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Gary Chaison

The Unions' Response to Globalization

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Contents

Chapter 1
The Impact of Globalization

Abstract Globalization is defined and illustrated with the growth of the transplant automakers in the United States, the related decline of the Detroit Three automakers (General Motors, Ford, and Chrysler), and the subsequent collapse of the city of Detroit. The impact of globalization on union growth and collective bargaining, particularly for the United Automobile Workers, is described. It is shown how globalization challenges the fundamental union mission. A central question is asked—How can the unions best respond to globalization?

Keywords The Big Three · The Detroit Three · General Motors · Ford · Chrysler · Toyota · Honda · The transplant carmakers · Economic globalization · The United Auto Workers · The AFL-CIO · The UAW · Detroit

In her rousing speech before the 2012 convention of the Democratic Party, Jennifer Granholm, the former governor of Michigan, recounted how the federal government had rescued the ailing automobile industry. She mentioned that Michigan's auto plants were once shuttered with their workers laid off and then added that "the *entire auto industry…teetered on the edge of collapse*" (Politico Staff 2012, 1, *emphasis added*). And so the myth of a purely American automobile industry was perpetuated. The governor had conveniently neglected to mention that by 2012, the American automobile industry had been as thoroughly and irreversibly globalized as any industry could be.[1]

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[1] Other politicians also seem to have forgotten about the global dimension of American automaking. In 2012, President Clinton, as he spoke before the Democratic Party Convention, claimed: "Now there are 250,000 more people working in the auto industry than the day the companies were restructured" (Gregory 2012, 1). But he neglected to mention that these jobs were mostly added by foreign-headquartered carmakers, parts suppliers, and dealers operating in the United States. These jobs were not, as the President implied, the result of the White House restructuring of the Detroit carmakers (Gregory 2012). A similar comment was made by Secretary of Labor Tom Perez in a Labor Day interview in 2013 when he mentioned that jobs had increased in the auto industry and implied that this was entirely the result of a federal bailout of the industry (On the money…. 2013).

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Table 1.1 Membership of the United Auto Workers (UAW) 1955–2012 (selected years)

Year	Membership (000's)
1955	1,260
1965	1,150
1985	974
1995	751
2005	624
2009	455
2012	382

Source 1955–2009: AFL-CIO (2009), 2012: Naughton (2013)

Globalization created an auto industry in which companies making cars in the United States often have their headquarters in other countries (e.g., Toyota and Honda are among the largest); a large and growing share of the cars made by the Detroit Three (General Motors, Ford, and Chrysler) are either produced abroad or, if assembled in the United States, have many of their components made in other countries; and some of the so-called foreign carmakers are partly owned by the Detroit Three (e.g., Ford once owned Jaguar and Land Rover).[2] In addition, each of the Detroit Three depends for their survival on producing and selling cars in Europe, South America, or Asia, and one carmaker—Chrysler—is even majority owned by Fiat, a huge Italian company. One analysis of the industry concluded, "Americans are not only buying foreign-badged cars, they are also making them…" (Carmakers and unions 2013, 56).

The International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), the primary union representing auto workers in the United States, bore the brunt of the globalization of the automobile industry (Carmakers and unions 2013). Its membership fell along with the declining employment of the Detroit Three, and the union was unable to organize most of the American plants of foreign-based producers (Naughton 2013). Table 1.1 shows the UAW membership declining from 1.26 million in 1955, the height of its power, to 382,000 in 2012—a loss of 70 % over 57 years. Globalization also had a huge impact on strikes and bargaining. When automakers move work abroad, it enables them to produce cars and make profits during strikes in the United States. Moreover, under the pressure of low-cost global competition, employers push for lower labor costs when they negotiate with the UAW (Chaison 2012) (more about this later). Indeed, the UAW's office and activists are in the quandary faced by the entire labor movement; how should they respond to globalization when they negotiate their collective agreements? Should they be protectionist by dealing with the members' issue exclusively or should they be altruistic in their concerns for all those making cars—in the United States and abroad, and employed by the unionized employers and non-union ones as well? Will the traditional methods of worker representation suffice, or does globalization demand more of labor unions?

[2] In 2008, Ford sold Jaguar and Land Rover (both widely believed to be British nameplates) to Tata, an Indian industrial conglomerate (Neil 2013).

1.1 Globalization: What it is and Why it Matters so Much

It is remarkable that such an important and frequently used term as *globalization* has so many definitions (Putko 2006).[3] Globalization is usually defined in the broadest terms. For instance, it has been described as: "the worldwide spread of influence of culture, language, religion, transportation, communication, media technology, trade, business practices and interrelated government and corporate finance as well as environmental and health concerns" (Houston 2012, 1). Stiglitz (2006, 4) wrote of globalization as including "the international flow of ideas and commerce, the sharing of cultures [and] the global environmental movement." At least Stone (2008, 119) defined globalization by showing its prerequisites and aftermath;

> Globalization is the cross-border interpenetration of economic life. While we cannot see globalization directly, its imprint is evident in the spread of foreign plants across domestic landscapes, the telecommunications and computer technologies that enable firms to produce distribute and market all over the world falling trade barriers and fading foreign exchange restrictions. National borders are becoming permeable to products made all over the globe and to global capital flows.

In the definitions, we see aspects of the two faces of globalization (Stanford Encyclopedia of Philosophy 2010; Houston 2012). First, there is a *cultural face*—the transnational influences of culture and communications. A language absorbs terms from other languages when art and literature are derived from sources abroad. Cultural globalization has been blamed for diminishing the differences between cultures in order to reflect Western influences and control (Emory University 2012).

Second, there is the *economic* or *corporate face*—the focus of this study—defined as the "integration of national economies into the international economy through trade direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally and flows of technology…." (Bhagwati 2004, 3) or simply better and cheaper forms of communications and the removal of barriers to the free flow of goods and services, capital and labor between countries (Grieben and Sener 2008). In *The Lexus and the Olive Tree,* the first of Thomas Friedman's best sellers on globalization, the author defined globalization as "the spread of free market capitalism to virtually every country around the world…[with its own] set of economic rules…that revolve around opening deregulating and privatizing [the] economy to make it more competitive and attractive to foreign investment" (Friedman 1999, 9).

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[3] Globalization has become so pervasive that it was even made into the backdrop of a 2012 novel by John Martin entitled *Lost Source*. The novel's plot is described by the publisher as "Two union leaders must take action over a strike against outsourcing American jobs that soon leads to a confrontation between the United States and China" (Martin 2012, backcover).

Central to the concept of *economic globalization* (hereafter referred to simply as *globalization*) is free and open trade. For example, Prestowitz's (2005) study of globalization focused on America's evolving trade with China, India, and the countries of the former Soviet Union. Shenkar (2005) looked at globalization through the recent burgeoning trade with China. Rivioli (2005) traced the production and sale of T-shirts as an illustration of the flow of global trade.

Globalization is pervasive: World trade doubled between 2000 and 2007, and the export of commodities and services presently accounted for more than a quarter of global gross domestic production (Wilke and Schutze 2008). In 2012, a survey of the largest companies revealed that an average of 40 % of their company's annual profits was created by keeping money offshore and shifting funds to operations in low tax countries (Thurm and Linebaugh 2013). Bartik and Houseman (2008, 7) concluded: "Globalization is no longer a buzzword or considered a fad; it is now an accepted fact of the business world. Virtually every business and management publication, whether academic or popular, includes discussions of the global nature of the business world and the spread of global trade and investment."

Globalization will always be controversial because it entails some *offshoring* (moving jobs out of the country)—a variant of *outsourcing* (moving jobs out of the company). Offshoring generates anxiety; workers believe that they have to compete against cheap foreign labor more so than they have had to in the past, and this will hurt their wages and working conditions, or could simply cost them their jobs (Micklethwait and Woolridge 2000; Tonelson 2000; Bhagwati and Blinder 2009; Porter 2012).[4] But studies have shown that globalization is not entirely good or bad—it may help some while leaving others behind (Rothenberg 2002). It is "neither a panacea nor a demon" (Bartik and Houseman 2008, 11).

We should always be asking whether the gains of the winners exceed the losses of the losers, and how much of the downward pressures on the wages and working conditions of unskilled workers in the United States can be traced to trade with lesser developed countries? (Bhagwati and Blinder 2009) A report of the International Labour Organization, the United Nations agency dealing with employment, found that not all households in a country benefit equally from globalization and not all companies are able to integrate into the world economy in the same way and generate new employment opportunities (International Labour Organization 2013).

As I emphasized above, a fundamental characteristic of globalization is its uneven impact (Sethi 2002). Stiglitz (2006) cautioned—it is best to take advantage

[4] Chaison (2007) compares the impact of job losses in manufacturing, due largely to low-cost competition abroad, to natural disasters, such as hurricanes or floods, that call for emergency disaster relief for hard-hit communities. "Only comprehensive economic disaster relief has a hope of resuscitating the declining communities where manufacturing once thrived (Chaison 2007, 2)."

of globalization without being taken advantage of *by* globalization.[5] We should not be entirely anti- or pro-globalization, but rather, we should understand how it has a mixed impact on workers in developing and developed countries. Under global trade, workers' pay and rights sometimes remain static or actually improve and sometimes they decline (Mosley and Uno 2007).

1.2 The Auto Industry and Globalization

The automobile industry has evolved in little more than half a century from being manufacturing entirely done in America by American companies to being one of the world's most thoroughly globalized industries. The Detroit Three, once giants, evolved into smaller companies dedicated to succeeding by being flexible in a thoroughly global marketplace. Table 1.2 shows the sales of the ten most popular automobiles and light trucks in the United States. Of these ten, three are made by companies headquartered in Japan (Toyota, Honda, and Nissan), two are South Korean (Hyundai and Kia), and two are German (Volkswagen and BMW). Only the top two companies (General Motors and Ford) could be considered American-based and fourth-place Chrysler is controlled by the Italian carmaker Fiat.

Table 1.3 shows the total sales of new cars for selected years in the United States, revealing not only the declining production of cars (from 8,400,000 in 1970 and 10,979,000 in 1985 down to 5,635,000 in 2010) but also the expanding role of foreign-based producers. In 1970, domestic producers accounted for about 85 % of new cars made, a figure that fell to 67 % in 2010.[6] We also see the dramatic rise of the Japanese producers as a share of imports (from about 25 % in 1970 to 43 % in 2010) and the decline of cars made by German producers (from about 59 % of imports in 1970 to 26 % in 2010).

Eden and Malot (1996, 502) succinctly describe the global evolution of the auto industry: "In 1955, cars sold in the United States were made there. This is no longer true. First the US automakers have had to deal with the earlier imports from Europe and Japan imports in the 1960s and then by the 1980s they had to compete against foreign-based companies producing in US plants (the so-called transplants) which are nearly all nonunion." Even the Detroit Three's cars and light trucks now have many of their components made outside the United States (see Table 1.4). Of the top-selling six sedans in 2011, the portion of parts made in the United States ranges from 20 % for the Ford Fusion to 80 % for the Toyota Camry and Honda Accord. Indeed, car models generally considered to be "Japanese" comprise fully

[5] For a similar view, see Porter (2012).

[6] Since 2010, auto production and sales have rebounded, reaching nearly 16 million cars sold in 2013 (Ramsey and Rogers 2013). To some degree, this rebound is a result of revived consumer confidence, but also the one-time-only sales needed to replace aging cars. More will be said about the possibility of an auto rebound later in this chapter.

Table 1.2 Automobile and light truck sales in the United States by highest ranking ten automakers

Rank	Automaker	July 2012 sales	Percent change from July 2011 (%)
1	General Motors	201,237	(−6.4)
2	Ford	173,966	(−3.8)
3	Toyota	164,898	(26.1)
4	Chrysler	126,089	(12.6)
5	Honda	116,944	(45.3)
6	Nissan	98,341	(16.2)
7	Hyundai	62,021	(4.1)
8	Kia	48,074	(5.6)
9	Volkswagen	37,014	(27.3)
10	BMW	27,152	(4.0)

Source Reuters (2012)

Table 1.3 New passenger automobile sales selected years, 1970–2010 (sales in thousands of units) and as a percent of the total sales

Year	All domestic	Percent (%)	Imports	Japan	Percent (%)	Germany	Percent (%)	Other	Percent (%)	Total sales
1970	7,119	84.8	1,280	313	24.5	750	58.5	217	17.0	8,400
1975	7,053	87.3	1,572	808	51.4	493	31.4	271	17.2	8,624
1980	6,580	73.5	2,369	1,894	79.9	292	12.3	184	7.8	8,949
1985	8,205	74.7	2,775	2,171	78.2	408	14.7	196	7.1	10,979
1990	6,919	74.4	2,384	1,719	72.1	263	11.0	402	16.8	9,303
1995	7,114	82.5	1,506	982	65.2	207	13.7	317	21.0	8,620
2000	6,762	77.3	2,016	863	42.8	517	25.6	637	31.6	8,778
2005	5,473	71.4	2,187	923	42.2	534	24.4	729	33.3	7,660
2010	3,792	67.3	1,844	799	43.3	482	26.1	563	30.5	5,635

Source Research and Innovation Technology Administration (2012)

half of the ten models with the highest proportions of American-made parts. It would wrong to label these as foreign cars.

How did the Detroit Three lose their market dominance? The decline of the Detroit Three was caused mostly by shortsightedness. Hammonds (2009) observed that the Detroit carmakers competed among each other on the basis of marketing rather than technology at a time when they had little to fear from foreign producers. "Back in 1960 the [Detroit Three] managed the market by absolute domination through the use of clever advertising that stroked egos, fed identities and nurtured dreams of many American school children longing to buy a new car as soon as he or she grew up. Thanks to tailfins, striking designs, two-tone paint jobs, white wall tires, the [Detroit Three] had 93 % of the U.S. market (p. 1)."

The Detroit Three's initial goal was not to make better products but to get bigger. They were led by finance people less concerned with consumer preferences and more focused on mergers and market share (Maynard 2003). Micheline Maynard,

Table 1.4 The percentage of American-made parts in best-selling motor cars and light trucks (2011)

Model	Percent American-made parts (%)
Best-selling sedans	
Chevrolet Malibu	75
Nissan Altima	60
Ford Fusion	20
Hyundai Sonata	41
Toyota Camry	80
Honda Accord	80
Models with the highest percentage of American-made parts	
Chrysler 200	81
Toyota Tundra	80
Toyota Sequoia	80
Toyota Camry	80
Toyota Avalon	80
GMC Savannah	80
Dodge Nitro	80
Chrysler Town and Country	80
Honda Accord	80

Source Consumer Reports (2011)

an insightful and experienced observer of the auto industry, argued that the decline of Detroit Three was ironic in the sense that the Three had been defeated by companies that made the type of cars that appealed to consumers; "Once foreign cars were considered to be only the dreams of the wealthy and persons either eccentric and unpatriotic…but soon nearly everyone knew someone who drove a foreign car and they really didn't seem foreign anymore. Detroit's control of the American automobile industry was lost forever" (Maynard 2003, 17).

With the decline of the Detroit Three, auto production moved away from Detroit. Table 1.5 shows the share of employment in auto manufacturing in Michigan falling from 55 % in 1990 to 34 % in 2011. There was major employment growth in Texas, Kentucky, Indiana, and Alabama with employment decreases in Ohio, California, and Missouri. Auto employment expanded in lesser unionized states and declined in more heavily unionized states. The result was the dramatic membership losses in the UAW that we saw in Table 1.1. Furthermore, Table 1.5 shows a significant overall decline in employment in automaking—a drop from 185.5 thousand in 1990 to 110.3 thousand in 2011, or down 41 %.

By 2001, only one in six of respondents to a survey said that it was critically important that cars be made in the United States or Canada (U.S. Department of Transportation 2001). The first decade of the twenty-first century has been particularly challenging for the domestic carmakers; a sharp rise in the price of gasoline lowered demand for larger cars and sport-utility vehicles; a financial crisis and the tightening of consumer credit reduced auto purchases; the bankruptcies of General Motors and Chrysler were managed by the federal government and closed thousands of dealerships; and Fiat, the Italian carmaker, gained control of

Table 1.5 Employment in automobile manufacturing by state (1990–2011, (selected years))

Year	Michigan	Percent (%)	Texas	Percent (%)	Ohio	Percent (%)	Missouri	Percent (%)	Kentucky	Percent (%)	Indiana	Percent (%)
1990	102.0	55.0	4.3	2.3	38.3	20.6	16.5	8.9	10.7	5.8	6.1	3.3
1995	91.5	48.3	6.4	3.4	40.8	21.6	18.7	9.9	16.9	8.9	7.3	3.9
2000	97.8	48.7	6.0	3.0	39.2	19.5	16.8	8.4	20.4	10.2	9.8	4.9
2005	67.6	40.0	7.5	4.4	29.7	17.5	14.4	8.5	17.4	10.3	12.8	7.6
2010	35.1	32.9	8.6	8.1	18.3	17.1	5.0	4.7	11.8	11.0	13.5	12.6
2011	37.4	33.9	9.0	8.2	19.8	18.0	5.4	4.9	11.1	10.1	14.1	12.8

Year	California	Percent (%)	Alabama	Percent (%)	Total	Percent (%)
1990	7.1	3.8	0.4	0.2	185.5	99.7[a]
1995	7.3	3.8	0.4	0.2	189.3	99.8[a]
2000	8.0	4.0	2.6	1.3	200.6	100.0
2005	8.8	5.2	10.7	6.3	168.9	99.8[a]
2010	4.3	4.0	10.2	9.6	106.8	100.0
2011	3.3	3.0	10.2	9.2	110.3	100.1[a]

[a] Does not equal 100.0 % because of rounding

Source United States Department of Labor, Bureau of Labor Statistics (2013)

Chrysler. The Big Three became the Detroit Three and they cut operating costs by closing plants and dealerships, paid production workers to leave, and followed consumer preferences much more closely than ever before (Terlep 2012). They were determined that they would no longer be caught up in the losing strategy of producing at less than full capacity and selling at less than full price.

Has the American auto industry finally turned the corner and recovered after an infusion of cash from the federal government and reorganization under bankruptcy? The results are inconclusive. While it is true that the Detroit Three remain *major* carmakers in every sense of the word (Auto Sales 2013), globalization has proven to be a two-edged sword. On the one hand, globalization intensified industry competition, forcing the Detroit carmakers to become more efficient and nimble by downsizing and devoting their efforts to closing the gap between their costs and those of foreign producers (Christian 2011). Global competitors also showed the Detroit Three how they could thrive in the world market by developing platforms (the basic foundations upon which cars are built) that could be shared with other car models internationally. This gave the Detroit Three greater flexibility and enabled them to make more car models cheaply and quickly. For example, in 2009, it was reported that it takes three years or less to design and develop a new car; a decade earlier, it had taken five years (Hammonds 2009).

By mid-August 2013, the auto industry was described in glowing terms—"More U.S. auto plants are cranking out cars around the clock like never before, a change that is driving robust profit increases at Detroit's Big Three…. After years of layoffs, plant closures and corporate bankruptcies, U.S. auto makers and parts suppliers are pushing factories to the limit" (Rogers 2013, A1). Another report found that "The U.S. auto industry has shifted into high gear with new car buyers snapping up vehicles last month (August 2013) at a pace not seen since before the financial crisis (Boudette and Bennett 2013, A1)."[7] By mid-December 2013, the US government was prepared to end its stake in GM which it had assumed during the company's bailout. It was reported that "the U.S. auto industry has recovered nearly all of the jobs lost since the beginning of the financial crisis… is broadly profitable and expanding again" (Paletta and Bennett 2013, A1).[8]

We are even seeing the domestic production of cars for export. In 2011, plants in North America produced nearly 900,000 vehicles for the export market—more than double the number two years earlier, and this figure rose to one million in 2012 (Rogers and Boudette 2013). By 2013, the US auto industry could be called "an export powerhouse" because of its lowered labor costs and favorable exchange rates (Rogers and Boudette 2013, A1). The Ford Fusion has become the best-selling car in the world (Neil 2013). Thirty percent of the global sales of General Motors came from China, where the company was planning to invest $11 billion to build for new assembly plants (Bennett and Tejada 2013)

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[7] The revival of the automobile industry could be cut short when and if the American consumer demand for autos declines, as reported by Maynard (2013b).

[8] See Young (2013) for a discussion of the rebound of the auto industry.

But there is also a dark side to today's auto story. Globalization means that the Detroit Three can be hurt by the long-term decline in consumer demand for cars in Europe, China, and India (Ausick 2012; Boudette 2012; Terlep 2012; Vlasic and Jolly 2012; Balkan legacy 2013; Eisenstein 2013; The world in figures: industries 2013; White 2013a).[9] No longer could the profitability of the Detroit Three be shaped solely by the domestic economy. Detroit now has to be responsive to economic conditions and consumer preferences around the world, and profits in the United States must offset overseas losses, or vice versa (Green and Bensinger 2008). The unionized Detroit carmakers compete in the world market by becoming and staying smaller, and by cutting operating costs to raise profit margins by shifting production abroad (Bennett 2013).

The performance of the auto industry may be considered one of the bright spots in the economic recovery of 2013 (Ramsey and Rogers 2013), and many auto plants were expanding their work schedules to keep up with consumer demand (Rogers 2013). One industry observer even went so far as to declare: "Happy days are here again for the U.S. automobile industry" (Walsh 2013, 1).[10] But it remains to be seen if consumer demand abroad will support those happy days.

1.3 How Globalization Affects Collective Bargaining in the Auto Industry

Historically, collective bargaining in the US auto industry meant automatic annual wage increases (usually three to five percent), job and income security (for example, guaranteed wages even if there are layoffs), work rules aimed at preserving jobs, and high-end employee benefits (pensions and healthcare plans) that were the envy of most other American manufacturing workers (Katz 1982; Chaison 2006). By the turn of this century, however, concession bargaining had become the hallmark of auto negotiations. The UAW was under pressure from employers who sought to narrow the gap in labor costs and to bring the labor costs of the unionized Detroit Three in line with those of the nonunion transplants. Labor costs would be reduced proactively by employers by negotiating and agreeing to major concessions (a general trend to be discussed further in the next chapter)—wage cuts and freezes, the relaxation of work rules to increase productivity, and two-tier wage systems under which workers on the new lower tier receive lower wages for doing the same work as those on the higher tier (Chaison 2012).

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[9] As a sign of the shrinking overseas auto market, probably the most widely publicized Ford plant closing occurred not in Michigan but in Genk, Belgium, with a loss of 4,300 jobs (Ewing 2013b).

[10] However, Walsh (2013, 2) also observed that the industry could slide into a decline in a few years, or even sooner, if sales started to fall ("as they inevitably will"), or when rivals buy back market share with generous rebates.

Collective bargaining in autos had evolved from confrontation to compromise. Pay increases became tied to company performance. Work rules were relaxed. Ewing and Schwartz (2013, 35) reviewed the 2011 settlements and concluded: "The agreements were an example of how collective bargaining can work to craft a compromise that satisfies all parties. The companies were able to contain their overall labor costs, with minimal increases in fixed compensation over the four year contract….The UAW was able to get the job and investment commitments that were so important to it."[11]

When the UAW and management signed the collective agreements in October 2011, the media declared that "the Detroit car companies have successfully held the line on costs and further closed the competitive gap with their foreign rivals" (Vlasic 2011, 1). The UAW opted for moderation by trading-off higher wages and benefits for job security and by linking pay increases to the profitability of the carmakers. This was truly revolutionary. The union had accepted the companies' pleas of the diminished ability to pay by agreeing to hold the line of labor costs. Over the past decade, the UAW meetings with the Detroit Three never reached the intensity and vindictiveness of concession bargaining in other industries such as retailing and the airlines because the auto union was mature; it was well entrenched, having bargained with the companies for 75 years, and it is unlikely that the union could be displaced (Terlep and Dolan 2011; Chaison 2012). Auto union members, aware of how their industry was changing, had accepted the need to narrow the labor cost gap with the transplants if their jobs were to be saved (Chaison 2012).

UAW president Bob King argued in 2011 that employers and employees alike must deal with the impact of globalization—quite simply, jobs could be protected only if labor costs were reduced. "Having a confrontational relationship [with employers] in a global economy would be counter-productive for our membership…We help the [auto] companies when we think helping the companies helps our members (UAW President King 2013, 1)." This is a break from the mind-set that had dominated much of twentieth-century auto labor relations when unions believed that the companies' job was to worry about profits and the unions' job was to make sure the workers got their fair share (Chaison 2012). Now the auto union saw itself as a protector of members' jobs by helping employers make and sell high-quality, profitable cars that could be priced attractively to consumers in the global market (Marshall 2011; Rogers and Boudette 2013).

As employment fell at the Detroit Three, so did the membership of the UAW (see Table 1.1). With less dues from members, the UAW suffered financially because members' dues are the primary source of the union income. Although the UAW remains the wealthiest union in America, with assets exceeding $1 billion, much of these assets are in its strike fund collected over the years in addition to

[11] Also see Wheaton (2013) for a management perspective on the importance of the settlement.

regular dues and for which officers have restricted access. The union had to pay for day-to-day operations by selling some of its holdings of stocks and bonds, and its president Bob King proclaimed the goal of the UAW to break even financially by mid-2014 (Seetharaman 2012; Woodall 2012b).

The UAW's membership loss will never be entirely offset by auto worker gains. If and when the Detroit Three return to a long-term prosperity (Rogers and Boudette 2013), there will never be enough workers in the industry to make up for recent losses. As I emphasized earlier, the Detroit Three have apparently decided that their future lies in becoming smaller and remaining smaller, while increasing production by fully utilizing capacity and expanding production schedules (now permissible under the collective bargaining agreements) (Rogers 2013).

The UAW was almost always unsuccessful when trying to organize the workers of the transplants or the auto parts makers.[12] The union found that globalization made organizing even more difficult. Transplant managers learned how to improve communications with the production workforce to resolve grievances that might eventually lead to unionization (Woodall 2012a). They also threaten to reduce the number of production shifts or close plants and move operations abroad if union representation is selected. Moreover, many of the nonunion workers are holding their first high-paying manufacturing jobs and did not want to jeopardize their jobs by selecting union representation (Chaison 2006). Accordingly, if the industry is revived and workers are added, jobs that are created will be at nonunion rather than the unionized operations. The pool of unionized auto workers will continue to shrink.

1.4 Globalization and the Collapse of Detroit

The collapse of Detroit in the wake of the decline of the Detroit Three has become a cautionary tale. For instance, a columnist for the *Montreal Gazette* wrote that what she saw in her hometown of Detroit was something that could happen in any city when companies leave; "[Detroit] is …one of the most jarring jaw-dropping unimaginable sights in North America…Once a great city Detroit has experienced a complete economic and political meltdown. The media has begun to talk about Detroit's renaissance but their stories are overblown. At best the recovery is only a sparrow rising from the ashes; it's no phoenix" (Markwick 2012, 1). A Detroit resident, who lived on the block with his neighborhood's single working streetlight, commented "The city is past being a city now; it's gone" (Davey 2013, 1). The decline of Detroit even reached the point where officials from other cities experiencing severe hardships tried to be optimistic by distinguishing their cities from Detroit (Neumann 2013).

[12] For example, in 2013, the UAW reported that its membership had increased by 0.5 %, and actually reached the highest level in 5 years. Officers of the union admitted that its future growth would be dependent on successful organizing at the transplants' factories (Naughton 2013).

A Detroit business magazine concluded that the city was on the edge of a precipice because of its shortage of cash holdings (Detroit budget crisis 2012). A geographer saw Detroit as symbol of urban decay (Zhou 2012, 1). A European financial magazine saw the city's decline as closely linked to the decline of the auto industry; "What was once the country's fourth most populous city grew rich thanks largely to a single industry. General Motors, Ford and Chrysler made nearly all of the cars sold in America; now, thanks to competition from foreign brands built in non-union states, they sell less than half" (The unsteady states of America 2013, 9).

In mid-2012, one out of every two Detroit adults was either not holding a job or looking for one. A demographer described the shrinking Detroit labor force; "These [persons not in the labor force anymore] are not necessarily people who have chosen not to work. Some of them have been beaten down for years. It's a huge problem for the city" (Gallagher and Seidel 2012, 1). The exodus from Detroit's labor force contributed to the city's deterioration—only 15 % of total revenues came from the municipal income taxes, and any of the unemployed cannot maintain their homes or pay for good schools, and are entangled in a cycle of low property values, a rising crime rate, and not being prepared for the job market (Gallagher and Seidel 2012).

In the first decade of the twenty-first century, Detroit lost more than a quarter of its population (Time Newsfeed 2012; Dolan 2013a). A news reporter found that: "Much of the city lies vacant: it is unclear what will happen to Detroit's nearly 140 square miles—enough to fit Boston, San Francisco and Manhattan with room to spare…"(Times Newsfeed 2012, 1). In mid-July 2013, it was estimated that about 40,000 structures or land parcels in Detroit were vacant (Dolan 2013a).

Like the Detroit Three automakers, the city of Detroit was downsizing–getting smaller and smaller (losing a resident every 22 minutes and shrinking to where it was 100 years ago (Linebaugh 2011). Among all the declining major cities, Detroit's fall was the swiftest—down 237 thousand people from 2000 to 2010 Linebaugh 2011).

By March 2013, a financial manager had been named to direct the turnaround of Detroit, and within two months, he was asking for the sale of city assets, including the airport, the water, and the lighting departments (Dolan 2013b). Collective agreements with city workers were scheduled for termination (Carey 2013). One observer wrote: "The last person to leave Detroit won't have to turn out the lights. The city has been in darkness for decades…Forty percent of the street lights have been out because of broken bulbs, neglect and copper thieves. In 2012, the mayor unveiled a plan to save money by cutting out lighting in less populated areas… I'm old enough to remember when Detroit was a great American city. Today, it can't deliver basic services" (Wente 2013, 1).

Finally, on July 18, 2013, Detroit declared bankruptcy (Dolan 2013d).[13] Some wrote that the bankruptcy of Detroit was caused by decline of employment in the Detroit-based auto industry as the Detroit Three downsized to meet global competition (e.g., White 2013b; Jenkins 2013). Others blamed bankruptcy on collective bargaining agreements creating underfunded city pension plans (Barghini 2013; Rogers and Dolan 2013), while still others pointed to political corruption, financial malfeasance, overbearing taxes, administrative ineptitude, and the loss of the city's middle class to the suburbs (e.g., Bomey and Gallagher 2013; Nojay 2013; Wente 2013).[14] By the end of November 2013, it could be reported that Detroit owed $18 billion in long-term debt, had already defaulted on its municipal bond payments, and had a cash balance on hand of only $128.5 million. The collection of the world-renowned Detroit Institute of Art was being appraised for sale (Glazer and Dolan 2013).

1.5 Globalization and What Unions Do

The mission of labor unions is taking workers' wages, hours, and conditions of employment out of competition by bargaining with employers and organizing to increase new membership and expand collective bargaining coverage. Unions raise wages and conditions of employment beyond the level that would be determined entirely by the labor market and management decisions, and they serve as the voice for workers at workplaces when they enforce collective bargaining agreements (Chaison 2012). But globalization compels unions to focus on a new goal—closing the gap between the labor costs that it has imposed through collective bargaining at unionized workplaces and the labor costs of international (usually nonunion) companies operating abroad. More will be said about this gap in Chap. 2.

Globalization creates downward pressure on wages (Micklethwaite and Wooldridge 2000; ICFTU 2002). For example, when asking why wages were so often static or even falling at a time of rising profits and productivity, Greenhouse (2013, 1) wrote: "Corporate America's push to outsource jobs…fattened corporate profits while holding down wages at home. And the presence of lower wage foreign producers in the United States creates the pressure for wage reductions or restraint among unionized producers."

We saw how the American automobile industry has become so thoroughly globalized that the notion of an "American car" is now a fiction, at the very most a rhetorical claim made by politicians trying to win support with simple slogans (Ewing 2013a). We also saw in the case of the United Auto Workers how union

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13 Maynard (2013a) describes bankruptcy reports of the extreme degree of insolvency of the city of Detroit.

14 On October 10, 2013, former Detroit Mayor Kwame Kilpatrick was sentenced to 28 years in prison for criminal conspiracy, leading to Detroit financial collapse (Dolan 2013c).

membership fell precipitously as unionized carmakers downsized and as the union's bargaining power (its ability to shape the terms of the settlement) was weakened when they had to complete with lower-cost global producers.

Unions cannot ignore globalization—its consequences are far too great. It affects their members' job security and wage and benefits, and it means that unions must continually organize new members in sufficient numbers to offset those who have lost their jobs because of layoffs and plant closings. We saw how this happened to the UAW in this chapter, and we will discuss these concerns in a broader context in the next chapter.

As I conclude this introductory chapter, I return to some fundamental questions: How can unions respond to globalization? Is the defense against globalization to be found during the organizing campaign, at the bargaining table, or in the political arena? Or should unions look elsewhere for their responses? Will globalization force unions to move beyond their traditional activities, to not only try to insulate members from the pressures of cheap labor, but also to try to affect the poor working standards and low wages that are hurting them so much. These questions will be addressed in Chap. 2.

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Chapter 2
How the Unions Deal with Globalization

Abstract The ways that unions deal with globalization are described. First, a deadly factory fire and factory building collapse in Bangladesh illustrate the dark side of globalization and the how better workplace standards are needed to protect workers in global manufacturing. The unions' traditional approaches—organizing, bargaining, and political action—are then described and evaluated. Non-traditional approaches—the unions' role in coalitions and International Framework Agreements (IFAs)—are then reviewed

Keywords Bangladesh · Work standards · Organizing · Collective bargaining · Jobs bank · Union jurisdictions · Union political activities · NAFTA · Trade pacts · Non-governmental Organizations (NGOs) · Global Union Federations (GUFs) · International Framework Agreements (IFAs)

On November 24, 2012, more than 100 workers were killed in a clothing factory fire in Bangladesh. Unions in the United States were once again reminded of the poor wages and working conditions that often accompanies globalization, and their need to somehow respond to it. Fatal fires at Bangladeshi clothing factories had become routine.[1]

The fire destroyed a factory operated by Tazreen Fashions Ltd.—a subsidiary of a company that supplied clothing to the huge Hong Kong-based company Li and Fung[2]—a buyer for such retailers as Wal-Mart and Sears. (The American retailers claimed not to know that the apparel they sold was made at the factory.) The Tazreen parent company was an initial link in the international supply chain that sends clothing from factories in Bangladesh to stores in Europe and the United States.

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[1] For a review of the events leading up to the factory fire and details of the official inquiry, see Banjo (2013), Chiu and Lahiri (2012), Manik and Yardley (2012), and Yardley (2012).

[2] For a review of the activities of Li and Fung, see Urbina and Bradsher (2013). The company, which specializes in linking low-cost manufacturers with retailers, has been characterized as "on the cutting edge of globalization" (Urbina and Bradsher 2013, 1).

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Bangladesh, a major clothing exporting nation, had over 4,500 clothing factories and a minimum wage of $37 month (the lowest minimum for clothing wages in the world). Effective union representation was nearly non-existent in the Bangladeshi clothing industry. Factory fires had become common, killing nearly 100 clothing workers annually.[3]

Five months after the Tazreen fire, the Rana Plaza, a factory building on the outskirts of Dhaka, Bangladesh, collapsed, killing 1,129 workers and injuring more than 2,000 (Passariello and Banjo 2013). It overshadowed the Tazreen disaster, but it certainly did not overshadow the cumulative record of fatal factory fires in Bangladesh over the years. The owner of the Rana Plaza, which housed five clothing factories, had not received the necessary building permits (Al-Mahmood and Banjo 2013a). The building collapsed after cracks were found in its foundation and workers were nonetheless told by the factory managers to report to work. Apparently, the five factories stayed open despite warnings about unsafe conditions because they had fallen behind on orders from Western retailers (Al-Mahmood 2013). The building's collapse escalated the rising demands from labor and workers' rights groups, set in motion by the Tazreen fire, for better garment factory inspections.[4] The tragic factory fire, and the workplace disasters that came before and after it, show us the dilemma of unions as they choose how to respond to globalization. Unions must weigh the protection of their own members' jobs in the United States against the promotion of the workplace rights of those who might take those union members' jobs.[5]

How can American unions respond simultaneously to the dangerous working conditions in Bangladesh and to their own membership losses? Must their response be determined by the possibility of bringing jobs back to the United States, as we saw with the auto industry in the first chapter, or should it be shaped more so by

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[3] Barely 2 months after the fire at the Tazreen factory, there was a fire at the Smart Export garment factory in the suburbs of Dhaka, killing seven workers. In October 2013, there was another fatal factory fire—a fire at a clothing factory, Aswad Composite Mills, on the outskirts of Dhaka, Bangladesh, killed seven worker (Al-Mahmood and Banjo 2013b; Devnath and Srivaslava 2013; IndustriALL 2013c)

[4] Establishing unions among Bangladeshi garment workers remains extremely difficult primarily because of intense employer opposition (Barta and Al-Mahmood 2013).

The frustration of Bangladeshi workers resulted in thousands participating in street demonstration against a national government that seemed unconcerned about the need to improve working conditions and raise minimum wages (Editorial 2013). Finally, IndustriALL, a global federation of labor unions, signed an agreement with over 90 apparel companies (with nearly 1,600 factories and more than 2 million workers), imposing workplace standards—*The Accord on Fire and Building Safety in Bangladesh* (IndustriALL 2013b, c, d).

[5] The US Bureau of Labor Statistics found that, in the American apparel industry, there was 7,855 private business establishments in 2011 (compared with 15,478 in 2001), employing 157,587 workers (compared with 426,027 workers in 2001) (US Bureau of Labor Statistics 2012, 3). In other words, in the first decade of this century, the number of establishments had declined by 49 percent and employment was down by 63 %. A 2013 news release on employment in the clothing industry estimated that 800,000 jobs were lost to foreign clothing factories since 1990 (Davidson 2013).

their concern for hazardous and low-paying work abroad? Can American unions respond to the continuing workers' deaths in Bangladesh (and in other developing nations) and the deplorable working conditions in their garment factories, with their traditional ways of worker representation (i.e., as the voice for American workers at their workplaces and at the bargaining table) or must they take several steps beyond what they usually do? Can the unions be simultaneously altruistic and protectionist, bargaining agents in the United States and promoters and guardians of workers' rights globally?

Unions can confront globalization in either *traditional* or *non-traditional* ways.[6] In the *traditional* ways, unions try to *defend* against globalization, believing it to be an inevitable economic force whose impact can only be blunted. The unions respond with the ways that they know best—ranging from more and better organizing and the redesigning of organizing territories (the unions' jurisdiction) to negotiating for restrictions on outsourcing and political action aimed at curtailing trade. In other words, traditionalists believe that unions should deal with globalization by doing what they have always done but with greater energy, resources, and determination.

When unions use *non-traditional* approaches, globalization challenges unions to evolve, to appraise, and to possibly adopt new ways of promoting and protecting the interests of workers in the United States and abroad. All courses of action are open for consideration—the unions' mantra becomes "new problems call for new solutions."

2.1 The Traditional Approach: Union Organizing

I often like to portray union organizing, the unions' recruitment of new members by gaining the rights to represent them in collective bargaining, as the unions running on a treadmill (e.g., Chaison 2006a, b, 2010). When their membership levels fall due to layoffs and plant closings brought on by globalization, unions have to run faster—they have to gain more members just to stay in place. Now, unions must organize hundreds of thousands of workers each year if membership levels are to simply stabilize, and they must organize about 1 million workers annually if union density—the portion of the workforce in unions—is to increase by just one percentage point above its present low levels. In other words, globalization had sped up the treadmill of organizing (Chaison 2010).[7]

[6] A similar distinction is made by Gordon and Turner (2000a), who argue that unions can respond to the demands of globalization with efforts that range from traditional to innovative.

Also, in Jamieson (2013), Richard Trumka, the president of the AFL-CIO, urges that unions adopt "non-traditional" approaches to worker representation.

[7] The inability of unions in manufacturing to use organizing to replenish members lost due to globalization is discussed by Richard Trumka, the president of the AFL-CIO, in Jamieson (2013).

Organizing is incredibly difficult—recalcitrant workers must be persuaded to take a chance on collective bargaining even when this means arousing the ire of their employer. Union membership gains are usually small (newly unionized workplaces seldom have more than 100 employees) and expensive (costing about $1,500 for each new member gained) (Chaison 2010). Most employers strongly oppose union organizing, not infrequently by illegally discharging or otherwise intimidating union supporters. The law of organizing stipulates that unions be certified as bargaining agents only after demonstrating majority employee support, usually through secret-ballot elections; critics claim this turns election campaigns into forums for intense employer opposition (Rose and Chaison 2001; Chaison 1996, 2006a, b). Globalization gives employers a powerful way to intimidate workers during union organizing drives. An employer might claim that if a union wins the right to represent the workforce, the plant will relocate abroad; this threat is particularly credible if much of the industry have already fully or partly relocated, as many have in light manufacturing (Piazza 2002).

Table 2.1 shows the declining union movement since 1983, the first year of the most recent membership data series. We see private union density falling by nearly 10 % points (from 16.5 to 6.6 %) and a loss of nearly three and a half million union members in private employment. Even those industrial sectors that we usually think of as having a strong union presence—construction, manufacturing,[8] and transportation and utilities—have relatively low and falling density rates (13.2, 9.6, and 20.6 % in 2012, respectively). In government employment, union density increased, primarily because public employers cannot discharge or threaten workers during organizing drives—to do so would be politically unwise—and they often do not have the option of moving their operations abroad or subcontracting work to private non-union companies (Chaison 2006a, b).

As I suggested earlier, a revival of the manufacturing sector will not create a fertile field for union organizing. Global competition in manufacturing would raise employer opposition to unionism as employers must confront the gap between the higher domestic (union) compensation and the lower foreign (usually non-union) compensation. These employers would see unionism as a clear impediment to the competiveness and they would oppose union organizers with great fervor.

Because membership losses are now overwhelming, unions find it difficult just to run in place on the "treadmill of organizing" and completely cover membership losses (Greenhouse 1999; Chaison 2012; Jamieson 2013). To grow, i.e., to achieve net membership gains, unions must ramp up organizing by hiring more organizers while devoting larger shares, half or more, of their operating budgets to organizing

[8] By August 2013, there were some signs of a recovery of production and sales in the manufacturing sector. Manufacturing seemed to be regaining its competitive edge and as work returned to the United States or expanded, employment might also increase. This does not mean, however, that there will be corresponding increases in union membership or union density in the manufacturing sector. Employment growth is predicated on employers becoming smaller and more flexible, or hiring more part-time temporary workers who tend not to be attracted to collective bargaining and unions (Hagerty 2013).

Table 2.1 Union membership in the United States, 1983, 2012

	Year	
	1983	2012
Total union membership (thousands)	17,717	14,366
Total employees covered by collective agreements (thousands)	20,532	15,922
Union membership as a percent of total employees in:		
Private sector	16.5 %	6.6 %
Public sector	30.0 %	35.9 %
Selected industries		
Construction	28.0 %	13.2 %
Manufacturing	25.9 %	9.6 %
Transportation and utilities	49.9 %	20.6 %

Source Hirsch and Macpherson (2013)

(most presently allocate less than 10 %) (Chaison 2006a, b). Salient issues must be identified if unionism is to appeal to workers who tend to be risk averse in regard to collective bargaining and strikes. Moreover, because organizing is so important and expensive, many small unions believe they must merge into large unions that have greater resources and financial stability (Chaison 1986, 1996).

A devotion to organizing is like a badge of honor for unions. In their Web sites, unions take great pride in the highlights of big organizing victories. They provide data on recent membership growth through organizing, recruit organizing staff, and describe the diverse membership they have due to organizing. Unions present themselves as actively and successfully organizing in intense struggles with militant employers (Chaison 2006a, b). But despite this bravado, the number of new union members gained through organizing falls far short of those needed to offset membership losses. For example, the National Labor Relations Board (the government agency administering and enforcing of the law of union organizing) conducted 1,691 representation elections in 2009 (United States National Labor Relations Board 2010). Unions won 63.8 % of these and gained the right to represent 77,000 workers, of which only about 70 % will be in cases in which unionism reaches full fruition and stability (i.e., union successfully negotiate their first collective agreements). But roughly 90 % of workers covered by collective agreements actually join the union that represents them. In other words, in 2009 unions most likely gained less than 50,000 new members through representation elections, and this year's organizing gains are not significantly different from those of other recent years (Chaison 2006a, b). If half of the new union members are gained through representation elections with the remainder gained through voluntary employer recognition of unions or other non-labor board approaches to organizing (as estimated by Chaison (2006a, b)), the unions are gaining only about 100,000 new members each year, less than a quarter of those need to stabilize union membership levels (Chaison 2010). There is no evidence that union organizing has increased significantly since 2009 (Chaison 2012).

If unions cannot grow by organizing workers spread over a number of industries, they can at least lessen their vulnerability to the severe membership losses caused by the global expansion of companies in their primary jurisdiction (e.g., apparel, steel, autos) (Chaison 2006a, b). Like investors in the stock market, unions see benefit in having diversified portfolios—but *diversified portfolios of members*. They can protect themselves against sudden membership losses by having a portfolio of members that includes many workers who are minimally affected by global competition (like protective services, health care, or educational workers). Indeed, union officers will proclaim that simply getting bigger is not good enough anymore. Unions must be smart in the ways that they get bigger; they should formulate membership jurisdictions (their organizing territories)[9] that give them access to growth industries or even adopt unlimited jurisdictions (like the Service Employees or the Teamsters do) that enable them to organize workers wherever they want. For many unions, particularly the smaller unions boxed into narrow membership jurisdictions, this can only be done by merging into a large union (Chaison 1986, 1996). For other unions, it means organizing where they have not before (for example, the United Auto Workers organizing casino workers, nurses, and municipal and higher education workers (Glynn 2013; Jaschik 2013)). In other words, unions may find that they have to redefine their jurisdictions as a first step to defending against globalization. But as an essential further step, unions must go on offensive—to revive organizing activity in their new jurisdictions they must invest heavily in big organizing campaigns and hiring and training more organizers.

In rare instances, unions abroad may form alliances with American unions that are organizing. IG Metall, a large German manufacturing union, came to the aide of the United Auto Workers during an organizing campaign at a 1,600-worker Volkswagen plant in Chattanooga, Tennessee. Representatives of the German union talked to workers about the possible creation of a union-management committee to deal primarily with work rules (a works council) if the UAW wins the campaign. IG Metall has considerable influence with Volkswagen because under German law, the union has representation on the company's committee of directors (Boudette 2013; Chiaramonte 2013; Flessner and Pare 2013; German Union Backs UAW Efforts at VW Chattanooga Plant 2013; German Union Supports UAW's Push at VW Plant 2013; Hyde 2013; Jenkins 2013; Kiley 2013; Morrison 2013; UAW Talking with VW About Chattanooga Plant Labor Board 2013; Woodall and Seetharaman 2013).

The president of IG Metall declared: "We strongly recommend that eligible employees at Volkswagen Chattanooga decide that the UAW should represent them…"

[9] An organizing jurisdiction is a union's statement of the job territory that it claims the right to organize and represent in bargaining (Chaison 2006a, b, 41). Descriptions of jurisdictions are found in union constitutions, though some unions do recruit members beyond these and others may claim expansive jurisdictions (e.g., all workers in all private sector industries) for future growth even though they are not presently capable of organizing the workers claimed (Chaison and Dhavale 1990).

(German Union Supports UAW's Push at VW Plant 2013). This organizing drive is unique because it seeks to first create a plant-level union-management committee that deals primarily with work rules (a works council) and only later try to build a collective bargaining relationship.[10] The union alliance aims to fuse of the German and American labor relations systems in hopes that works council arrangements will inspire a collective voice for workers (union representation) in other transplant German car plants, like Mercedes (Azok 2013; Boudette 2013; Isidore 2013b; Thurlow 2013; UAW Sets up Website to Organize Mercedes Plant in Alabama 2013). There is, however, no legal status for works council arrangements in America similar to organizing for collective bargaining (Priddle 2013).[11] Moreover, such transnational cooperation remains the exception rather than the rule in organizing, primarily because unions see little to gain for themselves—Why help a union in another country (the USA) organize when it can do little or nothing in return (which is so often the case)? Is it worthwhile to invest funds and staff in organizing drives that may never be reciprocated? And finally, all must understand that the eventual success of an organizing drive in the United States will be determined by a strong faith in unionism and collective bargaining by the majority of a workforce at a workplace, not by the power or persuasiveness of an offshore ally. What American unions need to deal with the impact of globalization on membership levels is a tall order—more organizing activity, more organizing victories, and new and more diverse organizing jurisdictions and for some, the greater organizational stability and financial strength possible by merging.

2.2 Collective Bargaining

Many unions believe that their primary response to globalization should be a strong and focused one—through collective bargaining in which working conditions and the compensation are negotiated by union and management and incorporated into legally-binding documents. Bargaining is what America's unions consider they do best, what they have always done, and what they do every day. All union activities are directed toward bargaining. Unions organize groups of workers so that employers will be compelled to bargain with them, and they engage in politics primarily to strengthen their hand in bargaining (Chaison 2006a, b).

[10] In September 2013, eight workers at the VW plant filed charges with the National Labor Relations Board claiming that when they signed authorization cards only for a secret-ballot union certification election. They said they were not actually supporting the union and their cards should not be interpreted as such. These charges show how contentious the organizing drive at the Chattanooga assembly plant had become (Nelson 2013).

[11] In 2013, Volkswagen had 103 manufacturing plants worldwide, and only three of them (the Chattanooga plant and two plants in China) did not have work councils.

There are roughly 180,000 collective bargaining agreements in the United States, each negotiated by union and management committees and each enforced by a complex system of grievance committees.[12] Bargaining is decentralized in the United States, most often occurring on a plant-wide or company-wide basis, rather than on a national or industry-wide basis (Katz 1993; Western 1997; Vance and Paik 2006). There are also large non-union sectors in virtually all industries (Chaison 2006a, b), and this makes unions vulnerable to employer threats during bargaining to shift work to their non-union domestic operations, be they abroad or in the United States (Rose and Chaison 2001).

In collective bargaining, we see the full gamut of union responses to globalization. At one (fairly rare) extreme, unions can negotiate clauses that prohibit the outsourcing of work done by union members (Piazza 2002). But midway through the range of approaches, outsourcing is not blocked directly but made expensive so it will be much less likely. In one way of doing this, unions can require that employers continue to pay wages and benefits to workers displaced by globalization. For example, the United Auto Workers created the notorious (i.e., widely criticized) Jobs Bank[13] in its 1984 negotiations with the Detroit Three, requiring employers to continue to pay workers who are laid off. The program was started at a time when the Detroit Three sought to introduce flexible manufacturing processes to raise productivity, reduce production costs, and become more competitive globally.[14] The union believed that while greater employer flexibility in staffing and compensation could not be completely blocked, at least it should come with a cost. Workers due to be laid off would be transferred to the Jobs Bank for possible reassignment and receive up to 85 % of full pay and benefits while they searched for comparable work. By 2006, there were 15,000 workers in the Jobs Bank program who simply showed up and were paid. Over the years, the Jobs Bank was scaled back step by step—rules were changed so that workers could remain in the program for a maximum of 2 years and there would be a limit on the number of times that workers in the program could refuse job assignments. By 2008, most of the workers in the Jobs Bank accepted buyouts to leave their company, and in 2009, the Jobs Bank was eliminated completely because it seemed to the union and the Detroit Three to be too extravagant for companies on the edge of bankruptcy (Lott 2008; Isidore 2009; Ramsay and Green 2009; Szczesny 2011). Despite the deterrent role of the jobs bank, the auto industry eventually did become thoroughly globalized and US auto employment was cut substantially, as we saw in the preceding chapter.

[12] Chaison (2006a, b, 107–108) estimates that since the average duration of the 180,000 collective bargaining agreements is about 3 years, there are about 60,000 negotiations each year.

[13] This has also been called the *Job Bank.*

[14] The Jobs Bank was partly intended to match the job security plans of the transplant auto makers. For example, at its transplant operations Toyota had volunteered to continue to pay workers who lost jobs after plant shutdowns (Lott 2008).

Finally, at the other end in the range of reactions to globalization through collective bargaining, unions try to deal with the so-called *race to the bottom* (the pressure to lower wages and working conditions to meet global competition)[15] by narrowing the gap between their wages and benefits and the lower ones of workers in other countries. The gap is usually so large that at best it can be narrowed but never closed entirely. For example, Rattner (2011, 1) reported that: "A typical General Motors worker costs the company about $56 per hour, which includes benefits. In Mexico, a worker costs the company $7 per hour; in China, $4.50 an hour, and in India, $1 per hour." The company's response to this gap has been to shift work away from the United States, and the UAW's response has been to negotiate cuts and freezes that can narrow the gap.

Employers pressured unions into *concession bargaining (*also called *concessionary bargaining* or *give-back bargaining*)—negotiations that cut or freeze wages and employee benefits, that relax restrictive work rules, and/or impose two-tier wage or benefits systems (under which newly hired workers receive less than that of present workers doing the same jobs) (Chaison 2009, 2012).

Concession bargaining was widespread in the United States in the 1980s, primarily among newly deregulated industries (e.g., airlines and trucking) and companies facing intense global competition (e.g., clothing and steel producers), and it receded in the 1990s (Bell 1989; Rose and Chaison 2001). But Chaison (2012, 14) showed that concession bargaining reemerged with even greater force at the turn of this century. His review of over 7,000 collective agreements from between 2000 and 2010 revealed that "18 %…had some sort of wage freeze and 16 percent had lump sum payments."

This new wave of concession bargaining began in the highly competitive airline industry, but quickly spread to auto making and other manufacturing companies that face low-cost international competition, and it then took hold in public employment, where the severe economic recession and declining tax revenues forced local and state governments to cut costs, or cut employment, or do both. The first wave of concession bargaining was based on union assumptions that if they agreed to less, employers would not cut jobs, and that concessions were emergency measures needed only once, and would not have to be repeated (Chaison 2006a, b). But the second wave of concession bargaining, the one beginning at the start of the twenty-first century, came with no such assumptions, and it was called *ultra-concession bargaining* because of its severity and scope (Chaison 2012). There was also no mutual understanding that one round of

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[15] Peters (2002) used the term *regime shop* to denote the race to the bottom. He wrote: "Many corporations now 'regime shop', looking for countries with the lowest labor and social costs, and demanding that national governments similarly reduce their domestic costs to induce them to stay" (Peters 2002). Also see the University of Iowa Center (2013).

Traxler et al. (2008) observed how the cross-border mobility of capital enables employers to engage in regime shopping by relocating production to what seems to be the most favorable labor market regime.

concessions would suffice and not have to be repeated in bargaining (Chaison 2012; Hobbs 2013).[16]

The objective of ultra-concession bargaining is to narrow the gap between the labor costs of unionized workers in the United States and those of workers abroad (Chaison 2012). If the gap can be narrowed, jobs *might* not be lost. But if concessions are not granted in bargaining, employers argue, jobs will *surely* be lost (Piazza 2002). Thus, the unions' goal in bargaining would be to give up the least while saving as many jobs as possible and narrowing the labor cost gap (Piazza 2002; Chaison 2012).[17]

Finally, in the rare case, collective bargaining might actually be used to *reverse* outsourcing by creating *insourcing* and bringing jobs back to the United States. For example, in 2011 the UAW negotiated with General Motors to reopen a plant in Spring Hill, Tennessee, that had been closed when the company was in bankruptcy. The union also negotiated an agreement with Ford in 2011 to invest $16 billion in the production of small cars in the United States rather than abroad, with plans to create 12,000 by 2015 (Waldman 2012). Despite these job-creating and job-returning faces of collective bargaining, globalization most often put unions on the defensive in bargaining, as they strive to narrow the labor cost gap sufficiently to save jobs.

2.3 Political Action

The third avenue of traditional union activity is political action. Since their earliest days, American unions have been involved in politics, usually by rewarding their friends and punishing their enemies rather than supporting a separate workers' party, which might lose elections and isolate the unions from mainstream politics (Chaison 2006a, b).[18] Unions have turned to politics to curb the impact of

[16] Concession agreements also tend to last longer than other collective agreements. Chaison (2006a, b, 117) concluded that "A sure sign of concessionary bargaining is long-term collective agreements: Management wants to save more by locking in concessions for a longer period than the usual contract duration." In 1990, almost 80 % of collective bargaining agreements expired in three years or less. By 1997, the proportion fell to about two-thirds, and the percent of longer-term agreements, those lasting 5 years of more, rose from 6 to 8 %.

[17] Perhaps the most dramatic recent attempt at concessionary bargaining was in the 2013 negotiations between Boeing and the Machinists. Boeing insisted on reopening a collective bargaining agreement and extending it for 8 years with the elimination of the pension plan for new workers. If the union rejected this, the company threatened to move the production of a new airplane, the 777x, to South Carolina, where the chances of unionization were much lower than it its production facility in Washington State. The workers defiantly rejected Boeing proposal by a vote of 67 percent, despite the near certainty of job losses (Isidore 2013a; Reuters 2013a, b; The Boeing Machinists say no. 2013).

[18] For a review of the impediments to fuller union political activity by organizing workers for political issues, see Sachs (2013).

globalization by backing candidates who favor union-friendly and domestic worker-friendly laws. They sponsor political rallies and "get out the vote" by contacting and helping voters to the polls (the so-called *ground game* of politics at which unions excel (Chaison 2006a, b). Every year, unions promote labor law reforms that would make organizing cheaper and easier or that would create jobs for union members. Unions also campaign *against* legislation that might limit the scope of collective bargaining, prohibit compulsory union membership, or even require that unions regain their certification each year or lose their bargaining status. They support laws (and the appointment of labor board members) that increase the scope of workers who can be organized and that enable unions to attain bargaining rights without having to go through certification elections (for example, by proving their majority support from workers by showing signed membership cards).

Unions can devote their political energies to promoting the passage of domestic content laws, i.e., laws that assure that consumers will be made aware of the foreign content of products they might buy and that imposes specific content requirements before a product can be said to be "Made in America"[19] (e.g., the American Automobile Labeling Act, the Textile Fiber Products Identification Act, and the Wool Products Labeling Act). The underlying assumption is that most consumers would prefer to avoid products that are made abroad once they learn of them, and consequently, employers would see value in producing goods domestically. But there are some serious limitations here. First, the approach is indirect—it relies on the sympathies of consumers; consumers may be unconcerned and buy imports that they believe have the best price and quality (We have seen this in the prior chapter, when automakers can have cars with a majority for foreign-made components and still have best-selling cars in the domestic market). Second, these laws assume consumers have access to alternatives. This is not so in many industries where all or nearly all products are made abroad (such as cameras and personal computers) and imports cannot be avoided by even the best-informed and persistent consumers. Finally, even if consumers boycott foreign-made products and purchase only those made domestically, this might not necessarily create union growth because of the expansive non-union sectors in most industries. In other words, unions might be using their political clout to create non-union jobs.

Unions could also use their political influence to directly discourage globalization (Chaison 2006a, b). A perennial favorite has been anti-outsourcing bills, which punish companies for "shipping jobs overseas," usually by changing the tax code; these bills are commonly rejected by Congress because they are so blatantly anti-free trade by restricting the right of American-based companies to operate abroad (e.g., Morrison-Foerster 2005; National Foundation for American Policy 2007; Montgomery 2010; Cacho 2012; Kennedy 2012). Alternatively, unions might demand that certain percentages of goods and services be the result of

[19] For a description of the "Made in America" standard, see United States Federal Trade Commission (2013).

American labor, but such local-content provisions are often prohibited under the rules of the World Trade Organization as impediments to open markets and free trade (SEIA 2013).

Sometimes union lobbying to curtail imports in specific industries may have unintended consequences. For example, in 1981, the governments of Japan and the United States, under intense political pressure from American unions and car-makers, reached a "voluntary restraint agreement" that limited the number of Japanese autos imported into the United States over the next three years. The agreement was intended to reduce the impact of imports on auto production, sales and employment during a severe economic recession. While the restraints did successfully limit imports and saved jobs in the short run, it had the unintended consequence of giving the Japanese producers greater reason to open plants in the United States and produce domestically. The restraints on imports lead to the creation of the non-union transplant auto factories that were discussed in the Chap. 1 (Sousa 1982; Tagliabue 1995).[20]

The American steel industry has had a long history of trying to deter what it believed to be unfair competition from government subsidized producers in Asia, Europe, and Latin America (Hufbauer and Goodrich 2001; Berringer et al. 2007). The industry's major union in the United States, the United Steelworkers of America, joined in a coalition with the American Steel and Iron Institute, a trade association of the steel industry, and Big Steel (the major steel producers). After some intense political lobbying, the coalition won quotas on steel imports from Europe and Japan for 1969–1974 (Berringer et al. 2007). The quotas were lifted despite intense union and employer lobbying to continue them, and by the late 1990s, there was a worldwide overcapacity in steel production. American unions and domestic steel producers, speaking in unison, again claimed that steel was being dumped at less than production cost in the United States.[21] Congress and the Bush White House responded with legislation that limited imported steel. This was successfully countered by overseas producers who threatened to impose their own trade restrictions. Rather than start a trade war, the import barriers were lifted in the United States.

Unions, acting alone or through coalitions, might use their political power to defeat trade pacts, which would encourage more imports. Perhaps the best example is the huge but eventually unsuccessful union-led campaign against the North American Free Trade Agreement (NAFTA) in the early 1990s. NAFTA promoted unrestricted trade between the United States, Canada, and Mexico. American unions feared that it would lead to huge domestic job losses and saw it as the embodiment of rampant anti-unionism, corporate greed, and employer efforts to

[20] The Japanese car-makers also shifted more production abroad to protect themselves against fluctuations in the Yen which when dominant in determining total operating costs and too high could substantially cut into profits (Koh and Takahashi 2013).

[21] Dumping occurs when an industry sells abroad cheaper than at home (Hufbauer and Goodrich 2001, 3).

shift work to Mexican plants (Chaison and Bigelow 2002).[22] In their carefully orchestrated campaign against NAFTA, unions allied themselves with environmentalist, anti-poverty, consumer protection, religious, women's, farmers,' students,' and public policy organizations (Chaison 2006a, b). They managed to turn the debate over NAFTA into a national discussion of the costs and benefits of free trade in general. The anti-NAFTA forces believed that it would serve as the model for future trade agreements (Villarreal and Ferguson 2013). They eventually lost in the battle against the NAFTA, but they did manage to raise the public's awareness of (and disapproval of) unrestricted global trade (Chaison and Bigelow 2002; Porter 2012). The anti-NAFTA forces found their campaign blunted by the Clinton Administration's addition of a labor side agreement that would gave workers the right to unionize and barred worker exploitation. The inclusion of the side agreement, which was not directly enforceable with the remainder of the agreement, won over enough votes in Congress stop the anti-NAFTA campaign of unions and their allies (Chaison 2006a, b).

The use of their traditional approaches—organizing, bargaining, and politics—has America's unions approaching globalization as an economic force to be reckoned with because it decreases union size and influence. Their reliance on their tradition methods is defensive and provides little comfort to workers beyond the scope of the unions, like the Bangladeshi clothing workers, described at the start of this chapter.

2.4 The Non-traditional Approaches: First There were the Coalitions

Many of America's labor unions are trying something different—something very European.[23] They are entering into coalitions with unions in other countries and with other NGOs (non-governmental organizations) to achieve shared goals (Gordon and Turner 2000a; Chaison 2006a, b).

There are roughly 1.5 million NGOs in the world—organizations such as those formed for political advocacy in foreign policy or health care, and the promotion

[22] NAFTA was approved by Congress on November 29, 1993, with an implementation agreement signed by President Clinton on December 8, 1993. It has been in effect since January 1, 1994, and created the world's largest free trade area (United States Trade Representative 2004; Villarreal and Ferguson 2013).

By 2013, the United States has free trade agreements with 20 countries (see Villarreal and Ferguson 2013).

[23] See, for example, the discussion of European cross-border collective bargaining coalitions in Gollbach and Schulten (2001).

and protection of women's rights (Roy 2008; Humanrights.gov 2012).[24] Many NGOs have a natural affinity with labor unions; both types of organizations are concerned about raising wages, increasing the availability of employee benefits, and promoting safer workplaces and avoiding workplace tragedies like that at the Bangladeshi clothing factories, described earlier. Unions gain from the high credibility of NGOs, and NGOs can take advantage of the unions' expertise on workplace issues. But unions have to convince NGOs that they can make important contributions to joint efforts, and they have to convince their members that there is something to be gained by working with NGOs rather than by themselves (Schmidt and von Ossietzky 2007).[25]

Unions gain power, notoriety, and social relevance by allying themselves with other unions and with NGOs and becoming one among many organizations striving for a work-related goal. Their new power extends well beyond the workplace where they serve as bargaining agents. We already saw how unions worked through coalitions to apply political power and to restrict steel and auto imports and fight NAFTA. Coalition activity can fortify the unions' traditional approach toward globalization (by helping them in organizing, bargaining, and politics), but in the future it might become their primary approach for accomplishing broader goals.

Among the earliest and best-known international labor coalition was that of the United Mine Workers of America and several South African unions and NGOs against oil companies operating in South Africa.[26] Royal/Dutch Shell was initially targeted because, the unions and their allies claimed, the company exploited Black slave labor in its mines and promoted apartheid (Cronin 1986; Dolan 1986; Bronfenbrenner 2007a). The oil company was selected for the global boycott because it was large and prominent in the industry, and oil was crucial to the South Africa's economy. The boycott was successful in reversing the joint efforts of the South African government and transnational corporations to deny full political, economic, and social rights for many South African workers. It became a prime example of how common front of unions and NGOs can create pressure across borders. As Bronfenbrenner (2007a, 4–5) summarized the new ways of thinking evolving from the Shell Boycott:

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[24] NGOs have been defined as "value-based organizations that depend in whole or in part, on charitable donations and voluntary service," or, in the broadest sense, "any non-profit organization that is independent of government" (Leverly 2013, 1).

[25] See Kryst (2012) for an analysis of the roles of unions and NGOs in alliances in Germany to restrict the use of sandblasting in the manufacture of distressed jeans—the Clean Clothes Campaign.

[26] For a review of the history of the links between European labor unions and NGOs, and its role in balancing the power of transnational corporations, see Gallin (2000). Also see Compra (2004) for a discussion of alliances between unions and NGOs.

As American unions increasingly reach goals by forming and working through coalitions, they will find that their work mimics that of Europe's coalition-oriented unions (e.g., Tattersall 2006, 2011; Rechenbach and Cohen 2002).

> For too long most union members and their leaders tended to see their collective bargaining environment as truly limited by the national boundaries of their own labor laws and the interests of their dues-paying members. Even as more of the employers they dealt with became foreign owned or had foreign operations, and as nearly every industry in every part of the world was faced with having jobs outsourced from higher wage countries to lower wage countries, unions continued to think of themselves as part of a national, not international, labor movement.

The Shell campaign showed what could be accomplished against a government and its corporate allies when unions find common cause among themselves and with other organizations.[27]

Coalitions that target and expose companies with poor working conditions rely on their ability to tarnish valuable company images.[28] As Compra (2004, 2) observed: "A company's image can also become its Achilles' heel if consumers are made aware of abusive practices in factories that produce the goods they produce. In the USA, trade unions and NGOs have collaborated in consumer awareness campaigns…."

During organizing drives, unions might be helped by international coalition partners. For example, when the United Steelworkers was organizing a new plant in Alabama owned by ThyssenKrupp, it allied itself with the German union IG Metall (United Steelworkers of America 2012).[29] When the United Food and Commercial Workers organized H&M, a large chain of retail stores based in Sweden, it received a neutrality pledge from the company by working with the labor federation—UNI Global (Uchitelle 2010). And when the Communication Workers of America launched an organizing drive at Deutsche Telecom's US subsidy T-Mobile, it sought the help of its German counterpart Ver.di. (Uchitelle 2010).

Though international coalitions might assist in union organizing, they are less effective for the representation of American workers. Coordinated bargaining through coalitions on a transnational basis is fraught with difficulties because, as mentioned earlier, collective bargaining in the United States in highly decentralized and usually done at the plant or company level, not the industry level.

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[27] This campaign, and others over the years against multinational companies, demonstrated not only the importance of forming union-NGO alliances but carefully researching a) corporate strategies and the linkages between multinationals and government agencies and b) the most potent community and national issues (Juravich 2007).

[28] For example, after the Rana Plaza fire in Bangladesh in 2013, the United Steelworkers of America joined with a coalition of students, unions, and community groups in a global day of protest (June 29, 2013) at Gap and Wal-Mart stores to demand that these companies boycott goods made under sweatshop conditions. The result of the demonstration was not a huge boycott, the unionization of the stores, the growth of the Steelworkers, or dramatic changes in work standards in Bangladesh, but rather a great deal of publicity about and the need for the suspension of Bangladesh's preferential access to US markets (USW applauds…. 2013).

[29] ThyssenKrupp will be ending its American operations. The possibility of becoming unionized was not mentioned as a cause for the sale of the ThyssenKrupp's Alabama plant but rather the company believed that it had overexpanded and must close unprofitable operations.

National work standards are hard to impose, and international standards are far more difficult. Potential coalition partners understand how most American unions represent workers in only parts of industries—and usually small parts—and they realize that they can do little to change this (Hamanel 2013; Maher 2013b).

2.5 And then there were International Framework Agreements

Some companies voluntarily refrain from the race to the bottom by having written and voluntary codes of conduct under which they might pledge to uphold the basic rights of their workers and those of their suppliers (e.g., the freedom of association, the right to engage in collective bargaining, the prohibition of child and coerced labor, etc.).[30] But union activists commonly see codes of conduct as mostly public relations efforts (Hammer 2005; Hellmann 2007; Stevis and Boswell 2007; Stevis 2010; Gleichman 2012). Unions have allied themselves with Global Union Federations (GUFs), negotiated with multinational companies, and entered into International Framework Agreements (IFAs), more powerful and broader based than codes of conduct.

The fundamental objective of IFAs is to ensure that international labor standards are maintained in all facilities related to the company (Telljohannn 2009;

[30] Heathfield (2013, 1) defined a code of conduct as "a written collection or rules, principles, values and employee expectations, behavior and relationships that an organization considers significant and believes are fundamental to their successful operation."

For a review of the development of codes of conduct, see Murray (2013). Codes of conduct have been defined as "self-imposed ethical credos [that] set out basic policy standards to guide employees and officers, but …also serve to assure consumers that the products that they purchase come from a principled organization" (Revak 2012, 1645).

These codes might result from company attempts to relieve pressure from consumers and stockholders groups to enforce workers' rights as well as to gain ISO 26000 status (an international standard of social responsibility) awarded by the International Organization for Standardization. For appraisals of codes of conduct, see ICFTU (2002), Sethi (2002, 10–11) and Cragg (2005).

Codes of conduct are typically quite wordy and seemingly comprehensive. For example, the Code of conduct of Caterpillar, *Our Values in Action*, covers 32 pages with individual sections on integrity, excellence, teamwork sand commitment that cover such issues as conflicts of interest, risk management, respect and non-harassment, and personal, improper payments, personal responsibility, privacy, and the development of an "enterprise point of view." Yet it does not guarantee the employees' right to form and join unions, the right to strike, and the ability to process grievances (Caterpillar 2010).

One variant of codes of conduct are codes of ethics that relate to the behavior of corporate boards of directors. For example, AT&T's Code of Ethics/Corporate Governance has sections relating to honest and ethical conduct; conflicts of interest; compliance with laws and regulations; reporting and accountability; the protection of confidentiality, fair dealing with customers, service providers, suppliers, competitors and employees; the protection and proper use of company assets, and investor relations (AT&T 2013).

Eurofound 2013). IFAs are negotiated *bilaterally*–this distinguishes them from codes of conduct which are *unilateral* (Stevis and Boswell 2007; Coleman 2010). Also, an IFA negotiation committee (staffed with representatives of national unions and GUFs and representatives of multinational corporations) can be used to police agreements by meeting regularly and carrying out inspections to see if an IFA has been carried out (Bourque 2008).[31] IFAs have been signed by such well-known multinational corporations as IKEA (home furnishings and housewares, headquartered in Sweden, signed in 1998); Skansa (construction, Sweden, 2001); Carrefour (retail groceries, France, 2001); Volkswagen (auto manufacturing, Germany, 2002); Bosch (auto parts manufacturing, Germany, 2004); Renault (auto manufacturing, France, 2004); Lukoil (energy and utilities, Russia, 2004); and BMW (auto manufacturing, Germany, 2005) (Hammer 2005).

Exhibit 2.1 compares IFAs and company codes of conduct and shows how key characteristics of IFAs are their negotiation and comprehensiveness and their periodic review (Hammer 2005: Stevis and Boswell 2007). Codes of conduct tend to be one-sided in creation and enforcement, but, like IFA's, their legal enforceability is uncertain (Revak 2012). Negotiations over IFAs end in settlements because otherwise strikes might be threatened by unions or, more common, unions and their allies could engage in international publicity campaigns that damage company reputations and hurt profits (Gallin 2008; Coleman 2010).[32]

It must be appreciated that IFAs have both positive and negative features. On their positive side, IFA's agreements include the core labor standards of the ILO[33] and they usually have some type of a monitoring system in which there is a meeting (held at least annually) to discuss and resolve possible violations.[34] In other words, IFA's are not only comprehensive; their adherence is subject to

[31] IFAs are most often negotiated with Europe-based multinationals (Hammer 2005).

In 2007, Stevis and Boswell (2007) reported that all but seven of the 55 IFAs signed by that year were with companies headquartered in continental and Northern European countries (e.g., 15 German, 9 French, and 6 Swedish).

For case studies of IFAs in energy, telecommunications, and garment and textile companies, see Niforou (2012).

[32] There are no available figures on unsuccessful negotiations for IFAs.

[33] For a review of the labor standards and development of the ILO and its potential role in affecting the impact of globalization, see ICFTU (2002), and Hammer (2005).

The core labor standards are as follows: freedom of association and protection and recognition of the right to organize (passed in 1948); the right to organize and collective bargaining(1949); elimination of all forms of forced or compulsory labor (1930); abolition of forced labor (1959); elimination of child labor and imposition of a minimum age (1973); child labor (1999); equal remuneration (1951); and elimination of discrimination in respect to employment and occupation (1958) (Bourque 2008). The United States is obligated to respect and promote the ILO's principles (ILO Declaration…. 2007).

[34] Complete copies of IFAs can be accessed on a searchable database (see European Commission 2013).

Exhibit 2.1 A comparison of company codes of conduct and international framework agreements

Codes of conduct	International framework agreements
1. Unilateral initiatives	1. Negotiated between labor and corporate management
2. Does not necessarily recognize all core labor standards	2. Recognizes all core labor standards
3. Rarely covers suppliers	3. Usually covers suppliers
4. Usually does not have a monitoring system	4. Unions are usually involved in a formal monitoring system
5. Weak basis for a union-management dialog	5. Strong basis for union-management dialog

Source International Metal Workers Federation (2013)

periodic scrutiny. But as a way for unions to respond to globalization, IFAs also have a two major drawbacks; first, as mentioned earlier, they may not be legally binding (Gibb 2006: Stevis and Boswell 2007: Coleman 2010; Eurofound 2013), and second, they are negotiated from the top down—they are drafted and negotiated by union leaders and only then presented to members (This would be anathema to American unions which pride themselves on being participative and democratic). Third, IFAs are not imposed by any national or international court or labor tribunal, and so employers, if they want, could violate them with impunity. Moreover, companies can always belittle IFAs after agreeing to (and violating) them by arguing that they were forced on workers and are not democratically determined (Gibb 2006).[35]

GUFs, the unions' partner when negotiating IFAs, are truly international union structures serving as counterweights to multinational companies (Ivanou 2012).[36] Each GUF has its own Web page with details on its affiliates, disputes, settlements, general policies regarding such issues as gender equality, multinational firms, as well its structures and governing bodies.[37] Exhibit 2.2 lists the GUFs with their affiliated unions and membership.

[35] Coleman (2010, 602) observed that International Framework Agreements are not collective bargaining agreements but function similar to neutrality agreements in the United States. They remove employer hostility as a factor affecting employees' decisions to unionize. Moreover, because the eliminate the employers' motivation to relocate to where there are low labor standards, they reduce concerns about the race to the bottom.

[36] The only other so-called international unions are actually continental unions, having headquarters and most members in the United States and some members, less than a majority, in Canada (Rose and Chaison 2001; Chaison 2006a, b).

[37] For example, see http://fwint.org for the Building and Woodworkers, http://building-pwer.org for IndustriALL, and http://world-psi.org for the Public Services International.

See ICFTU (2002, 24) for a description of the structures and methods of GUFs

Table 2.2 Frequency of the signing of international framework agreements

Period	Number of IFAs signed	IFAs signed per year
1989	2	2.0
1990–1994	2	0.4
1995–1999	5	1.0
2000–2004	33	6.6
2005–2009	37	7.4
2010–2012	20	6.6

Source Wilke and Schutze (2008), Schomann et al. (2008), Telljohann et al. (2009), European Trade Union Institute (2013)

Table 2.2 indicates the frequency of the signing of IFAs. Prior to 2000, IFAs were fairly rare–occurring at the rate of about one per year.[38] However, since 2000, there has been a wave of IFAs as union interest in them increased, particularly in Europe, and as GUFs became much more active in pressing multinational companies to negotiate IFAs and individual unions sought new avenues of response to dangerous working conditions abroad.[39]

Exhibits 2.3 and 2.4 are abridged versions of the IFAs signed by Chiquita Banana and the Ford Motor Company, two major American-based multinational companies. The Chiquita Agreement of 2001, an early and widely copied IFA, was the result of a consumer campaign at supermarkets launched by unions and NGOs against the company (Riisgard 2004, 2005). The company, which had been accused of disregarding workers' health and freedom of association, and engaging in anti-union activities, employed 23,000 workers in 80 countries with a range of products that included bananas, avocados, pineapples, washed salads, and other fruits and vegetables (Freedom of Association 2013).[40]

The Ford Agreement of 2012 reflects the crucial contribution of global manufacturing to the success of Ford (see Chap. 1) and its vulnerability to a potentially embarrassing global campaign of unions allied with NGOs. After negotiating collective agreements with the UAW in the United States for eight decades, entering into a non-binding IFA with unions and a GUF abroad must not have seemed extreme by the company.

[38] The first IFA was signed in 1989 by the French food company Danone and the International Union of Food Workers (Bourque 2008; Wilke and Schutze 2008). An analysis of the Danone agreement, considered a breakthrough in international industrial relations, is found in ICFTU (2002, 99). For brief reviews of the historical development of global worker representation structures, see Hennebert (2011) and Hammer (2005).

[39] The vast majority of IFAs are with companies that have their headquarters in Europe (Bourque 2008).

[40] For a review and evaluation of the Chiquita IFA, see Riisgard (2004).

Exhibit 2.2 The Global Union Federations (GUFs) in 2012

Global Union Federation	Number of affiliates	Affiliates' membership (000's)	Number of countries of affiliates
Education International (EI)	400	30,000	170
Building and Wood Workers International (BWI)	328	12,000	130
International Federation of Chemical, Energy, Mine and General Workers' Union (ICEM)[a]	467	20,000	132
International Federation of Journalists (IFJ)	182	600	100
International Metalworkers' Federation (IMF)[a]	200	25,000	100
International Textile, Garment and Leather Workers' Federation (ITGLWF)[a]	217	10,000	110
International Transport Workers' Federation (ITF)	690	4,500	153
International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF)	336	12,000	120
Public Services International (PSI)	650	20,000	148
Union Network International (UNI)[b]	900	20,000	150

Source AFL-CIO (2013) and selected Web pages of global union federations. See ICFTU (2012) for the industry coverage of GUFs

[a] Combined to form the IndustriALL Global Union, June 19 2012 (IndustriALL 2013a). The number of affiliates, countries of affiliates, and membership is at the time of the merger

[b] UNI is the result of a merger in January 2000 of CI (Communications International), FIET (International Federation of Commercial, Clerical, Professional and Technical Employees), and IGF (International Graphic Federation) and MEI (Media and Entertainment International)

The negotiation of IFAs by unions, GUFs, and multinational employers might someday evolve into a sort of international collective bargaining with GUFs taking on the role of bargaining agents (Bourque 2008),[41] and national union signatories could act like union branches or locals. But there are some deep-seated obstacles to the further spread and effectiveness of IFAs. First, national unions in the United States tend to be suspicious of organizations, such as GUFs, that are independent of unions and that could reduce their autonomy (Chaison 2006a, b; Maher 2013a). Unions carefully guard their autonomy as independent organizations, and they are careful not to give too much power to union federations (such as the AFL-CIO). They would certainly be hesitant to cede authority to organizations headquartered abroad. Equally important, with their decentralized bargaining systems, American unions typically represent workers at a single plant or a single company, not all of an industry including its suppliers, contractors, and subcontractors. Employers will oppose negotiating on a company-wide or industry-wide basis with unions that

[41] Stevis (2010) observes that a key aspect of IFAs is that multinational companies recognize both global actors (the GUF) and worker representatives (unions), thus raising negotiations to an international level.

Exhibit 2.3 The Chiquita International Framework Agreement (2001) (abridged)

UF/[International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations] COLSIBA [Coordinadora Latinoamericana de Sindicatos Bananeros] and Chiquita [including all subsidiaries]

Agreement on Freedom of Association, Minimum Labor Standards and Employments in Latin American Banana Operations of Chiquita Brands International, Inc. that employs workers in Banana operations in Latin America

Part I: Minimum Labor Standards

IUF\COLSIBA and Chiquita:

- Acknowledge the fundamental right of each employee to choose to belong to and be represented by the independent and democratic trade union of his or her choice, and to bargain collectively:
- Seek to identify practical opportunities for continuous improvement in the employment conditions of CHIQUITA employees…;
- Respect the responsibilities of local Chiquita managers and unions to address local issues of concern through collective bargaining and to put into practice the following general principles.

In this spirit, IUF/COLSIBA and CHIQUITA agree on the following:

On Minimum Labor Standards:

1. CHIQUITA reaffirms its commitments to respect the following core ILO Conventions:
   - The principle of freedom of association (ILO Convention #87…1948)
   - The effective recognition of the right to collective bargaining (Convention # 98…1949)
   - The protection and facilities to be afforded to workers representatives (Convention #135…1971)
   - The elimination of all forms of forced or compulsory labor (Convention # 29…1930: #105…1957)
   - The effective abolition of child labor (Convention # 138…1973: Convention # 182…1999); and
   - The elimination of discrimination in respect of employment and occupation (Convention #100…1951: Convention #111…1958).
2. Chiquita reaffirms its commitment to respect …[the] freedom of association and collective bargaining…
3. Chiquita shall respect the right of all personnel to form and join trade unions
4. Chiquita shall ensure that representatives of trade unions are not the subject of discrimination and that such representatives have access to employees in the workplace…Chiquita guarantees that the employees will suffer no discrimination, threats, sanctions as a result of any such visit but a union representatives
5. Where Chiquita is engaged in collective bargaining with unions, Chiquita will continue sharing with union representatives the information about the corporation as a whole and its local operations as they reasonably require to bargaining effectively
6. Chiquita acknowledges its responsibility to provide safe and healthy workplaces…
7. CHIQUITA and the IUF/COLSIBA will publicize this agreement in all the Company's banana operations in Latin American

(continued)

Exhibit 2.3 (continued)

PART II: Employment

In the event of any situation that would seriously affect the volume of employment, working conditions or the type of contracts of work…CHIQUITA commits to:

- Respect local laws and regulations:
- Consult those local trade unions that have been duly appointed as the representatives of the affected workers, which discussions should occur as soon as possible…;
- In the case that workers are legally represented by a labor union to bargaining collectively, notification will be made at the same time to the local union, COLSIBA and the IUF of any such proposed change, including in such notification both:

An explanation of the Company's decision; and

A clear indication of the consequences of the decision for workers in terms of changes in contracts, working conditions or reductions of jobs

Chiquita will seriously consider alternative proposals presented by unions representing Chiquita workers. Chiquita will provide a response to those proposals within the time frame agreed on a case-by-case basis

On Suppliers:

Chiquita will require its suppliers, contract growers and joint venture partners to …respect national legislation and Minimum Labor Standards outlined in Part 1 of this agreement. The parties agree that the effective implementation of this provision is dependent on…factors such as Chiquita's relative degree of influence over it suppliers and the availability of appropriate and commercially viable supply alternatives. Implementation of this part of the agreement shall therefore be jointly assessed by the Review Committee taking into account these factors

Part III: Oversight of this Agreement

CHIQUITA and IUF/COLSIBA will each appoint up to four members to a Review Committee that will meet periodically to oversee the application of this agreement and to discuss other areas of mutual concern. In case of a major conflict, CHIQUITA and IUF/COLSIBA may, in addition, include in the meeting a representative if the local union and a representative of local management

CHIQUITA and IUF/COLSIBA recognize that this Agreement is not a substitute for…local bargaining processes. The parties agree that the local parties should exhaust every effort to resolve local issues, and that the work of the Review Committee, as well as any intervention required between meetings of the Committee, will relate only to alleged serious and/or systematic violations of the rights outlined in this agreement

………

The Review Committee meetings will take place twice a year. An extraordinary meeting may be convened at the request of either party, in case a situation arises that requires urgent discussion…

Chiquita, the IUF, and COLSIBA will each identify a contact person responsible to facilitate communication and the timely resolution of any emergency issues that may be identified between meetings of the review committee.

(continued)

Exhibit 2.3 (continued)

Commitment to Fair Dealing and Continuous Improvement

This Agreement shall last until either party terminates it by prior notice at least three months in advance of the termination data. During the term of this Agreement, CHIQUITA and the IUF/ COLSIBA agree to:

- Negotiate in good faith with the best interest of all parties in mind;
- Communicate in an open, honest and straightforward manner;
- Avoid actions which could undermine the process spelled out in this Agreement, such public international campaigns or anti-union retaliatory tactics, until such time as one or the other party declares there shall be a failure to agree. A time frame for discussion and mutually satisfactory resolution of the issue will be agreed case-by-case by the Review Committee. No failure to agree can be declared before the expiry of that time frame;
- Work to develop among company managers, union leaders, and employees a common understanding of effective labor management relations

[Agreed to May 11, 2001 and signed by the General Secretary of the IUF, the Regional Coordinator of COLSIBA, the President and COO of Chiquita Fresh Worldwide, and the Director General of the International Labor Organization.]

Source IUF (2001)

represent workers at only a few plants (Gordon and Turner 2000b; Bourque 2008; Stevis and Fichter 2012). Only the fear of the public embarrassment that comes with a GUF-led campaign can pressure an employer to negotiate an IFA. In other words, American labor relations must first evolve and here must be broader bargaining, lower employer opposition to unionism, and new expectations from union members and officers about how unions can and should help workers on a global scale.

Finally, it must be understood that IFAs are not collective bargaining agreements in the sense of being legally binding contracts covering wages, hours, and conditions of employment (Chaison 2006a, b; Hellman 2007). However, as declarations of mutual intent and values, they are much more than negotiated corporate codes of conduct. IFAs are direct descendants of European *social dialogs*—exchanges, discussions, and agreements between the employers, unions, and states over issue of interest to workers including wages, working hour, collective bargaining, training and the social import of industry and company restructuring (Wilke and Schutze 2008; Stevis 2010).[42] But IFAs take these dialogs a step further through formal negotiations on a transnational basis, by imposing an enforcement procedure, and by introducing American unions to a labor relations dialog that is very much missing in their home country (Herrnstadt 2007; Schomann et al. 2008).[43]

[42] For a review of the European social dialog and cross-border labor negotiations, see European Parliament Committee on Employment and Social Affairs (2011). Also see Bercusson and Estlund (2008).

[43] For a review of the incidence of IFAs in the United States, see Stevis and Fichter (2012).

Exhibit 2.4 The Ford International Framework Agreement (2012), abridged

International Framework Agreement
(between)
Ford Motor Company and
Global IMF (International Metalworkers Federation/Ford Global Information Sharing Network

Agreed upon Social Rights and Social Responsibility Principles

Preamble

The diverse group of men and woman who work for Ford is our most important resource. In recognition of their contributions, policies and programs have been developed to ensure that our employees enjoy the protection afforded by the principles agreed up in this document (the Principles)

The Principles are based on a thorough review of labor standards espoused by various groups and institutions worldwide, including those outlined by the International Labour Organization and stand as a general endorsement of the following human rights frameworks and charters:

- The UN Universal Declaration of Human Rights
- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
- OECD Guidelines for Multinational Enterprises
- Global Principles of Social Responsibility

The universe in which Ford operates requires that these Principles be general in nature. In certain situations national law, local legal requirements, collective bargaining agreements and agreements freely entered into by employers may be different than portions of those agree upon Principles. If these principles set higher standards, the Company will honor these Principles to the extent which does not place them in violation of domestic law. Nevertheless, we believe these Principles affirm important, universal values that serve as the cornerstone of the relationship between employees and management for us

Ford and the signatories to this document confirm their support for these Principles and for the Company's Code of Basic Working Conditions, Bus Principles and Corporate Citizenship strategy

Freedom of Association and Collective Bargaining

…………

Ford recognizes and respects it's employees right to associate freely, form and join a union, and bargaining collectively in accordance with applicable law. The Company will work constructively with employee representatives to promote the interests of our employees in the workplace. In locations where employees are not represented by a body of employee representation/unions, the company will provide opportunities for employee concerns to be heard. The Company fully respects and supports workers' democratic rights to form a union and will not allow any member of management or agent of the Company to undermine this right or pressure any employee from exercising this right

Cooperation with employees, employees' representatives and trade unions will be constructive. The aim of such cooperation will be to seek a fair balance between the commercial interests of the Company and the interests of the employees. Even where there is disagreement, the aim will always be to work out a solution that permits constructive cooperation in the long term

Timely information and consultation is a prerequisite for successful communication between management and employee representatives. Information will be provided in good time to enable representatives to appropriately prepare for consultation

Collective bargaining on conditions of work is an expression in practice of freedom of association within the workplace, a responsibility to bargain in good faith in order to build trust and productive workplace relations. Even when disagreement occurs, all parties will be bound by group collective and legislative requirements and the aim will be to reach adequate solutions

(continued)

Exhibit 2.4 (continued)

The signatories respect the employees' democratic rights to determine representation and will not use tactics of harassment or discrimination to influence employees' exercise of these rights

Harassment and Unfair Discrimination. The signatories will not tolerate harassment or unfair discrimination on the basis of race, religion, color, age sex, sexual orientation, union activity, national origin, and against any employee with disabilities

Ford acknowledges the right of its employees to raise concerns…without suffering any prejudice whatsoever as a result, and to have such concerns examined pursuant to an appropriate procedure

Forced or Compulsory Labor. Ford will not use forced or compulsory labor regardless of its form

Child Labor. Ford opposes the use of child labor. In no event will the Company employ any person below the age of 15, unless this is part of a government-authorized job training or apprenticeship program…

Wages and Conditions. Ford will promote… compensation and benefits that are competitive and comply with applicable law, and acknowledges the principle of equal pay for work of equal value…the Parties affirm their commitment not to discriminate because of race, religion, color, age, sex, sexual orientation, union activity, national origin, or against any employee with disabilities

Hours of Work and Vacation. Ford will comply with applicable law regulating hours of work and vacation periods

Occupational Safety and Health Protection. Ford will strive to promote the safety and health of those who make, distribute or use its products

The Company will provide and maintain for all employees a safe and healthy work environment…

Education, Training and Development. Ford promotes and supports appropriate education, training and development for its employees…

…Partners. Ford will encourage business partners to adopt and enforce similar policies to those contained in the Principles, as the basis for establishing mutual and durable business relationships. The Company will seek to identify and utilize business partners who aspire in the conduct of their business to standards that are consistent with this document and will provide the network an opportunity to raise issues for discussion and resolution

………

Sustainability and Protection of the Environment. Ford will respect the natural environment and help preserve it for future generations by working to provide effective and practicable environmental solutions and avoiding waste…. The Company will measure, understand and responsibly manage its resource use, especially its use of …non-renewable resources

Integrity. Ford will be honest, open and transparent…. The Company will compete ethically and avoid conflicts of interest and have zero tolerance for the offer, payment, solicitation or acceptance of bribes

Accountability. The signatories to this agreement commit themselves to these principles on a global, national and local level

The ongoing compliance of the Principles can be raised and discussed between the Company and the Union in the Regions or at the Ford Global Information Sharing Forum. When issue are identified, the Parties will work together to find mutual solutions. In addition a more detailed monitoring process will be discussed by the parties at the next Global Information Sharing Forum meeting

General. Ongoing compliance with these Principles will be reviewed at the annual meeting with management

April 25, 2012

Source Ford (2012)

Despite clear and imposing limitations, IFAs can even complement traditional union activities.[44] For example, IKEA, based in Sweden, is the second largest retailer behind Wal-Mart Stores, Inc., and the world's largest home retailer. It had signed an IFA in May 1998 (Wilke et al. 2008). In July 2011, at IKEA's Swedwood distribution plant in Danville, Virginia, the International Association of Machinists won the right to represent workers by a vote of 221-69 in a representation election conducted by the US National Labor Relations Board and three months later the two completed negotiations for a collective agreement. Workers had complained about mandatory overtime, low wages, racial discrimination, a highly impersonal discipline system, the lack of formal training, long working hours, and a speed-up work pace. The organizing drive in Virginia was followed closely by Swedish newspapers that criticized the company for having a double standard—being a cooperative IFA signer in Sweden and a no-holds-barred union fighter in the United States. At first, IKEA hired a law firm to contest the bargaining unit (who would be covered under any future collective agreements), but this was ended when there were international protests by unions in Europe, Asia, Africa, Central America, the United States, and Canada. By December 2011, the IKEA workers would ratify their first collective agreement (All Things Considered 2011; Brown 2011; Rosenkrantz 2011; Gleichman 2012; IAMAW 2013; Jamieson 2012; Stevis and Fichter 2012; Marzan 2013).

2.6 Conclusions

This chapter shows America's unions taking traditional and non-traditional approaches in their response to globalization. The traditional approaches are what labor unions have always done in one way or another—organizing, bargaining, and politics. They are clearly defensive—trying to make whole whatever was lost in size or power by globalization. In contrast, the union's non-traditional activities are offensive, innovative, and at the frontiers of unionism. Unions work through coalitions, with other unions, labor federations, and NGOs, to improve the situation of workers abroad, and they negotiate, also through coalitions, for IFAs with multinational companies.

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[44] For example, Marzan (2013) examines the ways in which IFAs can be used to strengthen union organizing.

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Chapter 3
Will the Unions Find Their Way in the World of Globalization?

Abstract This concluding chapter reviews why and how unions turn to traditional and non-traditional approaches in their responses to globalization. We ask how can unions represent workers at their workplaces while also speaking for and protecting workers in other countries? How will globalization be changed by unions and how will unions be changed by globalization? I emphasize again that globalization calls into question the fundamental union mission and compels unions to choose between being representatives solely of their own members or voices for workers around the globe, whether unionized or not. The future of the union movement hinges on their ability to respond to globalization.

Keywords Union mission · Union organizing · Collective bargaining · Union political activities · Union coalitions · International framework agreements · IFAs

The preceding chapter mapped out the new directions that globalization imposes on America's unions and the choices that unions must make as they represent workers. The chapter before it showed how pervasive globalization has become by using the example of the automobile industry.

Despite the difficulties of the Detroit Three, the deterioration of Detroit and the decline of the UAW, any discussion of globalization must first begin with a recognition that it can have both positive and negative outcomes (Bhagwati 2007). On the positive side, some jobs may come back to the United States which were once outsourced (e.g., Hagerty 2013a), and globalization may make some American companies stronger, more profitable, and more competitive and thus save the jobs of their workers in America.[1]

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[1] See Shultz (2013, A13) for the discussion of how the United States has become a "global powerhouse" in trade and how NAFTA actually resulted in the extensive integration of the economies of three countries.

G. Chaison, *The Unions' Response to Globalization*,
SpringerBriefs in Economics, DOI: 10.1007/978-1-4939-0488-4_3,

We have seen, for example, how the domestic employment of autoworkers depends on the overseas successes of the Detroit Three and how *insourcing* can bring jobs to the United States that once seemed to be gone forever.[2] However, on balance, there is no doubt that globalization, in many instances, does apply downward pressure on workers' pay,[3] jeopardizes jobs,[4] and weakens unions in organizing, bargaining, and politics. There was ample evidence of this in the preceding chapters.

3.1 The Unions Deal with Globalization

American labor leaders are aware that their unions have lagged far behind the global reach of multinational corporations and that they are just starting to think and act globally (Vance and Paik 2006). Many unions seem to have surrendered to globalization by taking simple, fairly passive steps, for example, by only publishing on their Web sites the names of companies that outsource jobs globally and then assuming that public pressure will compel these employers not to lay off workers (Greenhouse 2010). Such an approach can be severely limited because it relies on others—the public in general and consumers—to pressure employers to turn their backs on globalization. And it does little for those workers overseas who toil in dangerous workplaces with low pay except, perhaps, to eventually close their workplaces and throw them out of work.

During the past decade, we have heard so much about the gap between the compensation of domestic, unionized workers and workers abroad—how large that gap is and how fast it has been growing. The gap creates a *race to the bottom*—the fierce international competition that lowers pay and working conditions—and leads to such workplace disasters as those in Bangladesh. But union leaders find that they must do more than simply bemoan the wage gap and the race to the bottom. They must fashion a response or their unions will lose relevancy in our economy and society.

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[2] Manufacturers and retailers realize that consumers are attracted to goods labeled as "Made in America" which were once made abroad. In a reversal of logic, manufacturers and those who sell their goods publicly gain by having once produced abroad and then deciding to end that practice to create domestic jobs (Hagerty 2013b).

[3] For example, see: Labour Pains (2013) regarding the declining labor sharing of national incomes in several countries.

[4] For example in his discussion of the evolving strategies and the revival of unions, (Raine 2005, 1) observes how "Globalization has peeled jobs away from U.S. workers."

3.2 Globalization and Organizing, Bargaining and Politics

I have repeatedly emphasized that, in a broad sense, globalization makes organizing tougher, bargaining more contentious than usual, and political action less effective. I wrote that organizing is difficult at workplaces for which plant relocation is a real option; but difficult as it may be, unions must nonetheless devote greater energy and resources to organizing, and they must design and adopt jurisdictions that are less vulnerable to globalization. They cannot simply give up on growth.

Union bargaining gains, we saw, are sharply limited by the labor costs of the employers' competitors. Globalization is behind the birth of a new and intense form of concession bargaining. Negotiated wage and benefit cuts and freezes and the relaxation of work rules have become the new normal in collective bargaining (Chaison 2012). Attempts to negotiate to block offshoring or to make it prohibitively expensive might work briefly, but it will not insulate against globalization and there will be some time the employer will still have to compete with low-cost producers. Finally, the unions' political action might upset some campaigns for trade pacts, but again, the reality that there will be globalization is not changed; just some aspect of it is temporarily removed from sight.

I conclude that the difficulty that unions have in dealing with globalization is much more than a continuation of the long line of struggles that mark American labor history. The unions' dilemma is that globalization cannot be ignored—it directly challenges the fundamental mission of American labor unions. This, I have said repeatedly, is the union's quandary—*How can unions best represent workers at their workplaces when those workplaces are all over the world? How can unions take wages, hours and conditions of employment out of competition, when that competition is frequently international, low cost and non-union? How can unions raise compensation levels in one country if employers can outsource work to other countries and avoid paying that compensation?*

3.3 New Avenues for Action

Judging by the tough questions it raises, globalization casts doubt on the role of traditional labor law. The legal framework[5] channels union representation through the process of collective bargaining for unionized workplaces; union organizing is

[5] The legal framework of labor relations is National Labor Relations Act (the Wagner Act) of 1935, the Labor Management Relations Act (the Taft-Hartley Act) of 1947, the Labor-Management Reporting and Disclosure Act (the Landrum-Griffin Act) or 1959, the decisions and orders of the National Labor Relations Board over the years since 1935, and state and federal labor laws giving public workers the protected right to unionize and engage in collective bargaining.

based on proof of majority worker support in a unit appropriate for the purposes of bargaining representation (such as all production workers in a particular plant or all salespersons at the branch of a store). But, as we saw in the second chapter, voluntary (but most likely not legally enforceable) union-management agreement directed at maintaining labor standards has become an alternative to traditional collective bargaining. In the global arena, unions must improvise—they cannot rely on a legal framework of industrial relations that is bound to a single country and developed over the past seven decades. The American labor law makes unions into bargaining agents, but in a world of globalization, unions must be more.

In March 2013, AFL-CIO president Richard Trumka declared that he saw a clear need for a plan to *remake* the American labor movement and to form more coalitions with civil rights organizations. He stated "To be blunt, our basic system of workplace representation is failing to meet the needs of America's workers by every critical measure" (Wallsten 2013, 2).[6] He also declared "The labor movement needs to be not where we've been but where workers are most in need" (Early 2013, 3).

It is one thing to declare the need for change to remain relevant and effective; it is another matter to actually make changes. The unions are asking whether there should not only be a broadening of the repertoire of union activities to include not only collective bargaining and contract enforcement (Chaison 2012) but, as well, a deep and continuing dialog between unions and employers about workers' rights.

Above all, to respond to globalization, unions have to think and act globally. If unions are to be relevant in our economy and society, they must find the will and the way to broaden their voice beyond the workplace to protect workers globally.[7] But, I emphasized, tomorrow's unions will *not* have to forsake their traditional roles as organizers, bargainers, and national and local political actors when they join or form coalitions or become affiliates of Global Union Federations (GUFs) and when they negotiate International Framework Agreements (IFAs) with multinational companies.[8] They will have to learn to meld their insistence on higher wages, tougher work rules, and better pension plans at American workplaces with an insistence on core labor rights such as the prohibition of child labor and discrimination, the need for a living wage and safe workplace, and the freedom to organize. In short, the unions must find their role at places of employment in the

[6] For discussions of these comments also see Bogardus (2013).

[7] There appears to be, however, a general reluctance on the part of many union leaders to work with non-bargaining associations such as environmentalist NGOs, civil rights organizations, and worker advocacy groups. Union leaders commonly assume that the one best way to provide a voice for workers is through collective bargaining with employers (Maher 2013).

[8] For example, the United Steel Workers, a large but declining American union, engages in traditional collective bargaining, organizing and politics, yet it has formed an international alliance to promote environmentally safe manufacturing. It formed *Workers Uniting* with the British union *Unite the Union*, and subsequently joined in alliances with unions in steel, energy and minerals in Germany, Australia, Brazil and Mexico (Gerard 2013).

United States, as well as with workers faced with almost certain workplace tragedies like those recent ones in Bangladesh.

Some politicians will always try to perpetuate the myth of American workers being insulated by history or by government regulation from the globalization. This may attract votes, or even lure unions into thinking that simply imposing tariff or demolishing trade pacts can somehow demolish globalization. It will not encourage unions to be proactive. Rather they will remain sporadically reactive, campaigning against a trade pact here or there, or publicizing the latest outrage of globalization, and then waiting for the public reaction.

In a proactive, non-traditional union response to globalization, IFAs are imaginative and controversial. IFAs now attract critics because they lack clear legal standing, they are created from the top down, and they tend to be written in vague and grandiose terms. But they have only been around for about two decades and might still be in their embryonic stage. As a higher form of international coalition activities, IFAs still need to be refined and be strengthened. The attractiveness of IFAs to unions is that they cover not only the entire enterprise but also related entities (contractors and subcontractors) of that enterprise–something that traditional collective agreements cannot do; they are bilaterally negotiated agreements (the same cannot be said of company codes of conduct); they usually include internationally recognized labor standards; and they rely on the possibility of publicity for their enforcement. Effective IFAs must come with their own monitoring systems under which violations can be quickly identified and remedied. Through campaigns of adverse publicity, employers who violate IFAs can be made to pay a heavy price in terms of public embarrassment and consumer boycotts. IFAs can certainly make a difference for many workers and, most important, IFAs can acclimate American unions to work through coalitions and work proactively rather than defensively. But, as I emphasized earlier, signing IFAs does not preclude the traditional union roles. *What the unions must now do is represent workers at some plants of a company through collective bargaining and also work through coalitions to shape working conditions for company's other workers as well as those of their suppliers, and they have to do this internationally as well as nationally. One sphere of union activity must not detract from the other–both spheres of activity must be seen as important and entirely appropriate by members and officers.*

If unions are going to reverse their membership declines, certainly a Herculean but necessary task, there must be much more than a change in the law of organizing (the so-called labor law reform option) (Chaison 2006). Unions must broaden their appeals to attract the emerging workforce of the self-employed, the mobile, the professional, the part-time and temporary, and even the unemployed. They must be seen as morally worthy and virtuous, yet also effective as they bargain for unorganized workers. They must appear to be speaking forcefully not only for their own members but also equally for nonunion sweatshop workers in the United States and workers at the Tazreens and Rana Plazas around the world. They cannot devote themselves to exclusively defending their members' wages and jobs and still claim to be the voice of working families, even if those families live abroad. In other words, unions cannot inveigh against their members' deteriorating working conditions if it means turning a blind eye to conditions elsewhere, nor can the unions respond to poor working conditions worldwide with protectionist proclamations. The purpose of IFAs is to impose and improve work standards in other countries, up and down the supply chain, and in this way, they are far more expansive than traditional collective bargaining agreements. IFAs, we should recall from the second chapter, are not intended to construct barricades against the spread of work abroad but rather make that work fit to do.

Above all, globalization means that union officers and members must feel comfortable working through coalitions.[9] They will find that to deal with globalization, the boundaries of the labor movement must be redefined and expanded beyond union leaders, members, and labor activists to include such allies as environmentalists, economic development specialists, and workers' rights advocates (Ferus-Camelo 2007). Unions will be only one of many players in alliances (Rudikoff 2005). They cannot always be the lead organization, and so, union members must learn to value the missions of NGOs and they must be willing to let union leaders play a secondary role in coalition activities even when they think they know what is best to do.

Union leaders and members now must ask how globalization might change them, driving them into international coalitions with NGOs and GUFs that are beyond the boundaries of the American legal framework and the confines of traditional union activities. It remains to be seen whether those in America's unions are up to the task. Will they respond quickly and wisely and constructively, or will they be swept aside by the tide of globalization?

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