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1. The Erosion of Trade Unions

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Given the current global problems regarding employment, working conditions and labour organization, one would expect that the concept of trade unionism, in essence embodying a search for economic democracy, would still be as widely accepted as it has been for the past century; also, that the trade union movement would have more tasks at hand and therefore be as legitimate an institution as in the past.

Current trends however point in a different direction. Confusion and lack of clarity with respect to roles and possibilities are apparent. While for more than a century the trade union movement has been an important actor in defending the interests of workers and in struggling for independence and democracy, it now faces in large parts of the world almost total elimination as a significant social institution.

Highly unfavourable trends have taken place, particularly in Asia, Africa and Latin America. In East Asia, for instance, unprecedented rapid industrialization has been achieved along with oppression of labour organization. In Africa overwhelming problems are being faced by the labour movement in the absence of feasible industrialization, whereas in Latin America the trade union movement has to define completely new roles due to adjustments in macro-economic policy making. To make matters worse, the impact of organized labour has been much reduced and seriously eroded in industrialized countries during the last two decades, first in the United States of America and later also in Western Europe. With the emergence of a global economy and world-wide capital markets, the international labour movement has been weakened significantly.

This book explores the depth of the current crisis in the labour movement by focusing on some strategic economic, social and political dimensions in a number of major regions of Asia, Africa and Latin America. This approach reveals in particular major predicaments faced in national labour markets by men and women in their search for employment and decent earnings. The deep crisis of identity faced by the trade union movement may well be related to a failure to address these labour-market problems. Probably equally important, however, is the current global acceptance of new forms of industrial organization

and management practices which have no place for the traditional adversarial role of the trade union movement.

This chapter begins with two sections analysing these dominant trends which are currently eroding the role that trade unions can play at all: on the one hand, industrial reorganization and new management strategies and on the other hand the destabilization of labour markets. The next section briefly reviews past research on international and comparative Third World labour relations and trade union aspects. A concluding section lays out the format of the study.

The book is in three parts, each consisting of a continental study and two case studies. An attempt is made to analyse national labour movements in the context of the complexity of their own country, and to locate the analysis in the wider geographical region to which the country belongs. The hypothesis is that such an approach is more fruitful than a direct linking of local trade union developments to global structures. A concluding section highlights the main findings and suggests some policy implications.

Industrial reorganization and human resource management

The history of the trade union movement is deeply rooted in processes of industrialization that have developed very unevenly in countries around the world since the industrial revolution began in Great Britain.¹ A convenient method of analysing these unequal beginnings has been to distinguish between early starters, latecomers and late-latecomers. For instance, late-latecomers like the second tier of newly industrializing countries (NICs) in South East Asia may industrialize at higher speeds than latecomers due to lessons drawn from their experiences; but they still need to win new positions in a highly competitive market (Gerschenkron 1962; Kaplinsky 1984; Sutcliffe 1971; Weiss 1993).

As in advanced industrialized countries, national policies were of crucial importance in Third World countries for the promotion of industry and for the formation and control of labour through industrial relations legislation. A clear illustration of this close association between trade unions and modern economic sectors has been the history of the labour movement in India which, as Ramaswamy states, '... is intimately linked with the protectionist economic policies followed by the government for forty years' (Ramaswamy 1995). The specific characteristics of industrialization have to be taken into account for an understanding of the trade union situation in any particular country.

In the past the development of industry and the formation of labour in different countries usually passed through clearly defined phases. Mostly, the analysis of industrialization patterns concentrated on the advantages and disadvantages of, respectively, an import-substitution and an export-oriented strategy. Completely new issues are currently being raised due to the impact of the Japanese model of industrial organization and the introduction of new labour-management practices.

Import substitution and export orientation

In countries such as India, Brazil and Mexico, to mention some of the clearest examples, the labour movement could reap considerable benefits as long as an import substitution industrialization (ISI) strategy provided protection and predictability in domestic markets.

First, as industrialization proceeded under protective conditions gradual shifts from labour-intensive industries, such as textiles and leather, to capital-intensive ones, like engineering and capital goods, took place in numerous countries. The transformation was accompanied by changing patterns of work organization, employment creation, skill formation and international linkages (for example, through technology transfers).

Second, protection of workers was often much enhanced as, with import substitution, the state frequently became heavily involved in the economy as owner of strategic enterprises in the public sector. Its key motivation, for example in Turkey, India, Nigeria and Mexico, was to generate an industrial momentum in order to accelerate development. Mostly under such circumstances, the trade union movement was favourably placed to build powerful positions in collective bargaining processes in these parastatal enterprises. Regrettably, such positions were used also to put undue pressures on the management of such enterprises resulting in overemployment and in wage structures that diverged considerably from the ones that would have resulted from market functioning. Labour legislation, often shaped after the model of the colonial powers, was implemented to regulate industrial relations institutions and collective bargaining patterns.

The complete turnabout towards export oriented industrialization (EOI) came in the 1980s, with the failure of the ISI strategy. The process was also fostered by ideological, neoliberal preferences for free markets and the assumed *laissez-faire* character of the successful East Asian model. This change, of course, had a deep impact on systems of industrial relations that had developed for decades in close cooperation with the state. The availability of cheap labour, including child labour, and discriminatory treatment of women became crucial in the struggle to conquer international markets. Naturally, the oppression and control of labour organization formed an important part of this strategy of

industrialization. Typically, the trade union movement in Latin America and South Asia that could earlier develop rather strongly under ISI found itself on the defensive. In East Asia, there was no emergence of a strong trade union movement at all.

It appears that these well-known strategies and concepts that have been so useful in analysing past developments and defining policy options are about to become obsolete. From the perspective of industrial organization – the organization of enterprises in larger systems and markets – and due to innovative management practices, hitherto unknown phenomena have begun in a major way to influence the potential for industrial development and the roles that trade unions can play.

Economic successes, for instance, nowadays presumably depend on characteristics such as dynamic comparative advantages, availability of entrepreneurial talent, quality of institutional infrastructure, size of domestic markets and access to technology. These typically belong to the field of industrial organization to which we will now turn.

Industrial reorganization

One may, in an historic perspective, distinguish three major stages, and thus three models, of industrial organization: a British variant of capitalism with emphasis on owner control, the American variant of capitalism laying all accent on the key role of management, and the Japanese model characterized by huge networks of firms, financial institutions, and close links with state institutions that play a crucial role in formulating and implementing legislative systems (Chandler 1977, 1990).

Lazonick, building on Chandler's work in an outstanding synthesizing study, has argued that the dynamic developments of capitalism can only be understood as the outcomes of major successive, and each time superior, innovations in organization rather than as the results of anonymous market forces. He distinguishes three models, of 'proprietary capitalism', 'managerial capitalism' and 'collective capitalism', which represent the successive stages of technological and innovative superiority (Lazonick 1991).²

The superiority of each model is expressed in the lowering of costs per unit of product and thus the conquering of national, international and ultimately global markets. Each of these models can be linked to specific characteristics of industrial relations patterns and thus trade union involvement.³

Proprietary capitalism has been implemented most consistently in Britain, the cradle of the industrial revolution during the 19th century (Lazonick 1991: 23–7). The growth of craft-based industries with close alliances between management and ownership of firms in specific geographical regions has been the hallmark of this model. These institutional features were ultimately instrumental in the decline of the British industrial hegemony. The organizational segmentation between top management and employees, the shopfloor control over production by a workforce organized along craft-based lines, and the underdeveloped nature of managerial coordination, created an environment which provided both employers and senior workers with strong incentives to ensure the survival of the firm by squeezing as much productivity as possible out of existing technologies. As international competition forced a lowering of unit costs of production and management did not innovate sufficiently, the squeezing of labour costs formed the key strategy to remain competitive. As a result, the trade union craft model typically belongs to the British model of industrial organization.

Managerial capitalism, because of superior management and separation of ownership structures from day-to-day management, succeeded in creating national and ultimately global enterprises (Lazonick 1991: 27–36). National and global markets could be captured by the lowering of unit costs of production. However, in contrast to the British model, the American variant allows for higher wages and, in spite of low union densities, permits active industrial and craft trade union postures, thereby providing incentives for management to innovate continuously. The state needs to play a crucial role through huge investments in education, whereas trade unions are fully incorporated and controlled in a package deal which includes rapidly rising wages as well as a worsening of human and participatory conditions under mass production. The prerogatives of management in essence do not allow for any participatory role of the labour leadership, and unions are confined to antagonistic bargaining for higher wages and better working conditions. It goes without saying that this model has found wide acceptance globally.

Collective capitalism is a recent description of the third model. The losing of markets to Japan and other East Asian countries was originally ascribed to their excessive exploitation of labour, and thus lower unit costs of production,⁴ but with time different views began to emerge. The rapid growth of real earnings, the technological lead in many areas and the sustained force with which the East Asian industries conquered global markets called for a more sophisticated explanation. This new watershed in the history of industrial capitalist organization has gradually come to be accepted with new conceptualizations, such as

'The Second Industrial Divide' (Piore and Sabel 1984), 'The New Competition' (Best 1990), 'Toyotism' (Womack *et al.* 1990) and 'collective capitalism' (Lazonick 1991). These authors and many other observers point to the superior impact of enterprise networks along with other institutions, flexibilities through sub-contracting, and major organizational restructuring which in particular is characterized by continuous technological innovation. Dynamic industrial (and service) sectors are established, which are fed by inherent innovation as a powerful force in itself. Continuing human resource development in the context of human-resource management practices forms an integral part of this model (Dore 1989). The institutional basis for consultative and consensus-based decision making is permanent, or lifetime, employment. Workers need to become partners rather than adversaries of management for the system to function successfully. As for trade unions, their only role is one of critical but constructive cooperation.

Summing up, one may state that through highly sophisticated forms of institutional networking and human resources management, the Japanese model has overtaken previous models in lowering production unit costs, and is now being copied in other parts of the world. These days even traditional industrial strongholds, particularly in Germany and the United States of America, have begun to compete with Japanese firms on their own terms, namely the application of the new, superior methods. This approach towards industrial development matches well with the thoughts of classical economists, in particular those of Marx and Schumpeter, who took dynamic changes rather than market equilibria as the framework for their analyses.⁵

From a developmental perspective, this new pattern of industrial organization may be highly frustrating, particularly for late-latecomers and those countries where industries are struggling to overcome the setbacks of the 1980s mostly as a result of failed import substitution and forced adaptations under structural adjustment packages. As an increasing number of economic sub-branches is expected to be controlled by an ever smaller number of large conglomerates, each with its own dynamics and oligopolistic tendencies, it appears as if a continuing diminishing space will be available for the remaining countries.

Probably for medium, small-scale and micro-enterprises in a limited number of product lines, it will be possible to maintain positions of some stability in markets which will be increasingly conquered by the large international conglomerates, located mainly in the United States of America, some European countries and Japan. A number of large domestic markets, for example, Brazil, India, China, Mexico, Nigeria and South Africa, will also provide this possibility.

A likely outcome will be that large numbers of relatively small, if not very small, firms will engage in cut-throat competition instead of building cooperative networks. In other words, there exists a considerable risk that the less efficient British model of clustering of individual self-owned firms in local regions will be followed. Preference should be given to an array of effective policy interventions that form adaptations of the sophisticated Japanese model of networking of enterprises into coherent marketing strategies.⁶

The implications for the trade union movement are severe. In essence, the issue is whether an efficient and competitive economic base in Third World countries can be established at all. If not, then the labour force will remain highly fragmented in different segments of informal economies that are squeezed badly.

The threat to trade unions is not only that their very economic base will be extremely difficult to establish and maintain. Through new human-resource management practices, management will compete with the unions for the loyalty of workers, as the enterprise seems to hold out the best possibility of providing them with benefits.⁷ The instruments used by management to secure such deepened loyalties are well known: lifetime employment, personal commitment to the enterprise, payment systems according to results achieved and, above all, promotion to higher ranks through internal recruitment.

This trend is the more threatening as medium and large enterprises will also introduce flexibilities in the workforce, and in so doing reduce the number of tenured workers. Whether trade unions can adjust to these major changes in the labour market remains to be seen.

Early transformations of organizational systems were largely related to similar, and high, levels of industrialization and development. These had undergone similar processes, first of political emancipation, then of social distribution, and finally of economic involvement and redistribution in the framework of macro-economic Keynesian management of national economies. Today, relatively small countries that have not acquired experience in this field face huge problems in designing adequate industrial strategies. Such designing includes both the more familiar issues of trade and industrialization policies, static and dynamic comparative advantages, and access to large markets, as well as completely new issues of policy making and institution building to confront the threats of international 'new competition'.

Supply versus demand; growth or equity?

A second fundamental issue concerns the question of whether trade unions hold sufficiently strong positions in labour markets to be

involved at all in an effective manner in bargaining and consultative procedures.⁸

Since the trade union movement around the world had been heavily influenced by and is still closely linked with the much stronger trade union movement in the advanced industrialized countries, it is important to note that there, too, major setbacks have been faced during the past two decades. These setbacks relate particularly to changes in labour markets and are worth brief analysis from a comparative perspective.

At high levels of industrialization, the labour movement's central concern in recent decades, particularly in Western Europe, has been with the shaping and implementation of welfare states and the distribution of its benefits. A hidden assumption here for a long time has been that a fundamental condition for this, a high degree of employment, would be fulfilled. At times of downward movement of the business cycle and even structural weakening of national economies, the state is expected to ensure that the labour force continues to receive an adequate income.

In exchange for restraint in wage claims at the micro level in various economic branches, the workers obtained major benefits through the welfare-state mechanisms that formed an integral part of aggregate income and demand policies. Whether in a market form, as developed in the United States of America, or with corporatist variations, such as in Western Europe, the labour movement came to accept the societal inequalities in power structures.

This well-known Keynesian approach was pursued to its limits. In Eastern Europe the welfare state associated with a command economy broke down completely in the late 1980s. It simply could not cope any more with the requirements of a modern society. In Western Europe also, structural changes in the economy occurred so fast that massive unemployment resulted. This trend led to fiscal crises for states while oversized and ineffective bureaucracies were no longer able to manage the welfare-state programmes in a cost-effective manner.

An important indicator of the major changes in European labour markets is the demand for migrant labour. In contrast to the late 1950s and 1960s when immigration was encouraged all over Western Europe to reduce tensions in the labour market, since the 1970s the labour market has been characterized by disincentives and negative attitudes towards immigration.

The impact of this complete turnabout is undoubtedly a major factor in explaining the heavy drop in union membership and reduced bargaining effectiveness experienced by the labour movement. This adverse trend has had a deep impact also at the supranational level. It

forms an important element in explaining the weak articulation of social policy issues in the emerging European Union.

The situation in Third World countries has been, for the most part, far worse. Here welfare-state mechanisms are largely absent while the preoccupation of policy makers with macro-economic balances has left little space to pay attention also to the creation of employment and labour-market issues.

Whereas till the late 1970s the absorption capacity of new industries and modern services might, admittedly with a high degree of unfounded optimism, be said to have displayed acceptable employment elasticities, the 1980s showed that deep imbalances had become a fundamental characteristic of the labour market in most of Asia, Africa and South and Central America. The emergence of large urban informal economies, massive rural underemployment and new migratory patterns are vivid symptoms of the seriousness of the labour-market situation.

Worse, due to the technological breakthroughs on the demand side and unfavourable demographic trends on the supply side, it appears that further weakening of labour-market situations is to be expected for at least another decade in large parts of the Third World.

A major factor of macro-economic management, whether in South Asia, most of Africa, or most of Latin America, has been a sustained adherence to structural adjustment packages. These policies have focused largely on deregulation of markets, on a *laissez-faire* policy towards industries to be exposed to international competition, with the risk, as Hans Singer observes sharply, '... that in a headlong rush for deregulation and flexibility of labour markets the baby of productive employment will be thrown out with the bathwater of rigidity' (Singer 1991: vi).

Standing and Tokman (1991) have produced a first comprehensive synthesis of recent research in which they argue for a search towards a new macro-economic framework. Such a framework should be supply-oriented, and thus conducive to growth, instead of Keynesian and demand-oriented; the latter has for too long been accepted as a guideline to ensure social focus in macro-economic policies.

Different forms of Keynesianism, such as Scandinavian, Austrian and an American market variation, all relate to circumstances which even under favourable circumstances have resulted in a situation where

... structural change, hindered through its focus on the preservation of stability, ... in the longer term leads to an erosion of technological competitiveness. (Standing and Tokman 1991: 12)

Given the much more unfavourable situation in developing countries, and with reference to a decade of structural adjustment practices, Standing states the need for a new theory eloquently:

So we are faced with a questionable macro-economic model, and a micro-level analysis that is institutionally impoverished and misleading. It is time to rethink. (Standing and Tokman 1991: 45)

Clearly a new assessment of the labour-market situation in different parts of the world is a high priority. A major first step is the acquisition of knowledge regarding the functioning of local labour markets to obtain frameworks for policy options in fields such as vocational training, education programmes, wage policies and policy interventions in the informal sector.⁹ These findings should then be related to national labour markets to ensure that issues of employment and working conditions will form an integral part of macro-economic policy formulation. The analysis should be integrated within a framework of international labour markets to understand the broader trends of development, industrialization, technological development and issues such as regional political formations and international migratory patterns.

Any search for a new framework of macro-economic management in Third World countries should thus take current developments in labour markets as its point of departure. Fortunately, extensive insights have been gained already on important categories of work.

First, the earlier relatively simplistic approach of considering the informal economy a part of dual urban structures has been improved upon. From an economic perspective, the differentiation between production in households, micro-enterprises and informal small-scale firms is nowadays taken as a point of departure for the analysis of the informal sector and the need for differentiation in policy designs and interventions. Such policy differentiation would depend upon, for example, whether the activities serve only to combat poverty as a survival strategy, or whether there exist some stable forms of productive organization which have a potential for growth and further development.¹⁰

From a social and labour-market perspective, the huge variations in labour segmentation (for example, according to ethnic, religious and gender characteristics) have been found to form deeply ingrained characteristics of urban labour markets (Scoville 1991).

Research on rural labour markets has shown that in large parts of South Asia local institutions still exercise excessive forms of control over rural workers, thereby hampering opportunities for skill formation and improvement of working conditions. The mirror image of this fossilized pattern of rural labour markets consists of forced, circular or

external migration as the only outlet for those who no longer have access to them.

A second issue of strategic importance relates to the limited employment-generating capacity of medium- and large-scale industry. As the trade union movement is generally directly linked with these enterprises, it comes as no surprise to find that structural adjustment, with its emphasis on market performance, international competitiveness, efficiency and cost effectiveness, has rendered severe blows to the labour movement. Both privatization of public enterprises and the exposure of previously protected industries to international competition have posed huge threats to the survival of numerous firms; in the process, of course, the labour movement's very basis of existence has been deeply eroded without an alternative source of strength having been developed to replace it.

A third issue concerns the controversy regarding labour regulation and protection of work. Just as in the informal sector, categories of vulnerable workers exist which at higher levels of welfare would be a prime object for protective labour legislation. We refer here to a range of poverty-related phenomena such as child labour, excessive working hours, the absence of safety and health regulations, absence of legal protection in a contractual sense and, above all, to the casualization of work. Under these circumstances, trade unions have almost no option but to oppose structural adjustment policies which delete current systems of rights and justice in production without substituting them with any other social policy framework.

The impacts of these developments differ in the main regions of the Third World. For instance, labour-market research in Africa shows dramatic falls in real wages for a workforce which is shrinking rapidly due to the privatization of public enterprises as well as actual deindustrialization. Throughout Latin America, in almost all countries, a switch-over from import substitution to export orientation has taken place subsequent to the debt crisis. Where previously organized labour could obtain certain national-level benefits through negotiations with the state in exchange for ensuring peaceful labour relations at shopfloor level, with export orientation such trade-offs are no longer possible.¹¹

Widely diverging patterns are found in Asia. For instance, in East Asia, a serious controversy exists regarding the role of gender discrimination and whether labour has paid an excessive price in terms of lower wages than would be warranted by the region's rapid growth. The precise way in which labour markets have functioned is particularly relevant for Southeast Asia, which till now has adopted a largely labour-intensive strategy of development and industrialization. Again, the question may be raised whether existing inequalities in income and wealth could not have been reduced to achieve the same growth and

efficiency. South Asian labour markets, meanwhile, are facing enormous difficulties in almost all aspects, rural and urban as well as public and private. Deep segmentation and large un- and underemployment defy any search for short-term solutions. Probably a long-term human-resources development strategy forms one of the few realistic policy options with which the trade union movement could align itself.

The foregoing sketch explains why a considerable risk exists that organized labour may lose its historical national stature. Its traditional economic branches offer only very modest employment opportunities; new constituencies in informal urban and rural labour markets have hardly developed; and there has been insufficient awareness of the structural way in which fragmentation and segmentation of the labour force have become deeply ingrained in many countries.

Third World trade union studies

What are the consequences of these widely differing patterns of industrialization, of variations in macro-economic conditions and in labour-market situations for current analysis of Third World trade unionism?

In the past much attention has been given to political and social aspects of trade unionism, understandably so given the role of trade unions before and after decolonization.¹² Through close contacts with governments, often characterized as forms of corporatism, trade unions managed to play relatively strong political roles in eking out privileged positions for their members.

Today, the harsh new circumstances call for a higher priority to be given to the analysis of the economics of Third World trade unionism. There is a need for a well-defined multidisciplinary approach which would pay adequate attention from an economic perspective to industrial relations and labour-market developments.

Any future for 'industrial' relations?

In the past trades unions' structures and characteristics were defined largely in terms of national institutions and industrialization patterns (Regini 1992; Southall 1988a and b).¹³ Elaborate national industrial-relations systems became established around the world. Significant benefits could be obtained, sizeable constituencies and respectable union densities were built up, and in many situations the trade union movement was respected as a national actor. Currently, negative developments are taking place on all counts.

An almost complete erosion of possible action strategies has occurred in Third World countries. With structural adjustment the state is no longer in a position to share benefits. The ceremonial side of collective bargaining, whether or not in the form of corporatist state controls, may still be there but any nominal wage increases are more than neutralized by subsequent inflationary pressures. Instead of benefits, trade unions receive messages of retrenchment, reductions in tenured employment and worsening contractual conditions. This of course means that even the trusted bonds with their own constituencies have suffered.

As noted above, the key sectors forming the traditional recruiting ground for trade unions have been mostly medium- and large-scale industry, mining, banking, insurance and transport sectors, often in parastatal organizations. In most of the Third World a number of factors has prevented trade unions from expanding in ways similar to those in industrialized countries. First, these traditional sectors have remained of modest importance in economies with a large rural base. Second, in a number of countries structural adjustments have decimated public-sector employment. Third, trade union organization is heavily constrained or forbidden in the dwindling public sector of many countries. Expansion of the trade union movement into other domains such as small-scale enterprises, the informal sector or household work, while theoretically possible, till now has hardly taken place on a large scale. In other words, the legitimization of the trade union movement has become an issue of concern.

Finally, traditional goodwill no longer exists in large parts of society. In East Asia, for instance, rapid industrialization took place with explicit trade union exclusion from policy involvement. In Africa especially, a relatively strong trade union movement was in no way prepared for the battering it received as a result of structural adjustment policies. Increasingly, trade unions that had been accustomed to being accepted as social partners in national policy making began to face an antagonistic climate as they resisted changes without formulating alternative strategies. From now on, particularly with the expansion of the Japanese model, there will be less and less scope for trade unions that do not have a sound base in firm- and sector-specific domains.

To summarize, a major risk exists that traditional trade union strategies of involvement primarily in national issues are no longer opportune. Industrialization reaches from the global and regional to micro-enterprises and household work in the informal economy.

Regional and local labour markets

Today and in the foreseeable future it appears that a new rationale needs to be defined in which key labour-market issues such as

segmentation, un- and underemployment, household work and poverty are taken on as direct challenges. The trade union movement otherwise risks being reduced to a marginal societal phenomenon. Human resource development, in the sense of preparing people to be better equipped to function in labour markets, has become the slogan of the day and is probably the only feasible strategy to combat unemployment and mass poverty.

It goes without saying that the large and increasing proportion of workers who are engaged in various categories of informal work relations, and who are the victims of casualization of work in medium- and large-scale enterprises, represents a further problem to trade union recruitment. Union strength is also eroded by management successes in dividing the workforce. This observation is pertinent to most developing countries but currently applies also to large parts of the industrially advanced regions of the world.

It was shown above that in advanced industrialized countries trade unions derive their strength largely from tight labour markets. Only in the context of such markets has it been possible to engage effectively in national issues of distribution, training and education, and to defend the position of weak and well-defined segments, such as handicapped people and young recruits. Such conditions allow for careful monitoring and targeted action programmes.

In large parts of the world, however, national labour markets are not monitored and steered in such a manner; the administrative capacity is not available and the database at best very weak. Furthermore, labour markets are connected closely with wider geographical regions through migratory patterns. It is not unthinkable that with globalization of major markets, new and significant migratory flows will become a permanent labour-market characteristic. For instance, mobility and migration in and between countries has become a significant aspect of labour-market performance in Africa. Migratory patterns in Central America, such as those between Mexico and the USA, have a long history, but new flows, like those between Colombia and Venezuela, are noticeable. In East Asia and the Pacific, migration, whether temporary or permanent, forms a significant aspect of labour markets.

As larger trading blocs are likely to be formed in all continents, it goes without saying that it will become increasingly difficult for national trade unions to build effective strength in negotiations.

The seriousness of this situation in large parts of the Third World is the more alarming since major changes have also been noticed in traditionally tight labour markets. In the advanced industrialized countries as a result, much research focuses on exploration of future trends and the dilemmas which the trade union movement is facing.¹⁴

New approaches are called for in times 'of institutional upheaval and renewal, when traditional models of union growth lose much of their explanatory power' (Strauss *et al.*, 1991: 35).

In the absence of coherent national labour and employment policies in Third World countries, the characteristics of local, sub-national markets that are intimately connected with regional, supra-national ones, may well have greater impact on workers than their association with probably non-existing or very weakly defined national labour markets. If such is the case, it calls obviously for a deep transformation of the trade union movement that is mostly oriented towards national issues.

Nature of data and sources

A last methodological aspect concerns the shortage of reliable data which has generally hampered research efforts in Third World countries with a few exceptions such as India and Chile. We refer here to information on trade union membership patterns, strike behaviour (number of workers involved, duration), unemployment, inflation, wage trends and productivity as indicators to sketch the behaviour and impact of collective labour actions.¹⁵ With the availability of such information over a number of years, a new development in comparative studies, namely the application of innovative quantitative methods to a field that hitherto has been highly qualitative in its methodological approaches, will be possible.¹⁶

Record of studies

The arguments for separate Third World analysis have not yet been generally accepted. For instance, in 1972, in a postscript to their classic *Industrialism and Industrial Man*, Kerr, Dunlop, Harbison and Myers expressed the view that:

... industrial systems, regardless of the cultural background out of which they emerge and the path they originally follow, tend to become more alike over an extended period of time; that systems, whether under middle-class or communist or dynastic leadership, move towards 'pluralistic industrialism' where the state, the enterprise or association, and the individual all share a substantial degree of power and influence over productive activities. (Kerr *et al.* 1972: 296)

They were convinced of a long-term global convergence of industrial systems embodying 'the general direction of change'.¹⁷

The impact of their approach and conceptualization, through project involvements in 35 countries in all continents, is a well-known case of cultural domination originating in the United States of America. The

structure of the International Labour Organization (ILO) and the global respect for collective bargaining procedures, even if they are of a purely ceremonial character, are evidence of the strength with which these views were propagated.

A first attempt to recognize global differentiation was undertaken at the International Institute for Labour Studies (IILS) at the ILO in Geneva, where an ambitious research project had been started on 'future industrial relations with the objective of clarifying thinking about probable developments and *alternative* [emphasis added] futures for industrial relations in the mid-1980s' (Cox, Harrod *et al.* 1972: iii). A recognition of either a very long process towards convergence or even long-term divergence was thus implicit in this huge research effort in which industrial relations were defined

as social relations of production which would thus include unorganized as well as formally organised systems, rural as well as urban labour, etc. (Cox, Harrod *et al.* 1972: iii)

Taking a theoretical framework developed by Cox as the point of departure, different patterns of social relations of production were identified for a dozen major regions in the world. A four-volume series by Cox and Harrod at a later stage was to provide the further deepening of theoretical reflection as well as a comprehensive analysis of different patterns of social relations. Different patterns could thus co-exist simultaneously in one country, whereas over time deep changes in the national mixture could take place. In their approach, trade unions only figure prominently in some modalities, such as tripartite and bipartite bargaining, or corporatist structures and may be completely absent from other forms, such as enterprise market and household systems. Due to the long gestation period of this ambitious attempt to redefine industrial relations as labour relations in a global sense, regrettably no conclusive assessment of the Cox-Harrod approach is possible till today.

NIDL and NILS

A direct focus on Third World labour in the context of global exploitative labour relations, in essence from a radical or Marxist origin, emerges in the late 1970s and 1980s. The work by Fröbel, Heinrichs and Kreye looks at the dynamic patterns of capital accumulation in a global perspective as the premise for a newly emerging global, highly unequal (when comparing centre to periphery) distribution of production systems. These in turn lead to a global formation of labour markets, to a 'world market for labour power' (Fröbel *et al.* 1981), to controlled migratory flows and to the generation of reserve armies of potential workers, to mention only a

few of the concepts that play a central role in this approach (*ibid.*; Wallerstein 1983).

In this approach much attention falls on issues such as the role of transnational corporations, often associated with so-called free production zones, and the impact of foreign direct investments and of technology transfers. The Third World, with the exception of a small group of newly industrializing countries (NICs) in East Asia, was doomed to play only a subordinate role. The analysis of reproductive work, of subsistence and household production and of the role which women's work plays in the global economy forms an integral part of this global theory at micro level (Mies 1982).¹⁸

This new international division of labour (NIDL) formed a stimulant for the 'new international labour studies' (NILS) which considered the formation, segmentation and articulation of labour and labour organization in the Third World as determined by the dominant forces of the NIDL, and devoted much attention to Third World trade unionism (Cohen 1980, 1991; Southall 1988a, 1988b; Waterman 1993).

The NILS undertook research on key labour themes in a number of countries in Africa, Latin America and Asia (Munck 1988; Southall 1988a, 1988b; Cohen 1991). For instance, labour protest, industrial democracy, labour and the state and, of course trade union patterns were analysed, with illustrations from a rather eclectic choice of available case study materials in order to obtain global insights.

In Latin American labour studies, for example, the concept of 'political unionism' was critically examined from a 'labour process' perspective. And in African labour studies a new debate was introduced on the old theme of the existence of a 'labour aristocracy' (Southall 1988a).

The colonial heritage figures prominently in this stage, and these studies often adopt a distinct national and historic orientation in the chosen methodology. The focus on other categories of work such as plantation work, agricultural labour, and of course colonial mining history, provided much information on which to build the studies; furthermore, labour relations in informal production became an innovative theme which was obvious given the rapidly increasing popularity of the informal-sector conceptualization.

Clearly this approach, in testing so many concepts in different non- or less industrialized situations, has shown that any restriction of labour relations to industrial relations in these countries would be misplaced. One may state somewhat cynically that the NILS approach has yielded an interesting mixture of radical concepts and new case studies that serve to develop new hypotheses and questions for subsequent research efforts.¹⁹

An interesting new direction recently has been explored through an institutional approach towards Third World labour studies. A group of researchers, mainly associated with European institutions, was brought together by Rodgers under the sponsorship of the same IILS that 20 years earlier had initiated the project on future industrial relations systems. This approach wishes to identify with great precision the complexity of labour issues and work through a focus on institutions (and actors). Rodgers argues for five categories as adequate analytical tools for labour, employment and development analysis: '1) organizations, 2) formal labour market institutions, 3) informal labour market institutions, 4) underlying formal social rules, and 5) underlying informal social rules' (Rodgers *et al.* forthcoming: 3).

A research programme, associated with both the IILS and the European Association of Development Research and Training Institutes, has begun to yield a first harvest of case studies; these studies refer mainly to an institutional analysis of segments of labour markets in Asian countries, particularly India (Rodgers *et al.* forthcoming).²⁰

Interestingly enough, the new field of institutional economics with its emphasis on transaction costs, actors and agents has induced this new direction. Rodgers and others seek to explore the identity of institutions by referring to the 'neo-institutionalist' school as well as the French regulationist school (Aglietta 1987).²¹ An extension of this literature from a labour, gender and work perspective could be valuable, because it provides a lead for a stronger focus on inequalities in power that originate in labour-market fragmentation.

Recent research by Konings on labour protest in Cameroon, by Hashim on the relationships between state and trade unions in a corporatist framework, and by Schiphorst on workers' participation in Zimbabwean factories are examples of a new methodology that applies both quantitative and qualitative data with rigorous adherence to disciplinary methods.²² This approach may well indicate that Third World labour and trade union studies need no longer be defended as a separate field of inquiry. Rather, the study of trade unions in various continents, just like that of other issues of labour, work and employment, begins to form an important chapter of global and comparative labour, and thus trade union, studies. In our view Deyo's approach to studying labour issues in a region which includes a number of countries provides an important example for further research as it examines the labour situation from different disciplinary perspectives in a wide geographical territory.²³ This approach avoids the pitfalls of narrow descriptive studies of labour issues that become biased through a national focus; on the other hand, it does not reach out towards all-encompassing global concepts that derive from ideological preferences and biases rather than rigorous research.

Conclusions

In this chapter it has been argued that changing patterns of industrial organization as well as changing labour-market conditions currently pose fundamental dilemmas for labour organization.

In the greater part of the Third World these trends pose such challenges that no smooth transition will be possible from a largely political and social orientation towards a trade union strategy which addresses socio-economic problems at macro, meso and micro levels.

An argument has been presented for a new methodology towards the study of trade unions that is based on a balanced input from various social sciences; however, the dramatic changes in organizational and economic realities call for extra attention to be given to the aspects of industrial organization and labour-market analysis.

This book attempts, through its composition and presentation of new realities in Asia, Latin America and Africa, to provide an adequate framework for the investigation of current dilemmas which trade unions are facing particularly in the Third World. It attempts to identify significant trends, whether of a political, economic or social nature, in continental or sub-continental regions.

For each continent two case studies have been selected in order to allow both for comparisons between continents as well as between countries in these regions. The selection has been made according to regional differences in Asia, reflecting different societal involvements in Latin America, and corresponding to political differences in Africa. Malaysia and Pakistan have been studied as illustrations of the huge differences in development found in Asia. The Latin America study contains an analysis of the labour movements in Chile and Venezuela, the first facing growth with reduction of poverty, and the latter, in spite of its rich natural resources, particularly oil, experiencing the worst urban poverty and political instability. Given the prominent political role played by trade unions in Africa in the past, the Zambia and Zimbabwe case studies stand for other experiences as well. In Zambia, a traditionally strong trade union movement, particularly in articulating political demands, has completely lost its economic base, whereas in Zimbabwe a young labour movement is attempting to free itself from corporatist state controls.

In this way an attempt is made to test whether, through a focus on large geographical regions which display commonalities in terms of economic characteristics, insights can be gained that otherwise would be given inadequate attention. Comparative and comprehensive information on three categories of indicators – basic information, labour indicators and social indicators – for each of the three continents is given in the Statistical Appendix (see pp. 249–52).

Trends that currently are given much attention in specific regions have been highlighted in the various chapters, in particular the continental overviews. In the case of Asia, for example, issues of ethnicity, militarism and feminization of industrialization are addressed as separate themes. For Latin America, the changing roles of trade unions and the state (that is, corporatist relationships) have received special focus, while in the case of Africa, the major disturbances in labour markets, as reflected in migratory patterns and growth of informal-sector activities, have been singled out for special attention. In all three continents, the dwindling formal sector plays a role, along with rapid expansion of informal labour relations both in formal sectors and in informal economic relationships.

Third World trade unions cannot be compared in a simple manner under conditions where there is no welfare state and stable dynamic patterns of industrialization are lacking. The diversity of conditioning factors, whether of an economic, political, or social nature, is so large that 'divergent labour systems' (Deyo 1989) rather than convergences are to be expected in the foreseeable future.²⁴ Naturally, such a finding would be enormously important for assessing the role that trade unions can, in fairness, be asked to play in developmental processes.

Notes

1. 'Industrialization' also refers to modern organization in the services sectors that is, banking and insurance, transport and public services.

2. From within a wide range of literature, we draw in particular on Lazonick (1991) as he views the role of labour to be one of the central elements in capitalist development; for the most part, the labour factor hardly figures in other studies as more than an abundant production factor, or an abstract element of human capital formation and skill development (for example, Chandler 1990).

3. The following sections attempt to summarize and paraphrase some of the key arguments that play a central role in Lazonick's study (1991).

4. This interpretation typically fitted into the 'ISI versus EOI' approach. In this view the Japanese successes were caused by extreme labour exploitation, illegal copying of technologies, and dumping of products in international markets.

5. Lazonick in particular takes issue with Williamson who, as Lazonick argues, in essence takes neoclassical equilibrium analysis as the framework for this theory (Lazonick 1991: 206-27).

6. See, for example, Schmitz and Musyck (1994); this argument is also elaborated upon by Thomas and Hendriks (1994).

7. See Ramaswamy (1994) on this issue of the loyalty of workers.

8. For Third World labour-market developments, we refer particularly to the three continental chapters: Chapter 2 on Asia, Chapter 5 on Latin America and Chapter 8 on Africa. On labour-market segmentations due to caste, gender and

customs, see in particular Scoville (1991); for a global comparative study on structural adjustment and labour markets, see Standing and Tokman (1991). Relationships between poverty and labour-market characteristics are adequately analysed in Rodgers (1989).

9. For a statement on a research agenda, see House (1992).

10. See, for example, Baud and de Bruijne (1993); Helmsing and Kolstee (1993); and Thomas *et al.* (1991).

11. The debate on the merits and disadvantages of import substitution and export orientation, and their implications for labour and work in the other continents, is either overshadowed by more serious problems (as in Africa) or has largely been settled (as in Asia). For an in-depth analysis of the ISI versus EOI controversies, see Kaplinsky (1984) and Weiss (1993).

12. The reasons lay with the crucial role played by institutional dimensions such as the role of the state and political linkages, legal frameworks, cultural dimensions and economic institutions. The national domain then conveniently forms a common denominator with which the trade union domain can be linked methodologically.

13. See Poole (1986) for a good introduction to the theory of trade unions. He provides numerous arguments based on cultural, political and sociological insights for a distinction according to national patterns. Studies of aspects of trade union behaviour generally place the analysis in a national framework in order to show how the institutional characteristics of, for example, 'working-class culture' in Britain (Hobsbawm 1984) or wage formation, strike behaviour and employment patterns in the United States (Rees 1977) have been patterned.

14. Many observers foresee completely new practices of industrial and labour relations emerging towards the end of this century in the industrialized countries. See, for example, Brody (1991), Krop *et al.* (1993), Mortimer (1988) and Regini (1992).

15. For problems with data on industrialization in sub-Saharan Africa, see Riddell (1990: 10).

16. Methodologically, because comparative labour research has admittedly benefited somewhat belatedly from the technological breakthroughs in quantitative handling of huge masses of statistical information. For examples of how excellent databases lead to excellent studies and insights, see Visser (1990, 1992).

17. See also Doeringer (1981).

18. In addition, the highly diverging patterns of industrialization within the Third World, the challenges posed by new industrializing regions to the older areas in Western Europe and the United States of America, and the macro-economic implications of structural adjustment raised numerous questions which could not be answered by referring to theories based on a highly deterministic and abstract approach towards the global economy (Cohen 1991: 123-49; see also Kaplinsky 1984; Peet 1991; Weiss 1993).

19. With the fading relevance of the NIDL approach, NILS also appears to have reached certain limits. Cohen and Waterman place a heavier importance on the new social movements area (Cohen 1991; Munck 1988). We will not elaborate further on the theme since this approach extends far beyond production relations into the political realm; it thus begins to form part of a rapidly expanding literature.

on social movements rather than a deepening of labour organization theory. The modest impact of this approach can be assessed in a statement by Waterman who mentions 'an informal and partly unpublished debate taking place around the concept of "social-movement unionism"' (Waterman 1993: 245).

20. An interesting characteristic of labour studies has been the simultaneous existence of this approach, along with the neoclassical, and radical/Marxist methodologies (see, for example, Mangum and Philips 1988).

21. In our discussion of industrial reorganization above, the institutional approach, referring to the work of Chandler and Lazonick, figured prominently. For classic studies, see North 1990 and Williamson 1985.

22. Konings's study is an excellent example of empirical research that is guided by strict adherence to existing literature on plantation labour and state involvement coupled with extensive fieldwork (Konings 1993); Hashim addresses a wide variety in patterns of African state-union relations by applying a synthesizing theoretical framework, for example, macro-corporatism. Subsequently, a testing of the model on a case study, Nigeria, has been undertaken (Hashim 1994). Schiphorst has undertaken a study of worker perceptions in Zimbabwean factories as an industrial-anthropologist; again, an emerging theoretical framework will provide a base for further comparative analysis in other parts of the world (Schiphorst, forthcoming).

23. Deyo has introduced new concepts of labour exclusion and inclusion which allow for a multidisciplinary implementation and can be applied to wider geographical regions (Deyo 1989).

24. Deyo's own work provides a pioneering contribution to multidisciplinary research through a careful blending of political, economic, social and cultural arguments.

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