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Revitalizing Labor In Today's World Markets

Abstract

[Excerpt] Competitiveness for firms is possible via the high road or low road, or some combination of the two. For a nation, however, if competitiveness means the ability of a country's firms to sell on world markets while contributing to rising average incomes and living standards at home, then only the high road will do, especially for advanced industrial societies such as Germany and the United States. The tragedy of today's touted "American model" is that it is based too much on the low road, and as a result includes growing income polarization and a deep "representation gap." American workers, in spite of the long 1990s miniboom, don't earn enough and don't have enough voice in the workplace. The decline of the labor movement has gone hand in hand with growing economic and social polarization.

Perhaps the best remedy, and certainly the one that allows workers themselves to solve these problems, is a revitalization of American unions. In today's world economy, union revitalization requires both the capacity to organize and mobilize and a proactive willingness to use new strength and representation to contribute to firm and national competitiveness. German unions are strong to the extent they can do both of these, within an institutional environment that is far more supportive than that in which American unions must operate. German unions today, however, among many other problems, are being badgered by employers about the virtues of the American model, which in part means "roll back the unions," to drive down labor costs and raise productivity. On their own turf, German unions have done a good job fending off the attacks. However, in the long run, their continuing influence may well depend on the strength of unions in other countries, throughout Europe and elsewhere. Especially in the United States, where a revival of the labor movement could do much to revise the American model and remove downward pressure on the German high road. The revitalization of the unions in the United States, therefore, is important not only for American workers and society, but for German unions and society as well. Economic growth and improved productivity and firm competitiveness may not require strong unions in the U.S. or Germany, but as past performance in many countries has shown, neither are strong unions incompatible with growth, productivity and competitiveness. Strong unions, we do know, raise wages, improve benefits and employment security, and offer protected representation in the workplace, all of which are all too often missing in the American workplace.

Keywords

Germany, United States, employment relations, labor movement, competitiveness

Disciplines

International and Comparative Labor Relations | Labor Relations | Unions

Comments

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Chapter 5 **Revitalizing Labor In Today's World Markets**

Lowell Turner

Competitiveness for firms is possible via the high road or low road, or some combination of the two. For a nation, however, if competitiveness means the ability of a country's firms to sell on world markets while contributing to rising average incomes and living standards at home, then only the high road will do, especially for advanced industrial societies such as Germany and the United States. The tragedy of today's touted "American model" is that it is based too much on the low road, and as a result includes growing income polarization and a deep "representation gap." American workers, in spite of the long 1990s mini-boom, don't earn enough and don't have enough voice in the workplace. The decline of the labor movement has gone hand in hand with growing economic and social polarization.

Perhaps the best remedy, and certainly the one that allows workers themselves to solve these problems, is a revitalization of American unions. In today's world economy, union revitalization requires both the capacity to organize and mobilize and a proactive willingness to use new strength and representation to contribute to firm and national competitiveness. German unions are strong to the extent they can do both of these, within an institutional environment that is far more supportive than that in which American unions must operate. German unions today, however, among many other problems, are being badgered by employers about the virtues of the American model, which in part means "roll back the unions," to drive down labor costs and raise productivity. On their own turf, German unions have done a good job fending off the attacks. However, in the long run, their continuing influence may well depend on the strength of unions in other countries, throughout Europe and elsewhere. Especially in the United States, where a revival of the labor movement could do much to revise the American model and remove downward pressure on the German high road. The revitalization of the unions in the United States, therefore, is important not only for American workers and society, but for German unions and society as well. Economic growth and improved productivity and firm competitiveness may not require strong unions in the U.S. or Germany, but as past performance in many countries has shown, neither are strong unions incompatible with growth, productivity and competitiveness. Strong unions, we do know, raise wages, improve benefits and employment security, and offer pro-

tected representation in the workplace, all of which are all too often missing in the American workplace.

1. The Beauty of Social Partnership

Social partnership is widely misunderstood, in the United States, Great Britain and elsewhere. Social partnership means neither shopfloor quiescence nor the absence of conflict, nor simple labor-management cooperation. Rather, social partnership refers to ongoing bargaining relationships between strong and highly organized employers and unions. Because both sides are well organized and comprehensive in coverage, bargaining outcomes are spread throughout industry sectors, and sometimes throughout the broad political economy as well (through pattern bargaining, vocational training arrangements, and other national or “peak” level discussions). Although the two sides have both conflicting and common interests, their positions of power and secure integration into the institutional landscape provide them the capacity, on most occasions, to accomplish what American industrial relations experts might call “win-win bargaining.” Social partnership has been and can be useful mechanisms for solving broad, sectoral, and firm-level economic problems, including problems of firm and national competitiveness. In spite of the rise of neo-liberal ideology in German government and business, this remains the dominant viewpoint of German employers and unions, as in many other European countries and at European Union headquarters as well.

Employers by definition have the predominant voice in firm-level decisions in a market economy, from investment to production organization to personnel use. The beauty of social partnership in Germany is that strong unions are also incorporated into firm-level decision-making and into the broader political economy as well, through comprehensive collective bargaining and codetermination, affording an active and sometimes proactive employee voice in the workplace. German social partnership extends democracy from the political arena into the economy and workplace in a much fuller way than has occurred in most other countries, including the United States. While social partnership *can* result in labor-management cooperation, it works only because unions are strong, conflict-ready, and capable of mobilizing the rank and file. We have seen this time and again in the 1990s: in pattern-setting IG Metall strike victories in eastern Germany (1993) and Bavaria (1995), and in countless successful warning strikes across the entire range of industries and services, private and public. In all of these cases, workers have responded with high levels of mobilization and solidarity when called upon by union leadership (Turner 1998).

German unions have stayed strong over the past two decades while unions in many other countries have declined because they have solid, social partnership-oriented institutional supports and because they have proven success in mobilizing their members. Yet, German unions face major problems today in the restructuring brought on by global and European market pressures, e.g. outsourcing and downsizing in the private sector and privatization (along with outsourcing and downsizing) in the public sector. The problem now is to extend social partnership and the capacity for mobilization to new ranks of workers, especially women, younger workers, and white-collar employees. The presence of active debate and internal struggle among German unions today reflects the rise of new ideas and a conflict of strategic options in the face of new challenges. If internal debates weaken the unions and squander strategic possibilities, then German unions could slide into the same kind of decline that their counterparts in so many other countries have known. On the other hand, given strong institutional supports and a continuing capacity for mobilization, current fermentation could well indicate the beginnings of contemporary German labor movement revitalization.

2. The Revival of the American Labor Movement

The good news from this side of the Atlantic is that there is in fact a revitalization of the American labor movement underway. This is not yet reflected in rising membership numbers, although recruitment is up and membership density declines appear to have slowed. While it is unclear how far current developments will go, unions have responded with a major shift in resources and effort toward organizing the unorganized. This shift is fueled by new activist leaders and targeted at rank-and-file mobilization. The 1990s have witnessed the most hopeful signs of union revival in the United States in 25 years (Bronfenbrenner et al. 1998).

The revival of the American labor movement is essential for reversing our growing economic and social polarization, for extending democracy more fully to the American workplace, and for promoting long-run national competitiveness that includes high value-added production, high skills, and rising average incomes. What does a strong labor movement consist of in contemporary world markets? The German case suggests that both institutionally anchored social partnership and labor's capacity for rank-and-file mobilization are necessary. In the U.S., debates inside the labor movement often get polarized between the cooperationists and the militants, when in fact both are necessary. Despite widely acclaimed instances of partnership underway here and there, the problem for U.S. unions is that the overall picture is one in which employers resist unioniza-

tion. After trying many other approaches, including labor-management partnerships and labor law reform, unions, to a significant extent, have now shifted from top-down efforts to grass roots mobilization through political campaigns and workplace organizing drives. The capacity for rank-and-file mobilization is thus being rebuilt in America, as a necessary first step toward the revival of union influence (Hurd 1998).

Union problems in the current and impressive “changing to organize” include a variety of challenges such as relentless and militant employer opposition and the need for the adversarial relations of an organizing drive to be translated, at some point, into a broader, union-incorporated social partnership. If such partnership relations are buttressed by reformed institutions, the gains from organizing can bear fruit in lasting economic and political voice. Lastly, there is a need to develop parallel and compatible strategies to organize both lower end blue-collar and service workers *and* the growing ranks of middle-level white-collar, technical and semi-professional employees (since too much militancy in the former cases can undercut possibilities in the latter cases).

3. Broadening the Argument: British Unions Emerging from Thatcherism

After seventeen years of Conservative rule, including prolonged and successful attacks on union influence by the Thatcher government (Towers 1989), British unions remain somewhat shell-shocked. Membership density has dropped dramatically, from around 54 percent to 30 percent today. Yet prospects for renewal have improved with the arrival of a Labour government in 1997, and above all with the strategic innovations of “new unionism,” introduced by the TUC beginning in 1994 (Heery 1998).

The TUC is now officially on record as advocating a European-style social partnership, in place of its traditional voluntarist adversarialism. In Britain, this would mean stable bargaining relationships at firm and industry levels, as well as at the “peak” TUC-CBI level. It also means full acceptance and incorporation of European social legislation (such as European works councils at multinational firms) much of it based directly on the concept of social partnership and its incorporation into the political economy.

The social partnership ideology and framework has opened the door for new legislation, now in the Labour government pipeline (and spelled out in the 1998 White Paper on “Fairness at Work”), that would strengthen the position of unions in the workplace. Key provisions include “card-check recognition,” in which a majority of employee signatures would result in union recognition (without the need for an election), and the new right for unions to represent any union mem-

ber anywhere, even in a workplace with no union recognition. The provision of universal representation affords unions an important foot in any employer's door. These provisions considerably will give British unions new institutional supports, much stronger than those proposed (and defeated) in American labor law reform efforts in 1978 and 1994.

In addition to the new social partnership orientation of the TUC and many of its member unions in the 1990s (and the prospects for enabling legislation), there is also an "organizing model" now beginning to spread among union ranks, based explicitly on the recent American experience. Unions are shifting resources to organizing the unorganized. The TUC has established, in January of 1998, an Organising Academy based to a significant extent on the AFL-CIO Organizing Institute. Paradoxically, unions in the U.K. are learning, from their own experience and from the results of recent research by Jeremy Waddington and others, that to retain members they need to offer better services, while at the same time putting more effort into organizing the unorganized. The solution put forward by today's union activists is to mobilize the rank and file, both to get involved in service provision and to expand the ranks of the organized (Heery 1998; Waddington 1995; Waddington et al. 1997).

Similar to the cooperation-militancy debates in the U.S., there are widespread debates within union ranks in the U.K. between the advocates of social partnership and the proponents of a new more militant and activist organizing model. Some social partnership proponents emphasize labor-management cooperation and view the expansion of an organizing model as possibly undermining that central goal. This is a mistaken perspective, in both concept and strategy as we have seen in the German case; successful social partnership based on strong unions requires from start to finish a vibrant capacity for rank-and-file mobilization. To the extent that an organizing approach strengthens unions, a stronger basis is laid for lasting relations of social partnership. On the other hand, many activists and new organizers (as well as traditional adversarialists) view social partnership with contempt, as a sell-out and class collaboration based on union weakness which leads to further union weakness. Social partnership, of course, is nothing of the kind, not in Germany, Denmark, Sweden, Norway, Finland or other European countries. What organizing activists in the U.K. and elsewhere are in fact doing in the long run is making unions strong and relations of social partnership possible.

Contemporary TUC strategy wisely extends an umbrella over various approaches to union revitalization, including traditional adversarialism, organizing activism, and social partnership. All three (especially the latter two) have important contributions to make in the rebuilding of union strength in post-Tory Britain. Shell-shocked union veterans aside, there is a great deal of innovation and fermentation within the British labor movement today, offering renewed

hope for a strengthened union counterweight within an employer-dominated, post-Thatcher economy.

4. International Union Solidarity?

A largely new but increasingly important dimension of union revitalization in today's world markets is the expansion of cross-national union collaboration, both for mutual learning and for concrete support in campaigns involving multinational corporations. British unions, for example, have learned of the organizing model (and begun to integrate the lessons within their own context) from American unions. German unions have also shown increasing interest in new organizing and recruitment and have looked to the U.S. for lessons on organizing drives, especially with regard to organizing women. American unions have drawn on German union strength and solidarity in labor campaigns at companies, such as Freightliner, that are owned by parent German multinational corporations. And as a result of the Daimler Chrysler merger, the United Auto Workers and its members at Chrysler now have supervisory board participation together with their new colleagues from IG Metall made possible by German codetermination.

These are small examples in relation to the contemporary need for cross-national union collaboration. But they are also part of a wider expansion of such efforts, as seen in the increasing cooperation of American and Mexican unions around NAFTA and in the growing coordination among European unions as European economic integration advances. Moreover, this type of collaboration represents a potentially important new source of union influence as well as one possible catalyst for union revitalization campaigns (Ramsay 1997).

5. Representation and Competitiveness in a World Economy

As we look around for democratic counterweights to the growing power of international capital in rapidly changing world markets, unions, working together and in coalition with other groups (such as environmental and religious organizations), offer perhaps the most viable prospect. If unions are to play such a role, however, two problems stand out:

- (1) How can they rebuild strength and coordinate efforts, to reach new levels of influence for meaningful contemporary representation, in and beyond multinational corporations? and

- (2) how can they use such new power in ways that are compatible with, and make a positive contribution to, both firm and national competitiveness?

The most viable solution, I would argue, lies with strong activist unions, revitalized through rank-and-file organization and mobilization, operating within a framework of social partnership relations, with employers and employer associations in ongoing bargaining relationships that are supported and endorsed by government. One possible scenario that can be tested against past, present and future developments is that long-term union decline eventually leads to new union leadership and strategies for renewal. A possible strategic approach emphasizes grass-roots mobilization, in the workplace, organizing drives, and the political arena. Mobilization can lead to union revitalization and further processes that can strengthen unions and increase their influence with firms and in the political arena.

If the above scenario is viable, and I believe it is (especially when compared to past failed efforts that focused in other directions), then American unions are doing the right thing in shifting resources, effort and focus to rank-and-file mobilization. British unions are also on the right path, while German unions seek new ways to raise recruitment, especially among women and the young.

In the U.S., however, the added long-run challenge will be to build new union strength into an American version of social partnership to stabilize union influence and anchor it institutionally (so that it won't be as vulnerable to employer and government attacks as it was in the 1980s). A new social partnership could help to ensure stable and expanded union voice, at the firm and in politics. Workers and their representatives could participate and offer their own high-road perspectives in processes of market-driven decision making.

Neither business unionism nor adversarialism is appropriate to the needs of working people in today's world markets. For competitiveness and democracy, we need strong unions that can both mobilize the membership and bargain for the workforce with the broad needs of the economy in mind. British unions are on the right track in promoting both a new organizing model and relations of social partnership. German unions are right to defend the social partnership (most effectively through membership mobilization) while seeking new approaches to grass-roots revitalization. American unions are right to start building from the bottom up to develop the strength necessary to counter employer opposition and dominance and to create the circumstances necessary for legal reform and a much fuller and more constructive incorporation of workers and unions into the American political economy. While the challenge remains daunting, the necessity is compelling and the prospects (for the first time in a long time) are enticing.

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