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Globalization and the Labour Movement

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REVIEW ESSAY / NOTE CRITIQUE

Globalization and the Labour Movement

Ingo Schmidt

Erne, Roland, *European Unions – Labor's Quest for a Transnational Democracy (*Ithaca and London: Cornell University Press 2008)

Bieler, Andreas, *The Struggle for a Social Europe – Trade Unions and EMU in Times of Global Restructuring (*Manchester and New York: Manchester University Press 2006)

Bieler, Andreas, Ingemar Lindberg, and Devan Pillay, eds., *Labour and the Challenges of Globalization – What Prospects for Transnational Solidarity?* (London, Ann Arbor: Pluto Press, and Scottsville, South Africa: University of KwaZulu Natal Press 2008)

In *The Communist Manifesto*, Marx and Engels claimed: "Though not in substance, yet in form, the struggle of the proletariat with the bourgeoisie is at first a national struggle. The proletariat of each country must, of course, first of all settle matters with its own bourgeoisie."[1] In 1848, when the Manifesto was published, this proposition was more based on theoretical speculation than on empirical research since labour movements in Europe and elsewhere in the world were still in their infancy and thus didn't provide much of a basis for any such thing as labour studies. Surprisingly enough, more than a century and a half later, the same proposition could be understood as an apt description of the development of labour movements around the world from the mid 19th century up until today. Most strategizing, organizing, and mobilizing within the world's labour movements has revolved around and still revolves around the nation state. International solidarity, which has been an important, though by no means universally shared, claim of these movements has largely translated into international cooperation among national organi-

1. Karl Marx and Friedrich Engels, *The Communist Manifesto* (New York 1998, originally published 1848), 22.

Ingo Schmidt, "Globalization and the Labour Movement," *Labour/Le Travail,* 64 (Fall 2009), 193–208.

zations. This is equally true for political organizations from the First to the Fourth International as for union federations who took part in the congresses of the Second International and later developed their own umbrella organizations from the post Word War I International Federation of Trade Unions (IFTU) to today's International Trade Union Confederation (ITUC) and World Federation of Trade Unions (WFTU).

Moreover, many labour movement organizations, though this is more true for parties than for unions, started out struggling against the state but were integrated into the state after World War II.[2] The result was a variety of welfare states in the First World, the substitution of independent labour movements by state socialist institutions in the Second World, and cross-class alliances that sought to use developmental states as a means for industrialization in the Third World.[3] State-centred labour movements in the Three Worlds were challenged by a resurgence of independent labour and other social struggles in the late 1960s and early 1970s;[4] in the 1980s they were thrown into severe crisis by the neoliberal offensive that hit the First and Third Worlds.[5] The implosion of state socialism in the Second World in the early 1990s, although it created the political conditions for the creation of new and independent labour organizations, left widely unorganized working classes behind.[6] The dissolution of institutional forms that mediated between individual workers and the state in each of the Three Worlds, along with dissolving borders between these worlds, confounded the order of discourse that had been developed along with the order of the Three Worlds after Word War II. In fact, the disintegration of the latter, which began in the 1980s and accelerated after the implosion of the Soviet Union, replaced the competing discourses on welfare states, actually existing socialism, and developmental states with an all-encompassing discourse on globalization. On the face of it, this discourse houses fairly different, even mutually exclusive, lines of thought. While some argue that fundamental changes in technology and the organization of work have led to a network society that, based on immaterial labour and computer communication, renders any attempt at state regulation obsolete,[7] the other end of the

2. Norman Birnbaum, *After* Progress – American Social Reform and European Socialism in the Twentieth Century (Oxford 2001); Donald Sassoon, One Hundred Years of Socialism – The West European Left in the Twentieth Century (New York 1996).

3. Samir Amin, *Re*-Reading the Postwar Period – An Intellectual Itinerary (New York 1994); Stephen Marglin and Juliet Schor, The Golden Age of Capitalism – Reinterpreting the Postwar Experience (Oxford 1991).

4. Angelika Ebbinghausen, ed., *Die Letzte Chance? 1968 in Osteuropa* (Hamburg 2008); Chris Harman, *The Fire Last Time – 1968 and After* (London 1998).

5. Ingo Schmidt, ed., *Spielarten des Neoliberalismus* (Hamburg 2008).

6. David Mandel, "Why Is There No Revolt? The Russian Working Class and Labour Movement," *Socialist Register* (2001), 171–196.

7. Manuel Castells, *The Rise of the Network Society* (Oxford 1996); Antonio Hardt and Michael

spectrum that demarcates the discourse on globalization claims that globalization is just a myth that masks the continuing role of the state in regulating the world economy.[8] Though the latter argument challenges the former fundamentally, both have a common point of reference and that is the question of whether states can regulate the activities of private economic actors.

Social classes have little room in this "States Against Markets"-view of the world.[9] Ongoing debate about the degree to which states have lost their regulatory capacities to the invisible hand of the world market[10] have created an intellectual white noise that drowns out the unacknowledged teleology of much of the globalization debate. Instead of critically revising previous fashions of state-centred thinking, according to which the integration of labour movements into the state apparatuses of the First, Second or Third World either dissolved working classes, or at least neutralized them as agents of change,[11] this recent debate builds on those older notions of a withering away of working classes. New Left hopes that increasing labour militancy in the late 1960s and early 1970s would signal the resurgence of working-class politics outside the confinements of state apparatuses[12] were soon overtaken by notions of new social movements[13] of which labour may, at best, be one among many others. This diversity of movements was eventually adopted into global civil society,[14] which is presented by some globalization theorists as the only conceivable alternative to the reign of global market forces.[15]

Around the edges of the globalization discourse, though, some dissident voices think, write, and speak about class. To be sure, these voices are either influenced by the dominant discourse on globalization or use it to distance themselves from existing currents, however small, that try to re-establish an alleged golden age of welfare or developmental capitalism or actually existing

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Negri, *Empire* (Cambridge 2000).

8. Paul Hirst and Grahame Thompson, *Globalization in Question* (Cambridge 1996).

9. Robert Boyer and Daniel Drache, eds., *States Against Markets – The Limits of Globalization* (London 1996).

10. David Held and Anthony McGrew, *The Global Transformations Reader – An Introduction to the Globalization Debate* (Cambridge 2003).

11. Herbert Marcuse, *One Dimensional Man* (Boston 1964).

12. Max Elbaum, *Revolution in the Air – Sixties Radicals Turn to Lenin, Mao and Che* (London 2002); Steve Wright, *Storming Heaven – Class Composition and Struggle in Italian Autonomous Marxism* (London 2002).

13. Enrique Larana *et al.*, *New Social Movements – From Ideology to Identity* (Philadelphia 1994).

14. Randall D. Germain, and Michael Kenny, *The Idea of Global Civil Society – Politics and Ethics in a Globalizing Era* (London 2005).

15. David Held, *Global Covenant – The Social Democratic Alternative to the Washington Consensus* (Cambridge 2004).

socialism. Some of these dissidents fundamentally challenge the globalization discourse by contesting the premise that globalization is a stage of development that follows a former state-centred era. Instead, they try to depict a history of global class formation and class struggle, which goes back to the very early days of capitalist world markets and industrialization[16] and was concealed by the state-centred discourses after World War II as much as the recent globalization discourse that seems ignorant of the historical record earlier than the creation of the International Monetary Fund, the World Trade Organization or the Internet. Others take a more pragmatic approach and seek inspiration for the revitalization of labour movements in the global social justice movements, including their corollary, a scattered local activism.[17] Yet another dissident voice uses the notion of regionalization, which is a subgenre within the globalization discourse, as its starting point. This notion accepts the general premise that the regulatory capacities of states are severely weakened by economic integration and/or the making of transnational blocs of power that transcend state borders but argues that this leads to regional economies instead of one global marketplace.[18]

Based on such empirical observations, labour studies scholars have developed a particular interest in Europe. Unlike the Asian and North American centres of regional economic integration, Europe has, through the European Union, developed a set of supranational institutions that have taken over many regulatory capacities from individual nation-states.[19] Though European governance largely focuses on the regulation of trade and finance, it is at least conceivable that individual welfare states in Europe will be transformed collectively into a supranational European Social Model that can stem the tide of economic globalization.[20] The claim that the European Union is an alternative to Anglo-Saxon free-marketeerism converges nicely with the marginalized

16. Aviva Chomsky, *Linked Labor Histories – New England, Colombia, and the Making of a Global Working Class* (Durham 2008); Peter Linebeaugh and Marcus Rediker, *The Many-Headed Hydra – Sailors, Slaves, Commoners, and the Hidden History of the Revolutionary Atlantic* (Boston 2000); Beverly Silver, *Forces of Labour – Workers' Movements and Globalization Since 1870* (Cambridge 2003); Marcel Van der Linden, *Workers of the World – Essays Towards a Global Labour History* (Leiden 2008).

17. Kate Bronfenbrenner, *Global Unions – Challenging Transnational Capital Through Cross-Border Campaigns* (Ithaca 2007); Jeffrey Harrod, Robert O'Brien, *Global Unions? Theory and Strategies of Organized Labour in the Global Political Economy* (London 2002); Ronaldo Munck, *Globalization and Labour – The New "Great Transformation"* (London 2002); Peter Waterman and Jane Willis, *Place, Space and the New Labour Internationalists* (Oxford 2001).

18. Peter J. Katzenstein, *A World of Regions – Asia and Europe in the American Imperium* (Ithaca 2005).

19. William D. Coleman and Geoffrey R.D. Underhill, *Regionalism and Global Economic Integration: Europe, Asia and the Americas* (London 1998).

20. Ingo Schmidt, "New Institutions, Old Ideas – The Passing Moment of the European Social Model," *Studies in Political Economy,* 84 (Fall 2009), 7–28.

traditions of European labour movements. Against this background, notions of a Social Europe are explored as a way forward towards a new labour internationalism. Of course, such consideration also includes the danger of reviving one kind of Eurocentrism or another, which had already been an impediment for internationalism in the past.[21]

Two of the books under review here, by Roland Erne and Andreas Bieler respectively, offer valuable insights into union efforts to complement the predominant current of market integration in Europe with a social dimension. The third book, by Andreas Bieler, Ingemar Lindberg, and Devan Pillay, puts the question of labour internationalism in the global context. The contributions to this edited volume address conflicts around a European Social Model. The more scattered attempts to connect local struggles with labour organizations that cross national borders not only give an impression of the diversity of labour movements from around the world, but also contribute to debates about whether the development of labour movements is a unique European phenomenon of the past, and possibly the future, one from which other parts of the world can gain little.

In *European Unions*, Roland Erne makes a connection between two challenges that European integration raised. One is the widely acknowledged democratic deficit of the European Union that is a result of the technocratic character of the integration process. The other is the combined neoliberal onslaught on trade unions and welfare states along with the shift of regulatory capacities from the nation-state to the EU level. Erne maintains that unions could possibly regain strength by building truly European labour organizations that would increasingly replace the rather insignificant cooperation among national organizations. By doing so, unions would also help to create a European public sphere that could help overcome EU's democratic deficit by providing spaces and mechanisms for the articulation of interests and resolution of conflicts. To develop this argument, Erne raises two questions: "First, has there emerged a European trade union movement that crosses national boundaries in response to the political and socioeconomic EU integration process? Second, to what extent and under which conditions do European trade unions contribute to the making of a more democratic EU?" (1). To answer these questions, he develops a theoretical framework in the first part of the book which describes the different strategies that unions can pursue with regard to European integration. To test these ideas against reality, the second and third parts of the book present case studies on wage bargaining and union responses to cross-border mergers of companies.

Erne characterizes the current state of European integration as technocratic. Unions are, though in a subordinate position, part of this EU technocracy through their lobbying and partial incorporation in the policy-making process on the EU level. At the same time, and as a result of the subordinate role unions

21. Samir Amin, *Eurocentrism* (New York 1989).

play within the institutional framework of the EU, they persistently consider a re-nationalization of their activity, hoping they may regain some of the influence they once had in policy-making on the state level. Erne is critical about such a strategy. He warns: "A national competition-state would replace the social-democratic welfare state." (3) One might actually go further by saying that such states already exist and that the EU, technocratic in style, neoliberal in substance, has significantly contributed to the transformation of welfare states into competition-states. Be that as it may, Erne seeks to explore an alternative both to the re-nationalization of union activities and to union integration in EU technocracy. On this point, he argues, EU's political structure should have elements of a confederation, represented by inter-governmental practices and treaties, and a federation, represented by its parliament. The problem with the current EU parliament is that it lacks legitimacy compared to the national parliaments of EU member states. People across the EU, to varying degrees, are as sceptical about the European Parliament as they are about other EU institutions. Thus, further shifts of competencies from member states to the European level would exacerbate the EU's already existing crisis of legitimacy. Whereas some EU scholarship suggests that efficient outcomes of European integration, however these are to be defined, suffice to legitimize this process, Erne follows Jürgen Habermas in advocating a Europe of citizens that would, step by step, replace the actually existing Europe of nations: "Democratic citizenship need not be rooted in the national identity of a people. However, regardless of the diversity of different cultural forms of life, it does require that every citizen be socialized into a common political culture" (17). He recognizes that "despite its internationalist ideology, organized labor is strongly linked to the nation-state" (26) but maintains that unions could play a crucial role in the making of a Europe of citizens. To assess their possibilities in this regard, he briefly discusses the conditions under which European unions can engage in workplace and political mobilizations on the EU level.

Workplace mobilizations across Europe are, relative to union activity within individual nation-states, complicated by the prevailing institutional and legal diversity across EU member states. The legal anchor that transcends this diversity is the European Works Council (EWC) Directive, which regulates the representation of workers in companies that operate in at least two EU member states and employ at least 1000 workers. Although these works councils can create labour networks around which European unionism could develop, they also present the dangers of labour-management coalition within big companies that would exclude workers in small firms from EU-level representation. Independent political mobilization on this level lacks sufficient financial and organizational resources. The European Trade Union Congress (ETUC) depends on money from the European Commission and is thus more part of EU's institutional framework than an autonomous representation of European workers. At this point, one might assume, European unions are still a pretty weak agent of Euro-democratization. Erne's analysis of European

wage bargaining and union reactions to cross-border mergers in parts two and three of his book confirms this guess.

Long-established systems of national wage bargaining were greatly impacted by the European Monetary Union (EMU), which was in the making since the 1992 Treaty of Maastricht and came into effect in 1999. Not only did the EMU impose austerity and anti-inflationary measures onto member states' economies that companies readily translated into downward pressure on wages; it also put an end to exchange rate fluctuations as a means to adjust cross-country differentials in unit labour costs. These changes in the political economy of the EU were meant to weaken unions' bargaining power on the national level by either decentralization or a competitive corporatism, in which wage moderation would become a means of achieving international competitiveness. Erne shows that most European unions stuck to the institutional forms of corporatist wage bargaining but, willingly or unwillingly, moved from sharing productivity gains with capital owners to wage concessions. A comparison of bargaining outcomes across European countries shows that wage moderation has gone farther in countries that adopted competitive bargaining than in those that moved more towards a decentralization of bargaining systems. However, the latter group saw increasing wage dispersion whereas such a development could largely be contained under the reign of corporatism. Erne then looks at attempts to transpose national corporatism to the EU level. Furthest reaching among these is the Doorn-initiative, named after the Dutch town where it was launched in 1998, that aimed at wage increases equal to inflation and productivity gains in the participating countries: Germany, Belgium, the Netherlands, and Luxemburg. This formula, if applied successfully, would preclude the use of wage bargaining as a means for beggar-thy-neighbour policies. In 2000, the ETUC adopted the same formula as a guideline for its national affiliates. However, as the empirical analysis of wage bargaining in the preceding chapter has shown, this was a proclamation that was, and still is, out of touch with reality. Thus, it fits into the symbolic corporatism that developed along with EMU. Unlike the rules for fiscal and monetary policies, which are part of EU's neoliberal constitutionalism, the social dialogue between European employers' associations and unions cannot produce binding agreements on any issue and explicitly excludes wage setting from its agenda. Attempts to move towards a more substantial Euro-corporatism in the 1970s were effectively undermined by the adoption of monetarist policies by a number of EU member states in the latter part of the decade.

A closer look at political and economic developments in Germany, France, and Italy shows some of the difficulties in building the corporatist institutions that would be necessary to apply the Doorn initiative's formula for wage bargaining. A few examples have to suffice here to illustrate this point. Severe cutbacks in unemployment benefits undermined German unions' capacities for pattern bargaining beginning in the early 2000s. As a result, they could be pushed into wage concessions that, thanks to simultaneous productivity

growth, gave German exporters a cost advantage over their European competitors. Though the development of wage bargaining in Germany was completely at odds with the idea of the Doorn initiative, it met little, if any, criticism from unions on the EU level, namely the ETUC and the European Metalworkers Federation (EMF), in which the German affiliates play a dominant role.

Wage development in France, on the other hand, accepted the Doorn formula for quite a while. However, this was not the result of a concerted effort of French unions to contribute to a European corporatism. It happened by chance because of an unexpected productivity slowdown that occurred after wage increases had already been negotiated. Moreover, a growing fragmentation of union organizing in France and Italy made it increasingly difficult to negotiate wages on the national level that could have met the European requirements of the Doorn initiative. However, not only the diversity of economic and political factors on the national level impedes the making of a coherent Euro-corporatism. Erne also points out that the very idea of coordinated wage policies fits nicely in Euro-Keynesian designs that many union think tanks present as an alternative to Euro-neoliberalism. It also justifies the technocratic character of the latter. Technocracy, though, makes it all but impossible to mobilize union members to engage in the struggles that would be required to achieve such a Euro-Keynesianism.

Aggregate data such as Erne used to analyze the outcome of wage bargaining in the EU can't be used as an indicator of union power with regard to company mergers. In this case, aggregate data clearly shows that European integration has gone hand in hand with the concentration and centralization of European capital. However, this finding on the macroeconomic level doesn't say anything about the role that unions played in this process. To shed light on this latter question, Erne chose two case studies of union reactions to cross-border mergers within the EU. The first is the 1999 merger between the energy and rail transport companies ABB and Alstom that was quickly followed by a complete takeover of ABB by Alstom. Although the EWC directive stipulates consultation with workers' representatives in this case, neither EWC in the two companies was consulted in the planning phase of the merger/takeover. After the fact, a seminar was organized that brought together labour representatives from 11 countries in which ABB-Alstom were operating at the time. This seminar in Mannheim, Germany, suggested either national demonstrations or a European Day of Action against lay-offs that were expected from the merger/takeover. Eventually, ABB-Alstom managers met with labour representatives, and announced mass layoffs the day after the meeting. The intent was to slash the workforce by 19 per cent. Thanks to the contacts that were made at the Mannheim seminar and the outrage that ABB-Alstom's announcement caused, 2000 workers could be mobilized for a demonstration in Brussels, the domicile of the European Commission (EC), in April 2000. However, since there were no follow-up mobilizations on the EU level, the struggle against layoffs shifted to the national level. Mobilizations and negotiations in France

and Germany succeeded at least in reducing the number of layoffs than were originally planned in these two countries. On the other hand, more workers than planned were laid off in Britain, where national labour law restricts the representation of workers more than in France and Germany. The beginnings of European solidarity were short-lived in this case. The same is true for the success of technocratic consultations between labour representatives and managers from the aluminium makers Alcan and Pechinery. At first, these consultations, which were not supported by any rank-and-file mobilization, could prevent a merger, which certainly would have led to layoffs, because it didn't fit into the ECS competition policy at the time. Once these policies changed, though, the merger went through without any resistance from the rank and file or their representatives.

Erne concludes from his empirical investigations of wage bargaining and company mergers that economic integration does not automatically lead to transnational union activity. This is more likely to happen if there are "statutory supranational institutions, such as the EU or the EWCS, as a catalyst and framework for transnational union action." (191) Whether a strategy of Europeanization of unions is actually adopted or not is a question of choice and not of economic or political conditions that frame union activity.

Andreas Bieler's *Struggle for a Social Europe* partially overlaps with Erne's *European Unions* as it considers the impact of EMU on the trade union movement. While Erne is more concerned with the political question of the making of a European public and the chances for democratization of the EU, Bieler is more interested in the ways which economic integration fosters or stalls the Europeanization of unions and whether such Europeanization, where it is actually applied, contributes to the shift from a neoliberal to a social Europe. More particularly, he makes two propositions: first, the more unions are exposed to global competition, the more likely they are to support EMU as a means of strengthening the transnational sector in which they are operating. Conversely, unions that organize workers in the domestic sector of the economy are more likely to reject EMU because European economic integration undermines policy-making capacities on the national level that are crucial for these unions. The second proposition suggests that unions that already were weakened in the domestic economy are more likely to support EMU and other aspects of European integration than unions that remain influential players on the national level. In the first chapters of his book, Bieler gives a brief survey over West European integration since World War II and develops a neo-Gramscian framework to analyze the complementary shifts from Keynesianism to neoliberalism and from national to transnational modes of regulation. The empirical part of the book, based on interviews with union staffers and a wide variety of union publications from Austria, Britain, France, Germany, and Sweden, looks at the positions that different unions have taken on EMU. The concluding chapter not only summarizes the findings from previous chapters but also sketches out Bieler's view on social Europe.

Bieler's theoretical starting point, as in much of the neo-Gramscian literature, is the "transnationalization of production," (27) which turns on not only the companies that drive this process but also, at least potentially, unions that organize their workers into transnational actors. In this regard, he goes so far as to suggest that the "split between national and international labour," (34) which mirrors the distinction between domestic firms and transnational corporations, is more significant than the divisions between different kinds of workers, e.g. blue-collar and white-collar, or the functional differentiation between productive capital, money capital, and commercial capital. This assertion leads him to suggest "that transnational social forces of capital and labour, the production process of which is organized across national borders, are more likely to be in favour of an open economy than national fractions of capital and labour" (38).

Union federations in the five countries that Bieler examines are mostly in favour of EMU. Only in France, two of the three federations, Confédération Générale du Travail (CGT) and Force Ouvriere (FO), are opposed to EMU because of its neoliberal underpinnings. By contrast, the Confédération Française Démocratique du Travail (CFDT), whose base is more among professional employees than ordinary workers, supports EMU. It must be noted, though, that the reasons for support vary considerably across countries and have also changed over time. The British Trade Union Congress (TUC), for example, clung to a strategy of industrial policies focused on the nation-state and thus saw EMU originally as a detriment to its preferred economic policies. As years passed under the reign of Thatcher, EMU was increasingly seen as the lesser evil by the TUC. On the other hand, the German union federation, Deutscher Gewerkschaftsbund (DGB), supported EMU from the beginning, viewing monetary union as a way to get around appreciations of the Deutsch-mark that could harm export industries, Germany's engine of growth, and a key bastion of industrial unionism. The situation in small EU member states is different again, as the Swedish case shows quite clearly. Sweden's Landsorganisationen (LO) gave up its original opposition to EMU because it feared that the Swedish economy would be increasingly isolated and prone to currency speculation and crisis if it stayed outside the Euro-club. Union federations, of course, organize workers from all kinds of industries. Therefore, Bieler's differentiation between "national and international labour" is not applicable to them. To test his key hypothesis that unions in the transnational sector of the economy are more open to European integration, Bieler also looks at unions that operate in this sector. He names a few, mostly in export-oriented industries such as metalworking and chemicals, and also finds that they express more support for EMU than unions that are largely based on domestic industries.

However, the theoretical differentiation between transnational and domestic economies, and thus between international and national labour, seems to be rather artificial because even export-oriented industries sell a significant share of their output in domestic markets. Moreover, individual industrial and

craft unions organize workers both in primarily export-oriented and primarily domestic-oriented sectors of the economy. Finally, the theoretical focus on the transnationalization of capital obstructs consideration of labour immigration, which is, albeit in rather different ways, an equally important factor of economic integration. Bieler is definitely interested in the "transnational social forces of labour." By this, however, he doesn't mean immigrant labour and its impact on the composition of working classes but EU-level organizations such as the ETUC and European Industry Federations (EIFs). Not surprisingly, these organizations, which are a subordinated part of the institutional machine that is the EU, are much more in favour of EMU than any of the national union organizations.

Bieler recognizes that the ETUC and EIFs are much too weak, and also too much part of the EU institutions and their neoliberal politics, to push for a social Europe successfully. At the same time, national unions, even after decades of the neoliberal rollback of workers' rights and social standards, still have more clout than EU-level organizations. Unfortunately their forces remain largely isolated within individual member states because their coordination through the ETUC and the EIFs is insufficient. Bieler concludes his book by outlining an European alternative around which unions could rally to transform neoliberal Europe into a social Europe. As a starting point he suggests a "growth and employment oriented macroeconomic policy mix," (209) but also sees the need to supplement this technocratic Euro-Keynesian approach with "economic democracy" (211). As an alternative, or at least as complementary factor, to the integration of European unions, especially those operating on the EU level, into EU's institutional framework, he suggests intensified collaboration with other social movements, particularly the European Social Forum (ESF).

Much broader in scope than the other two books under review here is *Labour and the Challenges of Globalization*, in which, according to its subtitle, the editors Andreas Bieler, Ingemar Lindberg, and Devan Pillay, as well as their contributors seek to explore the "prospects for transnational solidarity." Since one of the editors is also the author of *The Struggle for a Social Europe*, it is not a big surprise that the editors sketch out in their introduction a neo-Gramscian analysis which claims that over the last 30 years or so a transnational historical bloc has emerged that pursues neoliberal policies, based on the transnationalization of production. Against this background, they seek to explore the "possibilities of a revival of working-class internationalism" (1). This introduction, which also includes empirical data on inequality, unemployment, and the rising rate of informal employment, particularly though by no means exclusively in poor countries, is followed by twelve case studies on countries or regions from around the world. Given this fairly significant number, it is striking that none of them looks at the former Second World, though there can be no doubt that globalization, however understood, received a substantial boost from the collapse of state socialism in Eastern

Europe. Equally striking is the range of aspects that the authors of individual case studies are focusing on. Partially this certainly reflects the diverse world of labour that can be found in a globalized economy. However, the understanding of these worlds would have been enhanced if individual contributions had, at least to some extent, applied a common theoretical framework. Since this didn't happen, the book represents more of a kaleidoscope of labour in different parts of the world than an analysis of an emergent transnational working class. To be fair, this may simply reflect the state of the making, and thinking about, such a class. At least the three final chapters of the book explicitly address the problem of strategizing for European and global working classes, respectively.

It also seems possible to identify three recurrent themes that run through the case studies of the Bieler, Lindberg, and Pillay book. The first emphsizes the ambiguous effects of the democratization that was achieved in Argentina, Brazil, South Africa, and South Korea after the mid-1980s. Labour movements in these countries were, to varying degrees, one factor that made these developments possible. Most notable in this respect is certainly the support that the Congress of South African Trade Unions (COSATU) gave to the liberation struggle against apartheid. This involvement also raised the hopes for the improvement of working and living conditions. These hopes were crushed or at least frustrated by different combinations of financial crisis, neoliberal policies that were imposed by the International Monetary Fund (IMF), and the subordination of labour-backed political parties to neoliberalism. The best known examples for this latter phenomenon are the African National Congress (ANC) in South Africa and the Workers Party in Brazil, both of which claim that they contain the pressures to apply a fully-fledged neoliberal program while having in practice made concessions in this regard that have caused a lot of frustration among their followers and voters.

The second recurrent theme in *Labour and the Challenges of Globalization* is the dramatic increase of informal employment in poor countries, illustrated by the cases of Africa, Brazil, and India in the book. For example, only 10 per cent of India's population work in the formal sector, 40 per cent qualify as working poor, and 50 per cent are illiterate. It doesn't come as a surprise that unions in the formal sector play only a marginal role under such conditions and were not able to stop the change from tripartite involvement with employers and the state to highly decentralized company unions. Examples from Africa, where developmental states and tripartism never gained much ground, illustrate possible ways, but also difficulties, to organize informal sector workers in poor countries. What becomes particularly clear from these examples is that the immediate concerns of workers in the informal economy are very different from those in formal employment relationships. With a majority of informal sector workers being self-employed street vendors, negotiations about wages, hours, and working conditions are largely replaced by conflicts with state authorities about the creation of, and access to, public spaces. The examples

in the chapter on Africa also show that it is very difficult to reach out beyond local communities although a fair number of informal sector workers are part of transnational supply chains and thus could greatly benefit from organizing efforts across borders.

The third theme is industrial restructuring and its negative impact on union representation in rich countries. Case studies on Japan and Sweden show that financial crises were not only instrumental in promoting neoliberalism in emerging economies such as Argentina and Brazil but also in some rich countries. The chapters on Canada and Germany show some of organized labour's reactions to the neoliberal offensive. While Canada has seen a series of union mergers that blurred the lines of industrial unions, and thus made effective representation of the interests of workers in a particular industry more difficult, German unions very cautiously made some contact with the global social justice movement. At least so far, neither of these reactions has been able to reverse the decline of union organizing and bargaining power.

The last three chapters of Bieler *et al.* explicitly address approaches and ideas for organizing workers across borders. The most concrete among these is the one on Europe. Though, as is also obvious from Bieler's *Social Struggle for a Social Europe*, unions on the EU level are significantly weaker than they are on the national level, there is at least something like an EU-wide union structure that could potentially be strengthened and used to either try to build a European social partnership with employers or to engage in a European social movement unionism. The same options, though on an even more insignificant scale, were tried by the International Confederation of Free Trade Unions (ICFTU), which is now the International Trade Union Confederation (ITUC), after the Cold War as the chapter on international union federations shows. However, with a lack of legal enforcement on the international level, voluntary social partnership agreements with transnational corporations were hardly more than declarations of intent. This weakness notwithstanding, the ICFTU sought to take its social partnership approach to the global social justice movement, which, due to the latter's widespread ignorance regarding labour, proved unwilling to be an ally. Against the bleak state of actually existing labour internationalism, the editors outline some ideas around which a more vibrant and powerful internationalism might be built in the future. Key to any such effort, they suggest, "it is necessary to develop responses that address the situation of both the more privileged segments of the working class and the impoverished ones. It is also necessary to link responses by urban workers with the strategies of rural proletariats, within the spheres of both production and consumption" (266).

The proposition to build labour movements that comprise both more privileged workers and the working poor and also to link organizational efforts and struggles of urban workers with rural proletariats, if realized, would certainly be a huge step forward for workers from around the world. Arguably, the lasting decline of labour movements in rich and poor countries indicates

very clearly that organizational and strategic capacities were, and still are, insufficient to stop the offensive of capital, neoliberal governments, and international organizations against the workers of the world. Since the latter never responded as workers of the world, they were pushed back or beaten in different sectors, occupations, or countries. The result is a far-reaching unmaking of working classes that were largely organized by unions on a national level and politically represented by workers' parties of different stripes. The three books under review here illustrate that the process of remaking is theoretically, as much as practically, still in its early beginnings. This is most obvious with respect to Europe, where the contrast between union structures that actually exist on a supranational level and their material outcomes is particularly strong. Though, it is certainly true that the EU, even in its current neoliberal design, has brought about a set of institutions that could potentially be transformed into a social model that would transpose much of the regulatory capacities from still existing welfare states to the EU level. If one also takes into account that most of these welfare states withstood the neoliberal offensive much better than their Anglo-Saxon counterparts did, it is no surprise that many activists, leaders, and scholars in the labour movement consider social Europe as an alternative to the unfettered market economies of the Anglo-Saxon countries.[22] However, it should not be forgotten that the variety of capitalism-literature,[23] which frames much of these debates, focuses exclusively on rich countries and neglects the international division of labour and the centre-periphery relations that are inscribed in the current state of this division. Thus, the normative debate about the virtues of the European Social Model has either nothing to offer to poor countries or maintains, at least implicitly, the baggage of modernization theories, according to which rich countries set the standards to which poor countries could catch up if only they implement the institutions and politics of rich countries. It should not be forgotten that modernization, understood as following the example of rich countries, didn't take workers very far in the developmental states of the post-war period and even less far under the reign of neoliberalism. Another problem with the intellectual framework set up by the varieties-of-capitalism literature is its focus on institutions. Illuminating as this might be, instead of exploring possible ways to organize and mobilize transnational labour movements, this discourse compares the efficiency of already existing institutional settings in terms of productivity growth and income distribution. This is a framework that, at best, seeks to reconcile capital's quest for productivity and profit growth with labour's quest for a fair distribution of incomes. It was an appropriate expression of the class compromises that were the social under-

22. Jonas Pontusson, *Inequality and Prosperity – Social Europe vs. Liberal America* (Ithaca 2005).

23. Peter A. Hall and David Soskice, eds., *Varieties of Capitalism* (Oxford 2001); Vivien A. Schmidt, *The Futures of European Capitalism* (Oxford 2002).

pinnings of welfare states in rich countries and developmental states in poor countries after World War II. However, these compromises and the idea to reconcile economic efficiency and social justice were always vulnerable to the neoliberal claims that there is an inescapable trade-off between efficiency and equity.[24] Any revitalization of labour will benefit from a more critical analysis of the conceptual and historical shortcomings of labour movements aiming at integration into rich countries' state apparatuses.

To be sure, none of the books under review here really belongs to the variety-of- capitalism literature. In the second chapter of his *Struggle for a Social Europe*, Bieler explicitly criticizes this approach for its state-centrism and proposes instead neo-Gramscian notions of the transnationalization of production, social relations, and the state as an alternative. However, he and his collaborators in *Labour and the Challenges of Globalization* are often ambiguous regarding their arguments on nation-states and processes of transnationalization. On the one hand, they take issue with the mainstream in the globalization literature and its claims that states are remnants from the era of welfare and developmental states, doomed in a new era of economic globalization. Instead, argue Bieler *et al.*, they are actually the driving forces of transnationalization. They also argue against the neglect of international relations in the comparative analyses of the varieties-of-capitalism literature that treats nation-states and their economies as entities that are exposed, each in isolation from any other, to the anonymous forces of globalization. On the other hand, discussing alternatives, they tend to fall back on notions of a European Social Model that can be understood as a regional, instead of a national, variety of capitalism. Arguing for a Social Europe, they neglect the relations between this economic and political region and other regions in the same way the state-centric varieties-of- capitalism literature neglects such relations between nation-states. The same is true for Erne's *European Unions*, whose claim for the democratization of EU is based on Habermas' ideas of a post-national constellation.[25] By all means, the ideas of a European pubic sphere, identity, and citizenship are credible alternatives to a Europe that mixes free-marketeerism with competing national identities. However, they don't take the international division of labour into consideration. This positions Europe in the world economy in such a way that it opens certain political options that are not available to countries or regions in a different, particularly lower, position in this hierarchy. It's fair to say, therefore, that Habermas' and Erne's visions of a European democracy are, just as the idea of a social Europe, versions of national varieties of capitalism transposed to a regional level. The difficulties of transcending the dichotomy between the neoliberal discourse on free markets and the state-centred discourse on varieties of capitalism are also obvious from the neo-Gramscian analysis that

24. Arthur Okun, *Equality and Efficiency – The Big Tradeoff* (Washington, DC 1975).

25. Jurgen Habermas, *The Postnational Constellation* (Massachusetts 2001).

Bieler and Bieler, Lindberg, and Pillay suggest as an alternative way of thinking about economic activity and political regulation from the local through the national to the international level. This approach convincingly shows how capital factions in many countries developed a political project that would change the previously existing international division of labour, particularly through international investments and the subsequent development of international supply chains, and transform Keynesian welfare states into neoliberal states. It does not follow from this analysis, though, why this process in some cases brings about global institutions, such as the World Trade Organization, and in other cases regional institutions such as those of the EU. From a labour studies perspective, this is a serious weakness in terms of strategizing because it doesn't give any hint how global, regional, national, and local struggles can be linked in such a way that they mutually reinforce each other. Moreover, transnationalization is presented as a linear process driven by an emergent transnational capitalist class that uses neoliberal ideology to produce the consent of the subordinated classes. It is difficult to conceptualize the remaking of working classes as agents of change from such a perspective. Applying the most basic premise of Marx's and Engels' thinking, according to which "the history of all hitherto existing society is the history of class struggle,"[26] to the analysis of actually occurring labour struggles might be helpful in trying to discover workers' capacities as subjects instead of objects subordinated to the seemingly anonymous forces of capital.

26. Marx and Engels, *The Communist Manifesto*, 2.