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Editorial Note

Can Labor Standards Improve under Globalization?
KIMBERLY ANN ELLIOTT & RICHARD B. FREEMAN
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In the latest Labor History symposium, leading experts on labor and globalization issues respond to Kimberly Ann Elliott and Richard B. Freeman's Can Labor Standards Improve under Globalization? In this important book, the two renowned economists put forth concrete plans for advancing core labor standards through the International Labor Organization (ILO) and the World Trade Organization (WTO), thus furthering healthy debate on seminal questions of concern to all labor scholars.

CRAIG PHELAN
Editor

Putting the Labor into Labor Standards

Kimberly Ann Elliott and Richard Freeman make a timely and significant contribution to the debates over `globalization' and the promotion of workers' rights in today's world economy. They use rigorous economic analysis to challenge the opposition of the `globalizers' to any linkage between international labor rights and trade agreements, and rebut the argument that the defense of international labor standards is a mask for `protectionism.' They present case histories of several campaigns around international labor standards, and consider their effectiveness.

However, the meaning of `globalization' is hardly problematized, and the central contrast of the book, between the `supporters' and `opponents' of globalization, is exaggerated. The book is focused on the United States, so that a number of important issues are ignored, particularly at the European level. Most importantly, one of the main actors in the struggle for international labor standards is almost entirely absent: the trade union movement, especially at the international level. This omission leaves part of the story untold, and an important voice unheard. I will now return to each of these points, bringing in material relating to my own research.[1]

Understanding Globalization

`Globalization' is a complex series of developments in the world economy, society, polity, and culture; but this book sees it as a monolithic, inevitable process, ignoring the impact of government policy in its development. Its ideological, cultural, and social dimensions, and especially its selective impact in particular regions of the world, and on women, are not discussed. Despite an intriguing overview of the growth in international trade around the late nineteenth and early twentieth century and the debates that culminated in the formation of the International Labor Organization in 1919 (3±5), the book is largely ahistorical.

The central theme of the book is the opposition of two extremes: the `globalization enthusiasts' and the `anti-globalization activists' (8±9). These opposing forces are portrayed almost as caricatures, and both terms are misnomers. The owners and managers of the multinational corporations (MNCs), and their shareholders and supporters in government and elsewhere, are defenders not so much of globalization but of a particular model of capitalismÐthe `liberal, deregulated market economy.' If they were able to pursue their objectives and defend their interests in a non-globalized economy, they would do so, as can be seen in the history of quotas and other restraints on trade and foreign competition. Similarly, those described as `anti-globalization' activists do not, on the whole, oppose globalization or increased international trade as such. In reality, the coalitions of interests around both these positions are complex and ever changing, and the means available to both parties more varied than suggested here. It is by no means the case that all governments are on the one side, and all the `activists' on the other. Many governments, particularly but not exclusively in Europe, and to some extent the EU itself as an inter-governmental body, are advocates of international labor standards, and of what has become known as the `European social model' of capitalism, as opposed to the `Anglo-American' liberal market model.[2]

Addressing the Globalization Enthusiasts

One of the best sections of Elliott and Freeman's book is their meticulous refutation of the claimed `trickle-down' effects of economic `globalization.' In response to the globalizers' argument that economic development leads to an increase in national income, they rightly insist that the effect on individuals depends largely on the degree of economic and social inequality in a given country (14). They question the extent to

which openness to international trade contributes to economic growth, revealing the flaws in one of the key arguments put forward by the globalizers. They conclude that there is insufficient evidence to say that globalization is a cause of economic growth. Instead, they point to the quality of institutions as the main causal factor behind economic growth and the reduction of inequality (15).

Their response to the criticism that the quest for international labor standards is `protectionist' is similarly persuasive (17±22, 80±83). Through a careful analysis of the public statements and actions of the proponents of global standards, the authors demonstrate that most activist groups have historically opposed protectionism. They distinguish between those labor standards that depend on a particular stage of economic development or income (such as `living wage' levels or certain health and safety standards), and those that can be applied with little or no cost (freedom of association, non-discrimination, collective bargaining; see 11±13). This is similar to the argument made by leaders of the International Confederation of Free Trade Unions (ICFTU) and by the ILO, along with other advocates of international standards.[3] However, their review of the campaigns of several key activist groups presents significant new evidence. They demonstrate how the `pro-globalization' critics of these campaigns tend to focus on their early stages, when the initial reaction of companies is often to withdraw production from a particular plant, group of workers (e.g. children) or country, without considering their subsequent actions, for example shifting production from children to adults and moving children into education, or improving other labor standards, while keeping production in the country (81±82). They demonstrate that most of these campaigns have successfully improved labor standards and aided economic development, while avoiding a protectionist strategy.

The Missing Link of the Labor Movement

Considering that Can Labor Standards Improve under Globalization? is all about labor, the labor movement, particularly at the international level, is curiously absent. Elliott and Freeman note several times, quite rightly, the weakness and corruption within many trade unions in the developing countries; now and again they mention trade unions in North America, mainly as part of `activist' coalitions; they refer only three times (once in a footnote) to the ICFTU and only once (without naming it) to one of the Global Union Federations (GUFs, formerly International Trade Secretariats or ITSs), the International Union of Food and Allied Workers' Associations (IUF; 123); they make no reference to unions in other regions of the industrialized world. This is a major omission, since the labor movement, at a number of levels, has been a key actor in many of the events described, and at the international level has come up with an analysis similar in many respects to that of the authors. As a result, workers and their trade unions are seen as beneficiaries of the work of outside `activists' rather than as makers of (or at least contributors to) their own destiny. I cannot believe that this was intentional, since in particular Freeman's previous work has been `pro-union;' it is

perhaps rather the result of lack of familiarity with the literature on international unionism.

The trade union movement, at national, regional and international levels, began work around the problem of international labor standards in relation to the rise of the multinational corporations in the immediate post-war period, through the work of such leaders as Walter Reuther of the United Auto Workers and Otto Brenner of IG Metall. Both were leading figures in the International Metalworkers' Federation (IMF), which together with the International Federation of Chemical, Energy and General Workers (ICEF) and the IUF played a pioneering role in developing the first international campaigns around specific MNCs in the automobile, electronics, chemical, and food industries.[4] The concept of the `social clause' was first developed in the 1950s by Karl Casserini and Charles Ford, secretaries of the Trade Union Advisory Committee to the OECD (TUAC), who perceived that the OECD, along with the other international financial institutions, could exercise economic leverage in order to promote respect for workers' rights.

In the 1960s, the IMF and ICEF launched `world company councils' in the engineering, automobile, and chemical industries, and carried out the first internationally coordinated strikes. Subsequently, the IUF negotiated the first `international framework agreement,' a form of international collective bargaining, with the food giant BSN Danone in 1988.[5] As of 2003, there were over thirty such framework agreements, playing a significant role in promoting workers' rights at subsidiaries of some of the world's leading MNCs.[6] Aside from the framework agreements, one of the most important tools of the trade union movement in defending workers' rights, at both international and national level, has been the `naming and shaming' procedure within the guidelines for the conduct of MNCs as part of the Declaration on International Investment and Multinational Enterprises adopted by the OECD in 1976, in part at least as the result of lobbying by the trade union movement and friendly governments on their behalf.[7] Elliott and Freeman refer to these guidelines only in passing (27), but they were the first binding international instrument regarding international labor standards. They were used in a number of important cases shortly after their adoption, such as the Badger case in Belgium,[8] but then fell into disuse. Since their provisions were strengthened in June 2000 (again in part through trade union pressure), they are being promoted again as one tool in the struggle of the labor movement with MNCs.

Throughout the book, the contribution of the ICFTU, the GUFs, and national unions to campaigns discussed by the authors is either ignored or given only passing reference. To give just three examples, the ICFTU was deeply involved in the campaign around the footballs made by child labor in Pakistan; the confederation organized the world tour of a former child worker involved in the industry, and subsequently negotiated an agreement with the world football organization FIFA.[9] The ICFTU and its Asian and Pacific Regional Organization (APRO) and GUFs such as the IUF have played an important part in the debate over the Chinese official unions. The global organizing campaign of the International Textile, Garment and Leather Workers'

Federation (ITGLWF) has organized workers and is negotiating with leading firms in the textile industry.

The international labor movement has made a significant contribution to the policies and debate around international labor standards, also overlooked in this book. The ILO is given due attention, but the authors do not ask where the ILO's ideas come fromÐto a large extent, they come from the Workers' Group, the secretariat of which has been held by the ICFTU since the 1950s. On the basis of its traditional links with the GUFs and through the leading role of unions in northern Europe and elsewhere, the ICFTU has contributed to the debate over the world economy, focusing on the multinationals during the 1950s±1970s, then the inequities suffered by the developing countries in the current world economic order in the 1970s±1980s, and most recently the struggle for workers' rights in the world economy in the process of globalization. As the GUFs have focused on individual companies and industries, the ICFTU has been the voice of world labor in the inter-governmental institutionsÐthe UN system, including the ILO and the Bretton Woods institutions, the OECD, GATT, and now the WTOÐand in world public opinion. As such, it has been at the very least a contributing factor to many of the developments Elliott and Freeman describe as associated with the `activist' coalitions, sometimes a major factor.

The ICFTU's analysis is very close to that presented in this book: a cautious acceptance of the need for the removal of barriers to trade as a motor for economic growth and an end to protectionism, matched by the establishment of an international industrial relations system to correct the distortions of world trade resulting from the actions of unscrupulous employers and governments. The ICFTU believes that there is a danger of a `global race to the bottom' and that this must be prevented by binding rules to establish minimum standards for workers in the global economy. The ICFTU policymakers focus on the dangers of unregulated globalization, and believe that world leaders are now beginning to realize that sustainable economic growth can only be achieved through a balance between increased international trade (economic globalization), the protection of workers' rights (labor standards), political democ-racy, and social dialogueÐbasically the `coordinated market system' of the European social model. This is similar to the argument of this book, except in two respects: despite their attention to the ILO and UN systems, Elliott and Freeman do not emphasize the need for `binding' rules in their recommendations for the implemen-tation of international labor standards, and they do not refer to the `social partnership' model of governance, with its recognized role for the trade unions.

The European Level

It is at the European level that the policies advocated by Elliott and Freeman have so far been implemented most fully, yet the book barely refers to the work of the European Union on development and labor standards, within its own borders and through bilateral and regional relations with the world's developing countries.[10] Within the EU, the development of the `European social model' has been promoted through the process of `social dialogue' between employers' organizations and unions,

while the European Works Council and Information and Consultation Directives have given employees a voice at work. Of course the effectiveness of these and other measures to promote labor standards is open to debate, but compared with other regions it is clear that the EU has the highest implementation of internationally recognized labor standards in the world, and that the strong social role of the European trade unions (who are best placed to monitor standards) is in large part responsible for this.

The EU also stands out as a model of best practice in its relations with other regions of the world. It has long promoted labor standards in its agreements with outside regions and individual countries, and the current EU±ACP negotiations of Economic Partnership Agreements cover such issues as poverty reduction, employment creation, and respect for fundamental social rights with the aim of `supporting development through trade and integration.'[11] The Commission's view is that `globalisation needs to be harnessed in support of the weakest and most vulnerable if it is to be fair and equitable.'[12] To this end, the EU is increasingly focusing on the need to remove trade distortions, particularly in the agricultural sector. Finally, the EU is promoting employer initiatives to develop corporate social responsibility, including voluntary corporate codes of conduct.[13]

Recommendations for the Future

Elliott and Freeman end their work with a series of recommendations for new policies and practices, at national and international levels, to ensure the effective implementation of international labor standards. On the whole, their ideas are very good, especially the proposal for the revision of Article XX(e) of GATT, now incorporated into the WTO (136±37).[14] At present, Article XX(e) `allows countries to ban imports of goods produced using prison labour;' the authors propose extending the ban to goods produced in violation of any of the ILO's four core international labor standards. This is an excellent idea, and would be comparatively straightforward to implement on the basis of existing international instruments. It is curious that the authors do not call for the more vigorous use of the complaint procedure within the OECD Guidelines on Multinational Enterprises (see above), since this would also be easy to carry out on the basis of an existing instrument. Indeed, the two would complement each other very effectively.

Beyond this, the authors call for a `strengthening of the ILO' but refer mainly to improving the organization's website (137), a worthy but limited task. They are right to point out the importance of the internet in facilitating communications among activists and unions, and in shaping public opinion,[15] but the ILO's role is surely much broader and more important than this. A recent book by Robert Kyloh, of the ILO's Bureau for Workers' Activities (ACTRAV), calls for an ambitious rethink of the ILO's role in the enforcement of international standards in response to the new conditions created by economic globalization.[16] The author proposes that the ILO become the monitoring body for the implementation of all international labor standards, rather like the `international labor inspectorate' that the founders of the

organization had in mind in 1919. A centralized inspectorate would have the potential to improve the coordination and implementation of the current plethora of different codes, a problem for employers as well as workers, as Elliott and Freeman also point out (132±33). Of course, such a development would require a major reform of the relations between the ILO, the rest of the UN system, and the external world financial bodies. But, if the ICFTU's analysis is correct, a major shift in the international system along these lines is being called for by a growing number of world leaders and by large elements within global civil society, the labor movement as well as the `activist' environmental and labor coalitions whose story is told so well in this book. For contributing to this debate over the international governance of globalization with such rigorous analyses of the present and realistic proposals for the future, Elliott and Freeman deserve our thanks.

Notes

[1] See Gumbrell-McCormick, `Facing New Challenges;' `The ICFTU and the World Economy.'
[2] European Commission, The Social Dimension of Globalisation; Stiglitz, Globalization and Its Discontents.
[3] Sengenberger, Globalization and Social Progress; ILO, A Fair Globalization.
[4] Gumbrell-McCormick, `Facing New Challenges;' `The ICFTU and the World Economy.'
[5] ICFTU, A Trade Union Guide, 43±44.
[6] Wills, `Bargaining for the Space to Organise;' European Industrial Relations Review, `Update in Global Agreements.'
[7] Gumbrell-McCormick, `The ICFTU and the World Economy,' 39±41.
[8] Ibid., 40.
[9] Ibid., 47.
[10] European Commission, The Social Dimension of Globalisation.
[11] Ibid., 10.
[12] Ibid., 15.
[13] Ibid., Promoting a European Framework.
[14] The authors acknowledge a similar proposal from the ICFTU.
[15] See Lee, The Labour Movement and the Internet.
[16] Kyloh, `The Governance of Globalization.'

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REBECCA GUMBRELL-McCORMICK
Birkbeck College, University of London