TRADE UNION RESPONSES TO GLOBALIZATION

A review by the Global Union Research Network

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INTERNATIONAL LABOUR OFFICE • GENEVA
GLOBAL UNION RESEARCH NETWORK
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First published 2007

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V. Schmidt (ed.)
Trade union responses to globalization: A review by the Global Union Research Network

Globalization, multinational enterprise, workers rights, trade union rights, trade union role, international trade union, developed countries, developing countries
03.02.3

ILO Cataloguing in Publication Data

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Typeset by Magheross Graphics, France & Ireland www.magheross.com
Printed in (country)
Introduction

Globalization has led to a significant spatial restructuring of industrial production as TNCs seek the most cost-effective, “flexible” workforce (Dicken, 1998). A majority of commodities in the international market are produced through a series of complex subcontracting chains that cross national borders of industrialized and developing countries (Gereffi and Korzeniewicz, 1994). Some scholars have characterized this type of economy as “networked capitalism” which increasingly relies on information and communication technologies (ICT) (Castells, 1996). As ICT companies are becoming powerful players in such a globalizing economy, it is critical to understand their restructuring practices and employment patterns as they have significant implications for unionization.

Driven by the rapid pace of technological advancements amidst plummeting prices of computers, mobile phones and other electronics products, ICT firms are cutting their costs by outsourcing production to contract manufacturers and several tiers of suppliers, and relying increasingly on temporary employment agencies to supply their labour needs. While this has been a successful corporate strategy, it has detrimental consequences for workers further down the supply chain in different parts of the world (CAFOD, 2004; Ferus-Comelo, 2005). Working in the IT industry frequently means having precarious employment in a highly stratified occupational structure with casual or short-term contracts, in a factory or as part of home-based work, with all the attendant health and safety risks. Women and migrants are an integral part of the global electronics production workforce (Ferus-Comelo, 2006).
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Using the case of electronics manufacturing, this paper argues that, while globalization poses tremendous obstacles to unionization, there are many opportunities for labour action that need to be seriously considered. It presents three inter-related points for consideration: first, the perception of “footloose” capital, which breeds fatalism among unions, needs to be tempered by a sober analysis of the extent of and conditions under which industrial mobility occurs with the aim of identifying potential ways of “pinning down” capital; second, the challenge of globalization lies in identifying and exploiting existing vulnerabilities in the structure of capital using the strengths of the international labour movement; lastly, the concept of the “labour movement” needs to be expanded beyond unions to include alternative organizations whose remit and activities may make them powerful allies in the struggle for social and economic justice. This analysis is based on research in two different places, Silicon Valley (United States) and Bangalore (India), that are key nodes in the North and the South of the global high technology industry (Ferus-Comelo, 2005).

Global capital, local labour?

A major inhibitor of labour organizing in the face of capital’s transnational operations is its fickle nature in relation to place, i.e. its proven record of settling temporarily in a location and jet-setting off to a different site. The power of capital in this regard cannot be underestimated; however research on the electronics industry in Bangalore and Silicon Valley questions the notion of “footloose” capital.

The extent of industrial (im)mobility

Interviews with corporate managers suggest that the electronics industry is less mobile than generally assumed as it relies on the supply chain system as well as local geographical characteristics. For instance, India currently represents an untapped, large and lucrative consumer market for the electronics industry. Thus, finding a production site within the country and a reliable subcontractor locally is important to both foreign multinationals as well as domestic corporations in order to secure a substantial percentage of this emerging market. Bangalore is a key location in India for both foreign and domestic electronics firms due to two major factors. First, managers in Bangalore highly value the skills of the large pool of workers drawn to Bangalore from other parts of southern India. More than a hundred technical institutions provide state- and company-certified training to meet the specific labour needs of the industry. Although low labour costs in India is a significant criterion, it is not the primary reason for companies to continue operation
there since other countries in Asia, especially China, offer comparable labour cost savings for higher productivity. Second, the current IT policy of the state government of Karnataka (of which Bangalore is the capital) sets out a variety of generous fiscal incentives, including land subsidy and tax holidays with minimal conditions attached to promote the establishment of hardware manufacturing units. Labour regulation in the state is also being downgraded to be on par with the practice in Taiwan (China), Singapore, the Republic of Korea and the Philippines, India’s primary competitors in the high technology sector. In the Philippines, for example, employers use temporary factory closures as an opportunity to delay contract negotiations and weaken or eliminate unions (ICFTU, 2006). In India, the 1982 amendment to the Industrial Disputes Act requires that firms employing more than 100 workers obtain state government permission before they lay off workers. According to some union activists in Bangalore, government-sponsored voluntary retirement schemes (VRS), conceived as a “safety net” in the form of funds for retraining and other support for retrenched workers, are used by many employers to circumvent the law and close down their enterprises without notice, especially when they want to get rid of the existing union.

While the availability of a large pool of skilled labour, necessary even for assembly jobs, and the business-friendly policies of the state makes Bangalore a key node in the global electronics industry, Silicon Valley retains its significance to the high technology industry due to its transformation as a launch pad of highly specialized, niche products. The quality infrastructure of Silicon Valley permits manufacturing of technologically complex products during the initial stages of their development before they are transferred to low-cost regions around the world for high-volume production. Contract manufacturers and subcontractors in Silicon Valley can rely on supplier firms in the vicinity. Being close to R&D centres in the region also gives them a competitive edge in the bidding war for contracts from original equipment manufacturers (OEMs) or original design manufacturers (ODMs). Production managers in Silicon Valley favourably rated a flexible local regulatory framework in terms of electricity use, labour laws, chemical use and occupational health and safety regulations. In sum, the availability of qualified labour, proximity to markets and governmental subsidies are specific place-based factors that draw and retain electronics manufacturers in both regions.

Moreover, manufacturing is a significant part of the two regional economies in this study but is either concealed among small units subcontracted by larger companies in Silicon Valley or overshadowed by the fame and fortune of the software industry in Bangalore. Governmental statistics and industrial projections in both places suggest that low-end assembly jobs are expected to grow. Industry groups such as the Manufacturers’ Association for Information Technology
(MAIT) in Bangalore and the Silicon Valley Manufacturing Group (SVMG) lobby their respective governments to enact and implement policies, which promote production locally. The number of jobs in the semiconductor and electronic component manufacturing industry, including processors, operators and assemblers, in Silicon Valley are projected to increase, not decline between 2004 and 2014, according to the Santa Clara County Employment Development Department. This trend toward the retention and expansion of jobs in local electronics production reinforces the need to organize a growing workforce, while turning on its head the image of the manufacturing sector as constantly on the move.

**Subsidy-linked labour standards**

Besides taking note of the place-fixed nature of capital, the labour movement would benefit from exploring the associated liabilities that may be exploited on the behalf of workers. By receiving corporate welfare in the form of public subsidies, the industry opens itself to greater scrutiny and demands for corporate accountability. There is a great deal of public investment in the high-tech industry, specifically for job creation and economic development. Dell recently received a lavish US$242 million package of incentives to build a computer assembly plant in the American state of North Carolina after triggering a bidding war among the local governments offering additional subsidies (Seccombe and Cherrie, 2004). These incentive packages are generally presented with minimal qualification criteria and virtually no oversight.

One way that the labour movement can advocate on behalf of workers is to create public support for the attachment of decent standards of employment as conditions for state subsidies, and challenge the social burdens (e.g. poor job quality, low return for investment, pollution, etc.) imposed by corporations on local communities. The Living Wage campaigns in the United States, which have linked public subsidies to labour rights, particularly the right to organize in a neutral environment, demonstrate that the participation and intervention of workers’ representatives in debates about the use and impact of public funds can complement union organizing campaigns.

**Shifting the scale of campaigns**

Organizing workers employed within complex supply chains in factories, small production units or their own homes around the world poses tremendous challenges. Three important questions that arise in the process are: whom to target for improvements in employment conditions? Where are the weaknesses in the corporate armour that can be used on behalf of workers?
And who are potential allies to put pressure on the (direct and indirect) employers? Mapping the politics of supply chains geographically based on a combination of workers’ knowledge and corporate intelligence can be a powerful tool to explore these issues.

Redefining the employer and the collective bargaining unit

Certainly, corporate accountability for labour conditions is elusive when production for OEMs or ODMs is carried out in units that do not belong to them, by workers who are not their direct employees. However, the garments and automobile industries provide valuable lessons for the electronics industry in this regard. In a careful study of industrial dynamics and power relationships in the garments sector, labour activists concluded that justice campaigns needed to target fashion retailers and name-brand “manufacturers”. These “sweat” the subcontractors and, indirectly, the seamstresses through several tiers of the production network in a cut-throat industrial environment (Louie 2001; Nutter 1997). Hence, the garment workers’ union sought to inform and mobilize fashion consumers, most notably middle-class women and university students, to develop a broad-based anti-sweatshop movement. A parallel approach based on the politics of consumption in the high-tech industry may imply targeting large institutional buyers such as schools, universities, hospitals and government offices.

There have also been successful attempts to extend union protection to workers at suppliers of firms where unions are already recognized in the automobile and garments industries. Jobbers’ agreements or joint liability which hold the manufacturer responsible for conditions in its contracting shops, originated in the experiences of the garment workers’ union in New York (Bonacich, 2001). In a similar style, the Canadian Auto Workers (CAW) developed new collective bargaining concepts of “work ownership” and “satellite bargaining” to challenge the artificial organizational boundaries that restrict the terms and conditions outlined in union contracts to the corporation’s direct employees (Holmes, 2004). At the international scale, IFAs are a form of corporate codes of conduct that GUFs, such as the International Federation of Chemical, Energy, Mining and Factory Workers (ICEM) and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations (IUF), are negotiating with large corporations to cover direct and in some cases indirect employees. Although this approach is not easy to achieve or problem-free to implement, as Bonacich (2001) and Wills (2002) suggest, it points to directions in which labour organization needs to move to re-define the traditional collective bargaining unit in accordance with predominant contracting systems.
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The weakest link

Highly decentralized networks of production deployed by interdependent corporations, while consolidating corporate power, also allow labour to assert its demands. As Moody (1997, p. 280) notes, TNCs “have deep pockets to resist strikes or other forms of action, but they are also vulnerable at many points of their cross-border production chains”. This vulnerability to local activism is apparent in the transnational production arrangements in the electronics industry.

Managers in both Silicon Valley and Bangalore agreed that shortening the time absorbed in transporting goods from one point to another and eliminating storage is vital in this industry due to the high obsolescence rate of electronic products. The time it takes for a fully assembled product to get to the shop shelf or customer from the production line has a huge impact on its market value. Just-in-time systems, described by a company manager in Bangalore as “the right materials at the right place and at the right time” in this climate are indispensable. Rather than being stored for long periods of time in warehouses, materials and components are pulled directly into production lines and into the final products within just hours of their delivery. Several tiers of suppliers are linked to each other under similar high pressure settings on the basis of a strict forecasting schedule from OEMs or CMs, making punctuality and right quantity of delivery essential.

As Herod (2000) has argued using the case of the United Auto Workers (UAW) 1998 strike at two General Motors plants in Flint, Michigan, a well-calculated work stoppage or slowdown at key points in the arteries of global production networks could raise the financial stakes of union resistance. A supply chain analysis can also help identify other important players who could provide leverage for workers. Beukema and Coenen (1999) suggest that companies which provide logistics services, or “the planning, execution, and control of the flow of goods from purchase up to and including distribution to end-users” can also be important sites of resistance (Beukema and Coenen, 1999, p. 142). Using the case of a Dutch distribution company, they demonstrate that, due to their contact with and knowledge about important clients of their employer firm, logistics workers (e.g. transport workers) can play a significant role in providing leverage to workers at the weaker links in global production networks. High union density in the transport industry and active networks of organized labour that exist in this sector internationally open up some space for worker action and solidarity across industries.

International worker exchanges

The potential for the geographical relocation of electronics jobs makes it
evident that a purely localized organizing strategy is no longer adequate in today’s capitalism. As workers are divided by the geographies of production, unifying workers across national boundaries must be a central component of organizing in the electronics industry. Reports about worker exchanges and international meetings among workers from specific multinationals, such as those organized by the Maquila Solidarity Network (MSN), affirm the benefits of personal contact and information exchange among workers. Protectionist measures adopted by unions to prevent jobs moving from one place to another can be replaced by pressuring corporations to create better jobs wherever they operate.

One approach is to bring together assemblers who are involved in the supply chains of a single company like International Business Machines (IBM) regardless of their direct employer or location of employment. It would be essential to include workers from places that have strategic significance to the company. During the summer of 2002, a delegation of workers formerly employed by the multinational electronics firm the Radio Corporation of America (RCA – now Thomson Multimedia) in the northern county of Taoyuan, Taiwan (China), toured the United States to seek solidarity from American labour and environmental organizations in their struggle for just compensation. The tour was organized by the self-help association of former RCA employees which was founded in 1998 to support hundreds of RCA workers who are suffering (or the families of those who have died) from cancer developed from exposure to toxic substances in their workplace. Workers’ representatives visited five major cities, including Silicon Valley, to present their story to American electronics workers and allies. Their aim was to build support for a public hearing and lawsuit to hold their former employer accountable for serious environmental pollution and a huge cancer cluster. In the process, they were able to share information and develop personal ties directly with workers in other places. In Silicon Valley, the RCA workers were struck by the ethnic diversity of workers and their stories of unfair treatment in the industry. Thus, a cross-border worker exchange can result not only in practical campaign support but also create a realistic image of working conditions in places around the world through personal contact.

Global Union Federations, such as the IMF, which recognizes that labour organizing in the ICT sector “requires special trade union effort” can play a vital role in internationalizing labour campaigns in the industry (IMF, 2002, p. 8). Such international union structures can lend institutional pressure in labour disputes, conduct corporate research, lobby governments, raise public awareness in several countries, and mobilize union members for coordinated days of action through their national affiliates. As several well-known cases have shown (e.g. the 1997 UPS-Teamsters strike), international solidarity
mobilized through these organizations can make a huge difference in contract negotiations and struggles for union recognition. Other examples were provided in chapters 1 and 2 of how GUFs have used IFAs to create international solidarity.

Linking with the “other” labour movement

Despite the need for labour organization and potential opportunities that exist for it, research in the two regions exposes a fundamental dilemma. Not only is the electronics industry globally marked by a very low degree of unionization but trade unions in Bangalore and Silicon Valley have not yet been successful in establishing an institutional presence in the industry. In Bangalore, unionization is limited to the traditional public sector electronics companies set up just after India’s independence, leaving the relatively newer private sector unorganized. In Silicon Valley, the industry remains a union-free zone despite a couple of notable attempts to organize workers in the 1980s and mid-1990s (cf. Early and Wilson, 1986). However, here, as in many other hot-spots of the electronics industry, many non-profit, community-based organizations and issue-based social movements are filling the gap in the organization and representation of workers. It is therefore critical to develop and strengthen local collaboration between unions and these diverse social actors if workers’ rights are to be protected.

Organizing through services

One arena of productive ties between social organizations and unions is meeting workers’ needs beyond the workplace. In Bangalore, the Bharat Electronics Employees Union, a public sector union, launched a monthly women’s legal clinic with the pro bono services of a sympathetic public interest law firm in 2001. By facilitating the provision of a service to female (and male) workers on matters that are not necessarily workplace related, the union increases the value and relevance of collective organization in workers’ lives. Union leaders aim to make this monthly legal clinic available to members of the residential community around the production facility, thereby promoting unionism beyond the workplace. Women members of the Malaysian Trade Union Congress (MTUC) run two hostels for women who work in the EPZs in the suburbs of Kuala Lumpur (David, 1996). Besides providing workers with safe, decent and affordable housing, these hostels are places where women can discuss their problems and raise their awareness of the benefits of unions. Not only has this initiative been replicated elsewhere but a small group of women who lived in these hostels have also participated
in the creation of a new union in the electronics industry. Health and safety education for electronics workers in Silicon Valley was the focus of a NGO – the Santa Clara Center for Occupational Safety and Health (SCCOSH). Its Working Women’s Leadership Development Project (WE LeaP) was a popular education initiative conceived in the 1990s to lay the foundation for organizing the predominately female and immigrant workforce around the issue of health and safety in the workplace.

Besides legal aid, housing and safety training, there is a myriad of services that would benefit workers, e.g. medical care, vocational skills, literacy or English proficiency. Meeting these needs through a structured programme in the neutral space of a community-based organization would draw workers, allowing unions to build relationships of trust with them. But there are many other reasons for such a long-term, circumspect strategy. First, it takes into account the fact that many workers value their jobs no matter how bad they seem as their opportunities to secure suitable, decent paying jobs are severely limited. This does not, however, preclude their awareness of the need to fight for equality and dignity as workers. Secondly, the process of connecting with other workers outside the workplace setting can contribute to the formation of a political identity as workers, particularly important for women who are often defined only by their roles in the family. In general, getting involved in an organization gives workers an experience of how collective action can change people’s lives.

Cross-movement alliances

Given the environmental degradation and health risks that the electronics industry poses to workers and communities, environmental activists in many high-tech clusters around the world such as Taiwan (China), Thailand, Silicon Valley and Scotland have proven to be workers’ allies for CSR. A number of high-profile, landmark lawsuits have been filed against TNCs such as IBM, RCA (now Thomson Multimedia) and Seagate Corporation by environmental justice organizations on behalf of workers and their descendants, whose health has been permanently damaged due to their exposure to a “witch’s brew” of chemicals and hazardous materials in the workplace.

The Silicon Valley Toxics Coalition (SVTC) is one such organization which grew out of inter-related concerns about environmental degradation, public health and workers’ issues. For around 20 years SVTC has been conducting research, public education and advocacy centred on the environmental impact of the electronics industry, starting with groundwater contamination in the 1970s resulting in ground-breaking environmental policies in the United States. The coalition’s demands for environmental accountability of the industry has had
significant implications not only within the region or the country but beyond through the formation of the International Campaign for Responsible Technology (ICRT), a network of public health specialists, labour activists and environmental advocates in the 1980s. The Rio Tinto campaign, which brought together a similar cross-border coalition of indigenous people’s organizations, unions and environmental groups, is an example of how the ICRT could serve as a platform upon which local labour campaigns can be linked to global issues of business practice, corporate governance, shareholder value and social responsibility (Sadler, 2004).

Conclusion

Working conditions in the IT manufacturing sector, particularly for workers at the bottom end of subcontracting chains, can frequently be summarized by the term high-tech sweatshops. Research in Bangalore and Silicon Valley has shown that the unionization of this industry, although virtually non-existent at present, may not be impossible. However, in order to begin envisioning the possibility, it is important to find ways out of the pessimistic cul-de-sac that the rhetoric of globalization conjures up about contemporary capitalism and the labour movement. The image of fluid capital scouring the globe for the cheapest labour and the most lax legislative regimes does not always fit the electronics industry everywhere it operates. The state has a definite role to play in the regulation of private industry and this is remarkably evident in high-tech manufacturing which benefits enormously from generous subsidies. Rather than accepting defeat before the battle has even begun, unions can draw upon lessons learnt in similar industries in order to plan out a strategy.

Although the numerous challenges associated with the global structure of electronics manufacturing cannot be underestimated, there are also inspiring examples of workers’ struggles that can be supported and amplified. This calls for a bold, creative and collaborative effort from various parts of the labour movement. The study in two key sites of the IT industry suggests that the organization of global production in a time-sensitive industry such as high-tech manufacturing is not immune to well-coordinated labour action. By analysing and taking strategic advantage of the openings for collective resistance, mobilizing political allies from other social movements, and re-drawing the contours of campaigns to include workers across borders and in households, unions and community-based organizations together can begin the arduous process of establishing dignity and respect for electronics workers.
References


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