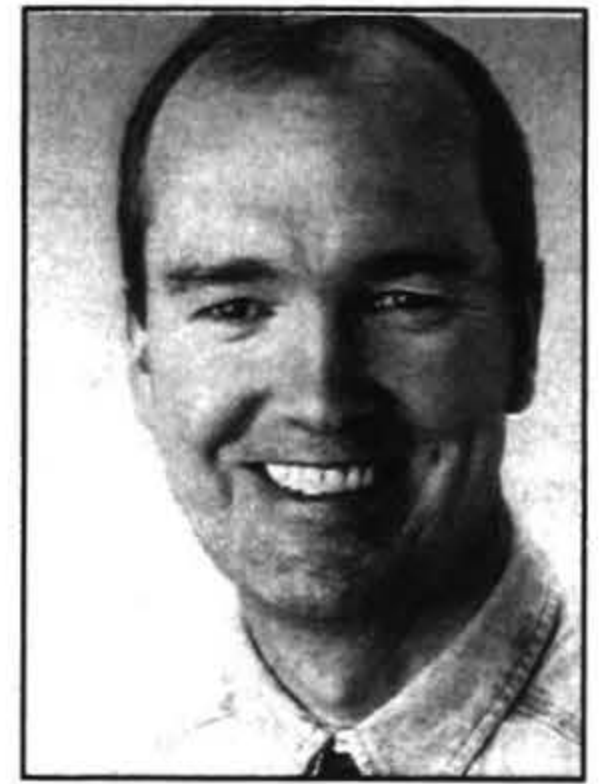




GLOBAL REGULATION AND LABOUR STRATEGY: THE CASE OF INTERNATIONAL LABOUR STANDARDS

Nigel Haworth and Stephen Hughes

*Department of International Business and Department
of Management and Employment Relations, The
University of Auckland*



Abstract

Internationalisation of capital grew rapidly in the post-war period, driven initially by US-based TNCs. International capitals were able to trade off production conditions in different economies against national regimes of regulation. Consequently, these regimes were increasingly subject to amendment in order to attract mobile investment. Such changes were particularly significant for local and national labour movements. Growing mobility of capital undermined the organisational and locational specificity of labour. Labour's response was to seek to internationalise collective bargaining in an attempt to impose an measure of international regulation on international capital. This response, first theorised in the 1960s, has generally failed. However, with the growth of international regulation of capital in recent years - for example, the WTO, proposed measures to control international investment, international production standards, the creation of powerful economic blocs prepared to place labour standards on the agenda (NAFTA, EU, APEC) - the possibility has arisen for labour to take advantage of international regulatory developments to press for the international imposition of core labour standards. Initiatives taken by the ICFTU-APRO in the Asian/South Pacific region illustrate this development. However, given the nature of contemporary international regulation, labour strategies in this area are not guaranteed success.

Is the international labour movement and, in particular, the international trade union movement able to mount an effective strategy against internationalised capital? This question in one form or another has been debated since the nineteenth century but took on a particular significance in the post Second World War period, when internationalisation of manufacturing, then service, capital grew apace. Since the early 1970s, when Levinson initiated the modern debate about international collective bargaining (Levinson 1972), theoretical work about the prospects for labour internationalism has grown in parallel with practical attempts to create successful organisational models for the international trade union movement. Broadly, these practical initiatives have enjoyed at best limited success. However, in recent years, the creation of the European Union (EU), the North American Free Trade Agreement (NAFTA) and, in the Asia Pacific region, Asia Pacific Economic Co-operation (APEC), has in conjunction with the growth of concern about international labour standards, suggested to the trade union movement some space for international manoeuvre. This paper focuses on the creation of this space, particularly in the context of APEC.

Once more unto the debate, dear friends...

Post-war internationalisation of capital is now accepted as a given in economic analysis. The size of MNCs, their geographical scope, the development of internationalised services, particularly in the financial sector, the perception of nation-state weakness in the face of internationalisation are well documented in a vast and growing literature. Support-

ing this literature is a second, analysing the replacement of Keynesian by neo-liberal policies from the 1970s onwards. This literature, coupled to a parallel management literature, focuses on the inevitability and desirability of internationalisation. The concept of globalisation has become a commonplace, although attempts to give it a degree of analytical precision have yet to succeed. Further supporting this outlook on the world is the erosion of Industrial Relations by the tides of Human Resource Management. Traditional focus on national bargaining systems is giving way to a homogenised and universal conceptualisation of job enrichment and enlargement in a non-unionised, unitary framework.

Trade unions have generally fared poorly in this new environment. Restructuring has eroded recruitment bases, management strategies have sought to replace collective bargaining with enterprise-based arrangements, public sector union strongholds have been assailed, changing employee demographics have contributed to union difficulties, the unions themselves have often been laggard in their development of responses, the development of international strategies has been a secondary concern to unions under assault, particularly when issues such as social dumping have arisen.

In the 1960s, however, things appeared somewhat differently. In his classic text - *International Trade Unionism* - Charles Levinson posed the question of an international trade union strategy to counteract the growing impact of MNCs. The heart of the strategy was the development of international collective bargaining. By extending bargaining with MNC subsidiaries in one country to integrated

negotiations around common themes involving multiple unions and many or all of an MNC's subsidiaries, the trade union movement's response to the internationalisation of capital would be logically achieved. Moreover, international collective bargaining would lead to a gradual equalisation of wages and conditions across the globe, eroding the ability of MNCs to move capital to low wage or unorganised economies and providing the international labour movement with further opportunities for growth.

Levinson argued that experience supported his arguments (Press 1984). Evidence was growing of international organisation of unions against MNCs and this provided a base for the development of full blown international collective bargaining. The extent to which this was true has been the subject of extensive debate (see Press for an overview). However, it is worth remembering the context in which Levinson was writing. His experience was based on union activities in the 1960s in a period when the Keynesian post-war accommodation was still firmly in place. National legislative regimes were still often supportive of trade unions rights and unions enjoyed some status in macroeconomic planning (by dint of association with the parties of labour and/or because of bargaining power). It was also a period when analyses of the MNCs were predicting ever-increasing concentration of MNC power and where limitations to the operation of international capital now recognised were less well understood. This potent combination of union status and power and the challenge of MNCs provided fertile ground for the assumption that objective conditions for international collective bargaining existed, an assumption rejected by, amongst others, Olle and Schoeller (1977). It also seemed obvious that a range of institutional responses to the internationalisation of capital existed, too. International trade union federations - the ICFTU, WFTU and WCL in particular - vied for international dominance. Regional federations such as the ETUC were emerging with strong regional agendas. The ITSs and other sectoral or industrial bodies were active, often on the basis of a century's experience. And, perhaps above all, rank-and-file organisation began to emerge in multi-plant companies - the Ford, Lucas and Massey Ferguson Combine Committees were examples of this in the UK, but similar bodies emerged in the US, the Netherlands, Germany and so on. Sometimes aided by organisations such as the Transnational Information Exchange (TIE), these rank-and-file committees sought to implement international collective bargaining on the basis of bottom-up actions, sometimes to the transparent discomfort of trade union officialdom.

Levinson's sanguine approach to the possibilities for international collective bargaining was challenged not only by empirical observation. In 1977, Olle and Schoeller launched a frontal attack on the basic premises upon which Levinson's argument was based. In a seminal piece, they put forward three key points. First, the idea that new objective conditions for trade union internationalism have emerged misunderstands and misrepresents a long tradition of such activity since the nineteenth century. The lessons of history are important to the endeavour to create international collective bargaining and should not be sidelined by the assertion of

new "objective" conditions in the post-war period. Second, Levinson's argument is economic reductionism, defining the relationships between international capital and labour solely in terms of the outcomes of collective bargaining. Consequently, trade union internationalism is presented as a simple analogue of the internationalisation of capital. Moreover, in the most telling argument:

There are (in Levinson) two central theses here: first, that an equalisation in the different national levels of reproduction of the workers minimises (competition between workers); and, secondly, that favourable conditions for such an equalisation ... are created by the multinational corporation (Olle and Schoeller, 1977, p 57).

Thirdly, Levinson's view of international trade unionism is syndicalist, that is, it eschews the need to combine economic with political internationalism.

Olle and Schoeller's key contribution lies in their second thesis. They reject the central theme of Levinson's analysis; that is, there is, they aver, no necessary reason why international solidarity between workers should emerge logically or necessarily from the responses to the internationalisation of capital. Taken together, their theses suggest that labour internationalism defined by narrow economism will founder on competition between different "fractions" of workers enjoying quite different conditions of production.

Haworth and Ramsay (1984) build on the challenge to Levinson begun by Olle and Schoeller by attempting to understand theoretically why there is no necessary reason for an effective international labour response to internationalised capital to emerge. They establish their argument initially in terms of observation of a variety of attempts to create effective challenges to MNC decision-making by unions. They move on to posit two types of argument why there might be a fundamental asymmetry between the logic of labour organisation and the logic of capital internationalisation. The first argument is couched in terms of value theory, the second in sociological theory. In value terms, argue Haworth and Ramsay, the international capitalist:

... will be concerned about both concrete and abstract aspects of production but can dispense with any particular set of workers as concrete/use values in favour of another particular set, providing that abstract labour as value-creating and homogeneous is open to appropriation. (Haworth and Ramsay 1984 p69).

In value theory terms, worker consciousness and hence, capacity to organise, is defined by experience as a use-value or commodity and the opposition thrown up individually and collectively against such a definition. Management, on the other hand, recognises the specificity of the commodity form of labour - hence the need for management - yet also perceives labour in its abstract, homogeneous, value-creating form. Thus, the generalisation of production across plants and national boundaries offers to management the opportunity to minimise the specific (concrete) and maximise the abstract form of labour, reducing the impact on

production of any particular group or collective of workers. Thus, in value theory terms, internationalisation permits the increased expropriation of surplus value and a parallel enervation of worker opposition in the labour process.

This argument may be couched in more sociological terms, argue Haworth and Ramsay. Worker organisation relies for its effectiveness on many characteristics, including a sense of identity, shared experience, common interests, often experienced within spatially-narrow confines such as workplaces and communities. These characteristics are dissipated as organisation moves away from these confines. The further away one moves from these traditional bases of experience and organisation, the more difficult it becomes to sustain the rationale for workers' organisations. Hence, it is hardly surprising that, in the epoch of the nation-state, effective worker organisations have found it difficult to operate beyond national boundaries. Similarly, the increasing internal 'distance' between grass roots membership of worker organisations and regional, national and international union leaderships should not surprise the observer.

Haworth and Ramsay extend this combined analysis to include interpretations of other factors which undermine effective organisation at a global level, including gender-based divisions of labour and the impact of neo-colonialism. Their conclusions not only bear out the arguments advanced by Olle and Schoeller but also provide a theoretical basis for the rejection of Levinson's thesis of international equalisation through international collective bargaining.

The line of argument from Olle and Schoeller through Haworth and Ramsay was justifiably interpreted as extremely pessimistic. Both contributions posed the question of a wider political internationalisation as the only way to overcome the weaknesses of a narrow labourist strategy. Understandably, trade union commentators were less than happy with this challenge to their role. In particular, unionists pointed to the flurry of activity around MNCs and FDI which emerged in the early 1970s as, perhaps a decade or more too late, national and international union movements came to grips with an internationalisation which took off in the late 1940s. Far too often this activity was prompted by a need to respond to international capital's actions. Plant closures, relocation of investment, conditions on further investment highlighted the substitutability of any particular workforce. The implications of capital mobility became clear as new investment opportunities grew beyond the traditional industrialised economies.

Yet, as this realisation dawned in the western industrialised nations, further challenges to the Levinson strategy, unimaginable in the late 1960s/early 1970s, were emerging.

Liberalisation, restructuring and the assault on labour

The general impact of liberalisation and restructuring across the industrialised economies need not be discussed in detail. Suffice it to note that, consequent on the oil shocks of the 1970s, a crisis of profitability with roots in the post-war

settlement engendered a milieu in which the Keynesian accommodation was displaced by neo-liberal commitment to deregulation, market freedom, support for increased international trade, a reduced role for government and a profound erosion of the welfare state. Central to deregulation in numerous economies has been the reform of bargaining systems, broadly conducted to achieve labour flexibility, recuperate managerial authority, increase productivity performance and increase international competitiveness. Trends within this agenda have included the balance shifting from national or sectoral bargaining (where they existed) to the enterprise, and, frequently, legislative intervention to limit collectivist distortion of the price of labour (that is, a reduction in the rights and privileges of trade unions).

Management strategy has also advanced on a number of fronts during this period. Two particular instances are relevant here. First, concepts of flatter organisational structures and more 'organic' systems of management were coupled with models of the firm's competitive advantage to provide more sophisticated ways of capitalising on international production opportunities. Management thinking, driven by necessity, innovated, even though the take-up of such innovation was not necessarily generalised. Second, the practice of collective bargaining - and its theoretical underpinnings in pluralist industrial relations analysis - was challenged by the internationalisation of Human Resource Management as both ideology and practice. Ideologically, HRM provided a unitarist rationale for the conduct of enterprise 'employee relations' whilst promoting an array of employment practices which restructured employment relations round management agendas. The development of management thinking paralleled the international challenges faced by management. For reasons noted above, trade unions were less well placed to develop innovative responses to internationalisation.

As a consequence of these changes, trade unions in the industrialised world approached the contemporary internationalised economic environment on the basis of declining union densities, myriad pressing domestic challenges, changing workforce demographics, innovating management and unresponsive governments. By the late 1980s, a picture emerged on a trade union movement substantially ill-prepared to respond to the internationalisation of capital and certainly unable to create a Levinson-like strategic response.

Another major international transformation - the collapse of the Soviet system - brought with it mixed blessings for the international trade union movement. Independent union movements arose in contexts where economic policy was generally driven by a neo-liberal agenda. Importantly, the Prague-based World Federation of Trade Unions (WFTU), at one time the International Confederation of Free Trade Unions' (ICFTU) only truly international competition, collapsed. Opinion broadly supports the view that this has allowed the ICFTU to act internationally more effectively, a point to which we return below.

A final contextual comment on relevant developments since the early 1970s relates to the emergence of new centres of

trade union organisation in newly-industrialising economies. When Levinson developed his thesis in the 1960s, trade unionism beyond the developed industrialised economies and the Soviet-Chinese bloc generally confronted the challenge of industrialisation. In Latin America, import substitution regimes since the 1930s continued the model of resource relocation from rural peasant production to agro-export and industrial production. Highly-politicised union movements emerged. Similarly, in Africa, the post-colonial period saw radical nationalist regimes attempt a similar industrialisation process with similar consequences in terms of unionisation. In the 1960s, Japanese modernisation was attracting attention, but Korean and Singaporean industrialisation was in its early stages and, more generally, the economic performance of the East Asian NICs was unheralded. In all three areas - Africa, Latin America and Asia - the trade union movement was subjected to affiliation pressure from both the ICFTU and the WFTU. In all three cases, traditional internationalisation had been in terms of raw material extraction and agro-exports rather than trade in manufactures.

By the 1990s, much has changed in the so-called Third World. In much of Africa south of the Sahara, development strategies have failed and the possibility of trade union growth has consequently been reduced. Even in cases, for example, such as Kenya, heralded as a successful integration into the international economy, growth has been at best modest. Modest growth has reduced the interest of international capital in much of Africa south of the Sahara. Latin America has seen a period of decline in the 1970s and 1980s, followed by an economic recovery in the 1990s, often as a result of draconian neo-liberal policies. Trade unions have suffered in both periods. Asia, of course, has seen a tremendous rate of economic expansion based on state-led industrialisation. Whilst the growth model has been predicated in part on modest wage levels, a combination of democratisation and labour organisation has thrown up independent union movements of some moment, particularly in Korea and Taiwan. Elsewhere, pressures for such a development burgeon. All East Asian economies have sought to increase their success in international markets; some have done so on a basis of collaboration with overseas capital (eg Singapore), others with less involvement with overseas capital (eg Taiwan). Thus, from a trade union perspective, Latin America and Asia are two regions which attract particular attention in terms of international solidarity issues.

Regulation, liberalisation and re-regulation

Mention was made previously of the impacts of neo-liberal deregulation on trade union activities since the late 1970s. An important feature of this deregulation has been the relationship between the nation-state, regulation and the neo-liberal agenda and the consequences of this relationship for internationalisation and the trade union movement. Neo-liberalism has promoted the view that the nation-state should refrain from intervention in economic policy (except where such intervention promotes competitive activity). Such abstention promotes the efficient management of resources in a market environment and long-term will be to the econo-

my's economic advantage. Thus, an equation is promoted as follows: minimal government intervention plus deregulation equals international competitiveness plus improved well-being. In the equation, internationalisation is a given which provides the context for welfare maximisation. By extension, if trade unions act as a major price distorting agency in domestic economies, they cumulatively act in similar manner in the internationalised economy. By further extension, a Levinson-like international equalisation on the basis of collective bargaining would be anathema, a view implicit in many of the neo-liberal commentaries on the contemporary labour standards debate.

However, the relationship between domestic deregulation, international competitiveness and internationalisation is complex. Domestic regulation has three possible elements within it - the imposition of the neo-liberal's 'rule of law', a protective element (as in health and safety and factory legislation) and an element required for the effective reproduction of capital. Often, any given regulatory process will contain all three elements. Each element comes about for different reasons.

Regulation as the imposition of the rule of law is a *sine qua non* for the protection of property rights and the functioning of the market. It emerges in parallel with the emergence of extended market relations and is the subject of constitutional and judicial amendment.

Regulation as protection derives from a mixture of processes, primarily emerging from social and political awareness of the perils of excess. Thus, for example, environmental protection derives from a moral and technical understanding of the breadth of adverse outcomes for all species which will follow environmental degradation. Protection of labour emerges in part from political philosophies which set store by the dignity of people and argue that minimum standards are a moral imperative.

From the point of view of capitalist accumulation, regulation also emerges as a precondition for the 'conditions of existence' of accumulation. Taking both functionalist and non-functionalist forms, this view of regulation argues that *Capital* requires domestic regulation of *capitals* in order that short-sighted, predatory actions by some capitals do not permanently damage the long-term interests of the capitalist system. Thus, for example, labour standards may be understood not simply as the effect of moral suasion. They are also, even primarily, a response to early industrial practices which threatened the continuing reproduction of adequate supplies of labour of the appropriate age and skill.

What happens when internationalisation takes off as it has since the Second World War? It is too simple to argue that internationalisation, coupled with post-1970s deregulation, undermines an effective regulatory framework. Rather, the issues become: what is the relationship between transformed domestic regulation and the international economy and to what extent does internationalisation call forth an equivalent *reregulation* at the international level?

To answer the first question briefly, it is clear that, whilst deregulation has gone on apace in many economies, internationalisation has not made the nation-state redundant. Domestic regulation continues in a transformed role, varying in content from economy to economy. In the senses of regulation as the rule of law and as the safeguard of capitalist accumulation, domestic regulation is still in place and, given the increasingly complex relationship between nation-state and internationalisation, is set to continue. In the case of regulation as protection, political and moral justifications have lost ground in the nation-state with the advent of neo-liberal individualism.

An international reregulation in response to internationalisation provides interesting ground for analysis. Of course, international regulation has been around for centuries - politically in terms of bilateral and multilateral treaties and agencies such as the League of Nations and the United Nations; economically in terms, for example, of Navigation Acts, pricing cartels, GATT and the World Trade Organisation; morally in terms, for example, of the Geneva Conventions and ILO conventions. However, in recent years, a more integrated international regulation has begun to emerge in response to economic internationalisation. Three examples illustrate this movement - environmental regulation, trade regulation under the WTO and regulation of foreign direct investment (FDI).

Environmental regulation moves at two levels - the global, as in, for example, the Law of the Sea, and the more specific as in the case of the recently promulgated ISO 14000. In the case of the latter, regulation as protection combines with regulation as necessary for Capital in the creation of environmental standards for production and distribution. What distinguishes ISO 14000 from other ISO categories is that it brings into the quality arena issues *outside* the immediate confines of production and distribution and requires production to respond appropriately to these issues. The expected widespread implementation of this standard provides a basis for substantial regulation of production-environment relationships internationally.

Trade regulation under the auspices of the WTO has moved beyond trade in commodities to include services and intellectual property issues. Thus, the Uruguay Round has extended the GATT's regulatory role. Furthermore, the signatories to the Marrakech agreement have accepted a powerful disciplinary regime designed to ensure adherence to WTO regulations (though the implications of such a regime for domestic USA politics have still to be worked through!).

Third, UNCTAD, in its 1996 World Investment Report, notes the expansion of internationalisation, its consequences for trade, the integrated international production systems which are now emerging and opportunities open to national economies rising from increased flows of FDI. The report concludes that international arrangements governing FDI need to "catch up with the market" and focuses on a range of bilateral and multilateral arrangements emerging to govern international investment flows. In the bilateral area, bilateral investment treaties totalled 1160 in June 1996, two-thirds of

which were concluded in the 1990-96 period. In the multilateral area, GATS, TRIPS and TRIMS are simply examples of measures which impinge on the actions of FDI. The report points to a convergence of rules adopted by individual countries and, implicitly, poses the prospect of an imminent multilateral framework for FDI. This issue is also at the centre of various EU and APEC discussions about international economic integration and has provoked the OECD into the preparation of a Multilateral Agreement on Investment.

These examples illustrate a growing international regulatory response to internationalisation, belated but now growing in scope. Two aspects of this development should be considered in particular. The first is the continuing significance of the nation-state in this process. Bilateral and multilateral processes form the basis of much of the 'neo-regulation' now emerging. In other words, nation-states are using international agreements to create regulatory environments unsustainable on the basis of the single nation. Regional blocs facilitate this process as we will see shortly.

Second, it is, of course, argued (as in the case of the WTO and the UNCTAD Report) that contemporary international regulation is about liberalising international economic relations in order to take advantage of the growth of world trade. Indeed, many critics of these international relationships base their critique on a functionalist argument about the WTO, APEC etc being simply agencies for the promotion of further liberalisation, much as the World Bank was portrayed in the 1970s and 1980s. However, if such neo-regulation consists of the elements noted above - the rule of law, protection and the underpinning of accumulation - the potential exists for outcomes to be more than simply functionally advantageous for Capital. The possibility exists for these conditions to become the site of political mobilisation and pressure. Indeed, such regulation carries with it a host of unanticipated consequences in terms of possible adjunct outcomes. So it is in the case of labour standards. In saying this, it must also be recognised that the perennial debate about the prospects for appropriating functional aspects of capitalist accumulation for alternative ends wages around this view of neo-regulation. As we indicate below in relation to the ICFTU, from an international union perspective, there may be little choice but to seek advantage in this way.

On regional blocs

Before moving to a discussion of the labour standards issue, a comment is required on the impact of regional blocs on the contemporary reregulation of the international economy. Regional blocs - based on multilateral commitments - are fertile grounds for the development of Transnational regulation. Furthermore, whilst their *raison d'être* may well be economic, the tendency exists for non-economic issues to impinge over time. Thus, for example, the Social Chapter of the EU Maastricht Treaty takes on board a range of factors beyond the economic. Similarly, the APEC agenda, whilst fixated on trade liberalisation, includes an economic development commitment which in turn opens up APEC debates to issues beyond the confines of trade. Political will to

constrain debate to the economic is also sorely stretched. Where trade policy is clearly one of a range of diplomatic weapons available to a nation, the tendency for linkage to appear is well established. Thus labour rights amendments have been added to statutes governing General System of Preferences (GSP) programmes operated by the US, and more latterly the EU, requiring some developing countries to observe certain labour rights in return for preferential trade treatment.

The NAFTA provides another case in point. It came into force in January 1994 after the Clinton administration had faced down a Republican-dominated House of Representatives. The Administration wished to fulfil a 1992 campaign promise for the inclusion of two side agreements to the NAFTA; one dealing with labour, the other with the environment. What transpired, at least in the case of the labour agreement, pleased no-one, least of all the US trade union movement which continued to mobilise against the NAFTA. The main concern of US labour, shared by their Canadian counterparts, was that the shifting tide of jobs and investment southward to Mexico would accelerate, leading to increasing job loss and a downward pressure on wages.

The argument for NAFTA underlines the now familiar case for free trade by supporting the proposal to eliminate all barriers to trade and investment by the year 2008. Critics argue that mainstream studies of NAFTA assume away the negative consequences of accelerating capital mobility which include job loss, the erosion of worker bargaining power and the generation of conflicting interests among organised workers in the different countries. For example, Canadian trade unions were more concerned than their US counterparts about the loss of national sovereignty which they argued would occur as a result of NAFTA (Adams and Singh 1996). While paradoxically, the *Confederación de Trabajadores de México* (Confederation of Mexican Workers or CTM), essentially the labour arm of the historically dominant *Partido Revolucionario Institucional* or PRI in Mexico, did not actively oppose the NAFTA but did oppose the labour side agreement. On the face of it at least the signing of the free trade agreement, which promised an estimated 600,000 new jobs, presented Mexican labour with few of the challenges confronting their counterparts in Canada and the US.

These and other concerns prompted the side agreement on labour, or the more accurate, North American Agreement on Labour Co-operation (NAALC). The agreement promotes 'guiding principles' subject to the domestic laws of the NAFTA signatories. These include freedom of association, the right to bargain collectively, the right to strike and the prohibition of forced labour. Altogether the agreement commits the signatories to the promotion of eleven basic principles. To administer the implementation of the NAALC a Commission for Labour Co-operation was set up, which included a Ministerial Council, comprising the Labour Secretary of each country, and an International Co-ordinating Secretariat, which acts as the administrative arm of the Commission. Unique to the NAALC, with no equivalent either in the environmental agreement or the EU Social

Chapter, is the National Administrative Office (NAO). The NAO establishes a unique mechanism whereby labour issues are addressed outside national jurisdictions by requiring each NAFTA country to constitute its own NAO to respond to complaints concerning labour practices arising in another NAFTA country.

Labour criticism of the NAALC has focused on three areas. First, the absence of common labour standards or any plan for gradual harmonisation among NAFTA parties of certain labour standards has attracted adverse comment. The agreement simply requires each signatory to enforce its own labour laws subject to its own national regime. Second, concerns are expressed about the different treatment given to the eleven basic principles wherein three fundamental rights - the right of association, the right to organise and bargain, and the right to strike - are subject only to review and consultation. The eight remaining principles - forced labour, child labour, minimum wage and hour standards, employment discrimination, equal pay for men and women, health and safety, workers' compensation for occupational injuries and illnesses and protection of migrant workers - are subject to evaluation and recommendations by an Evaluation Committee of Experts (ECE). Of these, only three - child labour, health and safety, and minimum wage and hour standards - can go forward to dispute resolution and possible sanctions (Herzstein, 1995). Thirdly, the processing of complaints through the NAALC can be complicated and time consuming. Once a complaint has been submitted it can take up to two years before sanctions can be imposed upon a country found to be in persistent violation of existing national labour standards, and only then if equivalent labour standards exist in the objecting country and if the complaint concerns the production of goods and services between NAFTA signatories.

A number of factors militate against trade union solidarity within the NAFTA. The first relates to the suspicion and distrust that has historically coloured relations between US and Mexican labour (see, for example, Spalding 1977). Low wages, the non-enforcement of labour standards, a passive and largely unorganised labour force and geographic proximity have been immensely attractive to US-based capital. Conversely the use of cheap immigrant labour in sectors of the US economy such as agriculture and textiles have led to tensions sometimes violent conflict. As a result concerns about job relocation to Mexico's maquila industries have been defined historically by mutual suspicion and distrust prompting periodic anti-Mexican drives among US labour rather than the development of an internationalisation strategy based upon solidarity with their Mexican counterparts.

The second relates to the post-war international strategy of the AFL/CIO. Traditionally based upon the principle that labour rights follow from a stable capitalist system, relations between the AFL/CIO and the CTM have done little to improve the standard of labour regulation governing Mexican workers, particularly within the maquila assembly plants. Concerns about the need for stable Government have overridden more grassroots issues concerning labour standards

and their enforcement. CTM reluctance to stray from PRI policies and frequent repression of independent labour activists deemed to be challenging those policies have not persuaded the AFL/CIO to seek accommodations with other unions or support more independent voices within the Mexican labour movement. Instead, international strategies have been based upon political stability rather than the pursuit of labour rights.

The third relates to the lack of a regional co-ordinating body along the lines of the ETUC in the European Community ((if the cold war political agendas of ORIT (*Organisacion Regional Interamericana del Trabajo*) are discounted)). The increasing influence of the ETUC in political as well as union circles has helped the co-ordination of labour responses to economic integration in the EU. ICFTU activities in the NAFTA region have traditionally focused upon Latin America and an extension of an AFL/CIO internationalism based upon the pursuit of labour rights through political stability. Attempts at co-ordinated responses to the NAFTA agenda have tended to be undermined by the tensions and influences outlined above, resulting in the proliferation of independent and nationally oriented labour strategies.

The NAFTA example serves to underline the argument posed by Olle and Schoeller (Op cit) and Haworth and Ramsay (Op cit) - the internationalisation of labour is not necessarily the logical response to the internationalisation of capital. NAFTA and the discordant responses of organised labour to its neo-liberal agenda provides a telling example of the complex political economy of labour internationalism.

Trade union strategies in an internationalised world

Trade unions faced a bleak environment in the 1990s, as outlined above. However, notwithstanding these adverse conditions, the emergence of the ICFTU as the single notable international voice for the trade union movement has been coupled with a growing sophistication in analysis and strategic understanding of internationalisation. In turn, this sophistication provides the basis for trade union intervention into the neo-regulation process.

The essential premise upon which ICFTU international strategy is founded is the yawning gap between the analysis informing the Copenhagen World Summit for Social Development and the core economic policies of the key players in the world economy. Copenhagen argued for policies which attacked growing international poverty, created jobs and sought to reduce the growing differentials between advantaged and disadvantaged regions. It argued that the only way forward to achieve these ends was an integrated policy combining national and regional economic strategies. In contrast, argue the ICFTU, the key players in the world economy - the industrialised nations, the IMF, the World Bank and the OECD - continue to support market liberalisation and its associated policy prescriptions. This package reproduces the conditions that Copenhagen sought to overturn and, simultaneously, reduces the political will for change by limiting the role of government to economic caretaker.

The ICFTU goes on to argue that the large corporates which now dominate FDI are firmly wedded through self-interest to the liberalisation strategy and provide powerful support to pro-liberalisation governments.

The ICFTU response to this monolithic view is twofold - strengthen the voice of the international union movement by a range of organisational developments (organising the informal sector, women and youth, building union strengths in developing and newly-industrialised economies, making the trade union voice heard on the international stage more loudly) and, second, strengthen the application of international labour standards. It is to the latter that we turn.

The ICFTU and international labour standards

The ICFTU has been a powerful voice in the contemporary debate around international labour standards. This debate took off around the Uruguay Round of the GATT and has continued in the ILO, WTO and the OECD as well as in the EU, NAFTA and, now, APEC (Haworth and Hughes 1996a and b).

The ICFTU supports an international Social Clause based on seven core ILO standards dealing with the abolition of forced labour (Conventions 29 and 105), freedom of association and collective bargaining (Conventions 87 and 89), prevention of discrimination in employment and equal pay for work of equal value (Conventions 100 and 111) and the minimum age for employment (Convention 138)(ICFTU 1996). These are core standards because they are, or should be, universal, not simply in the purlieu of the industrialised economies. The implementation of this Social Clause would protect union organisation and collective bargaining, outlaw forced and slave labour, seek to end discrimination in the labour market and end the commercial exploitation of children. Consequently, extreme forms of exploitation would be outlawed without depriving developing countries of their comparative advantage and, assert the ICFTU, international growth would be encouraged on the basis of 'a more balanced expansion of world trade and a smoother process of adjustment to changes in the global division of labour'. The ICFTU also sees the Social Clause as a means of disciplining TNC behaviour which is unacceptable.

Underpinning the ICFTU case is the belief that the WTO provides a ideal opportunity for the imposition of a Social Clause internationally. If trade liberalisation could be allied to a Social Clause, both patrolled by a WTO or WTO/ILO disciplinary process, nation-states and TNCs might be forced to adhere to core conventions as the price for trade advantages. But the ICFTU approach is not all 'stick'. Following Sengenberger, they see positive advantage emerging for the TNC from the application of the Social Clause. Improved application of technology, better skilled workers and cooperative labour relations would also follow from an international standards regime.

ICFTU -APRO and APEC

The operation of the ICFTU approach to the Social Clause is well observed in the context of APEC (ICFTU 1995). Founded in 1989, APEC today groups eighteen economies on the Pacific Rim in an informal relationship committed to trade liberalisation, trade facilitation and regional development. Adopting a philosophy of 'open regionalism', APEC chooses informal, non-binding means to bring together a sense of direction for its members. Its economic might is unquestionable given the inclusion of Japan and the US - it accounts for 46% of total world exports and 53% of world gross product.

Why is APEC important to the ICFTU? Obviously, the economic significance of the group is a significant factor. However, there are other reasons. First, there are members of APEC prepared to promote international labour standards, particularly the US. Second, there are important areas of trade union growth in APEC, particularly in the newly-industrialised economies of East Asia. Third, there are examples to be found in APEC of the extreme exploitation identified by the ICFTU as demanding international protection. Fourth, the region is the destination for large-scale FDI and is experiencing growing intra-regional FDI. Fifth, the PRC's liberalisation raises the question of working conditions in the 21st century's dominant economy. Sixth, important and powerful regional trade union organisations are able to organise around APEC (particularly the Japanese union movement). Seventh, APEC may well grow when the current moratorium on new membership expires. Vietnam, Russia, Pakistan, India, Peru and Colombia are some of the candidates pressing for future membership.

APEC operates at a number of levels - national leaders meetings, ministerial meetings, officials' meetings, and, importantly, a range of Working Groups, one of which is charged with Human Resource Development issues. This has been identified by APEC leaders as a critical area for regional development and numerous activities take place under the working group's auspices. The ICFTU argue that the working group has taken a narrow definition of its responsibilities, substantially ignoring social development issues and focusing primarily on flexibility matters. The ICFTU suggests that this narrow focus misses the advantages offered to economic growth of a fully-integrated social development approach.

In sum, the ICFTU view of APEC is that it is a major international bloc which could achieve its goals more effectively by taking on board the Social Clause and a broader interpretation of social development needs. A 1995 Melbourne meeting of the ICFTU put together a trade union strategy for APEC based on this view. The stated aim of the strategy is to support APEC's agenda for market internationalisation by establishing the benefits for all parties of improved working and living conditions. To this end, the ICFTU support the development of a comprehensive social dimension to APEC processes (rather than the current constrained vision), the creation of a work programme to address the problem of unemployment, clearer and stronger

protocols on investment (in line with the OECD's Multilateral Agreement on Investment), and arrangements for regular consultation with trade unions.

Interpreting the ICFTU Strategy

Strategically, the ICFTU has recognised that the regional blocs which have grown up in parallel with the EU provide an opportunity for the extension of labour rights in an otherwise generally hostile environment. As we have shown above, the EU and NAFTA in different ways have provided structures which may be extended into the Asia-Pacific region. The activities of the ETUC and its responses to the EU agenda provide an organising model for labour in other regions, while the NAFTA side-agreement, despite its criticisms, provides a model for countries concerned with issues of national sovereignty. A number of arguments support this strategy. First, there is the positive sum outcome argument - collaboration with trade unions will improve economic performance. This is not too far from an argument which poses positive sum relations between labour and capital as a necessary condition for sustainable capitalism. Second, there is a strong element of moral pressure in the strategy. Each incident of unacceptable behaviour by a TNC, each challenge to national sovereignty poses the question of appropriate political controls on international capital. Equally, the question of adherence to reasonable labour standards is posed.

There are a number of elements to this which we cover in depth elsewhere (see Haworth and Hughes, 1996a; 1996b; 1997c). However in the context of the present discussion a number of points can be made. First, the identification of a set of core labour standards constituting basic human rights implies the potential for a universal acceptance of these rights in the context of economic development. Such an acceptance will transcend cultural particularities. Consequently, domestic non-observance of these standards becomes an international issue. Second, the identification of these core standards poses the related question of enforcement. One outcome of the Social Clause debate has been the re-examination of regional enforcement structures of the type discussed above, and the rationale for their existence. This examination has prompted a sustained critique of international regulation, the functions of bodies such as the WTO and has provided a fertile ground for future initiatives by international labour.

Future research

The authors are currently engaged in research in the following (selected) areas, a) APEC and the implications for New Zealand. This is a collaborative, FORST funded, research project involving other academics at The University of Auckland. The project looks at the implications for New Zealand of APEC regional integration with specific reference to Human Resource Development, Migration and Environmental issues; b) Trade and International Labour Standards. This established work centres around the debate over the observance by countries of certain core labour standards in the context of multilateral trade agreements. The question

of regional initiatives has been of particular interest in formulating the research to date.

References

- Adams R & Singh P**, 1996 'Early Experience with NAFTA's Labour Side Accord' Brock University, May
- Haworth N & Hughes S** 1996a 'Trade Liberalisation and the ILO: Whither the Social Clause?' in R Fells & T Todd (Eds) *Current Research in Industrial Relations in Australia and New Zealand* AIRAANZ, Perth
- Haworth N & Hughes S** 1996b 'The Global Regulation of Labour and International Labour Standards: Theoretical and Policy Implications of the Social Clause' *Proceedings of the International Conference on Globalisation and Production*, University of Warwick, September
- Haworth N & Hughes S** 1997c Trade and International Labour Standards: Issues and Debates Over a Social Clause. *Journal of Industrial Relations*, June.
- Haworth N & Ramsay H** 1984 'Grasping the Nettle: Problems with Theory of International Trade Union Solidarity' in Waterman (1984)
- Herzstein R** 1995 'The Labor Co-operation Agreement among Mexico, Canada and the United States: Its Negotiation and Prospects' *US-Mexico Law Journal* 121
- ICFTU** 1995 *A Trade Union Perspective on the Asia Pacific Economic Co-operation Forum (APEC)* ICFTU-Asia Pacific Labour Network, Melbourne, September
- ICFTU** 1996 *The Global Market - Trade Unionism's Greatest Challenge* 16th World Congress of the ICFTU, Brussels
- Levinson C** 1972 *International Trade Unionism* George Allen and Unwin, London
- Olle W & Schoeller W** 1977 'World Market Competition and Restrictions upon International Trade Union Policies' *Capital and Class* 2:56-75
- Press M** 1984 'The Lost Vision: Trade Unions and Internationalism' In Waterman (1984)
- Spalding H** 1977 *Organised Labor in Latin America* Harper Torchbooks, New York
- UNCTAD** 1996 *World Investment Report 1996* UN, New York and Geneva
- Waterman P** (ed) 1984 *For a New Labour Internationalism* ILERI, The Hague

Authors

Nigel Haworth is Professor in the Department of International Business and Stephen Hughes is Senior Lecturer, Department of Management and Employment Relations, The School of Business and Economics, The University of Auckland, PO Box 92019, Auckland.