).

Compared to Visteon and GFT, Ford labour and management used transnational strategies much less for the restructuring of assembly work, beginning in the late 1990s. Management's strategy was to reduce overcapacities: in 1999, Ford had the capacity in Europe to produce 2.2 million cars, but only sold 1.65 million cars. Ford discontinued assembly at its Dagenham plant, converted its Halewood plant to Jaguar production, sold its plants in Portugal, closed plants in Belarus and Poland, and dismissed 3000 workers in Genk (*Automotive Intelligence News* 16 May 2000). Although management informed and consulted labour in the EWC according to the directive, negotiations over the restructuring took place at the local level, mostly in a non-confrontational manner.

Although Ford had historically used international whipsawing to extract concessions in plant-level bargaining (Mueller and Purcell 1992), restructuring since the late 1990s limited whipsawing by concentrating production in fewer locations. In Dagenham, for example, the company offset 1900 job losses from closing the assembly plant with 500 new jobs in a global centre for diesel engine technology.

Although Ford had less capacity for coercive comparisons than GM, whipsawing has not completely disappeared. In 2005, European management discussed the production of the new Fiesta with worker representatives at the Cologne and Valencia plants. The Spanish UGT (Union General de Trabajadores) and the German works council negotiated separate local agreements over the terms of securing Fiesta production, and the EWC did not interfere. The agreement in Cologne introduced lower tier wages for newly employed workers in exchange for a moratorium on employment security until 2011.

At Visteon, too, management has shifted bargaining to the local and national levels, with little resistance from worker representatives. In 2005, Visteon was threatened by bankruptcy. Although the 2003 agreement had secured investment in each plant, global management was redefining its core business in ways that did not correspond to these plans. In Germany, the new agreement marked a departure from the first Visteon agreement by reducing the pay of core workers. In the UK, labour and management have agreed to introduce additional personnel cuts and outsourcing (union interviews 17 March 2006).

General Motors: European mobilisation and bargaining

GM is a Detroit-based firm with a semi-autonomous subsidiary, GM Europe. Its oldest plants were established in Antwerp and Rüsselsheim during the 1920s; others were established after World War II in Azambuja (Portugal), Bochum (West Germany), Ellesmere Port (UK) and Zaragossa (Spain). After the fall of communism, GM built

further assembly plants in Eisenach (East Germany) and Gliwice (Poland), in hopes of capturing consumer markets to the east, and purchased Saab, with production in Trollhättan (Sweden).

Labour transnationalism at GM is a response to transnational whipsawing by management. During two periods, 1993/4 and 1997/8, management used concessions in one country to extract them in another (Eller-Bratz and Klebe 1998). National labour strategies were exhausted, and none of the plants had privileged access to the European headquarters in Zürich. In this context, worker representatives began to explore transnational strategies. The EWC was founded in 1996 and, compared to Ford, had a stable composition, gave representatives time to get to know and trust each other. In addition, a German works councillor, Klaus Franz, envisioned labour transnationalism as a central resource to counter cross-border whipsawing, pushed for a more extensive coordination in the EWC, and began to develop transnational instruments. He later became head of the European and German works council and played a central role in the transnational negotiations and mobilisations that followed.

The EWC sought to limit the transnational whipsawing and competition by negotiating collective agreements with GM's European management. The EWC's first negotiations took place over the joint venture with FIAT. In March 2000, GM managers announced a powertrain joint venture with FIAT without consulting the EWC. Worker representatives viewed this as a breach of the original EWC agreement, which required consultation with the EWC over major restructuring; in Bochum, trade unionists responded with a wildcat strike. At the same time, the EWC leadership began talks with management and insisted on a transnational framework agreement. Management agreed

to European-level negotiations in order to salvage the deal with FIAT. Like at Visteon, all GM workers transferred to the new firm had the same terms and conditions as the core workforce (works council interview 18 April 2005).

In December 2000, a second conflict, over the closure of the Luton plant, led to a Europe-wide action-day and consolidated the EWC's role as a negotiation body (Herber and Schäfer-Klug 2001). Although management informed the EWC, the announcement sparked immediate and fierce local labour protest at the Luton plant and EU-wide mobilisation in response. On 25 January 2001, 40,000 GM workers participated in a European Action Day against the plant closure. Parallel to the protest, negotiations between management and EWC reached a breakthrough. The EWC's chairman, Franz, announced the resolution via a conference phone to protesting workers in Germany. Although the plant was not saved, management agreed to avoid mandatory redundancies through the transfer of workers into a nearby van plant. From management's point of view, including European-level labour representatives brought in more cooperative negotiation partners, i.e. individuals who were not directly involved in the heated local conflict (management interview 22 March 2004).

Despite restructuring efforts in previous years, the situation of GM Europe had barely improved, and in 2001, management announced a new plan called 'Olympia'. This time, both sides agreed to European-level negotiations without a confrontation. Worker representatives did not doubt the need for restructuring, and, like at Visteon, there was a solidaristic solution that involved 'sharing the pain' across plants. The resulting European-level agreement stipulated cost reductions for each plant but ruled out plants closures and forced redundancies.

In 2004, GM was still losing money in Europe; 'Olympia' had been insufficient. Instead of implementing a Europe-wide restructuring program, management focused on Germany and in October announced personnel reductions of 10,000, or every third German employee. Immediately after the announcement, a wildcat strike broke loose in Bochum, where a plant closure was widely feared. The EWC organised a second European Action Day, including more than 40,000 workers stopping work at GM's European plants for at least one hour. As the strike in Bochum became a plant occupation and entered its sixth day, other factories depending on it for axles had to stop production. Although a Europe-wide framework agreement helped to resolve the conflict, the agreement could not prevent further concessions and job losses in Germany (EMF 2005).

Meanwhile, management refined its whipsawing practices by building up parallel production and developing 'production platforms' of standardised products and plants (Pulignano 2006). In 2003, European-level managers introduced a formal bidding process, in which they would offer new car production to plants of the same production platform (Alpha, Delta or Gamma). Plant managers submit bids, and the plant with the best cost structure supposedly wins the tender, in effect, creating a within-firm market for new production. Since the creation of these platforms, bidding processes have taken place between Rüsselsheim and Gliwice for new Zafira production, between Rüsselsheim and Trolhättan for the Vectra and between Gliwice and Zaragossa for the Meriva. The EWC has responded by organizing a transnational information exchange in order to prevent plants from undercutting each other in bargaining (works council interview 5 March 2005).

More recently, the EWC has moved to pre-empt whipsawing by coordinating across comparable sites of production. In anticipation of the bidding process along GM's largest platform (Gliwice, Ellesmere Port, Antwerp and Bochum) for the new Astra production, the EWC has created a Delta Platform Group, in cooperation with the European Metalworkers Federation. The group consists of two labour representatives from each country, including a representative of the local plant and one the respective national union. The group has demanded Europe-wide negotiations over the distribution of production, in order to secure a fair distribution of production and the survival of all plants (GM EWC 2006). Worker representatives from the various Delta plants attempted to overcome management's whipsawing practices by signing a Solidarity Pledge promising each other not to engage in individual negotiations with the European management.

In 2006, management announced the closure of the plant in Azambuja (Portugal) and the transfer of production to the Saragossa plant in Spain. The EWC organised a third European Action Day in June 2006 with work stoppages at most of GM's European plants. Even though the Saragossa plant was the direct beneficiary of the transfer of production, the local unions did not hesitate to organise a strike in solidarity with their Portuguese colleagues. This act of solidarity, which went against the economic self interest of the Spanish unions, showed to what extent worker representatives had developed and internalised the common norms to resist plant closures and dismissals in Europe. After cooperating for more than 10 years, the Spanish unions believed that they could count on their European colleagues in a similar crisis. The plant closure in Azambuja was not prevented, but the EWC helped to negotiate a redundancy agreement.

Volkswagen: International information sharing and paternalistic solidarity

VW is a German-based firm with global headquarters and much of its production in Wolfsburg and Ingolstadt (Audi). It was among the first German companies to expand production internationally (e.g. Brazil 1953, South Africa 1956, Mexico 1964, Belgium 1971, Yugoslavia 1972, USA 1976, and China 1984) and employs about 340,000 employees worldwide, about half of whom work in Germany. Other important European plants are in Spain (SEAT and VW Navarra), the Czech Republic (Skoda, near Prague), Slovakia (Bratislava) and Great Britain (Bentley, in Crewe); outside Europe, the largest plants are in Mexico, Brazil, Argentina and China. Like GM, VW has been reducing the variety of parts and manufacturing techniques by introducing four production platforms across these locations (Jürgens 1998).

Although VW works councillors had long been involved in development aid projects and information exchange via the IMF, their approach within Europe became much more institutionalised in the late 1980s. With the acquisition of Seat in 1986 and Skoda in 1991 and new plant construction in Slovakia and East Germany, both in 1991, the works council feared intensified competition within Europe. German works councillors responded by meeting with unionists from other European VW sites and by founding the EWC in 1990. It was one of the first EWCs ever established and the first in the auto industry (Schulten 1992). Management officially recognised the European body in 1992, two years before the European Parliament passed the EWC directive.

Management accepted the EWC quickly as a tool to transfer cooperative labour relations practices from Germany to elsewhere in Europe. In hopes of winning worker

support for restructuring, management provided EWC members with much of the same data they provide the German works council. Non-German representatives thus no longer depended on local management for their information, and were sometimes informed more quickly than local managers (UK union interview 23 May 2006).

During the company's 1993-1994 crisis, the EWC played a role in finding a negotiated solution without seeking a transnational collective agreement. Management provided information about the financial crisis of the company in the EWC meetings, in order to convince labour for the need to restructure the company. At the same time, collective negotiations and threats took place at the local level. In Spanish negotiations, for example, when local management stated its intention to close a plant, Germany-based EWC members revealed to their Spanish colleagues that global management had no such intentions. At SEAT, more than 4000 people were offered early retirement and temporary unemployment, while in Germany working time and pay were reduced.

At the centre of labour transnationalism is the central works council, based at VW's headquarters in Wolfsburg. Its channels of influence extend beyond normal German industrial relations: the state of Lower Saxony's ownership stake and the tradition of having an IG Metall member as Director of Labour Relations give them further influence. As a result, German works councillors have developed a paternalistic relationship with other EWC members. For non-German trade unionists, works councillors provide advice and influence, which can help in solving local problems. These low-profile interventions by the German works council, however, work in multiple ways: when managers disagree with unionists at a local foreign plant, they can ask German works councillors to intervene. In 2002 bargaining over Saturday shifts at

SEAT, for example, German works councillors took the side of management and publicly criticised Spanish trade unionists for being inflexible (Tobarra 2002).

In 1999, management recognised a World Works Council (WWC). The WWC functions much like the EWC and involves an annual information exchange and management-labour consultation meeting. WWC and management representatives have signed a social code of conduct at VW ('Declaration on social rights and industrial relations at Volkswagen'). Like at DaimlerChrysler, it is modelled on the UN's Global Compact and applies to suppliers; enforcement action has taken place at VW's Mexican subsidiary and at German suppliers (IMF 2006). However, reports of union-busting at in-plant contractors suggest that enforcement is less systematic than at DaimlerChrysler.

Until the late 1990s, VW's labour transnationalism has enjoyed legitimacy. Representatives from outside Germany have regarded the access to company information via the EWC and WWC and to the headquarters via the German works council as an extension of their nationally defined resources. Although the German works council has handled transnational work in a paternalistic fashion, Spanish and British trade unionists have in interviews depicted the German works council as a fair broker of their interests (UK union interview 23 May 2006).

More recently, however, management has undermined this approach through intensified transnational whipsawing. German labour representatives became aware of their own vulnerability in 1999, when management whipsawed the Hannover plant with the Bratislava plant. German unionists were taken by surprise as management sourced high-quality production (the Touareg) to a low wage site. Spanish unionists at SEAT faced a similar situation in 2002, when management made good on a threat to transfer

Ibiza production to Bratislava. In 2005, the new manager of VW brands, Wolfgang Bernhard, ratcheted competition further by declaring that he would carry out US-style restructuring in Germany based on his experience at Chrysler and introduced GM-style bidding processes for new products. This came at a time when the German works council fell into disarray because of a bribery scandal. In 2005, it was revealed that the head of the VW's Labour Department had been illegally paying a long-time chair of the central works council large sums of money, and this was intended to win his support for restructuring and acceptance for concession bargaining (Oezgenc 2006).

The central works council's new leadership was confronted with further demands by management in 2006, such as its announcement to reduce the workforce in Brazil by 5,000 and in Germany by 20,000, and to downsize production in Pamplona. During this turbulent period, the WWC has met, but failed to resolve the conflict. One outcome of the meeting was a declaration of the WWC, written with more participation from non-German trade unionists (UK union interview 23 May 2006) and in a tone more critical of corporate strategy than in the past, including a resolution to resist inter-plant competition and the 'resulting downward spiral of social standards' (VW WWC 2006). So far, however, this has not led to transnational mobilisation or bargaining.

(Table 2 about here)

Comparative Assessment

Similarities across our cases have to do with the characteristics of the auto industry, which is dominated by a few, powerful multi-national companies competing

against each other in price- and quality-competitive markets. In order to keep up with projected consumer demand, firms tend to over-invest in production capacity, which increases costs and reduces profits. In order to continue making profits, they reduce personnel costs through layoffs, concessions, and plant closures. Most managers and trade unionists – whether co-managers or political entrepreneurs – we interviewed understood these pressures as the facts of the situation, objective constraints with implications for action.

Nevertheless, the shape of labour transnationalism differs from firm to firm, depending on the interaction of management and labour strategies in the context of the company structure. At VW and DaimlerChrysler, global structures with limited action have evolved, including information and consultation bodies at the European and World levels and social codes of conduct covering the global supply chain. At DaimlerChrysler, this exchange is of limited relevance to international competition (and hence, collective bargaining), compared to VW, where extensive transnational information sharing and consultation take place. At both companies, labour and management have endorsed a social code of conduct that is enforced at suppliers, although at Daimler, enforcement seems more systematic. At Ford and GM, narrower regional (European) structures have emerged with more substantial action, – including Europe-wide collective agreements over restructuring, – have emerged. At GM, trade unionists have accomplished this through transnational collective action involving more than 40,000 workers.

In these cases, labour's orientations as political entrepreneurs and co-managers led to different choices over which tools or repertoires of trade unionism to use. These strategies involved different principles for the distribution and negotiation of

restructuring. Political entrepreneurs such as GM's Klaus Franz and Ford's Wilfried Kuckelkorn explored and pushed for new transnational strategies independent of management. Because bargaining and mobilisation at an international scale were new, they required creativity and therefore deviated from much of what the past literature predicted. Co-management, by contrast, at VW and Daimler, involved reliance on cooperative relations with management. In this exchange, labour won a greater say in the decision making process, but, in turn, was responsible for the often painful outcomes of restructuring. In our sample, this exchange correlates with close proximity of labour to world headquarters. Without insider access (e.g. GM Europe), it was difficult to address the corporate politics of restructuring at a national level, and with insider access, worker representatives can be highly influential, even in difficult times. Insider access has had a similar effect on the UAW at the Big Three.

At VW and Daimler, management nurtured co-management by offering worker representatives considerably more access to the decision making process and more resources (information, offices, staff, etc.) than required by law. In contrast, GM's European management used transnational whipsawing to divide workers by location and extract concessions, hereby triggering cross-border labour-side coordination. Management's ability to whipsaw depended on the extent to which redundant, comparable capacities existed along production platforms; these were greater at GM and VW than at Ford or DaimlerChrysler.

Conclusion

Some of the literature on EWCs has stressed their instrumental character for management and union-side co-managers seeking improved competitiveness (Hancke 2000). Others see in labour transnationalism a potential site of organizing with some degree of independence, a rebuilding of union roles and an expansion of labour-side networking at an international scale (Anner *et al* 2005). We see truth in both of these perspectives. Even at contentious moments, labour transnationalism in the automotive industry is carried out with an eye to local job retention and competitiveness. Threatened plant closures, whipsawing and concession bargaining are part of all four cases. Nevertheless, labour transnationalism at multinational automakers sometimes involves genuine solidarity that extends across competing plants in different countries.

We have found several common features of in-firm labour transnationalism. As these firms have internationalised production, the EWC Directive on European Works Councils has created opportunities for in-firm labour transnationalism. All of these companies experienced restructuring in the 1990s in which the location of new investment became more uncertain and linked to plant-level bargaining. Worker representatives in different countries responded, partly by bargaining for jobs and partly by intensifying their contacts with one another. International work moved beyond campaign-specific events or declarations; meetings of transnational bodies of trade unionists became regularised, along with new frameworks of rules, norms and activities spanning the MNC.

It would be a mistake to treat labour transnationalism as an extension of national arrangements or an instrument of in-plant co-managers. While worker representatives have internalised the need to be competitive, in cases of transnational bargaining or social

codes of conduct, worker representatives have struggled for social goods beyond national economic self-interest. While managers sometimes agree to international negotiations, in other cases they prefer local or national agreements, and, like the current struggle over GM's delta platform, EWCs have to push them into negotiations. Lastly, while job retention and concession bargaining are common to all these firms, concessions can be solidaristic, like at GM and Visteon, where the goal was to 'share the pain' internationally.

For commentators on EWCs in the mid-to-late 1990s, it was hardly self-evident that there would be European-level bargaining or mobilisation. Indeed, institutional industrial relations theory is still grappling with how the agency of workers and intense, wage-based competition both matter. In-firm labour transnationalism may not overcome competition, but it has introduced new principles of solidarity into the competitive environment of the international auto industry.

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Table 1: Labour transnationalism and the interaction between management and labour

		Labour	
		Co-management (access to world headquarters)	Political entrepreneurship (lack of access to world headquarters)
Management	Transnational whipsawing (standardised production and platform strategy)	VW Global information sharing and paternalistic solidarity	GM European mobilisation and bargaining
	Limited transnational whipsawing (more specialised production strategy)	DaimlerChrysler Global standard setting	Ford/Visteon European bargaining

Table 2. Labour transnationalism at four MNCs

	GM-Europe	Ford/Visteon-Europe	Daimler Chrysler	Volkswagen	GM-US	Ford/Visteon-US
Transnational information & consultation	European	European	world/ (European)/	European/ world	none	none
Non-German unionists on supervisory board	n	n	y	n	n/a	n/a
Social code of conduct	Europe-only, voluntary	Europe-only, voluntary	Global, with enforcement mechanisms, includes suppliers	Global, with enforcement mechanisms, includes suppliers	none	none
Transnational collective agreements	y	y	n	n	n	n
Transnational coordination of worker mobilisation	y	n	n	n	n	n

ⁱ This section draws on case sketch drawn up by Müller, Platzer and Rüb (2004).

ⁱⁱ Concession bargaining has also been a national matter in the US, at Chrysler, although the production network spills into Canada and Mexico. Despite more economic pressures than in Germany, international cooperation is hindered by a historically bitter US-Canada rift in the union camp, a well-funded national-level

labour-management partnership, and no legal provisions for North American-level worker representation and lack of supranational legislation like the EWC directive.