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1 Introduction

The world economy is truly an international one. Technological advances in transportation and communications have eliminated many of the geographic barriers to trade and systems of production. The more established economies of Europe and the United States are now routinely linked with emerging economies of regions such as Asia, Central and South America, and Africa. As European and Asian economies in particular have rapidly expanded in recent years, the market for a wide variety of products, and some services, has become increasingly global in scale.

Accompanying this change in product markets has been the globalization of labor markets. Because companies can easily transport their products to buyers around the world, the geographic limitations on where those products are produced have decreased. Technology, particularly information technology, has furthered this trend. Increased informational capabilities allow employers to use a wide array of subcontractors, even in different countries (Dau-Schmidt 2007). The increased use of subcontractors, however, raises new concerns for workers.

A significant factor in a company’s decision where to locate production facilities is labor costs. The result is that many workers throughout the world must compete not locally or nationally, but internationally. Indeed, the growing roles of highly populous countries like India and China in the global labor market are but the most significant examples of this increase in the global supply of labor (Dau-Schmidt 2007).

This expansion of the labor market impacts employment levels, wages and other conditions of employment as employers have a growing number of options to satisfy their labor needs (Roukis 2005; Burgoon and Jacoby 2004; Breitenfellner 1997). For workers, this shift creates a need for new ways to protect and promote their interests. One means to further that goal is collective action, whether from traditional trade unions or newer, less traditional employee groups. Yet, just as globalization has affected the labor market, it has also affected the opportunities for employee collective activity. As companies’ product markets have expanded globally, unions and other worker groups must engage those companies globally as
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2 Economic models of collective action

Unions’ primary goal is a deceptively simple one: to achieve gains for its members. The problem in explaining how unions are able to meet that goal is that, in a perfectly competitive economy, unions’ success in achieving gains for its members can be self-defeating (Dau-Schmidt 1992). Increasing benefits for union workers raises costs for union firms. If no other factors were present, higher labor costs would place union firms at a competitive disadvantage relative to their nonunion competitors and the union firms would be put out of business (Dau-Schmidt 1992). Thus, unions’ role in achieving benefits for their members must be explained in some other way. Several theories have been proposed to explain unions’ role, including the view of unions as monopolists or cartels, as well as assertions that unions can increase productivity within a firm or capture employer rents. Which of these theories, or which combination of them, is the most appropriate is difficult to determine even within a single country. The global labor market is no more likely to suggest simple answers. Despite this uncertainty, these theories are still helpful in framing ways in which unions have engaged in collective activity in the global workplace. The chapter in this volume by Kenneth Dau-Schmidt and Arthur Traynor entitled ‘Regulating Unions and Collective Bargaining’ offers a fuller explanation of these theories (Chapter 3 in this volume). What follows is a brief description of the major theories of union activity with a view towards their application in a global economy.

A Monopoly or cartel theory

The traditional model of union or other collective activity is that of a monopolist or member of a cartel. Although few unions truly have monopolistic power (Dau-Schmidt 1992), the model is still useful. Increased competition from the global market greatly impacts unions’ ability to achieve gains through monopolistic behavior, but the monopoly or cartel model still explains many types of union activity.

(i) Monopolistic strategies Under the monopoly or cartel model, unions’ ability to exert pressure on employers derives from the unions’ monopolistic or anticompetitive control over the supply of labor. Unions’ ultimate goal typically consists of one or both of two major benefits: wages (used broadly here to include compensation and benefits, such as insurance coverage or paid leave, as well as other terms and conditions of
employment, such as safety protections) and employment. Thus, unions that are members of a cartel may attempt to increase wages and other types of compensation above the competitive wage rate. Alternatively, unions may try to increase the level of employment for their members or increase the number of hours that their members work. For instance, a union with monopolistic power could seek to increase employment while accepting a lower wage rate through featherbedding requirements or job protection agreements (Campbell 1986). The global labor market makes this strategy difficult, as it weakens unions’ control over available labor and gives employers more opportunities to resist anticompetitive employment demands.

Moreover, unions’ ability to bargain over both wages and employment levels may mean that the monopoly price-setting model is too simple and not pareto-optimal. In contrast to the price-setting model in which a union sets a wage rate and an employer chooses the level of employment based on that rate, unions and employers can bargain for conditions that lie off the traditional monopoly supply curve. These ‘contract curve’ bargains can include a combination of wages and levels of employment that both the union and employer prefer to the outcome that would result from the traditional price-setting model (Dau-Schmidt 1992).

Members of a cartel typically try to maximize revenue through two primary means. First, the cartel may engage in price discrimination by selling its product at different prices to buyers with different preferences. By raising the price of its good above the competitive level, a cartel expects to lose some customers, but anticipates earning more than enough revenue to make up for that loss through the higher prices paid by the remaining customers. A labor cartel generally faces a slightly different picture, however. A union often deals with a single employer or group of employers bargaining together as part of a multi-employer bargaining unit, a situation referred to as ‘bilateral bargaining’. In such a situation, a union’s demand for a higher wage runs the risk that the employer will choose to purchase no labor in the short term (Posner 1984). Because no other employer exists that will employ the union’s members at a higher wage, a bilateral bargaining situation presents risks to the union. For example, the employer may choose to weather a strike rather than pay the demanded wage. Because the loss of a single employer or multi-employer group as a customer for union labor is particularly significant, unions must be careful about choosing when and how to make wage demands. A union may therefore be more willing to attempt price discriminatory policies against employers with specialized labor needs. Moreover, where a union has organized an entire industry, it may initially target certain employers that are less able to resist demands for increased compensation – that is, employers with a
lower elasticity of demand for labor (Campbell 1986). In contrast, unions’ ability to exert monopolistic wage pressure is particularly difficult when an employers’ pool of alternative nonunion labor covers the globe.

If conditions favorable to price discrimination do not exist, unions must turn to the second monopolistic strategy: reducing the supply of a good (labor, in the case of unions). Although this strategy will reduce the number of buyers, the cartel – free from competitive pressures – will generate more revenue from the buyers willing to pay the higher price associated with the lower demand (Campbell 1986). Unions that can successfully pursue this strategy restrict the number of workers available to a given employer or industry, with the aim of increasing compensation for those members who do work. Apprentice programs and training requirements are examples of this kind of activity. The extent to which restricting the labor supply can achieve wage gains depends on the extent to which unions have monopolistic power.

(ii) Means to achieve control over the supply of labor

Creating a labor cartel that can behave like a monopolist requires barriers against competing nonunion workers entering that labor market (Dau-Schmidt 1992; Hirsch and Addison 1986). These barriers may include general or firm-specific training, licensing requirements, geographic limitations and legal restrictions (Dau-Schmidt 1992). The strength of those barriers directly affects whether and to what extent unions can act like a cartel. Barriers to entry are in turn directly tied to the elasticity of demand for union labor. Indeed, even if unions possess monopolistic power, their ability to translate that power into real changes for workers is controlled in large measure by the demand elasticity of labor (Friedman 1951).

Where the demand curve is relatively inelastic – that is, where wage increases have a relatively small effect on employers’ demand for labor – a monopolistic union will be able to exert significant control over employers. In short, as labor demand elasticity decreases, unions’ ability to pressure employers to pay higher wages or use more labor increases. However, unions today are far more likely to face the opposite situation: a market in which the demand for labor is relatively elastic. As employers are better able to employ labor from multiple countries, the supply of labor increases. This increase makes employers’ demand for labor more elastic and thereby reduces unions’ ability to achieve monopolistic power. In other words, an increase in employers’ options for finding workers decreases unions’ control over the labor market (Friedman 1951). The global labor market makes this equation especially difficult for unions as it drastically increases the supply of labor. Even where unions are able to achieve some power over the supply of labor, that power is likely to diminish over the long run.
Because of the number of emerging economies around the world, most employers face an increasing pool of alternative options for labor, making their demand for labor more elastic.

Unions can attempt several means to make the demand for labor less elastic. One important strategy is to decrease the availability of alternative, nonunion labor. The most effective way to accomplish this goal, albeit not an easy one, is for a union to organize an entire industry (Campbell 1986). That level of organization is not required for unions to exert power as a cartel, as a union that represents a significant group of employees within an industry may still be able to bargain effectively with an employer (Dau-Schmidt 1992). Yet, as unions’ organizing becomes broader and more substantial – in other words, their ability to control access to alternative labor increases – their bargaining power becomes stronger as well.

Another means to restrict alternative labor is sympathy strikes, which involve workers of one employer supporting striking employees of a second employer by refusing to cross the strikers’ picket line. By making the refusal to meet union demands more costly, sympathy strikes reduce employers’ willingness to seek nonunion labor. Similarly, unions may use pickets and other types of publicity to inform nonunion workers that they should not work for less than the union wage rate or replace striking union workers (Posner 1984). The result may be a restriction in the supply of nonunion labor, especially in the short term.

Increasing the cost of alternative sources of labor is another way to make the demand for union labor less elastic. One way in which unions can affect labor demand elasticity is by trying to influence the consumer market. Publicity or information that makes consumers willing to pay more for a union-made good or less willing to pay for a nonunion good causes union labor to become more valuable and harder to replace. Thus, unions have a long history of targeting consumers during labor disputes. This tactic has become increasingly important in the global economy as it remains one of the few effective avenues for reducing the demand elasticity of labor.

A further strategy that may still be useful in the global economy is to support or encourage the creation of legal rules that increase unions’ control over the labor market. Unions’ support for minimum wage increases, for example, is a means by which unions seek to increase the cost of alternative labor (Posner 1984). Prevailing wage provisions, such as the United States’s Davis-Bacon Act, lead to a similar result. Another approach is to make non-labor production inputs more expensive. For instance, work rules requiring a certain number of workers for a given piece of equipment raise the cost of using that equipment and reduce its value as a non-labor source of production (Campbell 1986). In the global context, unions often press for international standards or treaties that impose
certain conditions on employers. By creating a floor for all workers, these conditions make the cost of nonunion labor much closer to union labor. Moreover, achieving this goal through government fiat may be one of the few realistic strategies available to unions that lack monopolistic power. However, as discussed below, union attempts to create and enforce labor standards have had mixed success.

The effectiveness of unions’ attempts to influence the elasticity of employers’ labor demand is dependent on several factors. Employers’ product markets, for instance, are often important because employers that face relatively low competition will be less resistant to union demands (Posner 1984). This factor is reflected in American union density rates in the airline industry before deregulation or in the American public sector, where union density is much higher than it is in the more competitive private sector (Union Membership and Coverage Database 2007). A related factor is the proportion of labor costs to an employer’s overall costs. If labor costs are a small portion of overall costs, then an employer’s demand for labor will be less elastic and unions will generally have more success in achieving their demands. Finally, an employer’s ability to tolerate a strike or other union pressure directly impacts unions’ ability to achieve their demands. This ability may be tied to an employer’s financial situation, level of product competition, ability to alter production means and other factors.

The monopolistic or cartel model of collective activity is useful, but it has limitations with regard to the global economy. Because unions will find it difficult to achieve monopolistic power in a labor market with significant competition, unions having such power today are rare. The result is that unions’ ability to set wages or employment levels is limited. Thus, the types of collective action observed in the global economy may differ from past union strategies in a single country. Rather than focusing primarily on wages and employment, unions may concentrate instead on health and safety issues or other matters that are less expensive for employers to implement and are therefore more susceptible to non-monopolistic pressure.

B Other theories of unionism
In addition to trying to exert monopolistic pressure, unions have other types of collective action at their disposal. These strategies, which Kenneth Dau-Schmidt, Richard Freeman and James Medoff have argued, better explain unions’ ability to achieve gains for workers and include improving productivity, reducing labor strife, capturing employer rents and enforcing implicit workplace promises (Dau-Schmidt 1992; Freeman and Medoff 1984). Most of these alternatives are not directly implicated by the type of collective activity discussed in this chapter because they deal primarily with direct bargaining between a union and employer. Yet, a brief description
of non-monopolistic strategies may shed some light on unions’ options for seeking gains in the global economy.

One explanation for unions’ role in the workplace is the possibility that they can increase a firm’s productivity. Richard Freeman and James Medoff are notable proponents of this theory, which sets forth several factors that may lead to productivity gains in unionized firms (Freeman and Medoff 1984). For example, by enhancing communication within the firm a union can provide the employer with better information about worker desires and therefore reduce labor turnover and discontent (Posner 1984). Information among workers can also result from unions’ insistence on ‘just cause’ provisions which limit the grounds on which workers may be discharged. Just cause protection may make senior employees whose higher wages would normally make them susceptible to termination more secure in their job and more willing to share information that helps less senior workers improve their job performance (Posner 1984). Unions may also provide an effective means for workers to monitor supervisors and other workers without fear of retaliation (Dau-Schmidt 1992). Further, unions may force an employer to adopt collective goods, such as safety measures, that benefit all workers but would not benefit any individual worker enough for him or her to bargain for the measure (Dau-Schmidt 1992). Thus, a union could sell itself to employees and employers as a means to improve the firm.

If these claims are accurate, they could be particularly relevant in an increasingly competitive global economy. As firms face a growing level of competition, differences in costs and productivity play a larger role in firms’ ability to stay in business. Thus, measures that improve firm performance even slightly are more likely to represent the difference in a firm’s survival or demise.

Other economic theories of unions’ ability to gain benefits for workers concentrate on their capture of rents and quasi-rents. An employer may enjoy economic rents that provide it with more revenue than it needs to produce a good (Dau-Schmidt 1992; Hirsch and Addison 1986). The rents are significant because a good’s competitive price equals the revenue needed to produce it; thus, a union may be able to capture a portion of the rents without putting an employer at a competitive disadvantage.

Employer rents can occur under several scenarios, none of which appear to be common. For example, where the employer is itself a monopolist or member of a cartel, it will achieve ‘market power rents’ that represent profits above the competitive rate of return (Dau-Schmidt 1992). A union with bargaining power can capture some of those profits without inhibiting the employer’s ability to survive in a competitive market. Because most employers are not in a monopolistic position, the availability of market power rents is not widespread. Another form of employer rents
is excess profits derived from a product that is in unusually short supply or has an unusually high level of productivity (Dau-Schmidt 1992). These ‘Ricardian rents’, like market power rents, are rare and not generally available to unions. Finally, ‘quasi-rents’ may occur where an employer makes match-specific investments such as uniquely specialized or hard-to-transfer equipment. Once an employer makes such an investment, it is ‘locked in’ to the equipment. A union can exploit this situation by trying to capture part of the added value it produces (Dau-Schmidt 1992). But this is not a long-term strategy as the employer can eventually avoid this capture by making changes to its capital investments (Friedman 1951).

C Conclusion
A major check on unions’ ability to pressure employers for improved working conditions is the reality that employers are increasingly able to obtain labor from many different countries (Campbell 1986). Employers’ demand for more expensive union labor will continue to decline over time as cheaper nonunion alternatives become more prevalent. The outsourcing of union jobs to a country with lower wages is a well-publicized example of this reality and represents a major fear of union and nonunion workers in economies with relatively higher wage rates.

The growth in the global economy has caused numerous problems for unions trying to limit employers’ access to nonunion labor. As a growing number of countries produce an expanding pool of workers who can perform work being done elsewhere, the demand for labor in any given country becomes more elastic. Unions’ difficulty in limiting the supply of labor is also exacerbated by advances in technology which have made outsourcing more cost effective and enabled companies to operate with fewer workers. Moreover, global competition often demands that employers have increased flexibility, a need that conflicts with the more rigid and slow model of collective bargaining (Dau-Schmidt 2007).

Because of these global changes, unions are less likely to possess significant power over a given labor market. Consider, for example, a union’s ability to use a strike to obtain benefits from an employer. Employers’ resistance to a strike depends on numerous factors, including the number of supervisors or other qualified nonstriking employees willing to perform the struck work (Posner 1984). In the short term, these factors are limited by geography. However, in the long run, an employer can take advantage of an expanding pool of nonunion workers worldwide to help mute the threat of strikes or other union pressure.

Even where the relevant labor market has a small supply of nonunion labor, unions must be mindful of the long-term consequences of strikes and other attempts to pressure employers. If employers have the option
of moving operations or having some of the work done in a different geographic area, then the long-run alternatives to union labor expand and unions’ power decreases. Globalization magnifies this problem. As employers become increasingly able to outsource work to other countries and more countries have more available workers with appropriate skills, unions’ difficulty in limiting alternatives to union labor becomes more severe. Moreover, although government regulations can limit this competition and provide unions with more control over the labor market, such regulations become less effective in a global economy where many countries lack such legal protections (Posner 1984). The result is that unions must seek alternative means to obtain improved work conditions for workers.

3 Employee collective action in a global workplace
The world economy’s globalization has had a significant impact on employee collective action. Globalization has made unions’ ability to organize and to seek gains for workers more difficult, as increased competition for union labor in many industries has significantly weakened unions’ ability to control the supply of labor. However, globalization has also provided more opportunities for employee collective action. As the opportunities for and effectiveness of traditional collective bargaining diminish, unions have sought to improve working conditions through other means, particularly by coordinating efforts with foreign employee groups, promoting and using international labor standards in treaties and other agreements, and pressuring employers to adopt codes of conduct (Dau-Schmidt 2007; Russo 1999).

A Traditional monopolistic pressure
One of the defining aspects of global labor markets is the elimination or reduction of unions’ ability to act like a cartel. Because alternatives to union labor are much more prevalent in such markets, unions are less able to control the labor supply to achieve gains for its members. Indeed, one example of a union that still possesses such power in a global market demonstrates its uniqueness.

The Screen Actors Guild (SAG) represents over 120000 actors in television, movies and other types of performances. It is an American union with offices throughout the United States. However, as film and television production has become more global, SAG has attempted with much success to expand its reach as well. The primary vehicle for this expansion is SAG’s ‘Global One Rule’. As described in Frommer (2003), this rule, which applies worldwide, prohibits a SAG member from working with a producer who does not have a contract with the union or an agreement that approximates a SAG contract. In essence, the Global One Rule forbids
SAG members from working anywhere in the world unless the production provides protections equivalent to SAG’s basic labor agreement. That agreement provides, among other things, protections for creative rights, residual payments and certain safety and health measures.

SAG’s ability to enforce the Global One Rule by controlling the supply of a unique pool of labor reflects the peculiarities of the entertainment industry. SAG’s ability to enforce the Global One Rule depends on its ability to control union members’ access to employment. Unlike most other industries, movie distribution is dominated by a few studios. These studios bargain with the union as a multi-employer bargaining group. The result is that most Hollywood actors are union members and SAG has much more control over access to jobs than the typical union. SAG, therefore, is the rare example of a single union that currently has power similar to a cartel. That power is limited, however, by globalization and the opportunity for movie producers to make films more cheaply in foreign countries. The Global One Rule counteracts that opportunity by increasing the cost of foreign production and essentially putting such production under the auspices of SAG’s collective bargaining agreement. Thus, the union can simultaneously expand its control over the labor supply and make the labor that it does not control less appealing. The result is that SAG can ensure that union dues and contributions continue to flow when production occurs outside the United States, while also increasing the costs of nonunion labor.

The Global One Rule applies even when the producer has a collective bargaining agreement with a union in the country where production is occurring. In these situations, the need to increase the cost of alternative labor is presumably lower. Foreign collective bargaining agreements could provide lower wages than American ones, but the difference is likely to be far less than the difference with nonunion labor. Moreover, the scope of the rule raises serious coordination issues. Although some foreign unions welcome the additional pressure, others chafe at the perception that SAG is interfering with their jurisdictions. This potential conflict represents either a barrier to SAG’s attempts to control the supply of actors or an opportunity for various countries’ unions to coordinate their efforts. SAG has attempted to follow the latter path. For instance, it reached an agreement with an Australian union on Global One Rule’s approach in that country.

Through its Global One Rule, SAG has been able to apply its collective bargaining agreements or their equivalent throughout the world. It is able to do so, however, only because of the uniqueness of its members. The extraordinary specialization and lack of fungibility among actors makes SAG a cartel-like union, even in the global labor market. SAG’s power
stands in sharp contrast to most unions, which possess nothing close to SAG’s control over their relevant labor markets. For those unions, globalization necessitates different approaches.

B Global coordination of employee groups

Although no single union is likely to possess significant control over a multinational corporation’s global labor market, several unions working together may be able to make more of an impact. This type of union coordination reflects the cartel model of unionism as one of the typical goals of coordination is to organize workers in multiple countries and to achieve greater control over employers’ access to nonunion labor. Such efforts have been both harmed and aided by globalization. The increase in labor supply that accompanies globalization makes controlling access to employees, at least employees with any significant bargaining leverage, more difficult. On the other hand, globalization creates additional concerns – such as shorter employment terms, the loss of certain job duties and the need for specialized training – for employees who may benefit from a collective approach (Dau-Schmidt 2007). Employees, therefore, may be more receptive to organizing attempts in the global workplace. Those attempts also benefit from technological advances, particularly in communications, that have accompanied globalization and that make organizing efforts less costly and more effective (Dau-Schmidt 2007).

However, there are limits to unions’ ability to coordinate with their international counterparts. These efforts often require significant resources and expertise that are beyond the reach of many unions (Borgers 1999). Moreover, expending such resources on international efforts will often require a union to sell the value of the venture to its membership (Borgers 1999). That task may be difficult, particularly when a union is making its initial attempts to expand its global reach. Yet, given the increasing importance of global competition, convincing workers that international labor efforts are in their interests is becoming an easier case to make.

One example of international coordination is Sweatshop Watch, which is an organization that had originally focused its energies on organizing garment workers in California. Faced with a changing garment industry, however, the group shifted its focus and now actively attempts to organize garment workers globally. This shift reflects the fact that garment designers rely heavily on manufacturers from across the world and that concentrating solely on domestic markets was increasingly futile (Quan 2004). Sweatshop Watch’s change in strategy also illustrates several ways in which unions can attempt to apply pressure globally.

The American garment industry has seen numerous high profile labor disputes, including those involving Nike, the Gap and Kathie Lee Gifford.
The high profile of these and other labels makes publicity-centered activity particularly fruitful. Unions have long used consumer picketing to try to put pressure on employers during a labor dispute and they continue to do so in the global market. Although the affected workers may be in a different country, by informing consumers about labor problems associated with a certain label’s clothing, consumer-oriented campaigns can assist workers throughout the chain of production. Successful campaigns raise working conditions and wages for workers of subcontractors outside the United States, most of whom are not unionized. This benefits unionized workers in other countries by making nonunion alternative labor more expensive. Moreover, these efforts are often accompanied by attempts to formally organize the foreign workers, frequently by pressuring designers and manufacturers to require their contractors to allow unions. Nike, for example, was successfully persuaded to pressure one of its contractors in Mexico to allow its workers to unionize (Quan 2004). That campaign, like many others, also involved pressure on designers to adopt codes of conduct for their foreign contractors.

Other examples of international coordination include attempts by the Change To Win coalition – particularly one of its members, the Service Employees International Union (SEIU) – to pressure European hotels to improve the wages and benefits of their American workers (Dau-Schmidt 2007; Bai 2005). The SEIU has used a similar tactic with Sodexho, the French food service employer. The target of the SEIU’s action was the incongruity between Sodexho’s union-friendly reputation in Europe and its attempts to discourage unionization among its 100,000 workers in the United States (Bai 2005). The union placed advertisements in French newspapers highlighting Sodexho’s actions in the United States. Sodexho soon thereafter began negotiating with the SEIU, ultimately signing an agreement to remain neutral regarding the union’s organizing efforts (Bai 2005).

The motivation behind the Sodexho unions’ cooperation aptly shows the economics of global collective action. Unions involved in these coordinating efforts have several motivations. Principal among these is the simple addition of a weapon to their arsenal. By coordinating with French unions, the SEIU was able to put pressure on Sodexho that would not have existed had the American union not sought help from its international counterparts. This was a traditional cartel-like attempt to create industry-wide pressure on an employer in an industry that is now global.

Given the low union density rate in the United States, the SEIU’s and other American unions’ attempts to enlist foreign help is not surprising. The willingness of European unions, which are generally much stronger, is less obvious. However, multinational corporations are creating problems for European unions as well, so the American unions may well repay
the favor in the future. The European unions are also worried that the more experience their companies have with a nonunion workforce, the more aggressive those companies will become in trying to replicate that environment in Europe (Bai 2005).

International coordination is not limited to Europe as the SEIU has made similar, if more limited, forays into China and Australia as well. Similarly, the Change To Win coalition has begun making contacts with China’s official labor union, the All-China Federation of Trade Unions. Little has resulted from this nascent relationship, but the potential benefits of having an ally in the world’s largest emerging market are immense.

Further examples of international coordination include actions by Washington State apple pickers who, in addition to pursuing claims under the labor side agreement to the North American Free Trade Agreement as discussed below, organized consumer boycotts in Mexico to pressure employers to improve working conditions and accept a card-check designation process (Dau-Schmidt 2007). Moreover, airline pilots have created the International Air Line Pilots Association (IFALPA), which includes more than 90 separate unions representing over 100,000 pilots. The IFALPA unions, among other things, share information, coordinate collective action against various employers or governments and work together to formulate policy positions.

One difficulty with global coordination is that many unions in lesser developed countries are hostile to these efforts (Ansley 2001). Such unions view enhanced labor rights as causing a downward pressure on employment in their countries. This reaction is reasonable, for foreign unions are all too aware that the unions in more developed countries are pursuing international cooperation as a means to make foreign labor more expensive and less attractive.

The extent to which unions’ global coordination attempts pay dividends remains to be seen. Some of these attempts have accomplished their goals. For example, the International Brotherhood of Teamsters credits support from United Parcel Service (UPS) unions around the world with the success of its 1997 strike in the United States against the employer. This support included a UPS World Action Day with demonstrations at UPS facilities, sympathy strikes, sickouts and wildcat strikes (Moldof 2005). It is difficult, however, to measure whether those benefits generally outweigh the additional costs of international efforts. Given the global nature of many industries, unions will have to continue such efforts if they want to remain relevant. If union workers face a global pool of alternate labor, then unions must maintain an equally global presence.

Coordinating with already established unions in other countries is an important part of that effort, but it is unlikely to be a solution on its own.
Rather, global coordination represents but one of several tactics to achieve gains for workers in the global market.

C  Codes of conduct

Companies are increasingly implementing what are referred to as ‘codes of conduct’. Although no precise definition for such codes exists, they generally describe a set of policies and obligations that a company voluntarily adopts (Murray 1998). ‘Voluntary’ is used broadly, however. Many codes result from collective action targeting the company on behalf of its workers or those of its contractors. This pressure frequently takes the form of a consumer-oriented campaign. By publishing codes of conduct, a company can show consumers what it is doing to support the rights of workers abroad (Quan 2004). Although the substance of codes is drawn from many sources, various conventions, such as those adopted by the International Labor Organization (ILO), provide a base for many of them.

The extent to which codes of conduct achieve their goals, just like the codes themselves, varies considerably and highlights the importance of monitoring and other attempts to enforce them (Locke et al. 2007). A well-enforced code, however, benefits organized labor everywhere. By increasing the cost of nonunion labor, these codes may make unionized labor more attractive.

One advantage to codes of conduct is that they may represent the only realistic strategy for workers in the short term. Indeed, where government support for workers is weak and union activity is low, codes of conduct may provide the only option for protecting workers’ interests. Codes can also establish a flexible set of labor standards that works well with the dynamic global labor market (Locke et al. 2007). In addition, one of the central benefits of an effective code is its informational advantages. By making regular audits and other information available to nongovernmental organizations (NGOs) and unions, those groups are much better able to pressure companies to ensure that their suppliers comply with the code provisions and other labor standards (ibid).

Criticisms of codes of conduct include arguments that codes are little more than public relations tools that accomplish little for workers while blocking more effective government regulation and union activity (ibid). In particular, because companies often create codes unilaterally, the codes use broad or vague language that fails to definitively establish the companies’ responsibilities. The biggest problem, however, is the lack of independent monitoring or effective enforcement options, both of which are needed for a code to provide real gains for workers. As a result, unions typically prefer more robust global labor agreements which are generally defined as codes of conduct with independent monitoring.
Many multinational corporations now have codes of conduct. One important example is Chiquita, which controls approximately 25 per cent of the world banana market. As described by Riisgaard (2003), the Chiquita Agreement illustrates the value of unions and NGOs working together to advance workers’ interests.

Faced with increased competition in the banana market, Chiquita aggressively marketed itself as a supplier of premium bananas and an environmentally and socially responsible corporation. Although the campaign now includes promoting good labor practices, that concern arose only after highly publicized labor troubles and a significant degree of pressure from worker groups. Included among those problems were allegations that Chiquita had engaged in political corruption, pesticide poisoning of workers and antiunion activity.

Several Latin American and United States NGOs saw media coverage of these problems as an opportunity and began publicity campaigns against Chiquita in its major markets. As part of the campaign, the NGOs demanded that the company respect workers’ right to unionize and the right to safe and environmentally sound practices in the banana plantations. After several months, Chiquita agreed to meet with the NGOs, spearheaded by the Latin-American Coordination of Banana Workers Unions, and later with various unions, particularly the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations. Initially, the company resisted a joint code of conduct and instead unilaterally promulgated its own. However, approximately two and one-half years after first meeting with the NGOs, Chiquita signed a joint agreement. This agreement was historic as it was the first major agreement involving unions and NGOs from several developing countries.

The agreement included several major protections for workers. It affirmed workers’ right to join a union and bargain collectively. Chiquita also promised to respect the core ILO conventions, including those prohibiting discrimination, child labor and forced labor. All parties also agreed to avoid antiunion retaliation or public campaigns that might undermine the agreement. Importantly, Chiquita’s suppliers, contract growers and joint venture partners were also required to comply with the agreement.

One study evaluated the agreement’s effectiveness through interviews with a wide range of workers, Chiquita officials and union officials (Riisgaard 2003). According to those interviews, the agreement suffered from several deficiencies, which varied in severity depending on the country. For instance, the agreement was not adequately publicized, especially to nonunion employees. At times, the union also had difficulty gaining access to plants. Moreover, the Chiquita review committee, in
which representatives of the company, NGOs and unions met to assess compliance with the agreement, appears to have been underutilized by the NGOs and unions.

Despite these problems, the agreement produced benefits. Most interviewed parties believed that the substantive standards were being honored for the most part. In addition, workers on Chiquita-owned plantations saw improvements, although workers on supplier plantations saw no improvements or even worsening conditions.

Although there is a sense that the Chiquita agreement has not lived up to its potential, it has still achieved many improvements for workers, particularly those in Chiquita-owned plantations. Moreover, the agreement helped to start better dialogues among worker groups and increased the involvement of national governments, all of which may lead to further gains in the future.

The Chiquita study is one of a few examples of research on the empirical effects of these various forms of global collective action. A further example is a study that compared the effectiveness of global labor agreements and codes of conduct that lacked significant monitoring and union voice (Egels-Zandeʼn and Hyllman 2007). Global labor agreements, also referred to as ‘international framework agreements’ (Herrnstadt 2007), are codes of conduct that also include rules to ensure monitoring and other types of union involvement. The study concluded that both produce similar results as measured by the agreed-upon substantive measures, but that global labor agreements were more effective than codes of conduct. In particular, the global labor agreements included important process rights that other codes of conduct lacked. In contrast to various individual rights and minimum standards, which both types of agreements were equally adept at achieving, rights to certain types of process such as workplace democracy, shared sovereignty, participation and access to information were more likely to be found in global agreements that involved unions (Egels-Zandeʼn and Hyllman 2007).

The study also found that less effective codes of conduct interfered with global labor agreements, thereby suggesting that pursuing codes of conduct may not be a wise strategy for unions and other labor groups. The study, however, was limited to one country – Sri Lanka – and therefore does not conclusively establish experiences throughout other parts of the world. Despite these limitations, the study showed that agreements are probably more effective when monitoring and other compliance measures are included, particularly when unions take a lead role in such measures. Yet, it also showed that many unions lacked the expertise to adequately monitor companies.

This lack of knowledge provides another opportunity for collective
action in which NGOs and local unions pool resources to establish local monitoring expertise (ibid). Such measures go far in avoiding criticism that codes of conduct are little more than a company public relations tool. For example, one company in the survey repeatedly used its code of conduct as evidence of its support of unions while at the same time refusing to allow its workers input into whether a local union should represent them (ibid). The disadvantage of agreements including significant union participation is that they are not feasible where unionization rates are particularly low, although they may provide a first step toward future organizational efforts.

Finally, despite the advantages of global labor agreements over codes of conduct, the study found that neither type of agreement was widely viewed as successful. Many survey responses indicated that both suffered from inadequate monitoring and enforcement. In spite of these problems, however, NGO and union representatives viewed codes of conduct as valuable, even ones that lacked the process components of global agreements.

A study of Nike’s experience with codes of conduct is also illustrative (Locke et al. 2007). The breadth of Nike’s operations makes the study particularly useful as the company uses over 800 suppliers in 51 countries. Similar to Chiquita’s experience, a wave of bad publicity prompted Nike to agree to a code of conduct. The provisions of the code have continued to develop, but include measures such as minimum age requirements, adoption of certain Occupational Health and Safety Act standards, and various labor and environmental projects. Nike also made significant efforts to impose monitoring and inspection requirements on its suppliers.

The study looked, among other things, at Nike’s reports on its audits of suppliers. These reports led to several conclusions. For instance, the levels of compliance varied significantly as a result of plants having substantially more compliance in countries with strong legal systems and in plants that were visited more often by Nike. Enhanced compliance also occurred in plants with better work organization that encourage worker participation.

These findings suggest several keys to creating an effective code of conduct. Codes of conduct are far more useful as part of a broader system of promoting better working conditions rather than as an isolated measure. Such systems can include relatively strong national labor protections as well as plant-level measures that seek to increase employee voice and improve work conditions. Moreover, adequate monitoring is an important factor in a code’s ability to improve working conditions (Gould 2001). This monitoring can be performed by third parties or by unions as part of an agreement with the company that grants the union increased access and information as well as consistent means to interact with the business (Wills 2002). Meeting these goals can help achieve real gains for workers;
failure to do so threatens to turn a code of conduct into little more than a corporate publicity campaign.

D International treaties and standards

Treaties and other formal agreements have increasingly included provisions on labor standards and, in some cases, created new opportunities for collective action. Although the standards and enforcement measures differ, these treaties typically require signatory countries to uphold certain broad labor rights and implement a complaint system that has the possibility of trade sanctions or other monetary penalties. The chapter in this volume authored by Richard Block and Jonas Zoninsein addresses treaties and international labor standards more generally, while this section will focus on how the existence of these international legal rules affects workers’ collective action in a global economy (Chapter 23 in this volume).

The foremost international labor standards framework is the ILO. Created after World War I as part of the now-defunct League of Nations, the ILO sought to provide a universal set of labor standards that would apply in most countries. The core ILO standards include freedom of association; right to collective representation; elimination of compulsory labor; effective abolition of child labor; and elimination of workplace discrimination (International Labour Organization 1998). One employee-side organization, the International Coalition of Free Trade Unions, has pushed to incorporate ILO standards as part of trade requirements under the World Trade Organization framework (Wills 2002). The United States, however, has ratified only a few of the ILO standards. Even for countries that have ratified most standards, the ILO provides little in the way of enforcement. Investigations and governmental discussions are available, but the ILO does not have an adjudicatory entity and cannot impose sanctions (Erickson and Mitchell 1999; Tsogas 1999).

Unions’ use of the ILO is emblematic of the limits of international labor standards in general. For example, in 2007, the AFL-CIO filed a complaint against the United States with the ILO’s Committee on Freedom of Association. The complaint alleged that the National Labor Relations Board, in a series of decisions interpreting various provisions of the National Labor Relations Act, had engaged in a ‘systematic effort to deny workers’ rights in violation of international labor standards’ by narrowing coverage of workers, limiting workers’ rights, strengthening employers’ ability to discriminate and harass workers, and refusing to use the agency’s limited remedial powers. The relief sought was for the United States to ‘take all necessary steps to restore, in law and in practice, the rights of workers to have full freedom of association and engage in effective
the ILO model is not the only source of labor standards that might support collective action, however. In 1998, for instance, Mexican apple pickers in Washington State used the North American Free Trade Agreement (NAFTA) to exert pressure on apple growers. NAFTA’s labor side agreement, the North American Agreement on Labor Cooperation (NAALC), was a late addition to the treaty. Both Mexico and Canada resisted the inclusion of a labor side agreement and the result was a compromise set of labor standards that many consider to be weak (Weiss 2003; Chew and Posthuma 2002). One of the primary shortcomings with the NAALC is that it is mostly precatory. The agreement set forth eleven ‘guiding principles’ that each country should promote, but application of those principles is subject to each country’s own labor laws. Indeed, the NAALC did not establish any independent labor standards. Instead, it explicitly incorporated each country’s domestic labor laws, which parties were free to change in the future. Thus, each country’s own labor standards were made into international obligations under the NAALC. Those obligations were limited, moreover, to a pattern or practice of failures to comply with domestic labor law in trade-related areas. In addition, the adjudicatory options varied depending on which of the eleven areas was at issue.

The apple pickers’ complaint involved a substantial number of workers. Mexicans working as apple pickers in Washington constitute approximately half of the 45,000 apple pickers in that state. Four Mexican unions filed the complaint with the Mexican office designated to handle complaints under the NAALC. However, two American unions seeking to organize apple pickers, the Teamsters and the United Farm Workers, assisted the Mexican unions with the complaint. The complaint alleged that the apple growers, the United States government and Washington state failed to comply with the NAALC labor standards. The allegations included claims that the Occupational Safety and Health Administration failed to protect workers from pesticide exposure and a broad attack on the adequacy of United States labor law to protect against antiunion retaliation. The complaint also alleged that the apple pickers often did not receive the minimum
wage or overtime premiums guaranteed by the Fair Labor Standards Act because that statute does not apply to agricultural workers.

The relief sought by the unions was for the Mexican government to engage in consultations with the United States government. The NAALC permits a complaining country to demand a panel of experts to review the complaint and, for certain types of labor disputes, arbitration that could result in penalties levied against a country found to have violated the agreement (Weiss 2003). The complaint was ultimately resolved along with several other complaints by an agreement between American and Mexican labor officials. The countries agreed to discuss the application of the relevant American labor laws to the apple pickers and to hold public forums and outreach meetings with migrant workers, community leaders and public officials to discuss the problems described in the complaints (Lall 2000). This was a typical outcome as no case under the NAALC has gone beyond the point of ministerial consultations.

As union officials expressly noted, such complaints, particularly those brought against the United States, are not expected to directly result in improved labor conditions. Rather, the unions view such complaints as a public relations tool that can highlight inadequacies in a country’s labor laws or enforcement of those laws (Singh 2002). The inability of the NAALC and other labor standards to provide an effective enforcement strategy is not unusual. Countries simply appear unwilling to invoke meaningful sanctions against each other for labor standard violations. Instead, unions and other worker groups intend to use the standards as a public relations tool to highlight specific labor problems, in the hope that countries will address those problems to avoid bad publicity.

Empirical evidence on the effectiveness of international labor standards is lacking. Most empirical work looks to labor standards’ effect on broader economic measures, particularly the effect on countries’ economies and their trade relationships. The general findings of most studies are that labor standards have little if any effect on a participating country’s labor market, trade relationships or overall economy (Gould 2001). These findings are not surprising. As the NAFTA example illustrates, enforcement of labor standards usually does not produce concrete changes. Rather, labor standards requirements generally trigger procedural measures and the recognition of broad labor rights. Although these results are an important part of protecting workers’ interests, they do not by themselves translate into improved working conditions or wages (Gould 2001).

4 Conclusion
The growth in globalization has presented unions and other employee-side groups with both challenges and opportunities. Such groups face
additional hurdles to organizing and representing workers due to the increased competitiveness of the global labor market. By providing new alternatives to union labor, globalization weakens what is an already declining influence of unions on industry-wide labor markets. The lack of control over labor markets, as well as the increased competition that businesses face in a global economy, have given unions fewer opportunities to achieve gains for workers.

Despite these challenges, globalization provides unions with opportunities. Technological advances in communications provide unions with a much broader audience for publicity campaigns against a company. Moreover, as the global labor market expands, so does the pool of potential allies. The rise of multinational companies that can draw workers from a wide variety of labor markets means that unions in each of those markets have an incentive to work together and bring a level of pressure beyond the capabilities of any single union. Additionally, existing international frameworks such as treaties and trade agreements provide opportunities to add new labor commitments or to enforce already existing labor standards.

The extent to which these various forms of global collective action are able to produce real benefits for workers is questionable. One of the few clear results is that it is difficult for one strategy to achieve meaningful gains on its own. Instead, collective action in the global economy must reflect the complex and multifaceted nature of that economy. Businesses deal with a wide variety of competitive and product market pressures and unions, in turn, must recognize those various issues and engage in strategies that are equally as comprehensive.

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