BUILDING LABOUR INSTITUTIONS TO SHAPE THE WORLD ORDER?

INTERNATIONAL TRADE UNIONISM AND EUROPEAN WORKS COUNCILS

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> *The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.* Marx and Engels, [1848] 1998, 39
>
> *The enormous growth of industry and the remarkably rapid process of concentration of production in ever larger enterprises represent one of the most characteristic features of capitalism.* Lenin, [1919] 1934, 17

I Introduction: the external and internal challenges to international labour organisation

One hundred and fifty years after Marx and Engels wrote the above words, and almost 90 since Lenin wrote his, the world is awash with talk of globalisation. Ongoing changes in the political economy of capitalism are stimulating debate about the convergence, or partial convergence, of the structures of capital, of business organisation and of management practice across space. There can be no doubt that the business class (outside Asia at least) is collectively confident of their future in a world without serious political challenge. And as this advert for Forbes indicates (Figure One), the language and iconography of the left can now be taken up in the service of the ruling class as they are called to unite to serve their best interests!

As Ash and John have already demonstrated, the contemporary world order poses new and difficult challenges to existing political organisations, structures and systems of governance (witnessed in their case in regional level political-economic decision making). In this paper I want to concentrate on the challenges now faced by labour at a much larger scale. I ask whether the international trade union movement will be able to forge the new institutions, and so develop the structures and systems of governance and regulation, to meet the contemporary challenges at an appropriate scale. In

particular, I look at the ways in which trade unions may be able to respond to the growing number of transnational corporations (TNCs) which now embody enormous reserves of economic and political strength (Figure Two - an aside on the MAI; Figure Three - mergers and acquisitions). However, in so doing I want to advocate caution in the way that these threats are presented. For although the extension and deepening of capitalist social relations across space (globalisation) is one part of the contemporary challenge to labour, these processes are often connected to other developments which are also altering the balance of power between capital and the organised working class. In particular, processes of industrial change, the hegemony of neo-liberal policy and de-regulation, and the collapse of communist regimes in the East are all widening inequality and undermining the power of labour (IMF, 1997). While each set of developments has made it easier for capital to move across borders in pursuit of greater returns, it is clear that economic globalisation is only one part of the problem for labour.[1]

The development of a global economy, in conjunction with new forms of work, management practices and political regulation, poses enormous challenge to organised labour. In the industrialised world at least, unemployment persists, union membership continues to fall, national bargaining agreements have been eroded, and for some, real wages have dropped. More alarmingly, trade unionists are still seen as an 'inconvenient obstacle' to the development of trade and investment in some parts of the world, and in 1996, 264 trade unionists were murdered (80 of them in Columbia) (ICFTU, 1998, 2). Unions are often fighting just to stand still and it is difficult to imagine them finding the strength and resources to build any new international institutional structures. As Ron Oswald, the General Secretary of the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) put it to me during interview:

[1] Elsewhere I have highlighted the political dangers of debates about globalisation which script capital as omnipotent, thereby further diminishing the power of organised labour (Wills, 1998a; see also Fox Piven, 1995). And in this sense, it is important to exercise caution in presentations about globalisation.

> It's a bit like when somebody is driving on black ice. Theoretically, they know what to do when the car sets off in a skid, but instinctively they do the opposite. So instinctively, when our affiliates are faced with domestic problems which are the result very much of globalisation, their response is to close in on the domestic arena. Theoretically, in the union president's speech, like the good driver, they know what to do, but when it comes to the actual moment of reaction, they act much more defensively and much more parochically than you would like ... You can understand why but it poses a real challenge to the international organisation of labour.
>
> Ron Oswald (interview, 15.6.98)

The trade unions are in a paradoxical situation. While they acknowledge the importance of building international organisations to match the growing power of TNCs, their immediate circumstances make it extremely difficult to respond. Trade unions are still national organisations, they think and act nationally, despite acknowleding the importance of the international scale. And just as local trade unions slowly responded to the nation-state in the nineteenth and early twentieth centuries, by amalgamating and pooling resources at the scale of the state, the challenge of the millenium will be to build genuinely international trade union organisation (Gallin, 1994; MacShane, 1996; Moody, 1997; Waterman, 1998; Wills, 1998a). In this regard, the international trade union organisations that already exist face twin difficulties in the future. On the one hand they need to respond to the external challenges of the changing nature of capitalist political-economy, and on the other, they also need to win an internal argument about the importance of resources, power and authority moving from the national to the international arena. Success in the former will help to shift the latter debate, but it is by no means certain that both obstacles will be overcome in the future.

The ability to conquer both external and internal challanges is thus key to the future of international trade unionism, but it is important to highlight the developments that are already taking place. The International Confederation of Free Trade Unions (ICFTU) and the International Trade Secretariats (ITS)[2] have become much more effective in

[2] The International Confederation of Free Trade Unions (ICFTU) is an international trade union body with a total membership of approximately 127 million in 135 countries (TUC, 1996, 46). Following the

recent years. Changes in the political-economy of capitalism have allowed these organisations to play a more practical and interventionist role at a transnational scale. As national affiliates have had to respond to TNCs, they have used the ITS - and their regional offices - to coordinate meetings of trade unionists, to provide information, to foster solidarity, to organise campaigns and even to hold meetings with the directors of particular TNCs. Networks of capital now ensure that increasing numbers of workers have common cause with each other, and as Paul Garver of the IUF suggests, when global companies care about their corporate image, they have particular weaknesses as well as real strength:

> What can we do if an Indonesian national company shoots workers for going on strike? If Coca-Cola do it, however, we can organise something extremely effective.
>
> Paul Garver (interview 15.6.98)

As millions of workers are employed by large firms, a practical form of 'bottom up convergence' may now be possible as workers form links across borders. Indeed, as Herod (1997, *) suggests, contemporary political-economic developments have helped to transform international trade unionism "away from the geopolitical concerns of East-West bloc politics and global ideological struggle which have characterized international trade union politics for much of the past half century and towards a greater concern with geo-economic issues related to globalization, the power of transnational capital, and the growing integration of formerly fairly discretely organized national economies".

Although organisations like the ICFTU and the ITSs are successfully devising strategies to take on the power of TNCs in the interests of the world working class,

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end of the Cold War, the World Federation of Trade Unions (WFTU) - traditionally an ideological opponent of the ICFTU - has largely fallen into disrepair, cementing the global leadership of the working class in the ICFTU (see Herod, 1997). The International Trade Secretariats came into being at the end of the nineteenth century to organise unions on a sectoral basis. There are currently 14 such organisations with a combined membership of some 120 million members. These tend to be small organisational structures with a regional presence and they take up issues of international solidarity, corporate campaigning, lobbying for social clauses in world trade agreements, and information, policy and development work (see Lorwin, 1929; Bendt, 1996).

they still need to win an internal argument about the importance of securing adequate resources and power at the transnational scale. Ron Oswald from the IUF puts this very well when he argues :

> We are in a period of transition when we are caught between two phenomena. One is the huge increase in our workload as the unions in industrialised countries expect us to continue our old role of solidarity work alongside more direct assistance in dealing with transnational firms. Our work has become much more practical, much more demanding - which is good - we are much more of a trade union organisation. But unfortunately, there is a hell of a time lag between that reaction to employers ... and any increase in resources. The second phenomena is that globalisation is causing financial problems for all IUF affiliates at the present time and recruitment is more and more of an issue for them.
>
> Ron Oswald (interview 15.6.98)

Without winning extra resources and new mandates to act at the international level, the emerging global labour movement will be unable to make an adequate response to the challenges posed by the contemporary world. And without such an institutional base, global labour cannot play a role in developing the global regulatory structures of the twenty-first century (Breitenfellner, 1997; Crouch and Streeck, 1997). While the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank continue to shape the contours of political-economy, the Intenational Labour Organization (ILO), the ICFTU and the ITSs do not have access to the same level of regulatory power (Breitenfellner, 1997). As Dan Gallin, from the Global Labour Institute suggests “we need to restore a social compromise at world level. And whatever else is involved, that depends on a functioning and effective world labour movement” (interview, 17.6.98).

In the rest of this paper I make a brief assessment of current developments in the global labour movement before going on to look at the experience of European Works Councils (EWCs) in more depth. I use EWCs to examine the potential of labour to meet the external and internal challenges posed by the contemporary political-economic world order. In conclusion I then ask whether labour will be able

to forge the institutions, and new structures of governance, which are adequate to shape the world in the future.

II Strategies in the fight against TNCs

Small examples of practical internationalism have accompanied the development of globalisation as workers find common cause to link up with each other. The ICFTU and the ITSs have devised four broad, overlapping, strategies for meeting the challenges of TNCs, although all are predicated on building strong grassroots union organisation (and the ITSs are all engaged in development work to ensure that this happens, for examples taking place in Central and Eastern Europe, see Herod, 1997, 1998):

(i) World company councils

Historically, a number of the ITSs have assembled shop floor representatives and union officers who work in particular TNCs to meet one another. Through face to face contact, sharing information and experience, and organising together, it is argued that international solidarity can be achieved. While the International Metal Workers' Federation (IMF) has been in the forefront of these developments, and currently supports at least 18 such bodies on a regular basis (see Table 1), others have adopted more ad-hoc arrangements. Indeed, the IUF and the International Federation of Commerical, Clerical, Professional and Technical Employees (FIET) have moved away from holding regular company councils towards more targeted work in particular TNCs.

Table 1: Some of the world company councils organised by the IMF

Automotive	Electrical/Electronics	Mechanical Engineering
General Motors	General Electric	SKF
Ford	ABB	Caterpillar
Volkswagon	Matsushita	
Volvo	Siemens	
Fiat	Electrolux	
Toyota	Thomson Multimedia	
Nissan	Ericsson	
Honda		
Mitsubishi		
Mazda		

Source: IMF, 1996, 16

In 1995, the IMF was able to secure company involvement in their SKF world union council. This agreement with the Swedish bearing company represents the first global forum for information and consultation between employers and unions, and as indicated in Figure 4, the company has given full recognition and support to a union-led global body.[3]

Figure Four: The SKF World Union Committee

- a worldwide forum for dialogue and the exchange of views between SKF managers and employees
- employee reps are nominated by the representative trade unions in each country, to meet the following allocation:
- Sweden 4; Germany 3; Italy 3; France 2; UK 2; USA 2; India 2; Spain 2; Austria 1; Brazil 1; Netherlands 1; Mexico 1; South Africa 1; Argentina 1; Malaysia 1

(the costs of additional representatives is to be met by their unions, IMF officals are appointed and act as advisors)

- members of the prepatory committee are designated by the Swedish and German unions and the IMF
- the world union council meets at least once a year over three days, and one day is taken up with a study visit
- costs of the meeting and travel are met by SKF

(agreed by the International Metalworkers' Federation (IMF) and the SKF group)

Source: SKF World Union Committee agreement

[3] The IMF has made a similar agreement with senior managers in the car company Volkswagon. At the annual world company council in Prague, in May 1998, the IMF and VW agreed company involvement in future (interview with Peter Unterweger, IMF, 17.6.98).

In a similar vein the IUF have made arrangements for their regional secretaries (from non-European locations) to attend the annual meeting of the Danone European Works Council, and they have a long established relationship with this particular group. More remarkably, perhaps, the recent merger of Daimler-Benz and Chrysler has prompted closer links between the American and German unions in the group. The German union IG Metall already represents 100,000 workers and has employee representative seats on the supervisory board of the company. They have given up one of these seats to ensure that the United Auto Workers are also represented in future, covering the interests of 100,000 American workers who are now also part of the group. This development would give a member of an American union a board-level say in matters involving the group beyond the US and the two unions have also called for a global works council to cement such an arrangement in future (Wall Street Journal, 28.5.98; International Herald Tribune, 18.5.98). Moreover, as mergers and acquisitions continue, new possibilities for closer transnational union links and even transnational union mergers will present themselves to national and international trade union bodies.

(ii) Company codes of conduct

In an era when global corporations are acutely aware of the importance of branding and of their corporate image in the persuit of a loyal and confident customer base, international trade union bodies have been able to pressure TNCs to agree codes of conduct. Unlike internal documents and ethical codes, of which there are growing numbers (including companies such as Nike, Reebok, Sears-Roebuck and Levis), negotiated agreements give the international trade union movement a handle to monitor the activities of firms and to eradicate breaches in agreed codes of conduct. After a tragic fire in a Chinese toy factory when 87 women were killed, the Italian unions were able to make such an agreement with Artsana, the toy manufacturer, covering all subcontractors to ensure that ILO standards are met (Breitenfellner, 1997). Similarly, the ICFTU, the International Textile, Garment and Leather

Workers' Federation (ITGLWF) and FIET have agreed code of a conduct with Fifa for the production of footballs. The IUF also has a set of agreements with Danone, the French food conglomerate, which cover trade union rights, training, business changes and closures.[4] And more recently, bad publicity about a labour dispute in a factory in Romania which produces furnishings for IKEA allowed the International Federation of Building and Wood Workers (IFBWW) to make a similar agreement. This document covers all subsidiaries of the IKEA group, and has provision for regular inspections by representatives from the management and the IFBWW (see Figure Five).

Figure Five: The IKEA-IFBWW code of conduct regarding the rights of workers (25 May 1998)

- IKEA procures goods from some 70 countries and retails in at least 30 countries
- IKEA and the IFBWW "are agreed on the advantages of long-term, stable rules of conduct for all parties in both producer and purchaser countries, which may also provide standards for industries other than the wood industry"
- The code of conduct applies to IKEA's suppliers as well as direct employees
- A monitoring group (comprising two members from IKEA and two from the IFBWW) will meet at least twice a year, at supplier's premises to carry out their mandate

The following standards apply:

1. Employment must be freely chosen
2. No discrimination in employment
3. Child labour must not be used
4. Respect for the right of freedom of association and free collective bargaining
5. Adequate wages must be paid (at least fulfilling national agreements or legislation, no wage deductions can be made without permission, workers must have full details about their wage payments)
6. Working time should not be unreasonable
7. Working conditions must be decent (inc. health and safety, and safety from physical abuse and harassment)
8. Conditions of employment must be established (covering national legislation on social protection, permanent employment, "apprenticeships that do not truly aim to provide knowledge must not be permitted. The parties shall work towards creating permanent employment")

Source: IFBWW (web site details:

http://homepages.iprolink.ch/~fitbb/INFO_PUBS_SOLIDAR/Faxnews_124.html)

[4] The IUF has been one of the pioneers in this field and has also secured an agreed code with Accor the French hotel and catering group.

(iii) Corporate campaigning

The ITSs have long made corporate campigning an issue, even if they did so internally by calling for solidarity from their affiliate members. More recently, however, the unions have been able to link up with non-governmental organisations to widen the scope of such corporate campaigns. New technology has allowed the unions to develop 'cyberstrikes' against particular companies, targeting corporate email systems with solidarity mail (Lee, 1997; Waterman, 1998). Following the success of the USWA's cyberstrike against the Firestone tyre company, which ended when all 2300 sacked workers were reinstated (Brietenfellner, 1997; see also Herod, 1997), the ICFTU and the ITSs have developed this part of their work. At the present time the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) is involved in a major campaign against Rio Tinto Zinc for anti-union activities; the IUF has successfully defended Philippino workers in the banana company, Dole; the International Transport Federation (ITF) has launched cyberactions in support of Norwegian workers threatened with out-sourcing in Saga Petroleum; and FIET has been targeting Rentokil over its European Works Council structure (see Figure Six). As non-governmental organisations continue to take up issues of corporate ethics (such as the World Development Movement's work on the banana industry or campaigns against child labour), the international unions have the opportunity to broaden the base of their work and to integrate trade union rights into wider campaigns.

(iv) Lobbying for social clauses in regulation

As a triparite body of employer, union and geovernment representatives, established in the ferment of social unrest in 1919, the International Labour Organisation (ILO) has established conventions to which member states are expected to conform. The core conventions cover forced labour (conventions 29 and 105), the right to free association and collective bargaining (conventions 87 and 98), the prevention of discrimination and equal pay for work of equal value (conventions 100 and 111) and

child labour (convention 138). But while these standards are useful axes of pressure in a globalising economy, the trade union representatives at the ILO are campaigning for greater powers and for stronger social clauses in the regulation of trade and investment. As Kyloh (1998, 6) suggests, the ILO does not have the weight to match the activities of the IMF, WTO[5] and World Bank (WB):

> The role and influence of the ILO at the international level is, at best, comparable to that of a labour ministry in the national policy framework. Both the ILO and labour ministries are often excluded from the discussions and decisions on economic issues that have a profound impact on employment, poverty and social development, yet are expected to help shape and implement labour and social policies to make them consistent with parameters created by monetary, fiscal and industry policies. It often seems that the establishment of economic and social policy resembles the putting together of a jig-saw puzzle: finance and economic ministries, in partnership with the international financial institutions, take decisions that result in most pieces of the puzzle being firmly placed on the board leaving small spaces for those pieces that correspond to labour and social policies. Because these are the last components to complete the total picture, their shape is already virtually determined and little scope exists for manoeuvre.

The ICTFU and the workers' representatives at the ILO are campaigning for the ILO to be a partner with the IMF, WTO and World Bank, ensuring that employment matters and labour rights are considered during decision making about loans, trade and reform. In particular, the ICFTU has made the case for a workers' clause to be adopted and supervised by the ILO and the WTO, to ensure that nations do not gain unfair advantage through the erosion of workers' rights to organise, through discrimination or the use of child and/or forced labour. As the ICFTU (1997, 1) declare in their booklet *Fighting for Workers' Rights in the Global Economy :*

> World trade is a complex chain of inter-woven contracts across national boundaries, but the first link in that chain is the exchange of work for pay. The absence of agreed rules on basic workers' rights is a gap that could threaten the whole elaborate edifice of the global market. Without common rules applied by all member states to the WTO, workers can have no confidence that their efforts to meet the challenge of competition will not be unfairly

[5] The WTO was established in 1995 to replace the General Agreement on Tariffs and Trade (GATT). By late 1997 it had 132 members although its agreements currently makes no reference of labour standards (ICFTU, 1998).

> undermined by unscrupulous employers and governments looking for a quick profit.

Moreover, in advocating such social clauses in the discipline of economic activity, the ICFTU proposes a sophisticated system of monitoring and trade sanctions to ensure compliance with the terms of the clause. The 1996 WTO ministerial summit in Singapore made a statement in support of core labour standards and in favour of collaboration with the ILO, indicating that progress is slowly being made.

In combination then, these developments are starting to shape the processes of globalisation and to convince national and local trade union members and officials of the importance of the international scale in contemporary labour organisation. At a time when action at the national scale is often insufficient to win disputes, national affiliates will be increasingly reliant on the work of their international organisations to bring success in campaigns (in this regard, see Wills 1998a for a brief resume of the Liverpool Dock Workers'; and for additional examples see Herod, 1995). In this context, the ICFTU and the ITS hope to secure additional resources and support for their work. But in the meantime, these organisations have found it easiest to win such arguments on a regional basis, and particularly, within Europe. With the development of social partnership and protocol within the EU, the European offices of the ITSs have been able to secure greater concrete gains for their affiliates, and as a result, greater legitimacy as transnational actors. As Jan Cremers from the European FBWW (EFBWW) explained during interview:

> EWCs have brought us much more inside information about what is going on in our industry. They have given us much better information and analysis of industrial relations and industrial policy - the problems we have to face and so on. We now have very concrete inside information. The EWCs have also created, for the first time in history, a European mandate for the European federations of labour. The national unions have given a negotiating mandate to the European industry federations for the first time in our history. It is completely new for us to sign agreements like this. This makes us much stronger in debates with the Commission and the employers about concrete issues.
>
> Jan Cremers (interview, 16.4.97)

As Breitenfellner (1997, 545) suggests, “Europe promises to become the chief laboratory for experiments in global unionism”, and for this reason, the rest of this paper concentrates on developments within the EU.

III Regional labour organisation: the lessons of European Works Councils

Proponents of a social economy in Europe have pointed to the advantages proffered by the harmonisation of social conditions and industrial relations across Europe. Rather than competing on costs, those promoting the co-operative model suggest that the countries of the EU should secure their global economic advantage through high labour productivity and social investment. By collectively building a social economy based upon high levels of skill, workplace participation and social inclusion, these commentators suggest that the European economy will find global advantage. As Bercusson and his co-authors (1996, 13) explain in their *Manifesto for Social Europe*:

> Europe needs social convergence criteria. Social rights and market regulation are not obstacles to economic and societal progress and modernisation; on the contrary, they are pre-requisites of the latter. Social convergence criteria are necessary for the Economic and Monetary Union in order to overcome mass unemployment, provide skills and guarantee equal opportunities. Mechanisms must be created to secure the implementation of these social convergence criteria.

Social policy in Europe is thus argued to provide a route to economic success through social partnership and investment in training, stabilising the social fabric within which economic activity takes place. Such policy can only be secured through collective adherence to agreed codes of practice and if individual countries are free to make short term gains on the basis of low wage costs, poor employment conditions and weak regulation, then they will undermine the ability of all Europeans to make a success of their future.

To date, this debate has favoured negotiated approaches to worker participation and the implementation of standards. Rather than relying upon employer-led initiatives alone, the Commission has adopted legislation designed to confirm the role of trade

unions as social partners alongside employers (Teague and Grahl, 1992; Teague, 1995; Turner, 1993; Hyman and Ferner, 1997; Bercusson *et al.*, 1996). The social protocol of the 1993 Maastricht Treaty has been the key mechanism for this social agenda. By giving representatives of management and labour a formal role in the development of social and economic policy within the EU, Directives on EWCs and parental leave have come into being.[6] There is, of course, considerable doubt about the extent to which these developments can alter the dynamic of capitalism within Europe and there are many who are sceptical of corporate support for such an approach. But the European Trade Union Congress (ETUC) and their affiliates and allies in the political sphere continue to proselytise the value of social legislation and partnership to secure the future of Europe, and they are lobbying for the social economy in all spheres of policy and debate (for a detailed overview of the development of the ETUC see Goetschy, 1996).

The EWCs have become a key institutional terrain where members of the European trade unions can seek to put this vision of the social economy into practice. By allowing European employee representatives to meet, EWCs present an opportunity for the 'bottom up' convergence of conditions, human resources and industrial relations practices across Europe. Such outcomes depend on the meticulous co-ordination of bargaining and organisation between trade unionists between and within individual nations, which is difficult to achieve. But EWCs are a stage upon which different visions of the convergence of human resources and industrial relations can be played out. In short, they provide an institutional battleground for a war over the type and nature of political and economic convergence that is to take place. A 'top down' vision of managerial benchmarking, productivity indicators and concession bargaining

[6] Whilst these are the major issues covered thus far, there are a number of other debates which have taken place under the auspices of the social protocol (see Bercusson, 1992; Teague, 1992; *Employment Europe*, 1995). In addition to this scale of debate, however, the social partners are also free to meet on a sectoral basis, discussing any issues of common interest, producing guidelines and agreements for activity in particular fields (*European Industrial Relations Review*, 1997). Moreover, the social protocol is not the only arena for social policy formation, and measures can be taken through other legislative channels.

can be challenged by 'bottom up' initiatives to spread 'best practice', improved conditions and prevent social dumping.[7]

Devised to overcome the 'representation gap' in large transnational companies, the European Works Councils Directive requires that all companies which employ more than 1000 workers, of whom at least 150 are employed in two (or more) member states, are legally obliged to establish a forum or procedure for informing and consulting all their employees across Europe (for more information on the background to this development, see Hall, 1992, 1994; Hall *et al.*, 1994; Gold and Hall, 1994; Carley *et al.*, 1996; Rivest, 1996). In effect, at least 15 million workers, in approximately 2000 MNCs, now have rights to a new level of representative information sharing and consultation which will bring them into contact with their colleagues from other countries in Europe. As a representative from the European Social Affairs Commission (DG V) explained during interview:

> It's a big operation: 2000 companies, with an average of 35 people on each council. That means that 50,000 representatives will be confronted with Europe for the first time. Not as something on television or as tourists, but as a real process, by meeting their colleagues. We have never had anything like this at the European level, with the citizens being directly involved.
>
> (intervew, 15.4.97)

About 430 voluntary, or article 13 agreements, were made before 22 September 1996, and since that deadline has passed, the Directive specifies a particular mechanism for negotiating an article 6 EWC (for a detailed analysis of article 13 agreements, see Marginson, *et al.*, 1998). EWCs generally meet once a year for the purposes of information sharing and consultation, providing an opportunity for senior managers to outline corporate developments to employee representatives from across

[7] Hoover's decision to relocate production from Dijon in France to Cambuslang, Glasgow, during 1993 has been the most notorious example of this practice. The AEEU in Scotland made concessions to Hoover's management to attract the work from France, leaving their European colleagues to face closure. Social dumping is thus understood to mean the attraction of capital investment on the basis of low wages, poor conditions and weak regulation. As such, social dumping has been a matter of serious political concern across Europe, where there are still large disparities in costs across space. Despite this concern, however, there is very little information about the extent of such activity within Europe (for further debate see European Industrial Relations Review, 1993; Wills 1998a).

the European Union (EU). The brief of these meetings can be enormous, as implied by the specification given in the annex of the Directive (TUC, 1997, 72):

> This meeting shall relate in particular to the structure, economic and financial situation, the probable development of the business and of production and sales, the situation and probable trend of employment, investments, and substantial changes concerning organisation, introduction of new working methods or production processes, transfers of production, mergers, cutbacks or closures of undertakings, establishments or important parts thereof, and collective redundancies.

Moreover, the annex makes specific reference to exceptional situations when employee representatives may need to be informed and consulted outside the annual meeting:

> Where there are exceptional circumstances affecting the employees' interests to a considerable extent, particularly in the event of relocations, the closure of establishments or undertakings or collective redundancies, the select committee, or where no such committee exists the European works council shall have the right to be informed. It shall have the right to meet, at its request, the central management, or any other more appropriate level of management within the Community-scale undertaking or group of undertakings having it own powers of decision, so as to be informed and consulted on measures significantly affecting employees' interests ... This meeting shall not affect the prerogatives of the central management.
>
> (TUC, *op. cit.*, 72)

To some degree, these new information sharing and consultative forums reflect current thinking in some managment circles. The flexibility, faster decision making, higher levels of innovation and more decentralised management structures associated with the post-Fordist economy have demanded that workers be much more involved in 'their' business. Rather than relying on the command and control culture associated with Fordist economic organisation and Taylorist management practice, many managers now hope to manage the workplace through employee commitment to, and involvement in, the job that they do (Streeck, 1995; Ramsay, 1990; Kochan and Osterman, 1994; Wills and Lincoln, 1998). A wide variety of Human Resource Management (HRM) practices have emerged to secure this new form of workplace

organisation and EWCs can be absorbed into this model of management practice (Wills, 1998b).

It is good management practice to gather together employees and provide them with an overview of business developments, financial results and plans for the future.[8] Being informed by the senior managers of the company is likely to increase employee involvement and committment, improving performance in the long term. And in this way, EWCs can provide a forum to reinforce the corporate culture and vision. Indeed, experience at EWC meetings indicates that there are a number of barriers to the development of international labour organisation and solidarity in this forum.

The agenda of the EWC meeting is often set, or strongly influenced, by managers, and senior staff have the opportunity to give employee representatives their view of the business. As Ramsay (1997a, 319) explains:

> MNCs, if they chose to take the initiative, may be able to increase management control by selling their own message convincingly, seeking concessions to 'best practice' benchmarking in efficiency across their operations, and increasing enterprise consciousness by squeezing out external union representation.

Many EWCs are structured so that managers make long presentations followed by limited periods for questions and answers, and there is little opportunity for real consultation (*European Works Councils Bulletin*, 1998; Wills, 1998c).

In addition, the experience of EWC meetings may tend to reinforce managerial power as employee representatives hear accounts of restructuring and redundancies in other parts of the group and then feel increasingly vulnerable in their own place of work. The language of benchmarking and comparative indicators can mean that employee

[8] In this regard, it is significant that the UK Government's 1998 White Paper, *Fairness at Work* , highlights the importance of partnership in the workplace stating that:

> where they have an understanding of the business, employees recognise the importance of responding quickly to changing customer and market requirements; where they are taken seriously, employees at every level come forward with new ways to help the business innovate, for example by developing new products; and where they are well-prepared for change, employees can help the company to introduce and operate new technologies and processes, helping to secure employment within the business.
> Department of Trade and Industry, 1998, 12

representatives are wary of their colleagues in other places, especially if their European brothers and sisters are seen to be potential benficiaries of relocated production (Ferner, 1997). The movement of work from one place to another will inevitably cause tension and the EWC does not necessarily allieviate this. Moreover, as Ramsay (1997a, 319) suggests, a comparative approach to managing production and economic success is likely to be taken for granted amongst employees, thus reinforcing the managerial message at EWCs:

> In market economies, relative performance is likely to be accepted as important by employees, since it bears on their fate. The contradictions here, which are likely to be pervasive in EWC dynamics, lie at the heart of most forms of participation within capitalist systems: such competition can divide employees in different firms, and even plants within firms, and lends weight to managerial priorities.

Indeed, during interview, one EWC representative in a UK-owned company suggested that the EWC posed a conflict of interest. In representing his own local members at the transnational level, he felt there was nothing he could do to look after the interests of those in other parts of the group. When asked how he would deal with a call for solidarity from his international colleagues who were to loose work to his members, he replied:

> Well I suppose you can refuse to take any part of their product. I could probably inform the national officer of what's going on and he might have a bit of clout and get people to realise that what's happening there one day can happen here the next but it would be very difficult. The people I represent would be saying it's a good thing to have the new work and I've got to look after their interests because they elected me. I see the whole EWC as a conflict of interest from the position I'm in. It's my job to look after these people here but I'm supposed to go to Europe and look after the whole UK for a start.
>
> Representative 4, Company A, 4[9]

As this example illustrates, employee representatives still tend to think of themselves as local, or national, actors, rather than international ones. And as a representative

[9] This qualitative research work is part of a much larger project funded by the ESRC. During 1997 and 1998 I have interviewed employee and managerial representatives on the EWCs in 3 UK-owned companies, and attended EWC meetings, to monitor how they develop. The companies and individuals involved have not been names for reasons of confidentiality (see Wills, 1998c).

from the European office of the IUF explained during interview, this poses a major problem in operationalising EWCs:

> [T]hese people do their EWC work from the national perspective when they are supposed to do things on behalf of the everyone and understand everybody's experiences and viewpoints. In this sense there needs to be a huge effort from everyone to think differently. They need to transform themselves into Europeans and that's where I can see major problems.
>
> ECF-IUF representative (interview, 16.4.97)

Yet despite the dominance of local and national perspectives amongst representatives at EWCs, this new level of organisation remains largely unconnected to sub-European tiers of the union movement. Meeting once a year, to a management agenda, without bargaining rights, there is a strong tendency for employee representatives to be passive, viewing the EWC as unconnected to the rest of their work. Moreover, in the context of comparative management practice, the fear of relocation and competition for work, and without tight integration into national systems of industrial relations procedure, EWCs are likely to do little for transnational trade union strength. As Schulten (1996, 303-4) suggests, EWCs can actually work in the interests of the corporate agenda, building loyalty between employees and managers in the cause of the business:

> It is by no means certain that 'at the end of the day' the EWCs will really strengthen the position of European trade unions. On on the contrary, the current restructuring of European capital itself produces pressures which make it rational for TNC [transnational corporation] managements to have company-specific, European-wide regulation of industrial relations. In taht context, EWCs could be used as an instrument of human resource management (HRM), further weakening autonomous trade union representation.

It is clear that transnational trade union coordination and solidarity is very hard to achieve and the historical record confirms this prognosis (Milner, 1990; Lorwin, 1929; MacShane, 1992; Wills, 1998a). As a ‘top down’ development, led by policy from the Commission, EWCs have not been forged through struggle from the rank and file of the trade union movement (Turner, 1996). This, in combination with the various

strategies of managers to control EWCs and differences in national industrial relations traditions and procedures, makes it difficult to turn EWCs into meaningful bodies for action (see also Streeck, 1993; Ramsay, 1997a, 1997b). The trade unions have begun to respond to the challenge of the EWCs, but there is a still a long way to go.

EWCs pose a battleground for the future, and there still are opportunities for the unions to make gains. In particular, employee representatives can forge horizontal networks to their advantage, challenging the cross referencing of managerial benchmarking and performance criteria (Weston and Martinez-Lucio, 1997). With the implementation of the Euro, employees will be able to make more direct comparisons of the costs of their wages, and the employers are already fearful of an upward movement in levels of pay, as this response from a management participant in an Income Data Services (IDS) survey suggests:

> It is now even more important to divorce pay discussions from central union [ie. international unions]/EWC negotiations or there is a threat that all countries will end up paying the maximum level of salaries and benefits. It is not easy to see remuneration being harmonised at the lowest common denominator! Therefore central unions are banned from our EWC and we are approaching wage and salary negotiations on a more decentralized basis.
>
> quoted by IDS, 1996, 19/20

There is now evidence that the steering committees of some EWCs are using training programmes, internet communications and working parties to allow them to forge closer, and more productive relations (Muller, 1998; Miller and Stirling, 1998).[10] By having the opportunity to strengthen horizontal networks between employee representatives across Europe, EWCs can slowly foster trust across national borders. In their review of eight EWCs, Lecher and his co-authors (1998, 8) found that over time, the employee representatives take a larger role in the evolution of the new institution:

[10] The Ericsson EWC have established their own, unofficial, working party on equal opportunities and devised a programme of positive action for the employment of women. This group present an annual award for best practice in the company and hold regular meetings. Similar EWC initiatives include the use of questionnaires to collect information at Alcatel Alsthom, the use of internet communications at Bull and annual training seminars at Volkswagon (see Muller, 1998).

> As a rule, EWCs have been loathe to allow themselves to be reduced to the status of information committees and have sought to expand their field of action. This has embraced, most notably, improving the provision of information (quality, quantity, availability in writing, timeliness), opening up areas of influence over corporate policy and practice (such as relocations of production, outsourcing, occupational safety), and enlarging the EWCs resources (starting from the right to pre-and post-meetings, the establishment of a steering committee, and acquiring a budget).

Experience suggests that employee representatives grow increasingly frustrated at the lack of genuine consultation at EWCs and they are begining to devise strategies to overcome this complaint. Perhaps most significantly in this regard, the EWC at Renault was key to launching the first ever Euro-wide strike over the proposed closure of the Vilvoorde factory in Spring 1997. As the EWC had not been consulted as procedure determined, the European Metal Workers' Federation (EMF) coordinated industrial action to reverse the decision, involving workers from Belgium, France, Spain, Portugal and Slovenia (Breitenfellner, 1997, 546). Moreover, the company was legally challenged over their breach of agrements and so forced to re-start the process of change.

The ETUC, the European Industry Federations and national trade union centres are all monitoring and intervening in the work of the EWCs, seeking to improve the infrastructure of communications and to spread best practice across their member organisations (Stoop and Donders, 1998). As these new information and consultation committees take off, employee representatives will have expectations of achieving concrete outcomes which will be difficult for management to resist. And while transnational solidarity is not inevitable through these new institutions, they still represent a battle ground in which trade unions can assert their agenda. If they fail here, there can be little hope of them taking their battle worldwide.

IV Concluding remarks

Just as debate in Europe has focused on the development of a social economy and the virtues or otherwise of manageable social relations, the recent economic crisis in Asia

has generated anxiety about the instability of a form of capitalism without social regulation. The dangers of social unrest and upheaval pose a challenge to the ideological dominance of the neo-liberal agenda and even the World Bank is reported to be critical of IMF 'remedies' being implemented within Asia.[11] In this situation the international labour movement is begining to find a voice and develop the institutions necessary to respond at global dimensions. In particular, the ICFTU and the ITSs are developing new mechanisms to facilitate organisation and solidarity across borders. Reflecting new commonalities in workers' experiences, the ITS have become more practically focused in their work, concentrating on coordinating their members' in particular TNCs, on negotiating minimum standards, on developing corporate campaigns and on lobbying for social clauses in trade and political regulatory structures.

In many ways, these developments have advanced furthest in Europe, where the ETUC and the European Industry Federations have played a major role in social policy and in signing European Works Councils agreements. Transnational trade unionism has been legitimated by these developments and as Ron Oswald from the IUF explained:

> If it [an EWC] has majority trade union membership and if it includes an international trade union body then you have kind of broken through the barrier of recognition. That could be very important but it depends entirely upon the situation.
>
> Ron Oswald (interview 15.6.98)

[11] Herod and his co-authors (1997) use these sobering statistics to highlight the widening polarites of wealth, opportunity and risk that are developing alongside globalisation, with all they imply for long term stablisation:

> •Of the $23 trillion global GDP in 1993, $18 trillion is accounted for by the industrial countries, with only $5 trillion generated in the countries of the developing world, even though they are home to nearly 80 percent of the world's people.
>
> •The poorest 20 per cent of the world's people saw their share of global income decline from 2.3. per cent to 1.4 per cent in the past 30 years. Meanwhile, the share of the richest 20 per cent rose from 70 per cent to 85 per cent, doubling the richest to poorest ratios from 30:1 to 61:1.
>
> •The assets of the world's 358 billionaires exceed the combined annual incomes of countries with 45 per cent of the world's peoples.

(UNDP, quoted in Herod, O Tuathail, and Roberts, 1997, 16)

Once recognition has been established, albeit through an EWC, the international trade union movement can gain access to that particular TNC. However, as we have seen in the case of EWCs, the external and internal challenges facing labour in Europe have yet to be overcome. The EWCs have yet to forge strategies to deal with the challenges of contemporary political-economy and they are largely unconnected from national and local level trade union bodies. Without securing concrete results and proving themselves to union members, EWCs are likely to remain rather abstract affairs playing little role in cementing the wider fortifications of labour. Moreover, without results they will not help to secure additional resources and power for the organs of international trade unionism.

The coming institutional battles over the EWCs may prove emblematic of labour's ability to respond to the new global order. Without any success at the scale of the EU, the development of new social regulation at world level will be much harder to win. And while key developments are likely to come from beyond Europe, the trade unions currently have greatest opportunity to forge transnational links within the boundaries of the European economy. In the long term, the labour movement could prove key to fostering stability in global relations and shaping international political-economic affairs, but that potential is yet to be realised. To date, research suggests that valuable initiatives are being taken in Europe, and further afield, but they are insufficient to meet the challenges posed. The task remains to overcome external and internal obstacles to international labour organisation before the costs become even greater for people to bear.

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