In its earliest stages, this goal was pursued on a local level—coopers or blacksmiths in a town would get together to set rates so as not to drive each others' wages down. As transportation improved and markets expanded, workers came together to set common rates and standards through national trade unions. They understood that unless they did so, employers would play them against each other in an endless spiral of deteriorating conditions.

As economic competition has become increasingly global, workers in all countries are constantly faced with employer threats that someone, somewhere else, will do their jobs cheaper. The current strike at the Pittston coal company results from management's assertion that miners have to work on weekends if the company is to be internationally competitive. And when 4,500 workers at British Aerospace struck recently for a shorter work week, company spokespeople had a simple reason why they could not grant the demand: British companies could not afford such a cut while their competitors in the United States and elsewhere worked a longer week.

In the face of such an international economy, there has been a growing interest within the labor movement in developing ways of cooperating internationally to again eliminate labor as a factor in competition. Why not, American unionists are beginning to ask, get together with unions in other countries to bargain collectively with the multinational corporations?

This turns out, however, to be harder than it sounds. For while every capitalist country has a labor movement, the ways they actually function are quite different. In this article we will focus on what might be called the old capitalist countries; it will not deal with the rather distinct issues raised by labor movements in the third world or the emerging labor movements of the post-Communist world.

**Patterns Of Labor Organization**

Workers all over the world face a similar situation—in order to live they must work for someone else. In old industrial countries the range of problems and issues faced by workers is roughly similar. In all workers have organized unions. But because workers had to organize within the legal and political frameworks of individual nation-states, their industrial relations systems differ.

The American labor movement has been isolated not only from cooperation with other labor movements, but even from basic knowledge of how they operate. Some understanding of their similarities and differences can help make clear the possibilities—and the problems—of international labor cooperation. The following descriptions are based on our discussions with unionists and scholars, direct observations in several countries, and perusal of the extensive scholarly literature on comparative labor movements.
United States

Let's start by looking at the framework of labor organization in the U.S.—so familiar that its defining traits can be difficult to recognize.

In the United States there are roughly 35,000 separate labor agreements. Most of these are with single employers, often for a single workplace. A single union local may have many different contracts; the Teamster local in Boston to which one of us belongs has barely 400 members—yet they are covered by 16 separate agreements.

American labor relations are highly legalistic. Most often union representation is granted or denied by majority vote in an election conducted by the National Labor Relations Board. U.S. law is virtually unique in providing a union exclusive representation in its bargaining unit and, in most states, in allowing a closed shop.

American unions are “business unions” focusing on the workplace and on collective bargaining to make gains. The range of issues over which management must bargain is limited to those which do not go to the “entrepreneurial core” of the business, such as plant closings and investments. Contracts are legally enforceable. Virtually all contracts contain no-strike clauses. Disputes which arise during the course of the contract are generally settled by a system of private arbitration.

Most unions belong to the national labor federation, the AFL-CIO, which exercises relatively weak control over constituent unions. The unions’ presence on the shopfloor has traditionally been their strong point; politically they are weak and getting weaker. After a century of antilabor hostility, American management largely accepted unionism from the 1940s into the 1970s, but has returned to a far more hostile attitude in the past decade. Today U.S. union membership stands near the bottom of the western industrialized world at about 17 percent of the workforce.

Canada

The basic contours of the Canadian labor movement are similar to the U.S.: until the mid-1960s, 70 percent of Canadian union members belong to American “International” unions. Today, because of breakaways and increased vigor on the part of national unions, most Canadian workers belong to Canadian unions.

Despite the similarities, union membership in Canada is more than twice that in the U.S. Canadian labor’s vibrancy is often ascribed to more favorable labor laws and to labor boards at the provincial level (where most decisions are made) who punish management’s unfair labor practices. The thoroughly organized public employees often enjoy the right to strike. The labor movement has strong ties to the socialist New Democratic Party, which has helped press labor’s agenda in Ottawa and the provincial legislatures.

Japan

Japanese laws dating from the American occupation provide labor rights roughly similar to those of the U.S. Japan’s “enterprise unionism” carries the workplace-based bargaining structure of the U.S. and Canada to an extreme. There are more than 30,000 unions in Japan, each representing the white- and blue-collar employees of one employer. These unions belong to a federation but only occasionally bargain jointly. Two-thirds of firms with more than 500 workers are organized; most smaller firms are not. The fabled paternalism of Japanese firms—lifetime employment guarantees, seniority benefits, and the like—rarely applies outside the larger, unionized firms.

Postwar Japan saw militant left-led strikes. But over the long run enterprise unionism has encouraged a cooperation between company and union which allows management a great deal of flexibility in organizing production.

Scandinavia

At the opposite extreme from Japan’s firm-based unions are those of Sweden, Denmark, and Norway, where strong national labor federations largely control their constituent unions. Labor federations and powerful employer associations negotiate a basic economy wide “frame” agreement. Industry wide and local agreements are negotiated within this frame. In Sweden, plant-based
It says here that while America is only 18% unionized, Sweden is 95% unionized.

But Sweden has better schools, better medical treatment, and better childcare.

Munch!

So?

...and beat the foreign competition

So, maybe it's time we got organized...

“work clubs” negotiate the local issues. Contracts are legally binding and disputes are settled by courts whose judges are nominated by the unions, business, and government. Although union membership is not compulsory, it ranges from 65 percent of white and blue-collar workers in Denmark and Norway to over 80 percent in Sweden.

Unions use economy wide bargaining to impose “solidarity wage scales”, which raise wages of the lower-paid and reduce the gap between workers in different occupations, industries, and regions. Health care, vacations, and grievance procedures—subjects for collective bargaining in the U.S.—are addressed by national legislation. But Danish unions themselves operate unemployment funds which provide members almost full pay for a year or more.

Strikes are relatively rare in Scandinavia; the compactness of the economies, the general acceptance of the system by business, and a recognition of the dependence on foreign trade all favor compromise. The unions’ power derives in large part from their close ties with the national Social Democratic parties, which have been in power for much of the 20th century and have implemented a good deal of the labor movement’s agenda.

Germany

THE GERMAN industrial relations system functions on three formally distinct levels. In each state, unions bargain with employer organizations for each industry to set minimum standards for the region; while only 40 percent of workers are actually dues-paying union members, about 90 percent of all workers are covered by these agreements. Under the co-determination law, workers elect representatives (often with little influence) to corporate boards. Two-thirds of German workers are represented at the plant level by works councils.

Works councils are elected by vote of all workers in a plant. Both unions and independent slates can run, and, as in European parliaments, slates are represented in proportion to the votes they receive. (In larger firms, seats on the council are often reserved for special groups of workers such as the handicapped or guest workers.) About 80 percent of works council members are also union members, so union influence is strong. Companies are required by law to consult with the council on a wide variety of issues from production techniques to changes of operation or mergers.

Germany’s 17 major unions, representing white- and blue-collar workers in each industry, form a national federation called the DAG. The national organization serves as a lobbying group with government, nominates representatives on many tripartite boards which oversee public programs such as social security, operates schools and training centers for workers, offers expertise to constituent unions, and owns banks, construction companies, and many other businesses. While union leaders often support the Social Democratic Party, the German unions are required by law and by their own policy to be politically independent.

Great Britain

THE BRITISH industrial relations system is one of the most complicated and least regulated in the world. Like the American labor movement, it is the descendent of a 19th-century voluntarist, craft-based unionism which derived its strength from the skill monopolies of its members. Unlike American unions, Britain’s have vigorously and rather successfully maintained the voluntarist principle that the regulation of labor is the job of labor and not of the state (which is presumed to be more likely to favor the capitalist). Thatcherite laws attempting to regulate trade unions have failed to significantly undermine this tradition.

Unions may bargain basic agreements on an industry wide basis, but several unions are often present in the same shop, and a council of shop stewards who often act independently of, and sometimes in opposition to, their national unions typically conduct the real substantive negotiations at the plant level. The agreements reached are often unwritten and do not have the force of law.

British unions are organized into a national federation, the Trade Union
Congress. They are directly represented in the Labor Party and provide much of its financial support.

France

In France, like much of Southern Europe, unions have revolutionary and religious origins and remain divided along political and confessional lines. The large left-wing confederation, the CGT, has traditionally placed less emphasis on collective bargaining and more on political outreach and mobilization. France has among the lowest union memberships in the Western world, around 10 percent; unions’ strength is rooted in their incorporation within government institutions and their ability to mobilize nonmembers.

The Multinational Challenge

Every one of these national labor systems (as well as the many not covered here) is potentially threatened by the current transformation of the international economy, a transformation at least as great as that which a century ago led to mass production and the large national corporation.

The United States emerged from World War II as the world’s dominant superpower; the postwar political and economic order which it shaped was based on American hegemony. Multi-lateral agreements like GATT and Breton Woods made it easy for American industries to dominate international investment and the world’s markets. As late as 1963, the U.S. could claim 40 percent of world industrial production.

This situation began to unravel as Europe and Japan recovered from the devastation of the war. The relatively free trade policies of the postwar order enabled European and Japanese companies to expand internationally and challenge U.S. companies. The rest, as they say, is history, as familiar as the shoes we wear, and the deserted steel mills of the American Midwest.

New areas for investment and perhaps new types of multinational enterprises are to be expected with the opening of Eastern Europe to Western capital. Lech Walesa’s recent trip to the U.S. to seek investment and the passage of aid to promote new American investments are but the first moves. In November, G.E. announced that it had purchased controlling interest in Tungsram, one of Hungary’s biggest firms and a major marketer of light bulbs in Western as well as Eastern Europe. A corporate consultant commented in The New York Times, “You start with Hungary, but then you look to East Germany, because that’s where the money is.” Already there are moves underway to make Hungary, Poland, and Turkey member of the Common Market.

Corporations In Flux

Like the national corporations 100 years ago, which had to develop new structures to organize business activity across a continent, today’s multinationals have restructured to deal with the different national legal systems, cultures, and ways of doing business. The legal persona of the firm may vary from country to country depending on national laws. The degree of central control varies from firm to firm, some companies becoming more like clusters of separate companies. The distinction between market exchange and internal company decision-making is obliterated as companies move resources or repatriate profits across national borders by trading with themselves on favorable terms.

The very boundaries of the firm are blurred as companies increasingly enter into joint ventures. In the automobile industry Ford owns 25 percent of Mazda; GM and Toyota are involved in a joint venture called NUMMI which produces Chevrolets; GM owns part of a FIAT subsidiary in the U.S.; while Fiat owns 48 percent of Ford’s Iveco Truck subsidiary. Nissan produces a VW in Japan, in Brazil and Argentina, VW and Ford have combined operations in a new joint venture called Autolatina. Such joint ventures do not mean that these companies do not compete in other markets—only that they also cooperate.

National Labor; World Economy

No one can know the outcome of the changes now taking place in the world economy or what shape multinational enterprises will take in the future. But for labor the problem is clear: workers are organized into national labor movements while the markets and the corporate actors which dominate those markets are multinational. Addressing that problem will be a central task of all of the world’s labor movements.

Sometimes strong national labor movements can still successfully deal with multinationals. When McDonald’s first opened restaurants in Denmark in the mid-1980s, it refused to sign the national restaurant workers agreement. The Danish unions began a boycott and instituted what they call a “blockade” banning union workers from handling all McDonald’s goods. In 1989 McDonald’s agreed to sign. A Big Mac may be more expensive in Denmark, but Danish workers have maintained their national union standards.

All too often, however, even dedicated militancy and widespread solidarity are no match for the power of the multinational corporations. Consider the employees of Caterpillar Tractor in Uddington, Scotland. In 1986, after receiving union cooperation in introducing Japanese-style production methods, Caterpillar announced it was investing 62 million pounds to upgrade the company. Instead, four months later it closed the plant. Workers responded by illegally occupying the plant for three months. They received widespread support throughout Scotland. Using the new production methods, they assembled a tractor dubbed “The Pink Panther” for export to Nicaragua — to symbolize their ability to produce under their own direction and the need for their products in the Third World.

Not only did Caterpillar decline to reopen the plant, it refused to sell it to the workers or anyone else and insisted on removing all the equipment—presumably so the workers could not go into competition with Caterpillar.

The decision to close the plant was made thousands of miles from Uddington at Caterpillar headquarters in Peoria, Illinois. The reasons were never disclosed, but clearly had nothing to do with technological backwardness or union work practices. Rather, the closure was part of a major restructuring of Caterpillar’s worldwide operations to shore up its position against its...
Japanese competitor Komatsu and to respond to shifting exchange rates. The incident, like many others recently, shows the limits of what workers can do through collective bargaining, traditional job actions, or even extraordinary militancy, to counter multinational corporate power.

The Single Market

Such matters have become urgent for unions throughout Western Europe, where by 1992 the remaining barriers to the free movement of capital, goods, and labor will be eliminated throughout the European Community (EC). How can European trade unions maintain wage and working standards?

An obvious response is multinational bargaining. Bill Jordan, chairman of the British TUC Committee on European Strategy said recently, “The idea of single table bargaining at the European level is one whose time is fast approaching.” Western Europe’s largest union, the German IG Metall, has been organizing European-wide meetings of workers employed by the same firms.

Yet as IG Metall chief Franz Steinkuehler put it with considerable understatement, “Transnational organizing is difficult.” With the immense variety of structures, laws, and traditions of each national labor movement—not to mention the active hostility of multinational corporate management—international collective bargaining is not easy. Just imagine British shop stewards, American “international” unions, and Japanese enterprise unions trying to sit down to bargain with a company like Caterpillar!

The EC’s “Social Charter”

Such difficulties with multinational collective bargaining have led European labor movements (with help from allies in the EC officialdom) to develop an alternative approach: creating common standards through a “Social Charter.”

The EC’s proposed Social Charter is designed to protect working conditions across Europe by establishing minimum standards in such matters as job security, occupational safety, unemployment compensation, and social security benefits. The Charter is further expected to insure that work done in any country must be in accordance with existing national labor agreements. It seems likely that the charter will also mandate some kind of works council system.

The Charter addresses the concern that Europe-wide markets could lead to a downward spiral of wages, working conditions, and social benefits as workers compete for increasingly mobile jobs. It addresses the question posed by Danish trade unions: What will prevent companies from recruiting low-paid Portuguese workers and bringing them to Denmark to work at rates below the national agreement? It addresses concerns of the German trade unions about protecting hard-won gains like the shorter work week.

Margaret Thatcher has been quick to condemn the proposed Charter as a “throwback to Marxism.” Franz Steinkuehler of IG Metall answers: “We need minimum social levels, which will improve the position of people in general, without giving up what we have achieved in our own country.”

“Minimum Social Levels” Worldwide?

The effort to establish “minimum social levels” through an international social charter provides labor a way in addition to international collective bargaining to deal with multinational corporations. It provides a strategy—not only in Europe but worldwide—for restricting corporations’ ability to play off workers in different countries against each other. It suggests a way to pursue the labor movement’s continuing goal of “reducing labor as a factor in competition.”

Some modest steps in this direction already are under way. The International Labor Organization (ILO) has sponsored scores of international conventions regulating labor conditions in signatory countries. The U.S. has passed token legislation limiting imports from countries that deny labor rights, and proposals for parallel international restrictions are on the table at the current GATT negotiations.

There are unquestionably difficulties with expanding such efforts into a global equivalent of the EC Social Charter. But even if this objective can’t be realized immediately, it’s time to begin talking about a Worldwide Social Charter and making it a central theme in the labor movement’s approach to the changing international economy. The implementation of the EC Social Charter in 1992 will help put such an approach on the agenda.

It was a struggle for “minimum social standards”—specifically for the eight-hour day—that galvanized the international labor movement throughout the 19th century. May Day became an international workers holiday in commemoration of a general strike for the eight-hour day in Chicago and other American cities a little over a century ago. The eight-hour demand cut across national, economic, and craft boundaries. It demanded a “minimum social standard” as a basic human right. A similar “global standards” approach today may be essential to a successful labor response to multinational corporate power.

FURTHER READING

There is little literature on labor in other countries written for workers or the general public. The following studies provide a good deal of information, though from an academic perspective.

Comparative Industrial Relations by R. Bean (St. Martin’s Press, New York, 1985) provides a brief overview of the main themes in academic comparative industrial relations and a valuable bibliography.

Multinational Business and Labor by Peter Enderwick (St. Martin’s Press, New York, 1985) examines the labor practices of the multinational corporations.


Two valuable articles in political journals are:
