TRADE UNION RESPONSES TO GLOBALIZATION

A review by the Global Union Research Network

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EDITORIAL OVERVIEW

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> There are deep-seated and persistent imbalances in the current workings of the global economy, which are ethically unacceptable and politically unsustainable. They arise from a fundamental imbalance between the economy, society and the polity. The economy is becoming increasingly global, while social and political institutions remain largely local, national or regional. None of the existing global institutions provide adequate democratic oversight of global markets, or redress basic inequalities between countries. These imbalances point to the need for better institutional frameworks and policies if the promise of globalization is to be realized. The imbalance between the economy and society is subverting social justice […].
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> (World Commission on the Social Dimension of Globalization, 2004, p. 25.)

Globalization can promote development, but only if it goes hand in hand with social justice. When we think of the impact of globalization on labour, we tend to think of its negative aspects: export processing zones (EPZs), child prostitution or forced labour. However, globalization has also enabled workers to organize transnationally, to negotiate with companies on a global level and to address global issues such as gender discrimination and sustainable development with actors from around the globe.

Some research and experience is now available on the impact of globalization on workers and the strategies adopted by workers and their organizations to deal with these challenges. Here, we present some important contributions to that pool of knowledge. The authors of the contributions have very diverse backgrounds. Some are trade union leaders, some are trade union researchers and others are university professors working closely with labour. Their detailed conclusions on which strategies should be adopted to deal with globalization vary,

but they do have some important underlying themes in common. The authors of this book have no doubts about the reality of globalization. It is here to stay, and it is shaping our lives. But to what extent is it a good or a bad thing for workers? And which strategies do trade unions pursue in dealing with the challenges of globalization? The following section will give an overview about the different trade union responses to globalization addressed in the book at a national, regional and global level.

The empirical framework: Country, regional and global experiences

The trade union interest for integrating sustainable development principles within their policies is growing. Threats such as global climate change have caught the attention of trade unionists. The concern with sustainable development is no longer seen as a luxury topic of the global North but rather as an essential forward-looking strategy for all trade unions. The United Nations (UN) recognizes that unions are vital actors in achieving broader goals of sustainable development. In *Sustainability and unions: International trade union action to implement sustainability norms at corporate level*, Eberhard Schmidt argues that the new framework of global governance enables the unions to intensify those efforts, both by lobbying international institutions and by building alliances with non-governmental organizations (NGOs). But at the same time, the unions are confronted with the growing influence of the private sector. Many unions are concerned that voluntary corporate codes of conduct are not accompanied sufficiently strongly by measures of "accountability". If a multinational enterprise (MNE) violates social and environmental norms, the Global Union Federations (GUFs) can either react by initiating demonstrative action or they can take pro-active steps by making an offer to negotiate with the corporation on relevant agreements.

Those agreements are a formal recognition of social partnership at the global level, points out Marion F. Hellmann, Assistant General Secretary of one GUF, the Building and Wood Workers' International. International Framework Agreements (IFAs) are therefore qualitatively different to companies' own internal codes of conduct. His contribution (*Social partnership at the global level: Building and Wood Workers' experiences with International Framework Agreements*) analyses the strengths and weaknesses of the IFA approach. International Framework Agreements reflect a commitment to observe core international labour standards. In principle, the employers who sign up are demonstrating that they favour good industrial relations at the workplace, feel responsible for the whole supply chain and are open-minded about trade union activities. However, social partnership is not a substitute for union organizing.

International Framework Agreements currently cover only a small portion of the world labour force, but they might hint towards the emergence of new forms of industrial relations in addition to collective bargaining at national level.

Lee Pegler and Peter Knorringa show in their paper *Integrating labour issues in global value chain analysis: Exploring implications for labour research and unions* that the enhanced coordination of productive activity between countries by multinationals highlights how the level of corporate governance appears to have increased in recent years despite the greater dispersion of production. In contrast, the labour impacts of these value chain strategies, combined with the reduced relevance of national labour legislation in many countries, has left a gap in terms of labour rights. The increasing integration of national economies in a single global market and the appearance of new world production systems are demanding a convergence of national and international trade union agendas (ICFTU, 2004, p. 7). This is a big challenge for trade unions which traditionally organize within a national context but which are facing increasingly international challenges resulting from globalization. The paper highlights some of the implications of these value chain developments for labour research and policy.

Using the case of the information and communication technologies (ICT) industry, Anibel Ferus-Comelo (*Paving the path toward the unionization of high-tech sweatshops*) examines the challenges and prospects for labour campaigns and trade union development in an era of globalization. Many countries in which ICT production takes place have laws that protect workers' rights generally. However, the low level of unionization and collective representation of ICT workers worldwide means that there is little oversight of the enforcement of these laws. Amidst the overwhelmingly pessimistic prognosis of workers' rights as transnational corporations (TNCs) seek the most cost-effective, "flexible'" workforce, the author argues that, while globalization poses tremendous obstacles to organizing, there are many opportunities for action to defend workers' interests. It is based on primary research in two different places – Silicon Valley (United States) and Bangalore (India) – which are key nodes in the global high-technology industry.

Governance and accountability of corporations are increasingly taken up by trade unions, especially since the recent corporate scandals and collapses of Enron and Worldcom in 2001, followed by Parmalat in 2003. Trade unions are campaigning for the implementation of an effective national and international framework of rules and standards to ensure good corporate governance and wider market integrity, along with regulatory systems to ensure effective implementation and enforcement (GURN, 2006a). Richard Tudway assesses what needs to be done if corporate governance arrangements are to better protect and promote worker and wider community interests (*Corporate governance*

reforms as a means of protecting and promoting worker interests: Shaping the corporation of tomorrow). The mechanisms of governance in Anglo-American jurisdictions are seriously flawed and cannot be remedied by superficial "fixes". Unitary boards cannot provide adequate independent supervision. Shareholders continue to fail to meet their obligations as owners: acting more like absentee landlords than committed shareholders they are unable to control the behaviour of those companies in which they invest. Entrenchment of management power is the result. The challenge is to make tomorrow's company a better governed institution capable of generating sustainable wealth in a responsible and account-able fashion. In meeting this challenge directors of companies have to engage with shareholders and other stakeholders in determining commercial objectives. Directors also need to ensure that they are empowered to provide adequate supervision of the executives who run the business. Only in this way can directors ensure that companies aspire to attain the very highest standards of corporate responsibility. Institutional shareholders need, for their part, to ensure also that they play an effective and fully engaged role in this process along with the other "gatekeepers" on whose dedication and diligence the integrity of corporate governance ultimately depends.

In Bulgaria, as in many parts of Central and Eastern Europe, the arrival of the multinational companies was often seen as a positive development. Nadejda Daskalova and Lyuben Tomev found much to support that view (*Multinational companies in Bulgaria: Impact on labour and social develop-ment*). A survey of 29 subsidiaries of 18 unionized multinationals in Bulgaria showed that most of them have serious investment programmes aimed at technological renewal and the modernization of production. They are also making considerable investments in environmental protection and the social development of the local communities. The priority for multinational manage-ments is to modernize work organization. Teamwork, with job rotation, has been introduced, leading to flexibility and the development of personnel skills, and increased labour productivity. Union density in the multinationals surveyed is 67.4 per cent, as compared with an average of 20–25 per cent for Bulgaria as a whole. But some trade union structures have been lost in the process of outsourcing and subcontracting. Pay and conditions in the local subsidiaries of multinationals are significantly better than those legally required and those existing in most Bulgarian enterprises. However, manage-ments often try to exclude unions from wage-setting, and pay in the Bulgarian branches of multinationals remains lower than in other countries.

A study of freedom of association and collective bargaining in 16 sub-sidiaries of multinational companies operating in Brazil found that they follow the labour relations standards pertaining to Brazil, with little importation of standards from their countries of origin. But as Clóvis Scherer notes (*Freedom*

of association and collective bargaining: The practice of multinational companies in Brazil), unionization rates in the companies studied were higher than the national average. This reflects a greater union presence, indicated by the number of union leaders employed in the companies. However, the workers surveyed did feel that their ability to collectively intervene in the internal labour conditions of the companies was limited by poor development of the right to organize at the workplace. Other indicators of union freedom (access to the workplace, recognition of union decisions and compliance with agreements reached) were, with some exceptions, found to be positive.

In *Trade and development in South Africa* Neva Seidman Makgetla and Tanya van Meelis argue that the opening of the South African economy had very mixed implications for unemployment and poverty. The focus on higher exports without adequate, targeted support for more labour-intensive sectors contributed to slower employment growth. Meanwhile, labour-intensive imports displaced employment, without lowering the cost of living for the poor. Also, the threat of capital outflows led to the adoption of a conservative fiscal policy up to 2000, with devastating effects on government services.

Cross-border migration can be seen as a result of failed development and the lack of decent work globally. More than 175 million migrants, including migrant workers, refugees, asylum seekers, permanent immigrants and others, live and work in a country other than that of their birth or citizenship. The ILO estimates that some 86 million of them have moved to find work (ILO, 2004a). These figures do not include those who have moved within their country. Neither the restrictive policies adopted by many governments or the newly adopted "security approach" have stemmed migration. Instead they have promoted irregular migration, forcing millions of people into illegality. New measures are needed to improve the situation of migrant workers and their families. The ILO emphasizes that all its standards apply to all workers, whatever their situation may be (GURN, 2006b). The following two papers look at migration from the point of view of trade unions from so-called "source countries", Barbados and Poland, and from the point of view of trade unions of the destination country, namely the United Kingdom.

The Caribbean is increasingly being affected by international migration. There is growing concern among trade unionists about the impact of international migration on the quality of social services, particularly health services, in developing countries. Ann-Marie Lorde focuses on the impact of migration on the health-care sector and seeks to examine the migration of health-care workers in the global economy, paying attention to caregivers (*Migration in the global economy: Challenges and opportunities for Caribbean trade unions*).

Nick Clark and Jane Hardy examine cross-border collaboration between the Polish Solidarity and the British TUC in particular, and initiatives providing

information, seconding organizers from Poland and hosting training courses for union organizers from Eastern Europe (*European Union enlargement, workers and migration: Implications for trade unions in the United Kingdom and Poland*). The article illustrates the challenges facing Polish unions such as the impact of the "drain" of members and potential members and improving the rights of Polish workers in the European Union. The response of Polish unions, which have been hostile to the labour market restrictions being placed on Polish nationals, is explored and the contrasting views about how they should intervene in the issue of migrant workers are discussed. The chapter looks at the problems that British unions have faced regarding migrant Polish workers such as organizing in private firms, the role of temporary labour agencies and integrating Polish activists into union structures. The response of British trade unions is discussed, looking at grassroots projects and community cooperation, initiatives to recruit Polish workers, and the special focus this issue has been given by the TUC.

All in all, trade union action will improve, or at least mitigate, the effects of globalization. The "race to the bottom" in the global banana industry could put great pressure on the already low pay and conditions in Latin American banana production, Maria-Alejandra Gonzalez-Perez and Terrence McDonough point out in *More than bananas: Social responsibility networks and labour relations in the banana industry in the Urabá region of Colombia*. And yet there are encouraging developments in the Colombian banana-growing region of Urabá. With strong union participation, it is currently pursuing an alternative "high road" strategy, emphasizing the quality of the product itself, as well as its socially and environmentally "ethical" nature. Current trends towards ethical marketing have made it possible to pursue a higher-price strategy for such "socially responsible" products.

In Turkey, agreements with the International Monetary Fund have meant that government policy has been dominated by neo-liberalism since the 1980s. The consequences for workers and their trade unions have been severe. But, as Seyhan Erdoğdu reports, a union-led alliance has been opposing that line ever since 1999. Her contribution (*The Labour Platform: An alliance of trade unions in Turkey*) is the first study of its kind on Turkey's Labour Platform, and it aims to fill some of the gaps in research on labour resistance in Turkey to corporately driven globalization.

Union feminists are playing an important role in mobilizing women's participation in transnational campaigns for labour rights and economic justice. Mary Margaret Fonow and Suzanne Franzway's research (*Transnational union networks, feminism and labour advocacy*) suggests that union feminists, with their structural ties to both organized labour and the women's movement, are in a unique position to mobilize within both movements in response to the

issues and concerns raised for workers by globalization. The authors examine several sites where union feminists are using transnational labour networks to build international solidarity, to create new discourses of advocacy, and to build alliances with activists from grassroots organizations, NGOs and other social movements. By building and mobilizing transnational networks and alliances, union feminists create political spaces for new workers and for a new understanding of workers' issues and concerns arising out of the impact of globalization on both workplaces and personal lives.

Moreover, what should be the role of research itself in promoting decent work and a socially just, sustainable globalization? Various contributors emphasize that more research is needed into the trade union role, and that future analyses should aim for greater quantitative precision and comparability. Above all, researchers need to focus on the information required by those most directly concerned, the trade unions. Esther de Haan and Michael Koen describe one approach to this issue (*Action research in the garment sector in Southern and Eastern Africa*). As garment production in Southern and Eastern Africa became more export-oriented, research revealed highly exploitative conditions in the export-focused factories. Yet unions' traditional organizing methods seemed to have little impact. So workers and their trade unions were forced to learn new ways of struggling for better working conditions and building international solidarity. "Action research" aims to support such efforts. It allows needs on the ground to control the research agenda to a large degree. By providing feedback of its findings at various stages to national and regional unions and international campaigners, action research is directly linked with taking action and making changes.

The global and different national responses of trade unions to globalization vary considerably. One issue that links all contributions is networking and alliance building. Another issue is the role of ILO standards for achieving a fair globalization. Each issue will be looked at separately.

Networking and building alliances

Many of our contributors agree that unions need to seek allies at various levels, in various ways. Unions are just one of the players within the global governance system. So they have to build alliances with each other and also with other civil society groups such as NGOs. However, unions and NGOs are different types of organization. Trade unions are membership based and they are accountable to their members. Their primary task is to defend the interests of their members. Non-governmental organizations can be membership based and are then sometimes referred to as grass-root organizations (Edwards and Hulme, 1996). Some NGOs are not membership based and are solely funded by one

or several external donors (e.g. enterprises). Even though non-membership NGOs "serve" their constituents, they are usually not accountable to them (Baccaro, 2001, p. 11).

In addition to emphasizing the importance of alliance building, almost all authors stressed the relevance of the ILO and of labour standards in achieving a fair globalization.

The role of the ILO on globalization

Globalization is often defined from an economic perspective, i.e. that it is about new technology enabling better communication and transportation, which lead to greater interdependence with regard to trade, finance and global production systems. The ILO is concerned about the social dimension of globalization, i.e. the impact of globalization on men and women in different parts of the world.

The Constitution of the ILO (which was adopted in 1919) states that "universal and lasting peace can be established only if it is based upon social justice" (ILO, 2004b, p. 4). This is reinforced by the ILO Declaration of Philadelphia in 1944 which reaffirms the fundamental principles on which the organization is based and, in particular, that:

(a) labour is not a commodity;

(b) freedom of expression and of association are essential to sustained progress;

(c) poverty anywhere constitutes a danger to prosperity everywhere;

(d) the war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.

(ILO, 2004b, p. 23.)

Even though the term "globalization" did not yet exist, this extract of the Declaration of Philadelphia established the foundation for the ILO's work on fair globalization. This work was reinforced with the Report of the Director-General on the World Commission on the Social Dimension of Globalization which defines the ILO's role regarding globalization. The report states:

The emphasis placed by the Commission on our Decent Work Agenda highlights the central role the ILO is called upon to play in contributing to a fair and inclusive process of globalization.

(ILO, 2004c, p. 3.)

The important role of the ILO and in particular the role of the constituents was further strengthened by the conclusions of the 2007 discussion of the 96th International Labour Conference on "Strengthening the ILO's capacity to assists its Members' efforts to reach its objectives in the context of globalization":

> Strong constituents lie at the heart of effective ILO action. The ILO should increase its support in building the capacity of its constituents to ensure their ongoing ability to engage in the ILO objectives and the Decent Work Agenda, realize these goals in the context of globalization and meet the needs of their constituents.
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> <div align="right">(ILO, 2007, p. 23.)</div>

This book is about how one constituent of the ILO, trade union organizations, responds to globalization. The varied and partly contradictory effects of globalization on labour in different countries require varied and sophisticated responses which are analysed in this book from national, regional and global perspectives. The contributions show that civil society and, in particular, trade unions as the most important organized part of civil society are key in influencing the rules of globalization to achieve a fair globalization. Trade unions also play a paramount role in implementing and enforcing these rules.

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