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## **Labour and New Social Movements in a Globalising World System**

Arbeit, Arbeiterbewegung und neue  
soziale Bewegungen  
im globalisierten Weltsystem

Herausgegeben von Berthold Unfried und  
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Berthold Unfried / Marcel van der Linden

## **Arbeit und Arbeiterbewegungen im Prozess der Globalisierung**

„Globalisierung“ ist zu einem Allerweltsbegriff geworden. Auf wirtschaftlicher Ebene, und auf diese eingeschränkt, wird der Begriff meist verwendet, bezeichnet er im Wesentlichen folgende Trends:

- Das Herauslösen von Produktion, Handel und insbesondere von Finanzflüssen aus (national)staatlicher Kontrolle.
- Als Folge davon internationale Standortkonkurrenz, Verlagerung von Produktionsstandorten (oder jedenfalls die Drohung damit, falls ein Standort zu teuer kommt), Ausweitung des Handelsvolumens durch Zollabbau und unbeschränkter Kapitalverkehr.
- Damit in Zusammenhang neue internationale Durchmischung der Arbeitsverhältnisse, zunehmende „Informalisierung“ der Arbeit in den industriellen Zentren der Weltwirtschaft; andererseits Ausweitung des Lohnarbeitsverhältnisses in den in Industrialisierung begriffenen Regionen der Welt.
- Transnationale Konzerne und multilaterale Handels- und Finanzinstitutionen als vorherrschende Akteure und Regulationsstrukturen in der Weltwirtschaft.
- Dies alles auf der Grundlage einer Revolution der Kommunikationstechnologien, welche die Territorialgebundenheit des Wirtschaftens obsolet macht.
- Einbindung von immer mehr Regionen in den Weltmarkt und „Kommodifizierung“ (*commodification*, Unterwerfung unter die Marktlogik als Waren) von immer mehr Lebensbereichen.
- Auf einer kulturellen Ebene Homogenisierungstendenzen in alltagskulturellen Ausdrucksformen und im Konsumverhalten, die den Standardisierungstendenzen in der Warenproduktion entsprechen.

Die Art der Verwendung des Begriffes „Globalisierung“ vermittelt den Eindruck, als fände zur Zeit ein großer Neuanfang in Ökonomie und Politik statt, der irreversibel eine neue Epoche einleite. Es ist aber auch darauf hingewiesen worden, dass die „Globalisierung“ der Wirtschaft kein wirklich neues Phänomen sei. Das ist das Resümee aller Arbeiten, die sich dem Phänomen in historischer Perspektive nähern. Die internationalen Verflechtungen der Wirtschaft hätten

may be more favourably disposed to greater state intervention in the economy than those in regions where unemployment is less of a concern. If this is the case, we might expect to see quite different types of unionism and union demands emanating from different locales (even within single countries) or, relatedly, growing antagonism between local and national union structures, depending upon the political affiliations of the parties involved. This latter in particular could spark intense political struggles over the issue of at what geographical scale (national, regional, or local) power will be exercised within particular unions.

Second, although the legal relationships between the state and the trade unions may have changed a great deal in the countries of Eastern Europe, in many cases the class relationship between union members and enterprise managers/bureaucrats remains essentially the same. Indeed, many of the old *nomenklatura* have been able to convert their status from managers and party officials to owners of enterprises, since they are some of the few who have access to the resources and contacts necessary to acquire newly privatised enterprises. Thus, in many cases neither the individual actors involved in the operation of various enterprises nor their relationship to one another has changed that much with privatisation.

Third, the question must be asked at what point the transition is considered to be complete. If the transition is deemed to have been completed when Eastern Europe's post-Communist institutions all function exactly as do their Western counterparts, then the transition may take a very long time indeed. In fact, with an apparently distinctive East European capitalism emerging, using such a standard may mean the transition is never, in fact, considered completed in some people's eyes. On the other hand, if the standard of completion is deemed to be simply the privatisation of former state-run institutions and the solidification of political pluralism, then the transition may be seen as being completed in a much shorter time period. This is an important issue, not only intellectually – since it goes to the heart of how we use terms such as “transition” – but also politically, for it determines the moment in time at which Western observers will stop urging the trade unions in Eastern Europe to continue their supposed evolution towards Western ideals and will instead recognise that a uniquely East European style of trade unionism will have brought forth itself.

John D. French

## **Trade Unionism and the Fight to Reshape the World that Trade Built: International Worker Rights in a Globalizing World, 1959–1999**

When the Soviet Union and the Communist block fell in 1991, few would have predicted that less than a decade later the labour question would prompt a sharp and emblematic clash within the new institutions of global capitalist economic governance. Yet the „social question“ did resurface with surprising force in 1999 when large and dramatic street protests confronted the ministerial conference of the World Trade Organization (WTO) in Seattle, Washington.<sup>1</sup> For the first time, a meeting of the mandarins of international trade was met with a massive and unruly expression of democracy in the streets. There was much that was distinctive in Seattle, including the breadth of those participating, the diversity of their concerns, creativity of their actions, and the tools that helped bring them together, such as the Internet. Yet the greatest novelty, highlighted by the slogan „Teamsters and Turtles“, was the presence of the mainstream of U.S. organized labour alongside protesting environmentalists, anti-debt campaigners, and critics of global sweatshop production.<sup>2</sup> Led by the dynamic new President of the

- 1 John D. French, From the Suites to the Streets of Seattle: The Unexpected Re-emergence of the ‚Labor Question‘, 1994-1999, *Labor History* 43, no. 3 (2002), pp. 285-304. The growing self-doubt among globalization's proponents can be seen in the deeply critical book by Joseph E. Stiglitz, winner of the Nobel Prize in Economics in 2001, who had served as Senior Vice President and Chief Economist of the World Bank between February 1997 and February 2000 (*Globalization and its Discontents*, New York: Norton 2002).
- 2 On the Seattle events, see Alexander Cockburn / Jeffrey St. Clair, *Five Days That Shook the World. Seattle and Beyond*, London: Verso 2000; Eddie Yuen / George Katsiaficas / Daniel Burton Rose, (eds.), *The Battle of Seattle: The New Challenge to Capitalist Globalization*, New York: One Skull Press, 2001; John C. Berg (ed.), *Teamsters and Turtles? U.S. Progressive Political Movements in the 21st Century*, Boulder: Rowman and Littlefield Publishers 2003. Robin Broad (ed.), *Global Backlash: Citizen Initiatives for a Just World Economy*, Lanham, Md.: Rowman & Littlefield Publishers 2002, provides an excellent introduction to the Global Justice movement with special emphasis on labour and trade.

AFL-CIO (American Federation of Labor-Congress of Industrial Organizations), the tens of thousands of marching workers were joined by leaders of ICF-TU affiliates from around-the-world who had gathered in Seattle to challenge the injustices of globalization. The labour issue reverberated even in the suites of the city, as government representatives debated the inclusion of worker rights in the agenda of the „Millennium Round“ of international trade negotiations that was to have started in Seattle.

As we enter a new millennium, those of us who study the world's working people find ourselves at the center of a vital policy debate that speaks to societal concerns felt well beyond the usual haunts of academic labour specialists. As early as 1996-1997, the formation of the WTO, with near universal membership, led a number of labour scholars to envisage new possibilities for more vigorously promoting worker rights on a world scale.<sup>3</sup> „The highly charged discourse surrounding the issue of trade and labor standards“, all concluded, „has served to underline the politically sensitive, legally sedulous, and economically complex nature of the debate“ around „the thorny question of a social dimension to trade liberalisation“.<sup>4</sup> Yet these pioneering social science articles lacked a solid historical foundation of empirical research on the labour-trade nexus. Excessively presentist, they have treated the contemporary „social“ or „worker rights“ debate without sufficient attention to organized labour's long term engagement with international trade issues, especially as they grappled with a rapidly changing international division of labour since the 1950s. In addition, most gloss pro-

3 Lance A. Compa / Stephen F. Diamond (eds.), *Human Rights, Labor Rights, and International Trade*, Philadelphia: University of Pennsylvania Press 1996; John D. French, 'A Busca de Padrões de Direitos Trabalhistas no Comércio Internacional: A „Cláusula Social‘', in: *Processos de Integração Regional e a Sociedade*, edited by Hélio Zylberstajn, Irám Jácome Rodrigues, Maria Sílvia Portella de Castro and Tullo Vigevani, Rio de Janeiro: Paz e Terra 1996, pp. 326-345, and *Comercio y Trabajo en el Mundo: Hacia la Cláusula Social, Nueva Sociedad* (Caracas), no. 148 (1997), pp. 142-157; Steve Charnovitz, *Trade Employment, and Labour Standards: The OECD Study and Recent Developments in the Trade and Labor Standards Debate*, *Temple International and Comparative Law Journal*, no. 11 (1997); Nigel Haworth / Steve Hughes, *Trade and International Labour Standards: Issues and Debates over a Social Clause*, *Journal of Industrial Relations* 39, no. 2 (1997), pp. 179-195; Rorden Wilkinson / Steve Hughes, *Labor Standards and Global Governance: Examining the Dimensions of Institutional Engagement*, *Global Governance* 6 (2000), pp. 259-277; Robert O'Brien / Anne Marie Goetz / Jan Aart Scholte / Marc Williams, *Contesting Global Governance: Multilateral Economic Institutions and Global Social Movements*, Cambridge: Cambridge University Press 2001; Ronaldo Munck, *Globalisation and Labour: The New Great Transformation*, London: Zed Books 2002.

4 Haworth / Hughes, *Trade and International Labour Standards*, p. 180; Wilkinson / Hughes, *Labor Standards and Global Governance*, p. 268.

posals for a labour-trade linkage under one generic label, while often characterizing their content incorrectly in light of formulations dating the establishment of the WTO in 1994. This article, by contrast, demonstrates that quite different, and often conflicting proposals have been advanced by trade unions, many of which have no relationship to what is *now* understood as a „worker rights“ or „social“ clause in trade.

This article addresses these lacunae by examining trade union efforts to introduce worker rights and/or labour standards into the *structure* of international trade. After prefatory observations about the social dimension of trade and investment, it briefly explores the labour-trade issue as a factor in the establishment of the International Labor Organization (ILO). It then surveys a sequence of labour-trade initiatives since World War II, while highlighting representative proposals for a multilateral „social“ or „worker rights“ clause, of near-universal coverage, through the GATT/WTO.<sup>5</sup> Throughout, this article frankly acknowledges the North/South divergences about the linking labour and trade, which has been sharply attacked by some progressive elements from the South.<sup>6</sup> As Gloria Muller noted in 1997, the worker rights and trade controversy is not marked by „clearly defined sociological-ideological camps – on the one side the employers, on the other side the employees, [and] trade unions.“ Opposition

5 My forthcoming book entitled *Globalizing Protest: The Fight for Worker Rights in World Trade* (Durham: Duke University Press 2005) focuses on the trade politics of the world's national trade union confederations, as set forth by their leaders and staff, as well as the positions staked out by the weak supra-national federative structures that articulate organized labour's positions within the international arena. With a primary focus on the GATT/WTO, the book also examines less comprehensive initiatives, whether unilateral or multilateral, such as the placement of „internationally-recognized worker rights“ (IRWR) clauses in U.S. national trade law in the 1980s and the labour side-accord of the 1994 North American Free Trade Agreement (NAFTA). For purposes of comparison, the book also gives some attention to the social clause issue in the European Union's preferential trade programs since the 1970s, such as the European Generalized System of Preferences and the Lomé agreement with what are referred to as the ACP countries (largely ex-European colonies in Africa, Caribbean, and Pacific).

6 A prominent North American advocate of international labour rights also acknowledged this challenge: „One of the most surprising and, to many U.S. workers' rights advocates, distressing turns [...] in recent years,“ Lance Compa noted in 1996, „has been the emergence of sharply-drawn objections to the labor rights-trade linkage by progressive Third World activists [...] [who] argue [that it] will be used as a protectionist tool to preserve jobs in the North while retarding development in the South“ (Compa, ... and the Twain Shall Meet? A North-South Controversy Over Labor Rights and Trade, *Labor Research Review*, no. 23 [1996]: 55, pp. 51-52). For a recent example, see the article by Martin Khor in: Sarah Anderson (ed.), *Views from the South: The Effects of Globalization and the WTO on Third World Countries*, Chicago: Institute for Food and Development Policy and the International Forum on Globalization 2000.

does not come solely from „dyed-in the-wool representatives of neoclassical economic theory“, but also from those in the developing countries who see it as „no more than an instrument of protectionism disguised under a cloak of ethics“<sup>7</sup>.

### Foregrounding the Intermestic: The Politics of the Worker-Trade Nexus Within and Between Nations (North and South)

The fight to shape the capitalist world that trade that has built since World War II will advance only to the extent that it educates the public about the *social dimension of the international trade and investment regime*; that is the link between trade flows, national and social welfare, and issues of equity at both the international and domestic levels. Indeed, the entire social clause debate is useful precisely because it raises the question of the division of gains from trade, both internationally between countries and domestically within countries. In this sense, the social dimension is preeminently an *intermestic* approach (*international/domestic*) that points towards possible alternatives to some of the most threatening aspects of today's world. As a World Bank report noted in 1995, „inequality, both across regions and within countries remains a significant feature in the global economy. By one estimate, in 1870 the average income per capita of the richest countries was eleven times that of the poorest; that ration rose to thirty-eight in 1960 and to fifty-two in 1985“. As they put it, the world economy has been characterized by „a pattern of rising prosperity, unequally shared“ between nations and within them.<sup>8</sup>

My work on globalization and labour adopts the historical political economy approach to trade of Steven Sanderson's excellent 1992 study entitled *The Politics of Trade in Latin American Development*. While criticizing those „free trade“ ideologues who isolate trade from history, society, politics, and morality, Sanderson offered a balanced understanding of international trade as neither *bête noire* nor salvation. Above all, he called attention to the fact that history demonstrates that even „under the best conditions [...] the gains from trade [...] have accrued unevenly, provoking political conflict at the international level,“

7 Gloria Muller, Foreword, in: *Social and Environmental Standards in International Trade Agreements: Links, Implementations, and Prospects*, edited by Norbert Malanowski, Münster: Westfälisches Dampfboot 1997, p. 8.

8 World Bank. *Workers in an Integrating World*, World Development Report 1995, Oxford: Oxford University Press 1995, p. 9.

between North and South at times, but most often conflict between powerful rival trading countries or blocks. In addition, trade has provoked political conflict at the domestic level in the form of disputes „over the distribution of the gains from trade (or no trade) for development“<sup>9</sup>.

Most importantly, Sanderson reminds us of a larger historical truth about trade: that „the international division of labor“ in the modern capitalist world has never addressed „the inter- or intra-national division of the gains in international welfare. [...] It did not stipulate how the international system would regulate the distribution of income to guarantee development of the poorest segments of the world economy [such as Africa]. Nor did it say anything about national development strategies that might prejudice or advance the individual country share [...] [or] the just distribution of those gains [from trade] internally.“ If we are not to be willfully naive, we must recognize that the international capitalist trading regime „was [and is] plainly designed for winners“ without paying much attention to „the losers in the allocation of economic values in the system“<sup>10</sup>. In this regard, the World Bank deserves credit for the intellectual honesty with which it recognized, in 1995, that „free trade produces losers as well as winners as a result of international price changes, both within countries and between them“<sup>11</sup>. Under such conditions of unequal development and compounded advantage, the current game of capitalist globalization operates like a form of winner takes all that further centralizes wealth and power in an already unequal world system.

### The Labour-Trade Debate at the Founding of the International Labour Organization

For too long, a lack of knowledge has led sympathetic scholars and activists to be intimidated by an excessively simplistic North/South interpretation belied by the history of trade-linked worker rights initiatives. Placed into a broader historical panorama, the idea originated long before there was Third World competition from developing or ex-colonial countries. Indeed, the fundamental idea goes

9 Steven E. Sanderson, *The Politics of Trade in Latin American Development*, Stanford: Stanford University Press 1992, p. 212, 10. Thus Sanderson can emphasize, with great force, the fundamental truth that „the United States is absolutely essential for Latin American prosperity,“ while simultaneously recognizing that this dependence „is as much a problem as an asset“ for the region (Sanderson, *Politics of Trade*, p. 212).

10 *Ibid.*, p. 144.

11 World Bank, *Workers in an Integrating World*, pp. 248-249.

back to the very start of the Industrial Revolution in Europe, which brought with it an increasingly wide recognition that unrestrained capitalist competition, in a world of dependent wage labour, was a threat to human welfare and dignity. Such equity concerns over the last two centuries have inspired the by-now universal adoption of *national* social and labour legislation to minimize the worst effects of capitalist development on individual and group well-being. Yet *international* labour standards, by contrast, have had little impact on the world trading regime, except for the banning of poisonous phosphorus match production by international treaty in 1906 and the 1948 GATT provision that allowed countries to ban the importation of „the products of prison labor“<sup>12</sup>.

To understand the historical roots of today's debate, one must go back to 1919, in the wake of a ghastly and criminal war that cost twenty million lives and discredited capitalism and imperialism. In its origin, the ILO was inseparable from the monumental tragedies of the twentieth century, that „age of extremes“, in Eric Hobsbawm's words, marked by monumental slaughter, breathtaking advances, and radical shifts in political fortune.<sup>13</sup> Two key developments lay at the heart of the politics of the ILO's establishment, as Danish labour sociologist Arne Wangel noted in a pioneering 1988 article. First, there was a shift in the nature of labour control and of social policy in Europe after the war, with the unionization of major portions of the labour force and the adoption of an active state social policy; and secondly, there was a change in the dominant political orientation within western trade union movements. With the weakening of the pre-war „momentum towards labour internationalism across borders“, the newly moderate leftists pushed hard for international legislation on social policy and workers protection as the reformist alternative to revolution.<sup>14</sup> In practical terms, the creation of the ILO was „the response of the victorious powers to the menace of Bolshevism. By creating the ILO, they offered organized labor participation in social and industrial reform within an accepted framework of capitalism“<sup>15</sup>.

12 Steve Charnovitz, The Influence of International Labor Standards on the World Trading Regime: A Historical Overview, *International Labor Review* 126, no. September-October (1987), p. 580, and: Fair Labour Standards and International Trade, *Journal of World Trade Law* 20, no. 1 (1986), p. 62, 64.

13 E. J. Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991*, New York: Pantheon Books 1994.

14 Arne Wangel, *The ILO and Protection of Trade Union Rights: The Electronics Industry in Malaysia*, in: *Trade Unions and the New Industrialization of the Third World*, edited by Roger Southall, Pittsburgh: University of Pittsburgh Press 1988, p. 289.

15 Robert W. Cox, *Labor and Hegemony*, *International Organization* 31, no. 3 (1977), p. 387.

The pro-war sectors of the North Atlantic labour and workers' movements envisioned the ILO as a „tripartite international labour organization [that] in the name of social justice and peace [...] [would initiate] a process of harmonization in the advanced capitalist countries which would make it possible for the individual nation state to embark on labour legislation and social policies without undermining the competitive strength of diverse national capitals in their production for the world market.“ The ILO's mission of promulgating international labour standards was thus linked to the „direct competition between the diverse capitals which employed workers within discrete national boundaries wherein wage levels and conditions of employment differed markedly“<sup>16</sup>. Although they had forsaken revolution, the reformist sectors of the western labour movement never minimized the Darwinian nature of international capitalist competition. As economist Herbert Feis observed in 1927, those concerned with improving workers' lives have more than once found that a desired change in labour conditions was hindered by the possibility that the same industry in some other country might secure a competitive advantage. [...] We are familiar, for example, with the mingled fear and dislike invoked among the workmen of the United States and Europe by the bugaboo of the competition of the work of the Far East carried on under much poorer conditions. [And] how often [have] the workmen of French, British, Italian and German export industries [been] confronted with each other's conditions as the chief reason why some desired improvement could not be attained. [...] The idea of resorting to joint international action is, therefore, natural in such contingencies.<sup>17</sup>

The preamble to the ILO's 1919 constitution was even more eloquent: „The failure of any nation to adopt human conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries.“<sup>18</sup>

As the clearest expression of this new social democratic internationalism, the ILO rested upon a firmly national conceptual foundation: the loyalty to the nation shown by each country's respective worker's movement. International cooperation – carried out on a state-to-state basis – would be organized in a tripartite fashion based upon equal representation of the key social partners (labour, employers, and the state). Yet the inter-war ILO was at best a bit player,

16 Wangel, *The ILO and Protection*, p. 289.

17 Herbert Feis, *International Labour Legislation in the Light of Economic Theory*, *International Labor Review* 15, no. 4 (1927), p. 498.

18 *Ibid.*, p. 497; Göte Hansson, *Social Clauses and International Trade: An Economic Analysis of Labor Standards in Trade Policy*, New York: St. Martin's Press 1983, p. 20.

with very limited powers and far from universal membership, even in the advanced capitalist world. Indeed, the whole ILO edifice during the inter-war period was primarily an exercise in symbolic politics, which could be viewed equally well as either meaningless window-dressing or as a visionary enterprise. The lack of substance especially applied to the absence of enforcement mechanisms of any sort. From the very beginning, diplomatic realism demanded that the organization, if it were to come into existence, could have no powers, beyond moral suasion, that might effectively make the organization a real force for the implementation of its ostensible aspirations. A British preparatory document had proposed, for example, that ILO conventions should be enforced through a trade-linked procedure by which „signatory States [...] [could] discriminate against articles produced [...] [under] oppressive condition.“ The idea was quickly dropped, however, because of the fear that not only would it lead most countries to refuse to join the ILO but that even those which did would be disinclined to ratify ILO conventions if they believed they might be punished for non-enforcement.<sup>19</sup>

It is not that the ILO was not busy between 1919 and 1939: indeed, the organization elaborated 67 conventions during these years starting with its first, which focused on the traditional labour demand for the eight hour day.<sup>20</sup> Yet the most discouraging aspect of these inter-war efforts was the paucity of concrete results, including an absolute failure to address the question of workers' right to organize and bargain collectively (which would only be recognized in ILO conventions as a result of the intense rivalries of the emerging Cold War in the late 1940s). One enduring consequence of the organization's structural limitations has been a divided, often critical, attitude by trade unionists towards the ILO where, it seems, the price for the recognition of workers' demands has been that their effective implementation or enforcement cannot be expected. It is the prospect of remedying this frustrating weakness that has driven organized labour's recurrent engagement with trade-based mechanisms as a means for enforcing and/or promoting worker rights and labour standards.<sup>21</sup>

19 Ibid., p. 19; International Labour Office, Working Party on the Social Dimensions of the Liberalization of International Trade, Overview of the work of other international organizations and bodies concerning the social aspects of the liberalization of international trade (Consolidated text), GB.262/WP/SDL/Inf.4: ILO, March-April 1995, 4.

20 Lex Heerma van Voss, The International Federation of Trade Unions and the Attempt to Maintain the Eight-Hour Working Day (1919-1929), in: Internationalism in the Labour Movement 1830-1940, edited by Frits van Holthoorn and Marcel van der Linden, Leiden: E.J. Brill 1988, pp. 518-542.

21 Leon Fink / John D. French, The Future of the International Labour Question from the Inside Looking Out, Labor/Le Travail, no. 37 (1996), pp. 221-231.

## The Labour-Trade Linkage Since World War II

The post-World War II era saw a flurry of proposals to deal with what was called, at that time, the issue of „International Fair Labor Standards“ (IFLS). At the 1945 San Francisco conference that founded the United Nations, the Textile Workers' Union of the left-wing U.S. Congress of Industrial Organization proposed an „International Code of Fair Labor Practices.“ Its ambitious nature is suggested by its eleven subject headings: child labour, hours, wages, women, vacations and holidays with pay, trade unions, social insurance, safety, employment offices, dependent countries („no slavery and forced or compulsory labor“); and compliance and inspection. Coming at a moment before the Bretton Woods institutions (including GATT) were fully functional, the link to trade was made on the basis of the following general principle: „Compliance with these provisions shall be a condition for participation in world trade.“<sup>22</sup>

In its substance, the TWU-CIO's proposed code was distant from subsequent proposals because it did not focus on international economic competition, but merely formulated the domestic demands that labour movements had fought for throughout the world. Coming before the Cold War dashed labour's hopes for another world,<sup>23</sup> the proposal breathed a spirit of utopian possibility that was at a considerable distance from a more powerful and enduring concern about the ravages of capitalist competition. In 1948, these fears were the conceptual core of the labour-trade initiative that found its way into the draft charter of the International Trade Organization (ITO). Although lacking enforcement mechanisms, the ITO's Havana Charter spoke precisely to competition in export industries while according the ILO a role in promoting upward harmonization of such conditions.

### Labour Standards in Chapter 2, Article 7 of the Havana Charter (1948) of the International Trade Organization (never established)

1. The Members recognize that measures relating to employment *must take fully into account the rights of workers under intergovernmental declarations,*

22 Emile Rieve, International Labor Standards: A Key to World Security, New York: Textile Workers Union of America, CIO 1945, pp. 14-16.

23 John D. French, The ILO's Declaration of Philadelphia and the Global Social Charter of the United Nations, 1944-1945, in: International Labour Standards in the Globalized Economy: Issues, Challenges, and Perspectives, edited by Werner Sengemberger and Duncan Campbell, Geneva: International Institute for Labor Studies 1995.



*conventions, and agreements.* They recognize that all countries have a common interest in the *achievement and maintenance of fair labor standards related to productivity, and thus in the improvement of wages and working conditions as productivity may permit.* The Members recognize that unfair labour conditions, particularly in production for export, create difficulties in international trade and accordingly each Member shall take whatever action may be appropriate and feasible to *eliminate such conditions within its territory.* [emphasis added]

2. Members which are also Members of the International Labour Organization shall cooperate with that Organization in giving effect to this undertaking.

3. In all matters relating to labour standards that may be referred to the Organization in accordance with the provisions of articles 94 or 95, it shall consult and cooperate with the International Labour Organization.

The economic philosophy that informed the post-war Bretton Woods institutions – including the GATT, which was intended to be an interim agreement until the ITO entered into force – reflected the enhanced political power of organized labour and its allied political parties within the North Atlantic world. Most importantly, the system was based on the idea of an internationally-planned and managed capitalist world economy, a vision light years away from the neo-liberal orthodoxy imposed on the world since the 1980s. Among the stated objectives of the world trade system, now largely forgotten, was a pledge to resolve the unfair conditions of trade facing those poor countries that were primarily exporters of agricultural and other raw materials. This led to the creation of a series of international commodity agreements that specifically included, among their declared objectives, the promotion of „fair labor standards“ for the Third World workers engaged in their production.

### **Representative Fair Labour Standards Commitments in International Commodity Agreements**

1<sup>st</sup> International Tin Agreement, 1954:

„Members declare that, in order to avoid the depression of living standards and the introduction of unfair competitive conditions in world trade, they [the signatory nations] will seek to ensure fair labor standards in the tin industry.“

3<sup>rd</sup> International Sugar Agreement, 1968:

„Members shall ensure that fair labour standards are maintained in their respective sugar industries and, as far as possible, shall endeavour to improve the standard of living of agricultural and industrial workers in the various branches of sugar production, and of growers of sugar cane and sugar beet.“

However weak, such IFLS provisions were viewed by Third World trade unions as „a valuable clause from the trade union point of view.“ In 1959, the representative of a union of Philippine tea plantation workers expressed his guarded hope that the international trade union movement, the United Nations, and the Food and Agriculture Organization would work seriously to make effective such „international commodity agreements in which all leading producing and consuming countries take part.“ If this were done, he suggested, it would meet the development needs of the poor countries, through „fair and stable returns to producers,“ while offering fair wages and decent conditions to those who produced such products.<sup>24</sup>

Thus, the attempt to link trade to improvements for Third World workers was a constituent component – at least in symbolic terms – of the post-World War II capitalist order overseen by the United States, the world’s predominant superpower. In March 1959, the anti-communist International Confederation of Free Trade Unions (ICFTU), responding to a brief world recession, held a World Economic Conference in Geneva. The trade unionists in attendance clearly expressed their new found understanding of the benefits of expanding free trade in the international arena. They also recognized the need to forsake old nationalist practices of protectionism which, they admitted, still exercised influence within their own ranks. Yet voices were also heard at the Geneva ICFTU conference that pointed to the incipient negative trends that accompanied the dynamic capitalist world trade system of the late 1950s.

The looming challenge facing organized labour in the core capitalist countries, which were members of GATT, was articulated most clearly by the GATT’s General Secretary. In his speech, Wyndham White criticized the continued tendency of countries, when faced with an influx of foreign products, to fall back on the practice of „exporting unemployment“ through national market protection. He also predicted, with great perspicacity, that the „exports of manufactured products from the less developed countries, particularly those where standards and rates of wages“ are low, „will cause more or less acute difficulties to industries established for many years in the more industrialized countries.“ His warning was seconded by the University of Calcutta professor Amlan Datta, who attacked the extreme and growing inequalities between countries in the international arena. Speaking on behalf of the capitalist periphery, he warned that „the underdeveloped countries are [not] going to remain underdeveloped for the next half a

24 ICFTU (International Confederation of Free Trade Unions), The Need for a Dynamic World Economy: Report of the World Economic Conference of Free Trade Unions (Geneva 18-19 March 1959), Brussels: ICFTU 1959, p. 28.

century. They are going to develop and will do so, with or without, the help of the industrially advanced countries<sup>25</sup>.

Yet these Third World threats were largely theoretical in 1959 for the ICFTU leaders who represented the bulk of the organized workers of the advanced capitalist world. Support for price supports for raw material-exporting countries was easy enough on paper, as were principled pledges of support for industrializing the underdeveloped nations. In terms of labour and trade, however, the political nitty-gritty was to be found in relations among the powerful nations. Indeed, today's labour and trade debate in the WTO finds a direct predecessor in the efforts of the AFL-CIO, in the late 1950s, to incorporate labour issues into the GATT. As the world's most powerful trade union confederation from its most powerful country, the AFL-CIO only lightly masked the national self-interest behind its efforts. Dominated ideologically by an extremely conservative leadership, the AFL-CIO's chosen target, surprisingly enough, were the products manufactured at the newly-opened plants of U.S. corporations in western Europe. As the President of the United Textile Workers Union told the AFL-CIO convention in 1961:

„When there are corporate interests [...] investing billions of dollars in the Common Market of Europe, that are establishing plants that are more modern than ours today, unless we get some safeguard against wholesale importation into this country, there is no guarantee that five years from now these same automated factories that are being built by American capital [...] will not curtail operations in this country and dump all the cheap goods right back here in the United States.“<sup>26</sup>

These US labour concerns even led to an ill-fated attempt by the U.S. government to add annual labour rights reporting requirements to GATT. When a group of labour economists met in Paris in 1960 to discuss the proposal, however, the western European delegates were wary, even though there was no mention of sanctions, because „they feared that the United States might use the fair labor standard argument as a protectionist device against imports from Europe“<sup>27</sup>. Reflecting on his IFLS work at the U.S. Department of Labor, a skeptical Robert Schwenger explained why foreign reception was often at variance with the U.S. discourse about IFLS (which is still true today):

25 ICFTU, *Need for a Dynamic World Economy*, pp. 40-41, 34-37.

26 Dana Frank, *Buy American: The Untold Story of Economic Nationalism*, Boston: Beacon Press 1999, pp. 126-127.

27 Hansson, *Social Clause*, pp. 24-25; John P. Windmuller, *The Limits to International Fair Labor Standards*, in: *American Labor in a Changing World Economy*, edited by Ward Morehouse, New York: Praeger Publishers 1978, p. 186.

Americans proposing to their opposite numbers from other countries that a trade agreement include fair-labour-standards requirements are likely to emphasize anticipated benefits to foreign workers. They picture such an agreement as a fulcrum for international help to low-wage workers in their long journey from such in-human extremes as child labour, unsafe and unhealthy working conditions, and even virtual slavery. The listening foreigners, however, are aware that some of the same Americans often charge that competition from low-wage foreign workers costs American jobs and they press the Government to keep foreign products out. Therefore, the foreigners fear the effect of a fair-labour-standards agreement on their exports to the U.S.<sup>28</sup>

If concern about the labour-trade linkage originated as a product of the protectionist impulses of the U.S. labour movement, it gained strength in the 1960s when new competitors like Japan emerged that were at a greater distance culturally and psychologically from the United States. In the early 1970s, the issue took off with even greater force – and impacted western Europe as well – when a group of Third World producers, newly dubbed the NICs (Newly Industrialized Countries), began to penetrate the international market, thus placing „sections of the industrial labour force in third world countries in direct competition with workers in the industrialized countries“<sup>29</sup>. The rapidity of the dislocation of manufacturing between the global North and South was striking. „The South's exports of manufactures to the North, which were negligible in the 1950s, had risen to about \$250 billion by 1990, involving growth of about 15 per cent per year in real terms. [...] The composition of the South's exports has fluctuated with the price of oil, but the share of manufactures in non-fuel exports has risen steadily, from 6% in 1955 to 71% in 1989“<sup>30</sup>. While 80% of all developing country exports were primary commodities in 1970, „the share of manufactures in developing countries exports tripled“ over the next twenty years „from 20 percent to 60 percent“ of all exports by 1990.<sup>31</sup> The impact of these developments were magnified by the scale of the North/South wage differences. In 1985, the average compensation rate in export-oriented manufacturing (including social

28 Robert B. Schwenger, *Fair Labor Standards for World Trade*, *Monthly Labor Review* 90, no. November (1967), p. 26.

29 Wangel, *The ILO and Protection*, p. 290.

30 Manufactures are defined narrowly in this statistics by excluding processed primary products such as canned food and refined oil as well as trade in services (Adrian Wood, *North-South Trade, Employment, and Inequality: Changing Fortunes in a Skill-Driven World*, Oxford: Clarendon Press 1995, pp. 1-2).

31 World Bank, *Workers in an Integrating World*, p. 51.

insurance and employer supplements to wages and salaries) was US\$9.04 per hour in the global North and US\$86 cents per hour in the South.<sup>32</sup>

This vast increase in Southern manufacturing exports spurred a frantic search for solutions by northern labour movements, as they responded to the increasing competitiveness of new industrial exports from the south. Although the rapid industrialization of the Third World prompted an abundance of trade-related advocacy by Northern trade unions, a GATT-linked social clause played only a tertiary role within the strategies adopted by Northern labour: 1.) the primary response was a purely defensive reaction based upon protection of threatened industries and workers through the use of national or European Community trade policy to exclude or limit NIC and LDC imports (such as the proliferation of „voluntary export restraints“ or VERs); and 2.) a similar but supranational reaction was based upon exploiting the power accruing to the U.S. and Western Europe in the international arena in order to establish restrictions on Southern imports in particular industries, especially garments and textiles (the Multi-Fiber Agreement is the primary example of this approach).

Yet such protectionist measures, which met with some short-term success, would prove insufficient because of the absence of unified support by Northern employers as a whole (and thus of many governments). In the dawning age of the transnational corporation (TNCs), the operative assumptions underlying national working class strategies began to enter into crisis, as inter-class relations were less-and-less governed by a postulated parallelism of interests that aligned a country's workers and their unions with its industry and business interests, and both with its government.<sup>33</sup> „For the international trade union movement of a welfarist and social-democratic orientation,“ as Wangel noted, the ILO model of international labour standards has been „consistent with the movement's basic point of view on the relationship between union and government. [That is, that] improvements in labor standards can successfully be negotiated on the basis of a common interest in the reproduction of the national economy, within the context of world market competition“<sup>34</sup>. The export-oriented industrialization promoted by the TNCs, by contrast, exploited „the unequal development between different regions in their worldwide sourcing,“ and the resulting capital mobility gradually undermined the national social pact strategies adopted by the western labour movement since World War I.

32 Wood, North-South Trade, pp. 399-400.

33 Jefferson R. Cowie, National Struggles in a Transnational Economy: A Critical Analysis of U.S. Labor's Campaign Against NAFTA, *Labor Studies Journal* 21, no. 4 (1997), pp. 3-32.

34 Wangel, ILO and Protection, p. 302.

The deterioration of the underlying national social pacts in the global North in the 1970s spawned two other responses: 3.) trade union proposals to restrict capital mobility through changes in tax codes and other national government policies that favored overseas investment; and 4.) trade union efforts, in alliance with the non-aligned movement and the Less Developed Countries (LDC), to establish international codes of conduct for multinational corporations (campaigns that achieved some victories, at least on paper, in the United Nations, the International Labor Organization, and the European Community). Yet neither domestic nor international attempts to restrict the increasing mobility of capital proved notably successful, in large part due to the crisis and slow decline of labour's political influence in much of the North Atlantic world. It was only within this context that some western trade unions began to interest themselves, more seriously, in the idea of a „social clause“ in GATT.

The first GATT social clause by the international trade union proposal was formally advanced at the opening of the Tokyo Round of GATT negotiations (1973-1979) by the Swedish trade union confederation LO (with a left-wing social democratic orientation) and the International Metalworkers Federation, one of the most active of the international trade union secretariats.<sup>35</sup> The LO/IMF version of a social clause is especially revealing given the subsequent evolution of the debate. Although it covered seven major areas of workers rights and labour standards, the proposal placed little emphasis on enforcement and made no mention of any role by the ILO (both standard features of later social clause proposals). Instead, it merely suggested the creation of a „Tripartite Commission on Trade and Employment“ in GATT to gather and distribute information (an echo of the U.S. proposal of 1961). If modest on enforcement, the LO/IMF proposal was far more ambitious and all-encompassing in its scope. Although it included references to „fair labor standards,“ the LO/IMF proposal demanded that all countries adopt an „employment guarantee, [an] income guarantee, public control of social and economic re-adaptation, and anticipatory structural adjustment measures.“ Indeed, no clear priorities were established among the proposal's „wish list“ of nineteen ILO conventions.<sup>36</sup>

35 Hansson, Social Clauses, p. 26; „Proposal Concerning a Social Clause to be inserted in the G.A.T.T. Treaty. To be submitted to the forthcoming GATT Negotiations, through the Swedish Government, with the support of the Labour Governments [Memorandum]“ (Geneva: IMF 1977); a copy is also attached to „Circular Letter No. 26 to all IMF Affiliates: Introduction of a Social Clause as an Item for Negotiation in a New GATT Round“ from IMF General Secretary Herman Rebhan dated June 25, 1986 (in the author's possession). The LO/IMF proposal was formally endorsed by the international labour movement in the „ICFTU Statement on GATT World Trade Negotiations“ (Tokyo, 12 September 1973), Brussels: ICFTU 1973.

36 Wangel, The ILO and Protection, p. 291; Hansson, Social Clauses, p. 43.

In truth, the LO/IMF Tokyo proposal is poorly described as an international social clause, which should be crafted with an eye on its world-wide relevance and applicability. Most of the LO/IMF's laudable welfarist objectives, for example, demanded economic resources and state capacities that were entirely beyond the realm of possible in the global South. The LO/IMF proposal also focused disproportionately on the negative impact of manufactured exports from LDC and NIC countries on Northern workers. While pledging „to avoid unilateral protective devices causing discrimination and trade restrictions,“ it emphasized helping those displaced by Southern imports while compensating for job losses in the North Atlantic World: half of the articles addressed questions such as the need for coordinated industrial policy, productive conversion, and structural adjustment measures in the face of sectoral disequilibria. Although endorsed in Tokyo by the predominant international trade union confederation, the ICFTU's own internal documents emphasized, in 1976, that the original intention of the 1973 proposal „was to put pressure on governments to adopt employment and social policies,“ primarily in the North where it was strongest (especially western Europe).<sup>37</sup>

Judged from a North/South perspective, the LO/IMF proposal was notable for one positive if inadvertent feature: it did not include the wages and hours issues that had been standard in the „International Fair Labor Standards“ (IFLS) proposals advanced by the U.S. trade union movement in the 1970s, as well as „internationally recognized worker rights“ initiatives placed in U.S. trade law in the 1980s. In this regard, the drafters of the LO/IMF proposal were prescient in recognizing that any attempt to equalize wages and labour standards world wide would have a perverse effect on the poorer countries. If such an equality of manufacturing wages and conditions could be established through decree, the existing North/South inequalities would be locked into place permanently since TNC's would have little incentive to establish industrial operations in the developing world (countries whose prospects for autochthonous industrial success were slight given a lack of capital accumulation, weak infrastructure, and lower overall productivity rates).<sup>38</sup>

37 ICFTU, GATT ‚Social Clause‘ and the Structure of International Trade, Agenda Item 4 of the Meeting of the ICFTU Working Group on International Trade and Monetary Questions, Brussels, 4-5 October 1976 as consulted at the International Institute of Social History in Amsterdam.

38 See John D. French, *Labor and NAFTA: Nationalist Reflexes and Transnational Imperatives in North America*, in: *Labour and Globalisation: Results and Prospects*, edited by Ronaldo Munck, Liverpool: University of Liverpool Press 2004, pp. 149-165; Burton Bendiner, *International Labor Affairs: The World Trade Unions and the Multinational Companies*, Oxford: Clarendon Press 1987.

Closely attuned to North/South inequalities, many activist labour scholars in the 1980s were suspicious of the LO/IMF social clause proposal. As noted by left wing European trade union observers, the case „is put in terms of international solidarity but [it] is open to suspicion“, in the words of Celia Mather, „whether this is not another form of ‚backdoor protectionism‘“<sup>39</sup>. The issue was well put by Don Thompson, a supporter of an anti-hegemonic social clause, who cited the criticisms made by „organizations like Britain's World Development Movement [who] point out that so far discussion [of a social clause] hasn't been extended to cover, for instance, third world tea and other plantation workers who are notoriously exploited. Why not? Trade union officer David Ward points out that there are no tea estates in Europe. In other words,“ such insensitivity raises the question of whether „protectionism is the real driving force behind the social code idea“ even if and when it is not.<sup>40</sup>

Overall, the trade-linked „social clause“ idea played a miniscule role on the agenda of Northern labour in the 1970s and early 1980s, which is all the more striking given its prominence on the international agenda of these organizations and the ICFTU in the 1990s. The weakness of Northern trade union interest in a GATT social clause helps us to judge whether it is, in fact, intrinsically Northern protectionist in orientation or effect (as opposed to motivation). Indeed, the disinterest of Northern trade unionists in the 1970s is best explained by the ineffectiveness of the „social clause“ as a protectionist measure (a judgement that also explains its relative neglect by an international trade union movement that still dominated by the core North Atlantic countries in the 1970s). Indeed, even the 1973 LO/IMF proposal was primarily aimed at lobbying for domestic government policies because meaningful policy-making was thought to reside in the national not the supra-national arena.

When the GATT held its last meeting in Marrakesh in 1994, by contrast, the weakened but still powerful Northern trade union confederations had recognized the irreversible change that had occurred world wide. It was now clear that there could be no turning back to the „Golden Age“ in which the North monopolized world-wide manufacturing. Moreover, the ICFTU's new level of interest in the trans- or international dimension of trade union strategy was dictated by the transformation of global geo-politics, the consolidation of neo-liberal globaliza-

39 Celia Mather, in: *The New York Times*, 21 August 1976, as cited by The Don Thomson Reader on Trade Union Internationalism, Nottingham: Russell Press Ltd. 1989.

40 Mike Press / Don Thomson (ed.), *Solidarity for Survival: The Don Thomson Reader on Trade Union Internationalism*, Nottingham: Russell Press Ltd. 1989, p. 38, 101.

tion, and the enormous growth of trade unionism in the South. The resulting ICFTU social clause proposal looked quite different from past efforts.

The Scope of the Proposed ICFTU GATT/WTO Social Clause (1994): ILO Conventions Included, Number of Country Ratifications (1997), and U.S. Ratification Status<sup>41</sup>

ILO Conventions Proposed for Inclusion in the ICFTU Social Clause in the World Trade Organization in 1994	Ratifying Countries in 1997	Ratification by the U.S.A.
C87 Freedom of Association and Protection of the Right to Organise Convention, 1948	118	NO
C98 Right to Organise and Collective Bargaining Convention, 1949	132	NO
C29: Forced Labour Convention, 1930	140	NO
C105 Abolition of Forced Labour Convention, 1957	118	YES
C111 Discrimination (Employment and Occupation) Convention, 1958	122	NO
C100 Equal Remuneration Convention, 1951	126	NO
C138 Minimum Age Convention, 1973	50	NO

Looking at the evolution of the social clause debate, it is extremely significant that freedom of association and the right to collective bargaining now stood at the core of the new consensus social clause advanced by the international trade union movement. It is also of crucial importance that it no longer included wages, hours of work, and health and safety (Swedish labour economist Gote Hansson had established that these foci in a social clause have the greatest protectionist potential for the North). After modeling the impact of a social clause based on trade union rights applied to export industries, Hansson concluded that,

41 This list of conventions is taken from ICFTU, *International Workers' Rights and Trade: The Need for Dialogue*, Brussels: ICFTU 1994, and *The Social Clause: Rationale and Operating Mechanisms*, Brussels: ICFTU 1994. Information on the number of countries ratifying each convention in 1997 is from: ILO, *Core' Conventions*, Supplement to ILO Focus (Washington), vol. 11 #1. On WCL and ETUC, see Erika de Wet, *Labor Standards in the Globalized Economy: The Inclusion of a Social Clause in the General Agreement on Tariff and Trade/World Trade Organization*, *Human Rights Quarterly* 17 [1995], p. 452.

as a Northern protective measure, „the value of this type of social clause is doubtful,“ because „the existence of union activities [in the South] does not necessarily give rise to increased costs of production and reduced competitive strength in the international market. This is particularly the case if the export economies concerned have a labour market characterized by an unlimited supply of labour“<sup>42</sup>. Indeed, more than one observer has noted that a social clause, if enacted, would amount to little more than a „placebo“ for workers and unions in the already industrialized countries since „the social clause is totally inadequate to recoup the competitive advantages supposedly lost through social dumping by the developing countries“<sup>43</sup>.

The distance that had been traveled can be seen in stark terms by comparing the consensus ICFTU approach of the 1990s with the AFL-CIO's earlier protectionist of an IFLS code:

#### Code of „International Fair Labor Standards“ Proposed by the AFL-CIO (USA), 1977<sup>44</sup>

Resolved: That the AFL-CIO work with its affiliates toward a binding and enforceable code of international fair labour standards. Such a code should recognize the human rights of workers in all lands for free association, for organization and pursuit of democratic collective bargaining, and for withholding their labour in unacceptable working conditions. It should set *minimum standards for comparability for total compensation according to different rates of productivity prevailing in each nation's industries*, and provide for enforcement of those standards within each country or by the country of origin of multinational enterprises. *For exporting industries, failure to meet such minimum standards should*

42 Hansson, *Social Clauses*, p. 25, 175, 64. To understand labour market dynamics, see the classic essay by Nobel Prize winning economist W. Arthur Lewis, *Economic Development with Unlimited Supplies of Labour*, in: *The Economics of Underdevelopment*, edited by A. N. Agarwala and S. P. Singh, London: Oxford University Press 1969, pp. 401-449.

43 Peter Donohue, *Labor Alternatives to International Competition*, in: *Labor in a Global Economy: Perspectives from the U.S. and Canada*, edited by Steven Hecker and Margaret Hallock, Eugene: University of Oregon and the Labor Education Research Center 1991, p. 76; Philip Von Schöpenhau, *La Cláusula Social: Un Arma Inadecuada en la Lucha por los Derechos Humanos y las Normas Sociales*, in: *La Cláusula Social: ¿Una Estrategia Sindical Ante la Liberalización Comercial*, edited by Günther Maihold and Guillermo Villalobos Sole, San José: Fundación Friedrich Ebert 1995, p. 38.

44 NACDC [National Advisory Council for Development Cooperation (Netherlands)], *Recommendation on Minimum International Labor Standards, Recommendation #84*, The Hague: Ministry of Foreign Affairs 1984, p. 57.

*trigger counterbalancing restraints on the importation of the products of unfair foreign competition, and such mechanisms should be sanctioned insofar as possible by international agreement. [emphasis added]*

The openly protectionist and unilateralist thrust of the AFL-CIO's 1970s approach was made even more explicit in its 1978 statement on international: „Fair Labor Standards criteria must be applied to the acceptance of imports into U.S. markets to assure fair competition. Foreign producers should be required to meet minimum labor standards or face import quotas and other trade restrictions. [...] Until international agreements are negotiated to improve labour standards, the U.S. should prohibit imports from those countries that permit inhuman working conditions (emphasis added)“.<sup>45</sup>

Such protectionist abuses aimed at the global South are avoided in the consensus ICFTU multilateral social clause reached presented to the 1994 Marrakesh GATT summit meeting. As the ICFTU made clear, their proposal did not aim at establishing „global minimum wages and working conditions.“ In fact, the ICFTU warned in 1994 against any attempt to set „an international minimum wage“ while insisting, nonetheless, that „some form of international standard is needed to ensure that as trade and productivity grows, wages and other conditions of work also rise as national conditions permit.“

The ICFTU proposal for enforcement was also carefully crafted. It established „a step-by-step procedure which is open, fair, multilateral and gives time for problems to be resolved by discussion and negotiation; trade measures [i.e. sanctions] should be reserved for cases of prolonged non-cooperation.“ Discussing institutional mechanisms, they proposed that the ILO would „serve as the standard-setting and supervisory agency“ while the WTO would serve as „the body that ensures that failure to apply basic standards does not lead to unfair competition.“ In providing only the WTO with the power to sanction violators, the ICFTU proposal offered a powerful guarantee against any protectionist abuses of the social clause given the organization's consensus decision-making process.<sup>46</sup>

45 U.S. Department of Labor, Labor Standards and Trade Distortions. Revised Working Paper, Nov. 29, 1978, Washington: Bureau of International Labor Affairs, U.S. Department of Labor 1978, p. 17.

46 ICFTU [International Confederation of Free Trade Unions], International Workers' Rights and Trade: The Need for Dialogue, 6331, Brussels: ICFTU, September 1994, and The Social Clause: Rationale and Operating Mechanisms, Brussels: ICFTU 1994; CUT-Brasil, and CDFT-França, Cláusula Social e Estratégias Sindicais, Texto para Debate Internacional, no. 4 (Novembro 1994).

Thus, the WTO social clause proposals of the 1990s were marked by 1.) the abandonment of a focus on wages, hours, or other material dimensions of labour standards; 2.) a re-conceptualization of the social clause as a question of fundamental human and democratic rights; 3.) an understanding of the limits of unilateralism and of the need to recognize the validity of Southern concerns about some versions of such a policy initiative (in both the past and present); and 4.) a thoughtful crafting of multilateral enforcement mechanisms, with a de-emphasis on summary and purely punitive features such as export or import bans.

### **The Social Clause and the Global Fight for the Workers' Right to Collective Organization and Mobilization**

Those who study labour have welcomed the post-Seattle spike of interest, visibility, and excitement about labour and globalization. Yet it is not entirely clear why workers rights and labour standards should have emerged as a key polarizing issue, the symbol of the „social,“ in these contemporary debates. On one level, the answer is straightforward: we live in a world where waged and salaried work has advanced inexorably to the point where capitalist free labour relations have become more truly universal, in their geographic spread and reach, than ever before in human history. Looked at in broad historical perspective, the late twentieth century has seen a relentless global transformation in the predominant forms of organizing the extraction of surplus from human labour. In the start of the new millennium, the transition to „free“ waged labour, proletarianization in a word, has reached untold hundreds of millions never before touched by modern capitalist relations of production. This has not only occurred in the less developed or developing capitalist world but also for the working people of the countries in transition to capitalism (the CIT or Countries in Transition as they are classified), an even more dramatic and ill-studied phenomenon whether in Russia, Rumania, or China.

Capitalism has become, in a word, a far more universal system marked by the unprecedented spread of capitalist labour relations in their most restricted and narrowest form. Vast swaths of what had been called the „Third World“ have seen the emergence of an industrial proletariat employed in modern factory production. This vast population of new factory workers highlights the rapid geographical dispersion of world industrial production, which has been accompanied by monumental and entirely new migratory processes within and between

countries.<sup>47</sup> Manufactured goods, as well as cultural products and ideas, now pass through space across unprecedented distances before they reach their final site of consumption. In all of this we can see convincing parallels between the Second Globalization of our era and the First (1870-1914).

For labour historians, the globalizing trends in manufacturing allow us to speak convincingly of an ever more representative global working class that fully reflects the world's diversity in nationality, color or ethnicity and religious, cultural and ideological inheritances. Despite all the talk about plant closures, de-industrialization, and the decline of the working class, „there are more industrial workers in the world today than there ever were before – they are now just of different colors, speak different languages, and are in different locations“ than observers from the U.S., Europe, or the OECD countries had come to expect.<sup>48</sup> Yet the voice of this global working class will not be heard without a vast expansion of human rights for those who work in *all* societies, North and South, East and West.

This article has focused on efforts of trade unions and their allies to remedy the social and democratic deficit in the world economy and polity by enhancing worker rights on an international scale. Yet a dream beckons of a shift from a global working class in itself to a class for itself on a world scale. It is true, of course, that laws, regulations, and ILO labour conventions, even when favorable to democratic self-organization and expression, have never organized a single worker. Nor have pieces of paper or legal constructions ever remedied an actual injustice anywhere in any society. Yet history also makes clear that workers, and their shop-mates and neighbors, who have entered into struggle have never won without a parallel fight for their right to do so. While the stakes should not be exaggerated, the current discussion of a social or „worker rights“ clause in world trade is simply the newest stage in an old debate. Should the popular majority have the right to freely organize and express themselves where they live and work, and not just through what they consume in the commercial or electoral marketplace? We are at a moment of opportunity, of uncertain duration, in which life itself has placed the social question on a world agenda that has been dominated by neo-liberal orthodoxies whose hegemony is now coming into question.<sup>49</sup>

47 Dirk Hoerder, *Cultures in Contact: World Migrations in the Second Millennium*, Durham: Duke University Press 2002.

48 Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor*, Ithaca: Cornell University Press 1999, p. 198.

49 A judgment of the social clause issue shared by Ronaldo Munck, *Globalisation and Labour: The New Great Transformation*, London: Zed Books 2002.

## Globalization from Below and the Future of the Labour-Trade Debate

In a seminal article, Steven Charnovitz observed that the history of IFLS leaves the impression of a „long string of false starts, hollow promises, and forgotten laws,“ in which „different generations have returned independently to the same important ideas“ in a recurrent attempt to „reinvent the wheel“.<sup>50</sup> Writing in 1987, Charnovitz could hardly have predicted the unprecedented developments of the next fifteen years – not only in the structure of international politics but in the vastly increased scope and degree of institutionalization of international trade. The possibility for implementing a social clause, for example, has been greatly enhanced by the creation of the WTO in 1995, which has both the legal and coercive power, in conjunction with ILO fact-finding, to implement worker rights initiatives. Moreover, the Uruguay Round of negotiations that produced the WTO broke new ground by including domestic „harmonization“ issues, such as intellectual property rights and services, under a trade-linked discipline. As Canadian labour lawyer Brian Langille has suggested in a superb piece, these trends in the trade arena have eliminated any valid intellectual obstacles to the inclusion of social or environmental concerns under the GATT/WTO.<sup>51</sup>

Whatever their position, all parties to today's labour-trade debate recognize that „if the social clause [has been or] is to be kept alive as an issue, it is the trade union movement that [has carried and] will carry much of the responsibility“<sup>52</sup>. It is no small accomplishment that a weak supra-national labour apparatus has successfully conquered terrain in international policy debates, and this achievement should not be squandered through neglect or distraction. Labour scholars, as individuals privileged with training and resources, have an important educational contribution to make to „globalization from below.“ However inchoate, inconclusive, or utopian, WTO „social clause“ advocacy exposes the negative and one-sided underpinnings of the contemporary world political economy. It also raises public awareness of the social dimension of the international trade and investment regime while offering an opportunity to educate the advanced capitalist world about the social apartheid that separates the global North

50 Charnovitz, *Influence of International Labor Standards*, p. 580.

51 Brian Alexander Langille, *General Reflection on the Relationship of Trade and Labor*, (Or: Fair Trade is Free Trade's Destiny), in: *Fair Trade and Harmonization: Prerequisites for Free Trade. Volume 2: Legal Analysis*, edited by Jagdish Bhagwati and Robert E. Hudec, Cambridge: The MIT Press 1997, p. 238, 253.

52 Haworth / Hughes, *Trade and International Labour Standards*, p. 192.

and South. The larger challenge is to engage in the intellectual discussion and advocacy work that would make a „worker rights clause“ a jumping off point from which to flesh out the contours of the broadly conceived and multifaceted social dimension that the international trade and investment regime so badly needs.

Substantial further progress will require that the social clause's Northern advocates make clear that worker rights cannot be advanced in isolation from the challenge of development for the world's poorer countries. Unjust patterns in international trade, such as discrimination in Northern markets against Southern exports, or forms of military preponderance and domination, as in the Palestine, Iraq, or the Balkans, are not external to the international tasks ahead of those of us who support international worker rights. In addition, our discussions of trade and investment must unceasingly highlight the institutional, legal, and extra-legal means that are used by powerful private actors and countries to entrench their advantages and extend their privileges (an apt description of contemporary corporate globalization). With our allies in the South, we must also resolutely distinguish between the interests of the majority of the population in the rich countries, who are also hurt by the profit-driven policies pursued by their governments, from those of a Northern upper class based on the wealth provided from transnational corporations and private banks, speculators, and brokerage companies.

Peter Newell

## **Managing Multi National Corporations (MNCs): Lessons from the environmental movement**

### **Introduction**

The purpose of this paper is to explore the different ways in which environmental activists have been challenging and confronting the power of multinational companies in the new global economy. It will review a diverse range of cooperative, as well as more confrontational strategies adopted by groups in the developed and developing world aimed at holding increasingly mobile corporations to account for their social and environmental responsibilities. Reflections on the effectiveness of these strategies will be used to draw out lessons about the impact of these forms of activism that may be relevant for labour movements engaged in similar struggles for corporate accountability. It is acknowledged that while the movements are sometimes in a position to work together, their histories, goals and strategies diverge and so it is important to keep in mind the differences between the movements in forming an assessment of what one can learn from the other. The lesson-learning and strategy-sharing runs both ways, however, and there is much, I will argue, that environmentalists can learn from the rich history of struggle that has engaged unions and labour movements worldwide.

### **1. Comparing movements: Difference and convergence**

At the outset it should be recognised that there are many fundamental differences between the environmental and labour movements. The latter has a longer and richer history of struggle than the contemporary environmental movement and particularly those elements of it that are now targeting corporate-led globalisation. While conservation movements and „soft ecology“ movements have existed since the early nineteenth century, it is the political ecology groups that proliferated in the 1970s and onwards that are of interest here. It is these elements of