

**THE FAILING STRATEGY OF INTERNATIONAL  
TRADE UNIONISM**

by

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## **ABSTRACT**

This thesis outlines the current activities of the largest transnational trade union organization, Global Unions, and offers an explanation as to why it is not succeeding in its efforts to curtail the power of global capital. The paper employs Gramsci's notion of a historic bloc and van der Pijl's understanding of the different fractions of capital to examine the dilemma faced by Global Unions in seeking to extend to the global level the industrial relations regimes secured in the postwar period throughout the advanced capitalist countries. It is argued that the historical conditions that allowed for a strong role in postwar capitalist hegemony have disappeared, and the current structure of global capitalist hegemony provides for no similar opportunities for trade unions. By comparing the conditions that facilitated the creation of postwar industrial relations regimes to the current situation, the thesis hopes to illustrate the historical limitations of trade unionism as an effective form of resistance.

## **DEDICATION**

To Marika Albert.

## **ACKNOWLEDGEMENTS**

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## CHAPTER 1: INTRODUCTION

In its response to the globalization of capital, the largest organization in the international trade union movement, Global Unions, is seeking to extend to the global level the industrial relations regime established in the advanced capitalist countries during the postwar period, often characterized as the postwar compromise between capital and labour. It has thus far largely failed in its efforts. In order to fully comprehend why collective bargaining and trade union security were accepted as necessary by capital in the advanced capitalist countries during the postwar period, but rejected by global capital today, it is essential to understand the postwar period as a historic bloc (Gramsci 1971 150; Sassoon 1987) within which industrial relations were but one component of an overall project aimed at restoring liberal capitalist hegemony.

In trying to understand why capital afforded a new role of trade unions in the postwar historic bloc and currently appears to resist such a role in the reconfiguration of global capitalist hegemony, it is also important to understand the relationship between the shape of capitalist hegemony and the fractured nature of social classes. Borrowing from Marx, van der Pijl argues that at different periods in capitalist history one or another fraction of capital will become dominant. Such fractions are the product of the labour process, circuits of capital and the distribution of surplus value (van der Pijl 1984). As the productive capacity of US industrial capital grew over the first half of the 20th century, its political significance, and therefore its ability to make demands upon the state, grew as well.

The postwar historic bloc was the product of organic intellectuals aligned with and responding to the needs of US domestic industrial capital. During the period between the world wars, the dramatic increase in production contributed to a massive economic crisis and an increase in working class militancy which, under the leadership of communists, threatened to produce a serious counter-hegemonic threat. The lessons that these leaders took from the economic crisis of the interwar period and the breakdown of liberal capitalist hegemony was that the increased productive capacity brought about by technological innovation required a corresponding increase in consumption to maintain economic stability (Keynes 1936; Harvey 1989). The creation of a stable consumer market was met through the consolidation of a social wage and the acceptance of trade union demands for recognition and the right to negotiate higher wages for workers. That workers were largely successful in attaching increased wages to increased productivity also speaks to the high demand for labour, the closed nature of national labour markets and the militancy of workers themselves during the interwar and immediate postwar periods. As trade unions represented that fraction of the working class with which capital sought peace, the industrial workforce, capital was further motivated to incorporate trade unions into the historic bloc.

However, the crisis of profitability in the 1970s has called into question the postwar historic bloc in its entirety (Overbeek 1993 14). In response to this crisis, capital accelerated its spread around the globe, developing new labour markets in areas previously untouched by industrial capitalism. What has emerged from this movement is a truly transnational capitalist class (Sklair 1997, 2001), not bound by any particular location (Gill in Palan 2000). Rather than seeking stability in any particular national

market, global capital seeks the flexibility to create and take advantage of new markets opened up by advances in technology and transportation (Harvey 1989).

In responding to the needs of this fraction, a new articulation of capitalist hegemony has been put forward by a number of organic intellectuals associated with neo-classical economic theory (van der Pijl 1984; Gill in Palan 2000). This new articulation of the "common good" has called into question the need for the social wage and rejected any role for trade unions in this new hegemonic project. The new concepts of control call for market discipline as the guiding principle of industrial relations as opposed to stable contracts with any particular industrial workforce (Harvey 1989). That capital is able to reconfigure its hegemony without reference to organized labour speaks to its increased access to a surplus of labour on the global market and the lack of a threat to its hegemony, which was part of capital's motivation in incorporating working class leaders into the postwar bloc.

While the emergence of a truly global capitalist class is beyond the power of organized labour to prevent, the organization of a truly global working class response is not. Indeed the lack of a current counter-hegemonic project is, in part, the result of continued efforts of reformist trade union leaders to stifle radical political initiative arising within the broader labour movement after its successful marginalization of communist labour leaders in the postwar period. Furthermore, while trade union leaders cannot influence the creation of new fractions of the working class through capitalist restructuring, it is within its power to arrest its declining ability to speak as the representatives of the working class. To do so the international trade union movement will need to engage the newly created fractions of the global working class whose needs

have been largely unmet by trade unionism. Until this occurs the possibility of a class based, global counter-hegemonic movement seems unimaginable.

## **1.1 Objects of Study: Global Unions**

### **1.1.1 Trade unions**

While there is a large and varied body of both academic and polemical writing on trade unions,<sup>1</sup> one of the most succinct definitions is that posited by the Webbs: a “continuous association of wage earners for the purpose of maintaining or improving the conditions of their employment” (Martin 1989 8). Such a definition is largely acceptable in terms of defining the membership of such organizations, but it runs into problems with the purpose of such organizations (Ibid.). Even the Webbs themselves came to see this as problematic and changed a later version of the same work to read “...the conditions of their working lives” to address concerns that they were “implying that Trade Unions have always contemplated a perpetual continuance of the capitalist wage system,” which was not their intention (Webb and Webb 1920 1).

In defining trade unions, as opposed to other collectivist responses of earlier labouring people to exploitation, it must be noted that trade unions are a product of industrial capitalism. Although previous associations and combinations of labouring people have existed, the trade union is historically unique. As the Webbs so eloquently articulated, while “industrial oppression belongs to all ages, it is not until the changing conditions of industry had reduced to an infinitesimal chance the journeyman’s prospect

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<sup>1</sup> For an overview of the history of trade union theory see: Michael Poole, Theories of Trade Unionism: A Sociology of Industrial Relations (London: Routledge & Kegan Paul, 1981). See also Ross M. Martin, Trade Unionism: Purposes and Forms (Oxford; New York: Oxford University Press, 1989), Richard Hyman, Industrial Relations: a Marxist Introduction (London: Macmillan, 1975).

of becoming himself a master that we find the passage of ephemeral combinations into permanent trade societies” (1920 6).

The establishment of a labour market, the congregation of potential labourers in large cities through enforced migration, and the eventual denigration of feudal craft work through technological change and the concentration of capital, eventually produced “combinations,” which sought to influence the market value of labour so as to “prevent the reductions of wages below the level that is traditionally maintained in the various branches of industry.”(Marx 1977 1069) Such combinations were significant to Engels as they were “the first attempt of the workers to abolish competition” within a labour market, which opened up the possibility that the system of wage labour could be overcome.(Marx and Engels 1962 245)

From its inception, then, the trade union has been defensive in its position and largely reactive to the movement of capital, leading many social theorists to highlight its limitations as a conduit for social change. Since Lenin, a number of theorists concerned with social change have expressed ambivalence towards trade unions due to their lack of revolutionary potential. Even in their earliest development, Marx saw that their primary utility was largely as “organizing centres” for a politicized working class (Lozovsky 1935 17). As argued by Hinton and Hyman, under “conditions of stable capitalism, to speak of revolutionary trade unionism involves a contradiction in terms... in the course of a revolutionary crisis, trade unionism which becomes revolutionary thereby negates and transcends trade unionism” (1975 59).

Clarke argues that while unions may have been “created in opposition to capitalist control” they “serve as an element in that control structure” (1978 16). To Clarke there

could be no other way, as the day to day activities of trade unions involves negotiating with capital, rather than attempting to overthrow it, meant that “collective bargaining is a process of defensive accommodation... and involves the relief or suppression of immediate grievances rather than any attempt to tackle the underlying cause of workers problems” (Clements and Clarke 1978 16). In the end, he argues, the activities and struggles of trade unions merely “serve to strengthen, rather than weaken, capitalist relations of production” (Clements and Clarke 1978 18).

Yet the inability of trade unions to launch the revolutionary overthrow of capitalism within the twentieth century should not lead those who seek an honest appraisal of the past hundred years of class struggle to dismiss the utility of trade unions in bettering the lives of working people.<sup>2</sup> Acknowledging the defensive nature of trade unions should not lead one to the conclusion that their relationship with capital is unidirectional; the shape of capitalism has been greatly affected by the shape and activities of the labour movement, including trade unions. It is important to remember that working class gains are the result of often times militant struggle, not gifts of a benevolent ruling class and such struggle has involved both reformists and radicals within these defensive class formations. However, it is difficult to disagree with Clarke’s argument that trade unions today do appear “to have lost sight of any vision of an alternative socialist society” (Clements and Clarke 1978 7), if indeed they ever had such a vision. This paper will illustrate that it is in large measure this lack of alternatives coming out of the contemporary labour movement that makes the possibility of a new compromise with global capital unlikely.

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<sup>2</sup> Indeed, the potential for such concerns to be reduced to “revolutionary phrase mongering” was decried by Marx himself in a letter to Jules Guesde and Paul Lafargue in which he stated that if this was what passed for Marxism, then he was no Marxist.

### 1.1.2 The international trade union movement<sup>3</sup>

The earliest international union federation appears to be the Metal Workers Federation, established in 1893, although a number of International Trade Secretariats, reinvented in 2002 as Global Union Federations (GUF), can trace their establishment back to the late 1800s (Windmuller 1969).<sup>4</sup> In 1903, the International Secretariat of National Trade Union Centres (ISNTUC) was established. Whereas the ITS were federations of trade unions in particular trades, ISNTUC was a federation of national trade union federations. ISNTUC was renamed the International Federation of Trade Unions in 1913 and continued to exist until the Second World War. This organization was the precursor to both the World Federation of Labour and the International Confederation of Free Trade Unions (Windmuller 1969; Busch 1983) and came about due to the frustration of trade union leaders with what they saw as a “a theoretical socialism divorced from the real world” (Milner 1988 2-3).<sup>5</sup>

Currently, there are three organizations which Windmuller has referred to as “global internationals” (1969 84). The World Confederation of Labour (WCL) claims a membership of 26 million workers in 144 different unions from 116 countries.<sup>6</sup> The International Confederation of Free Trade Unions (ICFTU) claims a membership of 155

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<sup>3</sup> For a broad history of the international trade union movement see Michael E. Gordon and Lowell Turner, Transnational Cooperation among Labor Unions (Ithaca, N.Y.: ILR Press, 2000), John P. Windmuller, The International Trade Union Movement (Deventer ; Boston: Kluwer, 1980).

<sup>4</sup> For an outline of the differences between the Internationals and the International Trade Secretariats see Denis McShane, International Labour and the Origins of the Cold War (Oxford England; New York: Oxford University Press, 1992).

<sup>5</sup> The battle between reformist trade union leaders and various radical labour and political leaders is a long and ugly story. See Dimitris Stevis, "International Labor Organizations, 1864-1997: The Weight of History and the Challenges of the Present," Journal of World Systems Research 4.1 (1998), Julius Braunthal, History of the International, 3 vols. (London: Nelson, 1966).

<sup>6</sup> From 1920 until 1968, the organization was known as the International Federation of Christian Trade Unions.

million workers in 241 “affiliated organizations” from 156 countries.<sup>7</sup> The World Federation of Trade Unions (WFTU) claims 129 million members in more than 130 countries (“Trade Unions of the World” 2005).<sup>8</sup> The fact that there are three global internationals is largely a result of cold-war divisions, which resulted in a split in the postwar era, with the majority of the national labour centrals in western countries leaving the WFTU and forming the ICFTU (Lorwin 1953; Carew 1996b, 2003).

Recently, the ICFTU and the WCL are negotiating a new relationship (ICFTU Online, 05/09/2005). It is difficult at this time to know what this will look like as there are somewhat conflicting definitions from the two organizations. The WCL press release on the topic states that there is “no question... of merging” (WCL 2005), while the ICFTU representatives speak of “political integration” and “unification” (ICFTU 2006).

Within the “global internationals”, there are also a number of regional organisations which are generally attached to either the ICFTU or the WCL, as the WFTU does not have such entities as part of its structure. Within the ICFTU are the African Regional Organisation (AFRO), the Asia and Pacific Regional Organisation (APRO), and the Inter-American Regional Organisation of Workers (ORIT). While a similar organization exists for Europe, the European Trade Union Confederation (ETUC) is independent, although it maintains friendly but informal relations with the ICFTU. Within the WCL there is the Brotherhood of Asian Trade Unionists (BATU), the

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<sup>7</sup> While the formal representation numbers of southern affiliates suggests that they have a amount of power on the Executive Board, and therefore the organization, disproportionate to their size compared, the Executive Board only meets once a year and much of the organizations decisions are made in committees which meet more frequently and are generally made up of the large affiliates from the north. See Gumbrell-McCormick in Anil Verma and Thomas A. Kochan eds., Unions in the 21st Century: An International Perspective (New York: Palgrave Macmillan, 2004) 182.

<sup>8</sup> Stevis suggests that the WFTU suspended its operations in the mid 1990s; however, the organization appears to have a functioning web site and held its last congress in 2005. However, there is little other evidence that the WFTU is active. See Stevis.



Democratic Organisation of African Workers' Trade Unions (DAOWTU), and Los Central Latinoamericana de Trabajadores (CLAT) in Latin America. There is no regional organization in North America and its European affiliates belong to ETUC.<sup>9</sup>

The subject of this study is Global Unions, which is comprised of the International Confederation of Free Trade Unions (ICFTU), the Trade Union Advisory Committee to the OECD (TUAC) and the ten Global Union Federations (GUF), formerly known as the International Trade Secretariats.<sup>10</sup> The reason why this thesis focuses on Global Unions is because of their dominant political and representational position in the world of labour (Gordon and Turner 2000 89). Generally, the activities of these organizations have changed little since earlier examples of labour internationalism: information sharing between affiliates, coordinating solidarity actions to support unions in times of acute struggle as well as holding conferences to discuss matters of mutual concern and to compare the state of the labour movement in different locals. However, these activities have broadened somewhat as these organizations take advantage of technological changes in communications and transportation. Leaders participate in more meetings in more corners of the globe. Information sharing now involves well maintained

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<sup>9</sup> To ensure that these lists are up to date, they have been taken from the respective web pages of the organizations, [www.icftu.org](http://www.icftu.org) and [www.cmt-wcl.org](http://www.cmt-wcl.org). For a detailed, but dated examination of the structure of these organizations see Windmuller, John P. Windmuller, Labor Internationals: A Survey of Contemporary International Trade Union Organizations (Ithaca, N.Y.: S.N., 1969).

<sup>10</sup> As accessed via [www.globalunions.org](http://www.globalunions.org). The 10 GUF are Education International; International Federation of Building and Wood Workers; International Federation of Chemical, Energy, Mine and General Workers' Union; International Federation of Journalists; International Metalworkers' Federation; International Textile, Garment and Leather Workers' Federation; International Transport Workers' Federation; International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association; Public Services International; Union Network International. During the postwar split, the International Trade Secretariats that existed at the time opted to align themselves with the ICFTU, rather than the WFTU over the issue of autonomy from the central organization.

websites and a constant stream of press releases, position statements and calls to action that can reach individual labour activists anywhere there is internet access.<sup>11</sup>

Since the late 1960's the ICFTU and the GUF have focused much of their attention on the emergence of transnational corporations (TNC). (Willatt 1974) The response of the different organizations reflects their different roles in the world of labour. The ICFTU activities around global standards largely involve lobbying international organizations such as the World Economic Forum and the International Labour Organization, as well as the national governments that meet there. While the early efforts focused largely on the development of "codes of conduct" for TNCs, their campaigns have broadened out to issues of debt reduction, women's issues and HIV/Aids. Concomitant to this lobbying are public campaigns to gain support for their efforts.

The GUF organizations also participate in these lobbying campaigns, but have traditionally acted more as an information clearing centre for national unions on matters relating to their respective industries and local bargaining efforts. Some participate in "union development" projects in those parts of the world where the union movement is nascent. Over the past decade a number of them have also sought, in some cases successfully, global or international "framework agreements" with TNC around basic standards of work and union recognition in their global enterprises.<sup>12</sup> However, the

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<sup>11</sup> There are even labour oriented news gathering and disseminating organizations on the internet such as [www.labourstart.net](http://www.labourstart.net).

<sup>12</sup> For example: ICEM has 11 such agreements (see [www.icem.org](http://www.icem.org)) ; IMF is making a concerted effort in the auto sector (IMF news release, Jan. 27, 2006 as accessed February 1, 2006 at [www.imfmetal.org](http://www.imfmetal.org)); ITGLWF has signed a "code of conduct" agreement with Triumph (see [www.itglwf.org](http://www.itglwf.org)) ; IUF claims on their website to "have won international agreements on global respect for trade union rights with leading companies within the IUF sectors" ([www.iuf.org/en/about.shtml](http://www.iuf.org/en/about.shtml)) but has yet to reply to requests of the author for more detail; UNI has signed 8 global framework agreements (see [/www.union-network.org](http://www.union-network.org)).

International Transport Federation is the only GUF to have successfully negotiated what could be considered a global collective agreement.

## **1.2 Rationale for this Study**

Research on the crisis of trade unionism has been largely focused on the local and national levels, and even those studies which claim to be global in scope are often comparative collections of different local or national responses to the current neoliberal restructuring of capitalist hegemony. Most often it is argued that “as a rule, labour is local” (Wills in Waterman and Wills 2001 181) which makes sense as labour is made up of real human beings who are situated in a particular time and space. For workers, struggles against capital are almost always experienced as a “local” phenomenon; picket lines, strike votes, labour-management meetings, protests that happen at the work-site, union hall and legislature.

Furthermore, the power of unions is generally seen to be based on the ability to withhold their collective labour and disrupt an employer's business, which almost always occurs at the local, industrial, or national level. This limitation is due in large measure to the capacity of unions being constrained by national borders as well as linguistic and national/ethnic division (Gordon and Turner 2000 22-23). In addition to the often competing agendas between the north and south, the attempts by local union leaders to convince their members to spend local money supporting the struggles of workers they will never meet are often met with apathy.

While the local is still a critical area of labour studies, the global political economy has changed dramatically over the past thirty years, and those who study labour

are beginning to look more closely at the global level. The expansion of global production lines is empirically verifiable. Autos and textiles are the most obvious case, yet they are not alone any longer. Furthermore, the nature of capitalist hegemony has undergone a qualitative shift. Those actors who shaped the postwar historic bloc were responding to the needs of nationally based industrial capital. The organic intellectuals of the emerging transnational capitalist class that is currently making a bid for global hegemony are responding to the needs of global capital. This shift has had a profound impact on the ability of local and national union organizations to effectively organize counter-hegemonic projects.

The difficulties facing national unions in their struggle against global capital suggests that those concerned with labour's emancipation should look at the possibilities of a new in international or global labour project. Yet there is little academic work on what organized labour actually looks like at the global level. This thesis seeks to contribute to such an exploration.

### **1.2.1 Literature**

This thesis can be situated within two bodies of often overlapping literature, that which has outlined a "crisis" in trade unionism and that which is concerned with "labour internationalism" and the search for an appropriate global response for labour to neoliberal capitalism. Since the 1980s, a number of scholars have outlined a decline in the power and prestige of trade unions, particularly, but not exclusively, in the US (Taplin 1988; Rose and Chaison 2001; Yates 2002; Brueggemann and Brown 2003). Indeed, concerns about the ability of organized labour to regroup and adjust to the changes in the global political economy come from observers in Europe (Schmidt 2005;

Hancke 1991) and Latin America (Cieza 1998; Iranzo and Patruyo 2002), two regions with historically strong labour movements.

To some this is a crisis in their representational “legitimacy” due to the “increasingly fragmented and dispersed social relationships” found within the labour process and the increasing diversity of the working class in terms of ethnicity and gender (Catalano in Munck and Waterman 1999). Such a challenge to class as a unifying identity has led Hyman to suggest that the very idea of a “mechanical” trade union solidarity has perhaps always been imaginary and needs to be reconceived, one that recognises the differences amongst workers (in Leisink 1999). Others suggest that it is the strategies employed by trade unions that are no longer valid and that there is a need for labour to establish new “repertoires” of resistance (Piven and Cloward).

Not all are pessimistic. Some have argued that new organizational models such as “community unions” (Tufts 1998; Chavez 1998; Fine 2005) or “social movement unionism” (Johnston 1994; Turner 2005; Taylor and Mathers 2002; Cornfield 2005; Frundt 2002; von Holdt 2002; Lambert and Webster 2001; Hirschsohn 1998; Moody 1997a; Naidoo 2001; Novelli 2004) may provide a means for organized labour’s revitalization. Others have found that those union locals which maintain the trade union structure, but spend more resources on utilizing volunteer members, rather than continuing to rely on professional staff, in their organizing efforts illustrate the possibility of breaking down union bureaucracy and reinvigorating an activist oriented union movement, one still dedicated, however, to “bread-and-butter” issues (Voss and Sherman 2000).

While diverse in their arguments as to the nature of labour's crisis and potential ways of overcoming current difficulties, what unites most scholars concerned with the crisis of trade unionism is the notion that the root causes of this calamity can be found in dramatic changes to the global political economy beginning in the late 1960s or early 1970s.<sup>13</sup> Yet despite this, the crisis of trade unionism literature remains largely confined to the national context.<sup>14</sup> The contribution that this paper seeks to make on the literature concerning the crisis of trade unions is to interrogate international trade unionism and offer an explanation as to why its organizations have thus far been unsuccessful at intervening in the global consolidation of a neoliberal historic bloc.

The second body of literature that this thesis can be situated within is what Waterman refers to as "left international labour studies" (Waterman 2005). Generally, this literature is comparative. There is research that compares across different locations recent changes in union structure (Sverke 1997), or examines different labour strategies (Munck and Waterman 1999; Verma and Kochan 2004; Frege and Kelly 2004) or analyses the difference in outcomes when unions employ similar strategies in different locations (Chun 2005). There are also a number of scholars and activists who are charting the efforts of national or local unions to reach out to others around the globe in search of

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<sup>13</sup> There are dissenters whose research has led them to downplay the impact of capital mobility on unions. Scuggs and Lange find that they are "unable to find consistent significant associations between (union) density and increasing capital openness, direct investment flows, or increased trade flows." Lyle Scuggs and Peter Lange, "Where Have All the Members Gone? Globalization, Institutions, and Union Density," *Journal of Politics* 64.1 (2002). McBride finds "continued diversity in labour market policy trends (which) confirm theoretical scepticism about the demise capacity." S. McBride, "The Politics of Globalization and Labour Strategies," in John Richard Wiseman and Stephen McBride eds., *Globalization and Its Discontents* (New York: St. Martin's Press, 2000).

<sup>14</sup> Within the discussions of social movement unionism, Kim Moody and Peter Waterman are exceptions as both have written on the need of social movement unionism at the global level. See K. Moody, "Towards an International Social-Movement Unionism," *New Left Review*. 225 (1997a), Peter Waterman, "Adventures of Emancipatory Labour Strategy as the New Global Movement Challenges International Unionism," *Journal of World Systems Research* 10.1 (2004).

support for local struggles (Castree Jul 2002; Turnbull 2001) and attempts to forge new regionally based networks (Lambert and Webster 2001; Gordon and Turner 2000).

Of those authors who do engage the actually existing international or global trade union organisations, few detail their history and explore their activities in their entirety. Most notable is the work of Windmuller (in Gordon and Turner 2000; Windmuller 1980, 1969) who has chronicled the activities of the ICFTU and the Global Union Federations for over thirty years and offered detailed both the history and the current activities of these organizations and their predecessors. However, the work of Windmuller and others such writers is highly descriptive and largely lacks critical analysis. Authors who do critique the activities of Global Unions, generally offer a critique of particular activities or policies, and most particularly the attempts of the ICFTU to have labour friendly “social clauses” enshrined in trade agreements (Bacon 1993; Swenarchuk, Cohen in Wiseman and McBride 2000; Roozendaal 2002).

What distinguishes this thesis from such works is that, rather than analyse and critique the political choices that Global Unions make in terms of lobbying efforts, it contextualizes the overall efforts of Global Unions as falling within the reformist trade union strategies, and then explains the failure of these strategies as relating to the historical limitations of trade unionism as a form of class resistance. It joins a small body literature which, having found international trade union organizations not up to the task of uniting global labour in its current struggle with global capital, calls for a change in both global labour strategy, as well as the structure of the global trade union movements (Gallin in Harrod and O'Brien 2002; Jakobsen in Waterman and Wills 2001; Waterman 2005, 2004; Moody 1997a).

### 1.2.2 Method of inquiry

After a brief introduction to trade unions generally and the international union organizations specifically, the thesis moves on to answer the questions that have guided it. Chapter Two is guided by two questions. The first is, how has the international trade union movement responded to the global expansion of capitalist relations and the shift in capitalist hegemony from being based around US industrial capital to a hegemony constructed around the needs of transnational corporations and global finance? This is answered largely through the use of documents produced by the organizations within Global Unions, garnered through their websites. This picture of the international trade union movement's response to the global expansion of capitalist relations is enhanced in some cases by secondary literature, particularly in outlining earlier activities of the ICFTU and the International Trade Secretariats.

The second question, which is only partly answered in Chapter Two, asks how effective the strategies employed by Global Unions have been. This is answer, in part, through the academic literature which evaluates such projects as the "social clause" and through the public comments of trade union leaders about their own impressions as to the utility of voluntary corporate codes of conduct. However, this question is answered more fully in Chapter Three, where the evidence of labour's inability to intervene in the reconstruction of capitalist hegemony is presented through the use of OECD documents and the academic literature on the effects of "globalization."

It is also in Chapter Three that the question of international trade union effectiveness is followed up with an answer to the question of why the activities are failing. To explore this question, the thesis uses a comparative historical approach to



answer the critical fourth question: when were such strategies most effective, and why? This is answered conceptually by using Gramsci's notion of the historic bloc, which allows us to see that the "success" of trade unions in securing an industrial relations regime which fit their reformist agenda was part of a broader historical situation. It is answered methodologically through the comparison of two historical periods, the contemporary, post 1970s crisis of profitability in the advanced capitalist countries, period of transnational capital, and the postwar period, sometimes referred to as either the "golden age" of capitalism, or the "golden age" of labour. Thus, Chapter Three is an outline of the rise and fall of the postwar historic bloc and illustrates that the current efforts of Global Unions to reproduce the postwar industrial relations regimes at the global level is desire for a return to the past that is simply not possible. Chapter Four concludes with the argument that since traditional trade union activities are proving to be ineffective at the global level, what could be a way forward for Global Unions is to reach out to those workers who do not "fit" within the traditional trade union structure. This could be done, in part, by broadening up the organization to their organizations, with the hopes of establishing a broad-based global labour movement.

## **CHAPTER 2: TACKLING THE TNC: EFFORTS OF THE INTERNATIONAL TRADE UNION MOVEMENT TO CATCH UP TO GLOBAL CAPITAL**

The increasing penetration of transnational corporations (TNCs) into parts of the globe previously untouched by industrialization and the intensification of TNC activity in the capitalist periphery engendered a global response from labour. The establishment of a coherent, cohesive international union response was a long process and developed unevenly across the International Trade Secretariats. Walter Reuther, of the American based United Autoworkers was ahead of most representatives to the International Trade Secretariats when, in the 1950s, he began to push the International Metalworkers Federation (IMF) to establish a more aggressive organizing campaign, aimed at organizing the global auto manufacturing sector (Reuther 1979; Carew 1993; Bendiner 1987).

By the late 1960s, the threat to established industrial relations regimes and the economic gains made by workers during the post-war period in the advanced capitalist countries was clearly understood by ICFTU delegates from the advanced capitalist countries. The earliest statement on TNC activity by the ICFTU in 1969 outlined the menace that unregulated global enterprises posed to union bargaining power through their ability to “exploit international labour cost differentials” (Willatt 1974 11). In 1973 international trade union leaders met again, this time in Chile, where the secretary general of the IUF argued that the international labour movement needed to act to confront the

ability of TNCs to “play off one group of workers against another... by transferring production from one country to another” (Willatt 1974 9).

As illustrated in the introduction, the dominant expression of global labour is Global Unions. This position in the world of labour was secured through the struggle for intra-class hegemony between the reformist leadership of Global Union affiliates and those representing the international communist movement. Global Unions, according to Waterman, represents “traditional institutionalised union internationalism,” (Waterman 2005). However, this characterization of Global Unions is only partially correct. In particular, the past four decades have seen a growth in activities not traditionally associated with the International Trade Secretariats (now GUF). Prior to the Second World War, ITS activities were limited to information sharing between affiliates on national and local bargaining efforts and generally weak expressions of solidarity for affiliates in times of acute struggle.

However, the expansion of TNC activity since the war has pushed these federations into pursuing activities previously performed the local and national levels, such as direct negotiations with employers. What is struggling to emerge is a transnationalization of trade union strategies around “bread and butter” union organizing, collective bargaining, and agitating for a regulated global political economy that would protect such efforts, with limited redistribution of wealth aimed at economic development and social protection from market forces. However, such activities certainly express an institutional form of labour resistance which, at the national level at least, represents the “traditional” approach of reformist trade unionism. In essence, Global Unions seeks to

reintroduce Keynesian economic planning and reproduce the post-war rapprochement on a global scale.

## **2.1 Union Organizing Efforts**

### **2.1.1 “Supporting” southern workers**

Following the split in the WFTU in 1949 and the subsequent creation of the ICFTU, competition arose between the trade union internationals “to establish their global representativeness and legitimacy by extending their membership to all regions of the world” (Grumbrell-McCormick in Verma and Kochan 2004 180-81). To this end, the ICFTU established regional organizations in Asia, Africa and the Americas shortly after its creation in 1949. It was the intention of the ICFTU that such organizations would “concentrate on union organization and act as a ‘conduit’ to feed information and policy proposals from the regions to the secretariat and back to the regions” (Grumbrell-McCormick in Verma and Kochan 2004 180-81). The goal of the Global Unions’ organizing efforts in the south is to “promote and strengthen independent trade unionism in areas where it is weak or barely exists” (Windmuller 1980 75).

The initial push for affiliates was quite successful. In 1949, the ICFTU had a membership of 67 affiliated unions in 51 countries, totalling 48 million workers; by 1962, the organization had 137 affiliates in 106 countries and represented 56 million workers. However, this growth stagnated in the 1960s (Windmuller 1980 54). Organizing new unions in the global south proved to be a difficult prospect in many locations due to a developmental model of governmental paternalism seen “as necessary for continuing high levels of growth” (Deyo 1997 103; see also Bendiner 1987 17-18). Furthermore, in

the context of the Cold War ICFTU organizing “independent” unions was largely synonymous with organizing anti-communist unions, which ran head on into the radicalization occurring across the decolonizing world. Organizing strong unions that could be effective in defending workers’ rights was secondary to success in the struggle against communists for intra-class hegemony.

Attempts by the ICFTU to coordinate local organizing efforts in the South were often frustrated by the independent policies and projects of their largest affiliates, particularly the US unions, but also the British, German, Israeli, Austrian, Swedish, Dutch and, more recently, Japanese labour centrals.<sup>15</sup> By independent, it is meant that these national trade union organizations acted outside of ICFTU control, although they often manipulated ICFTU organizations for their own purposes. Such activities were far from independent from capital and the state; the international activities of Global Union affiliates were often financed by the state and business funded private foundations.<sup>16</sup> These often clandestine relationships between labour and the state were largely established during the war (Busch 1983 31- 41) and in some cases, such as Britain,

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<sup>15</sup> For an examination of the role of the British TUC, see Anthony Carew, "Conflict within the ICFTU: Anti-Communism and Anti-Colonialism in the 1950s," International Review of Social History 41.2 (1996b). For the more recent German and Japanese examples of independent international activities see Kim Moody, Workers in a Lean World: Unions in the International Economy (London New York: Verso, 1997b) 231-33. For an examination of conflicts between US and British trade union foreign policy see Jeffrey Harrod, Trade Union Foreign Policy: a Study of British and American Trade Union Activities in Jamaica (London: Basingstoke Macmillan, 1972).

<sup>16</sup> For example, the American Institute for Free Labor Development was perhaps the most clear example of reformist trade union efforts to internationalize class compromise and support American business interest overseas. It was a tripartite organization, initially chaired by J. Peter Grace of W.R. Grace & Co. which own substantial business interests in Latin America. The original vice-chair was Bernd Friele, “the Rockefeller’s family specialist on Latin America” and the president was George Meany, president of the AFL-CIO. See Gary Busch, The Political Role of International Trade Unions (London: MacMillan Press, 1983) 159-60, Jack Scott, Yankee Unions, Go Home! How the AFL Helped the U.S. Build an Empire in Latin America, Trade Unions and Imperialism in America; V. 1. (Vancouver: New Star Books, 1978) 223-24.

consolidated through the election of union friendly governments in the immediate post-war period.

Perhaps the most infamous examples of “independent” interventions by an ICFTU affiliate are those of US trade unions who were by far the most vocal and active anti-communists and whose collaboration with the state and capital have had the most profound impact on the development of trade unions in the global south since the post-war period. By the late 1960s, the AFL-CIO was spending twenty percent of its budget on foreign affairs (Radosh 1969 308), much of which went to clandestine activities in the battle against radical labour leaders. Of particular concern to American union leaders and the US state was the potential for left-wing unions and political parties in Latin America, where the US held “vital economic, political and strategic interests” (Busch 1983 34). American labour and political leaders alike saw a threat here not only from groups aligned with the international communist movement, but also the more moderate socialist and Christian socialist movements which all provided a threat to US corporate interests and the “bread and butter” unionism espoused by the AFL and later, the AFL-CIO (Ibid. 34-35).

While a thorough examination of what has been termed by some as American labour imperialism is beyond the scope of this paper, two examples illustrate the effects of such actions. To counter the strengthening of the left in Latin American labour, the AFL hosted a conference in Lima in 1948 to establish the Interamerican Confederation of Workers (CIT) which affiliated to the ICFTU in 1951 as the Organizacion Regional Interamericana de Trabajadores (ORIT) (Busch 1983 143). From its inception, the ICFTU regional organization in Latin America came under the near exclusive leadership

of American labour and would continue to be so even after the AFL-CIO left the ICFTU in 1969; any ICFTU efforts at organizing Latin American workers into popular and broadly based unions were thwarted by the near exclusive use of the international organization's regional body for the purpose of smashing left-leaning labour activity.<sup>17</sup>

Early AFL control of the organization can be seen in the response of ORIT to the Batista regime in Cuba. Following the coup in 1952, the Confederación de Trabajadores de Cuba (CTC) sought to establish a cooperative relationship with the new military dictatorship, despite the growing opposition amongst its own members.<sup>18</sup> Out of concern for the deteriorating situation, and in keeping with past practice of opposing dictatorships, as in the case of Perón's Argentina, the Secretary General of ORIT sent an official ICFTU mission to investigate the Cuban situation. The report back by the ICFTU director of organizing, Charles Millard, praised the CTC for remaining "non-political" and stated that union rights were under no threat in Cuba, despite much evidence to the contrary (Radosh 1969 379).<sup>19</sup>

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<sup>17</sup> AFL-CIO use of ORIT for its own purposes was somewhat of a historical repeat. Prior to the war, the AFL created and dominated the Pan American Federation of Labor (PAFL) for the purposes of thwarting the more broadly representative Confederación de Trabajadores de American Latina (CTAL), which was affiliated with the American CIO and sought to break with craft unionism. However, it was clear by the mid-1950s that these efforts had failed. PAFL ceased to exist by the end of the 1930s. See Windmuller, The International Trade Union Movement 30. By the postwar period, the expansion of industry in Mexico made the CTM, the largest labour central in Mexico and AFL efforts refocused on combating the left within the CTM. See Norman Caulfield, "Mexican State Development and Labor Internationalism, 1945-1958," International Review of Social History 42 (1997). CTAL continued to exist and in the postwar period affiliated with the WFTU.

<sup>18</sup> In an effort to overcome this internal opposition, the CTC convinced the regime to establish a dues collection system that would see membership dues go directly to the national body, bypassing the opposition at the local levels. The CTC leadership also "suspended union elections, removed opposition leaders from office, and declared many strike illegal. Ronald Radosh, American Labor and United States Foreign Policy (New York: Random House, 1969) 378-9.

<sup>19</sup> While no stooge of the AFL, Millard's extremely diplomatic report was no, no doubt, tempered by the fact that AFL leaders had been upset that the post was not filled by one of their own cold-war warriors and were constantly threatening to cut off the funds needed for Millard to perform his duties Andrew Carew, "Charles Millard, a Canadian in the International Labour Movement: A Case Study of the ICFTU," Labour/Le Travail 37 (1996a).

In some cases the struggle in Latin America for intra-class hegemony, and the willingness of reformist trade union leaders to forge cross-class alliances had a disastrous effect on the local labour movement. In 1951, the US government initiated a plan to assist the United Fruit Company and elements within the military to overthrow the recently elected President, Jacobo Arbinez, who had come to power in part through the support of the union movement. In support of this plan, the AFL and ORIT helped fund a labour organization, the National Union of Free Workers (NTL), to rival the WFTU affiliated Confederacion General de Trabajadores de Guatemala (CGTG).

Castillo Armas emerged from the US supported coup as President in 1954 with AFL foreign affairs staffer Serafino Romualdi as his labour advisor. Romualdi was perfectly aware that United Fruit had resisted even the most basic of union demands, but chose to see the presence of communists within the CGTG as the most pressing issue facing Guatemalan labour (Scott 1978 219). Despite the fact that Armas reversed all of the reforms that benefited workers in Guatemala, the AFL continued its support for the “anti-communist campaign.” Unfortunately for all unionists, the anti-communist campaign of Armas did not stop at the repression of the CGTG, which was horrendous enough, involving the murder of its organizers, the placing of 72 000 names on a communist register and the deregistration of 533 trade unions. Within the year, all labour



unions were banned and “Romualdi left Guatemala a disappointed man” (Busch 1983 148).<sup>20</sup>

The activities of the AFL caused much consternation within the ICFTU, as the Guatemala campaign had been enacted in the name of its regional organization, ORIT. Frustrated at their inability to control ICFTU activities in Latin America, a number of European representatives tried to insist that all foreign aid go through its International Solidarity Fund (ibid), which was resisted by the AFL (and others). Despite the end of the Cold War, the AFL-CIO continues to pursue an extensive foreign policy program. In this they are not alone. A number of large northern trade union centres operate union training programs or other “development” projects. In a number of African countries, for example, the Canadian Labour Congress has projects relating to the status of women in unions and “the production of user-friendly pedagogical materials” to aid in union organizing. They also conduct training programs on health and safety issues in Asia and collective bargaining in Latin America.<sup>21</sup> The German DGB and Japanese Rengo union centres also have labour education programs that represent their nationally particular takes on trade unionism and cross-class alliances (Moody 1997b 232-33).

However, since the 1960s and particularly since the end of the Cold-War, European affiliates to Global Unions have been less inclined to follow the US lead on

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<sup>20</sup> It should be noted that these efforts failed to quash radical political activity in Guatemala. In fact, the gross repression of even the most basic rights of workers and peasants led to a forty year old insurrection, characterized by outrageous levels of violence against civilians. See Jonathan L. Fried, ed., Guatemala in Rebellion: Unfinished History (New York Grove Press, 1983), Victoria Sanford, Buried Secrets: Truth and Human Rights in Guatemala (New York: Palgrave Macmillan, 2003), Jennifer G. Schirmer, The Guatemalan Military Project: A Violence Called Democracy / Jennifer Schirmer (Philadelphia, Pa.: University of Pennsylvania Press, 1998). For the role of the United States, see Nick Cullather, Secret History: The CIA's Classified Account of Its Operations in Guatemala, 1952-1954 ed. Piero Gleijeses (Stanford, Calif.: Stanford University Press, 1999), Michael McClintock, The American Connection (London: Totowa, N.J.: Zed Books; US distributor, Biblio Distribution Center, 1985).

<sup>21</sup> As found at [http://canadianlabour.ca/index.php/projects\\_and\\_program](http://canadianlabour.ca/index.php/projects_and_program)

organizing anti-communist unions regardless of the consequences. In fact the AFL-CIO became so frustrated with the lack of commitment to rabid anti-communism that it left in 1969, not returning until 1982. There is evidence that since the 1990s, non-US affiliates to ORIT have begun to distance themselves from the AFL-CIO philosophical framework and have adopted a more social democratic orientation, similar to that of the majority of European unions (Sims 1992 120n.68). Any such moves which shift the focus of international policy away from the divisive anti-communist stance of the AFL-CIO should be seen as a positive development.

### **2.1.2 Global works councils**

Within each GUF there exist a number of sectoral or industrial departments that aim to connect the various national unions in particular industries. For example, in the International Metalworkers Federation (IMF), there are industrial departments for workers in the automotive, shipbuilding and electrical industries respectively, as well as a department for iron, steel and nonferrous metals mining (Rowan *et al.* 1980 17-33). The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) have industrial divisions for those in the chemical, energy and pulp and paper, to name a few. Within the energy and chemical divisions are groups from specific sectors of these industries, such as gas or pharmaceuticals (Rowan *et al.* 1980 66). The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) have trade groups representing workers in the hospitality and tobacco industries respectively which often produce standing committees to discuss specific problems within particular industries (Rowan *et al.* 1980 106). A number of GUF also have committees for women and young workers.

Since the mid 1960s some GUFs have organized themselves into company councils to better facilitate information sharing between those union affiliates engaged in bargaining with the same TNC. The first of the GUF to do so was the IMF automotive division (Bendiner 1987 63-64).<sup>22</sup> In 1958, a number of union representatives sat in on UAW negotiations and observed working conditions in the US. However, it was not until 1964 that permanent councils were established around General Motors, Ford and Chrysler. By 1974, the list had expanded to include most of the world's major auto manufacturers (Northrup and Rowan 1979 31-32), and a permanent co-ordinator's office was established for the council (Bendiner 1987 64).

Currently, the IMF has eighteen "world company councils" in three different sectors, auto, electrical and engineering. The ICEM has nine "global corporate networks" within the areas of pharmaceuticals, rubber manufacturing, mining, pulp and paper, and chemicals.<sup>23</sup> These networks, or councils run from the top of the federation down through to the shop floor (Moody 1997b 234). The purpose of these networks or councils is to coordinate the exchange of information between unions within a particular company. The councils also offer support to affiliates, occasionally through coordinated corporate campaigns aimed at shaming the company into treating its workforce better (Moody 1997b 234-35), occasionally through coordinated work-stoppage (Bendiner 1987 69-71). Since the late 1980s, some company councils and networks have also been

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<sup>22</sup> The original proposal was put forward by Walter Reuther in 1953, who envisioned the step as a move towards transnational bargaining Victor G. Reuther, The Brothers Reuther and the Story of the UAW: A Memoir (Boston: Houghton Mifflin, 1979) 405-6. The proposal was accepted, but only reluctantly by a number of European representatives. Anthony Carew, Walter Reuther / Anthony Carew (Manchester: Manchester University Press, 1993) 118-20.

<sup>23</sup> For more detail on the IMF councils see <http://www.imfmetal.org/main/index.cfm?n=47&l=2&c=10266> and for the ICEM, see <http://www.icem.org/?id=70>

coordinating “international framework agreements,” the attempt of a number of GUFs to develop transnational collective bargaining.

## **2.2 Attempts at Global Bargaining**

### **2.2.1 International framework agreements**

Efforts of GUF to establish a strategy of multinational bargaining has met a small amount of success. Only the International Transport Federation been able to establish transnational collective bargaining, while a number of others have negotiated “framework agreements” with a number of TNCs. According to the IMF, the goal of such agreements is to ensure the protection of “fundamental workers’ rights (based on the ILO Core Labour Standards) in all of the target company’s locations” and furthermore, “the company should also agree to offer decent wages and working conditions as well as to provide a safe and hygienic working environment.” Finally, it is expected that suppliers be persuaded to follow the agreements as well.<sup>24</sup> However, these negotiated agreements often do not live up to such expectations. At their most basic, framework agreements are similar to voluntary recognition agreements, whereby the employer simply recognizes the right of employees to union representation.

The earliest agreements were signed between the IUF and the French corporation MNE Danone in 1989. The two agreements covered access to information for union representatives, and gender equality in the workplace. In 1992 an agreement was signed around skills and training and in 1994 an agreement was reached that recognised basic union rights. In 1995, IUF signed an agreement with Accor, outlining a “commitment

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<sup>24</sup> As found at <http://www.imfmetal.org/main/index.cfm?n=47&l=2&c=7787>

from the company to implement internationally-recognized labour standards enshrined in basic ILO Conventions.” A similar agreement was sign with Chiquita.<sup>25</sup>

The thin coverage of the framework agreements and the sparse number of them is, in part, a product of the weak nature of the GUFs as loose federations.<sup>26</sup> Capital responds to perceived threats to its profits and ability to reproduce itself as a hegemonic force. Businesses will sign collective agreements when they perceive that they need to, they offer concessions in wages and benefits when it is believed that to do otherwise would cost more in the long run. In the 1997 Teamster strike against UPS it was precisely the union’s ability, through its global affiliation to the ITF, to credibly threaten the company’s weaker operations in France, where the company was seeking to gain a stronger market position *vis a vis* their competitors, that enabled the strikers in the US to conclude their struggle on favourable terms (Mazur 2000 86-87).

### **2.2.2 Global bargaining in the shipping industry**

A notable exception to these weak agreements are the standardized collective agreements between the International Transport Workers’ Federation (IFT) and the International Maritime Employers’ Committee (IMEC) which developed out of the 50 year long Flags of Convenience Campaign by the ITF. Unlike the Framework Agreements being pursued by other Global Union Federations, these agreements establish the pay and basic working conditions for at least 27 percent of the world’s seafarers, a respectable percentage given the overall decline of union density noted across the globe (Lillie 2004 49).

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<sup>25</sup> As found at <http://www.iufdocuments.org/www/en/>

<sup>26</sup> The weak position of trade unions is also related to the lack of a regulatory structure or protective state apparatus.

It is clear that establishing global contract standards involved a long battle both with the employer group and between affiliates to the ITF. Divisions in the 1970s arose particularly between the ITF leadership, dominated by union representatives from the advanced capitalist countries and affiliates from South and East Asia over what the National Union of Seafarers of India (NUSI) saw as Northern protectionism. The issue was only resolved by the ITF stepping back from uniform wages and introducing agreements based on the “Total Crew Cost” to the employer to “allow more flexibility to unions and employers in adapting to local conditions, while still preventing inter-union wage competition.”(Lillie 2004 52)

However, the ITF continued to pursue strategies that would eventually lead to the agreement with IMEC in 2000, including an internal campaign to build consensus amongst ITF affiliates. These internal negotiations were both hampered and helped by external forces; hindered by the attempts of the IMEC to incite the India and Filipino unions to break with the ITF and helped by the entrance of seafarers from the former Soviet Union and Eastern bloc countries which threatened to depress the wages of South and East Asia workers further (Lillie 2004 53-54).

The ability of the ITF to establish collective bargaining at the global level while other Global Union Federations have so far only achieved agreements from capital to respect the right of workers to bargain and not use child labour speaks to the difficulties in transnational bargaining. Lillie argues that ITF affiliates have “little or no independent bargaining strength” and that this pushed affiliates to accept the ITF strategy of centralized bargaining (Lillie 2004 63-64). However, the declining power of national unions in relation to TNC appears to be present in many industrial sectors. A better

distinction to draw out is the fact that international shipping companies have an employer organization that can act to discipline its member companies and hold them to a global agreement. In a sense the IMEC acts as an informal regulatory mechanism. The case of the successful Teamster negotiations in 1997 suggests that another distinction may be found in the ITF itself. What exactly sets apart the ITF from other GUF requires further research.

These two successful ITF campaigns are the exceptions which prove a rule, historically established in the “golden age” of the post-war period, that regulatory mechanisms are an essential precondition for labour-capital negotiations to benefit workers in a meaningful way. What allows for the security of trade unions and the maintenance of an agreement at the national level is the overarching regulatory mechanisms provided and enforced by the state. No such regulatory mechanisms currently exist at the global level, making it highly unlikely that the example of the ITF-IMEC agreements will become standard practice for global capital. As will be shown below, one of the greatest errors in strategy for the ICFTU, from the 1970s through the 1990s, was in treating international bodies such as the OECD and the World Trade Organization as potentially providing such regulation when their sole purpose is the regulation of state activities in relation to the expansion of global capital’s reach.

### **2.3 The Search for Global Regulation**

Since the 1970s, the ICFTU has sought to bring regulation to the global political economy. The initial campaign was to promote the adoption of codes of conduct. The intention of these codes is to bind the TNCs to International Labour Organization (ILO) conventions that protect workers and their right to organize unions. Such codes would

“force” TNCs to publish an account of “wage rates and social conditions” in their various enterprises, “make significant contributions to the progressive development of the socio-economic structure in developing countries, engage in social dialogue with government and labour about “national economic and social objectives” and develop company-wide works councils (Willatt 1974 56).

In 1976 an affiliate of Global Unions, the Trade Union Advisory Committee (TUAC) to the OECD was successful in having the OECD adopt “Guidelines for Multinational Enterprises.” According to the OECD, these guidelines “constitute a set of voluntary recommendations to multinational enterprises in all the major areas of business ethics, including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.”<sup>27</sup> The guidelines have undergone a number of revisions since then, the most recent in 2000.<sup>28</sup> The current guidelines express a desire for TNC to “contribute to economic, social and environmental progress with a view to achieving sustainable development,” respect human rights, “encourage human capital formation,” and “abstain from any improper involvement in local political activities” (OECD 2000 19). In specific regards to “employment and industrial relations,” the guidelines require that employers respect trade union rights, “contribute” to the abolition of child and forced labour, not discriminate on the basis of race, colour, sex, religion, political opinion, national extraction or social origin; companies should hire locally wherever possible and provide necessary training for workers and provide “reasonable notice” to major changes

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<sup>27</sup> See [http://www.oecd.org/about/0,2337,en\\_2649\\_34889\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/about/0,2337,en_2649_34889_1_1_1_1_1,00.html)

<sup>28</sup> For a copy of the guidelines, see <http://www.oecd.org/dataoecd/56/36/1922428.pdf>



in the companies activities that could affect the employment of their workforce (Ibid. 21-22).

In 1977 the ILO adopted the “Declaration of Principles Concerning Multinational Enterprises and Social Policy.”<sup>29</sup> The aim of this Tripartite Declaration is “to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise”.<sup>30</sup> Like the OECD guidelines, the declaration reaffirms the rights of states to set policy and outlines extensive, if somewhat vague “responsibilities” for TNCs. However, unlike the OECD guidelines, the ILO declaration set out obligations for governments as well. Governments are encouraged to ratify ILO Conventions relating to the rights of workers to organize and bargain, discrimination in the workplace, and “full” employment.

It has been argued that support for this move was largely a response to the activities of TNCs during the 1973 coup d’etat in Chile (Tapiola 2001). While this may have been the historical moment that provided the immediate impetus, it is also clear that the leaders of the OECD and business and government representatives to the ILO agreed to such declarations because they were unenforceable pronouncements with no mechanism of enforcement. The voluntaristic nature of these codes suits the interests of business as well. As Arthurs argues, “in principle” TNC representatives could have supported transnational regulation by “the reinvigoration of state law, helping to build effective transnational institutions or entering into a new social contract with workers and

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<sup>29</sup> An outline of the Declaration can be found at [http://www.itcilo.it/english/actrav/telearn/global/ilo/guide/main.htm#Scope percent20of percent20the percent20codes](http://www.itcilo.it/english/actrav/telearn/global/ilo/guide/main.htm#Scope%20of%20the%20codes)

<sup>30</sup> As accessed at <http://www.ilo.org/public/english/standards/norm/sources/mne.htm>

communities. However, what they have chosen to do instead is to promulgate their own benchmark, their own self-imposed law: codes of conduct” (in Cragg 2005 196). In doing so, capital has avoided the imposition of more rigorous regulation at the global level.

In the 1990s, public outcry over the use of child labour led to a number of companies adopting such codes. For example, after a scandal about the use of child labour in the manufacturing of soccer balls, Fédération Internationale de Football Association (FIFA), the world governing body for soccer, developed a code of conduct through negotiations with the International Textile, Garment and Leather Workers’ Federation (ITGLWF) which its contractors must also follow (ICFTU 1999 62-63).<sup>31</sup> By the late 1990s, a number of TNC had adopted many of the principles of the OECD guidelines and a number of ILO Declarations into their own corporate codes of conduct (OECD 1998).

Indeed, an entire industry has developed around the practice of advising corporations on the establishment of codes and monitoring for compliance. How any particular TNC interprets the guidelines of the OECD or ILO is, of course, done internally and provides the company with “rhetoric, forms and processes of law to convince conscientious investors, consumers, NGOs and governments of the legitimacy of what are characteristically unequal and sometimes exploitive, employment relations” (Arthurs in Cragg 2005 198). The voluntaristic nature of these codes also fits within the neoliberal reordering of the global political economy and what Gill refers to as the “New Constitutionalism.” The global regulatory bodies of the WTO, IMF, and World Bank seek to open national markets to global competition in the search for new markets and to

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<sup>31</sup> For an outline of FIFA’s perceived role in preventing child labour see their policy statement: <http://www.fifa.com/en/fairplay/humanitariansection/0,1422,3,00.html>

discipline labour through market forces through the regulation of national governments in terms of their ability to regulate global capital (Gill 2003).

The usefulness of such codes has recently been challenged by the ITGLWF and other Global Union affiliates. Even the celebrated FIFA campaign has been called into question and accused by the British TUC of doing “sweet FA” in advancing workers’ rights (TUC 2006). In particular, the compliance industry that has sprung up around codes of conduct has produced “under-qualified auditors (who) are not capable of bringing about real progress” (ITGLWF 2006b). The union believes that “some NGOs, social auditors and Code of Conduct administrators” are “derailing progress towards sound industrial relations and perpetuating worker exploitation” by trying to usurp the representational role of unions (ITGLWF).

Furthermore, the ITGLWF argues that of the “ten thousand” codes of conduct in existence, “most are worse than useless, being mere public relations exercises without substance”(ITGLWF 2006a). So long as companies such as Wal-Mart are able to produce outside of even these weak “rules,” codes of conduct only as an unfair market advantage for unscrupulous companies. Such a problem of competition preventing individual capitalist enterprises from trying to raise the bar is by no means new. The only avenue for improving working conditions across an industry is through a regulatory process that ensures compliance across the board, something that only an entity with state-like powers can provide.

The need for over-arching regulatory mechanisms is not lost on the leaders of Global Unions. In the 1990s, the ICFTU began to target trade agreements in a “new” campaign to have such agreements include “core labour standards.” The substance of

these standards was not really new and reflected many of the goals in the campaign for codes of conduct. Such standards would protect trade union rights, including the right to organize and bargain, establish a minimum age for employment, forbid discrimination against women in employment, as well as the use of forced labour. According to the ICFTU, attaching such a clause to trade agreements “would end the downward spiral in living and working conditions” by giving “workers and employers the means to negotiate improvements in wages and working conditions as trade and development expand” (ICFTU 1999 10). Such clauses are intended to be “protective... not protectionist” as such basic protections would “remove the comparative advantage from using child labour” (ICFTU 1999 12) and allow the Least Developed Countries to develop beyond the Export Processing Zone model that has provided few positive spill-over effects to the rest of the economy, and increase productivity through better labour-management relations (ICFTU 1999 31-34).

The efforts to have core labour standards enshrined in trade agreements has not been particularly successful, although there have been some minor victories. North American labour was successful in having the North American Agreement on Labour Cooperation (NAALC) attached as a side agreement to the North American Free Trade Agreement (NAFTA). The agreement does not establish any base line for labour rights, but is supposed to ensure that unions and other civil society groups can hold national governments accountable on issues of labour law as defined by the government in

question. By most accounts, including that of the ICFTU, it has been a failure (ICFTU 1999 61).<sup>32</sup>

Another partial, and perhaps unintended, “success” was the death of the Multilateral Agreement on Investment (MAI). Attempts by the ICFTU to have a workers’ rights’ clause inserted in the MAI went nowhere. However, the agreement itself died on the table due to overwhelming pressure by a number of civil society groups at the national and international level, including member organizations of the ICFTU. Some, such as the Canadian Labour Congress, were in the awkward position of pushing for the ICFTU rights clause at the meetings while opposing it outright in the national media back home (Cohen in Wiseman and McBride 2000 205).

The creation of the WTO in 1995 was seen by many within Global Unions as “a window of opportunity” (ICFTU 1999 52) due to its global reach and ability to enforce its decisions and rules. At the meetings in 1997 and 1998 the ICFTU produced reports on “core labour standards” in the hope of “encouraging debate,” and with the aim of having the WTO not only include such standards in its agreements but also expand its role in monitoring member countries compliance (ICFTU 1999 52-53). Such efforts follow the pattern of reformist trade unionism. Rather than seek consensus, through dialogue with other civil society groups, on a radically different approach to regulating the world’s economy, the ICFTU attempts to gain entry to whatever doors of power already exist, displaying, perhaps, a naiveté about the nature of such organizations.

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<sup>32</sup> For a range of assessments of the NAALC, see David Bacon, “Testing NAFTA’s Labor Side Agreement,” NACLA report on the Americas 31.6 (1993), Lance Compa, “NAFTA’s Labor Side Agreement and International Labor Solidarity,” Antipode 33.3 (2001), Stephen Herzenberg, Calling Maggie’s Bluff: The NAFTA Labor Agreement and the Development of an Alternative to Neoliberalism, Canadian-American Public Policy (Canadian-American Center, 1996), Parbudyal Singh and Roy J. Adams, “Neither a Gem nor a Scam: The Progress of the North American Agreement on Labor Cooperation,” Labor Studies Journal 26.2 (2001).

The ICFTU has been unsuccessful at having the WTO adopt its recommendations, largely because such “new international rules of trade are designed *expressly to create markets – not control them*, [emphasis in original]” (Cohen in Wiseman and McBride 2000 205). Furthermore, as Swenarchuk argues, the 1997 ICFTU proposal to the World Trade Organization for a “workers’ rights clause” in its main agreement also displays serious naiveté about the willingness of countries to take advantage of such a clause in chastising its trading partners (Swenarchuk in Wiseman and McBride 2000 157).

More than one observer has pointed out that the inclusion of core labour standards in trade agreements could have negative effects, unintended by its promoters. Cohen points out that including strong rules about labour standards would have a negative impact on poor nations as it would be impossible for them to “abide by the same standards *and, at the same time, maintain the same type of economic system which benefits wealthy, not poor countries*” (Cohen in Wiseman and McBride 2000 206). Raising the cost of production for those countries that depend upon producing exports at a cost that will still make their products cheaper for consumers in the markets of the advanced capitalist countries after transportation costs are factored in would be a catastrophe for many recently developing economies. Furthermore, as Caraway has shown, core labour standards, as interpreted by the ILO, are “distinctly liberal” in that “regulations that limit union fragmentation and that increase union bargaining power are considered to be violations of freedom of association” (Caraway 2006 211).

The efforts of the ICFTU at the WTO also showed the organization to be out of step with other progressive and left-wing civil society groups. At the Ministerial meeting of the WTO in 1999, a similar situation appeared as did during the negotiations on the

MAI; while ICFTU representatives inside the meetings continued to see the WTO as “an opportunity for progress,” (ICFTU 1999 75) trade union activists and other civil society groups demonstrated against the very existence of the organization. Similar circumstances arose at meetings of the proposed Free Trade Area of the Americas; while delegates from the ICFTU attempted to conduct “social dialogue” with trade ministers, activists from its own membership were rallying against any deal that would further tie their countries economies to that of the US. Such activity highlights a contradiction in ICFTU strategy. Like many other civil society groups, organized labour has been calling for more transparency within the trade organizations that it is “negotiating” with, and yet its proposals fail to question the legitimacy of the WTO itself (Cohen in Wiseman and McBride 2000).

It is clear that the labour agreements will never be a part of WTO agreements (Ross and Chan 2002) and recent comments by the ICFTU reflect this. While the ICFTU continues to engage the WTO on labour standards and submit proposals to the organization in this regard (ICFTU 2006c), recent statements have come to focus on the potentially damaging effect of expanding non-agricultural market access (NAMA) in the south and the lack of any development strategy emerging from trade negotiations (ICFTU 2006d). The lack of movement on core labour standards at the WTO is most likely the motivation for a recent shift in emphasis on the part of the ICFTU to lobbying the international financial institutions (IFI).

In 2006 the ICFTU published two documents, *Challenging the IFIs: Practical Information and Strategies for Trade Union Engagement with International Financial Institutions* (ICFTU 2006a), and *Fighting for Alternatives: Cases of Successful Trade*

*Union Resistance to the Policies of the IMF and World Bank* (ICFTU 2006a). These are documents aimed at local and national trade unionists rather than a wide audience or policy makers and are similar to past efforts to gain support for ICFTU campaigns.<sup>33</sup> The first document offers practical information for trade union leaders and activists on how they can participate in the construction of IMF “Poverty Reduction Strategy Papers” (PRSP), which guide IMF policies towards countries that qualify for the Heavily Indebted Poor Country (HIPC) initiatives, and World Bank Country Assistance Strategy consultations. *Challenging the IFIs* recognizes that many unionists see engaging IFI as a waste of time as they are “utterly unaccountable, except to the powerful governments that control their Executive Boards” (ICFTU 2006b 7). Yet the paper argues that engaging IFI either through the consultation process or through public confrontation can produce results for those concerned with labour issues.

*Fighting for Alternatives*, which appears to have been produced around the same time as, and intended to be an accompanying document to *Challenging the IFIs*, offers a number of case studies where IFI programs were thwarted by campaigns waged by “labour unions and their civil society allies” (ICFTU 2006a 7). Read together, these documents make a compelling case against ignoring IFIs. However, they also highlight a contradiction in the ICFTU’s focus on conciliation, compromise and “constructive dialogue.” *Challenging the IFIs*, despite recognising the role of public confrontation, focuses on how trade unionists can develop a sophisticated lobbying strategy around IFI consultations. Yet all of the examples in *Challenging the IFIs* illustrate that while some

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<sup>33</sup> For example, see ICFTU, *Building Workers' Human Rights into the Global Trading System*, 1999, Available: <http://www.icftu.org/www/english/els/escl99BWRGTS.pdf>, May 6, 2006, ICFTU, “A Trade Union Guide to Globalization,” (2001b), ICFTU, “Getting Workers’ Interests on the WTO Agenda,” (International Confederation of Free Trade Unions, 2005).



of the campaigns against water privatization and structural reform involved negotiation and presentations to governments and IFIs, the decisive element in the success of these campaigns was the mobilization of labour and other civil society groups around very public demonstrations. This should come as no surprise to any student of working class history, as all gains made by workers in the past have come about through active and often militant struggle and not simply through quiet negotiations between elites.

That successful engagement with IFI must involve public demonstrations highlights the lack of accountability and structural democracy in these institutions and therefore their inappropriateness as a site of global governance. This lack of global governance continues to be the ongoing problem for Global Unions' attempts to recreate the national industrial relations systems that were solidified in the postwar period at the global level. Recognizing this, a number of Global Unions' leaders have argued that "Globalization needs governance so that citizens everywhere enjoy guarantees of their fundamental rights, and the rule of law" (Global Unions 2003). However, aside from references to "an effective United Nations," such calls remain vague on detail (ICFTU/TUAC 2004; ICFTU 2003), indicating a lack of imagination around a progressive, post-Washington Consensus, emancipatory project. Thus Global Unions continues to seek an avenue to constrain the economic Leviathan of the TNC through the quasi-state regulatory bodies designed for precisely the opposite purpose.<sup>34</sup>

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<sup>34</sup> For an outline of IFIs see William K. Tabb, Economic Governance in the Age of Globalization (New York: Columbia University Press, 2004). See also Graham R. Bird, International Finance and the Developing Economies (New York: Palgrave Macmillan, 2004).

## 2.4 Seeking Allies in Civil Society

Historically, national, regional, and international trade unions have limited their participation in social dialogue to those tripartite arrangements involving representatives of capital, labour, and the state (Fashoyin 2004). The utility of this approach for labour has been dependent upon other historical variables specific to the countries involved (Casey and Gold 2000). It is true that similar methods were central in the post-war reconfiguration of capitalist hegemony in Europe on terms much more favourable to labour than previous to the war. Indeed, workers in those countries with a history, sometimes predating the post-war period, of establishing “Basic Agreements” through tripartite negotiation experienced the highest living standards (Western 1997 33-34).

However, even within contemporary Europe, the process of social dialogue appears to have been weakened by competition and regionalization. While the European Trade Union Confederation (ETUC) was unsuccessful at having a Charter of Fundamental Rights included in the Treaty of European Union (1992), it was incorporated as an “official social partner,” along with the Union of Industrial Employers Confederations of Europe (UNICE) and the European Centre of Enterprises with Public Participation and Enterprises of General Economic Interest (CEEP). Although the EU is obligated to consult its social partners before enacting legislation, the utility of the process has been called into question by the refusal of UNICE to participate and “a desire by employers to maintain collective bargaining at the national level.” (Taylor and Mathers 2002 97)

Social dialogue in Europe has largely been an exercise in “bargained liberalism” where negotiated social pacts aimed at trading off workplace flexibility, an overall

reduction in social spending and “wage moderation” in return for a commitment to “prioritizing” job creation.<sup>35</sup> The commitments made by capital and the state to address unemployment have yet to be followed through. (ibid. 98). Furthermore, the establishment of European Works Councils in 1994, an extension of social dialogue to the enterprise level, with the removal of state involvement, can hardly be seen as an exercise in regional bargaining as employee representation has been separated from union representation and issues involving pay and working conditions are precluded (Ibid.).

Despite a growing resistance to social partnership in Europe, the land of its birth, the process has been adopted around the world at national and regional level. Furthermore it is changing in its scope and inclusiveness (Fashoyin 2004). As discussions about economic development extend beyond the formal labour market to “issues directly and indirectly influencing the labour market” traditional tripartite institutions are opening up to “non-traditional actors” (Fashoyin 2004 344). The following example from the ILO is a case in point where, regardless of reservations, major players like the ICFTU are forced to address NGOs and unions outside its orbit.

After years of criticism that the organization had become too dominated by the Employers’ Group, newly appointed Director General Juan Somavia initiated an organizational review, out of which emerged “Decent Work,” a new initiative far more comprehensive than any past program developed by the organization. The program seeks to address the need to “improve the conditions of all people, waged and unwaged, working in the formal or informal economy, through efforts at re-regulation and the

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<sup>35</sup> For a debate on “bargained liberalism” see: E. & G. Adler Webster, “Toward a Class Compromise in South Africa's “Double Transition”: Bargained Liberalization and the Consolidation of Democracy,” *Politics & Society* 27.3 (September 1, 1999), R. Lambert, “Globalization and the Erosion of Class Compromise in Contemporary Australia,” *Politics & Society* 28.1 (2000).

expansion of social and labour protections” (Vosko 2002 26). In expanding its concerns beyond the narrow confines of waged and often unionised workers, the ILO has initiated projects relating to poverty reduction, economic capacity building, democratisation and fundamental rights in over 20 countries (ILO 2005). This is not to suggest that it has abandoned the issues long promoted by the ICFTU. The focal point of its campaigns on social protection and the promotion of basic rights is the Social Declaration (1998), a response to the impasse in WTO negotiations over labour rights and international trade.

In addition to the expanded activities of the ILO and the signal it sends that global unions are looking beyond trade union issues, the process by which this initiative came about and the alliances it created suggest a new development in the stance of trade union leaders towards those workers who fall outside of their membership. It would appear that those elements of the labour movement that have had official status at the ILO historically have recently become less jealous of their exclusive role in the ILO. Vosko, pointing to the coalition of labour as well as NGOs concerned with women and other marginalized workers, argues that certain “facets” of the Decent Work initiative are the product of “a growing counter-hegemonic presence inside the ILO and especially at its margins” (Vosko 2002 20). Research conducted by Vosko suggests that the Convention Concerning Home Work, central to the Decent Work initiative, would not have survived a campaign against it by the Employers’ Group if it were not for a coalition of groups, often at odds with one another, that came together in a coordinated defence of the convention, including the ICFTU, unions representing workers in the informal economy and women’s groups (Vosko 2002 32-38).

Further evidence of a changing attitude amongst global labour leaders can be seen in the changing activities of Global Union leaders and affiliates in terms of other civil society groups. Traditionally, the international union leaders have participated in the World Economic Forum, where they call on the business leaders assembled to engage in “fair and balanced dialogue,” adhere to ILO standards, and recognise international unions through framework agreements (Carroll 2004 3). The dismal results of these expensive trips were predictable.

Although Global Unions and many of its affiliates continue to partake in the WEF, they have been spending more time in recent years engaging in dialogue with other civil society groups at events such as the World Social Forum (WSF). Waterman reports from the Third WSF that there appears to be “a growth and deepening of the relationship” between the “traditional international union institutions” and other WSF participating groups (Waterman 2004 228). There are (or were at the time of the WSF3) “about a dozen inter/ national union representatives on the International Council” of the WSF, and a number of Global Union leaders, including the General Secretary of the ICFTU attended that year’s event either on panels or as participant/ observers “quietly testing the waters” (Waterman 2004 228).

Waterman argues that many of the traditional international union leaders on panels appeared quite willing to “come to terms” with the Global Justice and Solidarity Movement (GJ&SM) and recognised that the latter “has the appeal, dynamism, public reach and mobilizing capacity that they themselves both seriously lack and desperately need” (Waterman 2004 228). However, it remains to be seen whether or not the GJ&SM will accept the Global Unions reformist strategy of “making capitalism ‘decent’ or

whether the movement will seek to propose a new, more “utopian” project that would involve traditional unions.

In 2001 and 2002, the Friedrich Ebert Foundation and Focus on the Global South hosted the “Bangkok Roundtable, a meeting of international trade union leaders and NGO to discuss the relationships amongst those challenging neoliberal globalization. Predictably, they found that the focal point for both reformist trade union leaders and the broader “social justice movement is an opposition to the liberalisation of the global economy and the project of privatising basic services and the deregulation of formally protected industries. All generally agree also that the quasi-state organizations, the World Bank, IMF and the WTO are undemocratic, lacking in transparency and have no popular support for their policies. However, trade unions at the global level differ from a number of other civil society groups involved in opposing neoliberal globalization, first in their approach to such organizations, their attitudes towards industrialization and, in particular, export oriented economic activity (ICFTU 2001a).

Such activity represents a new approach for Global Unions in its dealings with civil society groups and is most likely a product of both re-evaluating strategy in the light of failed attempts at traditional social dialogue, the changing nature of social dialogue, and the debates over community and social movement unionism happening within

member organisations such as the AFL-CIO, CLC and COSATU.<sup>36</sup> Such a shift must be seen as a positive development in the search for a counter-hegemonic movement seeking to usurp the Washington Consensus on trade and development.

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<sup>36</sup> For community unions in Canada and the United States see Steven Tufts, "Community Unionism in Canada and Labor's (Re)Organization of Space," Antipode 30.3 (1998), Janice Fine, "Community Unions and the Revival of the American Labor Movement," Politics & Society Vol. 33 No.1 (2005). For social movement unionism in South Africa see Ravi Naidoo, "Social-Movement Unionism in South Africa," Dollars & Sense. 237 (2001).; on social movement unionism in Latin America, see Mario Novelli, "Globalisations, Social Movement Unionism and New Internationalisms: The Role of Strategic Learning in the Transformation of the Municipal Workers Union of EMCALI," Globalisation, Societies & Education 2.2 (2004). For a general discussion on social movement unionism see Moody, Workers in a Lean World: Unions in the International Economy. For the prospects of international social movement unionism see Moody, "Towards an International Social-Movement Unionism."

## **CHAPTER 3: THE RISE AND FALL OF THE POSTWAR HISTORIC BLOC**

The activities of Global Unions reflect an attempt to apply local and national tactics and strategies of reformist trade unionism to the class struggle at the global level. The post-war period, when reformist trade unions became the dominant expression of working class resistance in the advanced capitalist countries, is often referred to as the “golden age” of labour. Unlike the period following the First World War, the post-World War Two period saw a raise in wages and household consumption and a low level of unemployment. Trade unions seemed to reach a form of rapprochement with capital whereby union demands for higher wages and benefits would be grudgingly met in exchange for stable industrial relations.

The industrial relations regimes of postwar Europe and North America were the product of a broader social, political and economic project. This historical project was to re-establish capitalist hegemony after it was called into question by the economic upheaval of the interwar period, increased working class militancy, the spread of communism within the advanced capitalist countries and the threat presented by fascist militarism. While the shape of the postwar historic bloc was largely due to domestic industrial capital seeking economic stability, by marginalizing the communist labour movement at the national and international level reformist trade union leaders were able to play a junior role in the recreation of capitalist hegemony.



### 3.1 Historic Bloc: Definition and Components

A historic bloc is a relatively long, stable period of class hegemony that manifests in a form particular to the social, economic and political forces present. It incorporates a number of explanations offered by theorists for how and why capitalism can adjust to incorporate new technologies and ideas and, thus far, overcome, or at least mask, its own contradictions for a period of time. The idea of a historic bloc includes what the Regulation School refers to as the regime of accumulation, “the stabilization over a long period of the allocation of the net product between consumption and accumulation,” and its attendant mode of regulation, the “norms, habits, regulating networks and so on that ensure the unity of the process” (Lipietz 1987 19). It also incorporates the new institutional arrangements which emerge out of crisis induced “sharp struggles between capitalists and workers, between sections of various classes, and among a variety of class and non-class groups in society,” identified by the Social Structures of Accumulation School (Kotz *et al.* 1994 90-91).

The idea of a historic bloc recognizes, as Gramsci did, that rulership in advanced capitalism is characterized best as hegemonic, where “political leadership (is) based upon the consent of the led, a consent which is secured by the diffusion and popularization of the world view of the ruling class” (Bates 1975 352). Thus a guiding ideological framework is an important component of a historic bloc. Indeed, many of the components of the post-war compromise existed in a number of countries prior to the Second World War, such as social welfare policies, state fiscal policy aimed at economic stimulation, and industrial relations regimes intended to mediate class conflict. However, was not

until the end of the war that a coherent political and ideological framework for these policy projects was consolidated, and a historic bloc established.

While dominant political programs and ideologies generally correspond to the interests of the hegemonic class,” they are “susceptible to different historical forms and combinations” (Merrington 1977 152). These different historical forms correspond to the various class *fractions* and not non-class based *factions* found in society. Class fractions are based on the different roles, and therefore perceived needs, within capitalist relations which develop in the process of class formation and are a product of the labour process, the circulation of capital and the process of profit-distribution (van der Pijl 1984). Factions correspond to the political alignments which cross class divisions and can combine class fractions. The significance of political factions cannot be ignored in understanding the rise and fall of the postwar compromise for they are part of the “complex construction” of “sub-blocs” of allies within and outside of the hegemonic social class (Sassoon 1980 121-22) which allow for hegemonic rule to be secured. Such cross-class alliances were a critical component of the postwar historic bloc and the “grand compromise” between capital and trade unions.

The importance of ideology and cross-class alliances in a historic bloc highlights the importance of intellectuals in securing class hegemony. Gramsci argued that each social group which has “an essential function in the world of economic production, creates simultaneously, organically, one or more intellectual groups which give it homogeneity and awareness of its proper function not only in the economic, but in the social and political field as well” (cited by Williams 1960 592). Such “organic” intellectuals cannot be conceived of in the traditional sense. Rather than academics at the

university, those who organize the intellectual and moral leadership of a social class over others are the class consciousness “organic intellectuals” found in civil society. They may be on the boards of corporations, charitable trusts, think tanks and employers’ councils. They may be trade union leaders, NGO directors or staff, or presidents of professional associations. They are put forward as leaders due to their ability to articulate coherently the aspirations of their class. Due to the fractured nature of social classes we see, amongst such leaders, a struggle for intra-class hegemony, whereby one group seeks to present its interests as those of the class as a whole.

These organic intellectuals, representing various class fractions, play a number of roles in the process of creating a historic bloc. As different class fractions often perceive themselves to have different economic interests, the specific interests of the dominant fraction interests require “a complementary formula of reconciliation of that interest with the other fractions in order to be an effective vector of class formation” (van der Pijl 1984 7). One role for those organic intellectuals attached to the dominant fraction is to articulate appropriate comprehensive concepts of control, “the transcendent formulation of class interest aggregating such special interests (the interests of the dominant fraction) and subordinating others” (ibid.). It is also the role of organic intellectuals to present such concepts of control as a political and economic project which represents the “common good” for society as a whole; therefore they play a further role in organizing political factions which, in the case of the postwar period, involved the formation of cross-class alliances with trade union leaders. As Gramsci argued, the creation of a new historic bloc also requires “political initiative... to liberate the economic thrust from the dead weight of

traditional policies – i.e. to change the political direction of certain forces which have to be absorbed” (Gramsci 1971 168).

Just as the labour process produces different class fractions, it also shapes and is shaped in turn by technology in a dialectical process. Therefore, any explanation as to why a particular historic bloc would or would not include a role for trade unions must also recognise the “material forces” of the time in question. Indeed, “ideologies would be individual fancies without the material forces” found in a particular place at a particular time in history (Gramsci 1971 377). For example, the Fordist mode of production would be inconceivable without the existence of the mechanized factory floor; and just in time production would be a fantasy without highly complex means of communication and transportation.

### **3.2 Consolidation of the Postwar Historic Bloc**

Reformist trade union leaders were able to forge for themselves new roles in the postwar period because their program fit with that of the dominant fraction of capital, those involved in domestic industrial production, and in particular in the United States. The rise of US productive capital was the result of both technological innovation, which increased output dramatically over the first half of the century and the increased demand brought about by war, postwar reconstruction and the creation of a broad-based consumer market. That industrial capital came to find rapprochement with reformist trade unions speaks to the need of that fraction for industrial stability.

### 3.2.1 The rise of US productive capital

The dramatic increase in US productive capacity in the early half of the 20<sup>th</sup> century starts, symbolically at least, with Henry Ford and his revolutionizing of the factory floor through the adoption of Taylor's principles of scientific management (Marglin and Schor 1990)<sup>37</sup> and the electrification of production (Beaudreau 1996), a process he began to develop in 1913 (Harvey 1989 125). The result was far more cars than could be produced by the traditional labour process, and at a considerable savings as well. Ford may have been a pioneer in the area of technological innovation, but he was not alone; the 1920s, particularly in the United States, were characterized by "widespread process innovation" (Szostak 1995 103). Ongoing technological change pushed industrial output up by 40 percent during the 1920s, increasing US GNP by the same amount (Ibid. 13).

However, technological change also contributed to rising rates of unemployment and near stagnant wages for workers. Thus a crisis of underconsumption was building throughout the economic "boom" of the 1920s for without a growing consumer base to absorb increased capacity, the market for consumer durables had peaked by 1926 (Aglietta 1979 358). By 1929, production overall in the U.S. had peaked and was followed by "one of the longest downturns in history," with GNP dropping by 50 percent between 1929 and 1933 (Szostak 1995 13).

Over the course of the 1920s, workers' wages increased by a mere 13 percent, while the incomes of those who lived off of rents, interest and profit rose a dramatic 45

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<sup>37</sup> For an examination of the relationship between Taylorism and Fordism and the changing labour process, see Bernard Doray, From Taylorism to Fordism: A Rational Madness trans. David Macey (London: Free Association, 1988).

percent (Aglietta 1979 358). Such massive incomes, “augmented by a massive influx of capital fleeing from the increasing monetary instability in Europe” led to a situation where the circulation of largely unregulated financial capital began “to exhibit an autonomous movement of its own” and lost “contact with the valorization of productive capital” (Aglietta 1979 359). This speculative bubble grew until 1933 when panic set in and the market “corrected” itself, crashing the international banking system. Thus the Great Depression was the product of “two diametrically-opposed forces: rising productivity and falling demand” (Beaudreau 1996 54).<sup>38</sup>

The demand needed to meet the increased capacity of industrial production and thus restore both the profits and the valorization of productive capital was created by the preparations and onslaught of war and the massive amounts of government funds required to prosecute it.<sup>39</sup> The end of the Second World War did not see the same falling rates of production and high unemployment as after the First. From 1950-1973, both GDP and labour productivity grew twice as fast than any other period previous and yet, remained stable, with annual fluctuations in GDP substantially lower than previous periods of capitalist development, contributing to a high level of investor confidence. (Marglin and Schor 1990 5, 45).

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<sup>38</sup> See also Victor Perlo, Super Profits and Crises: Modern U.S. Capitalism (New York: International Publishers, 1988). For a contrasting opinion on the role of speculation, see John Strachey, The Nature of Capitalist Crisis (New York: Covici Friede, 1935) Chapter XXI.

<sup>39</sup> The onset of war also led to the creation of tripartite war-time production boards which brought labour and business leaders into an arrangement where all were ostensibly working for their respective countries' best interest, thus institutionalizing the idea of co-operative capitalism and formal cross-class alliances. See Peter S. McInnis, Harnessing Labour Confrontation: Shaping the Postwar Settlement in Canada, 1943-1950 (Toronto: University of Toronto Press, 2002). The establishment of cross-class alliances was also evident in the occupied countries of Europe, although this was largely due to clandestine, anti-occupation activities rather than to tripartite production or industrial relations boards. Colin Crouch, Industrial Relations and European State Traditions (New York: Clarendon Press, 1993) 176.

This unprecedented growth was sustained by the massive reconstruction efforts in Japan and Europe, largely financed by through the Marshal and MacArthur aid plans,<sup>40</sup> and a dramatic increase in consumer spending, largely attributable to the stable growth in wages between 1952-1970, during which personal consumption in the advanced capitalist countries rose 4.2 percent per annum while production grew 4.5 percent over the same period.<sup>41</sup> This growth in wages allowed “consumption to grow roughly in line with production,” which further contributed to the maintenance of the profit rate, thereby increasing investor confidence (Marglin and Schor 1990 48-50). A period of intensive accumulation was ushered in through the expansion of all facets of the domestic consumer market. An increase in capital, for example, was generated through “household savings (being) directed in large part to investment in owner-occupied housing, and business relied primarily on earning and... on the saving of pension funds”(Ibid. 50).

Such ideas had been in circulation for some time. Henry Ford’s introduction of the five-dollar, eight hour day, for example, was an effort, in part, to turn his workers into consumers of the product they were making.<sup>42</sup> However, it was not until “the proper configuration and deployment of state powers was resolved” in the post-war period that Fordism became a “fully fledged and distinctive regime of accumulation” (Harvey 1989 129) that could organize society around the new productive possibilities.

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<sup>40</sup> For details on the MacArthur Aid Plan, known officially as the European Reconstruction Plan, in particular see Alan S. Milward, The Reconstruction of Western Europe, 1945-51 (London: Methuen, 1984). See also Charles Poor Kindleberger, Marshall Plan Days (Boston: Allen & Unwin, 1987).

<sup>41</sup> The growth in wages reflects an increase in demand for labour, the increasing number of workers covered by union contracts and the expansion of the social wage. These will be covered more thoroughly in subsequent pages.

<sup>42</sup> His other motive was, of course, the ability to demand the discipline needed for assembly line production. See David Harvey, The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change (Oxford England; Cambridge, Mass.: Blackwell, 1989) 125-26.

### 3.2.2 Keynesian organic intellectuals and productive capital

The growth of working class consumption in the postwar period was not brought about by “natural” economic laws. In reality, the shape of postwar economics was the product of social, economic and political programs advanced by organic intellectuals associated with Keynesian economic theory. The comprehensive concepts of control which they developed were in response to the chaos of the inter-war period and the need of industrial capital for stable industrial relations and consumption rates.

Keynes argued that an “increased socialization of productive forces” meant that capital could no longer be considered “a self-subsistent entity existing apart from consumption... (and) every weakening in the propensity to consume... must weaken the demand for capital as well as the demand for consumption” (as cited in van der Pijl 1984 17).<sup>43</sup> Therefore a more prominent role for the state was needed to ensuring that demand was maintained. This was to be accomplished through a “mix of fiscal and monetary policies... directed towards those areas of public investment... that were vital to the growth of both mass production and mass consumption” with the goal of “relatively full employment” (Harvey 1989 135). Such goals clearly lined up with those of reformist trade union leaders, and particularly with those of the European social democrats who had long abandoned revolutionary politics.

### 3.2.3 New roles for the state

The significance of the challenge presented to those who sought to save capitalism from its own excesses cannot be overstated. Throughout the 1920s social inequality had

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<sup>43</sup> For a detailed look at the ideas of Keynes, see Milo Keynes, ed., Essays on John Maynard Keynes (London; New York: Cambridge University Press, 1975). Undoubtedly, his most famous work was John Maynard Keynes, The General Theory of Employment, Interest and Money (1936).



grown dramatically. In parts of Europe, hyperinflation produced a near social collapse (Kettell 2006). By 1933 unemployment in the US had climbed to over 25 percent (Beaudreau 1996 54), a fairly representative example to figures across capitalist countries (Michie and Grieve Smith 1994 76).

The response of governments across Europe was to consolidate state administered welfare programs that had been developed in a piece-meal fashion since the 1880s (Hicks 1999 43). Such programs would be consolidated further in the postwar era and many programs exist still today, although in a much retrenched form. It was largely in North America, however, that government programs to alleviate unemployment first came into being. In the US, a Keynesian inspired set of programs were developed by the administration of Franklin D. Roosevelt under the program of the New Deal.<sup>44</sup> Cautiously initiated in 1933, and subsequently expanded in 1935, the New Deal involved massive public works projects as well as welfare relief (Brinkley in Chafe 2003 5-6).<sup>45</sup> Since its abolition in 1943, the US has not seen anything remotely close to the scope of the New Deal in terms of government attempts to create employment through the public sector, aside from ongoing military expenditures.<sup>46</sup>

There was an attempt, via the Marshall Plan, to export the ideas of the New Deal to Europe after the war (Hirschman 1988), where subsequent governments generally developed a much more active approach to economic planning. This appears as

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<sup>44</sup> For a look at the role of Roosevelt in securing the New Deal, see William Edward Leuchtenburg, Franklin D. Roosevelt and the New Deal, 1932-1940, New American Nation Series. (New York: Harper & Row, 1963).

<sup>45</sup> See also Jason Scott Smith, Building New Deal Liberalism: the Political Economy of Public Works-1956 (New York: Cambridge University Press, 2006).

<sup>46</sup> In Canada, such programs involved work camps, often supervised by the military. Laurel Sefton MacDowell, "Relief Camp Workers in Ontario During the Great Depression of the 1930s," Canadian Historical Review 76.2 (1995).

somewhat of a historical irony.<sup>47</sup> However, the massive expansion of production due to the war and the subsequent growth of the economy after the war created a labour shortage, making such programs look redundant. Nonetheless, social welfare and unemployment insurance do play an important role in stabilizing the labour market and shoring up trade union bargaining power as those unemployed are less desperate and therefore less downward pressure is placed on wages.

### **3.2.4 New roles for the trade unions**

The New Deal also produced what became, perhaps, the most important piece of labour legislation in North American history, the 1935 Wagner Act. Like other elements of the New Deal, it would be “exported” to Europe via Marshall Plan administrators, only to be undermined back home by the Taft-Hartley Act of 1947, a piece of legislation largely drafted by the National Association of Manufacturers as a counter-attack on the New Deal (Amberg in Boyle 1998 167-68). Throughout North America the state’s role in mediating class conflict would be expanded, and yet limited, to supporting the process of “free” collective bargaining between employee elected and government certified unions. As the bargaining agent of a group of employees, unions would enter into negotiations with employers for the purpose of establishing a collective agreement that would cover basic workplace rules. The state would only intervene in the case of a breakdown in negotiations, and provide mediation and/or arbitration to resolve the impasse.

Union security was negotiated as either a “closed shop,” where employees hired had to already be union members and were often hired out of union halls or “union”

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<sup>47</sup> This idea is explored by Swenson through a comparison of the U.S. and Swedish histories of economic planning. See Peter A. Swenson, Capitalists Against Markets: The Making of Labor Markets and Welfare States in the United States and Sweden (Oxford; New York: Oxford University Press, 2002).

shops, where the employer could hire at will, although the employee had to become a member of the union subsequent to their hiring (Dubofsky 1994 247, f.n. 28).<sup>48</sup> Unions were further protected by legislation that “prohibited a variety of unfair labour practices” (Fudge *et al.* 2001 194). The success of these protections can be seen in the increasing numbers of workers covered by union contracts, which rose in the US from one in ten workers belonging to a union in 1934 to three in ten by 1944 (Oestreicher in Boyle 1998 22).

The motivation of those who crafted postwar legislation for agreeing to rules which would come to further bureaucratise the trade unions can be seen in the comments of Canadian Supreme Court Justice Ivan Rand. In a seminal 1947 ruling, he argued that strong unions were required to “secure industrial civilization within a framework of labour-employer constitutional law based on rational economic and social doctrine” and to “prevent Communist elements from taking hold within an enterprise” (Fudge and Tucker 2001 284). Here we can see the very essence of the postwar bloc: an orderly means of redistributing income, thus shoring up working class consumption and undercutting radical working class politics, made redundant to some by the ability of capitalism to provide a decent lifestyle for a large section of the working class. In this way industrial workers were incorporated into the project of postwar capitalist hegemony.

Most of this model also became dominant in postwar Western-European industrial relations. However, in Western-Europe the state took a more active role in organizing the

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<sup>48</sup> In Canada, rules around whether an employee must be a union member or not, were generally established by a 1947 ruling of Supreme Court Justice Rand in 1947, in which he ruled that individuals did not have to join a union, but, if they worked in a union shop, would still be compelled to pay union dues. Judy Fudge and Eric Tucker, Labour before the Law: The Regulation of Workers' Collective Action in Canada, 1900-1948 (Toronto: Oxford University Press, 2001) 285.

labour market and integrated trade unions more fully into economic and social policy planning, making the idea of class compromise even more visible than in North America. In North America the notion of “managerial rights” outside the purview of negotiations was enshrined in legislation and civil torts, despite the efforts of some labour leaders to secure more union control over the labour process.<sup>49</sup> However, in European industrial relations a trend toward elite negotiation and centralized wage bargaining emerged (Crouch 1993 180-85).<sup>50</sup> Such national and industrial level tripartite negotiations had their roots in pre-war attempts to control the national labour market and moderate class conflict.<sup>51</sup>

The example of post-war West Germany illustrates the role that reformist trade unions leaders played in building a powerful role of trade union elites in postwar reconstruction from these traditions. Due to the “brown [i.e. Nazi] stains” on the hands of most of the capitalist class’ organic intellectuals and the murderous suppression of the communists in the Nazi era, social democratic trade union leaders returning from exile came to be seen as the *Ordnungsmacht* (force of order) during the critical period of

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<sup>49</sup> The CIO tried to argue initially for “industry councils,” which would include “plant-level councils, company councils, industrial councils and a national planning board.” However, they did not get support for these efforts by either the AFL or the independent, but powerful, Mine-Mill and Smelter Workers Union (which was led by Communist Party members). See Kevin Boyle, ed., Organized Labor and American Politics, 1894-1994: The Labor-Liberal Alliance (Albany: State University of New York Press, 1998) 166.

<sup>50</sup> The diversity between European states approaches would make a complete outline of this history an unwieldy intervention here. For an outline of the recent (i.e. post war) history of industrial relations in individual European countries, see B. C. Roberts, ed., Industrial Relations in Europe : The Imperatives of Change (London ; Dover, N.H.: C. Helm, 1985). See also Crouch. For an examination of France, which bucked the trends in European industrial relations see Andrew Martin and George Ross, The Brave New World of European Labor: European Trade Unions at the Millennium (New York: Berghahn Books, 1999).

<sup>51</sup> In a number of the Scandinavian countries, a “basic agreement” was established nationally, which provided recognition for trade unions by employers and the state. Eventually, such agreements led to efforts at making wages subject to national policy. In Denmark this began in the 1930s, while in Sweden, Finland, Norway and the Netherlands, national level wages discussions did not begin until the post-war period Bruce Western, Between Class and Market: Postwar Unionization in the Capitalist Democracies (Princeton, N.J: Princeton University Press, 1997) 14-35.

reconstruction (Prowe in Barclay and Weitz 1998), often with the assistance of the Allied occupation leaders (Lorwin 1953; Carew 2003). Tripartite arrangements developed around the industry level, first attempted in the Weimar period, were reintroduced post-World War Two as the ideological project of “codetermination.” The notion of codetermination also extended to the local level where works councils were developed (Western 1997 159). More recently, the works council project has been adopted by the European Union and extended throughout large EU enterprises (Ibid. 196-96).

The integration of trade unions in the historic bloc recognized a change in what Burawoy refers to as “factory regimes,” brought on in part by the emerging dominance of the Fordist labour process. In the move from a “despotic” to “hegemonic” regime, a situation is created where workers “must be persuaded to cooperate with management, and their interests must be coordinated with those of capital” (Burawoy 1985 126). This shift is initiated by the involvement of the state, on the one hand through social insurance, which “guarantees the reproduction of labour power at a certain minimum level independent of participation in production,” and on the other hand by “directly circumscrib(ing) the methods of managerial domination which exploit wage dependence”(Burawoy 1985 125-26).

Such a change also required the participation of worker representatives and the drawing of labour leaders into the role of policing the collective agreement negotiated – defending workers against arbitrary discipline, but also reinforcing the right of management to discipline workers according to the rules laid down in the collective

agreement and consented to (in most cases) by the workers themselves.<sup>52</sup> In short, unions came to act as intermediary organizations in the discipline and allocation of labour power.

The new regimes of industrial relations secured the role of a particular type of labour leader, described by Mills as the “new men of power” (Mills and Schneider 1948). There was nothing new about the existence of such a type of labour leader, however, what was new was their unchallenged power over organized labour that was secured in the postwar period through the marginalization of communist labour leaders, often with the assistance of the state. Throughout the immediate postwar period, North American labour leaders purged their organizations of communists and their sympathisers at home (Abella 1973; Stepan-Norris 2003 270-71) and worked in tandem with American State Department, intelligence services and Marshall plan administrators to thwart communists within the European labour movement, particularly in the latter’s efforts to resist the Marshall Plan (Lorwin 1953; Carew 2003, 1996b).

The consequence of the removal of radical voices was the consolidation of the reformist trade union project as the unquestioned voice of labour. Gone were the leaders who might question the industrial relations regime established in the postwar bloc and whose major skills were in organizing workers to resist the dictates of employers. The “New Men of Power,” who continue to dominate the trade union movement today are those whose skills tend towards the administrative and bureaucratic. The new regime of industrial relations that emerged during the height of Fordism required labour leaders who were more adept at negotiation, legal wrangling and managing the growing union

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<sup>52</sup> This must be qualified as, in some jurisdictions, the process by which a collective agreement is agreed to by the union is not necessarily democratic.

finances than at rousing the masses to revolt. Indeed, the “structural constraints” of the new legalized approach to industrial disputes shaped the behaviour of all union leaders as highly bureaucratic administrations developed within unions to cope with the highly technical process of negotiation and arbitration.

While such skills were useful in administering the growing bureaucracies that trade unions would become, they have proven to be lacking in subsequent eras when capital began to close down the industrial centres, within which the trade unions had their base, and create new fractions of the working class in the advanced capitalist countries through the expansion of service work. These sectors have proven difficult for trade unions to break into in part because the culture of organizing the unorganized died with the purging of radical labour leaders.<sup>53</sup>

The establishment of reformism as the hegemonic expression of the working class has very clearly had a profound impact on the activities of Global Unions as it seeks to challenge the power of transnational capital. Despite the fact that the global political economy and capitalist hegemony have undergone dramatic changes since the postwar period, the response of Global Unions has been to try and use the old tactics and strategies at a new level. As was illustrated in the previous chapter, this is clearly failing. The inability of Global Unions leadership to reach out to workers outside of the traditional industrial workforce and develop new strategies for resisting capital cannot be chalked up to bureaucratic stagnation alone. While there are certain limitations found in

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<sup>53</sup> The role of communists in organizing the industrial workforce in North America was huge. The struggle for industrially based organizing had been largely carried out by communists, and before them anarchist groups, such as the Industrial Workers of the World (IWW) to such a degree that “‘Red unionism’ and ‘industrial unionism’... had been almost synonymous for many years.” Judith Stepan-Norris, Left Out: Reds and America's Industrial Unions (2003) 33. See also C. Wright Mills and Helen Schneider, The New Men of Power : America's Labor Leaders (New York: Harcourt Brace, 1948) 33-34.

bureaucratic organizations, it is who controls a bureaucracy that governs the policies and sets the organization's trajectory. What the global working class needs right now is a leadership that can organize and inspire; what they have are highly paid technocrats whose solution is a return to a mythical past.

### **3.2.5 Motivation for the postwar compromise: fear of a return to the past**

The impact of the interwar depression and the successful conclusion of the Second World War profoundly impacted the thinking of both policy makers and the public towards the role of the state in economic matters and the sanctity of the market. Of particular concern was the break down of “public order.” While strike activity declined globally, in comparison to the 1920s, in the later half of the 1930s (Silver 2003 126), there were a number of large, high profile strikes (Dubofsky in Stephenson and Asher 1986 210). Furthermore, counting strikes cannot be considered the only measure of working class militancy. Indeed, in times of high unemployment, the idea that those with work would not wish to “rock the boat” seems to be a reasonable one. Militant activity amongst the unemployed was a salient feature of the 1920s and 1930s.<sup>54</sup>

While the size of these movements may not have been particularly large, the fact that the organizations that arose in response to unemployment were largely initiated and led by communists caused great alarm. Against the backdrop of growing unemployment

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<sup>54</sup> In England hunger marches began in 1922 and continued until the early 1930s. See Richard Croucher, We Refuse to Starve in Silence: A History of the National Unemployed Workers' Movement, 1920-46 (London: Lawrence and Wishart, 1987). In the early 1920, unemployed workers took to “factory raids” in order to prevent overtime from being performed (ibid. 49-52). In 1930 two separate Canadian demonstrations, organized by the communist group, the National Unemployed Workers Association, brought out 50,000 and 85,000 people across the country John Manley, “Starve, Be Damned! Communists and Canada's Urban Employment, 1929-39,” Canadian Historical Review 79.3 (1998): 471.. In 1935, 100,000 took to the streets in England, with similar marches in the US Ram Jatan, Capitalism and Unemployment: Radical Explanation of Capitalist Oppression (Braunton Devon: Merlin Books, 1993) 105.



and destitution, the membership of the communist Red International of Labour Unions reached its peak in membership in 1927 (Windmuller 1980 32). In Canada, the communist party was outlawed in 1931 (MacDowell 1995 209). Throughout the liberal democracies, unemployed demonstrations were met with violence on the part of the state (Stevenson and Cook 1977; Howard 1970).

The impact of rising militancy and the popularization of radical political ideas on those who would shape the postwar world can be seen in the words of then Secretary of the Treasury, Henry Morgenthau: "we saw unemployment and wretchedness. . . . We saw their victims fall prey . . . to demagogues and dictators. We saw bewilderment and bitterness become the breeders of fascism, and finally, of war." (as cited in Kapstein 1996 18). In order to re-establish liberal capitalist hegemony following the war, the "new" liberal economists and government officials set out to create "a set of scientific managerial strategies and state powers that would stabilize capitalism, while avoiding the evident repressions and irrationalities... that nationalist socialist solutions implied" (Harvey 1989 129). The new roles devised by these organic intellectuals of capitalism for the state revolved around stabilizing consumption and industrial relations and offering protection from the vagaries of the labour market. Those who sought reform succeeded in part by gaining popular support for their ideas by appealing to both the wide-spread fear of a return to the past and hope for a better future in the midst of sacrifice and hardship. Public polling in Canada conducted at the height of the war, for example, indicated that, while people were confident about a successful conclusion to the war, many feared a recurrence of the previous post-war period, where the lack of state intervention in the transition to peace created large scale social unrest (McInnis 2002 47-48).

If the interwar depression illustrated to people the failure of the market and the need for state intervention, the war illustrated that economic coordination by the state was not impossible and, in a sense, the state “proved” itself by the successful execution of the war, due in large measure to its harnessing of the massive industrial capacity of industry.<sup>55</sup> Such a cooperative approach fit well with the ideological outlook of reformist trade union leaders. Indeed, it had been what the AFL had been promoting for decades.

As can be seen from the preceding pages, the industrial relations regimes that came to be consolidated in the postwar period, and often referenced as a part of labour’s “golden age,” were part of a larger project meant to re-establish liberal capitalist hegemony after three decades of catastrophic unemployment, general economic depression, rising militancy and a search for radical alternatives to the economic crisis, and, finally, world war. The “compromise” was not the result of any one of these variables, but the product of all of them together. The state was required to re-establish order after a major economic crisis. Industrial capital required mass consumption to meet its productive capacity and thus maintain profitability, which led to the social wage and a higher share of surplus value directed towards wages. Stabilizing industrial relations required the marginalization of radical organic intellectuals and the intra-class hegemony of trade union leaders who would maintain the focus of workers’ demands on increasing their paycheques, rather than controlling the workplace. Thus the postwar historic bloc came into being and existed until the economic crises of the 1970s.

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<sup>55</sup> Of particular importance to the reconstitution of capitalist hegemony in the postwar period was the development of tripartite boards developed during war time mobilization to oversee production and mediate industrial disputes, which increased with the onset of wartime production Beverly J. Silver, Forces of Labor: Workers' Movements and Globalization since 1870, Cambridge Studies in Comparative Politics. (Cambridge; New York: Cambridge University Press, 2003) 126.

It is this regime of industrial relations which Global Unions has been trying to reproduce at the global level for the past thirty years. It is failing because the regime it seeks to create globally was part of a historic bloc that no longer exists. That trade unions were largely successful in the postwar period is due to the specifics of the attempt to reconstruct liberal capitalist hegemony at the time. The postwar bloc reflected the needs of US industrial capital, the dominant fraction in the mid twentieth century. This fraction required stability which was created through new protective and regulatory roles for the state and a new regime of industrial relations that incorporated trade unions.

### **3.3 Collapse of the Postwar Historic Bloc**

As argued by O'Connor, the "solutions "to a particular crisis in profitability become the "problem" in subsequent historical moments (O'Connor 1984 55-56). In essence, Keynesian macroeconomic policy and Fordist production practices, designed to overcome the crisis of overproduction found in the interwar period and stabilize the postwar historic bloc, eventually came into crisis in the period 1965-73 and were no longer able "to contain the inherent contradictions of capitalism" (Harvey 1989 141). The breakdown of the postwar resulted from the globalization of capitalist relations and the subsequent pressures this placed on both capitalist states which responded to these new competitive pressures by restructuring its roles in the economy, and trade unions, whose members found their protected labour markets opened up to global competition. Eventually, the ever increasing reach of transnational corporations into new markets and the deregulation of international banking would lead to the eclipsing of US industrial capital as the dominant fraction in the global political economy by fractions associated

with global finance and transnational corporations. Aside from monetary stability, the expressed needs of global capital are for the flexibility to take advantage of the ever increasing markets available to them, rather than the stability of any particular labour or consumer market.

### 3.3.1 Crisis of Fordism

A number of economic variables in the 1970s initiated the attack on the postwar bloc that would occur in the 1980s. On the one hand, a “supply-side crisis” emerged as the cost of plant and equipment, raw materials and post-war labour contracts, could no longer be off-set by the technological advances of Fordism (Dunford in Palan 2000 154).<sup>56</sup> The most significant increases were in the US dollar price of oil, which increased 135 percent on January 1, 1974 and would continue to rise by 800 percent over the course of the decade (Hammes and Wills 2005 502), although there were also dramatic increases in the price of other important commodities, such as pig iron, aluminium and tin (Ibid 509).

The 1970s also saw a “demand-side crisis,” where the levelling out of competitiveness between Japan and the US led to a “search for economies of scale” which “induced an internationalization of productive processes and of the markets *between developed countries*” (Lipietz 1997).<sup>57</sup> The result of the falling rate of profit and

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<sup>56</sup> While Moseley agrees that labour costs were a factor here, he argues that increased labour costs were related to the growth of “unproductive labor that perform unproductive functions” in the areas of circulation and supervision. See Fred Moseley in Ron Baiman, Heather Boushey and Dawn Saunders, eds., Political Economy and Contemporary Capitalism: Radical Perspectives on Economic Theory and Policy (Armonk, N.Y: M.E. Sharpe, 2000) 60-61.

<sup>57</sup> Lipietz and Dunford disagree on the timing of these crises. Where Dunford sees the supply-side crisis as the initial crisis of Fordism, Lipietz argues that it was not until the late 1970’s that the falling rate of profit, due to increased competition from Japan, produced “supply-side” problems. Resolving this debate is both beyond the scope of this paper and unnecessary here.

increased competition was a decrease in US domestic investment, leading to dramatic domestic restructuring and a surplus of capital, which sought out new productive outlets outside of the advanced capitalist countries. From 1970 to 1991, foreign direct investment increased annually at a rate of approximately 13 percent, far surpassing the average rate of GDP growth of 4 percent per year (Tilly 1995).<sup>58</sup>

### 3.3.2 Expansion of transnational capital

By the late 1970s, TNC activities had expanded from being primarily involved in the global search for raw materials to the search for new consumer, labour and financial markets (Dunford in Palan 2000 157). In addition to expanding their activities outside of the advanced capitalist countries, TNCs also grew dramatically in number.<sup>59</sup> This expansion was made possible by technological developments in transportation, communications and computerization. This is not to suggest that technology has determined the growth of global trade or the development of TNCs. Rather, technology has acted as “an enabling or facilitating agent,” (Dicken 1998 145) in the ability of capital

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<sup>58</sup> US banks poured much of the surplus from oil revenues into the Newly Industrializing Countries (NICs), but as financial capital rather than direct investment. See Michael John Webber and David L. Rigby, The Golden Age Illusion: Rethinking Postwar Capitalism. (New York: Guilford Press, c1996) 499-500, Ronen Palan, ed., Global Political Economy: Contemporary Theories (London and New York: Routledge, 2000). By the 1980s, this would cause a massive debt crisis, the effects of which much of the global south is still reeling from. See Bahram Nowzad, "Lessons of the Debt Decade," Finance & Development 27.1 (1990), Jesus Silva Herzog, "The Debt Problem: Not Only a Financial Question," California Management Review 30.2 (1988), Roger S. Leeds, "External Financing of Development-Challenges and Concerns," Journal of International Affairs 34.1 (1980). The other outlet for this surplus was investment in the transnational corporation (TNC).

<sup>59</sup> In 1968/69 there were just over 7,000 TNCs, with just over 70 percent originating in the US, the UK, and Germany. By the late 1990s, only Germany had increased its share of TNC, with the US and UK combined share had dropped to approximately 10 percent of the almost 40,000 TNC that had emerged over this period. Nonetheless, 93 out of the 100 largest TNC still come from Japan, the EU and the US Grazia Ietto-Gillies, Transnational Corporations: Fragmentation Amidst Integration (2002) 12-15.

to restructure the labour process.<sup>60</sup> Advances in transportation technology have allowed TNCs to spread their production lines across national boundaries as the cost of transportation drops. Advances in communications allow transnational capital to choose where its head offices and other “service” oriented activities will be located.<sup>61</sup> Clearly, this increased ability to shift production and services places increased competitive pressure on workers and their trade unions to moderate their demands in bargaining. It also places increased pressure on states to maintain “competitive” in terms of taxation and labour regulation, for “just as capital seeks the most propitious conditions for investment, states compete to attract capital and direct investment (Ibid. 479).<sup>62</sup>

The overaccumulation of capital that resulted from the massive profits in oil in the 1970s also led to the re-emergence of global finance as the dominant fraction of capital. Just as the power of TNC to move its operations to places where the labour, environmental and tax laws are most “business friendly,” the ability of capital markets to influence macroeconomic policy even more profound as “financial capital can react to government policies or expected policies more rapidly than productive capital.” Unlike TNC, “the reaction of financial capital need not be postponement of investment...Instead, huge sums of money can quickly flow out of a country to more attractive havens” (Gill and Law 1989 485-86). Furthermore, with the development of currency markets, global

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<sup>60</sup> For example, by the 1980s, a car made in the UK would have parts from Germany, Denmark, Norway, the Netherlands, Austria, Switzerland, Italy, Spain, Canada, the US, France and Japan. Charles Tilly, “Globalization Threatens Labor’s Rights,” *International Labor and Working-Class History* 47 (1995): 3.

<sup>61</sup> In the early 1970s only one-quarter of foreign direct investment (FDI) was directed towards the service sector, however, by the mid-1980s this had risen to “40 percent (\$300 billion) of the world stock and some 50 percent (\$25 billion) of annual flows” Stephen R. Gill and David Law, “Global Hegemony and the Structural Power of Capital,” *International Studies Quarterly* 33.4 (1989): 488.

<sup>62</sup> This will be covered more thoroughly in subsequent pages.

investors are capable of destroying a country's currency within a very short period of time.

### **3.3.3 Emergence of the Newly Industrializing Countries**

Another competitive pressure which emerged in the 1970s was the growth of the Newly Industrializing Countries (NICs). From the early 1960s, a number of countries, such as South Korea, Taiwan and Brazil began to make the transition from a model of Import Substitution Industrialization (ISI), which focused on reducing their reliance on foreign inputs, to export oriented production. This occurred through the active intervention of their governments. For example, in South Korea, the state nationalized banking in 1961 and then used its control over the banks to "target specific industries" involved in export manufacturing with loans, while at the same time protecting key ISI industries through state subsidies (Kiely 1998 66). In terms of industrializing their economy and gaining a stronger share of the world market, their growth was remarkable. In 1960 manufacturing accounted for only 20% of total exports in these economies, but by 1988, this had grown to as much as 70% and was growing at twice the rate of raw material exports (Dicken 1998 31).

However, in terms of elevating the living standards and working conditions of workers to that found in the advanced capitalist countries, the story is somewhat different. In charting the development of these economies Lipietz has identified two ideal types of development in the NICs during this period. The first is development based on

“primitive Taylorism,” factory regimes which were based upon Taylorist concepts of control over the labour process, but with less developed mechanization.<sup>63</sup>

In some locations, such as South Korea and Brazil, primitive Taylorism, coupled with the policies of import substitution industrialization, popular in the post-war period, allowed for the development of his second type, “peripheral Fordism.” As in the case of Fordism in the advanced capitalist countries during the post-war period, this model is premised on intensive accumulation, however it “remains ‘peripheral’ in the sense that, in the global circuits of production, skilled labour... remains largely outside the country in question” (Lipietz 1997 10). The path from primitive Taylorism to “peripheral Fordism” has been a bloody one. In the cases of Brazil and South Korea, industrialization involved the violent suppression of labour under authoritarian regimes, in much the same way as it has wherever capitalism relations develop.

### **3.3.4 The bid for neoliberal capitalist hegemony**

Sassoon posits that a singular historic bloc “can produce various political blocs made up of different combinations of political allies which nonetheless maintain the general configuration of the fundamental historic bloc” although it changes to incorporate new developments (Sassoon 1980 121). However, the profundity of change within capitalist rule between the periods which this paper compares, suggests that the reconfiguration of an historic bloc cannot be reduced to the realignment of political allies.

As Overbeek and van der Pijl argue, the economic crisis of the 1970s led to a

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<sup>63</sup> Factories found within the Export Processing Zones, also referred to as Maquiladoras, would be an example of primitive Taylorism. Here the labour force mobilized by capital is largely female and methods of labour discipline incorporate both “the traditions of domestic patriarchal exploitation” and “all the mechanisms of anti-labour repression.” Alain Lipietz, “The Post-Fordist World: Labour Relations, International Hierarchy and Global Ecology,” Review of International Political Economy 4.1 (1997): 10-11.



“fundamental crisis of ‘normality’ affecting all aspects of the social order; social relations of production, the composition of the historic bloc and its concept of control, the role of the state, and the international order” (Overbeek 1993 14). It is not merely that organized labour has lost a powerful set of political allies with the breakdown of the historic bloc. Rather, the onset of a neoliberal bid to recompose capitalist hegemony has challenged the role assigned to trade unions in the postwar period.

The dramatic change in the global political economy since the 1970s has called into question the very basis of the postwar historic bloc; the hegemony of US domestic industrial capital and its concepts of control no longer work as “a formula of the general interest unifying Western nations” (van der Pijl 2001 8). A shift has occurred from an “outward projection of US ‘national’ hegemony” to an “incomplete form of transnational, neoliberal dominance... anchored in US political and military centrality” (Gill in Overbeek 1993 246). Attempts to reconfigure capital’s concepts of control to reflect the changes in the global political economy, and in particular the political and economic leadership of Japan in Asia, were undermined by the rescinding of capital controls and the “autonomization of the international circuit of money capital” (van der Pijl 2001 27). Gowan suggests that the “old strategy” of class compromise “could have continued, but it would have involved a deepening of collegial management of international economics, a deeper corporatist collaboration with labour and a more inclusive arrangement with the South” (Gowan 2003 35).

The gap in moral and intellectual leadership allowed for the resurgence of classical economics, promoted by those organic intellectuals associated with the Mont Pelerin Society, an international policy group ideologically committed to classical

liberalism which had arisen around the same time as the Bilderberg Conferences, perhaps in response to the rise of Keynesianism. The most well known of these theorists was Milton Friedman who thought that the dramatic increase in inflation, attributed to Keynesian economic policy, could be eliminated with a reduction in the money supply, a concept that came to be known as monetarism. The attraction for capital was that it would work as a shock therapy that could “reimburse society... with the microeconomic logic of the free market” (van der Pijl 2001 28). This “shock therapy” was first applied under General Augusto Pinochet in Chile<sup>64</sup> and then in the Thatcher and Reagan revolutions shortly thereafter.

Monetarism has become the guiding macroeconomic framework for the neoliberal bid to reconstitute capitalist hegemony. The regime of accumulation that is emerging is one that Harvey tentatively suggests can be called “flexible accumulation” (1989). This new regime involves a “direct confrontation with the rigidities of Fordism,” particularly in terms of the labour process. Pushed by “heightened competition,” a decline in the rate of profit and a highly volatile market place, managers have come to insist upon “more flexible work regimes and labour contracts” and to expand the use of subcontracting, piece work and other forms of non-standard labour. This has ensured that the pool of workers protected by union contracts would shrink, while those who have traditionally worked in non-standard sectors, largely women and ethnic minority workers, are no better off (Harvey 1989 150-52).

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<sup>64</sup> For a detailed examination of how Friedman’s ideas came to shape the economic policies of the dictatorship, see Anil Hira, Ideas and Economic Policy in Latin America: Regional, National, and Organizational Case Studies (Westport, Conn.: Praeger, 1998) Chapter 4.

The concepts of control embedded in the postwar historic bloc, then, have come to be replaced by concepts more fitting the emergence of transnationalized capitalist relations. "Flexible accumulation" reflects the expressed needs of transnational fractions of capital which are not bound to any particular state and therefore have embarked upon a project of extensive accumulation, constantly seeking out new markets instead of intensively developing any particular national market as was the case in the postwar period with the expansion of the consumer base via an expanded social wage and rising wages.<sup>65</sup>

### **3.3.5 Domestic restructuring in the advanced capitalist countries**

The initial shift in investment and the restructuring of the labour process led to a fairly dramatic increase in unemployment by the early 1980s (Webber 1996 52). As companies sought to restructure employment and reduce labour costs through rationalizing employment and making employment more flexible (Dunford in Palan 2000 155), official unemployment rates more than doubled between 1973 and 1983, with rates in the European Economic Community as a whole jumping from 3% to just over 10%. Youth unemployment became a particular concern; between 1973 and 1981/82 unemployment rose from 9.9% to 17% in the US; from 4% to 20.3% in France; and from 3.3% to 19.8% in the UK.<sup>66</sup> Wages also suffered, with the average real wage in the U.S. declining approximately 20% between the mid 1970s and the mid 1980s as a result of the

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<sup>65</sup> van der Pijl argues that the new concepts of control also included a subordinate set of neoconservative ideas around the need for a strong state, although one that does not curtail market forces, and nationalism. I have not included these ideas in my outline of the new concepts of control because, although they may have been essential to the Reagan and Thatcher regimes, they do not appear to necessarily be a component of the rise of neoliberalism elsewhere.

<sup>66</sup> These numbers represent 1973-81 for the US and France and 1973-1982 for the UK. While this is a small selection, it does represent the trend across the OECD. See Philip Armstrong, Andrew Glyn and John Harrison, Capitalism since World War II: The Making and Breakup of the Great Boom (1984) 324.

attempts of capital to regain their rate of profit through wage cuts and price increases (Moseley in Baiman *et al.* 2000 63). By 1998, the average real hourly wage was 88% of what it was in 1973. It is only the increase in two earner families that has allowed household incomes to not fall as dramatically (Tilly in Baiman *et al.* 2000 115).

Since the 1980s and the ascendancy of the Reagan and Thatcher regimes, governments have largely embraced the neoliberal program of monetarism and flexible labour markets in an effort to deal with rising inflation and unemployment. The restriction of money, the desire to stimulate employment by making the labour market more “flexible,” and the belief that governments needed to create new opportunities for global capital led to the deregulation or re-regulation of formerly protected areas of the private sector such as banking, transportation and energy production and transmission with the expressed purpose of stimulating competition in these industries. A telling indication of the shift from protecting key areas of the economy from foreign ownership to actively seeking out investment from transnational capital was the Canadian government’s decision to close down the Foreign Investment Review Agency and replace it with Investment Canada

The expanded role of private enterprise on the longshore has subjected the sector to a rigorous rationalization in the pursuit of profit, and has led to some of the most dramatic losses for organized labour in the current period in what had been seen as an area where workers had more power due to “the greater immobility of capital and the costs of strike action” across all sectors of the economy” (Turnbull 2001 367-68). Deregulation in other sectors, such as the airline industry, has caused numerous bankruptcies, “dislocation of plant and personnel,” job loss, and “a more powerful

oligopoly” in North America (Teepie 2000 94). In Europe deregulation has allowed airline carriers to address their cost issues in part through the relocation of such activities as maintenance to “low wage” countries (Blyton et al in Debrah *et al.* 2002 25).

Deregulation in energy has largely created new, private, oligopolies that have yet to develop mechanisms for consumer input to replace those of citizen input previously provided by state oversight (Hira *et al.* 2005).

Dunford argues that deregulation of the financial market reflects the “mobilization of global financial resources by international enterprises” and the “rise of a system of market finance dominated by institutional investors” (Dunford in Palan 2000 159-60). The aim of such investors is always to “secure high returns involving the maximization of short-term equity values.” Thus financial deregulation has further contributed to the vulnerability of workers, particularly, but not exclusively, in the recently privatized and deregulated sectors, as such investors maintain “an obsession with cutting wage cost and shedding jobs to boost share prices” (Ibid.). Obviously, the trend towards deregulation has also reduced the state’s ability to intervene in the market for purposes of social protect and economic development as it had in the postwar period.<sup>67</sup>

The state’s ability to intervene in the market and redistribute the economic surplus, via the provision of welfare, health insurance and unemployment insurance, has been further impacted by declining tax revenues from corporations and the very wealthy. Between 1986 and 1991 almost every OECD country had “reformed” its tax system to

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<sup>67</sup> At the interstate level, Porter argues that regulation of global finance has largely been left to technocrats and contains a distinct lack of democratic oversight. Those who support this form of near private regulation by finance capital’s technocrats generally argue that this is due to the highly technical and complex nature of global finance. See Tony Porter, “The Democratic Deficit in the Institutional Arrangements for Regulating Global Finance,” *Global Governance* 7.4 (2001).

lower the top rate in personal income tax and reduce tax rates for corporations (Hallerberg and Basinger 1998 321-22), some by as much as 42.3 percent and 60 percent respectively (Ibid. 328). Actual taxes paid by TNCs in many countries are likely even lower than the prescribed rate, as these companies are capable of reporting losses in their operations based in high tax countries and report their profits in those countries with lower rates (Ibid. 324-25).

### **3.3.6 Impact of the collapse of the postwar bloc on trade unions**

If one were to base an assessment of organized labour's strength on union density alone, the results would show that since the mid 1980s, union strength within the countries of the Organization for Economic Co-operation and Development (OECD) is still very much a nationally specific phenomenon. For example, between 1990 and 2002, union density dropped from 40.5% to 22.9% in Australia, 31.2% to 23.2% in Germany, and in New Zealand from 51% to 22.1%. However, in Sweden, Iceland and France, union density remained relatively stable and in Belgium, Finland and Spain there has been a slight growth. Nonetheless, the trend across the OECD is a general, if often only slight, decline in union membership (Brandt *et al.* 2005).

Yet there is more to labour strength than simply density. If one sees the strength of organized labour as better assessed through the ability of labour to secure a higher proportion of economic surplus, then one can safely say that the power of organized labour is in decline. Across the globe, economic restructuring and increased competition have led to a general decline in the wages of unskilled workers (ILO 2004 60) and an increase in economic inequality (Ibid. 44) despite, or perhaps because of, an increase in employment (OECD 2006).

The increase of global employment occurring at the same time as a decline in wages is related. One of the central roles of trade unions since their inception has been the reduction of competition between workers (Marx and Engels 1962 245). Yet the ability of trade unions to fulfill this role is largely contingent upon the forces external to the unions themselves. The expansion of the global labour market through the ever expanding reach of transnational capital and the growth of export oriented production in the periphery of the global political economy has heightened competitive pressures on workers the world over. In the advanced capitalist countries persistently high unemployment and the reduced capacity of the state to provide assistance for those out of work has also increased competition amongst workers in these labour markets.

Furthermore, the ability of unions in the formerly protected economic sectors, such as transportation and energy, to maintain upwards pressure on wages has been eroded by deregulation and privatization. Workers and their unions in these sectors once faced monopolies owned or highly regulated by the state, making them susceptible to political pressure and public opinion. Post-deregulation they face monopolies or oligopolies which answer only to investors. With the liberalization of foreign investment rules, such investors are less likely to reside or maintain their primary place of business in the countries in which they invest, making them immune to public opinion there. Due to the focus of such investors on high returns on short term investments, the workers in these sectors are faced with new employers far more willing to rationalize operations and slash employment.

Domestic restructuring of the labour process has also challenged union representational legitimacy. In the post-war period, trade unions focused on organizing

the industrial workforce, whose wage struggles helped maintain the general standard of living by putting an upward pressure on wages in the overall labour market. The declining significance of this section of the workforce has reduced this role. The growth of part-time, contingent and temporary employment has proved a challenge for unions (Gallagher et al in Sverke 1997; Edwards *et al.* 1986 5).<sup>68</sup> While some researchers have noted the development of new forms of labour representation, such as community unions (Tufts 1998; Chavez 1998), in general organized labour has been slow to respond to the needs of these more vulnerable workers, despite an ongoing dialogue amongst labour leaders about the need for change (Eisenscher 1999).

Indeed, despite the dramatic changes to the economy and the challenges to their roles as defined under the postwar bloc, trade union leaders persist in their activities as if little had changed, although all are sensitive to the attack on labour currently being performed by global capital. Collective bargaining continues to happen, although the often hard fought wage gains generally barely cover cost of living and, in the transport sector, fuel increases ("Collective Bargaining in 2005" 2006; "3% Pay Increase in Metalworking" 2006; "Agreement in Retail" 2006; "Modest Pay Deals" 2005; "New Accord in Transport" 2005). Current wage rates reflect a pattern that has persisted since the 1980s (Flanagan 1984). Tripartite negotiations in Europe still continue but have changed, argues Turner, from the "social corporatism" of the postwar era, to a form of

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<sup>68</sup> Some have suggested that the representational legitimacy of trade unions has further been challenged by changing demographics as the shift from industrial manufacturing in the advanced capitalist countries, changing patterns of immigration and the increase in female workforce participation, undermining the notion of the white, male industrial worker as a representing the working class in these countries. See Peter Leisink, Jim Van Leemput and Jacques Vilrocx, The Challenges to Trade Unions in Europe: Innovation or Adaption (Cheltenham, Glos, UK: Brookfield Vt. US: E. Elgar, 1996) 53-54. See also Ronaldo Munck and Peter Waterman, Labour Worldwide in the Era of Globalization: Alternative Union Models in the New World Order, International Political Economy Series. (London: Macmillan, 1999), and Peter Leisink, Globalization and Labour Relations (Cheltenham; Northampton, Ma.: Edward Elgar Publishing, 1999) 100-01.



“competitive corporatism” that is developing currently. Unlike social corporatism, the latter contains a “weak commitment to egalitarianism” and revolves around developing “greater flexibility in the labour market... in the design of social security systems and the tailoring of social intervention” (2006).<sup>69</sup>

With the collapse of the postwar bloc, the emergence of global fractions of capital and the corresponding concepts of control that value hyper-competition and market flexibility over industrial and social stability, the ability of trade unions to perform the economic roles that they have struggled to play since their inception have been called into question. Global fractions of capital do not require the trade union as a means to stabilize any particular national labour market due to its ability to operate in other markets when conditions are more favourable. Similarly, the ability to shore up consumption is no longer contingent upon the ability of any particular national working class as new consumer markets are constantly being created around the world.

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<sup>69</sup> Lambert describes a similar process of “bargained liberalization” between Australian trade unions and the then Labour government in the 1980s. See Lambert.

## **CHAPTER 4: CONCLUSIONS**

### **4.1 The Problem Restated**

The emergence of global capital as the dominant capitalist fractions and the concomitant reconfiguration of capitalist hegemony as a global rather than a national project suggest the need for a global response from organized labour. Currently labour's only global organization of consequence is Global Unions. That Global Unions is the pre-eminent international trade union organization due, in part, to its successful marginalization of the international communist movement in the post-war period. This was the product of both a long struggle for intra-class hegemony within organized labour and of cross-class alliances, which were established at the national level around the regulation of class conflict and at the international level, around the prosecution of the Cold-war.

The international organizations that would become Global Unions were created at the beginning of the 20<sup>th</sup> century by national trade union leaders unmoved by the revolutionary discourse of the emerging and growing fraction of industrial workers whose demands could not be met within the craft tradition. They were developed around the need to share information related to trade and craft and, very occasionally, to develop common policies in regards to international events. With the creation of the ILO after World War One, the development of a common front internationally became more important. The increased competitive pressure on workers brought on by the expansion of

the global labour market suggests that the need for working class organization beyond the national level is even more important than in previous periods of capitalist development.

To date, the response of Global Unions to the expansion of the global labour market has not proven to be effective. Global Unions is attempting to reproduce the postwar “compromise” at the global level. The difficulties it faces are largely related to it being comprised of Fordist unions operating in a post-Fordist world. Under the Fordist labour process, unions had a role to play in the stabilization of labour-capital relations. Directly related to the shift from “despotic” to “hegemonic” factory regimes, this new role involved in the negotiation of a portion of the surplus value, the orderly resolution of shop floor grievances and the maintenance of labour discipline. However, the success of this model was contingent upon a number of external conditions that are no longer present.

The current bid to reconfigure capitalist hegemony is premised on the needs of highly mobile fractions of capital in constant search for new markets. As the expressed need of global capital is for flexibility rather than stability in any particular location, its concepts of control envision no role for trade unions and different roles for the state than existed under the postwar bloc. The rise of “hegemonic despotism” has made labour discipline less and less a matter of building cross-class alliances and developing compromises, and more about the reassertion of unbridled market forces (Burawoy 1983).

The attempt of GUFs to confront the problem of capital mobility through transnational level negotiations has thus far produced very weak agreements that cover only the most basic rights of workers. Only the ITF has successfully negotiated global

wage rates. The lack of GUF success in global bargaining can be explained in part by the institutional weakness of global federations and the lack of a transnational regulatory framework of industrial relations. The institutional weakness of Global Union Federations can be traced back to the fact that until recently capital was largely bound by national borders. As institutions dependent upon capitalist relations for their existence, trade unions developed within the framework of the nation-state and international activity was, and still is, a secondary concern.

However, it is also due to the lack of a regulatory structure, within which GUFs could negotiate stronger agreements. The lack of an international framework of labour market regulation can at least partially be explained by the lack of motivation to negotiate on the part of the dominant fraction of capital. Unlike the industrial and political leaders of the post-war period who sought stability in the face of a serious counter-hegemonic threat, global capital is reshaping capitalist hegemony in a period with no such menace; resistance to neoliberal globalization is largely a localized phenomena and the coordinated activities of organized labour globally largely consists of polite lobbying for a return to the past.<sup>70</sup>

The marginalization of radical resistance to capitalist social relations in the labour movement was, in part, due to the efforts of reformist trade union leaders in the postwar period. This has created somewhat of a paradox for contemporary trade union leaders. The dependence of trade unions upon capitalist social relations implies that any program emanating from them will be reformist, rather than revolutionary, in nature (Clements and Clarke 1978; Hyman 1975). Yet the acquiescence of postwar capital to social reform

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<sup>70</sup> While some might point to the global Jihadist movement as an example of a very present danger to western imperialism, it is in no way a counter-hegemonic threat to global capital.

was motivated in part by a fear of something worse – a counter-hegemonic movement in the form of communism- and the ability of trade union leaders to marginalize radical voices. Having done so, however, trade union leaders contributed to the removal of a threat that may have acted as motivation for capital to compromise when the inevitable reconfiguration of capitalist hegemony occurred.

## **4.2 The Possibility of a Global Welfare State**

Arguing that the economic liberalization project most commonly called “globalization” has involved “political, economic, and social choices,” Helleiner suggests that “through conscious policy choices... the new globalized system” could be made to “work for maximum human welfare.” What is required, he argues, is the development of a more robust system of global economic governance that is less biased towards the G-7 economies and takes a stronger role in “development” of the Global South, which would involve reforming the institutions now in place: the IMF, the World Bank, and the WTO (Helleiner 2001). This is, in large measure, what Global Unions have been arguing for the past 25 years. But what are the actual chances of this occurring within the near, or even intermediate, period?

In seeking the development of such institutional change and the development of a Keynesian-like development project, Global Unions has found some allies amongst the organic intellectuals mostly associated with global financial capital, such as financier George Soros (Soros 2002, 2004) and former Chief Economist for the World Bank, Joseph Stiglitz (Stiglitz 2004; Wade 2001). However, history suggests that the ideas of such leaders becoming the basis of a new configuration of capitalist hegemony seems unlikely without some form of cataclysmic event, such as the total collapse of the global

economy or the outbreak of a major world war or, perhaps, the rise of a counter-hegemonic movement that would threaten capitalism as a social system. Such conditions were instrumental in the production of the postwar bloc, parts of which Global Unions seeks to reproduce at the global level.

Reducing the competition between workers around the globe would need also to involve the creation of some sort of global welfare state that could reduce the competitive pressures of the labour market through the development of a global social wage. The idea of such a global welfare project more robust and coherent than the current hodgepodge of “aid” seems unlikely in the foreseeable future. As Gowan argues, the extension of the postwar compromise to the global level in the 1970s would have required a level of collegiality amongst leaders, commitment to the Global South and willingness to engage labour that was beyond them at the time (Gowan 2003). All available evidence suggests that this has not changed. Furthermore, the representatives of nation-states who negotiate the regulation of the global economy are in the contradictory position of seeking the extension of global trade, while still protecting the position of their own capitalists within the system of trade. The resistance of some national leaders to assuming a greater responsibility for global pollution through the Kyoto accords does not bode well for similar negotiations around economic redistribution (“PM Pessimistic on Climate Treaty” 2005). National leaders would need to overcome the profound nationalism that has served as a subordinate component to the neoliberal concepts of control in a number of politically important countries and directly confront powerful forces within global capital.

### **4.3 From international trade unions to a global labour movement?**

To Gallin, the international trade union movement's lack of political power is a result of the ICFTU operating without an "ideology...a policy and ... a program" (in Harrod and O'Brien 2002 239). His solution is threefold. First, he argues for a deeper "integration" of existing international trade union organizations (Ibid. 239, 241) and the development of larger unions (Ibid. 246-47). Second, he argues that the Global Union Federations need to aggressively organize those not yet organized, particularly in the informal sectors (Ibid. 243-45). Third, Global Unions needs to take on the project of developing an emancipatory global political project, in part through forging strong links with other civil society elements (Ibid. 250).

Gallin's call for an emancipatory project that seeks to address the needs of other social groups somewhat echoes the arguments for a global "social movement unionism" (Moody 1997a; Waterman 2004). However, what makes the argument of Moody and Waterman different is that they see such a project as a partnership whereas Gallin clearly sees the trade union movement as leading such a project. Indeed, he suggests that "democratic socialism has to be reinvented, from and by, the trade union movement" (in Harrod and O'Brien 2002 249). Gallin's second argument that the unorganized need to be organized is well taken. Yet, he offers no arguments as to why this needs to be done by traditional trade unions and seems to ignore the structural difficulties involved in such a project. Indeed, the evidence he gives of success in organizing marginalized workers is the Self Employed Women's Association of India (Ibid. 244) which represents workers whose work does not fit within the structures of collective bargaining. Finally, Gallin's claim that the ICFTU lacks an ideological orientation is simply not true. Its overall

program is to introduce the postwar “consensus” at the global level, which guides its policy of negotiation and compromise, and this is shaped by its reformist ideology. He admits as much in the same paragraph when he argues that “the main effort appears to focus” on convincing the IFIs to “subscribe to Keynesian economics and to social corporatism” (Ibid. 239).

The ability of Global Unions to present a powerful challenge to global capital through strictly trade union struggles has proven to be a dismal failure. What could be more effective in the confrontation with the emerging transnational capitalist class is not so much an enhanced international trade union bureaucracy, but the development of a broad-based global labour movement. Opening up representational rights within Global Unions to incorporate those organizations which simply do not “fit” the post-war model of union as collective bargaining agent could be an important development in the creation of a global labour organization. Not only would it offer the organizational strength that marginalized worker’s groups do not have, it would assist in bringing such voices to the centre of the debate on the future shape of the global political economy. Furthermore, the introduction of such voices into the debates within Global Unions may help international trade union leaders move from their intransigent position of simply reproducing what existed in the past.

The trade union movement, locally, nationally, and internationally, has been slow to respond to the changes in the global political economy. However, there are indications that organizations within Global Unions are beginning to change. The ITF was successful in developing the consensus needed amongst their members to present a united front against their largest employer group and secure a global contract. The most recent ICFTU



Congress in 2004 suggests that there has been increasing internal pressure on the organization to be more effective in their advocacy, more inclusive of women and youth, and more responsive to members in the global south (ICFTU 2004). As part of its organizing drive, which is unique for an international union, Union Network International (UNI) recently changed its name to UNI Global, in the (perhaps naïve) hopes of encouraging individual members to see themselves as part of a global movement.

In a critique of Polanyi's vagueness as to how a "double-movement" arises to put in check the efforts of liberal idealists to create a market society, Munck posits the following question: "Who precisely would 'spontaneously' move against the unregulated disembedded market system and why?" (Munck 2004 253). As a well established global organization, Global Unions would seem to be part a reasonable response. It is unlikely, given its defensive and dependent relationship with capital, trade unions will *lead* a counter-hegemonic movement. However, the organization could possibly participate in one if its leadership is able to move beyond a narrow trade union program and work towards a broadly-based global labour movement premised upon the emancipation of all workers.

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