

A decorative graphic consisting of a grid of dots in various shades of gray and red, arranged in a pattern that suggests a world map or a network structure.

# Networking and a Two-track Strategy

Perspectives of International Trade Union Activities

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- Social inequality is growing across the globe and can no longer be attributed to different levels of development of nation states alone.
- An effective representation of workers' interests in increasingly multi-dimensional and transnational social spaces and resultant complex constellations of interests is a key challenge for international trade union activities.
- The global jobs crisis calls for a two-track strategy on the part of the trade unions, on the one hand strengthening company-based structures through international cooperation and on the other playing an active part at the level of the international trade union movement in the formulation of a new vision of society based on global labour and employment standards.
- Only by being firmly anchored at company level and backed up by the workers will trade unions be able to exert lasting influence on the international stage with the aim of striking a balance between global social interests and the more short-term existential needs of the workers.



»If China becomes a major industrialised country [...]« said the English Member of Parliament Stapelton to his voters, »[...] I do not see how the European working population can withstand the struggle without going down to the level of its competitors«. This may appear quite modern but is, in fact, a quote from the Times of 3.9.1873. Yet it has lost none of its explosive implications for societal policy and the relationship between economic globalisation, catching-up development and the formulation of global labour and social standards since.<sup>1</sup> By the end of 2009, China had succeeded to take over from the Federal Republic of Germany the prestigious title of export world champion, coveted in global economic circles, and to rise as the third biggest industrialised nation behind the USA and Japan. Yet the economic and political power constellations on the world market are currently being reshaped not just by China but by Brazil, India and Russia as well. It is therefore a major challenge for international trade union cooperation to ensure that workers are not being played off against each other and that social standards are not subjected to market rules. This calls for a consistent two-track union strategy, strengthening company-based structures through international cooperation and at the same time attributing to the international trade union movement an active part in the formulation of a new vision of society based on global labour and employment standards.<sup>2</sup>

### A New Self-Confidence and a Sense of Uncertainty in the Crisis

In this world economic crisis, the Global Union Federations (GUFs) and the International Trade Union Confederation (ITUC) are presenting themselves with newfound self-confidence. Given the profundity of the crisis, trade union representatives demand a seat at the negotiating table of the G20 and speak up in favour of restructuring the world economy in the global governance institutions in order to ensure a greater measure of economic sustainability beyond financial speculation as well as

social justice.<sup>3</sup> A first response to the crisis on the labour market has already been initiated successfully within the framework of the International Labour Organisation (ILO) by formulating the Global Jobs Pact with its focus on decent work. It is the underlying assumption of our report that trade unions can exert lasting influence on the international stage only if they are firmly anchored in the companies and backed up by the workers; only then will they be able to reconcile long-term political demands for a global social balance of interests with the more short-term existential needs of the workers. Yet a sense of uncertainty prevails amongst the employees at the shop floor. Positive corporate balance sheets no longer translate automatically into greater job and income security. In Germany, the relocation to Romania of the economically sound Nokia plant in 2008 still meets with utter incomprehension amongst both the workers and large parts of the public.<sup>4</sup> The lingering conflict over General Motors and Opel adds to the sense of uncertainty amongst workers and their representatives.<sup>5</sup>

### Greater Social Inequality – in Germany ...

The export-oriented economy of the Federal Republic has been the world's leader in exports since 2003. In the meantime, the Federal Republic has reached another more questionable top position in relation to the other 30 industrialised countries of the OECD, notably that the earnings of German workers have been developing much less favourably than in many other industrialised countries. The reasons for such undesirable developments are well known: the number of companies and employees covered by collective agreements has been continuously declining over the years and nowadays many agreements include opening clauses that allow downward deviations of an enterprise faced with open threats of dislocation. It was only through a long and arduous process, initiated by the large DGB trade unions and, in particular, the IGBCE (the Miners', Chemical and Energy Workers Union) and the IG Metall, that the

1. This quote was, in fact, discovered by Karl Marx, an ardent reader of newspapers who then came to the conclusion: »no longer continental wages, Chinese wages is what the English capitalists are striving for now«, see Marx, Das Kapital Vol. I (Berlin 1975)

2. Oskar Negt described the need for a two-track union strategy in October 2009 in an interview with »Der Tagesspiegel« at the occasion of the 60th anniversary of the DGB.

3. Cp. Javad, S./Ganter, S. (2009) No return to business as usual. The new international trade union movement in the global employment crisis. FES trade union summary report.

4. Cp. Wannöffel, M. (2009). Mit einem europäischen Produktionsmodell und dem Ausbau der Mitbestimmung aus der Krise – das Beispiel Opel, in : WISO-direkt 3/2009

5. Cp. Wannöffel, M. (2009a): Solidarität als Antwort auf Standortkonkurrenz in Konzernen. Paper presented at the Berlin Automobile and Suppliers Congress of IG Metall and Hans Böckler Stiftung on 25.3.2009.



trade unions have been able to regain control of this unbridled decentralisation of bargaining policy from 2004 onwards by introducing the concept of workplace-related bargaining policy. Yet not every negotiated pay rise will necessarily benefit the workers at the shop floor because – owing to the declining organisational strength of the trade unions – it may not always be enforceable. In almost every branch, newly-established in-house firms offer temporary contracts and systematically undercut the standards defined in collective agreements. Temporary work is currently being employed as a key component of corporate human resource policy, irrespective of fluctuations in production. The effects of increasing wage flexibilisation and precarious employment conditions are well known. Meanwhile, labour's share of national income has fallen to a record low. In the last decade, associations of industry and economic politicians, under pressure from world markets and the need for greater competitiveness, clearly favoured wage flexibilisation and fiercely opposed the introduction of minimum wages. Yet there is general consensus in the international economic debate that it was above all due to wage restraints in recent years and resultant weak domestic demand in the Federal Republic that the economy did not take off at first and that it further exacerbated the situation at the onset of the crisis in autumn 2008. We are nowhere near understanding the social consequences for the labour market of the most profound crisis we have experienced in almost 80 years.

### ...and Elsewhere in the World

The economisation of society, as a dominant feature of the last two decades, has greatly magnified existing social inequalities. New demarcation lines are in place, spreading not just within but between societies at different levels of development. Globalisation has brought with it new cross-border economic and social spaces, organisations and institutions which will eventually unravel traditional perceptions according to which the nation state is equated with society, relatively speaking. The concept of social transnationalisation proceeds on the assumption that inter-linked societal structures, created and perpetuated in the course of economic globalisation, are anchored simultaneously in more than one nation state. In other words, enterprises and organisations, and their specific social spaces, may cut across

several nation states with varying levels of societal development.<sup>6</sup> This exacerbates the social divide on a global scale, disassociating it from the nation states and their different levels of developments. Instead, these social demarcation lines cut across all forms of employment and occupations. If processes of social division and transnationalisation that can be observed in the context of economic globalisation are to be taken seriously, international trade union activities will also have to deal with these increasingly multi-dimensional and transnational social spaces and resultant complex constellations of interests in future.<sup>7</sup>

### Complex Multi-level Interaction

Two examples from the recent past will illustrate the complex conditions of and risks inherent in negotiations involving both location-specific representation of interests and transnational cooperation:

#### The case of GM/Opel

The GM/Opel case is a good illustration of how to treat the workforce in a particularly cynical manner. The decline of the US-American automobile manufacturer has been dragging on for several years. Major mistakes by the management, an unsuccessful sales policy and quality problems had resulted in a massive decline in sales even before the global crisis, in combination with structural overcapacities worldwide, finally pushed the corporation to the brink of the abyss from 2008 onwards. During the last few years, the European workers – in consultation with the European Works Council, the EMF and with national trade union representatives – already agreed to substantial cuts in earnings in order to ensure the company's survival. Again and again, they put up a united front in the negotiations with management. Restructuring was not prevented but »successfully« managed insofar as the burden could be distributed fairly amongst the individual locations in Europe.<sup>8</sup> This approach of sharing the pain reaches its limits in the

6. Cp. Pries, L. (2008): Die Transnationalisierung der sozialen Welt, Frankfurt/Main.

7. Cp. Pries, L. (2010): Erwerbsregulierung in einer globalisierten Welt, Wiesbaden.

8. Cp. Mund, H./Burmeister, K.: Gegen die soziale Spaltung – Gewerkschaften vor der Herausforderung Europa, Dokumente. 4.8.2007.



face of the threatening closure of the Belgian plant in Antwerp. During the tough, and ultimately failed negotiations to sell the European business of GM, the European Works Council members declared themselves willing in autumn 2009 to contribute to production cost reductions by accepting a cut in a three-digit million range. As for the German locations alone, the works councils and the IG Metall agreed to annual cuts in earnings to save approximately 180 million Euros, asking the workforce to forego any pay rise in the coming years until 2011. The representatives from Britain, Poland and Spain had not signed the Memorandum of Understanding. Instead, these countries continued to negotiate exclusively for their locations. Compared to the memorandum drawn up in the European Works Council, they achieved some national location-specific improvements, yet at a potentially high price because this might ultimately put at risk the feeling of solidarity that had grown over the years and under great pressure amongst individual workers' representations in Europe. Yet before the various representatives from European locations had a chance to resolve this conflict, the GM Board rescinded its decision to keep Opel. GM had saved itself with American tax money and used its strength, regained at least superficially, to once again step up pressure on the European workers. The decision to close the Antwerp plant is proof of the fact that it was not only for cost reasons that the GM Management decided to restructure. Against the express agreement to produce an SUV in Antwerp, the Management opted for Korea as the future production location for this model.

#### The case of Daimler in Sindelfingen

Similarly, the picture of 15.000 protesting workers at Daimler in Sindelfingen in December 2009 in response to the decision to shift the Mercedes C-Class production to other locations is still vivid in our memory. Although strikes and large-scale protests in the entire region could not persuade the Board to reconsider its decision to relocate, a long-term plan was agreed between the management and the works council that would safeguard existing jobs until the year 2020. By excluding compulsory redundancies, the »Sindelfingen 2020 Agreement« secures the jobs of some 37.000 workers despite the shift of some C-Class production to the USA. There are two lessons, in particular, to be learnt from this most recent conflict at Daimler: firstly, the Daimler workers

were supported by a broad wave of solidarity beyond the boundaries of the region in which the plant was located. Secondly, the conflict at Daimler underscores the potential for a social compromise between corporate globalisation strategies and the workers' interest in stable working and employment conditions provided certain conditions are in place. All it takes is a highly-unionised self-confident workforce, a pro-active works council with substantial regulatory authority and a management under the control of the supervisory board which is willing to provide a global social balance between legitimate interests of workers at different locations across the globe.

#### Strengthening Network Activities

A sustainable strategy aimed at setting global standards for working and employment conditions therefore calls for a smart mix of local engagement, national and global policies in constant interaction with companies and the trade union in the field. In parallel to the spread of multinational corporations, European or world works councils as well as instruments for regulating labour and social standards such as the International Framework Agreements (IFA) have developed as a result. Yet it is worth noting that works councils and trade unionists are routinely engaged in international cooperation as a core task in their day-to-day work in the companies and not just in times of threatening job losses due to locational competition, thus paving the way for more extensive international cooperation amongst workers and improved intercultural competence on their part. Indeed, by expanding consistently their international activities, trade unions and shop floor representatives in multinational corporations act in their own enlightened self-interest. It has often been the case with investments of major German corporations abroad that standards which were taken for granted in Germany, for example in terms of union organising activities, were massively undercut at locations overseas. This is happening not only in countries such as China where the law never, or hardly ever, provides for an independent representation of workers' interests. Even now there is a danger that the same low labour and social standards are »re-imported« to Germany. This point was brought home when a works council member commented on the non-union plants of his corporation in the USA by saying: »the USA shows what will



happen to us if we are not watchful!« However, social divisions and growing competition between core and contract workers and ensuing threats to codetermination at company level will also undermine the very basis of successful international cooperation between trade unions in future. Only if social cohesion and strong union organising activities prevail as a counterforce in the companies of this country will corporate managements respond in a sustainable manner and meet their global social responsibility.

### The World's Leading Exporter of Labour and Social Standards?

Similarly, public pressure may motivate individual enterprises to push ahead with a transnational regulation of labour that will also benefit their workforce in other countries and set an example for other enterprises. Notwithstanding the fact that core labour standards are frequently undermined at locations of German corporations overseas, we could also see a trend in recent years of a better economic situation and more stable social conditions for the workers as a result of the working and employment conditions in foreign subsidiaries of German industrial corporations in these countries. Against the background of relatively stable employment, earnings and opportunities to participate, these workers have successfully differentiated themselves from the large majority of workers in informal sectors with precarious employment. The workers in multinational corporations may become the beneficiaries of globalisation provided working and employment conditions are monitored by international framework agreements across the entire group. The further development of instruments of national codetermination will play a particularly important part in this process. Volkswagen is a good case in point: it demonstrates that minimum labour standards in social policy and codetermination can only be globally enforced across the entire group if the bargaining power of works councils, workers' representatives on the supervisory board and the IG Metall trade union combined is sufficiently strong, as has been the case with the adoption of the Industrial Relations Charter in October 2009. »Qualified« codetermination according to the Volkswagen Act of 1960 has been the foundation on which the company has built its success, and it also is the basis for this industrial relations charter.

### A Two-track Strategy for International Trade Union Activities

The trade unions' ability to cooperate internationally is therefore determined at two levels: there is the important aspect of strengthening the ITUC and the Global Unions as transnational organisations with agenda-setting power. Yet this level of international trade union cooperation is only one part of the process. In order for it to be sustainable, it must be interlocked with a strong company-based and internationally-focused representation of interests by European and world works councils. The Daimler case shows that once local problems are addressed successfully, this paves the way for trustful communication across national borders with the aim of eventually reaching a social compromise that is both local and locational, and transnational and company-related. In other words, international trade union cooperation will strive to put in place conditions that will help us balance social interests globally. Once this has been achieved, China's economic boom is no longer threatening to undermine the working, income and employment conditions in this country, as the English Member of Parliament implied, but an enormous challenge to international trade union cooperation regarding the setting of global social minimum standards.



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