The solidarity dilemma: globalisation, europeanisation and the trade unions

edited by
Jürgen Hoffmann

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1. Introduction
The 'solidarity dilemma': globalisation, europeanisation and trade union policy

The papers collected here – analyses of the relationship between globalisation, europeanisation and trade unions – are, for the most part, revised versions of presentations given at a conference organised by the ETUI in March 2001.

One major focus of analysis is the attempt to establish links between, on the one hand, processes of economic internationalisation ('globalisation') and, on the other, the local level and the development of a European macro-region, and to ask what opportunities emerge from such links for the regulation – and thereby 're-embedding' – of 'disembedded' capital flows.

Another major focus is the problematic arising from the fact that trade unions are organised nationally: how can they effectively transmute the shift in the balance of power in industrial relations arising from the fact that capital has, given the growing freedom of international capital movements, increasing 'exit options' (in A. O. Hirschmann's sense) and is thus able to operate over the heads of nationally regulated labour markets, or can at least threaten to do so? In other words, is the much hailed 'international solidarity' a realistic option for the trade union movement; one with which it – at least in the European orbit – can pit itself against the real internationalisation of capital? But – and this is a further focus of the analyses – how real is the internationalisation of capital, which, thanks to the currency of the media buzz-word 'globalisation', is often taken at face value, without any attempt at further enquiry?

This twofold set of issues has, in recent years, been the subject of several publications by the European Trade Union Institute,[1] and the analyses presented here are a continuation of this train of discourse. On the part of the ETUI this is, not least, an attempt to come to grips with the problematic issue of a 'europeanisation of industrial relations' and to place at the disposal of the ETUC, the trade union actor at European level, scientific analyses designed to help it to devise and fashion a European trade union policy based on managing diversity. The contributions collected here will present no simple salutary models but may provide insight into the broad spectrum of policy issues confronting trade union actors, as well as proposing some starting points for political action. To this end, questions will repeatedly be raised about the validity of globalisation analyses and about the significance of the places in the globalisation process at which trade unions are present as actors, both nationally and internationally, namely the regional, local and company levels: if the globalisation process really does lead in the direction of unlimited exit options for capital (capital as a 'shy doe'), then the trade unions can indeed be written off as an influential force; they become no more than sacrificial victims, and may even become dysfunctional in their role as representatives of individual members' interests. In contrast, if – as the analyses in this book indicate – the regional, local and company levels in the globalisation process can be shown still to have a significant or even increasing role, then the trade unions can develop and provide also at international level – insofar as they put in place the organisational prerequisites to this end – their protective and enabling functions in the interests of their memberships faced with the reality of internationalised capital. That such endeavours are bound to be handicapped by the specific approaches, organisational structures and trade union cultures of the different national trade union movements is a further level of the analyses developed in these

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1 For example, Foden *et al.* (2001); Schulten (2001); Schulten and Bispinck (eds) (2001); Dølvik (1999).

contributions, from which it follows that the central task of an internationalised trade union policy is to find ways of coping with the difficulty presented by diversity without forfeiting political capability.

Let us take the contributions one by one. *Pierre Defraigne*, opening the collection, describes the challenge of globalisation and the need for political regulation, and sees in the European Union a locus of political regulation which lends itself to further development and can serve as a reference model for an international regulation of capital flows designed to achieve more social justice and greater ecological sustainability. *Mario Telò* also discusses the role of the European Union in the context of globalisation, examining its position in the process midway between globalisation and the 'new regionalism', thereby bringing out the significance of the (macro-)region for the international regulation of global economic and political processes. The region – or in this case the local level – also takes on a central role in the analysis by *Ludger Pries*, who demonstrates the decisive importance of these levels for the success of globally active companies, thereby showing that the actors here present, such as trade unions or works councils, undoubtedly still have some room for manoeuvre. *Andrea Ciampani* leads into the analysis of trade unions in the process of internationalisation in a historical contribution which illustrates the active role played by the trade unions in shaping the European Community. The contributions by *Jürgen Hoffmann* and *Jon Erik Dølvik* both deal – from different angles and with different emphases – with the central problem facing trade unions as actors in the process of internationalisation of the economy: how can trade union actors – whose conditions of action are defined by national labour markets and whose development in their national contexts, in terms of organisation and culture, is highly diverse – develop a common policy option on the European and international level? And what possibilities do they have for imposing sanctions vis-à-vis international capital? Both contributions tackle these issues in a cautiously optimistic vein, while arguing for a policy option that is not based on a top-down hierarchy of political concepts but draws on the complex and difficult *policy of diversity* adumbrated by F. W. Scharf. The final contribution, by *Emmanuel Mermet*, follows up this preference with an account of the (somewhat tentative) steps already taken at European level in the field of collective bargaining – the key trade union task – with the first attempts to coordinate pay negotiations.

The approach which we have entitled a 'policy of diversity' is of relevance to European policy as a whole and not to the trade union movement alone; Europe will move in the direction of more social justice and Community-wide improvement of working and living conditions only if the highly diverse European societies and regulatory systems are brought, not into a state of uniformity, but – difficult as this is – within a common framework of European employment policy. There is simply no alternative to this labour of Sisyphus because, on pain of failure, historically nurtured systems and structures cannot be politically ignored. This is a particularly hard policy option for trade unions, for they are existentially dependent on common positions vis-à-vis capital and a policy of solidarity-based representation in the arena of labour disputes is, generally speaking, rooted in the common experiences of the membership and the national cultures of the trade union movement. Over and above national frontiers, however, these common underlying conditions of trade union policy are fractured by a whole range of national political, organisational, economic and cultural features which cannot simply be assumed to be uniform at the outset. But – one might well ask – have not such differences in the working and living situations of members and wage-earners always been the reality underpinning trade union action at national level? Has not the programmatically declared unity of the wage-earning class always been to some extent a fiction? And is this not even more acutely the case during periods of economic and social modernisation and change? To this extent, trade unions today are faced – nationally, at European level and globally – with similar tasks: to regulate diversity in such a way that close and solidarity-based forms of representation vis-à-vis capital and the European and international quasi-state institutions become possible, without negating the differences in working and living situations which, indeed, are often a source of strength in organisational terms. Regarded in this manner, europeanisation and globalisation do, it is true, create new qualitative challenges, but they are challenges which are undoubtedly similar to those already experienced at the level of the national states and which require the trade unions at both levels to embark on new learning processes characterised, first and foremost, by the need to incorporate greater complexity into their organisation policies.

Jürgen Hoffmann

2. Globalisation, the European social model and international regulation

Pierre Defraigne

Should Europe resign itself to 'suffering' globalisation or is it capable, via a programme of ambitious international cooperation subject to its initiative, of obtaining mastery of it and turning it into a tool for development and peace?

Today, Europeans are ambivalent as regards globalisation. How is it that a people that 'discovered the world' at the time of the Renaissance and, for two to three centuries, colonised four continents, can fail to see the many benefits that the conquest of new markets and the emergence of new producers present for their own well-being? The fact is that Europeans no longer experience globalisation as an expansion of their own economic, cultural and spiritual universe. Rather they perceive it as an intrusion of foreign values and interests into the very heart of the development model, which is now threatened with implosion. In one sense they are not wrong: this risk is real and the time left to counter it is measured in one or two decades. Faced with the broad movement of globalisation, Europeans are left with little time to mobilise effectively.

Europe is not without strategic advantages in what we are right to call a conflict: an economic conflict certainly; a cultural and political one probably; a conflict of which the ultimate form, that of war, cannot be excluded a priori from the arena of possibilities, first of all in order to prevent it.

In fact, what Europe is lacking is a clear awareness of its own real interests, of its identity, of where it wants its society to go, and of the paths that are still open to it. The fact is that Europe is divided, and the divide that runs through it separates two different conceptions of the world, more specifically, the dominant role of the market in the Anglo-Saxon model and the primacy of politics in the continental European concept. In this sense, Europe is today less sure of itself, as it no longer knows with certainty what values it is prepared to fight for. The crisis of the European model is fuelling these uncertainties and doubts at a time when, above everything else, Europe needs confidence in itself and in the future of its civilisation. The 'demographic winter' which has now reached the South of the European continent does not help; nor does immigration, another source of uncertainty.

Let us therefore seek to trace a path for Europe through the magic forest of globalisation.

1. Globalisation: an opportunity to be exploited

Globalisation is generally understood as a set of inter-linked economic and political phenomena, including the internationalisation of markets for goods and services, the free movement of capital, the multiplication and growth of multinational enterprises – some of which practice global production, that is, divide up their manufacturing activities between different parts of the world – and the emergence of new industrialised countries. Whilst international trade as such goes back to the beginning of time, capital mobility and global production are new phenomena, making globalisation a situation with no historical precedent. Globalisation has been made possible by the collapse of the Soviet system, precipitating the spread of the market economy into every region of the globe, including China.

Behind globalisation, two different types of force are at work: on the one hand, technical advances in transport and information technology, which have made globalisation physically possible; on the other hand, the dominant market forces that are giving it direction and shaping its features.

Initially – and this period is not yet over – globalisation has been driven by deregulation. Today we can see more clearly that the single market inaugurated in 1992 exploited, for the benefit of European unification, a more fundamental and vaster trend, of which European integration was an exemplary application. This is the trend towards the elimination of obstacles to trade and to capital mobility which previously held back the search for economies of scale; the differentiation of products in unfenced and unprotected markets; the concentration of capital in world-size industrial and financial groups; and the conclusion of strategic alliances or market agreements between these groups.

Globalisation is visible in its effects, which can be examined from the double viewpoint of efficiency and equity.

A. Globalisation and efficiency

In the first place, globalisation finds its strongest legitimisation in the increased efficiency made possible by the international division of labour, economies of scale and competition.

These efficiency gains are critical for a planet that, in a single century, has seen its population quadruple to 6 billion and likely to stabilise in the middle of the twenty-first century at around 10 billion. These 6 billion people all have to be fed, housed, cared for and educated, and are entitled to hope for a reasonably decent life. No one can question this objective without being discredited, politically and morally. At the same time, demographic growth and the raising of living standards are taking place within a global context of non-renewable resources. The conflict for the allocation of these resources will necessarily be intense. If this distribution takes place through the play of political or strategic forces, this will take the form of negotiation; if not, it will happen by war. If it takes place through the play of market forces, the violence that is intrinsic to this process will be, according to some, more or less civilised, or, according to others, dissimulated. The market does contain one major advantage, that of forcing maximum efficiency. The fact is that efficiency in the use of these resources represents the best long-term response for the development of humanity and the survival of the planet.

Responses to globalisation vary according to the adjustment capacity of economies exposed to increasing competition on the markets for goods and factors:

1. Since the mid-1990s the industrialised countries have experienced a new slowdown of their long-term growth rates. With the exception of the upturn in anticipation of 1992 [single market], Europe has seen its growth rate fall from decade to decade since the first oil crisis, and the rate of structural unemployment has risen in parallel. Circumstantial factors are at work here: the deflationary effect of the restrictive budgetary policies imposed by public over-indebtedness and implemented in the context of convergence towards EMU, and the appreciation of the Deutschmark and the European currencies attached to it against the dollar. But it is structural elements that play a determining role: Europe's inadequate industrial specialisation in high technologies, excessive fiscal pressure and labour market rigidities. By contrast, the United States is doing better in terms of growth and job creation, but with one important reservation, the weak growth of real wages. Japan, in turn, has for several years been passing through a structural crisis of financial origin, the outcome of which remains uncertain.
2. The emergence of eastern Asia as an industrial power stands out as the major fact of the late twentieth century. This is probably a specific phenomenon, deriving first of all from a convergence of internal factors – effective economic policies, relocation of

Japanese companies to south-east Asia, the role of the Chinese diaspora and 'Confucian values' – which other developing countries will find it difficult to reproduce. However, the eastern Asian countries would not have been able to industrialise and to achieve primitive capital accumulation without the opportunities to export manufactured goods opened up by the liberalisation of the US and EC markets, and to attract direct investments from OECD countries.

3. To the east the transition is more patchy in its results: some Central European and Central Asian countries are already producing stable, high levels of growth, whilst Russia, Ukraine and other countries have not yet produced a well-performing development model out of the chaos following the collapse of the Communist regimes. But globalisation is opening up to these economies the prospect of exogenous technological progress that is essential to the catch-up process.

As a result of these different developments, we are witnessing a shift in the sources of a significant part of world growth. Today, this is found also in developing and transitional countries. Asia, which today provides one-third of gross world product, is confirming itself as one of the two driving forces of world economic growth in the coming decade, on a par with the industrial countries taken as a whole.

The efficiency that globalised markets are purported to ensure and which legitimises globalisation is, however, limited by four constraints which derive from the absence of rules and of appropriate international organisations for implementing them:

1. The absence of an effective framework of coordination of macroeconomic – and in particular monetary – policies, called for by the spillovers generated by the growing interdependence of economies. The fact is that the United States has always refused to submit to the disciplines which the IMF was set up to administer, under strict US-Treasury control, to other countries,

particularly to the indebted developing countries. The USA governs its own currency as a function of its internal stability objectives, leaving it up to the rest of the world to adjust to American choices, choices that the G7-Finance approves and legitimises more often than it influences them.

2. The difficulty experienced by national government authorities, or regional ones like the EU, in regulating dominant positions and ententes which are entered into on international markets outside their jurisdiction, in particular when such positions and ententes are tolerated, or even explicitly authorised, by third-party governments (US–Japan or EC–Japan agreements on motor cars or between American and Japanese manufacturers on electronic components).
3. The WTO, following the Uruguay Round, has made major progress in the liberalisation of trade. Even so, the pursuit of liberalisation and conflict resolution remain, despite the very valuable procedural innovations, dominated by the reality of the relationships of commercial power, and in particular the power of reprisals.
4. Finally, international financial markets, in their present deregulated form, present serious dysfunctions: systemic risks that are badly understood and poorly controlled – in particular in the area of derivatives and banking controls – not to mention illegal movements of funds (tax evasion, laundering of drug money, corruption).

B. Globalisation and equity

The efficiency gains of mobilisation have been obtained by giving priority to production, and also – and in particular – to the accumulation of private capital. In this process other dimensions of the development process have been neglected and, indeed, sacrificed; more specifically, social development – with its component of just distribution – on the one hand, and on the other, that of the environment, which poses the problem of equity between the generations.

These two problems are none the less very different: the integration of environmental considerations into development raises essential questions of the distortion of competition, in particular between industrialised countries – inventors and owners of their own technologies – and producers in developing countries, which make good their technological handicap by an abusive exploitation of their natural resources. However, the internalisation of environmental costs in pricing through the application of globally harmonised rules does not constitute, per se, an insurmountable challenge for markets and for the major multinationals. The latter are quite capable of integrating the environmental aspect into their expansion and profit strategies. Indeed, in most cases the 'greening' of processes and products ends up generating new markets and profit opportunities, providing that the rules of the game are the same for all.

On the other hand, the demand for equity represents a threat to profits in the form of redistribution, either of margins between producers and consumers, via price reductions, or between the owners of capital and income earners and recipients of social transfers, to the benefit of the latter, via wage negotiations and tax changes.

In the dynamic perspective of a win–win game, equity and development are not necessarily in conflict, but mutually supporting: the education of poor children is expensive for the taxpayer, but increases labour productivity; the redistribution of under-farmed *latifundia* to well-trained and entrepreneurially-minded small farmers increases production; the gradual constitution of strong internal demand by means of productivity gains provides a firmer base for a national economy and helps stabilise it against external shocks.

In current conditions, the unregulated market economy creates two types of inequality. First, within all economies, developed or not, the gulf is growing between the holders of resources that are rare at a world level – that is savings, technology, know-how, access to market networks – and both those who have nothing to offer but their unskilled labour and those who have nothing to offer at all. It should be noted, however – and this is essential – that in less advanced countries even the creation of unskilled manufacturing jobs reduces poverty.

Finally, the gap is growing between the high-performance economies mentioned earlier – eastern Asia, some transition economies, one or two Latin American countries – and others which are stagnating (the Arab countries), slipping backwards (sub-Saharan Africa), or growing too slowly (southern Asia, some Latin American countries and, naturally, Russia).

These inequalities are pregnant with internal tensions and regional conflicts, the advent and outcome of which no one can predict, even in the most advanced countries. For example, growing inequality coupled with the rise of competing cultural constituencies could potentially lead, in the United States, to disorders and confrontations which could open the door to a repressive ideology – in the name of 'law and order' – far distant from the founding principles of the American Constitution.[1]

Russia, which remains a major nuclear power, is passing through difficulties which leave a margin of uncertainty as to the use that it could make of its strategic arsenal. Globalisation, while opening up very promising prospects for Russia today, is also, owing to the politi-

1 Compare General de Gaulle's comment as reported by A. Peyrefitte, 'one never knows from where the threat can come … One day or another, fabulous events can occur, incredible reversals. There have been so many of these in history. America can explode under the effects of terrorism, or racism, who knows, and become a threat to peace. The Soviet Union can explode because communism will collapse, or because its peoples quarrel among themselves. It can become a threat once again', *C'était de Gaulle* (Paris: Fayard, 1994), p. 290.

cal conditions of the transition period, promoting the development of an inefficient and inequitable economy, with the abusive snatching of public assets, mafia-style behaviour linked to drugs, trafficking in arms and strategic materials, money laundering, tax evasion and corruption all considerably facilitated by the deregulated way in which international capital markets operate.

We should note here that inequalities between and within countries certainly originate in globalisation, but also that they are aggravated or insufficiently compensated by internal policies. These policies are not exploiting the room for redistribution that is compatible with stable long-term growth, either because there is simply no state – as is the case in many sub-Saharan African countries – or because it has been monopolised by a despotic power which is managing the income streams from raw materials for the benefit of a local oligarchy; or again because the state, whilst outwardly democratic in its institutional forms, is in fact controlled by a minority which is well organised to contain the diffuse demands of a silent majority that is unable, owing to a range of ethnic, social and cultural factors, to develop a sufficient degree of coalition to improve its lot (North and South American models).

Can rules and international institutions be introduced that provide a framework for market globalisation and that lead sovereign states to construct the 'good policies' that are necessary for human development? Or, on the contrary, will the 'competition among rules' introduced by competition on the markets for goods and the arbitration of financial markets inevitably lead to alignment in terms of the lowest common denominator, namely social and environmental dumping?

2. The European model: myth and reality

Faced with globalisation, Europe has reacted by regional integration, first of all by unifying its internal market and its external trade policy, and then by establishing monetary union in 1999. In this way, it is creating a powerful coalition which could potentially carry a certain weight, for some time yet, in negotiating an international economic and social order which could provide a framework for globalisation.

But on the basis of what reference model will Europe found its 'grand design' for the world and mobilise its international capacity for action?

A. An idealised model

As we mentioned at the outset, there is no single European development model. The differences between the Rhenish and Anglo-Saxon models of capitalism, to take up the dichotomy proposed by Michel Albert, have become radical since the Thatcherite revolution. For example, the United Kingdom – and not just the Conservative Party there – is ready to accept social inequalities which surprise continentals. But Rhenish capitalism itself has variants and differs in many ways from, for example, French Colbertism.

Despite these differences, there does exist a European model, having as its common base the market economy, direct dialogue between social partners and a substantial degree of state intervention in the economy.

For many decades the first objective of the model was full employment, ensured by Keynesian policies, and a high level of social protection (minimum incomes and basic services such as housing, education and health care), supplied by the welfare state. In fact, Europe has sought to reconcile efficiency, stability and equity on the one hand, with high income levels for the largest number on the other.

The European model is a recent one. Admittedly, its ancestry lies in the eighteenth-century Europe of the Enlightenment and the 'Rights of Man'; in the struggles for political democracy in the nineteenth century; and in the hard-won social conquests of the century between 1850 and 1950. However, in the form in which we know it today, it was not really born until after the Second World War.

The historical context played a decisive role in the birth of the European model, thereby qualifying its significance to some degree. By neglecting the circumstances in which it first appeared, Europeans are in danger of being misled in relation to the conditions under which the model can be reproduced and extended to the rest of the world.

Three factors contributed to facilitate the trade-off between efficiency and equity in Europe in the years immediately after the Second World War. First of all, the process of reconstruction made it possible to integrate to a great extent the technical progress born of the war, mainly in the United States. Secondly, the fearsome shadow of Soviet Communism over Western Europe placed trade unions and the Social and Christian Democratic parties in a strong negotiating position for promoting the sharing of productivity gains, and thereby mass consumption, with the leading economic classes being forced to make concessions so as not to fuel the Communist movement inside Europe. Finally, until the end of the 1950s Europe maintained political control – and until more recently economic control – of its colonies and its protectorates in the Third World. In this way it prolonged an international division of labour which was exceptionally advantageous to Europe, whose terms of trade have constantly improved, apart from the – provisional – episode of the oil crises of the 1970s.

B. *A model to revitalise*

Gradually, as these favourable factors lost their initial force, Europeans in many countries allowed their model, already under heavy pressure from demographic deterioration, to degenerate. On the one hand, some countries postponed to future generations, via their public debt, the cost of decisions which the generation of those in power was unwilling or unable to undertake. On the other hand, they have gradually given pride of place to income from capital and – albeit to a lesser extent, owing to very heavy taxation – income from labour, at the expense of employment. In other words, the unemployment that is currently raging in Europe is the result of deliberate political choices.

Finally, social security has gone down the wrong road. From being a safety net against the 'blows of fate' (sickness, accident, handicap, involuntary unemployment) and old age, it has become the dispenser of income to all in need, even when this need is the result of the – at least implicit – choices of individual citizens (voluntary unemployment, education or training which is insufficient or badly adapted to market possibilities, divorce and single-parent families leading to financial precariousness, and so on). The greatest cause for concern, no doubt, is that the growing cost of social security to public budgets, coming on top of the prohibitively expensive servicing of public debt in some states, could in many countries undermine the education and research policies which are the precondition for long-term growth and which promote equal opportunities and social mobility. In this way European governments are giving preference to the aged at the expense of the young.

Europe therefore has an original model; but it is confronted with the crisis of this model. On the one hand, this model was based originally on the exploitation of developing countries, making it incompatible with a model of global development in terms of which developing countries move from being simple providers of raw materials to being competing producers of a widening range of manufactured products. On the other hand, this model today needs 'revitalising', after going down the wrong road mentioned above.

First of all, Europe needs to find the way back to job-producing growth, and the search for full employment must once again become a central objective of economic policies in Europe. This no longer means Keynesian policies for supporting effective demand, but rather structural actions to promote new manufacturing and service segments, education and training, and the rebalancing of the tax burden between capital and labour, as well as labour market flexibility. Here it is important to avoid a situation in which unemployed persons, returned to the labour market with lower, inadequate real wages, become reduced to the status of 'working poor'. We envisage a situation in which a portion of the savings in unemployment benefits generated by the creation of new jobs are redistributed, via income supplements or preferential-cost consumption (housing, schooling, health care, culture), to unemployed persons returning to work. In addition, productivity gains would naturally continue to reduce working time, but gradually. The other possibility would be work sharing, although this would be practicable only if accompanied by a sharing of income.

Secondly, the state's share ought, as the relative size of the national debt is reduced, be scaled back to 40 per cent of GDP – as against 50 per cent today – in order to reduce fiscal pressure on the supply and, particularly, the cost of labour.

Finally, the culture of dependency and individualism which increasingly underlies the system needs to give way to efforts aimed at giving European citizens the tools to produce autonomy and personal responsibility themselves.

It is only by a decisive modernisation of its social model that Europe will re-establish its credibility and be able to gather together an international coalition to build the new international economic order that the world needs.

3. Towards a politically regulated globalisation

Nothing is more difficult today than to put across a common vision of the world, at a time when the interests and cultures of different continents are running counter to each other.

An initial difficulty lies in the lack of political attention granted by most Western governments, with the exception of the United States, Japan, the United Kingdom, the Netherlands, Switzerland and, occasionally, France, to the negotiation of an international economic order. The political life of our states is dominated by domestic agendas, even if the European Commission has the privilege of setting itself more distant horizons. The fact is that much of the work being done here is by private players, including the major transnational groups of associations such as the International Chamber of Commerce or think-tanks and associations like the Trilateral Commission, the European Davos Forum, or the European and American Industrial Round Tables. Indeed, it is under the impulse of these organisations, relayed by the Anglo-Saxon governments, the European Commission and the smaller countries which play host to major international bodies (Switzerland, the Netherlands and, incidentally, Sweden), that the doctrine of deregulation was developed, and it is with their support that the Uruguay Round finally produced major results in terms of trade liberalisation, though with some exceptions – financial services and telecommunications in particular.

A. Current concepts

Profound differences in political conceptions and conflicts of interest are visible when it comes to the subject of global economic organisation. This interplay of conceptions and interests produces a fairly complex landscape which needs to be simplified:

1. the already industrialised countries form two main sub-groups; the Anglo-Saxons and the continental Europeans.

   On the one hand, they have common concerns.

   a. to safeguard their dominant position by obtaining access to emerging markets, by eliminating in these markets obstacles to international investment and protecting intellectual property, which – together with savings – represents the main source of their comparative advantages;

b. to ensure that the environmental and – less unanimously – social dimensions of the development of international trade are taken into consideration;

c. to promote democracy, human rights and good governance – at times accepting double standards, depending on the commercial interests at stake.

On the other hand, they are divided on: the respective roles of the state and the market, the importance to be given to equity and the reduction of inequality, solidarity towards developing countries and the gains to be achieved from coordinating macroeconomic and monetary policies.

The United States retains a preference for a unilateralism 'of last resort' in international trade, finance and currency.

2. The rapidly developing countries – most of them in Asia – emphasise political stability and the 'right to development' over human rights and democracy. They reject the idea of the welfare state and resist the linking of international trade to either the environment or, in particular, social standards. Some of them are putting forward 'Asian values' (authority, education, saving, family, work) which they oppose to the individualism and libertarianism prevalent in the West. Japan adheres to some of its Asian partners' positions by recognising de facto the primacy of the 'right to development'. The success of the Asian countries, several of which are in the process of joining the group of industrialised countries, and their growing weight in the global economy and geopolitics – which is catching up with their relative demographic weight – lend to these concepts a new and unavoidable authority.

3. An Islamic current carrying its own values (pre-eminence of the Shari'ah and customs over the UN Universal Declaration on Human Rights and over equality between men and women, a rejection of both liberal individualism and Western materialism)

prevails in certain countries. However, given the modest nature of the results obtained by these countries, their role in international economic negotiations remains secondary, while, at the same time, the political risk represented by the fundamentalist form of Islam is growing.

B. The institutions in question

The building of an international economic order is a long-term task. In fact, it is taking the form of an uninterrupted process of negotiation at two levels, at both of which the EU needs to be present:

1. First, in the economic organisations of the United Nations, where the EU is either an observer or a 'full participant', but without voting rights: ECOSOC, UNCTAD, the international conferences on human rights and development issues (Vienna and Cairo 1994, Copenhagen and Beijing 1995, Istanbul 1996), and so on.

   The United Nations offers a forum in which the viewpoints of all the players can be brought to bear in a relationship of forces which is fixed by the number of sovereign states, on the principle of one state–one vote. These negotiations lead to the affirmation of principles and directions which reveal the state of global consensus at a given point in time. Despite reservations and abstentions, these recommendations end up providing a reference doctrine for the policies of governments and of multilateral or regional organisations.

2. The rules of the game are defined and implemented at the level of sectoral institutions, given that there is as yet no global economic government, nor any equivalent of the Security Council for steering international economic policy consistently and in a global perspective.

   Within these sectoral institutions, Europeans play a role that varies according to the degree of integration achieved in the area covered by the institution in question.

a. For example, Europe carries great weight in the World Trade Organisation since the European Community here speaks with a single voice. It is here that, at a given point in time, the social and environmental clauses of international trade will probably be discussed, a discussion that many developing countries are vigorously resisting at present. Europe itself has not yet developed a clear common position on these questions, despite having finally overcome its internal divisions concerning the social charter.

b. In the Bretton Woods institutions (IMF, World Bank), the European states, although the largest shareholder group, remain divided into different constituencies, de facto leaving the leadership to the United States. It is obvious that after the establishment of EMU it is necessary, in one way or another, to coordinate European viewpoints on the boards of these institutions and their common expression will be inevitable. At present, Europe, with its single currency, will be determined enough, at least at the level of the interventionary discussions and decisions of the Bank and the Fund, to punch with its full weight. In any event it is within the G7 that the EU will be best able to act, post-euro. The relationship of forces within G7 Finance – which will then have to be renamed G3 – will none the less remain subordinated to strategic interests: as long as the EU does not have its own common defence and relies on the United States for its security, its ability to negotiate advantageous monetary deals with the latter will be limited.

c. Concerning the environment, the European Union, given its growing competences, is playing an increasingly active role within the UN Sustainable Development Commission which is charged with following up the Rio Conference (1992) and with implementing a series of important international conventions or arrangements, in particular those that relate to the ozone layer, the transportation of dangerous products, global warming, forests and bio-diversity.

d. On the subject of financial markets, which today pose problems of stability and systemic security, not to mention the legality of financial operations (money laundering, tax evasion, money linked to corruption), the still very modest efforts in the direction of regulation have come from the Bank for International Settlements and from ad hoc groups reporting to the G7. Europe as such plays only a very minor role in these precincts, which are dominated by the Anglo-Saxon countries, above all, naturally, the United States.

e. Finally, when it comes to development aid, the European Union appears, with its member states, as the leading aid donor, contributing as much as the United States and Japan together. The fact that its own aid is distributed under bilateral cooperation or association agreements concluded with a hundred or so third countries, gives the European Union the means of exercising an influence on the quality of the policies pursued by the beneficiary countries. It is true that it does not always wield this influence with the requisite authority. However, the EU not only has a major interest in terms of security and its own development, but also has a moral duty to support the political and economic developments that are necessary for development, in the Mediterranean world of which it is part, and in Africa, where its responsibility as a former colonial power is considerable. The constitution of an integrated Euro-Mediterranean trading area supplies the framework for the transformation of this region.

C. A mission for the European Union

If it intends to press its own concepts in these different negotiation precincts, the European Union must meet three demands. First, it needs to be sure of its own vision based on a single development model. This naturally presupposes that, for example, in the framework of Economic and Monetary Union, the future 'hard core' states conclude among themselves a social and fiscal pact that guarantees harmonised standards of high social and fiscal protection and solidarity. Secondly, the European Union needs to express itself with a single voice and exercise its voting rights in a united fashion in all international fora. Finally, the European Union needs to conclude alliances.

The question of alliances is a particularly delicate one: the European Union is engaged in the transatlantic dialogue (on this point see in particular the agenda defined in Madrid by the United States and Europe in September 1995) and is working together with the Americans on questions of common interest, especially in relation to the international economic system. A parallel, but less intense, commitment exists towards Japan. However, the EU is also moving towards opening dialogue with groups in developing countries, in particular Mercosur and ASEAN. Finally, it has begun global negotiations with Asia within the framework of ASEM (Bangkok, March 1996).

This puts the European Union at the centre of a fairly complex network of agreements, allowing it to put across its views to its partners, but also to listen to theirs. It is evident that not only is Europe unable to impose its viewpoint on its own, but also that it is not desirable for it to do so. Also, Europe itself needs to recognise the legitimacy of a number of different viewpoints that are opposed to it. For example, on the central question of human rights, which it is keen to champion, Europe needs to ask itself whether it is not defending a somewhat formalistic concept of such rights, without sufficiently taking into account their real content in terms of improving people's living conditions. Such an attitude takes us closer to the Asian vision of a right to development. Also, has Europe not gone too far with its view of individualism, neglecting the fact that human beings also form part of various communities, from the family to the municipality and political, trade union or religious groups? Is it illegitimate for Europe to recognise the value of a more community-based approach to development and, in revitalising its own model of development, to give more room to basic solidarities such as those expressed in the family or in organised groups, before calling on the state?

On the other hand, Europe has to be firm on the need for all developing countries to commit themselves to policies which move towards democracy, starting with the recognition of workers' rights as these are defined by several key conventions of the International Labour Organisation. These conventions guarantee that the fruits of growth are correctly distributed in rapidly industrialising developing countries. Similarly, Europe cannot be satisfied with the status quo, which compounds lack of respect for human rights with a total failure to carry out development work: by way of solidarity with the peoples of these countries, the European Community is justified in exercising a right of political intervention in order to precipitate the necessary changes, using all the diplomatic and economic means at its disposal.

Finally, Europe is naturally anxious about the planetary environment. Given its own experience of environmental protection policies and natural-resource management in a highly-populated and industrialised part of the world, it is well placed to put forward its proven practices of sustainable development, first of all to its industrialised partners – starting with the United States – which are major energy consumers, and then to developing countries and countries in transition, some of which are facing problems of the destruction of forests and loss of biodiversity and others are threatened by major ecological risks, in particular in the area of nuclear energy.

It is by drawing on its own experience and by mobilising its full economic and political weight that the European Union will be able to give direction to the current process of globalisation, a direction which includes the dimensions of equity and of long-term sustainability which this process lacks today. This mission is beyond the reach of any individual European country. The United States, in turn, given its value system and its traditionally unilateralist vision, does not want a truly multilateral system, whilst Japan, which remains relatively isolated, is incapable of promoting one. It is Europe that, five centuries ago, inaugurated the process of globalisation and, by tracing the path of an open regionalism, has contributed for half a century to the emergence of a multi-polar balance. It is therefore its task to become, together with Asia and the United States, and in dialogue with groupings such as Mercosur, the Mediterranean area and Africa, the architect and builder of an equitable international economic order in such a way that economic globalisation proves to be a factor of collective progress and security for the whole of humanity.

Translated from the French by Michael Lomax

3. Globalisation, the new regionalism and the trade unions

Mario Telò

1. Introduction

In this paper we present the results of an ongoing comparative research project on regionalism and globalisation. The project is being conducted by an international and interdisciplinary network coordinated by the Institute of European Studies of the ULB (Free University of Brussels), and our main topic is the extent to which regional (for example, European) integration can provide better world governance, avoiding the extremes of protectionism on the one hand, and dilution of past achievements within the globalised deregulated economic environment on the other.

Discussion with the European Trade Union Confederation can be very stimulating for researchers because its experience is at the very centre of the European socio-economic model, or better, models. Ever since it came into being, the labour movement has been seeking dynamic compromises between the economy and society, economic constraint and the search for greater equality, or, in current terms, social cohesion and competitiveness. Last but not least, the trade unions are seeking new ways to reconcile defensive interests and international solidarity.

Unfortunately, looking for new ways is hard since, as Machiavelli already warned, innovators face a twofold danger: the orthodox will 'burn you at the stake' because you fail to respect traditions, while the defenders of new interests are not yet strong enough to support you. That double challenge can be faced only by means of such human resources as determination, imagination, creativity and, above all, a rational knowledge of the obstacles to be tackled.

2. Globalisation as a contradictory process

Let us start by briefly summarising the three main consensual conclusions of the previous ETUI seminar on globalisation.

1. Globalisation as an unequal process. On the one hand, it would be absurd to ignore the extraordinary acceleration of new technologies, world trade and external investment over the past fifteen years. The increasing weight of external factors is a reality for every economy. Nothing, no local phenomenon, can be understood today outside the global system. On the other hand, the globalisation process has been inclusive for a few countries and exclusive for the majority of the poorest countries. The UNCTAD Report for 2000 shows a quite flabbergasting increase in the gap which exists between the richest and poorest countries, up from 1:60 in 1991 to 1:74 in 1997. More generally, new hierarchies are emerging within the international order according to the split between insiders and outsiders, the so-called digital divide.
2. The increasing deficit in world governance. Why does the widespread call for world governance not meet with an appropriate response? The main problem in the current globalisation process is the increasing gap between its extraordinarily intensive economic and technological dimension on the one hand, and the deficit in socio-political regulation on the other. Scholars of internationalism call this gap a 'governance deficit'. We emphasise that governance is impossible without government; in other words, hard decisions by institutional actors cannot be replaced by soft

decision-making by informal bodies, which are complementary, not alternatives, to the former.

The main cause of the global governance and government deficit is the end of the hegemonic role played (whether we like it or not) by the USA for several decades after the Second World War. The changing international role of the USA is one of the main explanatory political factors of the current features of the globalising process. Hegemony is not synonymous with mere economic and military power. Many authors, of very different philosophical persuasions – such as R. Keohane, A. Gramsci, R. Gilpin, and R. Cox – converge in underlining that hegemonic power means:

- First, a preparedness to reconcile national interests with the common good of global stability and balanced global governance, which means to be ready even to pay the price of ensuring international stability. This price has, in the past, been paid by the USA, namely by its financing of the Bretton Woods gold standard international system between 1944 and 1971 and the Marshall Plan.
- Secondly, the choice of multilateralism (within both the economic and the political international systems), instead of unilateralism or bilateralism.
- Thirdly, the establishment of a cultural hegemony, which should not be identified with the current overwhelming domination of the media world system, but with the diffusion of an new, innovative and progressive way of life, improving consumption and living standards for an increasing number of countries. All in all, the Bretton Woods institutions (not only the monetary system, but also the IMF, World Bank, and GATT) were, at the beginning, hegemonic institutions of this kind, able to cope with the internationalisation process which followed the Second World War and to reconcile American

primacy with the interests of many partners and also their relative 'Keynesian' national independence (the framework of the national European social pacts of the 1950s, 1960s and 1970s).

The United States was thus able to ensure hegemonic stability, albeit not for philanthropic purposes. Both the economic (building a new transatlantic market) and military interests (containment of the Soviet threat) of the USA underpinned, for some decades, the dynamism of the Western world. The international literature locates the first symptoms of the end of hegemonic stability as early as the 1970s and 1980s.

The breakdown of the Soviet Union in 1991 did not halt the decline. It had two implications: the accelerating expansion of the Western market model eastwards and the end of the alternative model of the planned economy. The USA may be increasing its military primacy, but the decline of its ability to provide international hegemonic stability is one of the main causes of the current deficit where global governance is concerned. By virtue of a terminological misunderstanding, the USA is even enhancing its leading role: military primacy ('Missile Defense'), trade and environmental unilateralism (Kyoto Protocol) and so on. Even the reactions to the New York and Washington terrorist attacks confirmed such oscillations between unilateralism and multilateralism. We do not define that kind of international power as hegemonic power, but rather as that of a controversial leader in an uncertain world. In this framework transatlantic relations are characterised by both symbiotic alliance and, as recently pointed out by Condoleeza Rice in *Le Monde*, conflicting values.

What does this mean for globalisation? It leads, on the one hand, to more integration, but on the other hand, to uncertainty, instability and fragmentation. In our view the globalisation process is increasingly becoming – in political terms – a conflicting arena of diverging policies, one of which is a globalist tendency on the part of the USA, sometimes by multilateral means, sometimes unilaterally.

3. Where the EU is concerned, the European experience is the main hope as far as the future contribution of regional actors to a more equal and less asymmetric global governance is concerned. However, we are witnessing a discrepancy between the economic, monetary, trade and civil weight of Europe as a global actor and its political role. The manifestations of this gap include:
   - the difficulty of speaking with a single voice within international organisations and in the international arena in general (conflicting competencies between the Commission and the Council, between European and national diplomacies, debate about Mr Euro, Mr CFSP, and so on);
   - the difficulty of coordinating, in a consistent and coherent strategy, the many dimensions of the EU's external relations;
   - the tremendous problem of achieving a positive trade-off between widening and deepening;
   - the lack of a common vision of the post-hegemonic world, of which two very simple examples may be mentioned:
     - i) does the EU conceive of itself as an agency of global deregulation ('regulation of deregulation') or is it open to a more original balance between competitiveness and social cohesion, combining social needs, capitalist diversity and openness to the world market?
     - ii) does the EU actively support regionalism abroad and the regional contribution to global governance or does it share the US view of regionalism as a threat to neoliberal globalisation?

The EU is at a crossroads where its contribution to global governance is concerned. Crucial decisions have to be taken over the next few years. The role of social actors can be fundamental in supporting one option rather than the other. This situation enhances both the role and the responsibility of the ETUC.

3. New regionalism as a structural feature of the globalised economy

From the annexed figures, it is clear that regional arrangements have been increasing tremendously both quantitatively and qualitatively over the last two decades. Figure 1 shows only the main regional arrangements. Of course the great variety of regional associations, arrangements and organisations has deep roots in history, geography, the economy, and so on. However, the conclusion of our comparative research is that regionalism has common causes, both endogenous and exogenous, to be explained within the common global environment.

Noteworthy endogenous causes include:

- economic demands on the part of the business community, which needs both a broader market and an intermediate stage between the national and the global dimensions of economic competition in order to adjust and become better able to cope with an international economy;
- socio-economic demands and fears expressed by the losers or potential losers of globalisation who regard regionalism as a possible shell for the protection of old economic sectors, welfare protection, and so on;
- state decisions to establish new levels of pooled authority with the hope of restoring a portion of lost sovereignty and redressing domestic fragmentation;
- spillover effects: successful sectoral cooperation entails the tendency to expand regional integration to cover more and broader economic sectors.

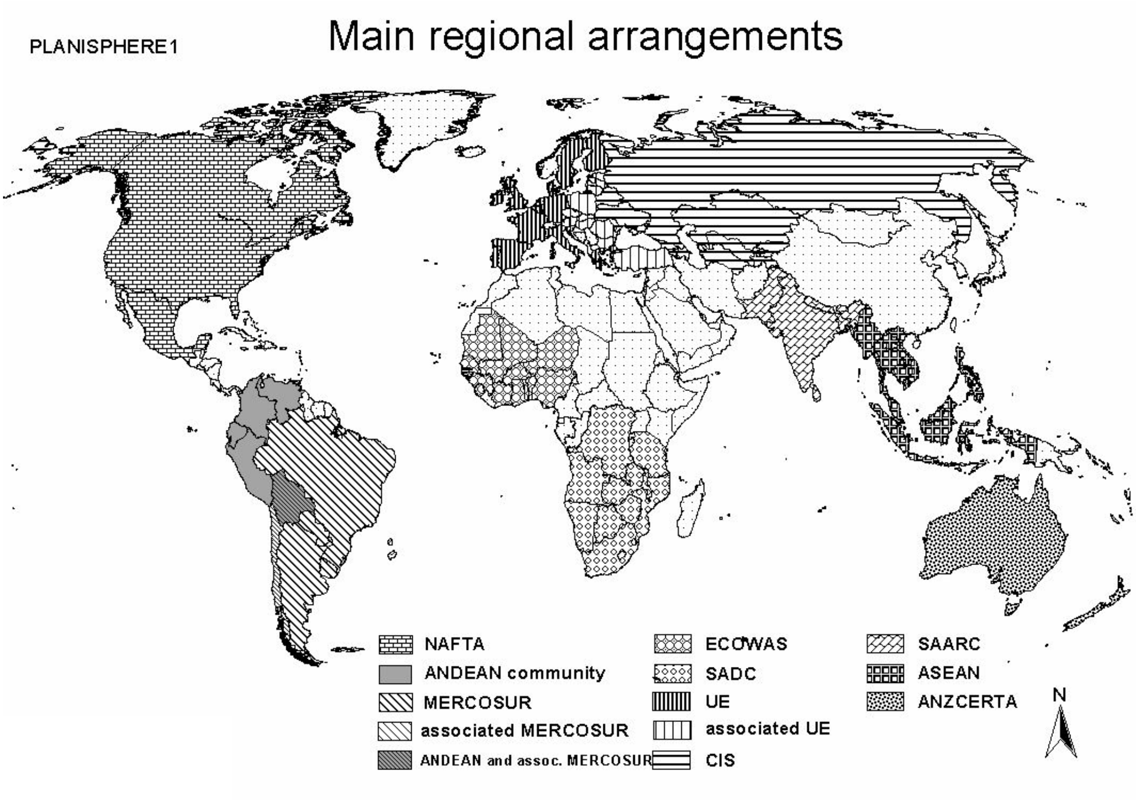
PLANISPHERE1
Main regional arrangements
NAFTA
ANDEAN community
MERCOSUR
associated MERCOSUR
ANDEAN and assoc. MERCOSUR
ECOWAS
SADC
UE
associated UE
CIS
SAARC
ASEAN
ANZCERTA
N

Figure 1

Exogenous causes include:

- the uncertainties of the global economy and tough negotiations within multilateral global organisations drive many states to create clubs in order to strengthen the bargaining power of regional interests;
- the domino effect as a reaction to successful regional integration processes elsewhere. This can take the form of emulation (particularly of the EC–EU experience) or of a competitive reaction (NAFTA and the EC, or Mercosur and NAFTA).

We emphasise the expression '*new* regionalism' in order to underline that this phenomenon is different from the experiences of the 1950s and 1960s: it is deeper, more political, driven from below and not mainly from above, and, most importantly, impossible to explain in terms of the framework of the globalised economy and the post-hegemonic era.

4. Ambiguities of the new regionalism

We have already drawn attention to the parallel between globalisation and the new regionalism. But how is this relationship currently evolving?

There are different schools of thought and our answer must inevitably be both open and problematic. Let us mention three open debates within international scholarship:

1. Economists are divided into pro-regionalists and anti-regionalists. The former support the new regionalism as a step towards global liberalisation, while the latter see it as an obstacle within the globalisation process. Quite apart from value judgements, the problem is to determine, first, whether PTAs (preferential trade agreements) are consistent with WTO rules, and secondly, whether regional deepening helps states and regional actors to set autonomous priorities within the open global economy and with

what effects on governance. Summers and Bhagwati, respectively, represent these two schools of thought.

2. We are unhappy with this controversy because the new regionalism is far from being merely an economic and trade phenomenon. It entails social, political and cultural implications which interact with its economic role.

   As already mentioned, the social side of regionalism is also highly contradictory: protectionist and liberal tendencies co-exist in a state of conflict, albeit in different states of balance. Where the political dimension is concerned, the new regionalism can help by weakening nationalism and sub-national ethnic fragmentation; it can more easily bring peace between previous enemies through economic integration and can even exert a stabilising influence on democracies. On the other hand, economic protectionism can spill over into political arrogance and military security policy. As far as the cultural dimension is concerned, in some cases the new regionalism may be seen as an effective channel for the expression of communitarian needs of a shared sense of belonging, and in other cases as a channel for exclusionary cultural identities.

3. Europe is particularly interesting as a laboratory because all the extremes are well represented and the success of the EC–EU has always been the result of compromises between opposite trends and interests and of dilemmas reopened time and again:
   - trade block or deregulation agency?
   - area of stability and market re-regulation or mere free trade area?
   - pillar of US globalist policies or increasingly independent actor in world politics and economics?

5. Regionalism and inter-regionalism

The international literature is not sufficiently aware of the important distinction between intra-regional integration (EU, Mercosur, ASEAN, NAFTA, and so on) and inter-regional integration. Our research (*EU and New Regionalism*, London: Ashgate, 2001) emphasises this difference and compares two kinds of inter-regionalist arrangement: the EU-centred and the USA-centred. The two have something important in common: both can be considered as external factors influencing the evolution of regional arrangements and both are possible only within the framework of the globalisation process (they both entail a push towards increasing trade liberalisation and enhanced interdependence). However, their ideology is different, as are their specific features.

Figure 2 shows the main EU-centred arrangements (ACP process, Rio process, ASEM). While sharing with the WTO and the IMF the common wish not to make multilateral regulation harder to achieve, the EU-led arrangements are characterised by:

- emphasising a single economic regulation, aid and economic policy as a complement of liberalisation strategies;
- wishing to add cultural cooperation and political dialogue to trade cooperation as an important feature of inter-regional cooperation, even beyond the shared notion of good governance (fight against corruption, rejection of deficit spending, and so on);
- supporting deeper integration among the partners, by technical cooperation and political partnership and by strengthening the new regionalism as a way of stabilising democracy and preventing conflicts.

Figure 3 shows the main USA-centred inter-regional arrangements: APEC, FTAA, and NAFTA. They are generally speaking 'bipartisan' (both Republican and Democratic administrations promote such arrangements, wishing to link emerging markets to the US economy), necessarily asymmetrical and unbalanced (due to the huge US influence), and oriented to trade liberalisation. Sometimes American-led inter-regionalism can spill over to a richer kind of relationship: the FTAA, for instance, includes a democratic clause, protection of

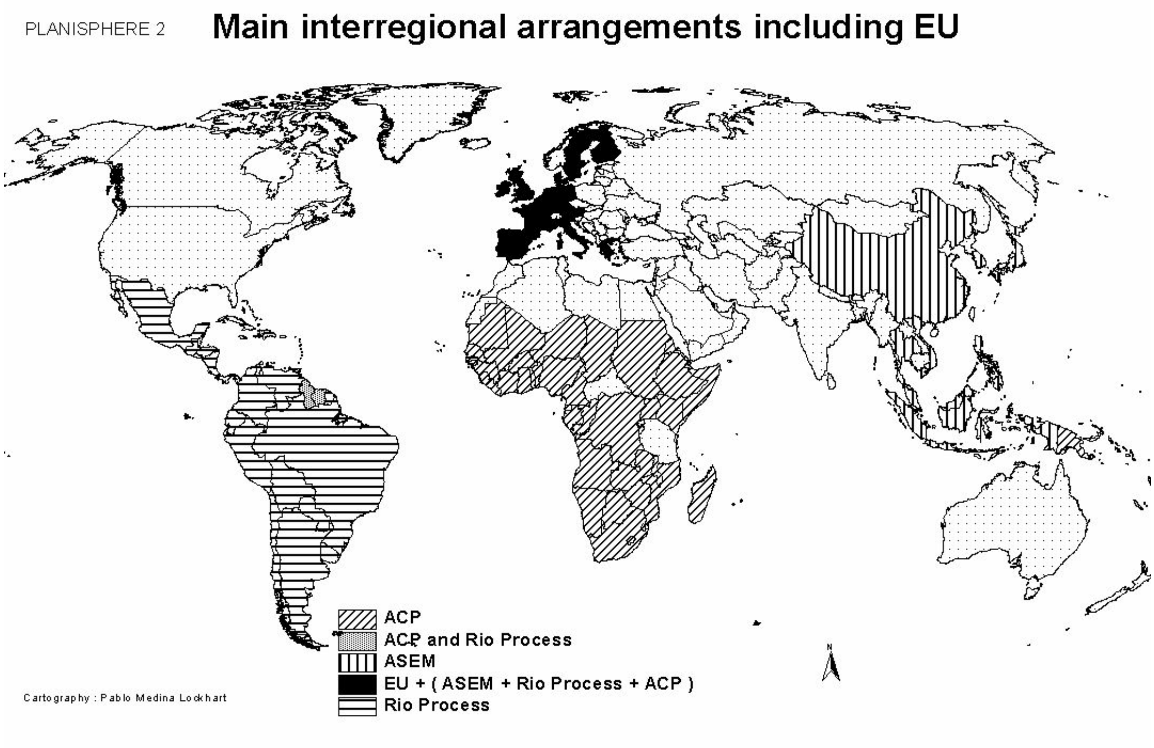
PLANISPHERE 2
Main interregional arrangements including EU
ACP
ACP and Rio Process
ASEM
EU + (ASEM + Rio Process + ACP)
Rio Process
N
Cartography : Pablo Medina Lockhart

Figure 2

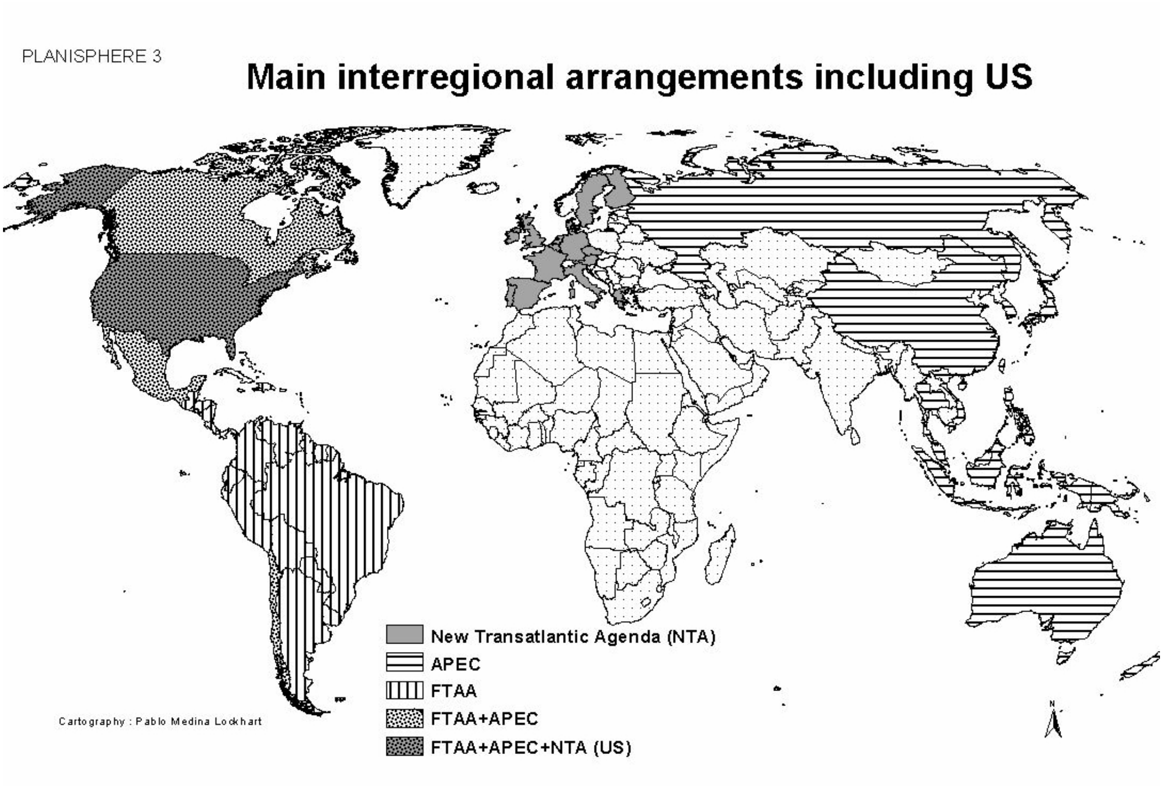
PLANISPHERE 3
Main interregional arrangements including US
New Transatlantic Agenda (NTA)
APEC
FTAA
FTAA+APEC
FTAA+APEC+NTA (US)
Cartography : Pablo Medina Lockhart
N

Figure 3

human rights, environmental policy, and so on. Their double problem is, first, to get the necessary domestic consensus in Congress (which, for example, rejected 'fast-track') and secondly, to establish a fair relationship with already existing regional groupings, especially where the latter are already trading blocs (the EU and Mercosur, for instance).

In conclusion, we are witnessing both convergence and divergence between the two kinds of inter-regional arrangement. The problem is that the EU is divided over the question of whether the new regionalism has to be supported as a contribution to global governance, something which would benefit the EU by defending and reforming the multilateral regulation of a globalised economy. There are significant divisions among member states and within the European Commission on this crucial issue.

6. Trade unions, the new regionalism and global regulation

Our hypothesis is that the new regionalism may well offer the best realistic framework in which to channel trade union interests towards a fairer and more regulated form of globalisation. It is only through new regional actors, playing a role within the international economic and political arena, that the labour movement can hope to succeed in balancing economic openness and defending social rights. The labour movement can also make a crucial contribution in determining the features of a new regionalism which avoids both eurocentrism and timidity toward the great American ally. It should never be forgotten that our new regionalism has to be more compatible with the regional integration of other regions: our stress on social cohesion and economic security must never spill over into ill treatment of other regions' needs for economic security and social cohesion.

On the other hand, without the strong and conscious support of the trade union movement, the European institutions will never be able to assert a new multilateralism incorporating respect for three components: (i) openness to civil society, (ii) defence of human and social rights, and (iii) a more symmetrical contribution by multiple actors, including regional entities. Without the support of the trade unions the EU risks failure and descent into one of two inappropriate scenarios: (i) a subordinated pillar of the American globalist, interregional plan or (ii) a new mercantilist fortress, exclusivist in its immigration policy and aggressive in its trade policy. In either case such an evolution would have dramatic implications for world governance and for new regionalism elsewhere.

Of course, the new regionalism is not a panacea. Universalism and democratic nation-states are also fundamental dimensions of global multilevel governance. Indeed, the EU needs other and different kinds of ally and partnership, above all with macro-states which can be considered as regions, such as China or India. However, the new regionalism facilitates the path towards better global governance: it reduces the number of players, limits the North–South conflict by including developing countries within regional arrangements, weakens sub-national ethnical fragmentation, and helps to stabilise democracy. It is a necessary complement of a multi-level global governance including local, micro-regional, national, macro-regional, supranational and global levels. It is a means of preventing conflict and reducing violence. It is a way of strengthening the pressures for a reform of global governance, for instance by setting up an economic council of the UN and reforming the WTO, particularly Article 24, or including regional representation within multilateral institutions.

According to this view, the new regionalism can also be a way of striking up a more productive dialogue with the anti-globalisation protest movements, for instance by channelling them towards more politically positive issues, linking protest and politics: strengthening peaceful new regional identities as both a realistic and an idealistic way of linking interests and ideals by regulating the global market and setting common fair and democratic rules, a kind of reinvention of internationalism in the twenty-first century.

4. International enterprises as global players? Challenges and opportunities for industrial relations

Ludger Pries

1. Globalisation and international enterprises

The impact and role of international enterprises in the globalisation process is a highly controversial topic. *Advocates* of increasing corporate globalisation point out that international enterprises are probably the most important means of transferring technology from regions which have long been highly industrialised to regions where industrialisation is more recent and less advanced. In their opinion, resources are allocated rationally and on a worldwide, long-term basis, as a result of intense international competition, making it possible to optimise economies of scale and distribute all the elements in the chain of value added according to the comparative advantages of each dependency. All consumers stand to gain thanks to low-cost, high-value products and services.

Globalisation *sceptics* regard multinational corporations as a threat to working people. If enterprises are in a position to distribute and manage their production and other business activities flexibly across the entire globe, employees in different localities and countries can be played off against each other, the sceptics maintain. Thus globalisation tilts the balance of power between capital and labour in favour of large multinational corporations, resulting in a 'downward spiral of social dumping' between various dependencies within the same international enterprise and between different countries. This leads in the medium term to a 'downward alignment of working and employment conditions'.

Assuming that the growing internationalisation of business activity is indeed a reality – and not merely a rhetorical exercise – for at least a significant proportion of enterprises, both the advocates and the sceptics of increasing corporate globalisation can lay claim to empirical evidence in certain sectors. This article will, however, challenge a basic presumption broadly shared by both points of view: both advocates and sceptics of globalisation take it for granted – mostly implicitly – that multinational corporations actually operate *as global players*: in other words, that they effect an optimal, company-wide allocation of resources and division of labour in accordance with a more or less uniform and rational *modus operandi* and company-wide planning, presenting themselves to outsiders as more or less collective players.

This assumption that international enterprises are *global players* is countered here with the thesis that such companies should, rather, be conceived of as *configurations of very diverse and overlapping groups of players*. It is illusory to believe in a central organisational rationale whereby, for example, production resources are distributed optimally across the entire globe. This illusion is kept alive by globalisation advocates and sceptics alike. The former – for example, in the shape of management teams who themselves push through the process of corporate globalisation – use it to justify their own actions; the latter – for example, in the shape of marginalised groups of employees who fall victim to rationalisation – use it to blame all the adversity in the world on one clearly identified guilty party: globalisation and the multinational corporations whose tentacles extend around the entire earth.

Such a way of thinking is rejected below on the grounds that globalisation is a very multi-layered process (section 2), in which different types of international enterprise must be distinguished (section 3).

Not only are multinational corporations embedded in specific local networks, but also, far from acting in a uniform manner as collective players, collective groups of players operate within and in relation to them (section 4). Finally, when looked at in this perspective, different demands are placed on employees and the organisations representing their interests in the globalisation process (section 5).

2. Globalisation as a multi-layered and contradictory process

If we are to assess the impact and role of transnational corporations in the globalisation process, it makes sense to begin by agreeing on the essential nature of globalisation. Those who consider it to be a self-evident process, relatively easy to grasp and to measure, will be tempted, by the same token, to regard corporate globalisation as a relatively straightforward organisational process. On the other hand, those who perceive globalisation as a highly complex and contradictory form of social change might perhaps think it somewhat unlikely that international enterprises will be able to exert an influence over this process as a result of their own uniform strategic deliberations.

When defining globalisation, many authors have stressed one particular dimension. Jürgen Friedrich, for instance, understands it above all in an economic sense: 'Globalisation is taken to mean the worldwide networking of economic activities' (Friedrich 1997, pp. 3–11). A view focusing on political aspects is presented by Ditmar Broch, for whom 'globalisation has become a code-word for a dramatic loss of sovereignty by nation-states and, more generally, societies organised as nation-states' (Broch 1997, pp. 12–19). A multi-dimensional approach would appear more meaningful than perspectives such as these.

First of all, globalisation should be interpreted as a *twofold process*: on the one hand, a real increase in the importance of transnational communications and exchanges; on the other, a changed perception of such transnational interaction. Anthony Giddens' definition highlights the former aspect: 'Globalisation can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa' (Giddens 1990, p. 64). Malcolm Waters, referring to the work of Roland Robertson, stresses the dual dimension of globalisation: 'We can therefore define globalization as: A social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding' (Waters 1995, p. 3).

Secondly, globalisation must be understood as a *multi-layered process* with at least six dimensions. Perhaps the most significant aspect of globalisation, and certainly the one most frequently aired, concerns *economic* developments such as the flows of financial capital which really do span the world while at the same time focusing on a few 'global cities' (Sassen 1991), the internationalisation of enterprises and the tendency for parts of national economies to open up. A second dimension relates to the already-mentioned *political* aspects of the trend towards macro-regionalisation, which extends beyond the borders of nation-states and relativises their sovereignty, as in the case of the European Union or the global handling of local and micro-regional conflicts – for example, UN intervention in Africa or NATO action in Yugoslavia. Globalisation likewise has a *technical* dimension, as is illustrated by the qualitative improvement and quantitative expansion of efficient and popularly affordable communication and transport technologies. Another case in point here is the internet, which would be unimaginable without a global agreement on technical standards for transmission protocols and infrastructure.

Anyone strolling through any capital city nowadays will soon come across elements of *cultural* globalisation, in the form of specific patterns of consumer behaviour which cut across borders and are spreading throughout the world while increasing in importance – 'McDonaldization', as Ritzer described it in 1993 in his book *The*

McDonaldization of Society. But the worldwide dissemination of film and television productions creates not only a niche for global cultural consumption; expectations too are being globalised, at least to some extent. This may relate for example to what is regarded as a 'beautiful and desirable life' (for example, the US suburban idyll), or equally to notions about universal human rights and particular standards of justice. A fifth dimension of globalisation concerns *social* processes, such as international migration or long-haul tourism, which in a sense interweave the social textures of transnational social spaces. In the final analysis, globalisation is virtually unimaginable without an intensification of transnational interpersonal connections, without networks of personal acquaintanceship and trust. Lastly, globalisation also has a significant *ecological* dimension. Reports to the Club of Rome, the 'Global 2000' study commissioned some time ago by the US administration and serious environmental hazards, such as the Chernobyl nuclear accident or the ozone hole, have been important milestones in raising awareness worldwide of common problems which transcend national boundaries.

All these diverse dimensions of globalisation – its economic, political, technical, cultural, social and ecological aspects – are of course closely connected and mutually reinforcing. The pace of economic globalisation could hardly be explained without the corresponding technical prerequisites (for example, faster communication media) and without social interaction (for example, relations of trust within multinationals or among brokers on different stock markets); at the same time, it in turn stimulates other aspects of globalisation such as transnational networking of a social and cultural kind. The combined effects of these various aspects are worth investigating in specific instances. Generally speaking, however, it is difficult to ascertain which of these dimensions are the precursors, embodiment or consequences of which other dimensions – an exercise every bit as futile as the tiresome question of the chicken and the egg.

Thirdly, globalisation is a *contradictory* process. The tendency to sweep away borders goes hand in hand with the drawing of new borders. To perceive globalisation as a process aimed solely at increasingly *reducing* the significance of all national legal and social regulations and economic exchanges, in favour of worldwide activity, is to ignore the mounting efforts to establish micro- and macro-regional boundaries. In striving for autonomy, the Basques and Bretons are calling for new micro-regional 'frontiers'; the European Community is an example of an emerging macro-regional entity. Nation-states have certainly not relinquished control over flows of goods and services: in many cases these have merely changed (for example, the conversion of tariff barriers to trade into non-tariff barriers). Similarly, the formation of macro-regional economic groupings such as NAFTA or Mercosur can be interpreted on the one hand as a step towards globalisation but equally, on the other, as a new means of defining macro-regional spheres of influence and interaction. Researchers such as Saskia Sassen (1998) have demonstrated theoretically and empirically this contradictory development of globalisation and these new spatial borders and concentrations. The term *glocalization* (Robertson 1994) likewise points to this twofold process.

If the role of international enterprises in the globalisation process is to be evaluated, account must be taken of all the complexities and contradictions of globalisation, as well as micro- and macro-regionalisation. Enterprises are not the only players in this process – and not always the most important ones; in all cases they are embedded and integrated in highly complex regulatory arrangements. Under these circumstances, as we shall illustrate below, different types of international enterprise operate according to very different logics; in so doing they behave only very rarely and minimally as coherent collective players.

3. Types of international enterprise

When discussing the challenges and opportunities arising for industrial relations from the increased importance of international corporations in the context of globalisation, it is essential to distinguish between different types of enterprise. A multinational corporation which produces in only one country or in very few countries, but has distributors established in numerous countries, cannot concentrate or transfer its distribution structures at will, simply on cost-cutting grounds – after all, the reason for having the widest possible presence is to ensure access to a large number of customers. Similarly, a multinational producing highly complex products, such as power stations or manufacturing plant, cannot simply switch its research, technology and production capacities overnight from one country or region to another. For, as a rule, the performance of very complex operations relies on a very complicated, local division of labour and is embedded in a broader social, cultural, technical, organisational and labour market environment. On the other hand, it is far easier to transfer finishing capacity for relatively well developed and straightforward operations from one place to another. Yet even in this case such a relocation of production takes several years, and the structures already in existence frequently exert a delaying effect: 'the normative force of the *status quo*'.

At least as relevant as the factors so far mentioned is the lack of any completely objective or objectifiable method of comparatively assessing the merits of different dependencies within the complex structures of multinational corporations. Such comparisons always involve appraisals and evaluations of diverse aspects of certain power structures and interests, and assumptions must inevitably be made about future developments. A comparison of two dependencies will even turn out very differently depending on whether the relatively lax or relatively stringent environmental regulations in a given locality are rated as an advantage or a drawback. The ranking of a multinational's dependencies in different countries will change radically, depending on whether predictions about developments over the next ten years are based on an average or a long-term trend of 1:2 or 1:1 in the rate of the US dollar to the DM (or euro). In addition, when choosing a locality, a major criterion will ultimately be whether people in a particular dependency can be relied on to perform certain complex tasks, such as developing or even just introducing a new product by a specified deadline. In the final analysis, such assumptions and decisions are always a hostage to fortune, and their success or failure will not necessarily be determined by the factors which were regarded as relevant at the time when the decision was taken.

These few remarks alone illustrate the complicated situation in which international enterprises find themselves when choosing localities, in principle and depending on their profile or type of internationalisation. Organisational and management research has already been devising typologies of multinational corporations for several decades. Much attention has been paid to H. Perlmutter's (1969) differentiation between three 'success strategies' in corporate internationalisation: an ethnocentric or international strategy (extensive takeover of products and production systems developed in the country of origin, and hence relative uniformity in the multinational, dominated by the country of origin); a polycentric or multinational strategy (maximum possible adaptation to local circumstances abroad, and hence a variety of different concepts in the multinational); and a geocentric or global strategy (strategies geared neither to the country of origin nor to the various host countries, but to the world market and a global utilisation of resources, and hence globalised uniformity of products and corporate concepts).

Choice of locality will clearly be very differently motivated in each of these three cases. M. Porter (1986) expanded this typology, which deals with only one dimension – the degree of uniformity or country-specific differences in corporate structures and strategies – into a four-field matrix, adding the dimension of geographical/spatial concentration or dispersion of activities and branches, on the one hand, and that of the degree of centralisation or decentralisation of company-wide coordination mechanisms on the other. The basic figure of these dimensional distinctions can be found – albeit with slight variations – in many more recent studies on the internationalisation of enterprises (see, for example, Belis-Bergouignan *et al.* 1996; Flecker and Schienstock 1994; Ruigrok and van Tulder 1995; Macharzina 1996; Dörrenbächer 1999; van Tulder 1999).

In an international enterprise which is widely dispersed geographically across several countries and continents, whose strategic corporate decision-making and management is highly centralised, a threat to relocate production to a particular locality certainly should be taken seriously, since the potential threat may well be backed up by alternative resources and viable strategies. By contrast, in a relatively decentralised international enterprise with very specific resources concentrated in only a few places, any such threat would in all probability be an intimidation manoeuvre on the part of management, not very likely to be implemented in practice.

The study by Bartlett and Ghoshal (1989) goes one stage further in taking account of the relevant aspects, since it considers both the internationalisation profile of the enterprise as a whole and the specific profiles of individual dependencies through three so-called 'organisational characteristics of international enterprises'. These are, first, the configuration of values and abilities within an international enterprise (that is, for example, an ethno-/monocentric, pluricentric or cosmopolitan/transnational orientation); secondly, the role of foreign dependencies (for example, 'extended workbenches' or autonomous plants with research and development capacities); and thirdly, the specific forms of development and diffusion of knowledge (for example, strong ties between the centre and the periphery or a more balanced distribution of strategic corporate resources). The authors' empirical findings revealed different manifestations and combinations of these characteristics, and on this basis they identified four types of enterprise operating internationally: multinational, global, international and transnational (see Table 1).

Table 1: Types of enterprises operating internationally, after Bartlett and Ghoshal (1989)

Characteristics	**Type**			
	Multinational *Decentralised confederation*	**Global** *centralised army structure*	**International** *coordinated federation*	**Transnational** *integrated network*
Configuration of values and abilities	Decentralised and nationally independent	Centralised + world market oriented	Core competencies centralized	Distributed + interdependent
Role of foreign dependencies	Exploiting local market opportunities	Realisation of headquarters' strategies	Adaptation of headquarters' competencies	Local inputs to integrated global activity
Development and diffusion of knowledge	Development + use in any local unit	Development + use in headquarters	Development in headquarters, use in local units	Common networked development and use in all units

The study by Bartlett and Ghoshal set out to present not just a typology of structures and forms of international enterprises at one particular point in time, but a developmental investigation of internationalisation *trajectories* or typical stages in the internationalisation of enterprises. According to them, internationalisation begins with the exporting of goods developed and produced in – and for – the enterprise's country of origin. As exports grow in volume and significance, the enterprise may decide to establish its own distribution companies, at least in the most important sales markets. Then, in a subsequent phase, production is started up in certain foreign localities: this is when products first begin to be adapted to the specific requirements of individual countries or regions. Thereafter the foreign dependencies may increasingly develop into autonomous subsidiaries with additional competencies in areas such as product development or marketing. Finally, the multinational's total global resources may be allocated transnationally at a later stage (see also Sydow 1993; Scholz 1996; Lane 1998). The three 'organisational characteristics' devised by Bartlett and Ghoshal go a good deal further than Porter's two dimensions:[1] spatial structure and form of management/coordination.

The same applies to the study by Ruigrok and van Tulder (1995) of international enterprises as 'industrial complexes'. Here, international enterprises must be considered not merely in isolation, as configurations of dependencies and central structures belonging directly to the enterprise. Rather, the production and marketing networks of these enterprises should be analysed as 'industrial complexes' undergoing a process of internationalisation. Such an analysis should begin with group headquarters and encompass their productive, political and social embeddedness in the country of origin, together with the associated strategies of control. The problem of devising appropriate strategies to cope with complexity arises more prominently here than in the other studies so far discussed: Ruigrok and van Tulder (1995) attempt, for example, to combine Porter's still relatively manageable typology of international enterprises with the five types of control they themselves develop (micro-Fordism, macro-Fordism, flexible specialisation, industrial democracy and Toyotism), and, in addition, with hypotheses about model trajectories of internationalisation.[2]

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1 It is not, however, easy to draw a precise distinction between these characteristics. The 'role of foreign dependencies' is, for example, closely related to the 'configuration of values and abilities'. Bartlett and Ghoshal (1989) put forward an inductive and rather descriptive typology of international enterprises and very simplistic assumptions about the process of internationalisation. Even the four expressions of the three 'organisational characteristics' set out in Table 1 give four times four times four, that is, 64 possible combinations; the trajectory of enterprises undergoing internationalisation would be equally complex.

2 See also, for example, the diagrams on pp. 189 and 194; Rehfeld (2001) proposes an interesting typology of international enterprises according to the 'strategic focus' of their international activities (production costs, market orientation, innovation or permanent proximity to customers).

If one follows up in detail all the avenues pursued by recent research on international enterprises, it becomes clear that no direct conclusions can be drawn regarding the challenges and opportunities for industrial relations. Participation or codetermination by employees in a comparatively centralised international enterprise such as Volkswagen may be just as extensive as in a company with a more decentralised management structure, such as Ford. Conversely, various types of international enterprise can be shown to have rather weak or non-existent opportunities for employee representation. Just as international enterprises cannot be construed as uniform collective players whose conduct is consistent, they do not all adopt the same structures and strategies for the allocation of resources, competencies and functions. Defining different types of international enterprise is therefore an important step towards identifying the scope for action and strategic options of the groups of players concerned. Closely allied to such a typological consideration of different profiles of corporate internationalisation is a specific examination of the relationship between the global operating radius of international enterprises on the one hand and their particular local ties and connections on the other.

4. Global enterprises and their local connections

Global enterprises are distinctive in that all stages in the chain of value added are in principle explicitly geared to their spatial distribution, and that scope for the geographical distribution of resources, functions and competencies is considerably expanded due to globalisation – but likewise due to other factors such as new communication technologies and improved transport facilities. The specific spatial integration of dependencies nevertheless means that this distribution of corporate resources, functions and competencies is not random, but must be adapted to the existing 'topography' of transnational corporations themselves and to that of all their individual dependencies. International enterprises do of course act on a global stage, yet they do not have limitless opportunities for distributing or shifting their resources, functions and competencies around the globe at will and within reasonable periods of time. There are at least two fundamental reasons why not.

First of all, the *normative force of the status quo* – in other words, the force of gravity and the inertia of existing structures – is a law which applies even to the existing structure of an international enterprise. Creating a new dependency initially implies a huge material investment: in locality comparisons, site explorations, feasibility studies, premises and plant, and so on; it also requires considerable investment in developing the necessary human resources: staff recruitment and training, the elaboration of in-house codes of conduct, the social integration and mobilisation of employees, and so forth. All these activities consume not only material and intellectual resources, but also time. Even if a given dependency project were not subject to any cost restrictions whatsoever – for example, because it was of paramount strategic importance – several years would still be needed, however sizeable the budget earmarked, before the new dependency had developed the requisite competencies (for example, qualitatively and quantitatively good production of particular goods, marketing competencies for a particular sales area, research and development capacity in particular spheres, and so on).

In the context of corporate internationalisation, existing dependencies and their resources have certain structural competitive advantages over potential new ones: resources already in existence (premises, infrastructure, market knowledge, relations with state authorities, employees, and so on) can generally be redirected more rapidly to new functions. All these aspects may explain why it rarely happens that international enterprises actually *transfer* existing resources, functions and competencies transnationally, in the sense of relocation (closure of capacity in one place and its start-up in another), or at least it happens much less often than is threatened. In comparison with this kind of direct relocation, changes in regional or spatial priorities much more frequently take the form of either (1) an uneven distribution of positive or negative growth among existing corporate dependencies over the long term; (2) an *expansion* of activities through the creation of new dependencies; or (3) the outcome of mergers and acquisitions (see, for example, Walker 1999; Rehfeld 2000; Pries 2001a; Wortmann *et al.* 1998; Wortmann 2000).

Along with the structural inertia tending to affect existing internationalisation profiles, another factor also counteracts the image of production resources and dependencies floating freely around the globe. Global corporations can only ever exist as *locally embedded and integrated organisations* for the creation of goods and services. Whereas speculative flows of financial capital can sometimes move arbitrarily around the entire globe in the short term, the complex processes whereby international enterprises create goods and services are always rooted in operating units which actually exist in particular locations and cannot therefore simply dissolve into cyberspace as a result of new information and communication technologies (Pries 2001b). Specific localisation factors apply to every individual dependency at various spatial levels: these not only derive from the original decision as to where to site a dependency, but also include the entire developmental trajectory of that dependency, as well as its current and projected future integration within and outside the enterprise itself (Pries 2000).

Some important factors affecting the localisation strategies of international enterprises at various spatial levels are summarised in Table 2. For instance, the public infrastructure and the incentives on offer are very important to enterprises at the local, micro-regional level. Worldwide competition among municipalities and micro-regions to attract enterprises intensified sharply in the 1990s.[3] Factors such as

3 On the automobile industry, see, for example, Kilper and Pries (1998).

Table 2: Localisation factors at various spatial levels

Spatial level	Localisation factors
Local/micro-regional	Public infrastructure and incentives Labour market/industrial relations Structure of suppliers/inputs Socio-cultural environment
National	Market access Specific resources (labour, services, environmental conditions, etc.) Risk management (exchange rates, etc.) Regulatory arrangements/system of governance
Macro-regional	Long-term development potential/ strategies Market access or other features (customers/climate, etc.) Regulations/standards

tax relief, cost-free cessions of land, and so on, are very long-term considerations, as are local labour market conditions or the structure of nearby suppliers and important input resources. What is even more difficult to change is the socio-cultural environment in the micro-region where a dependency is located: it is the result of traditions and practices spanning generations and often centuries.

Important factors for enterprises in deciding where to establish and develop dependencies at national level include market access, which may likewise apply at macro-regional level in the case of supranational economic regions such as NAFTA or the EU. At national level there are in addition localisation factors relating in general to the skills, remuneration and appropriateness of the workforce, access to specific services and infrastructure facilities (schools, road and transport systems, import–export bureaucracy, and so on), and also environmental (protection) conditions and the governmental system as a whole. Location decisions may furthermore be influenced by longer-term strategic considerations, such as a spreading of risk throughout the multinational corporation. The rate of the US dollar to the euro may in some circumstances have a greater impact on the international competitiveness of an enterprise's dependency in a certain country than all local efforts to boost productivity. Political and ecological aspects, in addition to monetary ones, may also form a part of international risk management.

Finally, international enterprises base their localisation strategies on considerations relating to macro-regions such as Latin America, south-east Asia or eastern Europe as a whole. Here a key role is played by the long-term development potential of such regions and the associated corporate development strategies: in this context, enterprises may be willing to allow a dependency to suffer losses even over an extended period in order to be geared up for the – anticipated – long-term potential of such macro-regions. Another reason for an enterprise to have a dependency of its own in certain regions of the world is proximity to a particular client base or to certain climatic conditions, or even specific macro-regional norms and standards. For instance, eating habits and consumer behaviour play an equally important role here for food multinationals as do weather and topographical conditions for the automobile industry.

Precisely *inasmuch as* and *because* each individual locality is selected, judged and strategically assessed by an international enterprise according to a very broad range of considerations (only briefly outlined here), local resources, functions and competencies cannot be manoeuvred to and fro at will. The image of multinationals which roam freely around the entire world, arbitrarily playing off one local workforce against another, can be countered in the first instance by one fundamental observation: the more intensively and consciously global corporations wish to utilise the various localisation factors of localities and regions, the more directly and permanently they are embedded and integrated in the local area (Pries 2001c). We are certainly not denying here that both the internal and the external pressure of competition can increase enormously for all groups of players and dependencies within international enterprises; however, the wide range of truly effective localisation factors prevents one from focusing too narrowly and unilaterally on short-term cost factors.

Multinational corporations have to examine and discuss localities and localisation policy from a long-term, all-round, international and strategic perspective. The various groups of players within the enterprise do likewise, and widely divergent opinions and points of view almost always come to the fore. As a rule, the employees of a given dependency – management and workers, as well as their representatives – will advance many good reasons why it is performing well and vital to the enterprise as a whole, pressing for a favourable distribution of resources, functions and competencies to 'their' dependency. Coalitions of interests are forged not only – and often not primarily – along the usual 'capital–labour' lines, but also in terms of dependencies and informal groups within multinationals.

Therefore, if international enterprises do act as global players, it is only in a figurative sense. Localisation strategies and locality decisions are only ever the result – always open to discussion and liable to change – of perceptions and negotiations of interests by collective groups of players. The latter combine the techniques of 'muddling through' and 'struggling forward' to advance through the labyrinth of perceived problems and decisions. The meaning of their own actions is generally rationalised *ex post* to the outside world and is subject to continuous reinterpretation by all the groups of players involved. The foregoing considerations have some major implications for industrial relations.

5. Challenges and opportunities for industrial relations

In the debate about corporate globalisation, it is not infrequently maintained that the representation of employees' interests is thereby rendered more difficult or even impossible: that trade unions, works councils, and even communities and other groups are virtually helpless in the face of uniform, global management strategies. We have argued here, on the contrary, that globalisation is an extremely complex process; corporate globalisation is only one – albeit important – aspect, but it is connected, for example, with social and cultural globalisation. Even economic globalisation has somewhat ambivalent and not solely negative or positive effects for employees of global enterprises. Inasmuch as economic globalisation is perceived first and foremost as a danger and a threat to workers, an all-round vision of globalisation must take into account its other dimensions, such as the technical, political and social ones, since such considerations do at least allow for the possibility of more complex forms of regulation, as well as checks and balances (section 2).

An image of international enterprises as octopus-like creatures whose tentacles stretch around the earth is inadequate, not merely because multinational corporations rarely operate as global collective players, but also because there are many different types of international enterprise. They may be well coordinated entities with relatively centralised power structures, or else they may be fairly loose amalgamations of decentralised dependencies. If the challenges and opportunities of corporate globalisation for employees are to be discussed realistically, both the specific profile of an enterprise's internationalisation and the spatial structure and strategy of distributing resources, functions and competencies must be taken into account. The typologies of international enterprises already developed in the literature are of great assistance here (section 3).

Lastly, the possibilities, limits and strategies of relocating dependencies can be assessed only in the overall context of the local, national and macro-regional embeddedness of individual parts of an enterprise and the attendant localisation factors. This does not take away the normal pressure of competition among dependencies within a multinational corporation and among corporations; rather, an all-round analysis makes it possible to develop appropriate industrial relations strategies at the various levels and in respect of the different groups of players. Indeed, corporate globalisation usually intensifies the embeddedness of dependencies in their local, national and macro-regional environments, as well as in company-wide structures of cooperation and division of labour, thereby making complete enterprises and their dependencies more complex and more fragile (section 4).

Such transformations imply huge challenges, but also opportunities, for employees and their representatives in multinational corporations. Over and above the traditional principle of international solidarity of the strongest with the weakest, international employee relations will increasingly be determined by (more or less efficient) structures and mechanisms for mediating between different interests, and between interests which transcend the organisation of common dependencies and national borders. Furthermore, technical, cultural, political and above all social globalisation also foster the emergence of new cross-border and transnational networks of local groups of players, thereby making bargaining systems within and vis-à-vis multinational corporations more complex. These include, for example, groups of Greenpeace activists who organise their activities around multinational corporations such as Shell, or church and trade union communication networks which conduct targeted campaigns against international enterprises or specific political issues.

The 'limited rationality' of management conduct and the very real diversity of interests within and vis-à-vis transnational enterprises indicate that in principle there really are possibilities of formulating and advancing collective interests. This is evident, for the regulation of employee interests within international enterprises, in the valid agreements or at least principles negotiated transnationally to secure the future of dependencies, as in the case of General Motors/Europe, and also the more or less institutionalised mechanisms for international discussion and negotiation of employee interests in multinational works councils and worldwide planning exercises, as in the case of Volkswagen. Groups of players such as employees, communities and others must nevertheless upgrade and extend their transnational cooperation. Developing global networks of local players around international enterprises will create scope for new checks and balances suited to a globalised world. In this perspective, corporate globalisation is not a fate which has befallen humanity, but a social process which everyone has an interest in shaping.

Translated from the German by Janet Altman

5. European trade unions: from internationalisation to social actors in global society

Andrea Ciampani

1. Social actors and the history of international relations

The emergence of an overwhelming process of profound socio-economic and political change, accompanied by the recognition of interdependence within increasingly complex and diversified societies in the era of information and globalisation, prompts the need for historians to re-examine, with renewed intensity, the events of recent centuries, and to enrich the tools and interpretative categories which they utilise.

A not dissimilar situation must have faced European researchers and academics in the decade following the Second World War. In 1955, introducing the sixth volume of his history of international relations, Pierre Renouvin (1955) pointed out that studies of the economic relations between states had only just begun. Today we might say that the very subject selected for study by Renouvin – the period of major international capital movements, when the US and Japanese world challenge to European supremacy was at the same time beginning to gain momentum – contributed to an understanding of economic dynamics in the history of international relations. And yet it would seem that this study – '*des relations économiques entre les grands Etats*', at that time '*à peine commencée*' – failed to have a proper impact on the sensitivities of men who had become familiar with the clash between political models inherent in the choice between opposing economic systems, namely the market economy and the planned economy. To be for or against the capitalist system (albeit with a mixed economy) and the democratic regime of Western countries meant being for or against the Marshall Plan, and for or against the European Common Market.

Thus it may happen that a historian's warning about newly emerging forces comes to be heeded only later, when subsequent developments of the earlier nascent processes finally make an audience receptive to new approaches. Something similar happened with the history of social forces which, in the earlier history of international relations, did not receive the kind of attention devoted to economic forces.

Since then, the difficulty of examining social aspects has been compounded by uncertainties dogging the disciplinary subdivision of historical research: alongside the debate on the contents of social history, labour history and the working class movement – which has in some cases served as the handmaiden of the history of socialist and communist political movements – we have witnessed, in the research of the past fifty years, the predominance of political history over the study of social organisations. More recently, with a loosening of the grip of all-embracing political interpretations of reality, the importance of social factors, alongside economic ones, has emerged. But far from fuelling research that would call into question the need for political syntheses, the resulting studies help to configure a more detailed and complex framework of the historical process, thereby contributing to its understanding.

Within this framework, some scholars have begun to work along the lines suggested by Renouvin, adopting new approaches to the history of social classes, public opinion and collective actors. Historians began not just to analyse the development of new political and economic institutions, which tend to be studied for their own sake in international relations, but also to focus on the emergence of truly collective actors, of social subjects, such as the trade unions. The prospect of research into trade unions as a social force, tackled in a number of pioneering studies, emerged as a 'question' that is still, to a large extent, unexplored. Now that the classic interpretation of the trade unions has been weakened by the demise of the communist approach, we are brought back to a historical analysis of the associative nature of trade unions.

The break-up of the World Federation of Trade Unions (WFTU), and the prevalence of free and democratic trade unionism in the trade union movement as organised by the International Confederation of Free Trade Unions (ICFTU) and the European Trade Union Confederation (ETUC), prompts a reconsideration of the strength of the social character of the trade union movement (Carew *et al.* 2002; Pasture 2002). We may thus express support for the 'trade union hypothesis' in the history of the trade union movement, not as a history of trade unions per se (or history as written by militant trade unionists), but as an approach which takes into account the specific social nature and dynamics of the trade union movement in contemporary history (Marongiu 1991). We would even go so far as to overturn the image of the division within trade unionism as an effect of the Cold War (still common in political thought) in favour of the alternative proposition that differences in trade union cultures were in fact part of the process that gave rise to the Cold War (Antonioli *et al.* 1999).

This acknowledgement of the social dynamics specific to the trade union movement is also furthered by the current awareness of the important dynamic role played by non-political actors in national and international affairs. In this context, we must certainly take note of the important World Bank study, published in 1995, on the role of trade unions in world development. While emphasising that 'free trade unions are a cornerstone of any effective system of industrial relations that seeks to balance the need for enterprises to remain competitive with the aspirations of workers for higher wages and better working conditions', it also noted that such free trade unions 'have a non-economic role as well' and that 'some unions have contributed significantly to their countries' political and social development' (World Bank 1995: 79).

We must equally take note of the position adopted by the ETUC on the Maastricht Treaty (7 February 1992), in respect of which this European trade union organisation contributed – through a joint initiative with representatives of private and public employers (resulting in the agreement of 31 October 1991) – to the formulation of the articles included in the Social Protocol (from which the UK at that time opted out). Subsequently, the ETUC strove publicly to secure a number of amendments to what was to become the Treaty of Amsterdam of 1997, in order to obtain recognition of the social partners as autonomous actors within a European social area. This is how far we have come – in the 'brief' period of half a century – from the Potsdam Agreements, signed by the Allied Powers in July 1945, which dictated the terms for the reform of the trade unions in defeated Germany (Ciampani 2000a).

Meanwhile, the difficulties faced by German historians in establishing clear parameters for research on the history of the trade union movement (which was studied in the context of political or economic – rather than social – history) did not prevent them from emphasising the importance of social forces after the Second World War. Knowing the stance of the western German trade unions (DGB) on the Marshall Plan and the ECSC, we are in a position to understand the assessment of the role of the social actors, recently formulated, for example, in one historian's statement that, in democratic nations and in the world market of the post-war period, 'intersocial relations preceded in time, and shaped, intergovernmental relations' (Link 1993: 224). It has been noted, furthermore, that in the special process of recovery of sovereignty by the Federal

Republic of Germany, when the lack of leadership resulted in concrete problems for employment and foreign policy, the 'interest associations' were often required to fill the vacuum (Abelshauser 1993: 207).

In Italy, by contrast, a review of the historiography on European integration, published in September 1991, was able, under the heading 'economic aspects', to point to only a few worthwhile studies – on various aspects of the Marshall Plan, on specific industrial circles, on emigration. 'Other relevant "actors", in both the political and the economic fields, from the political parties, to *Confindustria*, to the unions, have aroused only scant attention, while, on the contrary, the careful analysis of their activities could shed new light on Italy's involvement in the process of European integration' (Varsori 1992). More recently, however, since a number of historical conferences sponsored by the Rome-based *Fondazione Giulio Pastore* in 1990 and 1994, the first in-depth scientific studies of the social forces in European dynamics began to be undertaken in Italy (Ciampani 1995; Saba 1997). The thrust of these studies, which now constitute a recognised strand of historical research within the broader process of European integration, no longer seems limited to the concern to add new research paths to the existing ones (Romero 1998/1999; Varsori 2000; Ciampani 2000). Rather, in the wake of some extraordinary events, the thinking of historians seems to have developed in the direction of a new approach to the history of international trade unionism and of a search for paths which can support new interpretations of the history of international relations. If our times help us to perceive the presence of a new process, it is the task of historians to monitor and describe its slow unfolding.

2. Evolution and change in the international relations of organised labour

The subjectivity of the trade unions indeed came to be mirrored, thanks among other things to its international dynamics, in the 'young' history of post-war trade unionism. Starting in 1950 we can see, in a general break with the past, the movement of democratic trade unionism towards greater emancipation from political parties and a thrust towards participation in a non-corporatist socio-economic context.

The trade union movement has, without any doubt, undergone major changes both over time and in space since its beginnings during the first industrial revolution; it has developed in various countries and political contexts, in market and planned economies, as well as in mixed economies. It has shown itself possessed of a dynamism that has enabled it to adapt to changes in the evolution of capitalism itself and in the representation of the interests tied to capitalism. By constituting itself as a permanent association, with its own means – such as contractual power to modify significant aspects of employment and the power to balance the social power of employers – the trade union movement began to expand its sphere of action and to come into contact with civil and political institutions. In the various settings and countries, under different political regimes, the trade union movement grew within a framework of cultural pluralism and organisational diversity.

During the period when revolutionary bourgeois political ideals took hold, the ruling classes at first declared trade union action illegal before subsequently developing some degree of tolerance. The *Le Chapelier* law of 1791, during the French Revolution, prohibited the formation of professional associations because, it was claimed, the state alone could represent the individual interest of everyone and the general interest of all. The British Combination Acts at the end of the eighteenth century regarded as 'illegal all professional organisations whose purpose was restraint of trade, and thus prohibited all coalitions seeking wage increases, wage reductions or changes in working hours, and limitations on employers in their choice of employees, etc.' (Romani 1981:48).

The point in time at which legal tolerance (marked in Britain by the abolition of restrictive laws in 1824 and 1825) and the implicit recognition of the social role of trade unions took place varied in different countries according to their level of industrialisation and democratisation. In these differing contexts we can see the efforts of the trade unions to play a greater role in political dynamics and secure greater independence from those parties which, in the case of continental Europe, were born of socialist aggregations. At the beginning of the twentieth century the British Labour Party came into being, as in France the trade unions were proclaiming the Amiens Charter.

It is not surprising, therefore, that those same years witnessed an attempt on the part of the trade union movement at coordination between unions at the international level. Alongside dissent within the workers' movement itself (for example, Marx's criticism of the trade unions' reformist objectives), during the period of the International Workers' Association in London in 1864, further difficulties were engendered by growing political and economic nationalism. In 1889, which also saw the founding of the Second International, the first international occupational coordination between sectoral trade unions in a number of European countries was undertaken, leading to the founding of an international federation of boot and shoe workers. In the years that followed, other international trade secretariats were set up: miners and metalworkers, typographers, and workers in the clothing and textile industries. Then, in the brief period between 1901 and 1903, at congresses in Copenhagen, Stuttgart and Dublin, an effort was made to found an International Trade Union Secretariat (ITUS) which, after the American AFL had joined in 1910, was to declare itself, the year before the Great War, the International Federation of Trade Unions (IFTU). The weakness of such attempts, however, was borne out by the events that led to war: 'the primacy of national trajectories in the emergence and evolution of labour movements implies that international organisations in the labour movements played a secondary role' (Visser 1996: 186; Windmüller 1987; Van der Linden and Rojahn 1990).

The different experiences of the two post-war periods were – as is true of other aspects of economic, social and political history – represented significant transitions for international trade unionism. Subsequently, in both cases, the dynamics of social actors came to be differently identified and examined from the standpoint of the history of international relations. However, comparing the two post-war periods, we see a great overall dissimilarity in the action and in the self-awareness of the trade unions as an international presence. Accordingly, the need arises to seek precise dates as a way of gaining some hold – within the processes that unfold slowly over time on a grand scale – upon the moments of sudden acceleration, and periods of lag, produced by events and human initiatives.

Undoubtedly, the first phase – given over to the launching of the internationalisation of the trade union movement – ended in 1919. After that date, trade unions on the international scene came to be characterised by a new dynamic, not only because the IFTU was being reconstituted in Amsterdam – after 1921 in organisational competition with the Red International of Labour Unions (dissolved in 1943) and the International Federation of Christian Trade Unions (today WCL) – but also because the idea was beginning to gain ground in industrialised countries of a central relationship between the trade union movement and the state. The inter-war period was characterised by the search for a new collective order, a search which followed different paths depending on geographical area and the evolution of economic systems.

Nation-states, which had different goals and objectives depending on the orientation of their governments, regarded unions as a significant factor in dealing with economic crisis and controlling political instability (Romani 1981). In the Soviet Union, the abolition of private ownership of the means of production and the creation of factory councils served to change the nature of the workers' union: until 1929 it was part of the management triad, together with the party and the government, in every productive sector, but the union was thereafter stripped of all independent decision-making power and action and assigned the task of ensuring compliance with the organisation of production in the planned system as a whole.

In continental Europe, traditional ideological development was accompanied, after the mass unionisation of workers in the post-war period, by new experiences and developments. Some envisaged the trade union as an 'institution' with rights legally recognised by the state to be realised in a corporatist framework in which the trade union forfeited both its nature as a 'movement' and the liberties associated with this mode of being. Others took up the idea of substituting a trade union order for the state order. Christian trade unionism developed in the belief that during the revolutionary events of the inter-war period it was possible to integrate trade unions into economic and political life.

All this gave the unions new responsibilities, especially in countries with the particular type of democratic system characteristic of the English-speaking world. The split in the United States between the CIO and the AFL reflected divergences within the trade union leadership as to the role of unions in the new economic and political phase of the New Deal, inaugurated in 1935 by the National Labor Relations Act, which placed the unions, then growing organisationally, in the position of assuming greater responsibilities in relation to government authorities in the interest of the national community.

In the United Kingdom, the central position gained by the Labour Party in the political system led the trade unions to reconsider the respective duties and actions of the political and the trade union spheres, eventually bringing them to recast their demands so that they were no longer restricted to sectoral interests. This review undoubtedly evolved too slowly, given the electoral verdict that placed upon the British Labour government the great burden of responsibility for a great power emerging victorious from the war.

The fact that the national trade unions now enjoyed government recognition – albeit subject to the primacy of government policy action – involved them in international dynamics in ways wholly dissimilar to those of the past, as shown by the tripartite composition of the International Labour Organisation (ILO) and by the development of an increasingly intense season of 'trade union diplomacy' (Ciampani 1998/1999) in the form of initiatives by national governments to guide international policy-making by using bodies of the trade union movement and labour dynamics as their means of action, thereby more effectively shaping national foreign policy.

These dynamics have been observed by historians, of sometimes different disciplinary specialisations, but generally they have not gone so far as to regard trade union action as an expression of social subjectivity *sui generis* – a subjectivity that was, during this period, struggling to emerge in the unions' own self-awareness. Yet when scholars looked more closely at the history of the 1950s, broadening the panorama of subjects and relations to be studied, they found themselves faced with interventions by the trade union movement that were alien to the 'labour attaché' concept. The perception of the active role of the North American union in relation to the international action of the US government – which at times reached the point, involving evident strain, of attributing a sort of 'foreign policy' to the union itself – allowed the emergence of a new subjectivity of the trade union movement on the international scene.

This novelty became apparent as from 1949, though it was at times confused with, or still overlapped with, 'trade union diplomacy'. Here too, the failure of unity of the international union movement in the WFTU, which emerged in 1945 in the context of anti-fascist alliances, and the birth of the ICFTU in 1949, were not just a new feature of international trade unionism – that is, a different way for national unions to aggregate vis-à-vis the East–West world confrontation. Such, undoubtedly, was one way of viewing the situation, but the phase that began in the early 1950s saw democratic trade unionism develop at the international level along a new path of solidarity that has continued down to the present.

It seems to pose the question – elicited by recognition of the pluralism within trade unionism and participation in advisory committees of new bodies and institutes (international and supranational) – of the possibility of achieving an international representation that would not be limited to brokering a compromise between proposals from the individual national confederations. Underlying this process was the development of international relations by the individual trade union confederations, which began to form relationships with the complex network of the international community along paths increasingly independent of national government mediation.

Of significance in this context is what was happening in terms of trade union freedom of association. It has been pointed out, mostly by lawyers and sociologists, that the status of trade union associations on a global scale could have been improved, among other things, through legislative action to ratify the two international conventions approved by the ILO conference in San Francisco on 17 June 1948 (No. 87, on trade union freedom and the protection of the right of trade unionism) and in Geneva on 8 June 1949 (No. 98 concerning the application of the right to organise and bargain collectively). In Italy, these conventions were finally implemented by Law No. 367 of 23 March 1958 (Mazzoni 1976; Valticos 1983). However, in the meantime the freedom of association had been affirmed in Italy by the loyalty of workers to their organisations, by the acceptance of union pluralism following the split of the unified CGIL (between 1948 and 1949), and by the action of the CISL (beginning in 1950) aimed at thwarting implementation of the constitutional article that called for regulation of trade unions.

In the early 1950s it was no longer the institutions or political government that determined forms of social representation but rather the latter which sought to exert a dialectical impact on policy decisions in the national economic and social spheres. This is what occurred in West Germany with the founding, in 1949, of the DGB which, under the leadership of Böckler, negotiated directly with Adenauer the law on *Mitbestimmung* regarding the co-management of mining industries without parliamentary mediation, and took an openly favourable position regarding the European Coal and Steel Community (ECSC), in disagreement with the Social Democratic Party (Ciampani 1995). Such developments took place at different times and in the different countries involved in the industrialisation processes which saw the ubiquitous development of mixed economies in a capitalist system under democratic governments.

The historical approach that views 'trade unions as institutions and look[s] at their international links, policies, activities' (MacShane 1998) allows us to see adequately both the dynamic relationships between the main national trade unions and the international groupings, such as the ICFTU and the WFTU, as well as the forms of their participation in intergovernmental and supranational cooperation bodies. Thus, the study of the international relations of organised labour which developed after 1950, at times original, at times subordinate to, but more frequently interdependent with, studies of other actors, helped to enrich the analysis of international scenarios in contemporary history. And it is at this point that the history of the international trade union movement finds its rightful place in the history of international relations *tout court*.

3. European integration and globalisation processes: from European trade unions to the ETUC

The process which began in the 1950s has probably yet to reach full maturity, but the recent manifestations of globalisation and European integration testify to the impossibility of negating the social subjectivity of the trade union movement which, evolving in conjunction with economic and social change, has tended to achieve its progressive emancipation from political parties and has sought greater participation in the formation of the socio-economic order in a democratic system in an endeavour to combine market development with social justice. There would seem, in the final analysis, to be a close interplay between the formation of a new 'trade union question' and changes in the very concept of citizenship and democracy.

The globalised market – something quite unlike the traditional international market – is fraught with risks and crises involving public and private economic actors, all of whom seek ways of reducing costs and re-examining the effectiveness of rules and procedures. It is a situation which demands a rethinking of the role and prospects of all the many parties involved (Parsi 1998).

Global society cannot, in fact, be included in the 'old theory of international trade, which took only nations into consideration': everyone can see, for example, how today even enterprises 'create and realise economic relations between countries' that 'thus favour technology transfer and the spread of knowledge' (Lafay 1998: 39). Even scholars of the history of international relations have adjusted their analytical tools and, while noting the solidity of 'state sovereignty', in however weakened a condition, they perceive that in 'our world several other identities now present themselves as international actors' (Cerutti 1999: 14). Thus, the rigorous work of reconstructing diplomatic history and the need to link the analysis of treaties to international policy-making are now subject to new tensions in light of the nature and role of complex reality.

> Thus, if the history of diplomacy was based on worn conceptual foundations and insurmountable limitations on competence because delimited by the action of ruling groups uprooted from their socio-economic fabric and from the political context, we must broaden the definition in a more general way, taking as the object of international history the 'his-

> tory of international relations', conceived as the history of the development of the international system in its various components. (Di Nolfo 1999: 31)

It is the process that has led to the presence of new subjects (which do not necessarily fit into wholly normative or institutionalised international systems) that should be the historian's focus. And yet, in delimiting the field of inquiry in international relations, it is on the actors and on the objectives of their actions that thinking is often concentrated.

In this context, the development of the 'free and independent' trade union movement, the broadening of its action and its role in cooperation with states and governments, is what prompts the search for a new role for social actors in seeking a shared 'order', a search in which political actors and governments themselves are involved. This observation is of particular interest to those who – reflecting on the development of international relations and on the relationship between violence and politics in international reality – have come to consider how 'an acceptable system of international order' can be 'rendered more realistic by the effort of the international community to redistribute wealth' (Bonanate 1999: 99–100). But the same consideration does not appear alien to the debate at the level of analysis of international relations and concerning the proposal for 'pluralism'. Moreover, without questioning the realist principle of the anarchic character of relations between nations, this attitude of the democratic trade union movement, which has a multiple identity (regional, national, transnational and international), lends support to those who stress the interaction of actors and their mutual recognition in the formation of a structure of the international system.

At the level of the development of events, whatever the nature of the current loss of power to regulate on the part of national governments (which are, at any rate, engaged in a search for new strategies), it appears inevitably the case that an overall rethinking of democratisation can be forged only with the acknowledgement of some sort of global responsibility[1] on the part of the various actors and social organisations, among which a strong and independent trade union movement must be one candidate. We seem to be seeing this, as Ruggiero suggested when he headed the World Trade Organisation, in the efforts to constitute a 'new partnership' on an international scale in order to tackle together the new forms of marginalisation. It can be seen similarly in the initiative to hold a new World Summit for Social Development in June 2000 in Geneva, as a special session of the UN General Assembly, five years after the first 'social summit' took place in Copenhagen. Finally, government representatives will be there to sign the final political declaration of the session, but they need to have as partners relevant international organisations as well as actors from civil society. The ICFTU and the World Bank are among the players most committed to a meeting which would appear not as the outcome of an agenda between state subjects, but of a need to give life to a new network of actors in a globalised society. The president of the World Bank Group spoke, in September 1999, in his address to the Board of Governors, about building 'Coalitions for Change' – coalitions with the private sector, civil society, religions, trade unions, and governments: 'We know that nations are no longer the sole masters of their destinies'. And the ICFTU has now returned to describing the trade union movement as '*l'élement le plus organisé et structuré de la société civile*', to be included '*dans un processus de consultation sur la réduction de la pauvreté*' (Wolfensohn 1999: 7; ICFTU 2000).

1 The economic and political characters of such responsibility, Parsi notes, derive from the same 'growing, and under more than one perspective without precedents, interdependence between economic and political and social aspects of events that for the sake of brevity are grouped under the name of globalisation' (Parsi 1998: 148).

But if, in the context of the dynamics of globalisation, a change in the balance of power and resource networks is being studied by trade unions (a 'Millennium Committee' to re-examine the structure of the international confederation was formed during the last ICFTU congress in April 2000), in the context of the processes of europeanisation the presence of different actors and social forces today appears such as to raise new questions about the significance of the course pursued through economic and monetary union. The recent attention paid by scholars to the 'work dimension', associated with the inclusion of social policies in the Community sphere, is an incentive to re-examine the steps along the path to europeanisation with reference to the dynamics of economic and social actors and their relations with the Commission and with national governments, culminating in a renewed proposal for tackling the tremendous democratic deficit of the integration process.

At the same time, the interplay between a perception of the need for trade union representation and the demands of the process of Community integration appears so unique as to have exerted an effect on the development of trade union representation in Europe itself.

The question of social representation in the integration process is eloquently illustrated in the process that accompanied the founding of the ETUC and which goes far beyond the problem of a regulated system of industrial relations on the Community level. We should not forget that democratic unions, after participation in the Marshall Plan and the founding of the European Regional Organisation of the ICFTU, participated in negotiation of the Schuman Plan in 1950, sending their own experts to the delegations of national governments of the Six Countries. In addition, they were included as representatives of the social forces in the formulation of the social issues of the ECSC Treaty, obtaining, along with Monnet, the appointment of Paul Finet (up to that time president of the ICFTU) as vice-president of the High Authority. Moreover, the European unions that were allowed to participate in the advisory committee of the ECSC had embraced not only the cause (which was very burdensome for workers' unions) of the economic unification of markets but also that of political integration – leading to considerable friction with British unions, which were then in a position to exert particular influence on international unionism along with the US unions.

The same level of trade union participation was not present in the constitution of the European Economic Community. Awareness of the need to found a 'European social actor' that could play a significant role in the process undertaken after the Second World War developed slowly and was at times opposed by the action of governments bent on re-establishing the primacy of the political action of states.

But the trade union movement once again found a special role during a number of important events in the history of European institutions:

- the debate on the merger of the executive branches of the three European Communities (between the signing of the Treaty on 8 April 1965 and its entry into force on 1 July 1967);
- the holding of a tripartite conference in April 1970 (proposed in July 1968 by European social forces) of the labour ministers of the six countries, the Commission, and representatives of European business and workers;
- the drafting of the Werner report in October 1970 which presented the conclusions of the working group established at the Hague conference in December 1969.

At the end of one journey and the beginning of a new one, European trade unionism decided to develop a European trade union representation, binding together ever more closely the Free and the Christian trade union organisations and culminating in the founding of the ETUC in 1973. This organisation was subsequently joined by most of the post-communist union organisations and its membership today also includes trade unions, such as Solidarność, from states that have applied to join the European Union.

Without the existence of this trade union confederation, it is impossible even to conceive of the opening of a dialogue between the European social partners in the 1980s, a development sought by the Delors Commission which must be credited with a vital role in stimulating the social partners. The European Trade Union Confederation was determined to become an active European social partner and already found itself at the crossroads of the European negotiating position where, without its presence, the so-called 'European employment pact' could never have been thus designated. But it should be noted that, after inclusion of the social protocol in the Amsterdam Treaty, the ETUC came out in favour of the effective exercise of subsidiarity by civil society and its participation in socio-economic change in a context in which the dominance of the state is felt to be both suffocating and misguided.

Thus the demand of the trade unions, as from the 1950s, for recognition of their role as legitimate interlocutors in pursuing common European economic objectives (claiming adequate representation in European institutions) developed into a challenge 'to the very structure . . . of the Treaties of Rome, which was not corrected with the Single European Act, nor was it corrected at Maastricht . . . that the social aspect is secondary to the economic aspect' (Gabaglio 1994: 29). And European trade unions are now asking to have a voice in the revision of the treaties, as, in these new social dynamics, they become actors in the process of development at the local and international level, as well as potential supporters of a broadening of the source of law at the Community level in an effort to achieve horizontal subsidiarity.

Such changes in social subjectivity and in the international and European trade union movements will also make themselves felt in the history of international relations, whose scholars are acutely aware of the events of our times, as is reflected in open debate within the academic community. Other studies, probably using ever more refined interpretative instruments and an increased wealth of resources, will be able to examine in greater depth the international relations of social actors in the history of the twentieth century. Without doubt, they will be in a position to verify or disprove the interpretation of processes which, already, may be described as of epoch-making proportions.

6. European trade unions: coping with globalisation

Jon Erik Dølvik

1. Introduction

Although the first international trade union structures were established more than 100 years ago, European trade unionism is still deeply entrenched in the nation-state. The national trade unions have indeed been complemented by European structures of trade union cooperation, promoting labour interests vis-à-vis the institutions of the European Union (EU) and struggling for social regulation of the unified European market, but this process is still an uphill battle, not least due to the pressures from global market competition, accentuating contested questions about the relationships between the national, regional and global levels of trade union organisation.

National unions have been hesitant in joining forces to counterbalance the power of internationally mobile capital and influence the evolving multi-tiered regime of economic and political governance in the EU. Apart from the problem of scant resources and divergent interests, some have argued that the quest for European coordination overstretches already strained ties of national labour solidarity, while others have claimed that Europe represents too narrow a scope for development of transnational unionism in an era of globalisation.

In this paper, however, I argue that regional trade union integration is not an alternative to, but a crucial intermediary between the national and global levels in the struggle for social justice and regulation in contemporary capitalism. If national unions are unable to develop viable cross-border strategies and political coalitions to delimit regime competition and defend social and labour standards within the regional processes of integration that mark the emergent global economy, it is hard to see how the corrosive impact of borderless competition can be prevented by the incitement of a new brand of global grass-roots activism or social clauses agreed by consensus in global institutions such as the World Trade Organisation (WTO), the International Labour Organisation (ILO), or the United Nations (UN). Such bottom-up and top-down initiatives are very important but unlikely to succeed unless they are linked by coherent regional structures with the power to coordinate union demands, mobilise pressure on governments and institutions at international level, and ensure credible implementation.

In the following, I first briefly summarise the main challenges the processes of global liberalisation and regional integration raise for the trade unions, and then discuss their implications for the future development of international trade union structures and policies in Europe. Although unions face tremendous international challenges, calling for bold moves to strengthen their capacity for transnational action, I warn against the tendency to regard all threats as external. In a context where public debate is almost obsessed with the spectre of globalisation, which often diverts attention from social problems of a domestic character, I will argue that the main battlefield for the future renewal of the European social model and trade unionism will still lie on domestic European ground where profound changes in working life are unfolding from 'within'. Unless European trade unions are capable of reversing their decline in membership by adjusting their structures and policies in a way that meets the aspirations of the more differentiated post-industrial workforce, the quest for regional and global unionism risks becoming a hollow slogan. In this perspective, the European trade unions will have to overcome the traditional cleavage between domestic and international union policies, and develop a new brand of internationalism that goes beyond the symbolic first-of-May demonstrations and links their role as workers' interest representing organisations with the promotion of international solidarity (see Hoffmann in this volume).

This is clearly easier said than done. On the other hand, if the unions manage to give the links between the national and international features of their everyday work more visibility, real content and priority, it might also – in a situation where unions are often portrayed as a conservative force of privileged core workers – represent an opportunity to redefine the union mission and revitalise the union movement (Hyman 1999). As indicated by the growing popular support for the *Attack* movement, there is a potential for social mobilisation and coalition-building against the power of untrammelled global market forces. Without abdicating to blind actionism, one aspect of what we have seen in the streets of Seattle, Gothenburg and Genoa, I think the trade unions have both an opportunity and a responsibility to engage in this movement and help channel it into constructive and politically viable strategies with a stronger mass basis (Compa 2001). In these terms, I also sketch some contrasts between global and European trade union structures and discuss how the experiences of the ETUC and its affiliates might feed into the Millennium debate about how to strengthen global unionism.

2. Dynamics and constraints of globalisation

Globalisation is a fuzzy, ambiguous concept that often obscures rather than clarifies. To be sure, there are holes in the road everywhere, but that does not mean they have anything to do with globalisation. Often, the 'G-word' serves merely as a pretext for domestic policy changes. Nevertheless, I am not one of those who say that globalisation, whatever it is, is merely a myth (cf. Hirst and Thompson 1996). There is too much going on out there, implying profound changes in the ways our economic, political and industrial relations systems work, to deny the growing interconnectedness and momentum of international change. However, to reduce all the different technological, economic and social changes facing our societies to inevitable and irresistible products of a single master-cause – the spectre of globalisation – not only is misleading, but also entails the risk of people becoming paralysed by the magnitude of the challenges, losing sight of the opportunities for change and hence reverting to fatalism, nationalism or isolation in the private sphere. There is thus a great need for more nuanced and differentiated analyses of the risks and opportunities of globalisation, perhaps enabling the development of a 'third way' between Porto Alegre and Davos.[1]

A. Driving forces

As indicated in Figure 1, the external forces of internationalisation interact with domestic restructuring and social change, presenting the unions with a twofold struggle. On the external front, the emergence of global financial markets has had a significant destabilising impact on many national economies,[2] reinforcing the dynamics of tax competition eroding the welfare state, and restricting the scope for employment-friendly macroeconomic stabilisation policies at the national level. The establishment of European economic and monetary union (EMU) can be seen as a countermove that helps cushion the direct pressures on individual nation-states, and may represent a stepping-stone towards a new financial architecture. On the other hand, the removal of monetary policy instruments and the tight limits on fiscal policy at the national level (the Stability Pact) mean that labour market actors will have to carry a greater burden of adjustment costs in the event of economic turbulence (Pochet 1999;

1 See the meetings of the anti-globalisation movement in Porto Alegre 2000, and the annual Davos meetings of the world economic and political elite. I owe the notion of a 'third way' between these organisations to Mario Telò.

2 See the Mexican meltdown in 1994, the Asian crisis in 1998 and the current problems in Turkey, Argentina, Brazil and other countries.

Martin and Ross 1999; Dølvik 2001a). Combined with the restrictive monetary approach of the ECB, and the ineffective measures to promote macroeconomic coordination and curb tax competition at the European level, regional integration at the EU level has thus far only provided partial, halfway responses to the challenges of global financial markets.

What in German is called the '*Real-Ökonomie*' – that is, the production and flows of goods and services – is much less 'globalised' than the financial sphere. Trade and foreign direct investment (FDI) flows conform to a remarkably stable pattern and predominantly go between and (primarily) within the main trading blocks of the industrialised countries (North America, Japan, and Western Europe) (Maddison 2001; Evans 1998; Hoffmann and Hoffmann 1996). The OECD countries thus account for approximately 70–80 per cent of world trade and investment flows. The West European share of world trade is 43 per cent, of which two-thirds are within the EU/EEA area; and in 1999 as much as 90 per cent of all mergers and acquisitions took place within Europe (UNCTAD 2001; OECD 2001). While the EU countries run a stable external balance surplus, also with developing countries and the CEE countries, external imports account for less than one-tenth of total GDP in the current EU countries. Given that, therefore, nine-tenths of economic output in the EU is produced in the member states, the European economy is much more internally integrated and externally insulated than the rhetoric of globalisation indicates. The motives driving MNCs' foreign investment strategies are complex, ranging from access to markets and competence to pure labour cost savings (Ramsay 1999).[3] As

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[3] Analyses of multinational companies (MNCs), which are often seen as the spearhead of footloose globalisation, suggest that many of them are still 'home-centred' and operate in a limited number of countries, or regionally. In a recent study of MNCs from the USA, the UK, Japan and (*cont. on next page*)

trade and FDI-flows are growing faster within than between the main trading blocks, regionalisation of production appears to be a more appropriate conception of what is going on than globalisation. To

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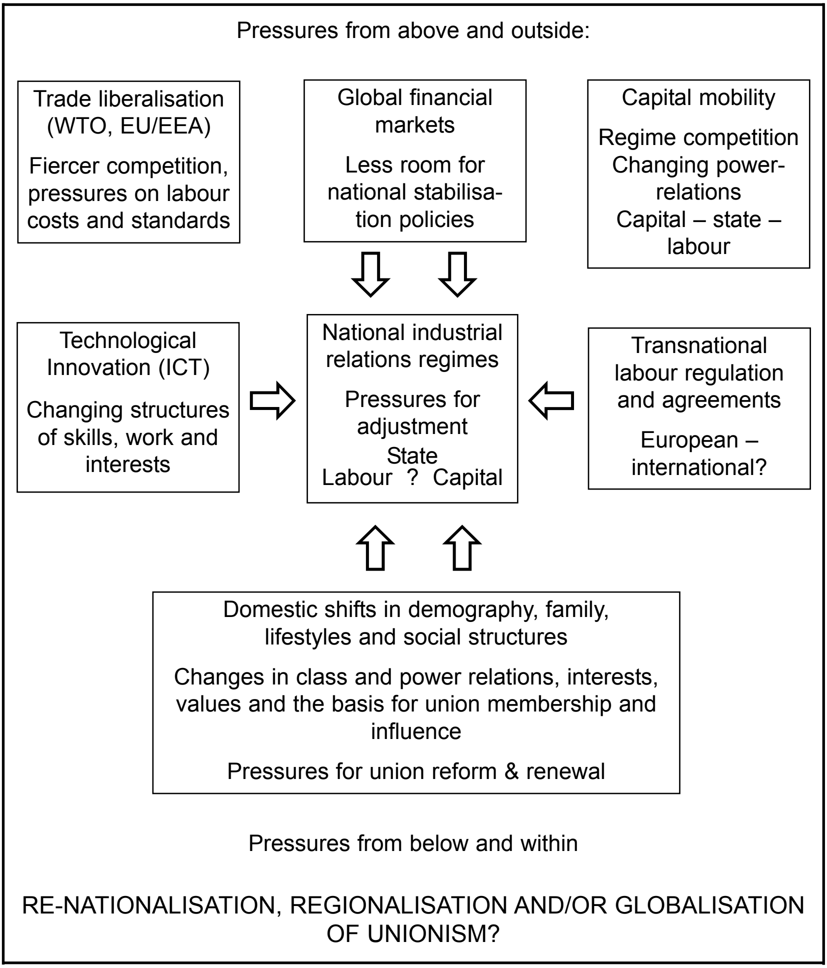
[3] (*cont. from previous page*) Germany, Hirst and Thompson (1997) concluded that 70–75 per cent of MNC valued added was produced on home territory. Similarly, Wade (1996) refers to a study which shows that in the early 1990s, 23 per cent of value added in the largest US companies was produced abroad, against 22 per cent ten years earlier, hardly a revolutionary change. Despite some conspicuous examples of relocation to low-wage areas, especially in labour-intensive industries, productive capital is much less mobile than is often assumed. FDI is mainly motivated by access to growing markets which can supplement rather than substitute home-based production, provided adequate infrastructure and a skilled and committed workforce are to hand (Wade 1996). Hence, a study by Cooke and Noble (1998) shows that US companies are much more inclined to invest in countries with a skilled workforce and well developed labour rights than in low-cost countries with inferior labour standards. Once having invested in a location, most MNCs have proven reluctant to uproot themselves, becoming entrenched in specific national markets, supplier networks and institutions. This implies that they face a variety of sunk costs that constitute barriers to exit. In a recent study of FDI flows in Europe, Traxler and Woitech (2000) found no evidence for the thesis of 'regime-shopping', that is, that MNCs systematically prefer countries with low labour costs and standards. Besides the predominance of skill and innovation intensive manufacturing in the advanced economies, new modes of production organisation such as 'just-in-time' and 'flexible specialisation' can be expected to reinforce the tendency of production to be located close to the final markets (Wade 1996). A new study of German FDI (Wortmann 2000) underscores the continuity of previous FDI flow patterns, the persistent importance of market access as motive, and the growing dominance of mergers and acquisitions, implying that external expansion rather than relocation and intra-company growth abroad characterise the behaviour of German MNCs. Most FDI is thus not increasing foreign production capacity but changing the ownership structure, implying that relocation of domestic jobs is less of a threat than is often argued in the globalisation debate. In the same vein, L. Pries (in this volume) contends that very few companies have become real 'global players'. Their motives are complex and pragmatic: only one-third of German companies going abroad do so for cost reasons alone, and their degree of rationality is overestimated. The battery producer Warta, after relocating to southeast Asia, chose to move back to Germany. Pries also points out that insofar as MNCs do develop a truly global character, and therefore relocate for specific reasons, they also tend to become more locally embedded and fragile.

cope with fiercer competition among the high-cost/high-productivity economies within the OECD area, and Europe in particular, is accordingly a more pressing challenge for European trade unions than the spectre of low-wage competition and relocation to Third World countries.

Figure 1: Globalisation and regionalisation: pressures on national systems of industrial relations and trade unionism



A salient feature of the growing interdependence of the world economy, however, is the strong impact of financial and capital markets on the functioning of the productive sphere. This is nothing new, as indicated by the work of Hilferding, Hobson and Lenin on imperialism and the role of '*das Finanzkapital*', some one hundred years ago. However, the enhanced mobility of capital and the pervasive effect of financial investors on ownership structures, corporate governance and profitability requirements, entail significant changes in the conditions for worker interest representation, co-determination and collective bargaining (Marginson and Sisson 1996). With the rise of the stock market as the pivotal reference for company management, and the worldwide operations of institutional investors (often pension funds, sometimes owned by labour unions), the credo of shareholder value and the tough demands for short-term returns on financial investment have very real consequences for workers. They also reshape power relations between owners, management, unions and politicians, and the conditions for promoting industrial and social development in many regions and countries (Albert 1992; Streeck and Crouch 1996). These dynamics of change, which are often perceived as globalisation, are apparently associated less with spatial shifts (or relocation) in economic and productive activity than with profound internal transformations of the manner in which working life and industrial relations function.

The external constraints on company stakeholders entailed by the threat that financial investors may pull out and cast the company shares into free fall, imply that unions will have to seek new ways of protecting worker interests, often including the building of alliances with company management. A central pillar in the search for new foundations of union influence is of course the promotion of works councils in transnational companies. In the EU/EEA area this is facilitated by the EWC directive, which in recent years has led to the setting up of some 670 EWCs in MNCs operating in Europe

(Kerckhofs 2001).[4] In a couple of MNCs with a home base in Europe, the unions have managed to negotiate the establishment of World Works Councils (WWC), indicating that rights and practices developed within the process of European integration can serve a useful purpose also in global union cooperation (Steiert 2001). Due to the increasing prominence of financial investors and stock markets, MNCs have become more dependent on public reputation and credibility. This has made them sensitive to negative exposure, consumer reactions and, hence, to the mushrooming campaigns and boycotts of companies pursuing dubious social and labour practices, which frequently have been instigated by NGOs, sometimes in cooperation with unions. Triggering off a new wave of corporations developing 'codes of conduct' concerning environmental and social practices – aimed at guaranteeing shareholders that their investments will not be ruined by public scandals, in turn providing the basis for a whole new industry of auditing and accounting firms providing certificates of 'good practice' – these developments suggest that unions will have to step up their efforts to exploit their potential influence as large shareholders in many pension funds and other companies (UNI 2001a). Altogether, these factors illustrate that economic internationalisation is a highly contradictory phenomenon, which certainly weakens many traditional union sources of power, but also opens up some new avenues and opportunities for exerting pressure on corporate power centres.

To sum up, this brief sketch underscores the fact that disentangling the interplay between regional integration and internationalisation is crucial to capturing the spatial scope and locus of the ongoing restructuring of global capitalism. With the possible exception of the

4 The establishing of new EWCs has, however, slowed down since the directive was implemented, raising the question of whether the gas has gone out of the unions' efforts to promote this reform.

vast investment flows into China, the prospect of massive relocation of production and jobs to low-wage countries seems misconceived.[5] Despite growing interdependence is and the emergence of global finance markets, the international division of labour has remained remarkably stable. Rather than the globalisation of production we have been witnessing reinforced and interconnected processes of regionalisation from which major parts of the world remain excluded. Bluntly stated, for the bulk of developing countries it seems that globalisation of production is less of a problem than the lack of it. For employment systems in our part of the world, this means that the main external challenge is still related to coping with fiercer trade and investment competition from other high-cost countries, predominantly within Europe and the OECD.

B. The ambiguity of regional integration in globalised markets

The relationships between regionalisation and globalisation are ambivalent and contradictory (see Hoffmann and Telò in this volume). In some respects, regional European integration is a major vehicle for global market liberalisation (cf. the single market); on the other hand, and combined with flanking political measures, it has reinforced intra-European trade and investment flows more than external flows, strengthening the character of Europe as 'an economic entity' (CEC 1999). In other respects, political integration at regional level can function as a buffer against the untamed power of global market forces. As already mentioned, EMU protects individual member states against the arbitrary direct effects of the global finance markets, but also constrains national economic policies. The

5 The author of the ILO World Labour Report 1996/97 thus concluded that 'the available empirical evidence suggests that both trade and investment flows have been only minor explanatory factors behind the rise in unemployment and wage inequality in industrialised countries' (Lee 1996, 1997). The explanations are rather to be sought in domestic policies.

development of a regulatory framework for industrial relations and labour standards at European level limits pressures on workers and unions in individual countries, helping to prevent a 'race to the bottom', but it also imposes obligations that can restrain national actors.

Still, regional integration in the EU/EEA-area – notably the single market and EMU – has clearly contributed to intensifying cross-border competition, putting pressure on labour costs and standards, and accelerating industrial restructuring on a Europe-wide basis. In view of the gap in labour costs and social standards (but also in productivity) between eastern and western European countries – in some respects paralleling the discrepancies between the USA and Mexico within the NAFTA area – such dynamics are likely to acquire a new twist when the eastward enlargement of the EU/EEA proceeds (Gradev 2001; Meardi 2001). The fall of the Berlin Wall and inclusion of the former Soviet empire in the world market economy, in parallel with the gradual opening up of China, probably signifies the most momentous and important instance of globalisation in our time. The catching-up of the CEE economies will give strong impetus to growth and create large new markets, but the European trade unions are in for a tough time to make sure that European companies do not exploit the CEE countries in the form of havens for socially unprotected, low-cost production. Probably the most pressing task of transnational trade union cooperation in Europe is thus associated with the build-up of viable systems of industrial relations, unionism and social protection in the accession countries. This accentuates the already salient difficulties of combining a deepening with a widening of trade union integration (Dølvik 1999).

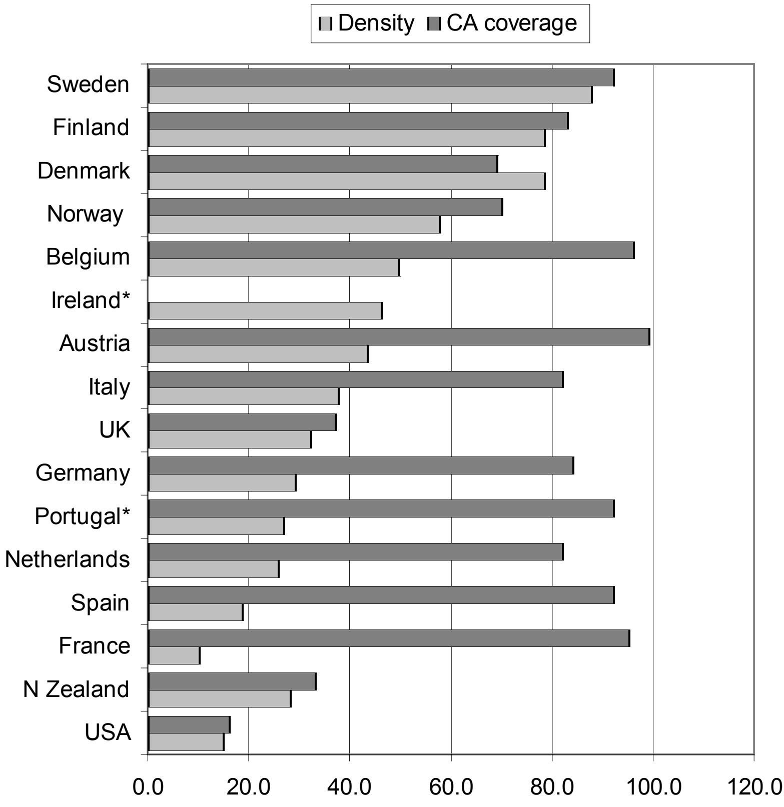
Against this background, the protracted unification of Europe can in many respects be seen as a laboratory of globalisation 'in one continent', albeit with the distinction that market building here, in contrast to the processes of liberalisation at the global level, is coupled with an ambitious and contested project of political integration and polity-building. In this vein, regional integration is both a response to and a vehicle for growing transnational interdependence. This provides some opportunities for trade unions and other forces struggling for social justice and political governance of the economy on a transnational basis, but in view of the gulf to be bridged and the fault lines of the integration process, the social and political challenges are indeed daunting. One of the most useful contributions European trade unions can make to promoting labour interests in the global economy is thus to ensure that the European model based on comparatively high social standards, partnership and yet fairly influential trade unions, becomes an integral part of the eastward enlargement process and can serve as a benchmark and reference for social forces in other regions struggling to create a social dimension for globalisation.

C. How has organised labour fared in Europe so far?

In its strongest version, the globalisation thesis predicts that the powerful impact of global market competition will undermine the European pattern of welfare and labour regimes, and propel convergence towards Anglo-American market capitalism (cf. Held *et al.* 1999; Boyer 1996; Leisink 1999). Although one should not underestimate the self-fulfilling force of such ideological predictions, I argue that they, at least so far, lack empirical evidence. Economic internationalisation has certainly changed the external parameters of national economies and propelled industrial restructuring, but the implications of these changes for industrial relations actors have been contradictory – at the same time strengthening the quest for and complicating the pursuit of coordinated policies (Dølvik 1998, 2001a). Furthermore, there is ample evidence suggesting that the transformations of working life in the European countries have been more directly and strongly affected by internal than external dynamics of change (Sisson 2001; Traxler *et al.* 2001). The impact of new technology, digitalisation, and cultural and ideological changes has indeed been influenced by international currents, but the endogenous transformations stemming from demographic change (the ageing of the population and the workforce), the rise in participation in education, the revolution in gender relations, family patterns, lifestyles, and the post-industrial shift in employment structures, have been far more consequential for unionisation and the pattern of work and industrial relations than the macroscopic dynamics of globalisation (Esping-Andersen 1999; Dølvik 2001a). The effects of such internal changes have been compounded by the neo-liberal hegemony sweeping the Western world. But the political re-shaping of labour market governance in many European countries has, to date, had less to do with global imperatives than with national policy choices on how to meet these changes.

However, regardless of whether the prime drivers are of an internal or an external nature, there is little doubt that the dynamics of global change tend to interact with and reinforce the impact of domestic change – facing the unions with a twofold set of challenges. In this perspective, the picture of how trade unions in Europe have fared over the last few decades is, although not encouraging, less gloomy than is often postulated (Waddington and Hoffmann 2000). Trade unions in Europe have been on the defensive but have shown greater resilience than expected (Ferner and Hyman 1998); they have lost power, workers' share of GDP has declined, and many unions have been weakened by high unemployment, restructuring, and loss of members. Yet, in spite of significant decentralisation, national-level collective bargaining persists as the main way of regulating wages and working conditions, and in several countries we have witnessed a resurgence of social pacts and centralised concertation (Fajertag and Pochet 2000). This reflects the fact that the loss of macroeconomic capacity at national level flowing from globalisation and europeanisation actually makes national concertation more, not less, in demand (Calmfors 2000). While the setbacks of trade unionism are frequently attributed to irreversible structural trends, cyclical developments are certainly an important part of the explanation, implying that the

Figure 2: Trade union density and collective agreement coverage (1995)



Sources: Traxler *et al.* (2001), OECD (1997).

potential for union recovery, if labour markets catch up, should not be overlooked (Booth *et al.* 2001). Against this backdrop, it is no surprise that persisting institutional diversity has been more salient than convergence of industrial relations and unionism over the last few decades (see Figure 2). Variation in national unions' institutional capacity to weather domestic change has apparently been more decisive for their societal position than differences in the national economies' degree of internationalisation.[6]

D. Global competition – a particular threat to egalitarian welfare-state and labour market regimes?

Neo-liberal advocates and radical critics of globalisation alike suggest that countries with extensive welfare states and egalitarian labour market regimes are especially vulnerable to global competition. The highly institutionalised Nordic economies should thus be at risk. The alleged collapse of the Swedish model in the early 1990s was seen by many observers as proof that this was so. After the crisis of the early 1990s, however, these countries have in recent years (when globalisation was claimed to be shifting up a gear) undergone a remarkable economic consolidation and recovery, without abandoning their high levels of participation, equity and welfare. A recent study of globalisation reported in *Foreign Policy* (2000) ranked the four Nordic economies among the top ten most globalised economies in the world. In the view of the authors, this showed that well regulated welfare-state economies are not incompatible with globalised competition.[7]

This, in fact, fits in with a long tradition of political economy research suggesting that the most extensive welfare state and labour market institutions have evolved precisely in small open economies which are particularly vulnerable to international fluctuations. The

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6 The prototypical case here is indeed the United States; the USA has a much more insulated economy than most West European countries, but it has seen a much stronger decline in trade unionism than Europe, except for France.

7 As regards the degree of digitalisation, which by many is seen as the main condition for thriving in the global economy, the *Foreign Policy* study also noted that the much discussed digital divide does not go between the industrialised and the developing countries, but between the USA and the Nordic countries on the one hand, and the others – indicating that there are different trajectories into the brave new digitalised global economy.

reason is, it is argued, that the basic function of such arrangements is to buffer external instability and facilitate flexible domestic adjustments (see Katzenstein 1985; Moene and Wallerstein 2001; Weiss 1999; Traxler *et al.* 2001).[8] Contrary to the conventional wisdom, there is also, according to Moene and Wallerstein (2001), evidence that countries which have been highly exposed to foreign trade competition in the past have tended to show less inequality than more closed economies. This is mainly attributed to the fact that such countries have, more often than others, developed centralised collective bargaining systems (ibid.). Worth noting in this context is that the European countries that in recent years of global competition have shown the best economic and employment performance – typically Ireland, the Netherlands, and Denmark – have all maintained national systems of social partnership and coordinated bargaining (Auer 2000).

Against this background, it seems wise to treat prophecies that globalisation renders solidaristic welfare state and industrial relations systems obsolete with considerable caution. Apart from the fact that there is no invisible hand by which global competition crowds out ineffective regimes, a review by Freeman (1999) of research on the relationship between economic institutions and economic performance concluded that there are no 'single peak' institutions; while the

8 Worth noting in this regard is that the evolution of the welfare state in Europe coincided in time with the post-war era of trade liberalisation. Longitudinal comparative studies, furthermore, show no visible tendency towards a declining public share of GDP during the last decades of accelerated internationalisation; on the contrary, the slope of the curve is upward, although a certain flattening can be observed in recent years (Hirst and Thompson 1996, see also Melchior *et al.* 2001). In the same vein, Sandmo (2000) reports that there is no convincing evidence of a general trend towards higher wage inequality in the OECD countries during the last decades of accelerated internationalisation; the picture is rather one of increased divergence, reflecting variations in domestic policies and institutions rather than convergent external change.

impact on effectiveness is hard to detect, the effects on equality are significant. No wonder fads have been shifting. In the 1970s the social partnership institutions of the German '*Wirtschaftswunder*' were widely admired; later on, the Japanese model came into vogue, before they both ran into crisis and the old US model returned as the fixture, at least until the bubble burst. In practice, however, the countries that have complied with the neo-liberal recipe for coping with global competition have shown mixed results, especially as regards employment in the exposed sectors (Scharpf 1999). New Zealand, which in the 1990s copied the Thatcherite approach, has thus now turned to a more northern-European approach of re-regulation and social partnership in an effort to develop a socially sustainable strategy (Rasmussen and McLaughlin 2000).

E. Summary: re-nationalisation, europeanisation, or globalisation of union policies?

In spite of the relative institutional stability of industrial relations in most western European countries, the twin effect of fiercer external competition and domestic labour market restructuring has caused growing strains within national systems and erosion of trade union power and membership in particular. This has prompted initiatives to renew and modernise union structures, organisation and recruitment strategies, aimed in particular at meeting the aspirations of the post-industrial workforce, but it remains to be seen whether these efforts are sufficient to turn the tide (Waddington and Hoffmann 2000; Dølvik 2001a).

European integration has, in this respect, had a twofold effect: on the one hand, it has put national unions under pressure and undermined parts of their former sources of power; on the other hand, it has made them more indispensable for national governments' ability to govern and assure legitimacy to the adaptation of national economies to the new context of the single market and EMU. The asymmetry between economic and political integration in the EU has meant that the losses inflicted on national unions have not been compensated by the build-up of a full-fledged supranational regime of labour market regulation. By nourishing the idea of European social partnership and enacting minimum labour standards, however, the EU has provided unions with certain opportunities and resources that have contributed to improving their political credibility at home and given some protection against the impact of unfettered market competition (Dølvik and Visser 2001). In this ambiguous way, European integration has created a structure of incentives and pathways that has induced some modest steps towards europeanisation of unionism and labour market policies, while at the same time encouraging national actors to continue investing the bulk of their resources in making the most of whatever is left of the regulative and innovative capacity of their national systems (Streeck 1998; Martin and Ross 1999; Dølvik 1997).

Considering the transformations associated with eastward enlargement of the EU, the liberalisation of global trade and investment flows, and the international restructuring of business strategies, the above review leaves little doubt that national trade union strategies are insufficient to cope with the pace of change. Regional integration and globalisation blur the distinction between domestic and international trade union affairs and make national boundaries less relevant for the structuring of trade union organisation and action. More proactive transnational union strategies are therefore required if organised labour is to maintain its role and gain influence over the emerging regional and global structures of governance in the world economy. If not, the trade unions may easily end up in an increasingly intense battle for jobs and investment against each other – a battle in which there are very few winners and many losers. In developing such transnational strategies, it is important to acknowledge that the global dynamics of capitalist restructuring imply contradictory processes. Globalisation is no zero-sum game, for it includes the potential for economic and social development as well as tough changes. The cleavages between winners and losers are looming large. In order to develop adequate trade union answers and redress the asymmetry between the economic and social dimensions of global integration, it is necessary to distinguish between problems that are of a global, regional and national character so that appropriate responses can be developed at the most suitable level.

3. Development of international trade union structures

The defeats of international trade unionism are more easily counted than the victories. There is no need here to recapitulate the bitter history of international trade unionism from the First International, the split related to the First World War, the Bolshevik Revolution, the subsequent division between the Socialist, Christian and Communist associations, and the failed unification attempts after the Second World War, leading to the foundation of the ICFTU in the late 1940s. This is familiar stuff. The main point, at this stage, is that after more than a century of trade union history, where unions, at least in Europe, have become well established in most nation-states, the international level of trade union organisation is still marked by a lack of coherence and integration of structures as well as policies.[9] Apart from remnants of the WFTU and the plethora of associations in many developing countries, we still have the division between the ICFTU and the WCL at the confederal level. The relations between the ITSs and the ICFTU are often unclear, and the development of regional structures in the different continents is very uneven, to put it mildly.[10] In the European case, which in many aspects remains the

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9 Recent contributions on the ICFTU can be found in Gumbrell-McGormick (2000, 2001) and Gordon (2000); on the ITSs in Windmüller (2000); and on ETUC/EIFs in Dølvik (1999).

10 Regional organisations of the ICFTU are found in Africa, the Americas, and the Asia/Pacific Region. TUAC (the Trade Union Advisory Committee of the OECD) is also an important forum for union cooperation. (*continued on next page*)

backbone of the international trade union movement, the ETUC is an autonomous structure with confederal and industrial members from all the currents of international trade unionism and thus has no formal affiliation with the ICFTU.

Although, in theory, the union bodies at the various territorial and organisational levels are complementary, the possibilities for tension, division and fragmentation are legion. Given the growing interconnectedness of the global economy, the gaps and unevenness of international trade unionism pose uneasy questions to European trade unions. At the ICFTU Congress in Durban 2000, the Millennium debate on how to create a more forceful and coherent pattern of global unionism was launched. The basic issues are:

- how to reshape relations and strengthen ties between the confederal level, the industry/ITS level, and the company level, and between national, regional/European and global union structures;
- methods of industrial action/collective bargaining and political mobilisation.

Under what circumstances are these levels and means of action competing or complementary, and how can action along these lines be linked together, creating a multi-tiered web of horizontal and vertical ties rather than duplication and fragmentation? How can means of collective bargaining (with counterparts that are often utterly unwilling to behave as such) be more effectively combined with political mobilisation vis-à-vis the often weak and patchy institutions of global governance? How is it possible to escape the bureaucratic fal-

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10 (*continued from previous page*) Outside the ICFTU-family and the WCL, there is a plethora of independent associations such as the Organisation for African Trade Union Unity (OATU) and the International Confederation of Arab Trade Unions (ICATU). The World Federation of Trade Unions (WFTU) still exists, with members from, amongst others, North Korea and Cuba.

Figure 3: Structures of international trade unionism

Level	**Cross-sectoral**	**Sector and branch**	**Company and group /MNC**	
National	Confederations	Single unions	Clubs and works councils	Decentralisation and/or social pacts?
European regional	ETUC	EIFs	EWCs	Europeanisation – top-down or bottom-up?
Global	ICFTU (WCL)	ITSs	World Councils MNC Framework Agreements	Global unionism in the making?
	Toothless union diplomacy?	Fragmented sector brotherhoods?	Global corporate syndicalism?	

lacies of toothless union diplomacy, on the one hand, and prevent the perverted scenarios of global company syndicalism, on the other? How is it possible to add life and clout to the existing structures by mobilising participation from the bottom while at the same time strengthening coordination and coherence from the top? And, last but not least, what kind of adjustments in national union structures, policies and priorities are needed to underpin such a development?

A. Sources of international union power

Equally as important as the development of adequate organisational structures and policy instruments is the international capacity for mobilisation of labour power resources. A longstanding feature of international union structures has been their lack of clout and their limited ability to muster industrial muscle, mobilise the membership, and secure political influence through institutionalised representation. Hence, political lobbying through diplomatic channels has been the dominant mode of operation. Besides the employers' persistent reluctance to act as counterparts at international level, this reflects the indirect, multi-tiered pattern of interest representation through international umbrella associations in which the mandate and ability to resort to industrial action and membership mobilisation ultimately rests with the constituent national entities. Like most international institutions of political governance, the international trade union movement has thus been marked by 'intergovernmentalist' modes of decision-making where the search for consensus and the lowest common denominator has been the order of the day (Hyman 1999). As indicated in Figure 4, which shows the various power resources of international trade unionism compared with its national antecedents, the gulf to be bridged is indeed wide.

Compared to the national level, where unionism in Europe was built from the bottom and gradually institutionalised through a protracted, interactive process of state-building and union-building (Marks and McAdams 1996), the power resources of international unionism are vastly inferior (Erne 2001). The main power resources of national unionism are the ability to mobilise membership, engage in collective bargaining, take industrial action, channel 'voices' at the workplace, and use these resources and its own weight in elections to gain societal influence through various institutionalised modes of interest representation and political exchange with the state. These sources of influence ultimately rest on the union movement's capacity to attract

Figure 4: Trade union power resources – nationally and internationally

Union power resources	**National**	**European**	**Global**	**Global institutional channels**
Institutional–legal	×	×	–	UN, ILO, OECD. WTO
Political	×	×	–	?
Organisational	×	×	×	ICFTU, ITSs
Collective bargaining and Representation	×	(×)	?	a few global framework agreements and World Works Councils
Industrial action	×	?	?	sporadic e.g. ITF (grassroots boycotts, NGOs)
Identity–solidarity	× (eroding?)	emerging?	?	contested (see Seattle)
Membership	×	indirect	indirect	very indirect

	Bottom-up	Top-down	Loose umbrellas

Challenges:

1. How to foster identification, mobilisation and solidarity from 'below', that is, 'at home'?
2. How to combine political–institutional strategies with industrial action and collective bargaining?
3. How to balance the quests for sovereignty, democracy, and supranationality in decision-making – is it possible to move beyond the veto-power of the laggards.

members, identification and legitimacy among workers. Throughout the twentieth century the build-up of these power resources became deeply embedded in the structures and politics of the nation-state, virtually giving unions the status of semi-public actors (Offe 1985).

The situation at the international level is very different. First and foremost, the international trade union bodies have usually, as mentioned, had no direct relationship to the membership and have relied on indirect modes of representation through national affiliates. Therefore, secondly, the capacity to mobilise collective action and resources has been limited, reflecting the lack of membership identification with such remote, often unknown, organisational structures. Thirdly, international collective bargaining, which is the main tool of national union influence, has, with sporadic exceptions, been non-existent. Besides the lack of employer interlocutors at the international level, fourthly, these obstacles have been compounded by the international absence of adequate political third parties and institutions with rule-making power, which historically played a crucial role in the evolution of unionism nationally (Crouch 1993; Visser 1995). These factors imply that the structural prerequisites that facilitated union-building at the national level have so far been conspicuously missing internationally. In addition, fifthly, the internal organisational, cultural, and ideological hurdles, as well as the complexity of inter-union interest accommodation, decision-making, mandating, and democracy, are magnified on an international scale. Until the fall of the Berlin Wall, the Cold War cleavages added to these obstacles, aggravated by, sixthly, the profound differences in union density, resources and structures between most of the developing countries and the industrialised economies.

While the estimated average union density in the non-agricultural formal labour force is around 13 per cent in Africa, 12 per cent in the Asia/Pacific region, and 15 per cent in the Americas, it is around 35 per cent in Europe, showing a downward trend in all continents

(ICFTU 2000). With some 124 million workers represented by the confederations affiliated to ICFTU (Gordon 1999), and a claimed membership of 26 million in the WCL, this means that the European trade unions organised in the ETUC account for more than half of all union members in the world and much more in terms of resources. This picture is even more pronounced in many of the ITSs, implying that the dominant national unions in Europe are cornerstones of both the European and the global associations at the industrial as well as confederal levels. Besides representing a significant burden in terms of resources and personnel, this confronts these unions with difficult choices when it comes to prioritising the international use of shrinking resources. For all these reasons, international unionism has been slow in coming, in spite of the historical pledges that 'workers have no homeland' and repeated calls for cross-border solidarity, proletarian internationalism and, recently, 'global unionism'. For most practical purposes, basic trade union work has remained national in outlook and policies, while the international activities have been dominated by union solidarity work, often guided by ideological geo-political considerations, the diplomatic activities of international secretariats, and the ritualistic tributes to internationalism at Congresses and May Day parades.

In recent years, significant changes have occurred, however, indicating that a new dynamism may be taking hold in the international union movement. These changes have been most salient in the European context, where the new pace of economic and political integration from the late 1980s prompted institutional reforms that eventually paved the way for social dialogue, European Works Councils (EWCs), negotiation of framework agreements, and a strengthening of the trade union structures at European level (Dølvik and Visser 2001). At the global level, the pace of change has been much weaker, but there too some interesting developments have occurred associated with the strife over core labour standards in the ILO (and WTO), the rekindling of efforts to promote fair labour practices in MNCs through the revised OECD guidelines, the campaigns for ethical trade and corporate social responsibility, and the efforts of the ITSs to revive the old World Works Councils (WWCs) and promote Global Framework Agreements on core labour standards in MNCs. Currently, 16 of the 60–70 000 MNCs have signed such agreements, of which, however, all but one are companies of European origin (Gunnes and Tørres 2001). Innovative initiatives to use ICT and the global web to develop transnational union information networks and new ways of mobilisation – so-called 'cyber-unionism' – have also mushroomed (Waterman 1998; UNI 2001b). At the organisational level, the Millennium debate has drawn attention to the relationship between the ICFTU and its disparate regional branches, on the one hand, and to the relationship between ICFTU and the ITSs, on the other. Several ITSs have also undergone substantial restructuring and mergers, most prominently illustrated by the establishment of the federation of service workers (UNI), combining four previous ITSs.[11] Lurking beneath the surface also are discussions of how the cleavage between the ICFTU and the Christian confederation (WCL) can be bridged, and how the tension between ICFTU and the ETUC can be healed. The contentious issue here is of course that establishment of formal ties between the ETUC and ICFTU, which in many respects might seem sensible, would put the important Christian affiliates of the ETUC (such as the Belgian CSV, the Italian CISL and others) in an awkward situation and most likely cause a split of the ETUC, insofar as the division between the ICFTU and the WCL is not overcome.

Apart from the organisational quandary of global unionism, a major obstacle to the development of more efficient promotion of worker

11 The UNI Network comprises the former FIET, the Communications International, the International Graphical Federation, and the Media and Entertainment International, representing approximately 15 million workers.

interests on the global scene is, as already mentioned, the patchy and weak institutions of political governance at the global level. While labour issues have been the prerogative of the ILO, producing conventions but having little opportunity to ensure their implementation, trade issues have been the domain of the GATT/WTO, and different facets of economic policies and development have been dispersed among a whole range of institutions such as the IMF, the OECD, the World Bank, UNCTAD, G-7 and so on. Besides the fragmented structures of global governance, a common feature of most of the latter institutions has been their intergovernmental character (making for impenetrable games of consensus-building and power plays among the key member states and donors) and, with the exception of the OECD, an absence of institutionalised channels for representation of the views and interests of the social partners. Organised labour has thus suffered from a lack of coherent public counterparts with the power to engage in anything resembling social dialogue concerning the future direction and shape of economic globalisation.

B. European experiences and global strategies

By contrast, the build up of supranational economic and political power in the European Union has served as a catalyst for the reshaping of transnational trade unionism in Europe in a manner reminiscent of the historical interaction between state-building and union-building at the national level (Marks and McAdam 1996). The headway made by the trade unions has fallen short of their aspirations, but, compared with other international trade arrangements, trade unions in Europe have achieved a higher degree of transnational social regulation, representation and organisational coherence than unions and social movements in any international or regional precedent – including EFTA and the joint Nordic labour market. By establishing a floor of minimum labour standards, employee rights have been strengthened in several of the least developed – in this respect – countries, including the UK, and a European 'race to the bottom' has been prevented, indirectly also serving as an international benchmark easing the pressures on labour in competing trade blocks.

If the European experience carries any lesson of relevance for labour strategies in other regional or global contexts, it would probably be that unions ought to build coalitions behind the demand for the creation of supranational bodies that couple power to regulate international markets with the authority to enact and monitor social and labour standards, while preventing the sacred sovereignty of individual nation-states from blocking progress by exercising veto-power. In order to construct institutions with sufficient weight and scope to gain headway in the struggle for political governance of the global economy, the union answer can hardly be less but rather more supranational integration. This applies not only to the global level but also to the regional level. Without adequate political interlocutors that are accountable to the public and can function as addressees for democratic and industrial pressure from labour unions and other social allies, the evolution of transnational industrial relations is likely to remain voluntaristic, sporadic and uneven.

Thus, the contrast between European experience and the role of labour in other trade arrangements seems to indicate that development of transnational unionism must rely on a *two-pronged strategy*. Fighting for democratic governance of the international economy, transnational unionism is, on the one hand,

- bound to adopt a more proactive, directly political–societal character and more indirect modes of representation than has normally been the case at national level. This is exemplified by the ETUC role as channel for employee and popular voices in the political–institutional processes of European integration, virtually serving as a quasi-labour party at the EU level. This poses, on the other hand, a particular challenge related to

- underpinning the creation of more adequate transnational union superstructures with deliberate bottom-up and horizontal initiatives to foster identification, learning, participation, debate and capacity for transnational mobilisation among domestic memberships and member unions.

As organised labour is so entrenched in the nation-state, international efforts at rethinking union visions (Hyman 1999) and redrawing the boundaries of solidarity require the creation of social arenas and communities that reach beyond the nation-state, but are close enough to provide a sense of belonging, mutual identification, understanding, and density of interaction (Olsen 1995). Otherwise, transnational trade union institutions, as sometimes warned by critics of the ETUC (Gobin 1997), easily deteriorate into powerless, shallow structures prone to co-option, distrust and alienation from members.

This dilemma cannot be circumvented by syndicalist appeals to global labour activism and quixotic struggles against regional and global integration. Union strategies that combine mobilisation through political and industrial channels with the construction of transnational structures with the capacity to link together trade union and civil society efforts at the national, regional, and global levels are called for. In this respect, the European experience might represent both a model and a problem, due to the lack of congruence between the regional and global trade union structures.[12] Besides causing duplication and sometimes rivalry, as between the ETUC and the ICFTU in Central and Eastern Europe, these incongruences, alongside the division between the ICFTU and the WCL, complicate the

12 Whereas the European bodies encompass all currents of international trade unionism and link together industrial and confederal affiliates, the global union institutions are, as already mentioned, still marked by old ideological cleavages, gaps between the industrial and confederal tiers, and inconsistent, fragile, regional structures.

development of coherent union policies in other regions and in global arenas. How important these obstacles are in practice is disputed, however. Uniformity in structures has seldom been a requirement for innovative reforms in union practices from below. Pluralism and a certain element of competition between different streams and tiers of international unionism might even have a dynamic function (Gumbrell-McGormick 2000). In such a perspective, it might well be argued that vitalisation of international union cooperation on the ground, and bottom-up from MNCs to the ITSs, is more essential than grand structural reforms from the top. None the less, given the still dominant role of the formal associations of labour in the global arenas of political struggle, it seems that the opaque structures often do hinder efficient and adequate representation, interest intermediation and, not least, proper utilisation of scarce resources. Regardless of who was right, it hardly strengthened the labour case that the two main global confederations – the ICFTU and the WCL – took divergent positions in the struggle over core labour standards in the run-up to the WTO round in Seattle in 1999.

4. Challenges to European trade unions – concluding remarks and further questions

The impact of post-industrialisation, europeanisation, and global market integration presents the European trade unions with a triple challenge:

1. to adjust and renew domestic structures (in order to turn around the membership decline and cope with the changing conditions of competition and corporate restructuring);
2. to engage in reform and strengthening of the global structures of trade unionism and governance (cf. the Millennium Debate); and
3. to develop the European pattern of cooperation in ways that give it more clout and teeth (cf. the debate on constitutional reform of the ETUC).

There is no need here to recapitulate the progress and pace of change that has taken place since the foundation of the ETUC in 1973 and the dark years of the early 1980s. An interesting irony, however, is that the catalysing factors for the progress were the market-liberal programme of the Single Market, followed by the monetarist Maastricht Agreement leading to EMU, which were both European responses to the fear of losing out in the global competition with Japan and the USA (Dølvik 1999). This underscores the dialectical relationship between market-building, political integration and transnational union-building.

If we compare the developments and achievements[13] of European trade union integration with national antecedents, they are quite modest. If we compare them with other regional and global trade arrangements, however, they are quite significant. The ETUC and its affiliates have definitely become more than a 'letter-box' (as postulated by the IG Metall leader Franz Steinkühler in the mid-1980s) or a 'head without a body' (as stated by Peter Seideneck in 1991, then working in the DGB International Department).

A central European lesson, nationally and transnationally, is that interaction with public interlocutors with political authority to regulate the relevant markets for goods and labour is a crucial prerequisite for the construction of viable structures of industrial relations and trade unionism (Crouch 1993; Hyman 2001). Establishment of such counterparts at the global level can hardly be achieved by corporate activism, attempts to roll back globalisation, crush the WTO,

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13 Most important are the establishment of European Works Councils (EWCs); the signing of three cross-sectoral European framework agreements on parental leave, part-time work, and fixed term contracts; the evolution of a corpus of European legal minimum standards for work environment and working conditions; development of the EU Employment Strategy; macroeconomic dialogue; and union moves towards coordination of national collective bargaining.

or return to protectionism. It requires a build-up of stronger and more democratically accountable global and regional institutions with supranational authority.

For many trade unions, also in Europe, this entails a contested dilemma: as most unions are wedded to national structures of political governance and collective bargaining, and their power relies on the ability to ensure membership identification and mobilisation, supranationalisation of political governance and labour market regulation is often seen as a threat to union democracy and basic union entities. A major challenge in the union debate on how to match the globalisation of capital and markets therefore concerns how to build organisational structures and practices which can bridge the gap between the domestic membership and the activities of international trade union structures. If national unions are to pool resources and equip their international representatives with the necessary clout and mandates to coordinate union policies across regions, the Achilles heel will undoubtedly be attempts to resolve this issue of accountability in a credible way.

International trade unionism was born in Europe in the late nineteenth century (Visser 1996). If European trade unions are to live up to their responsibility as backbone, benchmark and engine for trade unionism globally, it is high time they engaged in a self-critical assessment of the inherent weaknesses and limitations of the current mode of union integration in Europe. In spite of the progress made since the 1988 ETUC Congress in Stockholm where the marching order was given,[14] there are visible signs of overload and *Europe-*

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14 Cf. here the Steekelenburg report in 1990, the path-breaking 1991 ETUC Congress where the European Industry Federations (EIFs) were integrated, and the subsequent establishment of a 'bargaining order', mandating, and qualified majority voting at the 1995 Congress, eventually leading to major restructuring of the EIFs.

fatigue. Insofar as enlargement and globalisation fundamentally transform the responsibilities and conditions of the ETUC and the EIFs, the European trade union structures have in fact changed remarkably little in recent years. In this sense, the ETUC and the EIFs are at a new crossroads. While the strength of the ETUC/EIFs is indeed their broad membership and encompassing character, their growing heterogeneity is at the same time one of their most vulnerable points. This not only accentuates tensions between deepening and widening, but also

- increases the gap between affiliate expectations and the capacity of the Brussels headquarters to live up to its tasks (entailing the risk that ETUC becomes a mini-ICFTU);
- perpetuates the dependency on the European Commission, which despite constant warnings is as great as ever; and
- brings forward signs of tension between members of the North, South, and East, as well as old rifts between intergovernmentalists and supranational federalists.

The evolving pattern of European-level trade unionism has displayed several paradoxical features. First, labour influence on EU policies has mainly been confined to the social realm, where EU prerogatives are least developed, whereas the union imprint on the broader trajectory of EU integration, notably the Single Market and EMU, has been negligible. Secondly, labour interest representation has chiefly been enhanced at the level of companies (EWCs) and the peak ETUC level, the affiliates of which have tended to lose power and mandates in recent years (Martin and Ross 1999). The spread of EWCs has, moreover, stagnated. Thirdly, developments at the industrial level of the EIFs, where national unionism is strongest, have, by contrast, been slower and more patchy, although signs of change can be observed associated with restructuring of the EIFs and the EU attempts to boost the sectoral social dialogue. This raises the question of whether the historical tension between the industrial unions in the EIFs and the confederations that dominate in the ETUC – stemming from the dual pattern of union representation in the ETUC (via national confederations and EIFs) – over who shall play 'first violin' has really found a viable solution.

There is indeed a lot of restructuring going on at national levels associated with union mergers and concentration, often leading to formation of conglomerate mega-unions (cf. Streeck and Visser 1998). Besides raising questions about the future role of national confederations, there seems to be little connection or congruence between the restructuring going on nationally and Europe-wide. What, for example, would be the implications for the ETUC (and the ICFTU for that matter) if more sectoral cartel federations like the UNI Network were to arise? Whatever the answer, it seems that a thorough discussion of the relationship and division of labour between the industrial and confederal tiers of European trade unionism is required. If the new efforts to move ahead with transnational coordination of collective bargaining gain momentum, the issue of articulation between company-based transnational negotiations, sectoral level co-ordination of national bargaining, and macro-dialogue at the peak-level will indeed become accentuated.

The growing discrepancies between tasks and capacities, between compass and heterogeneity, and between EIFs and the ETUC, confront the affiliates with dilemmas that are manageable probably only through mutually contingent processes of organisational *concentration* and *differentiation*. Such a scenario would presumably entail a more distinct division of responsibilities between a leaner, more targeted ETUC, strengthened EIFs, and the national affiliates. This might perhaps be complemented by the deployment of some tasks to more regional union structures in specific areas of the European economy – accentuating the multi-layered, network character of union integration.

Whatever solution is chosen, the development of European trade unionism cannot proceed unless the constituent national entities are willing and able to contribute more actively to common purposes. Sometimes, however, one may get the impression that the engagement and commitment of many affiliates are fading away and that attention is turning to domestic concerns, which naturally are more pressing in the short run.[15] Much lip-service is paid to common European courses, suggesting that affiliates often find it convenient to leave responsibility for European affairs to the Brussels headquarters (and criticise the results afterwards). It is frankly not surprising that relatively little comes out of all the social dialogue meetings – and Brussels restaurants are not that exciting either after some years on the circuit. In addition, it is well known that most trade union leaders are more prominent figures in national arenas than among their counterparts in international meetings where command of a foreign language is a prerequisite for enjoying the socialising (cf. the story of the big fish in the little pond). If this is true, it might seem paradoxical that faith is waning precisely at the time when progress has finally been achieved, after decades of tedious uphill battling, but this is in fact a quite typical and understandable human reaction; we all tend to long for a rest when the top of the first hill is reached. Nevertheless, if we take all these factors together, there is a risk that the ETUC will fall victim to its own relative success and enter a phase of internal stagnation, possibly leading to a withering of cohesion and commitment.

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15 Such tendencies often go together with the phenomenon that in social science literature is known as *two-level games*: that is, by keeping the international and domestic agendas apart, national governments can use international causes to bolster their domestic power or initiatives while using reference to domestic obstacles as bargaining chips in international negotiations/interest intermediation. For example, many Nordic union leaders often find themselves captured in situations of a similar kind, reflecting the fact that they have been shying away from confronting their EU-critical domestic constituencies with the real challenges associated with joint European undertakings.

As the devil's advocate in this context, I am in no position to suggest how this risk should be countered. That is the responsibility of the union actors involved, and there are certainly no quick fixes or short-cuts at hand. Yet, besides the need for a frank discussion among the affiliates, it seems that the ETUC and the EIFs have to find better ways of dealing with the contradictory processes of organisational concentration and differentiation sweeping through the union movement. An important aim of such a process would probably be to work out a shared conception of how a clearer articulation between the different actors and levels involved could be obtained, including the distinction between what should be dealt with nationally, what are matters of common European concern, and what requires a broader global response.

By way of a conclusion, I raise four questions:

1. If trade union leaders and experts were free to design a new international trade union architecture, what would it look like, and what would be the main differences from the one currently existing?
2. What would be the most important tier of international unionism, and what would be the division of tasks between a) companies, EIFs/ITSs, and confederations, and b) national, European, and global levels?
3. What are the most significant obstacles to such a reconstruction of international unionism?
4. What would be the *single* most important *reform* of the *European* trade union structures, in order to start moving in the desired direction?

7. Beyond the myth: 'international solidarity' as a challenge to trade unions in the age of globalisation and europeanisation

Jürgen Hoffmann

> 'Ohne Mythen und Idole lebt es sich sicherlich schwerer. Aber bestimmt fällt das Denken leichter.'
> (Life is certainly harder without myths and idols – but thinking is definitely easier.)
> Angelo Bolaffi, *Die schrecklichen Deutschen* (Berlin 1995: 13).

1. The problem: trade unions as organisations in and of labour markets under pressure of internationalisation

Trade unions are organisations that act politically in labour markets that are segmented along national and regional, sectoral and occupational lines (sub-markets), and this on the basis of organisational forms that have evolved over historical time. At the same time, they can take a given nation-state as the addressee of trade union demands. As a consequence, the verbal or ideological internationalism of the labour movement has generally – there have been exceptions in the transport industry and coal and steel – been denied by the trade unions' practical policy, or has been restricted to material or immaterial–moral supportive action separate from collective bargaining policy. This is not nothing – all the more so given that this internationalism and the concept of solidarity have often been extended way beyond a parochial orientation towards the labour market, have been characteristic features of the culture of labour movement institutions and – in contrast to the US labour movement – have justified the claim to represent the entire working class.

However, this comprehensive concept of solidarity and internationalism did not reach the core of the unions' practical organisation policy because this would have transcended the – to use the phrase coined by Max Weber – 'social closure' (*soziale Schliessung*) of nationally segmented labour markets on which their organisational *praxis* was based.

This is relevant for our subject because opening up such forms of social closure (for example, in the sense of an internationalisation as a response to globalisation and europeanisation) remains one of the 'most difficult strategic decisions facing an organisation' (Brunsson and Olson, quoted in Ebbinghaus and Visser 1994). Against this background, the current process in which capital relations are becoming increasingly European or international – processes usually subsumed under the buzz-word 'globalisation' – has taken on a new quality compared with earlier internationalisation processes (such as 'imperialism'). This is the case, despite all the caveats and reservations that will subsequently be made, for the following reasons:

1. Capital has extended the limits of the market beyond national borders and, in the form of 'global players', has stripped itself of its national skin and has opened up new exit options (on this concept see Hirschman 1970) in the utilisation of profit by virtue of the internationalisation of money capital and internationally integrated production concepts ('disembedding'), exerting pressure on national regulatory systems. At the same time, the internationalisation of market competition ('benchmarking') puts models of capitalism oriented towards consensus and cooperation (for example, Rhineland capitalism) under competitive pressure from a more flexible market-oriented capitalism with a tendency towards the shorter term (shareholder-value capitalism).

2. At the same time, this internationalisation process is mediated by a process of restructuring production, one that, since the 1980s, has been very successful from the point of view of capital and has initiated a process of internal and external flexibilisation that has opened up internationalisation options in the form of global sourcing. This has been associated with an 'erosion of the borderlines of work' (*Entgrenzung der Arbeit*): the demise of the standard employment relationship, flexibilisation of working time, instability and variability of workplace and of employer, and a muddying of the distinction between self-employed and dependent workers (cf. Döhl *et al.* 2000).
3. In addition, the globalisation process is linked – although not directly tied – to the tertiarisation of the economy and society (cf. Baethge 2000), and indeed the link is an immediate one in the transport, marketing, information and communication sectors, with knock-on effects for other sectors. This process of tertiarisation, in turn, is linked to the feminisation of labour.
4. There has been an erosion of the traditional socio-cultural milieus of the workers' movement which allowed the movement to be more independent of labour markets in building up their organisations and policies; this erosion – going back longer than thirty years – is a process of pluralisation and modernisation, of milieus becoming more segmented, individualistic and self-determined

By expanding the borders of markets and capital's exit options, these trends undermine the foundations on which trade unions' organisational borders and policy levels are based, and/or expand or redefine those sub–labour markets in the tertiary sector in which trade unions, given their organisational culture, have great difficulty in organising and imposing binding rules. If it is assumed – as Ebbinghaus and Visser (1994) have argued – that trade unions can best serve as a countervailing force in relation to the market power wielded by capital where their organisational borders are congruent with the borders of the market, and given that market borders are being extended in all three areas discussed above, then trade unions are forced to address the question of whether they should adjust their organisational borders to reflect this – with all the risks that entails, which will be further discussed below – and via national and international trade union action re-embed disembedded capital in forms of social regulation; or rather, should return to a protectionist policy of defending nationally segmented labour markets.

Initially focussing thematically on the globalisation hypothesis, this paper addresses the question of the extent to which the market borders confronting trade unions have changed. I will argue on the one hand against the 'strong globalisation hypothesis' – which sees the prospect of there being no limits to markets at all in future, ultimately confronting the unions with irresolvable organisational problems – while at the same time criticising the 'weak globalisation hypothesis', which all too often dismisses globalisation as a fairy-tale invented by capital, and whose political programme amounts to the mantra that 'nothing fundamental has changed, so let's carry on as before'.

2. Economic globalisation, erosion of the standard conception of work, and economic and social tertiarisation

There are good reasons to doubt that the real phenomena accompanying the internationalisation of capital are in line with either the strong or the weak globalisation hypothesis. In my view, the process is highly contradictory and ambivalent; one whose outcome is unlikely to be new, clearly definable structures and borders, but rather even greater heterogeneity, rendering the trade unions' task of policy formulation yet more complex. Looking at the literature (Thurow 1996; Altvater and Mahnkopf 1996, 1999; Beck 1998; Hirst and Thompson 1996; Held *et al.* 1999; Hübner 1998; Scholte 2000;), the two arguments mentioned at the end of section 1 dominate the discussion: the *strong globalisation hypothesis*, which envisages irresolvable organisational problems for the unions as a consequence of more or less unlimited markets; and the *weak globalisation hypothesis*, which downgrades globalisation as a capitalist fiction and so counsels 'business as usual'. Both hypotheses are highly relevant for the conceptionalisation of the system of labour relations under the pressure of europeanisation and globalisation, yet both are highly contestable (see Hoffmann 1999, 2001; see Table 1 below).

The 'strong globalisation hypothesis' (for example, Altvater and Mahnkopf 1999) is exaggerated because in many areas there is insufficient empirical evidence of a new quality in international economic relations, as assumed by this view. Although there has been an increase in absolute terms, both trade relations and foreign direct investment (FDI) have not risen dramatically as a share of output and they are subject to strong cyclical fluctuations; at times during the 1990s foreign trade actually fell as a proportion of GDP in Europe and Japan. Moreover, both trade and foreign direct investment are concentrated among the high-wage countries of the global 'triad' (Europe, North America, Japan/Southeast Asia); in the case of the EU, trade with countries outside the Union represented between just 8 and 10 per cent of EU GDP in the 1990s. FDI is to be seen primarily as a consequence of trade relations (securing and extending markets) or as reflecting a strategy to exploit fluctuations in exchange rates. Not even 10 per cent of German FDI is induced by wage-cost differentials, and the vast bulk of FDI does not involve the export of jobs, but rather takeovers of foreign companies and production sites. Currently, internationalisation has only a marginal influence at the level of employment in the OECD countries – with the exception of Finland, employment has risen in all the EU countries over the last 20 years – and in Germany globalisation if anything makes jobs more secure: precarious forms of employment tend to be concentrated in areas oriented towards domestic demand and are particularly affected by structural change ('tertiarisation').

Around 80 per cent of the statistical changes in trade, which are seen in the public debate as evidence of globalisation, consist of changes linked to the establishment of the common market in Europe (in which more than 40 per cent of world trade occurs), and to that extent reflect a europeanisation of national economies in Europe. Even the international money markets, which have become highly flexible, are still tied to national (and in some cases even regional) markets and interest rates. Even the astonishing figures on speculative capital (US$ 1 400 billion chasing around the world every day, of which 80 per cent is speculative 'hot money') are gross figures, and are thus a poor reflection of the danger posed by speculative money (although this must be taken seriously – see below). Companies, too, are still tied into regional networks and are anything but 'footloose'; this is especially true of the high-skill, high-quality sector which is predominant in Germany. In the case of labour-intensive personal services, finally, the degree of openness to international markets remains extremely limited, and even the freedom of movement for workers within the European Union has led to no fundamental changes (for example, in the form of migration).

On the other hand, the globalisation process does represent something qualitatively new in the international economy (in contrast to the 'weak globalisation hypothesis' – see, for instance, Hirst and Thompson 1996) to the extent that, on the basis of new means of transport, information transmission and communication, and a policy of deregulation at national level, partly under the influence of international organisations, such as the IMF and the WTO, changes – in some cases radical – have occurred and are occurring in the internationalisation of commodity, money and productive capital. Deregulated, more flexible global markets, in conjunction with new information and communication technologies (ICTs) make it possible at all times to compare costs and performance on a global scale

Figure 1

The main arguments behind the globalisation hypotheses

***Empirical arguments in favour of the strong globalisation hypothesis* (globalisation as reality)**

▪ There has been an intensification in world trade competition and by this a shift in international trade structures from complementary to supplementary trade.

▪ Increase in international financial transactions (inc. FDI), accompanied by high volatility in financial markets and in the spread of shareholder-value cultures.

▪ Growth in number of multi-national companies (especially via accelerated company mergers as a result of the European single market); who are more able to adopt global sourcing strategies (internationally integrated production networks), including the decentralisation of production. This is true especially for the growth of multi-national information, communication and technology companies, who have the added advantage of being relatively foot-loose (because they do not require strong manufacturing infrastructures).

***Empirical arguments in favour of the weak globalisation hypothesis* (globalisation as a myth)**

▪Empirically, trade and FDI remain overwhelmingly concentrated in three global regions (North America, Japan and Western Europe). Thus, globalisation must really be considered as triadisation.

▪ Local production networks and linkages are increasingly important especially for successful global players because of their economic effect (increase in efficiency and effectiveness).

▪ The European single market is increasingly important for the re-embedding process of internationalised capitals.

▪ There has been no single convergence on a model of social and economic organisation. Diversity remains a strong feature of the international social, economic and institutional landscape; the typical answer to globalisation processes are forms of specialisation within national market economies.

Source: European Trade Union Institute

(‘benchmarking’). The nature of international competition is increasingly moving away from complementary trade (based on an international division of labour) to a substitutional trade, implying more intense competition. It is precisely this that is putting Germany, as a high-skill, high-quality, high-wage production location, under pressure. Moreover, deregulated financial markets and the volume of global speculative capital (casino capitalism) not only offer extended exit options for investing liquid elements of the profits from production, but also increase instability on the global market and enforce a change in the relationship between banks and companies. Economic relations, particularly in countries in which more or less cooperative, consensus-oriented or statist models of capitalism predominate, which work on the basis of actors holding long-run expectations, now come under competitive pressure from more flexible, models of market capitalism in which short-term expectations predominate; their corporate cultures (shareholder capitalism) are more compatible with globalised, flexibilised world markets.

One consequence of this is that it threatens to erode the socio-economic basis for national regulatory systems, labour relations and trade union policies. Even if, as already emphasised, firms remain tied to their local contexts, the conjunction of corporate strategies of internal and external flexibilisation with internationalised markets (global sourcing) threatens to pull apart the regional networks of labour-intensive small, medium-size and large firms, and thus undermine, in the case of Germany at least, the basis for the taxation, social insurance and training systems. In theory, if not necessarily in practice, national regulatory and political systems are held to ransom by the exit options enjoyed by capital; voluntaristic labour relations appear more compatible with flexible markets than rigidly institutionalised regulatory systems; government policy, as the external regulatory arm of labour relations, gives way to a policy of competition between production locations.

In fact, at the level of the firm, as actors in the globalisation process, these last-mentioned options are not so readily apparent. Although it is true that the globalisation process has increased the exit options of all three forms of capital (commodity, money and productive capital), and thus has given firms a stick with which to intimidate unions in bargaining and conflicts, not all firms can take advantage of these exit options, and many of those which could, do not, or face high opportunity costs (Hübner 1998). As is the case with all social actors, firms act in a context of uncertainty, and the form taken by globalisation increases the instability of economic relations; firms, as economic actors, respond by deploying security-enhancing strategies. This is even true of the financial markets, where self-help and support funds have been developed, alongside traditional forms of insurance, in order to reduce risk. More generally, firms develop orientation and action patterns going beyond a purely economic rationale that embed corporate action (such as concepts of bargaining between core firms and financiers, suppliers, unions/employees, customers and governments – cf. Ruigrok and van Tulder 1995) in cooperative, hierarchical and/or market-oriented steering and control concepts. Their action subsequently becomes dependent on its social and labour-related preconditions and in turn confirms these structures, in a recursive process: they thus become 'path dependent'. The various 'paths' or corporate strategies of internationalisation (for example, pure export strategies, macro-Fordist, micro-Fordist or Toyotist forms of the international division of labour) are to very different extents open to globalisation options, and also to locally focussed 'glocalisation' options. This argument is elaborated by Ruigrok and van Tulder (1995) in their wide-ranging study *The logic of international restructuring*, although it remains a moot point to what extent individual core firms are able to pursue successful globalisation strategies precisely because they are not so (nationally) path dependent, but can choose different action pathways from different corporate cultures (Dörre *et al.* 1997). It emerges that during the 1990s around one-quarter of the internationally active corporations within the OECD area wound down their internationalisation activities for various economic and political reasons (van Tulder, in Eckart *et al.* 1999)! At the same time, a number of empirical analyses (Eckart *et al.* 1999) have shown that the regional ties of firms in the globalisation process – such ties are also to be seen as a risk-minimisation strategy by virtue of developing stable supplier and subcontractor networks – vary greatly, depending on corporate strategy (or actor path), product group, branch and model of capitalism. To this extent, trade unions, as actors in the globalisation process, are not merely confronted by the diffuse threat of the 'exit option': at the same time, the segmentation of labour markets increases under the pressure of internationalisation, so that trade union policy faces more heterogeneous, more diffuse options for its activities at plant and company level, options that are increasingly difficult to reconcile. Here, too, the signs of Habermas' *Neue Unübersichtlichkeit* (new obscurity or 'unsurveyability') are all too apparent.

At plant level this manifests itself in the fact that the intensification of international competition – in the euro zone heightened by the loss of flexibility via nominal exchange rates (Altvater and Mahnkopf 1993; Martin 1999; Dølvik 2000) – and the implementation of post-Fordist production concepts lead to a restructuring of labour relations by way of internal and external flexibilisation. These are supposed to increase labour productivity and reduce transaction and labour costs through 'outsourcing' (reducing the degree of vertical integration within vertically integrated firms – Toyotism) or 'contracting' (splitting up vertically integrated production into specialised, but globally oriented individual firms; '*wintelism*', cf. Luethje 2001) and the erosion of the standard conception of work. Not only does this blur sectoral demarcations, undermining the principle of 'one plant–one union', which gave German labour relations such stability; its also intensifies competitive relations between employees within the plant (development division with flat hierarchy, production division with pronounced hierarchy) and between employees in different plants, regions and countries (via strategies of outsourcing, global sourcing and contracting or subcontracting). At national level the communication relations between workers, works councils, trade unions and capital are undergoing qualitative changes, as the standard employment relationship (*Normalarbeitsverhältnis*, cf. Mückenberger 1985) comes under pressure, and, due to the flexibilisation of working time, place of work, and job content, are leading to the muddying of status distinctions between employees and the self-employed and, not least, to the end of a clear distinction between the world of work and the 'life-world' (Döhl *et al.* 2000: 10ff. and 16). The internal–national borders of 'social closure' become increasingly opaque as ever greater numbers of different working and employment conditions exist in parallel (Döhl *et al.* 2000: 13), forcing organisations that want to make reference to them – and trade unions must inevitably do so – to pursue policies with a higher degree of complexity.

At the same time, these forms of economic modernisation – particularly those involving external flexibilisation – constitute driving forces behind a further 'tertiarisation' of society: producer services are outsourced to independent companies or plants, while the importance of knowledge-based production and marketing processes increases. These sectors are then no longer labour markets organised by the industrial unions – even if, especially in Germany and France, the expansion of personal services comes up against a social constraint in the form of a patriarchically structured intra-family division of labour (so-called 'self-service societies'; cf. Esping-Andersen 1990). The producer and information services sectors receive a major boost from the link between internationalisation processes and the 'informationalisation', decentralisation and flexibilisation of production. They form the basis for 'high-velocity labour markets' (Rogowski and Schmid 1997) in which the forms of labour destructuring described above become the predominant norm, and are joined by a culture according to which the employee is seen as an entrepreneur: either in the sense that jobs (dependent employment) are outsourced and performed by self-employed persons, or in the sense that workers within the company have to behave towards one another in market-oriented ways (for example, in terms of internal profit centres). These cultures, even if they turn out to be incompatible with the company as a location of capital valorisation (see Kühl 2000), constitute insuperable barriers to trade union penetration in the form in which industrial workers were organised. Such new cultures in production, as in the case of other forms of social pluralisation, do not preclude new forms of solidarity – a fact Zoll drew attention to at an early stage with respect to young people (cf. Zoll *et al.* 1989; Hoffmann *et al.* 1990; Zoll 1993). However, these loci and forms of solidarity are no longer such as can be reached by trade unions by means of their traditional organisational culture. Quite clearly, this is true not only in Germany, but also in Europe as a whole (Waddington and Hoffmann 2001).

Taking all these developments together, we obtain a paradoxical picture of the outcomes of these globalisation processes. On the one hand, apparently there is increased convergence in the different models of capitalism. On the other hand, these processes are leading to an increasing divergence of incomes, working conditions and life chances *within* each country (Altvater and Mahnkopf 1999). If this paradoxical situation were to solidify, national trade unions would face a double challenge. First, they would lose their secure institutional structures at national level, within which they have so far managed to pursue their policies. Secondly, they would be confronted by more serious 'solidarity needs' at both national and international level, the meeting of which, by way of a solidaristic wage and collective bargaining policy, requires precisely the stable, embedded institutions they have had so far (Schulten 2001). In short, they face the task of squaring the circle.

However, there is as yet no firm agreement that the models of capitalism are converging, or that, on the contrary, countries will try to build on and exploit their specific advantages in global competition, entrenching existing diversity. The first possibility seems all the more plausible given that it is the corporatist or statist models of capitalism that are currently facing challenges, as compared to the Anglo-Saxon brand of market capitalism. However, the model of corporatist capitalism offers firms more secure expectations in the longer term, in the face of an increasingly unstable economic environment. A comparison of reactions to the globalisation process in different types of market economy (Liberal Market Economies – UK and USA, and Coordinated Market Economies – such as Germany and Sweden) in the studies documented in Hall and Soskice (2001) shows, rather, that the different market economies are tending to increase specialisation in their areas of greatest strength. Therefore, globalisation leads, not to more convergence, but rather to greater divergence, in the sense of specialisation in particular sectors (for example, new pharmaceutical products are concentrated in LMEs, while more incrementally developed products tend to be concentrated in CMEs – cf. Vitols 2001). This empirical finding has also been observed by Traxler *et al.* (2001: 288ff.) in the collective bargaining field. Against this background and with the advantage of more secure expectations, such corporatist or trust-based models of capitalism may well survive, albeit in modified forms. Empirical evidence certainly suggests that divergence will be maintained between the models of capitalism (Cattero 1999: 97). In this scenario – which at least for the present fits the empirical facts better than the scenario mentioned earlier – globalisation would certainly not make *everything equal*, but it would, as Cattero puts it (1999: 100), be a 'huge pacemaker' for economic and social change. In this way, rapid qualitative changes in labour markets and regulatory systems are throwing down challenges to trade unions, assuming they wish to maintain their claim to pursue policies based on solidarity, at both national and international level. It is well known that this forces unions to cope with difficult tasks at national level (for example, Hoffmann *et al.* 1990; Waddington and Hoffmann 2000); but the question is: how, under conditions of greater international capital mobility, can they follow the international opening of markets and organise a solidaristic policy across national borders?

3. Action corridors for trade union policy: regulation of diversity as a trade union option

In the following I would like to discuss the problematic of an international trade union policy, initially focussing on the European or EU level. Limiting the discussion to Europe or the European Union can be justified by the fact that the globalisation process is concentrated on the 'triad' regions and the EU can be seen, to some extent at least, as an economic model (and, since Amsterdam, also as a social model) that represents a response to the internationalisation process. On the other hand, this limitation does preclude discussion of a number of important questions of international solidarity, in particular the explosive issue of North–South solidarity, a problem exacerbated by the 'decoupling' of entire continents in the southern hemisphere from the globalisation process, and worsened by the policies pursued by the IMF and the World Bank and in the WTO.

Alongside the various forms of the erosion of the borderlines of work and the tertiarisation of the economy, the processes of globalisation confront national industrial trade unions in Europe, in particular, with the organisational problem that the international and supranational market borders extend far beyond their organisational borders, have become diffuse and are determined by cultural contexts that may be in opposition to the unions' nationally determined culture. Moreover, the institutional 'putty' that underpinned solidarity on national labour markets is in danger of being lost; in any case, it is difficult to recreate on internationalised labour markets. Specifically, the pressure on collective bargaining and labour markets created by European economic and monetary union, in conjunction with globalised markets (Martin 1999), could even lead to an Americanisation of European labour relations in the sense of a move towards decentralisation and collective bargaining 'voluntarism'. It is against such a scenario that various options for trade union policy in the EU, which I will now discuss, can be ranged.

The first plausible response by the trade union movement to the removal of national market borders would be to bring the organisational borders back into line with market borders by internationalising trade union organisation and policies. In this context Ebbinghaus and Visser (1994) have identified three options, which can be termed the hierarchy, market, and network options. The hierarchy option emphasises the centralised creation of international unity, whereas the other two come under the category of 'regulating diversity'. What are the arguments against the seemingly attractive – because it replicates the predominant model at national level – and unifying 'hierarchy option' (an organisational form that is in keeping with the democratic-centralist model characteristic of some German industrial unions and, above all, that reflects the characteristic mind-set of many union officers and members)? Five lines of argument giving rise to scepticism regarding this option should be mentioned.

First, such a model would encounter at least four models of capitalism within the EU, each with its specific institutional contexts, as well as trade-union and more general political cultures: Liberal Market Economies (LME) or market-led capitalism (UK), and Coordinated Market Economies (CME), such as statist capitalism (France and Italy), Rhineland capitalism (Germany) and social-democratic capitalism (the Scandinavian countries and Austria) (see Hall and Soskice 2001; Albert 1992; Crouch and Streeck 1997; Coates 2000). With specific reference to industrial relations one can also distinguish between Anglo-Saxon pluralism, Latin polarisation, (German) social partnership and Nordic corporatism (Ebbinghaus and Visser, in Cattero 1999: 98). As open as such idealised typologies are to criticism – they tend to conceal the dynamic nature of developments, not least those driven by globalisation, and suggest a high degree of internal homogeneity (Visser in Cattero 1999) – the institutional set-ups they describe initially remain predominant and continue to function as a filter for organisational and policy models imposed from above. The top-down implementation of a model such as codetermination would yield very different results depending on the institutional contexts in place; already, experience with European works councils provides illustrative material on this point. Unintended political side-effects would be unavoidable. The same fate would befall the German model of trade unionism if it were imposed as a hierarchical, European model on top of, for example, the diversity of British trade unions and the complex interaction between shop stewards and

TUC-affiliated unions, or the various nationally centralised, political-ideological unions in France or Italy. The forms of corporate governance in which such models of codetermination and trade union organisation would have to be embedded could scarcely be more diverse within Europe. It must not be overlooked that trade union and plant-level representation cultures form part of each model of capitalism or of corporate governance: it was not only the national employers' federations in the UK, France and Italy, but also the respective trade union federations that for a long time had difficulties with the codetermination model and are only gradually coming round to accepting it following the introduction of European works councils (see below).

Secondly, such a hierarchy option would have to confront the inertia of each country's national trade union institutions, which in the EU are based on very different organisational structures (centralised political-ideological unions; political, unified unions; unions organised on a sectoral basis with peak federations; multi-sector and occupational unions, and so on), which would have to be brought together and unified. In general terms, the institutional inertia of organisations faced with such a unifying option results from the following factors (Armingeon 1994):

- depending on the type of union, different forms of specialisation within institutional structures have been chosen, which
- are linked to influence over the distribution of power and income, and which
- constitute networks in which changes within the organisation force other institutions to adjust, leading to corresponding friction and conflict, both
- horizontally and vertically, whereby
- any reform process faces both high costs and considerable uncertainty about the future.

Expressed more informally, there are good internal organisational reasons for preferring 'a bird in the hand' – the existing organisation in which positions and roles are more or less clear – to 'two in the bush'.

Thirdly, organisations always develop specific 'cultures of action' in which the day-to-day functioning of the organisation is embedded. Inevitably, harmonising these organisations and/or their policies under a hierarchy option would lead to the at least partial abandonment of these cultures and thus of their 'social functions', as a consequence of which their ability to organise and impose constraints on their members would decline, possibly engendering a crisis of representation. Yet precisely such a generalised cultural foundation would be required by a centrally organised, solidaristic trade union policy in the EU, as a basic condition of redistribution processes between national labour markets with their different economic and social structures.

Fourthly, at the European level a centralised organisation would face the problem that an appropriate centralised bargaining partner is still lacking, on both the employers' side (UNICE, CEEP) and that of government (the EU as a 'would-be polity'), even if there are signs of a trend in this direction under the 'social dialogue' and the first social policy agreements. Of course this lack is all the more apparent at international level.

Fifthly, both the processes of globalisation and of the erosion of the borderlines of work and the tertiarisation of the economy lead to more complex socio-economic structures (pluralisation of socio-cultural milieus, labour market segmentation and social individualisation), and thus of interest representation, to which centralistic forms of organisation are inappropriate. One does not need to be an exponent of systems theory to be aware that, if structures are becoming more complex, so must the organisational and political responses.

To this extent there is much to be said for seeking a response to the challenges of globalisation and the associated upheaval in labour relations along the lines of the two other options mentioned. They are based on 'regulating diversity', that is, coordinating joint targets and policies while recognising existing differences and working carefully to modify them. If unions want successfully to 'recoup' the market borders that they have lost, then a case can be made for the view that they must go down the more difficult path of 'regulating diversity', while at the same time opening themselves to new categories of worker, with their specific cultures. Such a policy would have to be 'bottom-up' in orientation, although without rejecting attempts to achieve more general material and procedural outcomes at EU level, for instance (cf. Hoffmann and Hoffmann 1997), as difficult as the latter is, given the obstacles mentioned above. Agreement at the procedural level would inevitably affect national regulatory systems, which is why the results at the EU level have so far largely been material in nature, agreement on common rules being the exception. Thus the EU level has for many years been performing largely an 'umbrella function', not only in the area of collective bargaining.

The network option – as defined by Ebbinghaus and Visser (1994) – means developing information networks and the supranational coordination of trade union action on national labour markets in the sense of agreeing on common 'action corridors' for collective bargaining, as has been practised for some time in the adjacent border areas of France, Germany and the Benelux countries. The market option goes further, aiming to develop cross-border collective bargaining. Yet this immediately raises the question of the extent to which jointly agreed working conditions and pay norms can be adjusted to reflect conditions in the economically more advanced countries; what forms of 'subsidisation' of the economically weaker countries can be built into the collective bargaining outcomes; and how much 'tolerance' can be allowed for the purpose of enabling countries to undercut the norm in favour of job security. Given that it is scarcely conceivable that a redistribution in favour of the economically weaker countries and unions could be implemented via collective bargaining policy, this option is likely to focus on structural and social policy measures by (or within the framework of) the EU, which may under particular conditions then be factored into collective bargaining policy.

This short list alone shows the hurdles that trade unions in the economically more advanced countries must clear in the course of the internationalisation process: this will be easier the more national unions come together to draw up joint demands in an atmosphere of discursive openness. Such a policy is almost certain to be doomed to failure if based on a narrow orientation towards economic interests: that is, it requires that a 'moral option' be available to underpin redistribution, in whatever form, in favour of trade unions from economically weaker countries, in the sense of an international solidarity that, while it offers capital the short-term advantage of claiming some of the income-distribution margin in the more developed countries, in the longer term can rely on a common policy by unions in different economic positions. This is because 'dividing [*teilen*] unifies' [*translator's note*: the German verb '*teilen*' has the sense of both 'dividing' and 'sharing'] and because solidarity – where it is limited to national labour markets – can divide (cf. Hoffmann 1992). This problematic requires, in turn, a politicisation in individual European unions in support of a new internationalism, one that must be able to dispense with a myth.

Marginson and Sisson (1996) have made a practical proposal on collective bargaining at European level, one that may prove more generally useful: based on bottom-up discussions at the European multi-sectoral level (EGB), sectoral level (industry federations) and the level of multinational companies, framework agreements setting 'action corridors' are reached, which are then implemented in the countries at multi-sectoral, sectoral and firm level, in each case adapted to the conditions prevailing in each country.

This model is far from being merely a theoretical blueprint. At the

European multi-sectoral level three agreements have now been signed within the framework of the so-called social dialogue (on parental leave [1995], part-time work [1997] and fixed-term contracts [1999]), all of which centre on anti-discrimination clauses. The agreements, converted by the Commission into European directives, are equivalent to the multi-sectoral framework agreement. At the regional level, particularly in the adjacent border areas of France, Germany and the Benelux countries, joint working groups exist in which the local representatives of the peak federations seek to coordinate their policies. At the sectoral level, some experience has already been gained in the metal sector, where IG Metall in North-Rhine-Westphalia has cooperated with the relevant unions in the Benelux countries; under the auspices of the European Metalworkers' Federation, the European Graphical Federation and the European Mine, Chemical and Energy Workers' Federation the first steps have been taken to form cross-border collective bargaining committees to coordinate pay demands; in the textile, leather and clothing sector and in the public sector, working groups have been set up; other European industry federations have passed congress resolutions. Finally, at the ETUC level, a Committee for the Coordination of Collective Bargaining Policies was set up by the 1999 Helsinki Congress. Of course, there is no denying that the internal structure of the union federations is still insufficiently developed to permit collective bargaining coordination (for more detail see Hoffmann and Mermet 2000: 105–7; and Mermet in this volume) and that, in practice, collective bargaining is still dominated by national, sectoral and/or regional imperatives. And while coordination committees on the surface certainly constitute a formal structure, they cannot, in themselves, provide that degree of common conviction and culture required to overcome the challenges – mentioned above – emanating from a supranational, solidaristic collective bargaining policy. The coordination of the work of the European works councils that the ETUC and the industry federations are attempting, including educational and training work in this area, could support and underpin such coordination. It is to this subject that we now turn.

Running perpendicular to these attempts to institute a new collective bargaining process at the European level is the establishment, based on an EU directive transposed into national law, of a form of company-level codetermination, taking the form of European works councils (EWCs) in transnational companies operating in the single market. This directive, which covers 1 835 transnational companies in the EU (of which 635 have already established EWCs), enables works councils to be set up at the request of the workforce. They are multinational and bipartite (management–workforce) in composition and have the right to 'information and consultation' regarding the interests of the concern (on this, see ETUI 2000). Above all else, the EWCs permit cross-border communication between workforces (or their representatives) of transnational companies, and, whatever critics of the directive might say, that is quite something, because information and communication are clearly the basic preconditions for a solidaristic policy and organisation. Moreover, with the advent of the EWCs, European industrial relations are no longer a matter merely for full-time trade union officers and experts in Brussels (Cattero 1999: 105). In other words, the information and experience gained in these companies may serve as a catalyst for the development of European industrial relations (Hoffmann 2001: 449f.), to the extent that EWCs are used not merely to develop European 'action corridors' for collective bargaining, but also – and above all – to build up mutual understanding and trust between trade union cultures. It is only on the basis of personal contacts between workers rooted in different national systems that the potential for common convictions and cultures can grow that is required to underpin, culturally and morally, solidaristic redistribution processes within a European framework. To this extent, the EWCs permit international communication that is internal to a company but crosses linguistic and cultural barriers, and that can also extend beyond the 'borders' of the company, giving a new impetus to sectoral coordination.

At the same time, this brings with it the danger that EWCs could offer a basis for 'privileged', company-specific settlements (this is the heart of the critique of 'neo-voluntarism' raised by Streeck, Keller, and Marginson and Sisson); welcomed by the transnational companies themselves and UNICE, the European employers' federation, this would lead to a further differentiation of company pay settlements at the international level, running counter precisely to a solidaristic wage policy. This would be a development driven by globalisation and would promote an even greater differentiation of wage structures at national level. On the other hand, if EWCs were to reach such company-level agreements it would, in the first instance, be a success – after all, they only have information and consultation rights – and it would then be the task of the European union federations to generalise these company-level successes. The question is, therefore, whether the European/international trade union organisations will be able, on the one hand, to take advantage of the productive resources that are the EWCs in developing an international trade union policy, but on the other hand, to exert an influence on the EWCs, as representatives of the workforce as a whole, in such a way as to prevent a narrow, voluntaristic, concern-centred collective bargaining policy, and to ensure that works council policy is embedded in framework agreements, that is, in supranational trade union policy (on the debate on EWCs, see Hoffmann 1997). The trade unions themselves will determine whether the EWCs really do serve as a catalyst for European collective bargaining in a positive sense. They are thus a sort of litmus test of trade union influence on European labour markets.

The vision of international solidarity presented above, initially limited to the territory of the European Union, is of course open to the criticism that it amounts to helping to build a 'fortress Europe', once again setting up systems of social closure against potential competitors from other parts of the world. There is indeed such a danger, yet one must ask to what extent a trade union policy is at all conceivable without such borders. Is it not the case that successful action within the confines of a regulated labour market is a precondition for solidarity extending beyond these newly drawn borders by way of international support and redistribution – provided, of course, that such a policy is what unions want? A naïve opening of Europe's labour market borders – this has nothing to do with the right to political asylum, which must be upheld! – would first and foremost destroy the regulatory systems in the European Union within which unions currently pursue their political activities, more or less successfully; such a situation would certainly draw frenetic applause from those who have always been in favour of labour market deregulation, the neoliberals. One can be sure that the group that would be hardest hit under such conditions would be migrant workers, while trade union organisations would be weakened to such an extent that they could offer support neither to the migrant workers nor to their core membership. To this extent a successful europeanisation of industrial relations is a necessary condition for – albeit not a guarantee of – political solidarity extending beyond Europe's borders, under the auspices of the international trade union organisations (for example, the international occupational secretariats and the ICTFU) and of 'global governance' systems. That here, too, a 'hierarchy option' is a non-starter will be readily apparent.

The criticism of voluntarism is being raised by trade unions against another, widespread form of social and ecological 'embedding' of corporate activity on a global scale. This relates to the 'codes of conduct' agreed between (European and non-European) transnational companies and NGOs, works councils and even individual trade unions; examples include commitments not to use intermediate products produced by child labour, to avoid ecologically harmful inputs, and so on. The criticism is that the impact of such codices is merely company-specific and thus tends to undermine a process of collective regulation. On the other hand, such codices, which are becoming increasingly common at both national and international level – and which, given that it has not (yet) proved possible to anchor social clauses in WTO provisions, have acquired a not inconsiderable importance as an international regulatory instrument – contain elements of an effective re-embedding of 'capital unbound'. NGOs are often successful in giving them a firm moral basis and they can be enforced with the help of pressure via consumer markets. The question here is also to what extent trade unions will prove able to expand these points of departure for international collective regulation in the direction of generally binding social and ecological standards.

The 'regulation of diversity' could also provide a backdrop for trade union policies of the future at the national and regional levels, given that, under the regime of globalisation, the single market and European monetary union, and as part of the process of social modernisation, labour markets are becoming ever more permeable and diverse, and the 'orientation patterns' of workers and the specific cultures of different groups of workers are becoming increasingly highly differentiated. In substantive terms, policies of 'regulating diversity' – notably 'flexicurity' policies – will grow in importance, whereby, for example, trade unions' working time policies will have to leave the classic terrain of the enterprise and incorporate social dimensions of time (including the coordination of working and non-working time, for example, 'time in the cities'). However, this calls not only for a more flexible bargaining policy, with increased use of opening clauses in collective agreements, or one that pays more attention to procedural demands; also required are trade union organisational forms that are appropriate to the new diversity and the changing cultures. Thus a trade union, as an organisation that can no longer simply 'derive' or determine where society is moving, will inevitably be forced, not just at the international but also at the national level, to embark on a discursive process with its members and potential members, that is, with all workers and with all the different interests and cultures it represents (trade unions as 'discursive organisations'; see Hoffmann *et al.* 1990). Indeed, the regional and local levels are likely to become more important as organisational foundations as work becomes increasingly 'destructured' and with the trend towards a blurring of the borderline between the world of work and the life-world. 'Politics in general' – the level on which the procedural questions of labour policy, which are growing in importance, are decided, and on which, via economic and social policy, living conditions are determined beyond the reach of collective bargaining – will become increasingly important as an addressee for a successful trade union policy. This, in turn, raises the question of the future relationship between individual unions – which in Germany and other countries have merged to form powerful organisations – and their peak federations, at regional and national level and in the European context. This implies that trade union policies and organisations require a new openness, both nationally and internationally, just as much as their policies require a renewed 'politicisation'.

4. Conclusion – international solidarity as an opportunity

Seen in this light, the processes of europeanisation and globalisation are an opportunity to develop structures of a renewed national and international labour movement that are committed to 'international solidarity', are based on real-world conditions rather than myth, and recognise these conditions as a contradictory process. This means that trade unions must take leave of traditional organisational cultures that often reflect forms of 'social closure' and in which, in practice, the concept of solidarity was often enough restricted to a narrowly defined 'us', to insiders. After all, crises are always an opportunity for change. If today europeanisation and globalisation are accompanied by a 'crisis of national trade unionism' – and virtually all of Europe's trade unions face similar challenges resulting from globalisation, europeanisation and modernisation (see the contributions to Waddington and Hoffmann 2001) – then trade unions must ask themselves whether they are willing and able to use this crisis as a chance to reform their organisations and policies, both nationally and internationally. They must recognise diversity, work towards its regulation on the basis of solidarity, and re-politicise around a new internationalism, one that combines interest and solidarity without recourse to myths.

Translated from the German by Andrew Watt

8. The coordination of collective bargaining at the ETUC

Emmanuel Mermet

Introduction

This document compiles the replies to the questionnaire on the coordination of collective bargaining sent out in spring 2001. With the adoption of the Resolution on coordination of collective bargaining at the December 2000 ETUC Executive Committee meeting, it was agreed that the European Trade Union Confederation (ETUC), with the technical help of the European Trade Union Institute (ETUI), would collect information every year on the situation regarding wage evolution and other qualitative aspects of bargaining at national level and relate this to the Guideline. In doing so we improve the exchange of information on national bargaining rounds among trade unions and help the ETUC to have a stronger position on wage bargaining in the Macroeconomic Dialogue and other EU-level discussions. This report provides an overview of the first developments following the coordination initiatives adopted by the ETUC in December 2000.

At the same time, publication by the European Commission of the first 'Wage Monitor', which analyses wage developments throughout the EU, should be noted. The report, which is based on Eurostat calculations of wage and other labour costs, takes a rather cost-based approach, whereas the aim of this paper is to take a general view of the wage bargaining situation and the determinants of wage claims, as well as qualitative aspects of bargaining (initiatives on equal/low pay, training and working time arrangements).

This report is organised in five parts:

- Part 1 presents the contact persons and organisations that answered the questionnaire.
- Part 2 analyses the replies regarding the quantitative aspects of the Guideline: that is, the determinants of bargaining claims used at national level (inflation, productivity, other).
- Part 3 focuses on the evolution of wages in 2000 and 2001, showing tables on: wage rises (in nominal terms); the difference compared with the bargained wage rise; wage rises in the private and public sectors; developments regarding minimum wages.
- Part 4 analyses the replies on the qualitative aspects of the Guideline: equal and low pay initiatives, training and life-long learning initiatives, working time initiatives.
- Part 5 presents conclusions from this first exercise.

1. General overview of the answers

Table 1 gives details of those who replied to the questionnaire (see Annex).

We asked national confederations to give one answer per country, and most did so. However, unions in Austria, Denmark, France and Sweden sent two different answers. We had no reply from Greece. There were no replies from affiliates in the applicant countries (although we only invited them to reply).

Table 1: Replies received

Countries	Contact person	Organisation
Austria	F. Friehs H. Mena-Bohdal	ÖGB GdG
Belgium	R. Lamas	FGTB-ABVV and CSC-ACV
Denmark	Jan Kærå Rasmussen Poul Petersen	LO FTF
Germany	J. Kreimer de Fries	DGB
Greece	Georges Dassis	INE/GSEE-ADEDY
France	G. Juquel J. Bas	CGT CFDT
Finland	P.J. Boldt	SAK
Ireland	T. Wall	ITUC
Italy	W. Cerfeda and G. d'Aloia	CGIL and IRES
Luxembourg	J-C. Reding	CGT-L and LCGB
Netherlands	R. Maan	FNV
Norway	E. Gjelsvik	LO-N
Portugal	W. Guimaraes	UGT-P
Spain	P. San Cristobal and F. Puig-Samper	UGT-E and CC.OO.
Sweden	B. Rönngren P. Unander	LO-S Kommunal (local gov.)
UK	I. Murray, D. Feickert, N. Salson	TUC

Who answered what?

Table 2 shows the different elements that were included in the questionnaire and whether the answers received covered these issues:

- determinants of the guideline/bargaining claims;
- quantitative elements: different indicators of wage evolution;
- qualitative elements: equal pay and low pay, training and working time.

Most answers dealt with the quantitative aspects as well as the determinants. However, there were far fewer answers concerning the qualitative aspects, even though these are considered equally important.

The figures given in this report cover the years 2000 and 2001. However, figures for 2001 were collected during the year from July to October, depending on when we received the replies to the questionnaire. In light of the events of September 2001 and the economic downturn already under way, this has had an impact on data comparability.

Table 2: Elements of the questionnaire

Countries	Guideline determinants	Quantitative elements Wages	Qualitative elements		
			Equal pay/ low pay	Training	Working time
Austria	✓	✓	✓	✗	✗
Belgium	✓	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓
Greece	✓	✓	✗	✗	✗
France	✓	✓	✓	✓	✓
Finland	✓	✓	✗	✗	✗
Ireland	✓	✓	✓	✓	✓
Italy	✓	✓	✗	✗	✗
Luxembourg	✓	✓	✓	✓	✓
Netherlands	✓	✓	✓	✗	✗
Norway	✓	✓	✓	✓	✗
Portugal	✓	✓	✓	✓	✓
Spain	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✗	✓
UK	✓	✓	✓	✓	✓

Notes:

Yes provided: ✓

Not available: ✗

Table 3 gives information regarding the signing and duration of collective agreements. Most agreements have a one-year duration, particularly in Austria, Germany, France and Portugal. Longer-term agreements can be found in Belgium, Denmark, Greece and Italy (2 years), Ireland (3 years) and Sweden (4 years). Other countries have variable durations according to particular sectors or companies (Luxembourg, Netherlands, United Kingdom).

Table 3: Dates of agreement

Country	Date of the agreement + duration
AU	1-year agreements
BE	Agreement 1999–2000 (signed Dec 98) Agreement 2001–2002 (Dec 2000)
DE	Most first half of 2000 (21.8 months) and of 2001 (most 12 months)
DK	February 1999–March 2002 (state sector)
EL	2-year agreements signed on 23 May 2000, effective from 1 January 2000
ES	3-year agreements, on average 5 000 negotiations per year
FIN	Incomes Policy Agreement 2001–2002, agreed in December 2000
FR	1-year agreements
IRL	Partnership, April 2000–2003
IT	Inflation aspects set for 2 years Productivity aspects at firm level
LU	No fixed dates
NL	Different dates and durations
PT	1-year duration, renewed every 1 January
SE	April 2001–April 2004
UK	Different dates and durations
NO	May 2000

From a comparative point of view, a winter–spring session of bargaining can be identified, with most agreements signed between December and May (Belgium, Germany, Denmark, Ireland, Portugal, Sweden and Norway). Thus the table indicates that a form of coordination as regards time schedules could be envisaged as most bargaining rounds are already taking place in more or less the same months.

Table 4 presents the answers given to the first questionnaire sent out in spring 2000 on the use of growth, inflation, productivity and other determinants in wage bargaining.

Table 4: Main determinants of wage formation in the EU countries

Country	Economic growth	Inflation	Productivity	Other determinants
Austria	Factor used	Factor used	Factor used	–
Belgium	Factor used	Determinant factor	Commitment (Doorn initiative)	International comparisons imposed by the state
Denmark	Factor used	Factor used	Factor used	–
Finland	–	Determinant factor	Determinant factor	–
France	Factor used	Determinant factor	–	SMIC increases; corporate profits
Germany	–	Determinant factor	Determinant factor	Redistribution component
Greece	–	Determinant factor	Factor used	Comparison with European average

Table 4 cont.

Country	**Economic growth**	**Inflation**	**Productivity**	**Other determinants**
Ireland	Determinant factor	Factor used	Factor used	Promotion of employment Tax cuts and wage moderation
Italy	–	Determinant factor (*sectoral level*)	Determinant factor (*enterprise level*)	–
Lux.	–	Determinant factor: indexation		–
NL	–	Determinant factor: prod. prices	Determinant factor	Assessment of external effects
Norway	Factor used	–	–	International comparisons, competitiveness approach
Portugal	Determinant factor	Determinant factor	Determinant factor	Comparison with European average
Spain	Factor used	Factor used	Factor used	
Sweden	–	Determinant factor	–	EU average targeted and actual infl. rates
UK	–	Determinant factor	–	–

Notes:
'–' not declared in the replies to the questionnaire.
Factor used: factor mentioned among others, not as a determinant factor.
Determinant factor: factor identified as prominent for wage formation, either internally or in results of bargaining.

Source: Mermet, *Wage Formation in Europe* (2001).

2. Quantitative aspects, determinants of the guideline

All trade unions answered this part of the questionnaire. It is interesting, however, to compare the sources used at national level in evaluating the guideline 'inflation plus productivity plus other determinants'.

Table 5: Sources and data used as determinants in each country

Countries	Inflation	Productivity	Others
Austria	–	GDP per worker	Real GDP growth Real income
Belgium	Federal Planning Bureau	Per hour and per worker	Economic growth Tax cuts Social contribution reductions
Denmark	HICP Ministry for Eco	Per worker and per hour Ministry for Eco	–
Germany	National CPI Nat Stat Office	Per hour Nat Stat Office	Redistribution (not every year)
Greece	National CPI Ministry for Eco	Ministry for Eco	
France	National CPI with tobacco Nat Stat Office	Per hour and per worker Nat Stat Office	Social security contributions fall for employers
Finland	Source not specified ex post/ex ante	SOURCE not specified ex post/ex ante	Employment Tax cuts
Ireland	National CPI	Estimates based on difference GDP–employment	Tax cuts

Table 5 cont.

Countries	Inflation	Productivity	Others
Italy	National CPI IRES (Unions) and Nat Stat Office	Real value added per worker IRES calculations	Difference planned/ actual inflation
Luxembourg	Source not specified	Source not specified	Economic growth Sectoral or firm situation
Netherlands	Producer prices MEV 2002/CPB	Per hour and per worker MEV 2002/CPB	Unions use producer prices rather than CPI for calculating their guideline
Norway	National Budget National CPI	GDP per hour Derived from national budget	Trading partner wage evolution
Portugal	National CPI Nat Stat Office	GDP per worker Nat Stat Office	
Spain	National CPI Ministry for Eco	GDP per worker Ministry and stat office	Profits, economic situation in general and for firms, distribution of wages/incomes
Sweden	Inflation target National CPI	Per hour Business sector	
United Kingdom	National CPI Nat Stat Office	Per hour and per worker Nat Stat Office	Average earnings index Company situation

Comments on Table 5

It is interesting to note that trade unions rely mostly on national data. The use of European harmonised data is not yet widespread (although the changeover to the euro could promote convergence in the use of economic data).

Inflation

Nine national unions are using a National Consumer Price Index (CPI) (Belgium, Greece; France, Ireland, Italy, Norway, Portugal, Sweden, United Kingdom). These CPI are issued by official national sources: planning offices, statistical offices or finance ministries.

Among those using a national index, some of them use a specific index which may take into account tobacco, energy prices, and so on.

Only one country (Denmark) refers to the Harmonised Index of Consumer Prices (HICP); however, this figure is calculated by the Ministry for Economic Affairs.

One country uses, not consumer prices but producer prices (Netherlands) in the formulation of its national guideline.

Productivity

Six national unions state officially that they use national figures, although we can assume that all responding unions use national sources.

We can see significant heterogeneity in the types of calculation:

- Four countries present only per-worker calculations (Austria, Ireland, Italy, Portugal). Among them, some make a rough estimation (Ireland) of the difference between GDP and employment; others have a basis for calculation related to value added, not GDP (Italy).

- Three countries present only per-hour calculations (Germany, Norway, Sweden).
- Five countries present both per-worker and per-hour calculations (Belgium, Denmark, France, Netherlands, United Kingdom).

Other determinants

Economic growth is taken into account in four countries (Austria, Belgium, Luxembourg, Spain) as a supporting reference to claims.

Tax cuts are considered in two countries (Finland, Ireland) during bargaining. They are mentioned in Belgium but not formally taken into account during negotiations. Cuts in social security charges are also referred to in two countries (Belgium, France), but are not taken into account formally when bargaining.

Other determinants are used in individual cases: employment in Finland; the difference between forecast and actual inflation in Italy; trading partners' wage evolution in Norway; redistribution in Germany and, to some extent, in Spain; and the evolution of the average earnings index in the United Kingdom.

Comments on Table 6

On the set of European data, it is interesting to note that the Harmonised Indices of Consumer Prices (HICPs) are used, whereas national figures given by the trade unions are composed of National Consumer Price Indices (CPIs).

Unlike the CPIs, HICPs are considered to be purely a price index. CPIs include in most cases prices for rents and mortgages as well as the effects of interest rates on loans, whereas HICPs do not. However, a CPI cannot be considered as a Cost of Living Index (COLI) as it is not related to consumption by specific groups of households (rich, poor, intermediate, and so on).

The difference between April 2000 forecasts and definitive figures for inflation throughout the year 2000 are rather important. Gaps of

Table 6: Determinant 1 – inflation

Country	**DG ECFIN**	**Eurostat**	**Trade unions**	**DG ECFIN**	**Trade unions**
	2000 first forecast HICPs A	**2000 HICPs B**	**2000 CPIs C**	**2001 forecast HICPs D**	**2001 CPIs E**
AU	1.3	2.0	2.3	1.8	2.6
BE	1.3	2.7	2.49	2.0	1.92
DE	1.6	2.1	1.4	1.8	2.5
DK	2.4	2.7	2.8	2.4	2.5
EL	2.3	2.9	3.1	2.6	2.9
ES	2.5	3.5	4.0	2.9	3.9
FIN	2.3	3.0	*3.4–2.6	2.5	2.4
FR	1.1	1.8	1.7	1.6	1.8
IRL	3.7	5.3	5.6	3.7	5.4
IT	2.1	2.6	2.5	2.2	**2.3–2.7
LU	2.0	3.8	3.2	2.9	2.3
NL	2.4	2.3	***2.3	3.9	***2.6
PT	2.2	2.8	2.9	2.9	2.9–3.5
SWE	1.6	1.3	1.3	1.5	1.9
UK	1.4	0.8	2.9	1.3	****2.1
EUR 11	**1.8**	**2.3**		**2.2**	
EUR 15	**1.8**	**2.1**		**2.0**	
Norway		3.0	3.1		3.0

Notes:

* ex post–ex ante; ** estimate for inflation, difference between all sectors and industry sector only for productivity; *** producer prices; **** (August 2001).

Column A: first forecasts published in April 2000 by DG ECFIN (European Commission).
Column B: actual inflation given by Eurostat (HICPs).
Column C: actual inflation by affiliates (CPIs).
Column D: forecasts from April 2001 by DG ECFIN (European Commission).
Column E: forecasts given by affiliates.

between +0.1 and +1.8 can be observed, with many countries registering a gap of 0.4 to 0.6. This is due to the inflation upswing observed in the second half of 2000 as a result of the oil price increase and the appreciation of the dollar against the euro.

When comparing the Eurostat HICP figures with those given by the trade unions regarding the year 2000, it is interesting to note that just as many countries have a lower or a higher rate compared to the Eurostat figure: six countries have a higher trade union figure (compared to Eurostat figures) whereas six countries have lower trade union figures. One country has a similar result (Sweden). If we exclude the United Kingdom, the difference between trade union figures and HICPs is between ±0.1 and ±0.5 percentage points: this is rather small.

In terms of inflation levels, differences across countries are rather similar with both CPIs and HICPs. Low inflation countries are France, Sweden and Germany, whereas catching-up countries such as Greece, Portugal, Spain and Ireland have higher rates. Other countries have annual rates of between 2 and 3 per cent.

In 2001, the differences between countries were quite similar, with low inflation rates in Belgium, France and Sweden, and the highest rates in Spain, Portugal and Ireland.

Differences between forecasts made with HICPs and CPIs provided by trade unions average +0.5 percentage point: CPIs are generally higher than HICPs (due, inter alia, to the mode of calculation).

However, it should be recalled that statistical offices are concerned about the workload involved in continuing to calculate both CPIs and HICPs. The role of HICPs will therefore expand, even if it does not cover some aspects of the cost of living.

Table 7: Determinant 2 – productivity gains

Country	DG ECFIN	Trade unions	DG ECFIN	Trade unions
	2000 first forecast A	2000 B	2001 forecast C	2001 D
AU	2.4	2.5	2.2	1.1
BE	2.2	2.2 – *2.4 per hour*	1.9	1.9 – *2.0 per hour*
DE	2.5	*2.7*	1.7	*0.9*
DK	1.8	2.1 – *2.1 per hour*	1.9	2.1 – *2.6 per hour*
EL	2.5	4.3	3.0	3.3
ES	1.0	0.8	1.1	0.6
FIN	2.5	3.8–2.3 ex post–ex ante	2.8	2.0
FR	1.9	0.5 – *2.5 per hour*	1.5	–0.5 – *0.5 per hour*
IRL	3.9	5.0	4.7	–
IT	1.7	1.4	1.6	
LU	1.6	2.2	1.9	0.3
NL	1.5	3.5 – *1.8 per hour*	1.4	2.0 – *–0.25 per hour*
PT	2.4	1.6	1.8	2.3
SWE	2.5	*1.7 per hour*	2.3	*1.5 per hour*
UK	2.3	2.2	2.3	0.9 first two quarters 2001
EUR 11	**2.0**		**1.7**	
EUR 15	**2.1**		**1.8**	
Norway		*1.3 per hour*		*1.9 per hour*

Notes:
Column A: first forecasts published in April 2000 by DG ECFIN (European Commission).
Column B: answers given by the affiliates to the ETUC.
Column C: forecasts from April 2001 by DG ECFIN (European Commission).
Column D: answers given by the affiliates to the ETUC.

Comments on Table 7

The main problem lies in the different aggregates used by individual countries: whereas the European Commission uses only productivity per worker, some countries have statistics based on productivity per hour.

It is important to notice that productivity gains are rather similar across European countries, between 0.8 and 3 per cent on average (with 2 per cent as the EU average). However, productivity per hour is increasing at low rates in countries where employment is rising more quickly (Spain, France, Italy, Netherlands, Portugal) or where GDP is rising more slowly (Germany, Denmark). In other countries, the increase in productivity is following the overall trend observed throughout the EU, between 2 and 2.6 per cent. Ireland is an exception due to its very high GDP growth. In general, productivity is increasing quickly in countries catching up with the EU average (Greece, for example).

Productivity per hour is usually higher than productivity per worker. This is the case in Belgium, Denmark and France. However, counter-examples can be found in Germany (2001) and the Netherlands.

From the point of view of consistency, it is important to decide which productivity figure to use according to the available wage data (per-hour or – as in the case of the Commission's figures – per-worker).

Comments on Table 8

Table 8 gives a general overview of the evolution of the guideline 'inflation plus productivity' in 2000 and 2001. The columns differentiate between European and trade union data. It is striking that so many countries have a lower or a higher guideline when comparing European and trade union data. This is linked to the fact that productivity measures used by trade unions are very different from the European ones given in Table 7.

Table 8: Determinants 1+2+3: estimates of the value of the basic guideline inflation + productivity and other factors

Country	Inflation (1) + Productivity (2)				Other aspects (3) (such as tax cuts, social contributions)
	DG ECFIN and Eurostat		Trade unions		
	2000	2001 forecast	2000	2001	
	A	B	C	D	E
AU	4.4	4	4.9	4.6	n.a.
BE	4.9	3.9	4.9	3.9	Growth: 4 and 2.8% (2000)–2.2% (2001) Income tax cuts: 0.16 and 0.47%; social charge cuts: and 0.08 and 0.11% (but not taken into account)
DE	4.6	3.5	4.1	3.4	n.a.
DK	4.5	4.3	4.9	4.6	unemployment rate and retirement age
EL	5.4	5.6	7.4	6.2	n.a.
ES	4.5	4.0	3.0	4.1	Profits, economic growth, wage situation/ distribution trade union target 4%
FIN	5.5	5.3	4.5	4.4	Inflation target 2% Employment and tax cuts
FR	3.7	3.1	2.5	1.3	Social charge cuts 0.8% (for employers)
IRL	9.2	8.4	10.6	n.a.	Income tax cuts of 10% up to 2003
IT	4.3	3.8	3.9	n.a.	Difference planned–actual inflation 1 to 1.5%

Table 8 cont.

Country	**Inflation(1) + Productivity (2)**				**Other aspects (3) (such as tax cuts, social contributions)**
	DG ECFIN and Eurostat		**Trade unions**		
	2000	**2001 forecast**	**2000**	**2001**	
	A	B	**C**	**D**	**E**
LU	5.4	4.8	5.4	2.6	Economic growth 8.5% and 5.5%
NL	3.8	5.3	4.1	3.7	None (producer rather than consumer prices
PT	5.2	4.7	4.5	5.3	n.a.
SWE	3.8	3.8	3.7	3.5	Inflation target: 2%
UK	3.1	3.6	5.1	3.0	Average earning index; Company situation
EUR 11	**4.3**	**3.9**			
EUR 15	**4.2**	**3.8**			
Norway			4.0	4.0	Estimates of trading partners' wage evolution (inflation + productivity not used in practice)

Notes:
Column A: inflation (final figure) + productivity (provisional figure) for 2000 with European data.
Column B: inflation + productivity, forecasts for 2001, European data.
Column C: inflation + productivity with trade union figures (CPIs and different productivity measures) for 2000.
Column D: idem for 2001.
Column E: other determinants mentioned by trade unions.

It is therefore very important to consider whether it is possible to improve the comparability of data by using only *productivity per hour* in all countries. However, further research should be carried out at EU and national level.

The main interest of Table 8 is to show that the basic guideline 'inflation plus productivity' is often complemented by other determinants. These cover economic growth, income tax and social security contribution cuts, employment matters, redistribution, and international comparisons. This means that the 'other determinants' of the guideline are important for affiliates in assessing the evolution of wages and other aspects of collective bargaining. However, affiliates are not yet able to quantify 'other determinants'.

As for inflation and productivity, we can understand that catching-up countries have higher figures than the basic guideline (Ireland, Greece and Portugal). A majority of countries have figures of between 3 and 5. France has the lowest figures, due to the reduction in working time and so productivity per worker, not to mention one of the lowest inflation rates in Europe.

3. Quantitative (wage) aspects of the Guideline

This part of the report deals with the evolution of wages. Tables 10a and 10b compare this evolution with the Guideline. Table 9 sets out the different data used.

Comments on Table 9

In a few cases (Germany, Denmark, Spain, Netherlands and Sweden), total wage figures provided by the trade unions are lower than the figures of the Commission. This is surprising as European figures are said to be calculated from a macroeconomic point of view. However, it is logical as they include all kinds of payments to wage earners. Some clarification regarding the data used by the unions is necessary.

Table 9: Wage evolution – different data

Country	Total wage increase (nominal) (DG ECFIN)				Bargained wage increase (nominal)	Private sector wage increase	Public sector wage increase
	DG ECFIN		Trade unions		Trade unions		
	2000	2001 forecast	2000	2001 forecast	2000–2001		
AU	2.1	2.7	2.6	n.a.	2.2 – n.a.	n.a.	
BE	3.2	3.0			2.8 – 3.3	2.7 – 3.3	3.5 – 4.3
DE	1.7	1.9	1.5	2.1	2.4 – 2.1	2.5 (raw estimate for private sector) – 1.9	2.2 – 1.8
DK	4.2	3.3	3.5	3.9	3.24 – 4.38	4.0 – 3.1	2.8 – 3.2
EL	4.6	5.0	2.8	2.0	1.1 – 0.4	2.8 – n.a.	2.8 – n.a.
ES	3.4	3.7	2.3	3.4	3.0 – 3.4	3.0 –3.4 (average)	2.0 – 2.0 (state budget)
FIN	4.1	3.5	2.1	1.9			
FR	1.5	2.5	2.4	2.8	2.4 – 2.8		No agreement

IRL	7.8	8.1	11.0	10.0	7.5 – 6.5		+3%
IT	2.6	2.9	3.1	n.a.	1.9 – 1.9		above
LU	5.0	4.0	5.0	4.5	1.6 – 2.6 (real increase, i.e. excluding inflation)		
NL	4.2	4.3	3.7	6.7	3.3 – 4.2	3.3 – 4.2	3.3 – 4.2
PT	5.4	5.5			→	3.5 – 4.25	2.5 – 3.7
SWE	4.0	4.2	3.8	4.0	n.a.	3.9 – 4.1	3.6 – 3.8 3.7 – 3.5 (from public sector union)
UK	4.1	4.2	4.5+++	2.5 – 3.0	2.5 / 4 (range of agreements, majority below 3%)		3.8 – 4.8 (average earnings index, UK statistics)
EUR 11	**2.4**	**2.9**					
EUR 15	**2.4**	**3.2**					
Norway			4.5	2.7	1.7 – 1.1	4.6 – 4.6	n.a.

The majority of cases show the opposite, with higher wage rises according to trade union figures; the fact that the trade unions' figures are more recent may explain this, not to mention differences between data *per worker* and *per hour*.

Regarding the comparison between bargained wages and total wage rises, it is interesting to note that bargained wage rises are mostly lower than total wage rises. This can be explained by wage drift, individual agreements, bonuses and other forms of performance-related pay. This is the case in Austria, Denmark (2000), Ireland, Italy, Luxembourg, Netherlands, Spain (2001), the UK and Norway.

However, the situation in Germany, Spain (2000) and Denmark (2001) is different. In relation to France, there is some doubt concerning the fact that bargained wage rises and total wage rises are exactly the same.

Regarding the difference between the public and private sectors, it is interesting to note that in five countries the public sector experienced lower wage rises than the private sector (Germany, Denmark, Spain, Portugal and Sweden). The situation is the opposite in a few countries (Belgium, Ireland and the UK) due to some catching-up processes. The situation of the Dutch public and private sectors is exactly identical. However, analysis of the findings is limited by the fact that not all national unions answered this question.

Table 10a: Determinants of the guideline and wage rise (trade union data)

Country	Guideline determinants: Guideline inflation plus productivity 2000	Guideline determinants: Guideline inflation plus productivity 2001	Guideline determinants: Other aspects (like tax cuts, social contributions)	Total wage rise (nominal) 2000	Total wage rise (nominal) 2001	Bargained wage increase (nominal) 2000–2001	Comparison Guideline/ Wage evolution
AU	4.9	4.6	n.a.	2.6	n.a.	2.2 – n.a.	Below
BE	4.9	3.9	Growth: 4 and 2.8–2.2% Income tax cuts 0.16 and 0.47% Social charge cuts 0.08 and 0.11% (not taken into account in the negotiations)			2.8 – 3.3	Below
DE	4.1	3.4	Redistribution	1.5	2.1	2.4 – 2.1	Below
DK	4.9	4.6	n.a.	3.5	3.9	3.24 – 4.38	Almost equal
EL	7.4	6.2	n.a.	2.8	2.0	1.1 – 0.4	Below
ES	3.0	4.1	Profits Economic growth Trade union target 4%	2.3	3.4	3.0 – 3.4	Almost equal

FIN	4.5	4.4	Inflation target 2% Employment and tax cuts	2.1	1.9		Below
FR	2.5	1.3	Social charge cuts 0.8 and 0.8% (for employers)	2.4	2.8	2.4 – 2.8	Almost equal
IRL	10.6	n.a.	Income tax cuts by 10% up to 2003	11.0	10.0	7.5 – 6.5	Almost equal
IT	3.9	n.a.	Difference planned–actual inflation 1 to 1.5 % point	3.1		1.9 – 1.9	Below
LU	5.4	2.6	Economic growth 8.5% and 5.5	5.0	4.5	1.6 – 2.6	Almost equal
NL	4.1	3.7		3.7	6.7	3.3 – 4.2	Almost equal
PT	4.5	5.3	n.a.			3.5 – 4.2	Below
SWE	3.7	3.5	Inflation target 2%	3.8	4.0	n.a.	Almost equal
UK	5.1	3.0	Average earning index Company situation	4.5	2.5–3.0	2.5/4 (range of agreements, majority below 3%)	Below
Norway	4.0	4.0	Estimates of trading partners' wage evolution (inflation and productivity not used in practice)	4.5	2.7	1.7 – 1.1	Below

Table 10b: Determinants of the guideline and wage rise (European data)

	Basic Guideline		**Compensation (remuneration) DG ECFIN**		**Comparison Guideline/ Compensation**
	2000	**2001**	**2000**	**2001**	
AU	4.4	4	2.1	2.7	Below
BE	4.9	3.9	3.2	3.0	Below
DE	4.6	3.5	1.7	1.9	Below
DK	4.5	4.3	4.2	3.3	Almost equal –
EL	5.4	5.6	4.6	5.0	Almost equal –
ES	4.5	4.0	3.4	3.7	Below
FIN	5.5	5.3	4.1	3.5	Below
FR	3.7	3.1	1.5	2.5	Below
IRL	9.2	8.4	7.8	8.1	Almost equal –
IT	4.3	3.8	2.6	2.9	Below
LU	5.4	4.8	5.0	4.0	Almost equal –
NL	3.8	5.3	4.2	4.3	Almost equal –
PT	5.2	4.7	5.4	5.5	Almost equal +
SWE	3.8	3.8	4.0	4.2	Almost equal +
UK	3.1	3.6	4.1	4.2	Almost equal +

These figures are based on official European Commission data. It is interesting to note that in almost all euro-zone countries (11 out of 12) wages are increasing slower than the sum of inflation plus productivity. Although the evolution of nominal wages is in general slightly above inflation, it is absolutely not inflationary and indeed is provoking a fall in current inflation as wage rises are below productivity rises.

Comments on Tables 10a and 10b

Tables 10a and 10b compare the results of wage evolution with the Guideline. Comparison of the data with the Guideline should not be seen as a 'performance exercise'; rather it is intended to help countries where the Guideline cannot be followed for one reason or another. This is the essence of the Guideline. In this perspective, comparison of Tables 10a and 10b presents the difference between trade union data and European data.

Particularly interesting is the fact that a few countries which are identified as having wage rises above the basic Guideline according to European data are below the Guideline when using all components of the Guideline (other determinants), as well as wage data at national level given by the trade unions. This is the case in Portugal, the United Kingdom and Norway, which are all below the Guideline according to trade union data, but above or equal to it according to Commission data.

On the other hand, a few countries are closer to the Guideline according to trade union wage figures rather than those of the Commission: France and Spain remain below the Guideline, but to a lesser extent according to union figures.

However, for a majority of countries the situation is similar in both tables. In particular, those countries with a wage evolution close to the Guideline are in the same position according to both European and trade union data: this is the case with Denmark, Ireland, Luxembourg, the Netherlands and Sweden.

Those countries which were already below the Guideline are below it with either trade union or European data. This is the case for Austria, Belgium, Germany, Greece and Italy. In these countries, the situation is very different, however. In Italy, figures are available only for 2000 and show a somewhat smaller gap (0.8 point) than in the three other countries (2.6 points compared to 0.6). The situation is similar in Austria and Belgium. However, the Belgian situation is peculiar as there is a framework for decentralised bargaining (a margin of 6 per cent over 1999–2000 and 7 per cent over 2001–2002). As this margin is linked to the evolutions of the main trading partners, it is of paramount importance that French, German and Dutch wages follow the Guideline in order to ease pressure on Belgium.

However, German wages did not follow the Guideline in 2000–2001; France's situation is also below the Guideline (particularly according to European data).

The situation in Germany is unusual: bargained wages rose more quickly than total wage rises in 2000 (not in 2001) and the result, either bargained or total, is below the guideline. There is negative wage drift in Germany due, in particular, to developments in sectors poorly covered by collective bargaining agreements.

The data show, however, that wages are increasing above inflation in all the countries below the Guideline.

4. Qualitative aspects

These include the two matters emphasised by the Resolution adopted by the ETUC as well as another important issue:

- equal pay/low pay;
- training and life-long learning;
- working time reduction.

These qualitative aspects were added to the basic Guideline in order to make it more flexible than a coordination formula based on wage figures. This was particularly demanded by the national trade unions and was considered a very good way of broadening coordination to a majority of bargaining considerations, including wages, as well as equal pay/low pay, training, and working time.

However, we were very surprised to see that few trade unions really took time to explain to us what the qualitative aspects were. Although all responded regarding the quantitative aspects (the most controversial part about determinants and wages), only nine countries provided a full answer on the four aspects mentioned at the close of the previous paragraph. We hope that in the near future, unions will come to regard the qualitative aspects as a major part of the questionnaire. Although we asked for figures (with a reference to 'the quantifiable part of qualitative aspects' in the resolution, added at the ETUC Executive Committee meeting), we were also asking for concrete examples of innovative policies regarding these three aspects, and we hope to receive more on these issues in future applications of the questionnaire.

Tables 11 to 14 give an overview of the replies given by the national trade unions.

Table 11: Equal pay initiatives

Country	**Initiatives on equal pay/low pay**
AU	Permanent efforts No specific examples
BE	The Interprofessional Agreements provide for new job classifications; different sectors are putting this into effect
DE	Government: report on income distribution Trade unions: views on introducing a minimum wage
DK	No initiatives
EL	No answer
ES	Demand for a Minimum Agreed Wage of EUR 601 net per month, that is, 60% of average wage, instead of minimum legal wage at 40%
FIN	No answer
FR	2 000 branch agreements reduce wage differences between highest and lowest conventional wages Initiatives taken into account in firm-level bargaining
IRL	Small minimum wage improvements in agreements Tripartite review of male–female wage differentials with recommendations in 2001
IT	No answer

LU	No answer
NL	Central agreement on reduction of gender pay gap
PT	Fathers' maternity leave in public sector
	Specific clauses for wage equality (for similar tasks and qualifications) in firm agreements
	Bonus of PTE 2 200 for minimum-wage workers in some sectors
SWE	Initiative '*Now it's women's turn*', aimed at revaluing women's wages, included in the general wage settlement
	Public sector objective to increase low wages and bridge gap with private sector wages by 2005
UK	Extension of maternity pay from 14 weeks to 26 weeks from 2003 and increase in statutory maternity pay flat rate and introduction of 2 weeks' paid paternity leave
	Campaign to promote pay audits with the support of an Equal Pay Pilot Project to train a minimum of 500 trade union reps
Norway	Central pay increase in fixed amounts
	Extra pay for wages lower than a certain percentage of the average

Table 12: Low pay initiatives and the minimum wage

Country	Existence	Level in euros	% of workers	% of ave. earnings	2000/2001 initiatives
AU	✗				1 000 EUR min in catering, cleaning and trade
BE	✓ nego	1 148	n.a.	39%	Rise by 4–5% via fiscal cuts in 2001
DE	✗				Discussions on introducing a min. wage
DK	✗				
EL	✓ nego	458	n.a.	41%	
ES	✓ legal	506	2.6%	34%	2.0% in 2000 and 2001 (not taking into account inflation)
FIN	✗				No answer
FR	✓ legal	1 083	12.8%	49%	+2.2% annual average
IRL	✓ legal	983	n.a.	n.a.	Introduced in April 2000 +6.8% in July 2001
IT	✗				
LU	✓ legal	1 259	17%	42%	01/07/2000: +2.5% 01/01/2001: +3.3% 01/04/2001: +2.5%
NL	✓ legal	1 154	2.2%	44%	2000: +3.3% 2001: +4.2%

PT	✓ legal	390	7.5%	57%	2000: +4.1% 2001: +5.0% i.e. 67 000 PTE = 334.2 EUR
SWE	✗				
UK	✓ legal	1 062	6.9%	37%	01/10/2001: £4.10 (10.8% increase) youth rate £3.50 (9.4% increase). Unions took legal action supporting members in enforcing the National Min. Wage
Norway	✗				

Notes:
(✗) ✓: (non-)existence of statutory minimum wage, either through negotiation ('nego') or legal action ('legal').
Initiatives: answers from the national confederations.

A majority of countries have a minimum wage, set either by law or by negotiation (nine countries). Figures on minimum wage levels and percentage of average earnings show a relatively large difference between countries which have a minimum wage. Particularly, Portugal and Greece have the lowest minimum wage (up to 57% of average earnings in Portugal). This shows that average earnings are relatively low compared to other European countries. The situation in France is also characteristic: although the minimum wage is set at similar levels to the UK or Belgium, it represents 49 per cent of average earnings. In France and Luxembourg, 12.8 per cent and 17 per cent of workers respectively are earning the minimum wage, revealing its paramount importance. It should be mentioned that, in general, twice as many women as men earn the minimum wage.

Table 13: Training and life-long learning initiatives

Country	Initiatives
AU	Collective agreements on paid leave (up to one week) for further training (electricity, petroleum, telecoms, paper) Training for construction-sector workers during winter months Recommendation on the implementation of the statutory entitlement to training leave at plant level
BE	Additional employer's contribution of 0.1% and a further 0.1% for special groups Target: average of the three neighbouring countries (FR, DE, NL) Good practices: training credits, increased bonuses for those who receive training, etc.
DE	2001 Further training in the metal industry, South-West Germany
DK	Additional contribution of 0.1% in 2000 (trade union policy: cost borne by employers, not collective agreements in the state sector) Agreement on training leave (1993 and 1999) for complementary payment up to the normal wage for state employees Agreement on systematic competence development (1999) as an obligation for strategic targets of individual and professional development (state employees?)
EL	No answer
ES	Third agreement with employers and government on continuing vocational training, implemented in company plans.
FIN	No answer
FR	113 branch agreements on this issue, plus company agreements
IRL	Framework agreement on training in the Tripartite Partnership (PPF)
IT	No answer
LU	2000: agreements in building-construction and hospitals 2001: agreement in garages

NL	No answer
PT	Increased emphasis on training, Some company agreements link productivity and training; bipartite consultative committees created for training, etc.
SWE	No answer (private sector) Public sector answer: ongoing negotiations on life-long learning agreement
UK	Establishment of the Union Learning Fund (government money) and the TUC Learning Services project (funded by ADAPT, the TUC, individual unions and other partners). These provide a framework for union-led development initiatives in basic skills, online learning, training for learning representatives and the University for Industry.
Norway	Tripartite ongoing reform, including grants, rights to leave, etc.

Table 14: Initiatives on working time reduction

Country	Initiatives
AU	Flexible working time regulations in collective agreements Agreements specifying the legal framework regarding part-time work for elderly workers
BE	Time credit in 2001
DE	2000: old-age part-time retirement in most private sectors Reduction of weekly working hours in some sectors in eastern Germany
DK	Reductions in working time to the value of 0.4% of labour costs in 2000, 0.2% in 2001 Cost of special holidays concluded in 1999 (from 5 weeks to 5 weeks and 3 days) and of the 2000 agreement on conversion of overtime and some wage increases into time off Agreement in 1999 for local flexible working time arrangements at workplace level
EL	No answer
ES	Demands regarding a reduction in the number of part-time workers.
FIN	No answer
FR	2000: 35-hour week in companies with more than 20 employees: 88 branch agreements on reduction of working time 2001: 120 branch agreements in total Half of workers in companies above 20 employees work 35 hours
IRL	10% of workers covered by annualised working time agreements
IT	No answer
LU	Renegotiation of the national agreement on ‘reference periods’
NL	No answer
PT	Negotiations concerning more official days off, above the existing 22, and on differentiation/modulation of working time, annual reduction of working time
SWE	1 additional day off per year = 0.5% cost rise (specific to private sector)

UK	'Time of our Lives' project to identify better ways of organising work and time supported by the Government's Partnership Fund and by the TUC's Partnership Institute
Norway	No answer

6. Summary conclusions

Technical remarks

1. More attention should be paid to qualitative aspects in the future, as they are as important as quantitative ones. If no figures on the costs of these qualitative aspects are available, trade unions should provide concrete examples of policy initiatives or agreements on the three qualitative issues.
2. On the determinants: choices on inflation are quite clear as national Consumer Price Indices (CPI) are in use in many countries (unlike the European Harmonised Indices of Consumer Prices – HICPs). However, on productivity, some choices have to be made regarding per hour/per worker differentiation. Other determinants are very important and are still taken into account.
3. On wages, information is needed in nominal terms, not in real (deflated) terms. More data should be provided on bargained wage rises and total wage rises (the difference between the two is the 'wage drift'). Wage data should also be consistent with productivity measures: if productivity is per hour, then wages should be per hour, and so on.

Remarks on the results

1. It is apparent that a certain synchronisation of collective bargaining is already feasible; a 'springtime bargaining round' can be seen in a large number of member states.

2. As shown in Tables 10a and 10b, a large number of countries are below – but relatively close to – the Guideline in relation to wages (seven according to trade union data, eight according to European data). This means that wages are more or less following the Guideline in these countries, whereas in the other countries wages are well below the Guideline. It should be noted that virtually no country suffered a loss of purchasing power: almost all wages are increasing above inflation, the first prerequisite of the Guideline adopted by the ETUC.
3. Wages are far from having an inflationary impact: their rise, although generally above inflation in nominal terms, remains below productivity in real terms. In effect, in a large number of member states (eleven, all in the euro zone, according to European data) wages are rising more slowly than the sum of inflation and productivity. This means real unit wage costs for companies are falling, which limits inflation. In addition, wage moderation in the public sector is quite important in some countries.
4. For the countries below the Guideline, it could be argued that wage moderation has been compensated by qualitative aspects (concrete job creation, working time reduction, equal and low pay initiatives, life-long learning and training initiatives). This is not clearly the case from the replies, however, although a number of important initiatives are mentioned in relation to equality between women and men, showing that this issue is being taken on board in trade union policy, in conformity with the ETUC Equal Pay Campaign. A more limited number of initiatives are mentioned in relation to training and the reduction of working time. These initiatives do not necessarily take account of the differentiation made in the Guideline between 'quantitative' and 'qualitative' aspects of collective bargaining, and indeed the line between the two is flexible, according to national context.

5. Efforts are still needed to evaluate the cost of such qualitative initiatives, however, in particular to measure whether they counterbalance the rise in wages below productivity levels. This problem of 'quantifying' qualitative aspects needs more research, and more work is needed to collect examples of good practices to present in the annual reports.
6. In any case, we propose to reinforce the qualitative aspects through the new resolution on coordination presented to the Executive Committee in December 2001. Particularly, this emphasises the need to develop coordination on both qualitative and quantitative aspects.
7. The evaluation of the Guideline should be considered as a way of improving the exchange of information on current national situations, and an opportunity to warn other countries of similar past experiences elsewhere. It supports convergence and it is especially important for lower-wage countries to be able to follow the increase in productivity in order to 'catch up' with the rest of the European Union as in these countries in general the rise in productivity is more pronounced.

Annex 1

Questionnaire on the ETUC Guideline

In order to set up the coordination approved at the Executive Committee of the ETUC on the 14 December 2000, the ETUC proposes to build a database on the results of collective bargaining at national level.

The ETUC asks each national affiliate to compare the data presented, which are used at the Macroeconomic Dialogue, with the ones used at national or sub-national levels when bargaining.

Please indicate the national figures if different from the ones presented at European level by the European Commission. This questionnaire is made of three parts:

1. Determinants of the guideline

Data on inflation, productivity, other determinants, margin of negotiation and other aspects important in the negotiations.

2. Quantitative aspects

Mainly on the evolution of wages, from the value of the agreement to the bargained wage increase.

3. Qualitative aspects

On the improvement of the qualitative aspects of work, such as equal pay, low pay, training and life-long learning or working time reduction.

Followed by specific supplementary information

4. Table on the Guideline 2000–2001

This is the table that will be used for comparisons of data and in which your answers will be inserted for cross-analysis.

5. A glossary of data provided from European sources

6. The Resolution on coordination of collective bargaining

Name of the Organisation: ....

Name of the Contact Person: ....

Address: ....

Country: ....

Tel./Fax: ....

E-mail: ....

1. Determinants of the guideline

	2000	2001
Inflation rate		

Please indicate here the inflation rate for 2000 and 2001 for consumer prices.

Indicate which source and inflation definition you use.

	2000	2001
GDP/worker Productivity gains Per hour		

Please indicate here the productivity gains for 2000 and 2001.

Caution, productivity should be measured *per worker*; please indicate which source you used and the definition (if you have it *per hour*, please indicate).

	2000	2001
Economic growth Other determinants		

Please indicate here if you take into account other determinants than inflation and productivity (profits, economic growth, other inflation rates than consumer prices, and so on).

Give the source and definition of the data you gave.

	2000	2001
Productivity plus inflation (plus other determinants if necessary)		

Please sum the determinants you used at national level.

	2000	2001
Other aspects		

This includes other aspects which are not related to the common determinants of the guideline (inflation, productivity, other determinants) that you took into account when bargaining. For example, show here if, when you were bargaining, you took into account the fact that the state would reduce taxes on household income or social security contributions on wages, and so on.

2. *Quantitative aspects*

	2000	2001
Estimated value of the total agreement (quantitative plus qualitative aspects)		

Please indicate here the estimated value of the agreement signed at national level or of the sum of all agreements signed at sub-national levels.

The total value of the agreement means the *percentage rise* in the cost for employers of quantitative aspects (wages) plus qualitative aspects (equal-lower pay, training, working time, others).

	2000	2001
Total wage increase (nominal)		

Please indicate here the actual total wage increase in *percentage per worker* (total wage increase for the employees' side), including wage rise plus other benefits (if calculable), such as variable pay and other bonuses. (If you have it *per hour*, please also indicate.)

	2000	2001
Bargained wage increase		

Please indicate here in *percentage per worker* what was agreed between employers and trade unions. These data can be lower than the actual wage increase. For example, the actual total wage increase can be 4% (taking into account bonuses and wage drift), whereas the bargained wage increase was 3.5%. (If you have it *per hour*, please also indicate.)

	2000	2001
Date of the agreement Duration of the agreement		

Please indicate when the agreement was signed (date of the agreement) and when it comes to an end (duration of the agreement)

	2000	2001
Private sector pay increase Public sector pay increase		

Please differentiate the pay rise in *percentage per worker* between public and private sector. (If you have it *per hour*, please also indicate.)

	2000	2001
Increase of the minimum wage		

For the countries where a minimum wage exists, please indicate its rise *in percentage*.

3. Qualitative aspects

	2000	2001
Estimated value of qualitative aspects		

Please indicate how you evaluate the cost of the qualitative aspects of the agreement, as a percentage increase.

	2000	2001
Equal pay and low pay initiatives		

Please indicate the initiatives taken in the area of gender equal pay and low pay distribution. Give examples of agreements (best practices) in percentage terms, if possible.

	2000	2001
Training and life-long learning initiatives		

Please indicate the initiatives taken in the area of training and lifelong learning for workers in firms. Give examples of agreements (best practices) in terms of percentage if possible.

	2000	2001
Working time initiatives		

Please indicate the initiatives taken in the area of working time reduction or reorganisation (annualisation, reduction in overtime, and so on). Give examples of agreements (best practices), in percentage terms if possible.

Annex 2

ETUC Resolution on the coordination of collective bargaining (December 2001)

1. The ETUC Executive Committee takes note of the work undertaken by the Committee for the Coordination of Collective Bargaining in 2001 to follow up the adoption of the ETUC Guideline on the coordination of collective bargaining which was adopted by the Executive Committee in December 2000.

2. The Executive Committee reaffirms that the implementation of the Guideline is fundamental to achieving the ETUC's aim of preventing wage dumping and supporting the harmonisation of living and working conditions in the EU and in the applicant countries through upward convergence.

3. The 2001 bargaining rounds were marked by a sharper rise in inflation than was foreseen. The worsening economic and/or employment situation in some countries also led to wage increases below the Guideline, as shown in detail in the attached CB annual report.

4. The impact of the current deteriorating economic situation of collective bargaining remains uncertain. As the Executive Committee's Resolution in October pointed out, a package of economic and employment measures is needed, directed towards both sustaining purchasing power and increasing investment. In this context, the ETUC and its affiliates reaffirm the principles of the coordination Guideline based on taking into account inflation and productivity in order to maintain the positive increase in wages necessary for the maintenance of economic growth and to improve living and working conditions in Europe.

5. On wage considerations, the Executive Committee notes that, in spite of a few problems in comparing data because of delays in receiving some of the national replies, the CB report shows clearly that:

- A large number of European countries are close to the Guideline in relation to wages. In these countries wage increases almost equalled the Guideline, whereas in others wage increases fell short of it. However, it should be noted that almost no country suffered a loss of purchasing power: from a global, macroeconomic perspective wages are increasing above inflation, the first prerequisite of the Guideline adopted by the ETUC (although not necessarily for all groups of workers).
- For the countries below the Guideline, the available data do not enable us to ascertain whether qualitative aspects are compensating for increases in wages below productivity. The reasons for this situation and the possible responses to it will become clearer as the Guideline is implemented over a period of time.
- As regards the qualitative aspects, the Executive Committee considers that collective bargaining should use whatever margins are available to achieve a better redistribution of wages, in order to reduce the pay gap between women and men, increase low wages and improve access to training and life-long learning. It is also important to improve transparency and ensure that the process of individualisation of wages is placed within a framework of rules which are collectively negotiated.

6. In order to encourage affiliates to be more effective on the issue of redistribution, the ETUC invites all affiliated organisations – taking into account national and/or sectoral situations and paying particular attention to improving the quality of part-time work and employment conditions in low-paid sectors – to:

- adopt in 2002 a multinannual work programme, setting out key objectives for collective bargaining initiatives aimed at reducing the pay gap between women and men, with a timetable for their implementation and evaluation; and

- include a quantifiable objective regarding a reduction, in stages, in the number of low-paid workers (those on 60 per cent or less of the median salary).

7. The Executive Committee recalls that discussions are ongoing with European employers on the possibility of concluding a European framework agreement on training and life-long learning and skills development. These discussions should support the integration into collective agreements of the right of all workers to have access to training and life-long learning – and in particular women and low-paid workers – and the development of practical ways to achieve this (for example, financing mechanisms and individual training plans).

8. The Executive Committee takes notes that the CB Committee's summer seminar in 2002 will address the issue of wage developments in both the EU and the applicant countries, and that these discussions will be supported by a current ETUC project to examine collective bargaining systems and developments in the applicant countries. The results of this study will be examined during a seminar in Prague in April 2002.

9. Finally, the Executive Committee encourages the CB Committee to intensify its work on the future of industrial relations, in particular on the establishment of a European system as quoted in the 1999 Congress Resolution.

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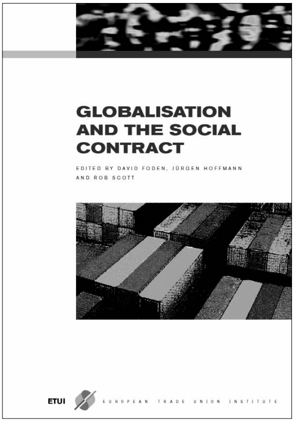
GLOBALISATION AND THE SOCIAL CONTRACT

EDITED BY DAVID FODEN, JÜRGEN HOFFMANN AND ROB SCOTT

Globalisation has become one of the most politically-charged subjects of our times. Mass demonstrations and protests have become routine when the institutions of the global economy gather together, with trade union activists expressing their concerns alongside environmentalists, development NGOs and others for whom economic globalisation denotes insecurity, inequality and environmental degradation.



This book is the result of a conference of researchers working closely with trade unions, and who are therefore aware, as they seek to analyse one or other facet of globalisation, of the particular place occupied by trade unions in the debate. On the one hand unions are part of the coalition of protesters seeking to limit and shape, if not oppose outright, the process of globalisation. On the other, they represent workers whose livelihoods are tied up with the success of the global economy. They have a stake in economic success. This differentiates them from many of the others who marched in Seattle and Genoa. The resulting concern with strategies to shape globalisation is perhaps the most obvious common thread to the contributions in this book.

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