

LAST LINE OF RESISTANCE OR A GOLDEN OPPORTUNITY:

AUSTRALIAN TRADE UNION RESPONSES TO GLOBALIZATION

TIM HARCOURT
AUSTRALIAN COUNCIL OF TRADE UNIONS

Abstract

This paper concentrates on the response of the trade union movement in Australia to globalization. Firstly, it outlines the evidence of the effects of globalization on labour markets, including the impact of trade on wage inequality, employment security and collective bargaining. Secondly, it looks at the strategic union response to the effects of globalization in terms of trade policy responses, international labour co-operation and traditional industrial campaigns on globalization issues. It suggests that unions can employ a combination of international and domestic strategies to deal with globalization.

INTRODUCTION

Is 'globalization' the key to economic prosperity for all or yet another device to further advance international capital at the expense of workers? The globalization debate has become important in international policy circles in the Asia Pacific region. The debate came to the fore as a result of the Asian financial crisis which began in July 1997 with the large capital outflow and devaluations of the key Asian currencies and later spread to Russia and Latin America. It has influenced domestic politics in countries harmed most by the currency crisis and has also affected domestic elections in industrialised countries .

This paper is in two parts. First, it assesses the current state of research on the effect of globalization on the welfare of workers. Second, it outlines some Australian trade union strategies to deal with the impact of globalization. These range from international union efforts to have labour issues included in trade policy to domestic campaigns by unions on globalization issues and labour market adjustment.

WHAT IS GLOBALIZATION?

Whilst globalization is a contemporary term, the issue of how national economies integrate has been controversial in economics since Adam Smith's (1776) *Wealth of*

Nations in the late 18th century. In Australia, too, the 'free-trade versus protection' debate had enormous impact on the development of national politics in the late 19th and early 20th century. At Federation in 1901, the main political parties were either 'free trade' or 'protectionist', with the emerging Australian Labor Party having elements of both positions in its ranks (see Costa, 1991).

Now, in the late 20th century we have the controversy of 'globalization', which has a number of competing definitions. Ohmae has enthusiastically written about the 'borderless world' and the 'end of the nation state' (see Ohmae, 1990; 1995). Ohmae (1990:11-13) supports market mechanisms over government intervention (preferring 'innovators' to 'regulators'). He regards globalization as a modern phenomenon whereby previously closed economies become open. Yet, as Kozul-Wright (1995:139-142) points out, international economic integration was important in the 1870-1913 period (A 'Golden Age' of International Integration). Kozul-Wright (1995:139) defines globalization as:

...a continuous process of extending interdependent cross-border linkages in production and exchange, pursued by firms, many of which by definition are transnational, with the aim of advancing their particular interests, and regulated by states (and other institutions) with the aim of ensuring the potential benefits are obtained by wider communities.

Hirst and Thompson (1992:357-359) use the term 'globalization of economic relations'. They examine the importance of trading blocs within the international economy, how these blocs relate to each other and how this might affect the management and co-ordination of the world economy overall. Other analysts, such as Holland (1987), note the emergence of global 'mesoeconomic' power by multinational companies in the world economy. Rodrik (1997) has written about the adverse effects of globalization on unskilled workers and the need for governments to provide social insurance.

This paper focuses on 'economic globalization' - that is the integration of national economies in terms of trade and investment. It distinguishes between the effects of trade liberalisation and other globalization effects that increase capital mobility. Trade liberalisation refers to the removal of minimisation of trade barriers through the process of the World Trade Organization (WTO) and the Asia Pacific Economic Cooperation (APEC) forum. The WTO process often receives the most public scrutiny as it involves direct policy decisions by national governments to reduce trade barriers. This received much publicity in Australia because in the 1980s the government considered itself a leader in the trade liberalisation process, especially given its role in the formation of the Cairns Group and APEC (see Garnaut, 1994, Hawke, 1992, Oxley, 1990).

Other globalization effects refer to developments other than the erosion of trade barriers that increase capital mobility. This includes the removal of impediments to foreign investment and the increased ability of firms to 'outsource' part of their business to sub-contractors in other countries. With international capital becoming more mobile, investment flows have outstripped world trade flows in recent decades. (see Kozul-Wright, 1995).

Contemporary globalization has caused some unusual political alliances. For instance, some on the extreme left of politics oppose globalization because they oppose the power of international capital over sovereign national governments. The extreme right opposes globalization as it is against all things 'foreign', ie. capital, governments, people (including immigrants). Many labour market problems are blamed on globalization for popular appeal, especially at election time. For instance, Patrick Buchanan, a Republican Party Presidential contender in 1996, was quick to blame globalization and the US trade deficit with Japan for wage and job losses for American workers in manufacturing (see Rodrik, 1997:69). However, Buchanan did not have such pro-worker views on minimum wage legislation and collective bargaining. Ironically, some pro-globalization advocates on the right do not object to influence of Geneva in the form of the WTO, but they may object to the same Geneva influence in the form of the International Labour Organisation (ILO) .

However, not all participants are simply 'pro' or 'anti-' globalization. Some believe that globalization is inevitable and it is a question of how a nation positions itself in an everchanging world. A nation can revert to isolationist economic strategies or use social policy to build up its stock of human capital to minimise the adverse social effects of globalization (see Rodrik, 1997; Latham, 1998). This pragmatic policy approach has been adopted by Tony Blair's 'New Labour' in the UK and social democratic parties in Europe and Australia (see Latham, 1998).

DOES GLOBALIZATION HURT WORKERS AND THEIR TRADE UNIONS? WHAT IS THE ECONOMIC EVIDENCE?

Trade Liberalisation and Wage Inequality

Most attention in economics has been on the effect of trade liberalisation on relative wages. The advocates of trade liberalisation and globalization usually argue about the 'efficiency gains', 'gains from trade', 'comparative advantage' and the elimination of 'dead weight losses'. There is typically little reference made to the distributive consequences of policy advice based on international trade models despite the warnings from bodies like the Organisation for Economic Cooperation and Development (OECD) that 'though freer trade is likely to generate welfare gains for a nation as a whole its distributional effects need to be considered' (OECD 1997:122)

Much of the theoretical debate has focussed on the effects of trade on developed country wages in response to fears that trade with low-wage developing countries will depress wages in industrialised countries. Economic theory offers several competing theories on the link between trade and wages. The most influential are 'Heckscher-Ohlin' and 'Stolper-Samuelson' models of the 1940s (see Belman and Lee, 1997:67, Stolper and Samuelson, 1941; Rodrik 1997:14-16). The Hecksher-Ohlin theorem predicts that free trade equalises commodity prices between countries sharing the same technology and producing the same commodities, which, in turn equates wages and rents in both countries. In contrast, the Stolper-Samuelson theorem says that any

interference with trade that drives up the local import price must unambiguously benefit the productive factor used intensively in producing the import-competing goods. In the Stolper-Samuelson model the scarce factor of production, labour, was expected to be less scarce in the absence of trade barriers. This explained why labour would benefit from tariff protection in terms of real wages.

With the increase in unemployment and wage inequality in industrialised countries in the 1980s and 1990s, the Heckscher-Ohlin and Stolper-Samuelson models were revisited by various economists, including Wood (1995). Wood argued that international trade in this period, between 'first world' and 'third world' had hurt unskilled workers in the first world. The debate centred around the questions of 'does trade with the third world hurt (unskilled) workers in the first world' and 'if so, by how much?' Many economists argue that trade is but a small factor in the decline of wages and employment prospects of first-world unskilled workers (see Bhagwati and Kosters (1994); Lawrence (1994); Slaughter and Swagel (1997); Burtless (1995); Freeman (1995)).

Wood (1995) argues that in industrialised countries, the demand for unskilled labour has fallen substantially over the past two decades at a time of rapid growth in imports from developing countries of low-skilled intensive manufactured goods. Wood believes that the evidence shows that trade has hurt unskilled workers. Freeman (1995:31), though, is sceptical about trade being the main culprit in the plight of unskilled workers. Freeman sees other forces at play, including technological advances and political events. He explains that domestic labour market conditions are more important than trade in pay determination for a large segment of the labour force. Accordingly, Freeman is sceptical that trade agreements, such as the North American Free Trade Agreement (NAFTA), or the European Union (EU) arrangements, will have a large effect on wages and employment (Ibid:31-32).

The debate about trade liberalisation and wage inequality is also associated with the debate about trade liberalisation and the growth of average wages. Is trade to blame for real wage decline or are other factors at play? Some economists have argued that stagnation in US real wages merely reflects a productivity decline. This is more difficult to ascertain in Australia because of other factors, such as the institutional effects of incomes policies like the prices and incomes Accord between the Australian Council of Trade Unions (ACTU) and the Hawke-Keating Labor Governments of 1983 to 1996 (analysed in Chapman, 1998).

The debate about the impact of trade liberalisation on wage inequality is a hotly contested one in the empirical literature and in economic theory. However, three assessments can be made: first, skilled workers tend to fare better from the effects of trade liberalisation than unskilled workers. Second, there is an effect of trade on relative wages, but there is debate about its magnitude. Third, whatever their views on the effects of trade on relative wages, most economists prefer a labour market policy response, such as raising the skill level of unskilled workers, to a trade policy response, such as raising tariffs or quotas in industries that employ unskilled workers. Other economists, such as Singh (1997) and Galbraith (1996), reject the model implicit in how conventional trade economists treat the labour market. They also reject the developed/developing world or 'North-South' dimensions of the trade and

labour markets debate, seeing this as a device for creating a 'wedge' between first world and third world workers in order to benefit the policy 'elites' in both types of economies.

Trade Liberalisation and Employment Insecurity

The debate about trade liberalisation and employment insecurity is a spin-off of the debate about trade liberalisation and relative wages. The essential argument between Wood (1995) and other economists concerns the reduction in the demand for unskilled labour in developed countries because of trade with the developing world. This reduction in demand, it is argued, shows itself either in the form of a reduction in the relative wage of the unskilled or in job losses. It is argued that the US has been affected by the trade impact through wage inequality whilst Europe has suffered employment losses. Much of this debate concerns the efficacy of US labour market institutions relative to those of Europe (the labour market 'flexibility' argument). The conventional wisdom is that American labour market institutions produce lower unemployment than Europe's 'inflexible' institutions. This argument has been discredited by Solow (1997) who finds that factors outside the labour market are responsible for Europe's unemployment rates. Overall, the debate about trade liberalisation and employment insecurity is almost identical to that about trade liberalisation and relative wages in that economists disagree as to the magnitude of the effects of trade liberalisation relative to other factors such as technology.

However, there are other relevant indirect effects on the labour market to be considered. For example, industrial relations institutions can be affected by trade liberalisation in a way that has implications for employment security and other labour market outcomes. Belman and Lee (1997) analyse some important studies on the impact of trade liberalisation on manufacturing employment, jobs quality, average wages, as well as relative wages and overall labour market conditions. The survey also notes the spillover effects of the '*loss of wage leadership* from the manufacturing sector ..*which may also be a source of poor wage performance throughout the economy.* (Ibid:78). This, however, does not consider other reasons for wage deterioration - such as the erosion of US labour market institutions. These effects are also important in Australian industrial relations given the historical role played by the metal industry's 'fitter's rate' in Australian wage determination. If trade liberalisation harms Australian manufacturing and reduces the demand for labour and wage growth in the metal engineering industry, then this affects bargaining in other sectors. The ultimate pattern of wage settlements in the labour market depends on the role of the leading sectors, be it 'overaward' bargaining in the past or enterprise bargaining in recent years.

Increased Capital Mobility and Bargaining Power

Whilst economists have engaged in a vigorous debate about the effects of trade liberalisation and workers, there are other (potentially) more important globalization effects that trade unions need to be aware of. For instance, Australian trade unions should be concerned if, by campaigning purely on the protection versus free trade debate, they completely miss the effects of increased capital mobility (including

outsourcing and contracting-out overseas). The inequality of bargaining power between employer and workers stemming from capital mobility is a major policy issue for trade unions (see Thorpe, 1997). However, conventional trade models do not always model alternative transmission mechanisms that affect workers. These include the threat of employers outsourcing or moving plants offshore in the face of wage claims (see OECD 1997; Belman and Lee, 1997:91-96; Brofenbrenner, 1997); the movement of capital to low-wage countries that do not comply with ILO conventions; the movement of displaced workers from the tradeable goods sector to the non-tradeable or domestic goods sector, causing a reduction in real wages in both sectors.

The OECD (1997) has surveyed the trade and 'other' effects including the role of technology in the globalization process. Whilst it is difficult to distinguish the effects of trade from those of technology on the labour market, the survey notes that the majority of the studies conclude that trade has played a '*small role*' in labour market outcomes. Notably, one study by Machin, *et al* (1996), noted the importance of labour market institutions in lessening the impact of globalization on workers. The study notes that '..labour market institutions play an important role..' .and that in the USA and UK industries with 'higher unionisation levels experienced less downgrading of the relative wages and employment of unskilled workers' (OECD, 1997:116).

This evidence shows that unions can protect workers in the face of globalization. If unions can prove their 'worth' to workers who are fearful of the effects of globalization, this could have a positive influence on union recruitment drives. However, it also depends on the influence of globalization on the resources of unions. There is substantial evidence that unions protect workers' jobs by improving the productivity and international competitiveness of companies (Mishel and Voos, 1992). If unions can 'prove' that they are a positive influence on the employer's ability to compete in the global economy, this may also assist union recruitment.

WHAT HAVE AUSTRALIAN TRADE UNIONS DONE ABOUT GLOBALIZATION? HAVE THEY BEEN SUCCESSFUL?

Trade unions have a number of strategies available to them to deal with the adverse effects of globalization on workers. These include both international and domestic strategies.

International Strategies

International Labour Co-operation

Advocates of international labour co-operation suggest that like corporations, trade unions can organize internationally. There is a widespread literature on international labour co-operation, including the work of Levinson (1972), Gunter (1972), Weinberg (1978) and Bendiner (1987). In an overview of the literature on international trade union co-operation, Ramsey (1996: 3-8) classifies the schools of thought into 'Evolutionary Optimism', the 'Managerial

Sceptics', the 'Left Pessimists', 'National Alternatism', and 'Contingency Theories'. Ramsey traces the impediments to international labour co-operation, especially in terms of internationally co-ordinated bargaining in multinational companies. With major difficulties in the European context there would seem little hope for labour co-operation in a wider global sphere.

Because of the disadvantage that labour faces compared to corporations in terms of resources and influence over government, how much can labour gain by co-operating across national borders? Whilst international union action, if threatened excessively and repeatedly, can be deemed ineffective if not supported by solid action by the membership, (the 'cry wolf' scenario), it can be crucial for unions, particularly those in small countries, subject to state oppression. For instance, Fiji TUC President Michael Columbus¹ said that if it were not for the Australian and New Zealand transport union responses to blockade Fiji at the time of the military coup in 1987, the Fiji union movement would have been finished with drastic consequences for the liberty of its officials.

Another example is the ACTU's long lasting campaign against apartheid. Support for the African National Congress (ANC) and non-racial South African trade unions over the long years of apartheid included industrial action against South African sports teams, support for economic sanctions and financial support for trade unions in South Africa (see ACTU, 1995a). This action assisted the successful struggle against apartheid and brought benefits in turn for Australian unions. The Congress of South African Trade Unions (COSATU) reciprocated when it lent support to the Western Australian Trades and Labor Council (WA TLC) in its fight against state government legislation in 1995 and to the Maritime Union of Australia (MUA) campaign against Patrick Stevedores in 1998.

The MUA's waterfront industrial campaign in 1998 received support from transport unions all over the world. This follows strong support from the MUA for Seafarers in Burma, the Philippines and elsewhere who have had their human rights violated. The 'Ships of Shame' campaign by the MUA and International Transport Workers Federation (ITF) has been instrumental in improving the welfare of seafarers in developing countries (see Commonwealth of Australia; 1993 ITF, 1998). Regular Australian assistance has also been provided by airline unions to their Papua New Guinea and Fijian counterparts. Australian unions have also supported their counterparts in the Republic of Korea in the 1997 showdown in Seoul over industrial legislation (see Bae *et al*, 1997 for an analysis of this conflict).

The ACTU is active in the ICFTU and various regional union bodies. Similarly, Australian unions belong to their respective international trade secretariats (ITS). However, it is difficult for under-resourced trade union bodies to take on the well-resourced global corporations. Nonetheless, there are advantages in terms of information exchange and selective intervention at

crucial stages in industrial disputes. International action in support of the MUA, for example, was taken very seriously by the Federal Government, because of Australia's position as a small open economy.

While it is difficult for unions to take on global capital 'head to head' there is the case of the campaign against Rio Tinto, the international mining conglomerate. The Australian unions, together with the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) conducted a high profile campaign against Rio Tinto, who have aggressively tried to union-bust and replace collective regulation with individual contracts. The campaign against Rio Tinto launched in Johannesburg in February 1998 at a meeting hosted by South African President Nelson Mandela and former Australian Prime Minister Bob Hawke (see ICEM, 1998a, 1998b).

International Trade Instruments

Australian unions have also followed the example of their US and European counterparts in trying to influence trade policy. This has often been unsuccessful as unions have had to compete against powerful business interests and the realities of geo-politics. This is difficult for Australia as a small industrial national with a 'European past' in the emerging Asia Pacific region. Unions also have to make decisions about international resources and have typically relied on the ACTU and their ITS to represent them on international issues generally, including issues of trade policy. However, the ACTU, directly and through the ICFTU, has attempted to provide a labour voice in trade policy institutions such as the WTO and APEC.

Since the inception of the General Agreement on Tariff and Trade (GATT) in 1948, the international trade union movement has attempted to place labour standards on the international trade agenda. This was to ensure that countries did not undertake a 'race to the bottom'. Australian unions have supported the ICFTU in the campaign for a 'social clause' - that is providing access to trade agreements on the basis that nations meet 'core labour standards' set by the ILO. The issue of the social clause also faces opposition because it is regarded as 'protectionist' by developing countries who regard low-cost labour as their only 'comparative advantage'. Also, the threat of trade sanctions is controversial (even if it is only a last resort) because of uncertainty concerning how it would be enforced (and who would enforce it).

In response, trade union advocates argue a number of points on the social clause. First, it is an 'insurance policy against protection' as it ensures that trade is fair and that better labour standards accompany the growth in trade that comes from liberalisation. It is argued that trade liberalisation will get more support if countries know it cannot be used to reduce social protections and living standards. Second, it is argued that the WTO is an appropriate mechanism to deal with labour standards as it can be done via the multilateral process rather than one nation accusing another of unfair labour practices as can occur under the US's Generalised System of Preferences (GSP). Third, it is

argued that it is not about wages or relative labour costs but it is about labour standards and workers rights – safety and non-discrimination - that assist productivity and economic growth (see OECD ,1995:21) Fourth, those who oppose labour have attempted to form a 'North-South' or 'Developed-Developing Country' wedge on the issue of the social clause. In fact, the interests of the North and South are not necessarily opposed and deregulation solutions often hurt workers in both types of economies. Finally, it is argued that there should be more 'carrot' than 'stick' in the social clause. Instead of threatening sanctions, it could instead be framed in such a way that market-access be offered to countries that make demonstrated efforts to raise labour standards.

The ACTU was successful in lobbying the previous Labor Government on setting up a Tripartite Working Party on Labour Standards in the Asia Pacific region (see Commonwealth of Australia, 1995, the 'Duffy Report'). However, for the most part both Australian Governments have not supported labour standards provisions in the WTO. Australia has been hamstrung by its size and lack of bargaining strength in world trade and its geo-political need to 'fit in' with Asia, despite historical differences. It cannot use trade policy as leverage in the same way as the US, given there is no GSP but a need for Australia to retain Asian markets for export. Australia is a small voice in the WTO and supports the multilateral trade system as being in Australia's national interest.

Whilst the WTO mechanism has become a way of putting labour standards on the international trade agenda, it has been suggested that APEC, as a consensus-based institution, had more potential to effectively promote labour standards. In fact the Duffy Report suggested that the APEC forum be used in this way to the former Keating Labor Government in 1995. In its recommendations, the Report said that it will 'be necessary for APEC to address labour standards issues as it develops as a forum for broad based economic co-operation.' (Ibid:72-3). The Report suggested that Australia, with its commitment to trade in the region and its key role in international labour fora in the past, would be a good 'honest broker' in any discussion of labour issues in APEC. However, the union impact in APEC has been limited because of the lack of formal recognition for independent trade unions in Asia and the fact that APEC is only a fledging economic policy institution (see ACTU, 1997a).

Unions in other countries have used trade agreements to protect labour standards. Key examples are NAFTA and the EU's 'Community Charter for the Fundamental Social Rights of Workers' (the 'Social Charter'). Assessments of NAFTA and the 'side agreement' on labour standards have not been positive. For example, a study of the NAFTA 'side agreement' by Bronfenbrenner (1997) found that '...NAFTA has created a climate that has emboldened employers to more aggressively threaten to close, or actually close their plants to avoid unionisation' (Ibid:3).

There is no NAFTA equivalent in Australia. The Closer Economic Relationship (CER) agreement between Australia and New Zealand contains no side clause

on labour, even though the unions do cooperate occasionally in industrial campaigns, such as in the airline industry. In terms of the EU Social Charter, Australia has no equivalent but unions have looked closely at their European counterparts in terms of social and labour adjustment (see Public Services International, 1997).

Another instrument supported by the Australian unions has been the Codes of Conduct. Part of the ICFTU's approach in trade policy has been to encourage the adoption of such codes for investment in the global economy. Examples include the promotion of the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and various consumer-union Codes involving multinational companies like Reebok and Levi Strauss. Whilst many of the guidelines are voluntary, some that target a company's market and image as a good 'corporate citizen' can have some effect (see Commonwealth of Australia, 1995:14-17). Similarly, the ACTU, together with the ICFTU, campaigned for 'no child labour' products to be used in the 1998 World Cup in France and 2000 Olympic Games in Sydney (see ACTU, 1997c).

Domestic Strategies

Domestic Industrial Campaigns on Globalization Issues

There is some scope for campaigning on globalization issues, particularly where there have been job losses as a result of some of Australia's less successful trade and industry policies. A good example is the 'fair wear campaign' by the Textile, Clothing and Footwear Union of Australia (TCFUA) on outwork. It has been argued that companies in the industry used outworkers in order to avoid paying minimum wages and meeting minimum conditions in the relevant industry awards. Outworkers are typically migrant women who work at home as 'sub-contractors' for companies. They are typically poorly paid and often subject to intimidation. The TCFUA has attempted to regulate-out the worst aspects of outwork. The fair wear campaign puts consumer pressure on employers to sign a 'code of conduct' that they will pay fair minimum wages and conditions. As a result of the campaign, a number of retailers agreed to sign the TCFUA's code of conduct on outwork. This provides a legal and fair basis for outwork (see ACTU, 1996, 1997d).

The TCFUA also ran a campaign with respect to tariff policy. In Australia, the Productivity Commission (PC) holds public inquiries into certain industries and reports to the Federal Government. The PC and its predecessors have typically called for tariff reduction and the elimination of other forms of industry regulation. The TCFUA made submissions to the PC inquiry into the textile, clothing and footwear (TCF) industries and also successfully lobbied the Federal Government to not accept the PC's recommendations for a further

reduction in tariff protection on the grounds that tariff reductions would further reduce employment (see Commonwealth of Australia, 1997a).

Similar inquiries have been held into the automotive industry, the aviation industry, competitive tendering and other matters subject to scrutiny. Australian unions play an active role in influencing the course of inquiries and the Federal Government's response to the PC recommendations. Some recent efforts have been successful, such as the automotive industry inquiry and the TCF inquiry, cited above (see Commonwealth of Australia, 1997b). However, for much of the 1980s the union campaigns were not successful as the Australian Labor Government reduced tariffs. One difficulty is that unions are often 'captured' by the industry position when they join forces politically with employers. If the employers are not sufficiently strong in terms of their lobbying capacity (such as the Australian TCF employers), the union is forced into a losing strategy. Rodrik (1997:76) suggests that unions should distance themselves from the protectionist lobby. Fortunately for the TCFUA, there were supplementary strategies in place, such as the fair wear campaign and award restructuring, that could be used to partially protect their members' interests.

Domestic Labour Market Responses

Domestic labour market responses to globalization are based on the rationale that unions should do what unions do best - protect workers' welfare in the labour market. Unions have neither the resources to be instant trade policy experts nor the commercial power to affect investment. However, unions can represent workers to 'cushion' the effects of globalization. Examples of this include the 'award restructuring' policy devised by the ACTU in 1989 (see Belchamber, 1992). The rationale was to raise the skill levels of workers, particularly in low paid areas, and to provide career paths to workers who previously had no access to promotion and progression in their jobs. At the same time the improved skill levels and work practices would provide productivity benefits to employers competing with fierce international competition (see also Rowley and Lewis, 1996; Rowley, 1997; Rowley and Bae, 1998 for other examples). Australia's improved average productivity levels in the 1990s, compared to the 1980s, can be traced to award restructuring and associated workplace reforms (see ACTU, 1998a:117-122). This 'high-skill, high-wage, high-productivity' approach of Australian unions in the face of globalization contrasts strongly with the 'concession bargaining' approach of American unions in the late 1970s and early 1980s.

Award restructuring allowed the Australian workforce to prepare for increased globalization in the 1990s by improving skill levels. Policies that anticipate such changes are beneficial. However, because no policy body has perfect foresight, it is necessary to have supplementary labour market adjustment schemes when 'external shocks' do harm to industry sectors.

Assessment of the Strategies

Australian trade unions have used a combination of strategies to deal with the problems of globalization with a varying degree of success (see Table 1 below). International labour co-operation has been successful in certain industrial disputes (e.g. the Waterfront dispute of 1998) and where there is a major political issue (apartheid in South Africa). However, there are still major resource constraints facing Australian unions who rely heavily on their international affiliations.

TABLE 1: MATCHING GLOBALIZATION PROBLEMS AND TRADE UNION STRATEGIES

Policy Problem	Trade Union Strategy
Wage inequality due to trade liberalisation	<ul style="list-style-type: none"> • Labour standards in international trade agreements ('social clause') • Domestic industrial campaigns on globalization • Domestic labour market responses (e.g. Award Restructuring – to increase the skills of low paid workers)
Employment insecurity due to trade liberalisation	<ul style="list-style-type: none"> • Labour standards in international trade agreements ('social clause') • Domestic industrial campaigns on globalization • Domestic labour market responses (e.g. labour market adjustment programs).
Increased capital mobility affecting bargaining power and labour standards	<ul style="list-style-type: none"> • Labour standards in international trade agreements ('social clause') • International labour co-operation • Domestic industrial campaigns on globalization

The use of international trade instruments, while limited to date, may well become more important in the future. The Asian financial crisis has caused policy makers to reassess the international economic institutional framework set up by Bretton Woods and there is now an opportunity to include labour issues in the reform process. The IMF and World Bank have indicated that there is a role for labour in the new institution building (see Camdessus;1998, World Bank, 1995). This shows that there is not just one model of the global economy that all have to follow and that unions should try to shape more worker-friendly international economic institutions.

The domestic agenda, however, should not be ignored. Some domestic industrial campaigns on globalization issues are effective, such as the TCFUA's fair wear

campaign. However, campaigns that allow unions to be trapped in a broader political agenda may not help (eg. in the tariff debate). The failure of the tariff campaign in the 1980s left the TCFUA with no option but to run the fair wear campaign, but the problems of outworkers and the avoidance of award responsibilities by employers need to be highlighted, whatever the state of trade policy.

Domestic labour market responses are often under-rated but can be effective. They should not be regarded as substitutes for international strategies but as powerful complements. Award restructuring and labour market adjustment programmes whilst seemingly out of the sphere of trade policy are actually important and have assisted Australian workers in dealing with the adverse effects of globalization. These policies are consistent with calls by economists for a labour market, rather than a trade policy, response to help unskilled workers. Whilst Wood (1995) and others called for labour market subsidies for the low skilled, the policies of award restructuring may be more effective as there is an industrial relations focus with benefits for both employers and workers.

CONCLUSION

This paper has outlined the current debate on the effects of globalization on workers and provided examples of trade union strategies in Australia used to deal with those effects. The evidence shows that the advocates of trade liberalisation have not been able to overwhelmingly convince opinion makers that benefits will automatically flow from globalization and trade liberalisation. Some economists do not deal adequately with income distribution questions, while others admit that there will be 'winners and losers' and instead make policy recommendations on how losers can be compensated. Alternatively, those opposing globalization have not always identified whether it is globalization or other elements that cause workers and the community harm. Furthermore, many anti-globalization advocates are unable to show why the 'closed economy' counterfactual would have been more beneficial.

Australian trade unions have attempted a combination of strategies to deal with globalization. The international strategies include labour co-operation across borders and lobbying for labour standards in trade policy instruments. These strategies can be limited given the resource constraints of unions compared to governments and business and the fact that geo-political forces can work against unions. Whilst sympathetic to trade unions on international labour standard issues, the Hawke-Keating Labor Governments did not want to cause diplomatic problems with Asia Pacific neighbours because of foreign policy objectives. The international strategies are also considered too 'big picture' and remote from usual trade union business. However, unions with international traditions, such as the coal miners, transport workers, have shown that international support can work in practical ways to win major industrial disputes. The domestic strategies too are often underrated. Campaigns on globalization issues can work to unions' advantage and labour market strategies that raise skill levels and assist job security can be effective.

Globalization has become part of the bargaining challenge that trade unions face in advancing their members' interests. Hard-headed analysis is needed, together with a comprehensive set of strategies, to enable globalization to be treated as both a challenge and opportunity for workers.

NOTES

1 In conversation with the Author.

REFERENCES

- ACTU (1994) *Trade in the Asia Pacific Region: An ACTU Guide*. Melbourne: ACTU.
- ACTU (1995a) *Policy Information for South African Trade Unions*. Melbourne: ACTU.
- ACTU (1995b) *APEC - What Should Unions Do?* Melbourne: ACTU.
- ACTU (1996) *Australian Senate Inquiry into Garment Industry Outworking :ACTU Submission*. Melbourne: ACTU.
- ACTU (1997a) *Trade Unions and APEC*. Melbourne: ACTU.
- ACTU (1997b) *Australia in Relation to APEC: ACTU Submission to Australian Senate Inquiry into APEC*. Melbourne: ACTU.
- ACTU (1997c). *International Strategy and Key Objectives Resolution, ACTU 1997 Congress*. Melbourne : ACTU.
- ACTU (1997d) *Outwork Protest Turns to Celebration, ACTU Media Release, 21 July*, Melbourne: ACTU.
- ACTU (1998a) *Living Wage 1997/98 ACTU Written Submission*, Melbourne: ACTU.
- ACTU (1998b) *Sydney Olympics Promote Fair Labour Standards, ACTU Media Release, 24 February*. Melbourne: ACTU.
- AFL-CIO (1997) *NAFTA Expansion: Off the fast track, on the right track*. Washington DC: AFL-CIO.
- Australian Services Union (1998) *Submission to the Industry Inquiry into International Air Services*. Melbourne: Australian Services Union.
- Bae, J., Rowles, C., Kim, D.H and Lawler, J. (1997) 'Korean Industrial Relations At the Crossroads: The Recent Labour Troubles, *Asia Pacific Business Review*, 3,3, pp.148-60.

Belchamber, G. (1992) *A Decade of Change - Australian Trade Unions and Global Free Trade*. Melbourne: ACTU.

Belman, D. and Lee, T. (1997) 'International Trade and the Performance of US Labor Markets' in Blecker, R (ed.) *US Trade Policy and Global Growth - New Directions in the International Economy*, New York: ME Sharpe, pp.61-107.

Bendiner, B (1987) *International Labour Affairs – The World Trade Unions and the Multinational Companies* Oxford : Clarendon Press.

Bhagwati J. and Ksters M. (1994) *Trade and Wages : Levelling Wages Down?*, Washington DC: AEI Press.

Bronfenbrenner, K. (1997) 'The Effects of Plant Closing or Threat of Plant Closing on the Right Of Workers to Organise' Report submitted to North American Commission For Labor Co-operation, Cornell University, Ithaca, New York.

Burtless G. (1995), 'International Trade and the Rise in Earnings Equality', *Journal of Economic Literature*, Vol XXXIII, June, pp.800-16.

Camdessus, M. (1998) "Is the Asian Crisis Over" Address to the National Press Club, Washington D.C., April 2, 1998, IMF Internet site.

Canadian Labour Congress (1996) *The Social Dimensions of North American Economic Integration*. Ottawa: Canadian Labour Congress.

Costa, M. (1991) 'Protectionism, Neo-Mercantilism and Free-Trade Labour' in Costa, M. and Eason, M. (1991) *Australian Industry – What Policy?* Sydney: Pluto Press, pp.107-22.

Chapman, B. (1998) "The Accord: Background, Changes and Aggregate Outcomes" CEPR, Australian National University, Canberra.

Commonwealth of Australia (1993) *Ships of Shame*, Report from House of Representatives Standing Committee on Transport, Communications and Infrastructure, Parliament House, Canberra: AGPS.

Commonwealth of Australia (1995) *Report of Labour Standards in the Asia Pacific Region*, Report of the Tripartite Working Party on Labour Standards. Canberra: AGPS.

Commonwealth of Australia (1997a) *The Textiles, Clothing and Footwear Industries- Report of the Industry Commission*, Report No.59, September, Melbourne.

Commonwealth of Australia (1997b) *The Automotive Industry - Report of the Industry Commission* Report No.58, May, Melbourne.

Freeman, R. (1995) 'Are Your Wages Set in Beijing?' *Journal of Economic Perspectives* Vol. 9, No. 3, Summer, pp.15-32.

Galbraith, J. K. (1996) 'Uneven Development and the Destabilisation of the North : a Keynesian view.' *International Review of Applied Economics*, Vol 10. No.1 pp.107-120.

Garnaut, R. (1994) "Options for Asian Pacific Trade Liberalisation" Paper presented to Institute of South East Asian Studies, Singapore.

Gunter, H. (1972) *Transnational Industrial Relations*, ILS, Geneva.

Hawke, R.J.L. (1992) 'APEC or regional agreements – the real implications' *Australian Quarterly*, Vol 64 No.4 Summer, pp.339-49.

Hirst, P. and Thompson, G (1992) (eds) "The problem of 'globalization': international economic relations, national economic management and the formation of trading blocs", *Economy and Society* ,Vol 21, No 4, November, pp.357-94.

Holland, S. (1997) *The Global Economy: From Meso to Macroeconomics*, London: Weidenfield and Nicolson.

ICEM (1998a) "Defend Collective Bargaining", Mandela Tells World's Rio Tinto Unions, ICEM Update No.7, 8 February.

ICEM (1998b) "Rio Tinto: World's Unions Launch Action Network", ICEM Update No.8, 9 February.

ITF (1998) "Global Union Action Halts Australian Strike Breaking Mercenary Scheme", ITF Internet site, London: ITF.

Kozul-Wright, R. (1995) "Transnational Corporations and the Nation State" in J. Michie and J.Grieve Smith (1995) (eds) *Managing the Global Economy* Oxford: Oxford University Press, pp.135-71.

Latham, M. (1998) *Civilizing Global Capital: New Thinking for Australian Labor*. Sydney: Allen & Unwin .

Levinson, C. (1972) *International Trade Unionism* London: George Allen & Unwin.

Machin, S, Ryan,A and Van Reenan, J (1996) 'Technology And Changes In Skill Development: Evidence From An International Panel Of Industries' Centre for Economic Performance Discussion Paper No. 297, London: London School of Economics.

Mishel, Lawrence and Voos, Paula (1992) (eds) *Unions and Economic Competitiveness*, New York: M.E. Sharpe.

OECD (1995) *Trade and Labour Standards: A Review of the Issues*. Paris: OECD.

OECD (1997) *Employment Outlook*. Paris: OECD.

Ohmae, K. (1990) *The Borderless World: Power and Strategy in the Interlinked Economy* New York: Harper business.

Ohmae, K. (1995) *The End of the Nation State: The Rise of Regional Economies*. New York: The Free Press.

Oxley, A. (1990). *The Challenge of Free Trade* Melbourne: Harvester Wheatsheaf.

Public Services International (1997) *International Trade Agreements and Trade Unions: Briefing Notes*, France: Public Services International. .

Ramsey, H.(1996) 'Solidarity At Last?', International Trade Union Theory and the Prospects for Trans-Europe Collective Bargaining Approaching the Millennium. Unpublished mimeo, Glasgow: University of Strathclyde.

Rodrik, D. (1997). *Has Globalization Gone Too Far ?* Washington D.C. :Institute for International Economics.

Rowley, C. and Lewis, M. (1996) 'Greater China at the Crossroads ? Convergence, Culture and Competitiveness', *Asia Pacific Business Review*, Vol.2, No.3, pp.1-22.

Rowley, C (1997) 'Reassessing HRM's Convergence' , *Asia Pacific Business Review*, vol.3, No.4, pp.198-211.

Rowley, C. and Bae, J. (1998) 'Korean Business and Management: The End of the Model', *Asia Pacific Business Review*, Vol.4, No.3, pp.130-39.

Singh, A. (1997)" Expanding employment in the global economy: the high road or the low road? In Arestis, P, Palma, G and Sawyer, M (ed)(1997) *Markets ,Unemployment and Economic Policy: Essays in honour of Geoff Harcourt, Vol 1.*, London: Routledge,.pp.405-18.

Smith, A (1776) *The Wealth of Nations* , London: Penguin .

Slaughter, M. and Swagel P. (1997) 'Does Globalization Lower Wages and Export Jobs?', *Economic Issues*, No. 11, Washington D.C: International Monetary Fund, pp.1-12.

Solow, R. (1997) 'What is Labor Market Flexibility ? What is it good for ? " Keynes Lecture to the British Academy. 30 October, London.

Stolper W. and Samuelson, P. (1941) 'Protection and Real Wages' *Review of Economic Studies*, 9, pp.58-73

Thorpe, V (1997) "Globalization and Social Policy" ICEM Info 4, Brussels: ICEM.

Weinberg, P (1978) *European Labor and Multinationals*, New York : Praeger Publishers.

Wood, A (1995) "How Trade Hurt Unskilled Workers' *Journal of Economic Perspectives* Vol 9, No 3, Summer pp.57-80.

World Bank (1995) *Workers in an Integrating World : World Development Report 1995*. Washington D.C.: Oxford University Press.