# WORLD MARKET COMPETITION AND RESTRICTIONS UPON INTERNATIONAL TRADE-UNION POLICIES

## Werner Olle Wolfgang Schoeller

Translated by Robin Mann

#### INTRODUCTION

The discussion within the trade unions of multinational corporations, starting in the U.S.A. at the beginning of the 50's and taken up by the unions in Western Europe since the mid 60's, has — at least in the short term — led to a somewhat euphoric evaluation of the opportunities for trade-union internationalisation. Such euphoria is attributable to the assumption that the process of 'internationalisation of capital' within the framework of the multinational corporations has, for the first time in the history of capitalism, provided objective conditions for the division of the trade-union movement into national fractions to be superceded. "The objective conditions exist. They are in fact much more advanced than the subjective ones — The difficulties lie largely with the unions themselves" (Levinson 1972a, p. 141).

For the trade unions, this reduces the question of the possibilities for and constraints on an international trade-union policy to a mere "waiting game" (Matthofer 1971, p. 475). They simply have to catch up in the politico-legal sphere with what economic development has already achieved. We argue that such a view is problematic in several respects.

Firstly, any talk of 'newer' more objective conditions implies a completely negative attitude to the history of trade-union internationalisation. If we allow our evaluation of historical experience to be deformed by such premises, the course of trade-union internationalisation since the First International necessarily appears as an "idealistic undertaking"[1], since it follows that, in contrast to contemporary development it had no 'objective' basis at its disposal. Instead of opening up perspectives for a systematic treatment of the historical experience of trade-union internationalisation, such a procedure blocks any approach whatsoever to that history. Since as yet any accounts of this kind have tended to take the form of

histories of particular associations which have attempted to describe the history of trade-union internationalisation in isolation from the development of its context of social conditions, such a negation of history is all the more serious.

Secondly, the attempt to base trade-union internationalisation on some connection with the multinational corporations is problematic in so far as it bases the possibilities for a reduction in international competition between workers[2] upon purely economic models. There are two lines of argument here.

The first holds that it is possible to deploy an international trade-union strategy which is an analogue of the organisational structure of the multinational corporations. Sometimes this analogy is carried to such extremes that the three-stage analysis of the various phases of development of multinational corporations (ethnocentric, polycentric and geocentric) is seen to imply a "similar three-step process" as "the probable trade union route towards the creation of an international, global counterforce" (Levinson 1972a, p. 110)[3]. This analogy refers not only to the organisational forms of trade-union internationalisation, but also, and more importantly, to the subsequent internationalisation of the content of trade-union policies.

This leads to a second argument, concerning the change in international competition between workers brought about by the mobility of capital beyond national frontiers. There are two central theses here: first, that an equalisation in the different national levels of reproduction of the workers minimises such competition; and secondly that favourable conditions for such an equalisation—which is traditionally one of the demands of international trade-union federations—are created by the multinational corporations.

Thirdly, there is in the back ground of the discussions of trade-union strategy a position of syndicalist internationalism which must be closely examined. This conception involves a call for "completely new trade-union structures" (Levinson 1972b, p. 46) (internationalisation at the level of the corporation) and for an internationalisation of trade-union demands (international wage agreements). This is at present being most strongly advocated by the International Federation of Chemical Workers (ICF). This conception entails a dual restriction upon trade-union policy: on the one hand an organisational restriction to particular groups of employees, and on the other a concentration only upon the 'negative' effects of the international mobility of capital which at the same time are seen as being 'harmonisable' within the framework of capitalist relations of production (Piehl 1974, p. 70)[4].

These particular political consequences have been the object of marxist criticism for some considerable time. Thus attention has been drawn to the danger of organisational segmentation inherent in the concept of syndicalist internationalism (Altvater 1973, p. 13); the necessity for trade unions to act together and in concert internationally in spite of their membership of politically different trade-union federations (Nehls 1973, p. 146); and the duty of "uniting the economic internationalisation of the class struggle ... with a political internationalisation" (Mandel 1975a, p. 29)[5].

This point-by-point criticism has not, up to the present, led to any systematic analysis of the opportunities for and constraints on trade-union internationalisation. Thus some writers on trade-union theory ignore the very question of trade-union internationalisation, or declare it to be possible in principle without

subjecting the idea to any searching analysis[6], treating it as if it were analogous to trade-union relations on the national level. It seems to us that such positions are based on a conception of the world market, which, both methodologically and empirically, takes an extensive internationalisation of the reproduction of capital as its starting point[7], and thus analyses relations between nations as exclusively economic phenomena. This is not to say that such views exhibit the triviality of syndicalist conceptions, but there is a definite methodological affinity.

In what follows, our methodological approach will be to develop a critique of attempts to base trade-union internationalisation upon economic factors. There is no intention to provide a comprehensive analysis of the various problem areas within international trade-union politics. Rather, we aim to show that an analysis of the framework of social conditions leads to conclusions which diverge markedly from those drawn by the advocates of a deliberate strategy of trade-union internationalisation in harmony with 'objective' developments. This is not to demonstrate the impossibility of international trade-union politics[8], but rather to draw attention to the restrictions resulting from social relations to which any attempt at trade-union internationalisation is subject.

If trade-union politics do not keep these restrictions in mind they risk unconsciously reproducing the conditions of international competition between capitals, and thus perpetuating the division between workers of different nations. The contemporary euphoria as to the possibility of trade-union internationalisation could then change to resignation and national pragmatism, so that every move towards trade-union internationalisation would appear as "self-deception" [9]. The first signs of this are already in existence.

#### 1. THE HISTORY OF TRADE-UNION INTERNATIONALISATION

The euphoria as to the opportunities for international trade-union politics in connection with the multinational corporation finds its legitimation in the claim that the latter provides the first 'objective' basis for trade-union internationalisation. Such a view relieves us of any obligation to consider earlier attempts at trade-union internationalisation, the analysis of which, under certain circumstances, could have consequences for contemporary trade-union activity. Instead the established general weakness, and from time to time total failure, of trade-union internationalisation is, it is suggested, to be explained by a model which traces these back to the 'immaturity' of the objective conditions, or accounts for them voluntaristically as the result of "the petty-bourgeois reformism" of the union leadership (Becu 1962, p. 5) or associates them with totally unspecified "vicissitudes and strokes of misfortune" (Bolze n.d., p. 26).

In order to try to remedy this glaring omission we will attempt in the following extremely superficial account to develop an initial set of hypotheses intended to provide a possible approach to structuring the history of trade-union internationalisation. Here the immediate question is what phases of trade-union internationalisation can be distinguished and how they are to be established.

If one starts out from the relatively superficial level of organisation, three phases may be distinguished:

- an initial period of trade-union internationalisation starting in about 1860,

during which trade-union and political organisations participated *jointly* in an internationalisation of the working-class movement;

- a second period from about 1890 during which separate attempts were made to achieve trade-union internationalisation at the level of the national central organisations and branch unions;
- a third period from about 1965 characterised by the introduction of new forms
  of trade-union internationalisation at the level of the corporation or business
  (in addition to the traditional dual structure).

The question now is whether this threefold organisational division corresponds with qualitatively distinct phases of economic and trade-union development which would justify speaking of a 'new' phase in trade-union internationalisation starting in the mid-1960's.

#### 1.1 The Beginnings of Trade-Union Internationalisation

Although the International Working Men's Association (the First International) was neither organisationally, nor in terms of its programme, a 'Trade-Union International' in the strict sense, any historical consideration of trade-union internationalisation must take it as its starting point.

The International Working Men's Association can in any case not be reduced to part of some 'anticipatory' tradition, an interpretation which sees it as a mere continuation of those international associations such as the 'Democratic Friends of All Nations' or the 'Fraternal Democrats' which had formed themselves in England in 1845 from English Chartists and political refugees from France, Italy, Poland and Germany (Rothstein 1913). Whereas these international associations were "the product of an epoch stamped with the revolutionary wave of 1848 and the German and Italian nationalist movements" (Kriegel 1975, p. 187), the International Working Men's Association was the first in which trade-union organisations participated and to which they became attached because of specific interests. This can be shown particularly in the case of the English trade unions who played an initiating role in the foundation of the IWMA. Here some facts on the origins and practical activities of the IWMA are necessary (see Riazanov 1973, ch. 7).

In 1859/61, as a result of the general economic crisis, which hit the building industry particularly hard, a strike movement broke out among the London building workers in opposition to the employers' attempt to reduce wages and increase the hours worked. This strike movement gained wide support from workers in other industries and expanded into a general strike movement of the English workers aimed at securing some measure of Rights of Combination. In the course of this struggle there emerged not only the first organisational links between the various occupationally oriented trade unions (as to some extent in the London Trades Council), but more importantly the foundations for the unions' later involvement in the IWMA which was founded in 1864. "The wave of strikes in the years 1859-61 had a further important consequence. The employers, who had always justified their resistance to trade-union demands by reference to foreign competition, now threatened to import cheaper foreign labour. ....Thus international propagandising for trade-union association was a matter of life or death for the English workers, and in their most advanced areas there was an urgent need

to forge relationships with continental workers, particularly those of France, Germany and Belgium" (Riazanov 1928, p. 137 ff.).

This aim was no mere programmatic principle for the English trade unions, but was an important characteristic of the practical activities of the IWMA. A whole series of actions of international support between 1865 and 1869 testify to this. "The General Council (of the IWMA — author's note) in fact intervened in countless strikes threatened by foreign strike-breakers, for example, the strikes of the London wire-workers, the Edinburgh tailors, the London tobacco-workers, the Manchester tailors, the London basket-makers and the London tailors." (Braunthal 1961, p. 128). There are also reports that "in strikes of the English zinc-workers, tailors and railway employees" foreign strike-breakers were boycotted by French workers and even prevented from embarking for England (ibid.)[10].

The attempt deliberately to use foreign workers as strike-breakers at a time when a trade-union struggle over rights of association was going on must be seen as the decisive factor in the development of trade-union internationalisation, the content of which was in this phase concentrated principally upon the introduction of the elementary preconditions of trade-union struggle. In this the IWMA's interventions were in no way confined to England. The fact that it was already necessary to employ foreign workers as strike-breakers in England is simply a reflection of the relatively developed state of the English trade-union movement, which had enjoyed limited rights of association since 1824/25[11].

In contrast, in the countries of continental Europe where trade-union development was still characterised by extensive local fragmentation and a total lack of the politico-legal conditions for trade-union struggle, every labour struggle represented a struggle for the political rights of the workers. This can be seen in every labour struggle supported by the General Council of the IWMA, and in the objectives it pursued, such as the recognition of trade unions, shortening of hours of work, protection against wage reduction, struggle against lock-outs and the use of the police and military to break up strikes. As examples we may cite the disputes of the Paris bronze-workers, the Geneva building-workers, the Lyon silk-spinners, the Rouen cotton-workers, the Leipzig type-setters, the Paris foundry-workers, the Waldenburg miners, the silk-dyers and ribbon-weavers of Basle and the miners of Charleroi and St. Etienne. All these disputes elicited demonstrations of solidarity and support between 1867 and 1869 (Braunthal 1961, pp. 128-131).

After this no further actions of support are recorded. Admittedly the delegates to the Basle Congress of the IWMA in 1869 unanimously recognised "the necessity for an international trade-union organisation" (Kriegel 1975, p. 202), but the gradual withdrawal of the English trade unions removed any basis for this. This withdrawal was certainly not only the result of ideological differences, as for example with the question of support for the Paris Commune, where the refusal of support by the English trade unions is documented by the IWMA (ibid., p. 215). More importantly, a changed framework of social conditions for trade-union development emerges, and this must be integrated into the interpretation of the failure of this initial phase of trade-union internationalisation.

As this first phase of trade-union internationalisation was principally determined by efforts to achieve trade-union combination and the battle for trade-union rights, so this ultimately meant the creation of the preconditions for the

establishment of national trade unions. This seemingly paradoxical relation between the national constituting of trade unions and trade-union internationalisation is explictly formulated in the Rules of the IWMA itself. There the IWMA describes itself as "an international agency between the different national and local groups of the Association", one of its aims being "to combine the disconnected working men's societies of their respective countries into national bodies, represented by central national organs" (Provisional Rules of the IWMA, quoted in Riazanov 1973, pp. 163-5).

This interest was a common one which could, however, be pursued within the framework of the IWMA only for as long as all the participating trade-union organisations were at this particular stage of development. The achievement of these goals at different times destroyed this first attempt at trade-union internationalisation. "In fact one noticed a growing 'nationalisation' of the working-class movement, the tendency towards strengthening one's own proletariat and securing its own means of livelihood, first as proletarians in general and later as the proletariat of a particular nation" (Droz 1975, p. 244).

If one interprets this 'securing their livelihood as proletarians in general' to mean necessary alliances of workers aiming to realize the value of their labour-power, we may take the dates of the foundation of national trade-union coordinating organisations, or of the achievement of rights of association, as giving some empirical evidence for the uneven development of this process. It can be seen that in England both of these stages were reached during the lifetime of the IWMA (TUC founded in 1868, repeal of restrictions on rights of association in 1871), whereas on the whole neither was achieved in other capitalist countries before the 1890's (e.g. American Federation of Labour founded in 1886, First Congress of the Generalkomission der Gerwerkschaften Deutschlands in 1892, Confédération Générale du Travail founded in 1895[12]).

Several conclusions may be drawn from this conjuncture of trade-union internationalisation and establishment of national trade unions:

- firstly, it may be seen that the principal content of international trade-union politics was primarily concentrated upon the achievement of politico-legal preconditions for the representation of economic interests, and thus upon the constituting of trade unions nationally;
- secondly, the absence of any simultaneity in the 'nationalisation' of the trade unions, as expressed in the withdrawal of the English unions, led to the disintegration of the IWMA and made the achievement of similar results in the continental European countries all the more difficult. As a result it was not until the '90's that any new attempt at trade-union internationalisation was made;
- thirdly, the foundation and consolidation of national trade unions in general
  marked the end of the phase of significant political internationalism, and led
  in the '90's or thereabouts to a new period of trade-union internationalism
  based on new foundations and to an international trade-union politics with
  new concerns.
- 1.2 International Trade-Union Politics in the Period after the Constituting of National Trade Unions

It is of extreme importance for this phase of trade-union development that, as a

result of the consolidation of the nation state, the struggle for the 'nationalisation' of the trade unions led to the unions from that time becoming the representatives of the economic interests of the workers, acting autonomously and without connection to the political movements of the working-class which came into being at the same time. This can be documented at an international level. In contrast to the First International, the fresh attempts at trade-union internationalisation which now appear are manifested in *purely trade-union bodies*. These are on two levels of organisation: at the level of branch unions, all important branches and industries had formed international associations in around 1890 (the International Trades Secretariats) (for data see Gottfurcht 1962, p. 99 ff.; Furtwangler 1956, p. 42; Kral and Venerova 1967, p. 186); and the national co-ordinating organisations came together in the International Trade-Union Federation in 1913.

This separation of the representation of the political and economic interests of the workers also manifested itself in the changed objectives of trade-union internationalisation. Whereas in the previous period trade-union internationalisation covered issues ranging from the political rights of the worker to the representation of his economic interests, the economic interests themselves now come to the fore. This "confining of international trade-union work" (Gottfurcht 1912, p. 34 ff.) to the field of representation of economic interest has determined the content and procedural form of trade-union internationalisation ever since, and marks a profound change of function. We will develop some hypotheses concerning this.

The first consideration concerns the changed economic foundations of international trade-union politics, as a result of the formation of the bourgeois nation-state in the second half of the nineteenth century. In our view the 'nationalisation' of the trade unions is not just an act of political and ideological integration, but itself has a material foundation. Although it is beyond the scope of this paper to support our hypothesis with detailed empirical data, such as an international comparison of real wages in the nineteenth century, it can be assumed that it is only with the constitution of the capitalist class and the introduction of the nation-state as the context for capital accumulation that national average conditions of labour come into being which at the same time present a material basis for a national level of reproduction of the working-class. Parallel to this formation of a national 'average worker', international comparison reveals a differentiated pattern of development. As a result of different conditions of accumulation, variations in the homogeneity of the capitalist class, different political policies pursued by the various nation-states, differing strengths of the proletariat in the class struggle, etc., an international graduation in national levels of reproduction occurs at the same time as these national levels of reproduction become established. This not only places limits upon any international tradeunion policy of 'representing economic interests', but also consciously or unconsciously transforms the politics of the national trade-unions. This thesis may be empirically illustrated by the fact that attempts at trade-union internationalisation in this second phase since about 1890 have generally remained rather feeble and have led in part to open national fractionalisation within the International Trade-Union Federation (Gottfurcht, 1962).

A second consideration arises out of the trend of international trade-union

activity since 1890. If one compares this with long-term tendencies of economic development, such as can be observed empirically in the 'long waves' of development (Mandel 1975b, p. 108 ff.)[13], then we can see a connection between periods of accelerated or depressed economic growth on the one hand, and stagnation or progress in trade-union internationalisation on the other.

Thus the 'long wages' of economic prosperity from about 1890 to World War I and from World War II to 1966/67 were phases of relative stagnation with regard to trade-union internationalisation. Although there were organisational advances in the international trade-union movement (in the first period the establishment of numerous International Trade Secretariats and the International Trade-Union Federation, in the second the foundation of the World Federation of Trade Unions and later of the Federation of Free Trade Unions) these were of almost no practical importance. The opposite is true of the periods of economic stagnation between the two World Wars (though here modified in its effect by specific circumstances) and since the mid-60's. These, and the contemporary period of stagnation in particular, show a relative increase in international trade-union activity. This economically conditioned course of the second phase of trade-union internationalisation - which may also be differentiated on this level from the initial stage of trade-union internationalisation, which corresponded with a period of economic prosperity - shows the change in function of international trade-union politics previously mentioned. For it can be shown that trade-union internationalisation remains insignificant in phases when national trade unions are, as a result of economic conditions, able to maintain an established level of reproduction or to raise it. In contrast, international trade-union politics only become activated in periods when particular national trade unions find themselves under pressure from altered economic circumstances.

The function of international trade-union politics must therefore be interpreted as an attempt to defend an established national level of reproduction from any threat to it throughout any period when the national trade unions are relatively weak. In this sense the content of trade union internationalisation can be described as being a trade-union form of 'national protectionism'.

#### NEW FORMS OF TRADE-UNION INTERNATIONALISATION THROUGH MULTINATIONAL CORPORATIONS

This short sketch of the history of trade-union internationalisation provides us with a methodological approach to the present discussion of the opportunities for a politics of international trade-unionism. This discussion is characterised by its optimistic assertion that the multinational corporations will automatically lead to trade-union internationalisation[14], and that the new organisation forms which have arisen in connection with the multinational corporations will provide the foundation for a new phase of trade-union internationalisation[15].

If these theses are true, two consequences follow: firstly it must be the case that the multinational corporations have created economic conditions which present new possibilities for trade-union internationalisation; secondly this 'new quality' of trade-union internationalisation should be evident in the emergence, objectives and practical activities of the so-called World Corporation Councils,

the new organisational forms of trade-union opposition which have developed in connection with the expansion of the multinational corporations.

#### 2.1 The Genesis of the World Corporation Councils

The trade-union World Corporation Councils (WCC) which have been constituted since the mid-60's should primarily be seen as part of a general revival of trade-union internationalisation occasioned by the onset of a period of economic stagnation. This does not however explain the novel organisational form of the WCC which act as co-ordinating bodies for the national unions at the level of the corporation. This must be interpreted in the light of a structural change in the formation of the world market since the end of World War II, in particular a sectoral change in the structure of foreign direct investment.

In contrast to the preceding phase of capitalist development, in which the world market formation was overwhelmingly constituted by the export of commodity capital, and in which private direct investment abroad was a tiny proportion of total capital exports, the expansion of the world market particularly in the '50's and '60's was based above all upon an internationalisation of productive capital. This decisive change in the international inter-relations of the capitalist industrial nations since the end of World War II consists above all in the fact that in comparison with the export of commodity capital, the export of capitalisable profits and investable money-capital has shown a quantitatively enormous increase. This has led to the growing circulation of international commodities being itself increasingly based upon production abroad.

Thus for example in 1971 the foreign production of US capital was more than three and a half times greater than the export of commodity capital. For British capital the ratio was more than two to one. In contrast the foreign production of the FRG still occupies a relatively weak position (only about 40% of commodity capital) so that its involvement in the world market is still predominantly expressed in commodity export. In total, the foreign production of the most important industrial nations already stands at 130% of their export of commodity capital, a figure which expresses the degree of internationalisation of productive capital (United Nations 1973, p. 159).

Along with this development there is a concentration of foreign direct investment in manufacturing industry rather than — as in other historical phases of capitalist development — almost exclusively in the raw materials sectors[16]. This can be exemplified in US investment: in 1929 24% of US direct investment (or only \$1,800m.) went to manufacturing industry; by 1970 this was attracting 41.2% (\$32,000m.) of American capital exports[17].

If we consider manufacturing industry branch by branch, it can be seen that US direct investment is predominantly involved in the chemicals industry (25% of investment), in motor vehicle manufacture (13%) and in engineering (13%) (Scharrer, 1972, p. 106). These are the sectors in which the process of internationalisation of productive capital mentioned above is most fully developed. A similar picture of the sectoral division of US direct investment emerges using net plant capacity as an indicator. This gives an approximation for fixed capital and is thus important as an indication of the average technical conditions under which labour is employed[18].

This growth is direct investment abroad and its progressive concentration in

branches of manufacturing industry can also be taken as an indicator of the expansion of the multinational corporations, but without these two processes being completely identical. This is at least in part a question of the quantitative specification of the concept 'multinational'. It is frequently assumed that the criteria for 'multinationality' are fulfilled when 25% of the turnover, investment or manpower of a corporation is engaged in foreign-based production (Rolfe and Damm 1970, p. 17; See also Kindleberger 1969, p. 180 ff). For our purposes the general data given above are quite adequate.

They at least sketch in the background of significant US foreign investment in manufacturing industry, which was from the outset criticised by the American unions as involving the danger of 'job export' through multinational corporations [19]. By the mid-'50's this had led the United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), the most important US branch-union, to the idea of the World Corporation Council, to be realised within the framework of the International Metalworkers Federation (IMF) (ICFTU, 1971, pp. 11, 24). From the outset the notion of the WCC contained the idea of creating wage parity, particularly between the American and European plants of the US automobile corporations, in order to deprive the acceleration in foreign production of its basis.

This 'protectionist' aim of the UAW[20] encountered resistance from the West European unions up to the mid-'60's, with the result that the UAW tried to make contacts at the factory level at Ford and Opel 'behind the back' of IG Metall (the West German Metalworkers Union) in order to achieve this decrease in wage differentials (Etty and Tudyka 1974, p. 363). IG Metall's refusal to participate in the planned WCCs and to press for parity as UAW demanded was certainly not primarily determined by considerations of wage policy (the intention to create 'high wage centres') (Brenner, quoted in Etty and Tudyka 1974, p. 363), but rather by the totally different world market positions of US and West German branch capital, as expressed for example in the non-simultaneity of the expansion of direct investment abroad.

It was only in the late '60's, when the tendency towards foreign production also made itself felt in Western Europe, that the West European unions (particularly the West Germans) were prepared to constitute WCCs. These have been set up in rapid succession since 1966, particularly in the motor vehicle, chemical and electrical branches, as can be seen from the following table:

Table I: World Corporation Councils of the International Confederation of Free Trade Unions (ICFTU) (Etty and Tudyka 1974, p. 388)

Year and place of foundation		Corporation	Instigating Body		
1966	Detroit	General Motors	IMF		
	Detroit	Ford	IMF		
	Detroit	· Chrysler-Simca-Rootes	IMF		
	Wolfsburg	Vokswagen/Daimler-Benz	IMF		
1967	Geneva	International Harvester etc.	IMF		
	Geneva	Working Committee on MNCs in the	IMF		

Table I continued

Year and of foundation		Corporation	Instigating Body	
		Electro and Electronics Industry	··· ·- ·- ·	
1967	Brussels	Philips	EMB	
1969	Geneva	Saint Gobain	ICF	
	Paris	C.I. des Wagons Lits et du Tourisme	IUF	
	Brussels	Fokker/VFW	EMB	
1971	London	BLMC, Fiat/Citroen, Renault-Peugeot, Nissan-Toyota	IMF	
	Geneva	Rhone-Poulenc	ICF	
	Geneva	Kimberley Clark Corp.	ICF	
	Geneva	Michelin	ICF	
	Geneva	Dunlop-Pirelli	ICF	
	Istanbul	Shell, Gulf Oil etc.	IFPCW	
1972	Geneva	W. R. Grace & Co.	ICF/IUF	
	Geneva	Nestle	IUF	
	Bielefeld	Oetker	IUF	
	Geneva	Giba-Geigy ·	ICF	
	Geneva	Hoffmann-La Roche	ICF	
	Geneva	Akzo	ICF	
	London	Shell	ICF	
	London	British Petroleum	ICF	
	Geneva	Pilkington	ICF	
1973	Paris	Goodyear	ICF	
	Paris	Firestone	ICF	
	Geneva	Unilever	ICF/IUF	
	Geneva	Permanent Council Tobacco Industry (BAT, Rupert/Rembrandt, Reynolds, etc.	IUF	
	Geneva	St. Regis	ICF	
	Gothenburg	Volvo-Saab	IMF	
1974	Geneva	Du Pont de Nemours	ICF	

(Key: EMB European Federation of Metalworkers

ICF International Federation of Chemical and General Workers' Unions

IMF International Metalworkers Federation

IUF International Union of Food and Allied Workers' Associations IFPCW International Federation of Petroleum and Chemical Workers)

In the case of West Germany it can be shown that this phase of forming WCCs coincides with a sharp rise in direct investment abroad. About 78% of the present foreign investments of West Germany (about DM40,000m.) dates from the period after 1965 (von Saldern 1973, p. 70)[21]. From this it can be seen that the tradeunion WCCs were not some quasi-natural offshoot of the multinational corporations, but arose under specific historical conditions at precisely that point in time

at which the protectionist interests of the American unions corresponded with those of the West European (and in particular the West German) trade unions.

So far we have explained the new form of trade-union internationalisation in terms of the change in the sectoral structure of foreign direct investment, and the timing of the establishment of trade-union WCCs in terms of the non-simultaneity of the implementation of this process. A third factor should also be considered: the trend towards regional changes in structure within the process of internationalisation of productive capital.

In general the trade unions saw the WCCs as a way of counteracting the threat of loss of employment by means of trade-union internationalisation. In a statement by the Michelin Corporation Council the interests motivating them are expressed as being to avert "injustice, hardship and the threat to jobs and wages in affluent parts of the world" and the "potential threat to high-seniority employees" (our emphasis) presented by the multinational corporations (Levinson 1972a, p. 138-9). This specific conflict between workers of the developed industrial nations and those of countries which are in a stage of industrialisation aimed at catching up with the West, poses a clash of interests for the trade-union organisations in other corporations as well[22].

What specific factors determine this confrontation? The bulk of foreign direct investment continues to be deployed within the developed capitalist industrial nations, but this in no way implies that the countries of the Third World stand outside this general trend towards the internationalisation of productive capital. In fact the development of US foreign direct investment shows that the rate of growth in the manufacturing industry of, for example, Latin America is greater than the average over all the countries in which US corporations invest. Between 1960 and 1968 US direct investment abroad increased in total by 11.5%. In Latin America in the same period it increased by 12.8%. Such a rate of growth in Latin America puts it ahead of the development in Canada (7.4%), and only slightly behind Western Europe (13.9%) (CEPAL 1970, Ch. 1; Fajnzylber 1971). This pattern in the rates of growth of direct investment abroad is also evidenced in the recent developments in West Germany[23].

Without considering the possible causes of this empirically démonstrable tendency to shift production increasingly to the so-called low-wage countries, which can be established for a limited group of industries within the broad spectrum of manufacturing industry as a whole, the varying effects of this direct investment upon the possibilities for trade-union internationalisation must be considered. Two factors seem to be of significance: firstly, the impossibility of establishing an identity of economic interests given the enormous differences in conditions of production which exist; and secondly, that the possible negative effects upon employment for the workers in the developed capitalist industrial nations cannot be compensated for by reciprocal direct investment, as might be the case in due course with displacements of production within the industrial nations, as a result of 'cross-investments'.

If we draw together the three strands of the argument developed so far, we can make the following summary assessment of the origins and aims of the World Corporation Councils as new forms of trade-union internationalisation:

 their new organisational form is based upon the internationalisation of productive capital. Within the multinational corporation this leads to the

competition arising from different national conditions being manifested within a single capital formation;

- the content of even this form of trade-union internationalisation is characterised by the protectionism of national trade unions;
- in this context a specific conflict of interests can emerge between the national trade unions of the developed and under-developed countries.

Against this background an internationalisation of the trade unions — at least as far as the unions of the developed capitalist industrial nations are concerned — seems to be "a condition for national trade-union survival" (Levinson 1972a, p. 141); it remains for us in what follows to investigate the *practical* substance of this new form of trade-union internationalisation.

### 2.2 A 'New Phase' of Trade-Union Internationalisation through Multinational Corporations?

The World Corporation Councils were created as a new form of trade-union internationalisation — alongside the existing Internationals of national coordinating bodies and of branch unions — with the intention of providing a 'third force' of trade-union internationalisation. (Piehl 1974, p. 304). There were in fact very exaggerated expectations about the consequences: they were to make possible a 'transnational mobilisation of the rank and file' and a reconciliation of ideological divisions in the trade-union movement[24].

Such expectations have been balanced in the meantime by more pessimistic evaluations of their role: the WCCs are organisationally sub-organs of the existing branch internationals; their composition in terms of personnel shows them to be organs 'remote from the rank and file'; they have remained relatively insignificant in disputes at the plants of multinational corporations; trade-union members are unlikely to have heard a word of their existence, etc. (Etty and Tudyka 1974, 1975).

This realism in the subsequent evaluation of trade-union WCCs has, for its part, led to an argument which sees opposition within the trade unions between bureaucracy and rank and file as the *decisive* obstacle to trade-union internationalisation (e.g. Brumlop 1972, p. 9). In view of the practices of, for example, the West German unions which have meanwhile explicitly banned international contacts at the level of the firm[25], such criticism is understandable. But the relative lack of significance of the WCCs cannot be *fully* explained in these terms.

In our view it is much more a case of a structurally conditioned weakness of the WCCs themselves. This is grounded in the form of the real implementation of different national conditions of production at the level of the firm, and in the persistence of such differences in spite of the multinational corporations.

The variety of national conditions of production and reproduction, which is the decisive factor governing the movements of multinational corporations, only appears in a direct form at the level of the firm in, for example, cases of displacement of production through plant closures. The international division of labour brought about by the multinational corporations is achieved only to a very limited extent by the direct displacement of productive capital. The predominant form is rather through a relative reduction in new investment (particularly in investment for expansion) in the country of origin. The WCCs, concentrating as they do upon the 'spectacular special case' of direct displacement of production, thus lose some of their significance, since the process of the international division of labour

proceeds mainly through the indirect displacement of productive capital. This can be illustrated by the West German electrical firms AEG and Siemens.

Table II: Domestic and Foreign Employees 1964-1975 (in thousands)

	1964	65	66	67	68	69	70	71	72	73	74	75
AEG-Telefunken												
Domestic	127	128	126	124	133	148	160	146	144	150		
Foreign	5	6	12	12	13	16	18	21	22	25		
Siemens												
Domestic	212	221	218	202	211	220	234	234	227	222	221	207
Foreign	35	36	39	40	45	52	67	72	74	81	88	90

Sources: AEG-Telefunken, Geschaftsbericht 1973 p. 72 (end-December figures); Siemens, Geschaftsbericht 1972/73, Siemens-Mitteilungen No. 11/74 and 11/75 (end-September figures).

Both firms show (with the exception of a fall during the '66/67 crisis) a similar rise in domestic employment over the period 1964-73. At the same time the rise in the number of those employed overseas is proportionately (and in the case of Siemens, absolutely) greater than the domestic increase. From 1970, when in both cases domestic employment was at its maximum, to 1973, domestic employment shows an absolute decline (AEG -10,000: Siemens -12,000) while foreign employment increases (AEG +7,000: Siemens +14,000). The more recent data for Siemens show an acceleration in this development.

This means that since 1970 a displacement of productive capital has taken place which has brought about a significant decrease in domestic employment — a displacement achieved however without any spectacular closures taking place.

Alongside the factor of the assertion of international competitive relations within specific firms, there is a second factor: the continuing existence of differing national conditions of production. The multinational corporations allow the competition caused by differing national conditions of production to emerge all the more clearly in that they are manifested within a single capital formation. This does not give rise to a *qualitatively* new form of competitive relationship; nor is the existence of differing national conditions of production modified decisively so as to provide a new 'objective basis' from which trade-union internationalisation might follow.

Finally, we would like to present some considerations relating to the empirical content of the equalisation thesis, its theoretical implications and its significance for trade-union internationalisation.

Recent empirical research[26] has shown that, although the gap is closing between the USA and several other industrial nations such as the FRG, if an average is taken over manufacturing industry as a whole, looked at branch by branch, important differences persist in the technological levels and ages of the industrial sectors. This picture of international differences in productivity of labour and technology differentiated by branch and industrial sector is equally true of the sector of the multinational corporations. Here it can be seen that

although this sector maintains its dominant position in the individual branches, there is just as much an international ranking by labour productivity within this sector as in any other (Schoeller 1976, p. 107 ff).

Alongside this factor of differentiation in conditions of production between branches, even in those countries where the global tendency towards an equalisation in the conditions of production can be observed, an additional and general process of uneven development takes place between the industrial nations themselves. Studies show that even for the EEC countries economic development retains its uneven character. "This is not only supported by the important variations in the rate of economic growth between individual countries, the persistent differences in the structure of production and the degree of concentration of capital and production, but above all by persistent disparities in productivity between national capitals..." (Deppe 1975, p. 232).

From the observable tendencies towards partial equalisation between individual industrial nations during the world market's phase of expansion in the '50's and '60's (particularly in comparison with the dominant USA), no empirical evidence can therefore be found to support the view that real social relations came into existence which would be equivalent to an extensive internationalisation of the accumulation and reproduction of capital.

This leads to a second consideration, namely the methodological question of what preconditions are needed for an 'internationalised' reproduction of capital. In our view, just as the process of constituting a total national capital was the result of functions of the national state, so even the tendency towards the constituting of a "true historical world capital" (Neususs 1972, p. 187) logically and historically presupposes supranational statehood. Such a supercession of the national state cannot therefore be thought of in terms of some economic mechanism, but implies politico-military action, which may well have its ultimate roots in economic relations, but which can in no way be described as an exclusively economic phenomenon[27].

Here we finally come to the central methodological problem and to the nub of the controversy in the present discussion of new possibilities for trade-union internationalisation. The argument of the 'new objective basis' is ultimately an implicit attempt to find a superficial economic basis for the necessity and possibility of international trade-union politics. The evidence of persistent differences in national conditions of production and reproduction can only lead to an immanent rejection of the thesis of a 'new phase' of trade-union internationalisation. Over and above this one must firmly reject the idea that the tendency towards equalisation is, in the first place, identical with a real 'internationalisation' of capital reproduction; and in the second place, that it contains within itself even a starting point for trade-union internationalisation aimed at reducing international competition between the workers themselves. Even a much more extensive equalisation tendency in the national conditions of production of the individual nations, which could be the material basis for a strategy of wage equality, would in no way limit competition between workers.

Any process of promoting 'internationalism' which is economically based and is, for example, superficially orientated towards wage differences, as is the case with the notion of syndicalist internationalism, can only reproduce the competition between nationally different conditions of production in the form of

a latent national fractionalisation within the trade-union movement[28]. In this sense nationally different conditions of production present an obstacle for trade-union internationalisation, which, in its present form, can only have a transitional character because of its immanent contradictory nature.

This transition could be made in either one of two directions; either in the direction of a subjective 'nationalisation' of the trade-union movement, consisting of conscious competition between workers of different nations and nationalities (to this extent trade-unionism always contains the germs of nationalistic and racialist behaviour), or in the direction of a politicisation of trade-union activity combining the struggle for the maintenance and raising of the level of reproduction of the commodity labour power with the perspective of developing the power of the proletariat[29]. Within the range of particular trade-union policies — from the policy of the American trade-union federation, the AFL/CIO, through the recently intensified protectionist stance of the West German and also the English trade unions, to the autonomous attempts at trade-union internationalisation, e.g. in Italy[30] — these historical alternatives are already taking on a concrete form today.

#### **NOTES**

- 1 "The 'Internationals' were an idealistic undertaking.... Today's discussion of trade-union opposition (to the MNCs authors' note) belong to this tradition, but with the decisive difference that today a real and challenging foundation for an international organisation of the workers is provided by the production process itself".(Tudyka 1973, Introductory Note, p. xvii retranslated).
- 2 In the text, 'competition between workers' refers exclusively to competition between workers of different nation-states. On the question of competition between workers of different nationalities within a single nation-state and its effect on trade-union politics, see Hildebrandt & Olle 1975.
- 3 This tripartite division, devised by the US economist Perlmutter (1965, pp. 151 ff.), can easily be refuted empirically, since the relationship between foreign and domestic employment in MNCs of various countries of origin are extremely diverse and determined by the particular national conditions of capital accumulation (Figures for individual firms may be found in United Nations 1973).
- 4 See Piehl 1974, p. 70, where these 'negative' effects will be overcome by "multinational corporations which are at least democratically structured and which work in the interests of mankind".
- 5 In our view, Mandel takes a much too optimistic view of the international labour disputes at St. Gobain, AKZO and Glaverbel.
- 6 "But even when a trade-union organisation has established itself as an organisation of all the workers, it remains above all an organisation of the national working class' (Redaktionskollektiv Gewerkschaften 1974 p. 59).
- 7 This is the case with Neususs 1972, and also in a modified form with Busch 1974.

8 This is the conclusion Emmanuel 1970 draws because of the way he employs the concept of unequal exchange. For a critique see Bettelheim 1970.

- 9 This has recently been propounded by Tudyka 1976, who on the basis of enquiries among workers in MNCs concludes that an international trade-union strategy "has no adequate basis among the workers" (p. 61).
- 10 Unfortunately we cannot give a clear-cut answer to the question of what significance the qualification structure of the immigrant labour might have. It can however be established that the leading members of the London Trades Council and the General Council of the IWMA came from the ranks of the skilled hand-workers (e.g. carpenters, joiners, painters, paper-hangers, stuccoworkers, tailors, shoemakers, book-binders and printers). Skilled or unskilled factory operatives were not represented on the London Trades Council or on the General Council of the IWMA. In the history of the English trade-union movement up to this time, there were only occasional attempts made at the trade-union organisation of skilled or unskilled factory hands, in 1824-5 and 1829-31. These efforts were destroyed in the course of the 1833-4 strikes (see Pumpiansky 1912).
- 11 The 'Combination Laws' of 1799/1800, which sanctioned a general ban on any association of workers, were repealed in 1824-5. Although trade-union organizations were no longer illegal, restrictions on the rights of combination existed up to 1871. See Bedarida 1975, p. 80 ff.
- 12 On this point see the relevant national references and the entry 'Koalition und koalitionrecht' in Heyde 1931.
- 13 As a theory of long waves, Mandel's attempt at an explanation cannot be seen as more than a first step, since he cannot account for the changes in international competitive relations within the history of capitalism.
- 14 Piehl 1974, p. 23 formulates the analogy thus: "Just as the national organisation of capitalism has led to the national organisation of those dependent on it for employment, so the MNC as the modern form of the international capitalist economy will bring about the internationalisation of the trade-union movement".
- 15 See Gallin 1973, p. 33, who sees the MNC as making it necessary for "the international trade-union movement to give an increasingly practical and concrete content to the old concept of labour internationalism".
- 16 See Dunning 1970, p. 18, according to which up to the economic crisis of 1929 private direct investment made up barely 10% of (money) capital exports.
- 17 This development may also be seen for other countries: in 1970 about 40% of British foreign direct investment, 33% of French, 27% of Japanese and 75% of West German went to branches of manufacturing industry (von Saldern 1973, p. 19).
- 18 Of the net plant capacity at the disposal of US capital abroad in 1970, within the manufacturing sector alone, 22% was in chemicals, 12% in non-electrical engineering, 8% in metal-working and 6% in foodstuffs. From U.S. Senate Committee on Finance 1973.
- 19 According to the estimates of the AFL/CIO about 500,000 jobs were lost between 1966 and 1969 as a result of the change in the structure of foreign trade, particularly through reimports from American affiliates abroad. For a discussion of 'job export' see Jungnickel and Matthies 1973, p. 20 ff.
- 20 This example is evidence of the problem of discussing trade-union

- internationalism and 'protectionism' as if they were mutually exclusive tradeunion strategies.
- 21 For further details see the article 'Zur Internationalisierung der westdeutschen Wirtschaft' in WSI-Mitteilungen no. 4, Köln 1976.
- 22. Thus at the 6th Scientific Colloquium of the AFK, the IUL representative Horst Stasius reported a shift of production by the Nestle Group from France to Madagascar, which resulted in a considerable reduction in both production and employment in France and caused unreconcileable clashes of interest between the affected unions within the IUL.
- 23 Although West German direct investment in developing countries is declining as a proportion of total foreign direct investment (39.1% in 1961, 28.1% in 1971, about 25% in 1975), its yearly growth rate has recently been disproportionately high. Thus in the first half of 1975 direct investment in the developing countries accounted for 32% of the net capital outflow, well above its 25% share of the total stock of investments (von Saldern 1973, p. 71; WSI-Mitteilungen no. 4, 1976, p. 232; Handelsblatt 1/12/75).
- 24 This argument is employed by Matthofer, Nehls, Piehl and others.
- 25 IG-Metall delegate at the 2nd. General Assembly of the European Metal-workers Federation in Frankfurt, October 1974. See also Olle 1975, esp. p. 169 ff., and the reports from firms in Gewerkschaftliche Monatshefte no. 7, 1971.
- 26 See Majer 1973, esp. pp. 214, 222, and Nabseth and Ray 1974; also the findings of U.S. Senate Committee on Finance 1973, United Nations 1973, and the U.S. Tariff Commission report of 1970.
- 27 For this discussion see Axt 1976 and Olle and Schoeller 1976.
- 28 In this sense Gorz 1974, who advances the thesis that it is not possible to overcome national fractionalisation at the level of trade-unionism, is also to be supported.
- 29 The only attempt of which we are aware, in the whole of the literature on the multinationals, to state the limits on and potential of trade-union internationalisation is that by Babson 1973.
- 30 Thus the shop-stewards' International Steering Committee at Dunlop-Pirelli has come out decisively against the idea of international wage contracts and multinational corporation trade unions.

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