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**Trade unions  
and transnational  
industrial relations**

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Robert Taylor

International Institute for Labour Studies Geneva

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# ***Trade unions and transnational industrial relations***

*Robert Taylor*

## ***Introduction***

The history of international labour has so far proved to be more a triumph of rhetoric over substance. For the most part, cross-border cooperation between trade unions has proved to be difficult and usually fragile. Too often workers have remained divided among themselves by economic self-interest, language, national culture and tradition. It has proved hard for them to reach any common accord on specific strategies, let alone establish an understanding beyond vague commitments to generalized objectives. The search for transnational worker solidarity has so often had to compete with participation in what to many workers has looked like nothing more than a zero-sum game where companies can play off one group of employees in one country against others elsewhere over wages and conditions. As a result, the tendency to embrace protectionist attitudes towards international trade has been an understandable strategy inside the ranks of organized labour in many industrializing countries. As the ILO's World Labour Report 1997-98 explained:

The structures and very concept of trade unionism vary from one country to another. Workers' economic interests also differ; opposition to lay-offs in an industrialized country can obstruct the transfer of activities to and the resulting job creation in a developing country; pressure for substantial improvements in worker protection in the latter can be interpreted there as an indirect means of avoiding competition from a cheaper work force. Generally speaking it appears to be part of human nature to put one's own concerns before those of the workers of other countries.<sup>1</sup>

But the self-evident obstacles that stand in the way of the development of a credible and continuous transnational industrial relations system need to be set against past and current efforts by international and sector-based trade union federations to hammer out agreed strategies that respond to and often confront the innumerable challenges from increasing globalization. The crisis of global capitalism which has gathered pace over the past fifteen months has heightened many familiar traditional difficulties facing international labour as it seeks to develop common policies.

The purpose of this short paper is to examine and highlight some of the current trends in the contemporary international labour movement in the formulation of industrial relations strategies that seek to transcend the still formidable barriers imposed by different legal frameworks, national governments and employers. While most states say publicly they want to encourage the development of open trade and the free movement of capital, goods and services, many continue to restrict and even prevent the development of autonomous trade unions and the practice of

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<sup>1</sup> ILO. 1998. *World Labour Report 1997-98: Industrial relations, democracy and social stability*. Geneva, ILO, pp. 38-39.

collective bargaining, regarding such developments as threats to political order, social stability and not least to business competitiveness.

There is certainly a vigorous and inconclusive debate about the limits of what constitutes globalization. But in their reactions to current trends international labour organizations tend to regard globalization as more of a threat than a challenge. As Bill Jordan, General Secretary of the Brussels-based International Confederation of Free Trade Unions, told the 50th anniversary conference of the OECD's Trade Union Advisory Committee on 20 November 1998 in Paris:

We still have a lot of work to do to get across the idea that rather than destroy the institutions of the labour market, including trade unions, because their alleged rigidity is a barrier to adaptation to the global market, the priority must be to build up the confidence of working people that their unions have a voice in managing change for the better. Collective bargaining and tripartism provide a process for dealing with the problems of change and spreading the benefits of increased trade and investment.<sup>2</sup>

Jordan and others on that commemorative occasion in Paris recalled the era of the creation of the Marshall Plan for Europe in the late 1940s and the way in which free trade unions saw its aim as providing the means for developing practical action to solve real and pressing problems. Without a social dimension built into the architecture of the international system, globalization will fail, declared Jordan. His approach reflects an increasing cautious optimism inside the international trade union federations that they can develop a sensible and practical agenda that will make an important difference in at least humanizing the forces of globalization through applying organized lobbying pressure on a range of institutions, most notably the World Bank and the International Monetary Fund, as well as the G7 industrialized nations, to address the concerns of organized labour. As Jordan explained in an article in the November 1998 issue of *Trade Union World*: "Stopping globalization is both unrealistic and undesirable. The real question is can we create the international policies and institutions to manage the process of globalization in the service of the needs and aspirations of people?"<sup>3</sup> Implicitly this more robust attitude undermines the familiarly fatalistic determinism of those who seem to believe globalization is a remorseless juggernaut destroying everything in its path which cannot be controlled. In fact, increasingly trade unions do not take such a pessimistic view as they seek to accommodate themselves to the new realities – as best they can – through public policy and industrial relations initiatives. In the words of Mia de Vits, General Secretary of FGTB, the Belgian trade union federation: "Globalization is a reality that can be controlled and not a catastrophe to curse."<sup>4</sup> In a statement to the 1997 Denver economic summit of the world's leading industrial nations, the Trade Union Advisory Committee of the OECD argued that the word – globalization – was being used by many transnational companies and national governments in order to foster a climate of fear among workers and a "policy paralysis". But it went on to point out:

The global economy can only function with domestic support; that support along with support for multinational institutions will erode unless policy makers at all levels address the concerns of working people and demonstrate that the multilateral system can deliver economic and social progress.<sup>5</sup>

Before any examination of how trade unions are responding across national frontiers to the impact of globalization, it is necessary to examine briefly the strategic importance of the multinational corporations in shaping the contours of new industrial relations. There is an obvious

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<sup>2</sup> Speech to the TUAC 50<sup>th</sup> Anniversary Conference, Paris, 20 November 1998.

<sup>3</sup> ICFTU. 1998. *Trade Union World*. ICFTU, Brussels, Nov., p. 6.

<sup>4</sup> Swedish LO. 1998. *World Wide Workers*. p. 32.

<sup>5</sup> OECD. 1997. TUAC Statement to the G7 Denver Conference.

tendency to exaggerate the role of those enterprises, not only in the reach of their business operations in determining attitudes to worker representation but also in their ability to establish a degree of cohesion between themselves to deal with any trade union challenge to their power. As the ILO's World Labour Report observed it may be true that such enterprises are more willing than in the past to transfer activities abroad and their encouragement of competition between their plants located in different countries should not be over-estimated. But it also pointed out:

Most of the major multinationals still achieve a large share of their turnover in their country of origin, labour costs are rarely a central concern of their policies and they do not wish to destabilize their workforce to an excessive degree.<sup>6</sup>

The nightmare picture of large firms successfully dominating the world with particularly aggressive and exploitative policies towards workers and trade unions is more the stuff of legend than reality. To a great extent, multinational enterprises believe in and practise the slogan – “think globally, act locally”. As a result many of them operate within legal and social constraints imposed upon them by the countries in which they invest. Some may actually innovate in their industrial relations practices. Indeed, some foreign-owned companies are more likely than indigenous employers to develop more consensual strategies towards workers and trade unions. Others merely follow, in a prudent and law-abiding manner, the common practices that are operating in local labour markets. A multinational company can be as much a catalyst for the modernization of employment practices as an anti-social predator seeking to enforce a downward pressure on wages and working conditions in the search for greater profitability through the blatant exploitation of their employees.

It is also necessary to say something about the forces that are leading to a strategic division of international labour. Here again the trends are by no means either all malevolent or irreversible. What is quite evident is the increasing reconfiguration of the modern company in the way it organizes its business operations. In its home base as elsewhere there is a strong emphasis on the flexibilization of labour, on the contracting out of work to suppliers, on the creation of intricate networks of specialization where power and authority are diffused and delegated. The result may not necessarily turn out to be unruly and inchoate fragmentation but it suggests a multiplicity of activities that make it hard to generalize about the impact of multinational enterprises on the development of industrial relations. Many trade union bodies tend, for understandable reasons, to simplify the character of international capital by suggesting it is both cohesive and all-embracing. In order to mobilize their members for effective social and/or industrial action, they often draw a bleak picture of those they consider to be their enemy. The resulting adversarial process, however, often provides only an inadequate one-dimensional insight into the behaviour of transnational capital. A recent comparative study of the pattern of US foreign direct investment does not suggest multinational companies prefer low cost, low skill economies in which to develop their operations. On the contrary, the greatest flow of US foreign investment goes to countries like Germany, France and Holland which have high skills, a high level of regulation, workers rights and collective bargaining.<sup>7</sup>

But for many trade unions in the developing economies outside the world's industrialized heartlands, globalization is treated with open hostility or at least more scepticism. As Sam Shilowa, General Secretary of COSATU, the South African union federation has argued: “The process of globalization will see the North, especially the United States, benefiting the most and

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<sup>6</sup> ILO. 1998. *World Labour Report 1997-98: Industrial relations, democracy and social stability*. Geneva, ILO.

<sup>7</sup> Cooke, W.N.; Noble, D.S. 1998. “Industrial relations systems and US foreign direct investment abroad”, in *British Journal of Industrial Relations*, Vol. 36, No. 4, Dec.



the South benefiting the least.”<sup>8</sup> This is due in part, he believes, to the power of the transnational corporations which account for a third of the world’s trade and whose neo-liberal agenda is designed to downsize, outsource and squeeze wages and other costs under the slogan “concentration at the centre, competition at the periphery”. But Shilowa is not pessimistic either about what it is possible for trade unions to achieve in transnational industrial relations. “Despite the growing power of transnational corporations, unions are not helpless”, he has written. There is space “to bargain, at least in the short to medium-term.” He sees closer alliances between trade unions in advanced countries where the companies have their headquarters and those in countries where they operate, Shilowa also believes that while transnationals may be able to undermine national regulations the pressure for international regulation of their activities will increase and trade unions should attempt to influence that process. He pins his hope for advance on the emergence of regional blocks like the North American Free Trade Area and the European Union. “For trade unions, economic regionalism could be a stepping stone to the introduction of pro-working class interests”, he believes and helping to forge inter-union alliances opposed to the neo-liberal agenda and tuned to local conditions and needs. In his view, the international trade union organizations have a lack of capacity to engage sufficiently with international economic and trade issues. He was struck, for example, by the fact that the non-governmental organizations were better informed at the 1996 WTO conference than many national delegations from developing countries.

## I. Towards a common global trade union strategy

The international trade union movement has established a common agenda for collective action at international level in recent years. It is centred on the ILO Declaration on Fundamental Principles and Rights at Work and Its Follow-Up, adopted at the International Labour Conference in June 1998. In the words of ILO Director-General Michel Hansenne, the Declaration establishes “a certain number of social ground rules founded on common values to enable all those involved to claim their fair share of the wealth they have helped to generate”. Its aim is to reconcile the desire to stimulate national efforts to ensure that social progress goes hand in hand with economic progress and the need to respect the diversity of circumstances, possibilities and preferences of individual countries.<sup>9</sup> The core values of basic worker rights were first enshrined in the 1995 Copenhagen World Summit for Social Development, organized by the United Nations. These were itemized as “the prohibition of forced labour and child labour, freedom of association, the right to organize and bargain collectively, equal remuneration for work of equal value and the elimination of discrimination in employment”.

But if the ILO core standards lie at the centre of the international labour agenda, there is an increasing awareness among national union leaders that this will not be enough. They want to see a more considered global economic strategy developed as well. As Dieter Schulte, President of the DGB German trade union federation has argued:

The international trade union movement must stop the worldwide trend towards wage cuts and dismantling social protection and turn this downward spiral upwards again. The free trade

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<sup>8</sup> Swedish LO. 1998. *World Wide Workers*. p. 142.

<sup>9</sup> ILO. 1998. *Declaration on Fundamental Principles and Rights at Work and Its Follow-Up*. Geneva, ILO, June, p. 1.

union movement must develop its own concepts as to the direction which global development processes should take and work in support of these ideas in cross-border cooperation.<sup>10</sup>

John Sweeney, President of the US AFL/CIO, has adopted a similar position.

The global economy requires a new progressive internationalism, dedicated to make this economy work for all working people. The central challenge of a new internationalism is to create the conditions for a new virtuous circle in which higher wages translate into more sales, new investment, job growth".<sup>11</sup>

In his view the United States neo-liberal market model based on deregulation, workplace flexibility and anti-union strategies, is being exported – courtesy in part of US-owned corporations – with adverse results for workers elsewhere, especially in Europe and Asia. But for Sweeney and others in Western trade union organizations, core labour standards must be linked in union campaigns with a global economic agenda to regulate financial markets. As he has argued recently: "Globalization will only be supported by workers if it is accompanied by the institutionalization of enforceable core labour standards."

The AFL-CIO has created a new Solidarity Centre, aimed at encouraging broad-based economic development through unions worldwide dependent of governments or employers. This body is to provide technical assistance to workers in helping them to build up trade unions, organizing in export processing zones, monitoring working conditions or even negotiating contracts. Sweeney has also called for the need to elevate the rights of workers to the same importance as the protection of property in trade agreements.

We need to create international rules that bring out the best in competition, not the worst. We need to encourage long term investment, not short term speculation. We need development initiatives such as debt relief to liberate nations from the harsh dictates of global creditors, public aid to supplement private investment, a new conditionality that emphasizes bottom-up rather than trickle-down development".

This year's global financial crisis in Asia has helped to crystallize a new international agenda on financial strategies, especially between the ICFTU and TUAC which has been endorsed by many of the international trade union secretariats. Its outlines were contained in the ICFTU's executive response in December 1997. As it argued:

Recovery will not begin until fundamental reforms are made to ensure democratic accountability and transparency of both the international financial system and national institutions for the regulation of financial markets. Only then will the priorities of fighting unemployment and poverty have their rightful place before the protection of the interests of multinational companies and the fortunes of the narrow elite who have reaped the benefit of trade and financial liberalization.<sup>12</sup>

The ICFTU agenda included what it called a new global framework to stop financial manipulation and promote social development in the global market. This involved a commitment to the introduction of the so-called Tobin tax on short-term capital flows and a tax on transfers to tax havens; a much stronger international control of financial markets with agreed global standards for the supervision of public regulatory bodies of financial markets and full disclosure of national budgets. It also sought to link measures to boost long-term growth and prevent global deflation with the need for good governance by nation states and companies with a respect for human rights, reduction in poverty and increased employment. The need for an increase in social dialogues was

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<sup>10</sup> Swedish LO. 1998. *World Wide Workers*. pp. 164-165.

<sup>11</sup> *Ibid*, p. 169.

<sup>12</sup> ICFTU Executive Statement, December 1997.

also emphasized, bringing trade unions, employers and non-governmental associations in civil society together in the creation of consensus for sustainable development, targeted on job creation and poverty elimination. "The only sure foundation for social dialogue and sound economic policy-making is full respect for international human rights", the ICFTU declared.

The ICFTU has taken an increasing interest at international and regional level in coordinating strategies to defend and increase trade union and worker rights. In alliance with OECD's TUAC it played an important role in 1997 and 1998 in furthering the cause of free trade unionism in South Korea. The two trade union bodies sent influential missions to that country to help and encourage the local unofficial trade unions in their campaign for the repeal of restrictive labour laws that made it difficult to organize and practise collective bargaining. The trade unions have also had some success in opposing the multilateral agreement on investment, with their efforts to introduce binding provisions on companies to accept human rights as well as social and environmental responsibilities.

## II. Challenging the global corporations

In the past few years trade unions have begun to mobilize in transnational campaigns of industrial action and lobbying against some of the world's largest companies. It has been estimated that the top 500 transnational corporations account for 80 per cent of investment and 70 per cent of global trade. The United States labour movement has been especially effective in adopting an often aggressive and adversarial approach, with a range of techniques that involve the mobilization of organized workers in different countries. A number of campaigns should be noted as examples of what can be achieved. The outcomes have by no means proved to be successful. But they do reveal a potential for much more cross-border coordination between trade unions, particularly when their members are employed by the same company.

In 1996 the Postal, Telegraph and Telephone International spearheaded an offensive against Sprint, the United States company, after it dismissed Hispanic workers trying to organize a union at its La Conexion Familiar subsidiary in San Francisco. As a result Deutsche Postgewerkschaft, the German telecommunications union, demanded Deutsche Telekom should introduce a code of labour standards as part of its deal to launch a \$2.7bn joint venture with Sprint. French telecommunication workers also managed to hold up a similar agreement between Sprint and France Telecom while STRM, the Mexican telecom company, drew up charges against Sprint for alleged breaches of the labour side-clauses in the North Atlantic Free Trade Agreement.<sup>13</sup>

In 1997-1998 dockers in the United States, especially on the west coast, and in Australia, Spain and Israel took sporadic solidarity action in support of the dismissed dockers in Liverpool. The leaders of the unofficial dispute were able to travel across the world to mobilize support for their struggle. Although the conflict was a good deal more complicated than it might have looked from California or Sydney, the international solidarity was an impressive indication of what could be achieved across national frontiers. So was the practical support for the British Airways cabin crew in the summer of 1997 in their dispute over changes in their work organization. Again, the outcome was more messy than it seemed at the time but undoubtedly the activities of the International Transport Workers Federation was an enormous help in putting pressure on the customer-sensitive company to reach a settlement.

The classic example of the international campaign against the anti-union behaviour of Bridgestone, the Japanese tyre manufacturer, at its US subsidiary of Firestone, where strikers were replaced by a substitute workforce, is documented in the ILO's World Labour Report 1997-98.

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<sup>13</sup> Taylor, R. 1996. *Trade union strategies in the global economy*. Geneva, ILO.

A bitter and marathon dispute took place in the early 1990s at A E Staley, a corn-processing plant in Decatur, Illinois, which was acquired by the United Kingdom sugar conglomerate Tate and Lyle in 1988. New working methods were introduced by the company in the form of a 10 or 12 hour four day week in the name of flexibility. The workforce sought to resist the new system. In dispute they sought to mobilize wide community support as well as a consumer boycott of pressure on Miller and Pepsi, both companies being customers of Staley. They even sent delegations to London in 1995 and 1996 to address Tate and Lyle annual shareholders meetings. Although this gave a high profile to their campaign, it did not lead to their victory. Trade unions have also been relatively effective in working with other organizations such as Greenpeace and Amnesty International in corporate campaigns against specific transnationals.

### **III. Trade unions and the Europeanization of industrial relations: A regional example**

The arrival of the Euro and European economic and monetary union is stimulating a renewed interest in trans-border industrial relations among trade unions. At European Union level this can be seen in the evolution of a common strategy by the European Trade Union Confederation which will be presented to its next conference in Helsinki next June. What the ETUC leadership wants to do is establish a minimum framework agreement that will provide a kind of benchmark for its affiliate unions and sector-based European federations on collective bargaining. But central to this objective is a need to revitalize and strengthen social dialogue with European employer bodies and the European Commission. A draft copy of the ETUC position provides an indication of its future strategy. As it explains:

The paramount goal of a coordinated collective bargaining policy is to counter the danger of wage dumping within the European Monetary Union. At the same time a coordinated collective bargaining policy must be designed to support national concerns to improve purchasing power. In addition, further discussion is required to devise a European solidaristic pay policy intended to counter growing income inequality, thereby contributing to a reduction in disparities in living conditions and to effective implementation of the principle of equal treatment.<sup>14</sup>

The ETUC calls for an urgent effort to draw union representatives from different European Union countries into the work of company and sector-based collective bargaining bodies and it believes the European industry federations should take the lead role in such a development. This view is underlined, for example, by the preparatory work which has been carried out in recent months by the European Engineering Workers Federation. In a resolution to be presented next week to a collective bargaining conference in Frankfurt, the EMF argues that the metalworker unions across the EU must coordinate their industrial relations strategies around what it calls an “active wage and distribution policy” to ensure the pay of workers keeps pace with the rise in living costs with an additional increase for productivity gains. While affiliate unions will continue to have national autonomy, they need to coordinate their collective bargaining efforts at European level. This would not simply be concerned with a core demand on pay and conditions but also cover a wide agenda including investment, training, employment creation, employability policies, lifelong learning and health and safety measures. The aim is to create a minimum set of labour standards applicable across the bargaining units of the EU. “Binding minimum standards for Europe are a key factor for establishing European-wide agreements”, says the EMF.<sup>15</sup>

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<sup>14</sup> ETUC. 1998. *The Europeanisation of industrial relations*, draft document, Oct.

<sup>15</sup> Draft document from European Metalworkers Federation for Frankfurt Conference, 8-9 December 1998.

But like many of the other sector federations, the EMF is also keen to ensure this coordination is not purely a top-down exercise but develops a dynamic through the emerging structures of industrial relations at company and plant level. It believes the newly formed consultative European Works Councils will provide a necessary mechanism for the establishment of a transnational approach rooted in workplace realities. Since the adoption of the European Union directive on 22 September 1994, a growing number of the larger community-scale undertakings have been negotiating information and consultation committees for their employees. By September 1996 an estimated 400 voluntary agreements had been signed. By the end of the century about 1,300 enterprises will have such workplace bodies. A recent study carried out by the European Foundation for the Improvement of Living and Working Conditions and the European Commission highlighted the importance of international trade union organizations in the negotiations for the creation of the works councils. Just under a third of the agreements were signed by such bodies compared with 18 per cent by national trade unions in one country alone and 14 per cent by national trade unions in two more countries. The presence of international unions was most apparent in those agreements signed with companies in food and drink, textiles and clothing, construction and banking and finance.<sup>16</sup>

The study goes on to conclude that there are a number of works council agreements which have been negotiated that provide for a proactive role for the trade unions at European level. As it explains: "A process of innovative institution building at European level has already commenced. This covers the right to take up substantive company issues between the statutory annual meetings of the works council, an involvement in agenda setting, the right to convene emergency meetings, the right of trade union officials to take part in discussing a wide range of questions." "These active European works councils are likely to have strong links with structures of employee representation at national and local levels within the multinational company and at sector level beyond the multinational group", the study concludes. "Such EWCs have the potential to develop new forms of employee interest representation at transnational level, including the conclusion of joint opinions or framework agreements over aspects of employment and social policy and thereby to be effective in exercising employee influence over management decisions in multinational corporations".

The study's conclusion is strengthened by the clear determination of the European-wide trade union organizations to utilize the works councils and turn them into proactive bodies committed to a common European agenda of industrial relations. The EMF says in its resolution that the works councils should assume "the role of pace-setters for social unification in Europe through active participation in regional and national collective bargaining policy". "Only in a developed European industrial relations with a strong European trade union movement, a coordinated European collective bargaining policy and a European corporate and works constitution can the interests of workers be effectively represented", says the EMF. For its part, the ETUC also emphasizes the crucial, strategic importance of the works councils in the Europeanization of industrial relations. As it argues in its draft statement for Helsinki:

The works councils will in future be able to make an important contribution to furthering the sectoral social dialogue. In particular in areas of qualitative significance, such as occupational health and safety, equal treatment and increased opportunities for women, training and further training or environmental protection in the workplace, it is quite feasible to imagine innovative company-level agreements which could provide examples for the sectoral and inter-sectoral dialogue. Any trends towards the creation of company unions can

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<sup>16</sup> European Foundation for the Improvement of Living and Working Conditions; European Commission. 1998. *Negotiating European works councils: An analysis of agreements under Article 13*. Dublin, Nov.

be effectively countered only by proactive support of trade unions at national and European level and by the creation of sectoral bargaining structures.<sup>17</sup>

#### IV. Transnational union strategies against the global corporations

The 20 million strong International Federation of Chemical, Energy, Mine and General Workers Union was formed in January 1996 as a result of the merger of existing trade union organizations in the mining, chemical and energy sectors. Its founding declaration provided a stirring indication of a more invigorated approach at global level to the challenges facing the industries where its members work. As it argued:

The grip of transnational corporate power on the world economy is a phenomenon which did not exist when the original federations were created. Under the new and powerful influence of the transnational corporations, governments have often become mere agencies to facilitate the free flow of capital, technology, information and products. The real needs and wants of working men and women are ignored in the balance sheets of corporate giants.<sup>18</sup>

ICEM also set out its aim of encouraging the nationally based sector union federations to become more actively involved in industrial struggles by ensuring the international bodies were no longer seen as firefighters, a last resort when local action failed, but closely linked from the start with each other. This meant a diffusion of power through a series of networks, particularly with plant-level union activism, which would ensure ICEM had a permanent communications system between its headquarters and company-based bargainers. As ICEM explained:

The longer-term trade union aim of the international's multinational company networks should be entirely independent of any regional, national or other institutional agenda. Simply put, the aim should be to engage the multinationals in negotiated exchanges with trade unions at the global level.

But ICEM has made it clear that it does not envisage such networks developing international collective bargaining functions over wages. However, it believes it would provide a way of enforcing minimum codes of behaviour and agreed international standards at the company level worldwide in areas like health and safety and the environment.

A good example of what ICEM has in mind was the 1994 agreement reached between the food, agriculture and allied workers international IUF and Danone, the French-based food conglomerate. This commits both parties to monitor observance of trade union rights in the company, negotiate and publicize collective bargaining agreements and ensure union representatives have equal access to skill training and opportunities for promotion.

ICEM envisaged a greater regionalization in the structure of the new body. It believed there must be a flexible, interdependent response based on mutual respect between trade union movements everywhere. "Never again should we witness a world labour monolith striving to concentrate all power within its own crumbling centre", declared ICEM. But it also emphasized that the challenge of regionalization for transnational labour was to "decentralize some activity while maintaining worldwide cohesion and identity". In its view ICEM would have to become an enabling mechanism, a forum for the exchange of views, a collecting point for information, a pool of practical assistance, a link between provision of information and action.

Since its formation ICEM has displayed a professionalism in its pro-active strategy. For example, it signed an agreement in October 1998 with the World Chlorine Council in Montreal

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<sup>17</sup> EMF draft document for Frankfurt meeting.

<sup>18</sup> ICEM. 1996. *Power and counterpower, The union response to global capital*. London, Pluto Press, p. 68.

bringing together a wide range of companies with unions from different countries including the United States, Germany, Sweden and Japan. The agreed accord says the parties will “recognize the role and legitimacy of trade unions in the workplace” and they are pledged to “act in good faith to create a positive and enduring labour-management relationship which recognizes and respects the rights of employees to organize and bargain collectively”.<sup>19</sup> The signatory companies have agreed that they will not urge employees to oppose unionization in their operations worldwide. A clause in the agreement says that employers and consultants will “not engage in derisive anti-union actions including, but not limited to, the use of unfair or illegal tactics during organizing campaigns; attacks on the honesty and integrity of union members, supporters or staff; attacks on the economic effectiveness of unions, spreading false information, firing or taking other reprisals against workers because they support unions”. The agreement also says labour and management will “not engage in derisive attacks on each other” and organizing campaigns will be conducted with “fairness and integrity, consistent with employees’ right to choose a representative for collective bargaining”. There is also a relatively strong commitment to environmentally sustainable production. “This agreement calls a truce to anti-labour activity in a substantial segment of the global chlorine industry”, said Vic Thorpe, General Secretary of ICEM. “This is a joint commitment to the chemical industry’s responsible care programme from the shopfloor to the global level”.

In July 1998 ICEM signed the first ever industrial relations global agreement in the oil sector with Statoil, the Norwegian state oil company. This covered recognition of basic union rights, health, safety and the environment, information and training. It applies to all Statoil operations over which the company has a direct control. The agreement spells out explicitly its commitment to the ILO core labour standards. But in September Statoil found itself the focus of trade union attack for its links with the US anti-union company Crown Central Petroleum which refines its North Sea crude oil for the American market.

In February 1998 ICEM brought unions from 10 countries together to launch a global strategy against the activities of Rio Tinto, the world’s largest mining company. Particular attention was focused on the alleged anti-union policies of the firm, especially in its business operations in Australia, Portugal and Zimbabwe. The conference established a network of trade unions with membership in Rio Tinto for the exchange of information and the creation of a data base. It was also agreed that a broad-based campaign against the company should be launched through alliances with community groups, environmentalists, churches and other organizations. “One essential part of the action programme is that union action at local level will be backed by the entire network globally”, declared ICEM. Vic Thorpe said that ICEM would set aside resources where necessary to challenge the legality of perceived breaches of worker rights as well as health and environmental damage allegedly caused by the company through non-observance of mining laws and regulations.<sup>20</sup> The trade unions involved organized a demonstration of protest against the company at its annual shareholders meeting in May 1998 when Rio Tinto denied the charges laid against them.

The International Transport Workers Federation also provides a good example of an international trade secretariat that is developing a forward-looking strategy for transnational industrial relations. At its 1996 centennial congress delegates endorsed its new programme. This emphasized the potentiality of the strategic power of transport workers in the globalizing economy. “As company structures develop to answer the requirements of advanced logistics and just-in-time production, transport workers are becoming the strongest organic link between different parts of ever more disparate enterprises”, it explained. “Just as transport workers keep the whole

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<sup>19</sup> World Chlorine Agreement, ICEM Statement, 20 October 1998.

<sup>20</sup> ICEM. 1998. *Global No. 2*. p. 4.

production chain moving, organized transport workers have the potential to stop it".<sup>21</sup> Like ICEM, the ITF sees regional economic integration as the greatest challenge to organized labour, although aware of the dangers of regional nationalism. In July this year the ITF held a meeting of affiliate unions in Miami covering the Americas where it was agreed tentatively to develop closer cooperation, particularly within the emerging network of sub-regional free trade groupings led by NAFTA and MERCOSUR. In September it was agreed that a new body should be formed which was Europe-wide, and designed to unite ITF affiliates as a transport federation within the ETUC.

The ITF has begun to develop a higher profile in mobilizing transnational protests. Its main activities have centred on its world-wide campaign against the use of flags of convenience. But increasingly the ITF has also become involved in global struggles in civil aviation, as well as road and rail transport. The ITF organized a day of protest on 8 September 1998 by thousands of bus and truck drivers against excessive working hours. This led to industrial action, including road blockades in Austria, France and Germany.

The ITF has also been spearheading the development of closer relations between affiliates in civil aviation. In July 1998 unions representing workers employed by British Airways, American Airlines, Canadian Airlines, Qantas, Iberia and Aerolineas Argentinas met in Miami to develop a coordinated union strategy in response to the growing business alliances between carriers. An Internet information site is to be developed and during 1999 moves are promised to organize close ties.

Trade unions have sought to form alliances with human rights groups to pressurize transnational companies to adopt codes of conduct for their foreign subsidiaries or suppliers. The ICFTU has developed a campaign for corporate codes of conduct on international labour rights. A good example of success has been the 1997 apparel industry partnership formed between unions, human rights bodies and companies like Levi and Reebok to agree on a code prohibiting the use of forced or child labour and uphold the right to organize and health and safety laws. This agreement is, however, only a start. It has proved difficult in practice to establish effective monitoring and enforcement procedures. Companies, sensitive to consumer markets, are vulnerable to such campaigning, particularly in western societies. Often the media has been mobilized as well to expose labour right violations, especially in the garment sector, where companies supply US brand name products or promote labelling measures aimed at consumers who want assurance that products are made in decent working conditions. Action against companies trading and investing with repressive regimes such as Burma has had some success.

The US unions also claim to have played a key role in the defeat in the American Congress in 1997 of President Clinton's attempt to secure negotiating authority through a "fast track" trade bill, enabling him to extend free trade arrangements to Latin American countries. The opposition of organized labour followed the defeat of the trade unions in Congress over NAFTA. Pressure did ensure the commitment in that agreement to 11 labour principles, which although lacking any effective enforcement mechanism did enable unions to seek through cross-border initiatives the filing of suits in the United States, Canadian and Mexican courts over alleged abuses of labour rights. Some action has also occurred in Latin America with a trade union summit in Santiago, Chile in April 1998. This decided to press for the inclusion of core labour standards in any free trade agreement for the Americas. Trade unions are working through ORIT, the regional trade union affiliate of the ICFTU to achieve that objective. Heads of the governments of the Americas agreed at the same time to press for a social action plan to promote ILO core standards, reduce poverty and inequality, and guarantee human rights. This is the first occasion that a formal trade

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<sup>21</sup> International Transport Workers Federation. 1996. *Transport workers: Beyond 2000*, Progress Report. London, ITF, pp. 7-8.



negotiating process has found a role for civil society groups including trade unions alongside business.

The threat of litigation by trade unions against transnational companies for alleged abuse of workers' rights can prove to be a risky strategy, being slow, cumbersome and potentially expensive. Cases such as that at MacDonalds, however, can produce adverse publicity against an employer. US unions have set the trend in using shareholder power to try and confront or at least embarrass companies over their employment practices. The use of worker pension funds to mobilize pressure against a company may turn out eventually to be an effective weapon for the unions to use in campaigning but again this has not yet been systematically used by international labour with much success.

## **V. What is the future for transnational industrial relations?**

Hard questions need to be raised and answered over the range of strategies described in this paper as trade unions attempt to develop transnational strategies as a response to the varied consequences of globalization or regionalization. In no area is the rhetoric so much out of line with the realities. First of all, we need to stress the massive obstacles that still stand in the way of progress over closer coordination. The current crisis of global capitalism is having a devastating effect on the living standards of workers and their families across much of the world. It may therefore not be a propitious moment for the launch of aggressive transnational strategies. At every level, organized labour is being forced back on the defensive, particularly outside the industrialized economies of western Europe. The threats of social dumping, of the transfer of production facilities from one low-cost country to an even lower-cost country are often exaggerated. But the pressure on wages and welfare benefits is remorseless in today's competitive world. The calls for protectionism, in some cases disguised by the demand for social clauses in trade agreements, are real and understandable enough even if they are based on a false appreciation of the globalizing economy. A return to the beggar-thy-neighbour policies of the inter-war years would not help the trade unions and would help to impoverish many of their members. A commitment to open markets and transparency in global trade and finance needs to go hand in hand with transnational union strategies to defend and ensure the enforcement of core labour rights. Most unions at every level tend to stress this approach as necessary to extend democratic values in newly emerging open market economies. But it is evident trade unions also need to demonstrate that their approach is not incompatible with the creation of successful market economies. Trade union rights are good for workers but they are also good for business. The most affluent countries in the world are the ones which not only have trade unions but also integrate them successfully into their societies through forms of corporate governance and in alliance with non-governmental associations.

Few trade unions have managed so far to come to terms with the new world of increasing globalization but if they hope to survive and grow again they will have to make radical accommodations. But this should not mean that the trade unions have to abandon their core values that seek to protect and improve employees' interests. On the contrary, the need for more transnational industrial relations requires the trade unions to reassert their primary objectives in a modern language that resonates in the flexible labour markets and workplaces. But in order to ensure the success of freedom of association and the right to collective bargaining, trade unions need to remain defiantly independent from the control of the state and employers. But the attitude of governments cannot remain passive and disinterested. A sympathetic public policy approach is required if trade unions are to develop, providing legal frameworks that do not prevent the development of transnational industrial relations. The creation of bodies like consultative works councils, human development enterprises, stake holding companies, employee cooperatives and public-private partnerships need to be encouraged. So does the institutional approach based on social pacts and mutual gains agreements where trade unions, employers and the state find

negotiated settlements of key workplace issues and establish a common view on macroeconomic agendas for jobs and growth.

Nation states and international bodies such as the WTO, the IMF and the World Bank must assist trade unions with the provision of legal rights and protections to ensure they can perform their various roles as bargainers, skill trainers, service bodies, social movements. At the level of the multinational company the trade unions at international sector level need to press for world-wide works councils, agreed and legitimate voluntary institutions that provide a strategic approach to corporate bargaining. To do this, however, trade unions at international sector level will have to broker alliances across national frontiers that recognize the different economic and social interests that exist between workers employed by the same company. This means the development of trade unions at company and sector level as mediatory bodies, which can seek to try and avoid any zero sum game but accept the need to reconcile as far as it is possible economic efficiency with social equity through the development of mutual gains bargaining. Such institutional development will not be a soft option for trade unions. It means a hard-headed pragmatic response to globalization, technological change and mass unemployment. It requires an effort at international, national, sector and company level to reconcile the diverse business objectives of the company in developing competitive goods and services with employee demands for greater security and protection of their human rights in the workplace. Trade unions across the western industrialized world are currently trying to find ways of achieving such partnership agreement.

However, social partnerships in transnational enterprises will not be enough to ensure widespread trade union revival across the world. The difficulties of enforcing labour codes of good behaviour in the contracting plants in China, for example, who are manufacturing toys for the large companies like Mattel and Hasbro, are real enough. The International Council of Toy Industries agreed in 1997 to adhere to a code of practice on working conditions for workers in the sector. Mattel, the world's largest toy manufacturer, even agreed in November 1997 to introduce its own code governing workers' rights and health and safety issues at subcontracted factories but this does not appear to have made much difference so far to the position of workers in the Chinese toy plants.

For success, more trade unions at international level will need to forge links with non-governmental organizations. In its 1997 report on the state in a changing world, the World Bank called for a public strategy that required trade unions to establish networks that embrace the wider civil society beyond any specific workplace or industry with environmental, community and women's groups. In this way, it is argued, they can reach common cause, integrating producer with consumer interests and helping to revive a more active and ethically responsible social citizenship. This will be helped by the changing role of the state from being less the direct provider of rights and services to being the enabler of diverse and pluralistic activities in a society which encourages and promotes secondary and autonomous civil associations. It means also trade unions will have to make a strategic break with their more traditional workplace-centred culture and embrace more decentralized and flexible structures that appeal more to individual employees both as workers and consumers.

Globalization and/or regionalization provide trade unions across national frontiers with an opportunity to help in the management of change by ensuring their international agenda of core standards of worker rights is not lost among the other pressures. The annual report on violations of trade union rights published by the ICFTU provides depressing evidence of the extent of the troubles facing organized labour. Last year in countries as diverse as Colombia, Indonesia, Burma, Algeria, Nigeria and China, workers have been persecuted and in some cases murdered for their efforts to organize themselves in unions. Nearly 300 trade unionists were killed standing up for their rights, a further 1,681 were tortured or ill-treated, and 2,329 detained without trial. Intimidation occurred in 33,369 specific cases. The repression occurred across 79 countries.

As Bill Jordan, the ICFTU General Secretary declared: "The trend around the world is one of increasing repression of trade unions". He argues that the spread of export processing zones and

the social impact of structural adjustment programmes have increased discontent and in turn led to state repression. In his words:

As national boundaries become blurred, rules established at national level, often after years of social struggle, are becoming as irrelevant as they are ineffective. In this context, freedom of association, established by the ILO as a universal right has never been so crucial to working people. As is the need to include social clauses in international trade agreements in order to ensure globalization furthers the cause of social justice and benefits those who create the wealth.<sup>23</sup>

This is why the development of transnational industrial relations is so important if organized labour is to have any hope of mobilizing any effective check on the power of global capital through international agreements.

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<sup>23</sup> ICFTU. 1998. *Annual survey of violations of trade union rights*. Brussels, ICFTU, pp. 5-6.

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