

# **Trade Unions and Globalization – a changing paradigm Between Local and Global Action**

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## **1. Introduction**

“Decent work” represents a concept placed at the forefront of the MDGs and UN’s development agenda, coined by constituents of the International Labour Organization (ILO) – governments, employers and workers. It is “based on the understanding that work is a source of personal dignity, family stability, peace in the community, democracies that deliver for people, and economic growth that expands opportunities for productive jobs and enterprise development” and its attainment is pursued through four strategic objectives: creating jobs, guaranteeing rights at work, extending social protection and promoting social dialogue (ILO website).

*Full and productive employment and decent work for all have thereby acquired a central place in international and national policy-making. They are recognized as indispensable for economic growth, social cohesion and poverty eradication and are thus an essential element of sustainable development. (ILO, 2007: V)*

The era within 1870s-1970s saw the articulation of trade unions under the “clear parameters of the nation-state” (Munck, 2010: 218) and their ascendance to political power through the social partnership model. The expansion of markets, the internationalization of finance and production, massive privatization, the networking of firms and individualization of work challenged this model by shrinking the state sector, leaving traditional state services to be provided by the (mostly non-unionized) private sector and exporting industrial jobs from developed industrialized countries to less-developed ones with non-unionized workers and low-wage earners and, overall, weakened labor’s political influence. This situation led scholars and unionists to acknowledge the fact that “globalization is a new paradigm which demands new strategies, tactics and organizational modalities” (ibid: 219).

Indeed, the re-shaping of the capitalist economy posed fundamental challenges to the organization of the workforce, but as Herod (2001) shows, these transformations simultaneously opened new spaces for union strategy.

This paper aims to examine two different scales of trade union action, i.e. global and local, and to assess which of them is more relevant in counteracting the challenges brought up by the current fundamentally capitalist global economic structure. The question to be answered is: given the challenges facing trade unions in the 21<sup>st</sup> century, which scale or level, i.e. global or local, bears more salience or importance in terms of trade union strategies and engagements? The subsequent hypothesis entails no clear answer, but rather that the outcome of every endeavor depends on a “coterie of contingencies” (Herod, 2001: 407) and that sometimes local focused actions in strategic points of an MNC might prove more (or equally) suitable than trying to act on a bigger scale.

The article is divided into three main parts: first, a short description of the subject and the aim of the paper; second, an introduction to the state of the union movement in the 21<sup>st</sup> century, emphasizing some of the most important challenges brought up by globalization, followed by the classification of trade union action scales, providing a case-study for each of them in order to analyze the specific conditions of every situation and a couple of lessons and insights drawn from this analysis; and third, a short comparison of the advantages and disadvantages of each strategy level.

## **2. Trade unions in the 21<sup>st</sup> century**

In examining the labor movement nowadays, in its struggle against falling labor standards and conditions under the “third wave of globalization” (Burawoy, 2010: 311), scholars praise the fact that only by organizing at a global level, market capitalism could be contained and a more humane capitalism could evolve (Bezuidenhout 2000, Burawoy 2010, Hanagan 2003, Lambert 2010, Munck 2010, Webster et al. 2008 etc.). “If the counter-movement to the first wave starts out from the local and reaches the national and the countermovement to the second wave starts out at the national and reaches for the global, the countermovement to the third wave must begin at the global level for it is only at that level that it is possible to contest the

destruction of nature, let alone tackle the global machinations of finance capital.” (Burawoy, 2010: 311)

This hypothesis seems a little bit too pessimistic and even counterproductive, if we are to consider that the global starts with the local, that consciousness arises in specific places at particular times, that local struggles are the very basis of internationally connected labor movements. As Lambert asks, “how is such a movement to arise on the global stage, with the capacity to challenge the citadels of power in the absence of crafting such a movement from the ground up, connecting local places across the global, fighting the critical issues of work and economic insecurity, hyper-speculative and crisis prone finance capital and global warming, the crisis before all others?” (Lambert, 2010: 390).

Herod (2001) shows that rather than adopting a holistic point of view, it might be more suitable to work with a Popperian term or its equivalent, i.e. piecemeal social engineering. That is, instead of trying to reach unanimous or majority consent to challenge globalization on a worldwide scale, to obtain or create the consciousness and motivation for struggle, workers might have a better chance to win against an MNC through highly focused local campaigns.

The world as we know it is a terrain of constant battling, for power, for profit, for advantage, for rights etc. and the fact that some places in the world are far more favorable to workers than others is mainly due to the fact that previous battles were fought in order to achieve some standards or fair practices.

The expansion of markets and increasing competitiveness among countries, supported in the global North by the inescapable political assumption that state owned companies are inefficient and welfare expenditures should be reduced (the hegemonic discourse focusing on supply-side policies, started in the 1980s with the myth of “there is no alternative”, that has been dominant in the 1990s, but also after the 2008 financial crisis, promoted by the IMF, the World Bank and the governments of USA and Germany among others) “have had the result of weakening labor’s political influence”. (Hanagan, 2003: 485)

Moreover, the wave of de-industrialization and the falling union density pose new challenges to national trade unions which find themselves in a weak position under the increased prevalence of decentralized and company-level collective bargaining, as multinational corporations and regulatory agencies have increased their role in policy-making. (Taylor and Mathers, 2002: 93)

Furthermore, massive privatization has declined union membership until it “practically ceased to exist in the private sector” (Hanagan, 2003: 485), for example in France. In Great Britain, the Labour Party has distanced itself from the union movement, while the American equivalent, the Democratic Party challenged labor’s privileged status within the policy-making framework (ibid.). However, faced with these new challenges, “most trade unionists have continued to pursue traditional policies that rely on states for relief.” (ibid: 486)

In a context of states that stop protecting industries unable to compete on an international market, that emphasize exports and attracting foreign direct investments, to the detriment of labor legislation and wages (Bergene, 2010: 3), workers have less chances to succeed on the state terrain. Instead, the changing nature of the tripartite arrangements led workers to confront their employers on an uneven battlefield. It is uneven because first, MNCs are usually better organized than trade unions, and second, because generally MNCs have more resources than labor movements.

Therefore, what is left to be done is to change mentalities and strategies in order to catch up with the economic shifts, to take advantage of emerging chains of production, new technologies and channels of communication. As the speed of doing business increases and takes advantage of new opportunities, so can labor unions do. They could actively engage at different levels of policy-making (local, regional, national, global), attract more interest for their causes and find alternative ways to pursue their objectives.

### **A) Trade union strategies**

Two examples of trade union strategy that proved to be highly effective at their time are described in Andrew Herod’s article “Labor Internationalism and the Contradictions of Globalization. Or, Why the Local is Sometimes Still Important in a Global Economy” (pp. 410-416).

#### **a. Organizing globally – The 1990-1992 RAC-USWA Dispute**

Five deaths and several other injuries in just 18 months at an aluminum smelter owned by Ravenswood Aluminum Corporation (RAC) in Ravenswood, West Virginia led to the necessity of reinforcing health and safety issues in the collective working contract. As the contract between United Steelworkers of America (USWA) Local 5668 (the union representing Ravenswood workers) and RAC expired, on October 31<sup>st</sup>, 1990 union members were locked-out

and non-unionized workforce was brought into the firm to replace them, thus starting one of the most innovative campaigns of US trade unionism.

Initially, the dispute occupied the local media, but two months later USWA 5668 officials anonymously received a copy of a RAC audit carried out by the accounting firm Price Waterhouse showing among other things that RAC was part of a complex web of corporate ownership, led from Zurich, Switzerland by an US justice fugitive, Marc Rich.

Tracing back Rich, officers of USWA Local 5668 and the union's International office made up a five-pillar plan: 1. they contacted the National Labor Relations board, arguing that the lockout was illegal considering the US labor legislation; 2. they examined along with federal regulators a couple of health, safety and environmental violations for which RAC was considered liable; 3. they engaged in a number of "morale-boosting solidarity activities" (Herod, 2001: 411), such as leafleting the New York Stock Exchange, some university campuses and state capitols, and sending trade unionists on "solidarity caravans" across the country; 4. helped by the AFL-CIO's Strategic Approaches Committee, they initiated an international consumer boycott; the result – over 300 end-users of RAC aluminum (including some major clients, such as Anheuser-Busch, the Miller Brewing Company, and the Strohs Brewing Company) stopped acquiring metal from the plant during the dispute; and 5. USWA launched an international campaign to harass Rich's business everywhere around the world.

The next step pursued by USWA was to establish contacts with many trade unionists and politicians around the world, considering the fact that the Ravenswood plant played only a small role in Rich's portfolio. Such an undertaking proved fundamental for their cause because of two reasons: on a personal level, Rich still had his family in the US and outside interest might have ruined any attempt to negotiate his return in the US without facing jail time; on a business level, any negative perception of his way of doing business might have threatened forthcoming deals in Eastern Europe, Latin America and the Caribbean.

The international campaign further manifested itself into a series of successful events that combined efforts from the Industrial Union Department (IUD) of AFL-CIO (Washington, DC), Swiss unionists and members of the parliament, Dutch bank-workers' union, Czechoslovakian Metalworkers' Federation OS KOVO and Czechoslovakian President Vaclav Havel, Romanian, Bulgarian and Russian trade unionists, bearing immense pressure on Marc

Rich. At the same time, efforts from the Jamaican PM Michael Manley, the Venezuelan government and trade unionists, and representatives of Organización Regional Interamericana de Trabajadores convinced Venezuelan President Carlos Andres Perez to “publicly dismiss Rich from bidding on an aluminum deal” (ibid.: 414).

By April 1992, the anti-Rich campaign launched by USWA and the IUD entailed actions in 28 countries on five continents and plans to expand it towards Australia, Russia, Israel, Hong Kong, and Finland. In the end, on April 11 the dispute settled with the dismissal of the Ravenswood plant manager and was followed by the signing of a new union contract, the re-employment of locked-out workers, a strong union successorship clause, and wage and pension increases, in return for the removal of around 200 jobs.

b. Acting locally – The 1998 GM-UAW Dispute

In the last 30 years, the auto manufacturing industry started to adopt the “just-in-time” system of production. That is, instead of traditionally depositing components in large warehouses (which implies spending the capital for acquiring these components, for the land where they would be stored and for other maintenance costs), these would only be brought into the assembly plant shortly before they are used. In turn, the rank-and-file workers must adapt to the rhythm imposed by the flow of components into the plants and abandon the traditional working pace that would allow them to take a break after completing their daily quota of produced components.

In these conditions, on June 5, 1998 around 3400 members of United Auto Workers (UAW) Local 659 protested at a metal stamping facility in Flint, Michigan against General Motors’ new working rules. The effects of the strike were felt immediately as an assembly plant in Orion, Michigan had to send 2800 workers home because of the lack of components, and four other assembly plants proceeded in the same manner by the end of June 8. The reliance upon JIT system of production and inventory control had a snowballing effect: without the parts from Flint, parts from other plants were useless, so by the end of the first week 50,429 workers from 71 assembly and components firms were affected by the lack of work.

The situation worsened for GM on June 11, when 5800 members of UAW Local 651 struck a second plant in Flint (it was the only one in North America that made certain crucial components for GM vehicles). After two weeks of strikes, 121 components and assembly plants

got partially or totally closed due to lack of work and 105,514 workers were sent home. The dispute continued, so at its peak, on July 23, 193,517 workers had been laid off, 27 out of 29 GM American assembly plants got closed and 117 components plants in the US, Canada, Mexico and Singapore had been affected by the lack or reduction of activity. The decrease in production had considerable effects, as GM reported a loss of 500,000 vehicles and \$2.3 billion (after-tax) for the second and third quarters of 1998, plus a drop in market share from 31.9% in August 1997 to 21.6% in August 1998.

### **B) Considerations**

The first strategy described above can be considered a proof of building international labor solidarity. It encompassed people from different branches and cultures, bearing different interests, but reunited under the same cause. This kind of examples are “important because they force us to consider seriously how workers and their organizations struggle to impose particular spatial fixes on the economic landscape and how these struggles in turn shape the geography of capitalism” (Herod, 1997: 387). Though, what is striking in this example of labor geography shaping is the way the campaign spread. It started with local discontent (in the US – long tradition of unionization), reaching for national solidarity, creating connections with other places characterized by union tradition (Western Europe – England, France, Switzerland, Netherlands), expanding towards Central (Czechoslovakia) and Eastern Europe (Romania, Bulgaria, Russia); simultaneously, it brought support from Central (Jamaica) and South America (Venezuela); furthermore, it sought to expand the solidarity channels to Israel, Hong Kong, Australia etc. This concentric spatial character of the dispute shows how certain nuclei bear more importance than other centers even in a global strategy; the fact that some places have a longer tradition of union movement, that they are strengthened by previous disputes and specific education is very important for the unfolding of an international campaign. If the campaign would have started in a developing country or a transition economy maybe it would not have acquired the attention and support it got, and subsequently it would not have achieved the results it had. This argument is important to bear in mind when comparing two types of union strategy and their effectiveness because not every international campaign is necessarily successful. Sometimes, the same or even better results can be achieved with fewer resources and in a smaller amount of time.

The second example of union strategy also proved to be very efficient on short-term, benefiting from the contradictions of globalization and JIT system of production. Paradoxically, as companies profit from the speeding of transport and communication channels, so do trade unions in a highly integrated global economy, as local disputes can affect workers and plants situated far away. Thus, their focus could be entirely local, investing less time and fewer resources in convincing their local members that, if they were to succeed on a global scale, it is not necessarily to unite with workers from other plants in other parts of the world, but that support for their cause will be gained when the effects of their strikes and struggles would reach these other places. In so doing, trade unions may transcend time, space, cultural diversity and differences of opinion. At the same time, it is true that these other workers may feel that they are affected by disputes which don't regard them, and instead of offering support they might criticize the striking workers (Herod, 2001: 417). Which of these consequences will prevail depends on a number of uncontrollable parameters, such as the consciousness of the involved parts, the position of their leadership or the feelings they have towards the company. Moreover, the shrinking of space and time means that an MNC has less time to respond and reorganize its activity and that it will be more eager to settle the dispute, ceasing from its demands and re-empowering workers (ibid.). In the 1998 dispute, this situation forced GM's management to commit to "no substantive changes in work rules in the Flint plants for the immediate future, to investing some \$180 million in the stamping plant represented by Local 659 (in exchange for a 15% increase in productivity), to withdrawing its complaint in federal court charging that the strikes were illegal (thereby freeing the UAW from the threat of imposition by the courts of fines which could have ranged in billions of dollars), and to agreeing not to close several plants for at least a further two years" (ibid.).

But sometimes winning a battle within a war is not going to change the way the world functions. Re-engaging with Herod's analysis of the Flint area facilities 15 years later, a striking contradiction can be observed. The two plants that were involved in the second largest strike in GM's history – Flint Metal Center and Flint East – have taken different paths, transforming hand-in-hand with the company's "business needs ... to downsize and build smaller, leaner, more agile facilities that would allow ... to change products as consumer demand changed" (GM spokesperson Tom Wickham quoted in Allen, 2013). Out of 30.000 workers in the Flint area concentrated in 18 plants in 1998, in 2013 there were only 7500 employees in 8 facilities (and 2

of these 8 closed last year). The Flint Metal Center hiring 1415 employees out of which only 170 are salaried and the other 1245 are working hourly (GM's website), has been transformed into a modern facility, being one of those in the Flint area which benefited from a \$700 million investment, while Flint East is one of the two plants that closed last year. What made the two plants take such different pathways remains an interesting subject for a deeper research. Perhaps mentalities should also change along with business strategies, making workers more interested and more creative in trying to become an active part of a company in order to shape its business model.

Looking at the Ravenswood Aluminum Corporation (renamed Century Aluminum) the pathway it followed is even more drastic. The workforce employed at the Ravenswood smelter dropped to 660 workers (according to Century Aluminum's website), but the plant is actually closed since 2009 due to the financial crisis. The plant was supposed to restart its activity since 2012, but its management uses a dispute over the promised lifelong healthcare and prescription insurance of its retirees to negotiate reduced energy costs and tax cuts with the authorities of West Virginia. According to James Fassinger, a frequent contributor to *The Guardian* and *Reuters*, what happened is that in 2009, Century Aluminum closed the Ravenswood smelter and along with this, it cut the benefits of its retirees. After 75 days of protest in front of the plant (December 18, 2011 – March 2, 2012) and a campaign that got support from fellow residents, local government, state legislators and even the governor, the retirees managed to obtain the promise of returning their due healthcare in exchange for new favorable tax legislation and reduced energy costs awarded to the corporation. All in all, the healthcare would have cost the company around \$44 million over the next decade, while the agreement made with the legislators would have saved them around \$500 million for the next 10 years. Even so, the company cut the deal in October 2012 “because it was unwilling to make up any shortfalls in the rate that may have occurred over the next ten years” (Fassinger, 2013).

Jack Fiorito (2003) analyzes the adversity of management towards the activity of trade unions in the US. Besides the ideological opposition towards workers, spying, harassment, pressure, threatening, suspension, firing or other methods are used to harm their freedom of association (Compa quoted in Fiorito 2003: 197). “All's not fair in labor wars . . . there is a disturbing trend of management coercion that inhibits workers.” (Bernstein quoted in *ibid.*)

### **3. Conclusion**

Looking at two examples of union action, one that prevailed during the 1990s and tries to create international solidarity campaigns, and the other which emerged out of the contradictions inherent to globalization, this paper compared the advantages and disadvantages entailed by each of them. Observing the two cases described above, their characteristics can be classified on a two-way matrix.

Regarding the advantages, an international campaign creates networking which allows individuals, groups or organizations to exchange information or services, and may further establish a base for arising class consciousness and awareness, while intense local campaigns draw on local communities and their needs and traditions, spending fewer resources and spreading in a shorter amount of time.

Considering the disadvantages involved, a local dispute might have peripheral or temporal results and can be unfruitful on a long-term, while a dispute which tends to become international usually requires a lot of resources, is energy and time consuming, and could also become just a won battle of a lost war.

On one side, these struggles have a common origin – the increase of international competition translated into work intensification, worsening of work conditions and standards, job insecurity and the weakening of the social security system, which alienates workers, leaving them less time for their families, breaking down their social relations, and at the very end threatening workers' solidarity.

On the other side, the solution that a particular group of workers chooses depends on different factors, such as their organizational capacities, the attitudes towards their employer, their work ethics, political education and opinions, and even the degree of unity/division among workers. Moreover, the result obtained by any of the campaigns cannot be disconnected from the ongoing international framework because even if it may appear that it was successful on short-term, the economic structure in itself is not necessarily challenged. On one hand, local campaigns might preserve the interests of particular workers only for a limited period, while international solidarity actions might lose the focus on localities, their preferences and the way they shape the economic and labor geography. But on the other hand, there is much to learn from each type of action: local campaigns should try to expand in order to gain attention, to create networks and educate their participants, thus building solidarity, while broader labor actions

should link the struggles of their workers with the broader struggles of their communities (Serrano and Xhafa, 2012a: 10).

Given the challenges facing trade unions in the 21st century, I do not think that there is a particular scale or level, be it global, regional or local, that could be of more importance in terms of trade union strategies and engagements, but rather that people in general and workers in particular should try to create *alternatives* to capitalism, i.e. “an ongoing, non-deterministic process of economic and political struggle of people trying to move beyond the capitalist logic, be it at the macro, meso or micro level, and simultaneously transforming themselves in the process” (Serrano and Xhafa, 2012b: 289) grounded on the “pursuit of the full development of human potential based on equality, solidarity and sustainability, and through democratic participatory processes”(ibid).

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