

RIDING BICYCLES WHEN WE NEED CARS: THE DEVELOPMENT OF
TRANSNATIONAL UNION NETWORKS IN BRAZIL

A Dissertation

Presented to the Faculty of the Graduate School
of Cornell University

In Partial Fulfillment of the Requirements for the Degree of
Doctor of Philosophy

by

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January 2015

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Cornell University, 2015

This dissertation analyzes the development and effects of transnational union networks in Brazil. Transnational union networks are formal organizational linkages created by unions sharing a common multinational employer. Networks expand core union activities across borders allowing unions from different countries to exchange information, coordinate bargaining strategies, demonstrate solidarity during labor disputes, and, in some cases, sign International Framework Agreements (IFAs) or engage in transnational social dialogue with employers. Unions have increasingly turned to transnational networking as a strategy to increase their bargaining power and combat the negative effects of neoliberal globalization. This dissertation seeks to understand the factors that promote and inhibit the development of these transnational union networks.

In 2001, the Brazilian *Central Única dos Trabalhadores* (CUT) launched a program known as the *CUT Frente às Multinacionais*, or CUTMulti, to establish and develop union networks at key multinational companies operating in Brazil. By 2011, the CUTMulti had established more than fifty union networks. To answer my research question I use case studies to compare four transnational union networks participating in the CUTMulti program.

My research ultimately finds that four factors influence the development of union networks. First, the participation of Global Union Federations (GUFs) and unions in the company's country of origin positively impact union network development by providing resources and institutional access to company management. Second, a series of factors including a firm's size, its industrial sector, and the overall economic climate, create the environment in which union networking occurs. Third, unions committing institutional, discursive, and financial support to networking over the long term positively affect union network development. I also find that deep inter-personal bonds of trust between union leaders participating in a union network are critical to a network's success. Finally, an employer's approach to union networking efforts, whether through acceptance or opposition, impacts the development of a union network. Employers who oppose networking present significant hurdles to union networks, while employers who accept and engage with transnational networks through IFAs or transnational social dialogue provide opportunities to expand union bargaining power.

BIOGRAPHICAL SKETCH

Chad Gray was born in 1980 in St. Louis, MO. He graduated from The George Washington University in 2002 with a B.A. in English. After graduation, Chad attended the AFL-CIO's Organizing Institute and began work as a field organizer with the Union of Needletrades, Industrial, and Textile Employees (UNITE), later UNITEHERE. At UNITE he worked on organizing and bargaining campaigns across the U.S. and Canada in the apparel, distribution, and laundry industries. Chad began his graduate studies at Cornell ILR in the Fall of 2006. During his time at Cornell he was an instructor in the Cornell/AFL-CIO Strategic Research Summer School and worked on a variety labor research projects for the ILR Office of Labor Education Research. In August 2014 he began as the Post-Doctoral Fellow in the Center for Global Workers' Rights at the School of Labor and Employment Relations at Penn State University.

To Jenny, *por México*

ACKNOWLEDGEMENTS

This dissertation would not be possible without the assistance of many people. First and foremost, I would like to thank the members of my graduate committee—Harry Katz, Maria Cook, and Lowell Turner—for their support and patience throughout this long process. Harry Katz took on my research in mid-stream and I thank him for the confidence he showed in me, and independence he afforded me, to complete this work. I am thankful also to Maria Cook and Lowell Turner for their valuable criticism, timely feedback, and sustained interest in my project. All three have pushed me to be a better scholar while supporting my work inside the classroom and out.

My interest in the subject of this dissertation began under, and its completion fostered by, the guidance of Dr. Kate Bronfenbrenner. Kate has been a mentor, a colleague, and a generous friend since my first days at ILR. She embodies the best of what it means to be an engaged scholar, a labor educator, and activist. No words can repay my many debts to her.

Many thanks to the staff at ILR—Vicki Errante, Rhonda Clouse, Jenn Weidner, Theresa Woodhouse, and Anne Sieverding—for assistance navigating the formalities of graduate school and putting up with my endless requests for (usually overdue) petitions, extensions, and signatures.

In Brazil many gave their time, energy, and resources to make this research possible. José Drummond at the CUTMulti provided indispensable assistance and access during my research

stints in Brazil. A number of other people at the organizations involved in networking were generous with their time and of great assistance tracking down documents, sharing contacts, offering invitations to events, and explaining the workings of the Brazilian labor movement. For this, I thank Flávia Silva at the CNM, Fábio Lins at the CNQ, Marcos Tebom at CONTAC, Lilian Arruda, Ana Cernov, Felipe Saboya, and Denis Oshima at the *Observatório Social*, João Paulo Cândia Veiga at the University of São Paulo, and Brian Finnegan at the Solidarity Center. I am also grateful to the many trade unionists who took time to meet with me and share their stories of struggle and cross-border organizing. These workers are an inspiration to me and are the embodiment of what a global labor movement should look like. Finally, Jana Silverman deserves a special thank you. Her friendship, humor, intelligence, and willingness to always indulge me in a *rodada* too many of *Serramalte* sustained me through my stretches of fieldwork.

Many others provided the kind of moral support and community necessary to weather the travails, and share the joys, of a long journey such as this one. At ILR, I was fortunate to have been accompanied by a cohort of young scholars with warm hearts and sharp minds including Tami Lee, Todd Dickey, Maite Tapia, Tashlin Lakhani, Sun Wook Chung, Adriana Vega, and Lingwen Zheng. As a member of the Cornell Organization for Labor Action (COLA), I encountered and struggled with a number of talented and dedicated student-labor activists. Their work gives me hope for the future of the labor movement: Andrew Wolf, Ben Traslaviña, Marlena Fontes, Fil Eden, Emma Banks, Adrien Dumoulin-Smith, Kristin Herbeck, Bryn Roshong, Wes Hannah, and Nick Lawrie; friends and comrades, all. Justin McBride, Mark Littlefield, and Dan McKenzie have always up for standby ticket trips to remote locations and open to the taking the bumpy roads to get there. I am also grateful to Glenn Perusek for his

camaraderie during the last four years. His interest and astute insights into my work as a scholar and labor researcher have immeasurably improved the quality of both.

Finally, Jenny and Althea came into my life during writing of this dissertation and became my inspiration for finishing it. Without Jenny's unwavering love, patience, and an offer to come to Mexico City, this work never would have been completed. Althea is my daily reminder that there are things in life much more important than this dissertation.

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LIST OF ABBREVIATIONS

AFL-CIO	American Federation of Labor-Congress of Industrial Organizations
CIPA	Comissão Interna Prevenção de Acidentes (Workplace Health and Safety Committee)
CLT	Consolidação das Leis Trabalhistas
CNM	Confederação Nacional dos Metalúrgicos (National Metalworkers' Confederation)
CNQ	Confederação Nacional do Ramo Químico (National Chemical Sector Confederation)
CONTRACS	Confederação Nacional dos Trabalhadores No Comércio e Serviços (National Confederation of Commercial and Service Workers)
CSE	Comitê Sindical de Empresa (Union-Company Committee)
CSR	Corporate Social Responsibility
CUT	Central Única dos Trabalhadores
CUTMulti	CUT Frente às Multinacionais
DGB	Deutscher Gewerkschaftsbund (Confederation of German Trade Unions)
DIEESE	Departamento Intersindical de Estatística e Estudos Sócio-Econômicos (Inter-union Department of Statistics and Socio-Economic Studies)
EU	European Union
EWC	European Works Council
FES	Friedrich Ebert Stiftung (Friedrich Ebert Foundation)
FNT	Fórum Nacional do Trabalho (National Labor Forum)
FNV	Federatie Nederlandse Vakbeweging (Federation of the Dutch Labor Movement)
FS	Força Sindical (Union Power)
FTAA	Free Trade Area of the Americas
GWWC	Gerdau Workers' World Council
ICEM	International Chemical, Energy, Mine, and General Workers' Union
ICFTU	International Confederation of Free Trade Unions
IFA	International Framework Agreement
ILO	International Labor Organization
IMF	International Metalworkers' Federation
IOS	Instituto Observatório Social (Social Observatory Institute)
ITF	International Transport Workers' Federation
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association
MNC	Multinational Corporation
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
NLRB	National Labor Relations Board
OLT	Organização no Local de Trabalho (Workplace Organization)

PLR	Programa de Participação nos Lucros e Resultados (Profit Sharing Program)
PT	Partido dos Trabalhadores (Brazilian Workers' Party)
SEIU	Service Employees' International Union
SHF	Steelworker Humanity Fund
SUR	Sistema Única de Representação (Unified Representation System)
TAN	Transnational Activist Network
TIE	Transnationals International Exchange
TUC	British Trades Union Congress
UAW	United Automobile, Aerospace, and Agricultural Implement Workers of America
USW	United Steelworkers
WCC	World Company Council
WTO	World Trade Organization
WWC	World Works Council

Chapter One: Introduction

I. Introduction

On May 26, 2005 270 members of the United Steelworkers (USW) at the Gerdau Ameristeel mill in Beaumont, Texas arrived at work to find they had been locked out of their workplace. After months of fruitless contract negotiations and a push for concessions from company management, workers from the Beaumont mill looked for a way to change the balance of power. In coordination with other unionized Gerdau workers in North America, South America, and Spain, the Beaumont workers began a global campaign against Gerdau Ameristeel management. Across two continents Gerdau workers took to the road and to the air, met with politicians, environmental groups, and immigrants rights groups, leafleted shareholder meetings, talked to workers at factory gates, held rallies outside company headquarters, and used strategic research to identify vulnerabilities and bring Gerdau Ameristeel management back to the negotiating table, end the lock out, and sign a contract that maintained the hard-fought gains North American workers had won in previous negotiations. Rather than being an isolated incident, the global campaign was the most recent articulation of a set of relationships that had been slowly built over the previous ten years between Gerdau unions.

In 1997 Gerdau workers from Canada, Brazil and Chile met face to face for the first time. Nearly ten years later in 2006, seventy trade unionists from nine countries came together to form the Gerdau Workers' World Council (GWWC), a union network that formalized the relationships built between North and South American Gerdau unions over the past nine years. Solidarity activity in subsequent years soon expanded on behalf of workers in Colombia, Peru, and Canada. For more than ten years since the first international meeting Gerdau until the present

day, unions have demonstrated global solidarity, long-term organization building, and built deep reservoirs of trust between rank and file workers and their leaders.

In 2008, Paulo de Souza Bezerra, a worker at the Unilever plant in Igarassu, Pernambuco and member of the Brazilian Unilever union network, was asked about the current status of the network in Brazil and Latin America. He stated “the committee finds itself in a state of reorganization” (CNQ 2008: 28). This was the second time in seven years that the network had attempted to internally “reorganize” itself. Both times unions in the network found themselves divided by geography and political differences, thwarted by company opposition, and searching for new ways to overhaul the network. Despite being a strategic priority by the CUT, two of its largest affiliates, the Social Observatory Institute, and the Dutch FNV union confederation, by 2008 the network had been reduced to sporadic participation from unions at just five (out of twelve) Brazilian locations. The network had been unable to develop capacity to independently coordinate activity between unions. The network had no formal contact with company management and was reliant on the International Union of Foodworkers (IUF) for contact with other Unilever unions worldwide.

Between the extremes of these two union networks lie the experiences of dozens of other unions engaged in a strategy known as “union networking.” Unions around the world, seeking to increase their bargaining power, have created institutional links with other unions at common employers, establishing union networks at many of the world’s largest multinational corporations (MNCs). Union networking is, at its core, the attempt to increase labor’s bargaining power by creating long-term union structures for the purpose of communication, coordinated action, and

bargaining at a common multinational employer. Transnational networking reflects unions' need to find effective strategies to reverse a decline in bargaining power and resist the challenges posed by the expansion of capital across borders.

Union networks took shape in their modern form in the mid-twentieth century when corporations began to slowly shift production from their domestic manufacturing bases in North America and Western Europe to Latin America, Asia, and Eastern Europe in search of cheaper labor, weaker regulatory environments, and new product markets. Spurred by the loss of jobs in these developed countries, a first wave of union networks emerged in the late 1960s, primarily in the metalworking, chemicals, and food production industries (Levinson 1972). Known as World Company Councils (WCCs) or World Works Councils (WWCs) and led by International Trade Secretariats (the precursors to Global Union Federations), these “networks” sought to create international bodies for unions to share information and use coordinated transnational strikes to equalize wages among workers at multinational employers. Despite a few prominent successes (notably a coordinated European strike at Saint-Gobain in 1969 (see Levinson 1972)), these efforts, however, largely fizzled out by the early 1980s due to a combination of Cold War ideological disputes, unmet (and likely unrealistic) expectations for immediate results through cross-border strikes, an emphasis on wage-based results, an unwillingness to engage with unions in the developing world (where employers were relocating), and company intransigence (Rüb 2002).

What began as a trickle of capital relocation in the middle of the 20th century became a tidal wave of outsourcing, deindustrialization (Bluestone and Harrison 1982), and a global race

to the bottom (Brecher and Costello 1998) by the end of the century. In the mid-1990s a reappraisal of transnational union networking took place. A second wave of union networking was driven by a number of factors including the expansion of multinational corporations, regional and global trade agreements (Tilly 1995), the steep decline of union bargaining power due to job loss, deregulation, and deunionization (Western 1995), the thawing of Cold War antagonisms by unions, and new opportunities for unions to communicate and meet (Moody 1997). Unions in both the Global North and Global South began to look for new ways to “revitalize” their strategies (Frege and Kelly 2004). With this increasing neoliberal turn in globalization, unions sought new avenues to create “counter-hegemonic” institutions (Evans 2000) that were capable of rebuilding bargaining power through cross-border linkages. One of these strategies was a reevaluation and renovation of union networking beginning in the late 1990s.

Lessons from Researching Transnational Union Networks

Unions engaging in transnational networking in recent years have encountered a variety of experiences; at some networks unions have crossed spatial boundaries and overcome company opposition and challenged transnational capital through coordinated cross-border campaigns, while other attempts at networking have been hampered by company opposition, internal rivalries, and environmental barriers. Still other networks have signed International Framework Agreements (IFAs) and established transnational social dialogue with companies as a way to guarantee labor standards for workers globally. Why did networking develop amongst some unions and why has it failed to coalesce at others? What challenges have union networks faced? Can patterns and discrete categories of union networks be identified? These questions can be

boiled down to the central research question of this dissertation: what factors affect the development of transnational union networks?

My research finds that four factors ultimately impact the development of union networks: the involvement of both Global Union Federations and unions in the network's country of origin; a series of environmental factors; unions' commitment to networking; and a company's attitude towards union networking efforts. I propose an initial framework of union networks in chapter three, test this framework in chapter seven, and reassess and modify the framework in the concluding chapter.

Global Union Federations serve as the bedrock for transnational networking. They are the first step in the process of building transnational union networks. Due to their global reach they are uniquely positioned to provide funding, organizational stability, and staff to help coordinate activity between unions separated by distance, language, and resources. Unions in the country of origin guide networks providing critical access to company management and knowledge of key company decisionmakers. The greater the involvement and resources provided by these two groups, the greater a network's stability and ability to increase the bargaining power of its members.

Environmental factors such as the company's size, its geographical dispersion, its industry or economic sector, and the overall economic climate create the landscape unions must navigate when attempting to build transnational organization. The effect of these factors on union networking can vary due to a number of factors. Larger, more geographically dispersed

companies make transnational networking between unions more difficult. As a response to this challenge, this dissertation finds that some networks have turned to organizing multiple, but coordinated, regional networks rather than a single “global network.”

The effect of a company’s industrial sector on union networking also varies. Capital mobility places greater pressure on networks at firms in the manufacturing sector, while transnational networks in retail and service benefit from being geographically fixed. On the other hand, the larger and more stable workforces as well as traditionally higher levels of unionization of manufacturing firms (relative to the service and retail sector), provide more fertile opportunities for workers to build stable institutional connections across borders.

Union networks also have more opportunities to expand and create common agendas for cooperation during times of economic growth while during economic downturns, unions are forced to focus more energy on defending gains at home making transnational strategies such as networking a lower priority.

Unions’ commitment to networking is defined by the extent to which unions in a network are able to work together to share information, coordinate activity, and build a stable transnational union structure over time. Union commitment has three components: ideological commitment, resource commitment, and inter-personal commitment. Unions on the national and local levels who have an ideological commitment to transnational strategies will be more likely to see unions in other countries as potential allies to build bonds with rather than as potential competition. Furthermore, the more resources, including financing, staff, and training for rank

and file members, unions can provide, the more effective union networks will be at sustaining long-term organization and activity between members. Finally, once a network has been launched, personal relationships take on a greater importance. A network's effectiveness becomes heavily dependent on whether the network has personal and organizational rivalries. The presence of rivalries and competition between unions and union leaders reduces the effectiveness of a union network, while its absence, or rather the ability to foster trust between organizations and leaders, leads to more effective long-term organization and internally cohesive networks. Networks with high levels of all three types of commitment will demonstrate the ability to share information, build stable transnational organizations with regular meetings, and engage in cross-border solidarity activity.

A company's attitude towards union networking efforts also impacts the development and effectiveness of a union network. Companies either oppose or accept union networks as legitimate transnational bodies. An employer's approach affects the options networks have to act. Companies that accept, or "recognize," union networks are more likely to engage with union networks on a transnational level through International Framework Agreements, works councils, and other forms of transnational social dialogue. Employer recognition provides stability and legitimacy to the network and increases unions' internal commitment and effectiveness. Regular transnational dialogue and global framework agreements offer access to company information, outlets to resolve conflict, and platforms to establish enforceable labor standards for all employees across a company's global operations.

Employers who oppose union networking efforts and refuse to recognize a union network pose a steep challenge to union networks. By refusing to grant legitimacy to the network as a transnational union body, company opposition can wear down the internal commitment of unions in a network over time. This in turn, makes a union network less able to expand its bargaining power and less effective at achieving its goals. Because union networks operate on a transnational level outside the boundaries of national labor laws, there are few external resources union networks can use to compel an employer to sign a transnational agreement or engage in dialogue. Evidence from this dissertation finds that union networks must choose between a carrot or stick approach to engaging with employers who oppose union networking. A carrot approach entails unions in a network framing networking and transnational dialogue as a “best practice” strategy that is in the company’s interests. Unions also have the option of a more assertive approach that utilizes their collective bargaining power to move an employer to recognize a network and sign a transnational agreement. The latter approach, however, has thus far been too daunting for networks to attempt due to the complex and sustained cross-border coordination this type of campaign would entail.

Data from the CUT’s CUTMulti database gathered in chapter six of this dissertation show that employers from Western Europe are more prone to engage in transnational dialogue, sign IFAs, and view networking as a legitimate form of transnational employee organization, while employers from North America, South America, and Asia are more likely to oppose networking efforts by unions and refuse to recognize networks as legitimate transnational union bodies.

In chapter three of this dissertation I categorize union networks based on two categories of observable outcomes, internal cohesion and external recognition. Based on the interaction of these two categories I propose that transnational union networks can be categorized into four distinct types of transnational union networks. These types are known as GUF networks, Consultative networks, Union Side networks, and Consolidated networks. GUF networks are a combination of weak internal cohesion and no external recognition. Consultative networks are a combination of weak internal cohesion and external employer recognition. Union Side networks combine strong internal cohesion with a lack of external recognition. Finally, Consolidated networks combine strong internal cohesion with employer recognition. The details of these categories are described in the chapter three and are used to organize the four case studies in chapter seven. While these categories are a useful starting point for research regarding field of transnational union networks, they are ultimately limited. It is my hope that future researchers will further refine these categories.

This dissertation also contributes to the literature on labor relations in Brazil. Of the unions that have used networking as a revitalization strategy, the Brazilian *Central Única dos Trabalhadores* (CUT) has stood out as the most dynamic and committed to the strategy. While internationalism was not a new strategy for the CUT, networking was. By the early 2000s the CUT had developed its own distinct approach to networking. Its largest and most powerful affiliates (the metalworking (CNM), chemical workers (CNQ), and service and retail confederations (CONTRACS)), had committed substantial resources to the strategy. At the time this dissertation was completed, CUT affiliated unions had launched networks at some of the largest and most powerful MNCs in the world in the auto, metalworking, chemicals, retail, and

banking sectors. Before this dissertation little research had been conducted on how the CUT's networking strategy operated or the results of these networks.

My dissertation situates networking within the context of the CUT's internal organizational development, and by extension, the context of the Brazilian industrial relations system. I argue that five factors have led to the CUT's adoption of a networked strategy. The Brazilian industrial relations system was initially designed to restrict certain types of union organization, specifically nation-wide and sectoral organization (Collier and Collier 1991). This corporatist model of labor relations has traditionally sought to funnel labor conflict away from direct confrontation, whether through shop floor agitation or strikes, and towards a bureaucratized and legalistic resolution (Mericle 1974). Since its formation in the 1980s, the CUT has sought to overcome these legal restrictions on union organization and collective action by building national-level unions at the industrial sector level (Cardoso 2007). I argue that the CUT's current attempt to build union networks is a continuation of this attempt to overcome corporatist legal restrictions.

Furthermore, the CUT itself has evolved as an organization over the last thirty years. Reflecting global and regional trends, the CUT's bargaining power has declined due to a combination of factors including global competition, a shift from manufacturing to service, and the introduction of new flexible modes of workplace organization (Cook 2007, Sandoval 2007, deAmorim 2008). Reduced bargaining power and competition from new union centrals moved the CUT to a more moderate and pragmatic approach to collective bargaining. This political pragmatism has made the CUT more willing to engage in dialogue with employers (Sluyter

Beltrao 2010). Finally, the CUT's relationships with unions in North America (with the USW) and Europe (primarily with the Dutch FNV and the German DGB) have created deep institutional and personal ties between unions and their representatives (Jakobsen 2003). These inter-union relationships have facilitated the adoption of different models of union tactics and organization. European models of works councils (both of the shop floor and EWC varieties) and social dialogue, and the North American approach to cross border campaigns have facilitated the CUT's adoption of transnational union networking. The large number of European and US MNCs operating in Brazil has also created opportunities to forge new types of long-term alliances to build bargaining power at these shared employers.

This dissertation also examines the CUT's approach to networking in detail. No other union (or national level union confederation) has attempted to develop its own methodology for the implementation of networking. The CUT's networking efforts have been channeled through the *CUT Frente às Multinacionais* (or CUT Multinationals Project, CUTMulti), a project designed to identify, develop, and support networks in Brazil and beyond. The project coordinates networking efforts between unions in Brazil and works closely with union allies in other countries as well as Global Union Federations. The CUTMulti project merits analysis both because it is the first of its kind to adopt a systematic attempt to union networking and also because the CUT's size and presence at key MNCs in strategic industries means networking has the potential to alter bargaining power relations within the broader circuits of global capitalism.

Organization of the Dissertation

This dissertation has eight chapters: this introduction; a literature review; a model of union networks; a description of the dissertation's methods and case selection; an examination of union networks in the context of Brazilian industrial relations; a history of the CUT's union networks project; four case studies of network forms; and a conclusion.

Chapter one introduces and frames my dissertation, highlighting key findings and the questions that instigated this research. In chapter two I review a series of literatures useful to understanding my broad argument about union networking. This chapter establishes the theoretical foundation for understanding the broader context of transnational union networking. In short, it claims that union networking is a result of the challenges multinational corporations pose to labor. I ground my analysis in debates around bargaining power, the multinational firm, union strategies, and bargaining structure. Using classical theories of bargaining power, I examine the unique challenges the multinational firm poses to unions' ability to build bargaining power. Next, I review a series of strategies unions have used to address the challenges of the MNC. Finally, this leads to a call for a reappraisal of the overlooked literature on union organizational structure.

In chapter three I define transnational union networks and differentiate them from networks in other fields of inquiry through a literature review of network forms across disciplines. I also evaluate existing theories of union networks, correcting theoretical flaws in their logic in an attempt to build a comprehensive model of union networks. The second part of this chapter builds an initial framework and typology of union network forms. In chapter four I review the methods, case selection, and data collection used in this study.

In chapter five I shift my focus to the Brazilian labor movement. Because this dissertation examines union networks in Brazil, it is important to understand the legal, political, and industrial relations context that led to emergence of a networked strategy at the CUT. I identify five factors which have combined to make a networked strategy pertinent for Brazilian unions: historical and unresolved tensions produced by the corporatist foundations of the Brazilian industrial relations system; the rise and continued influence of MNCs beginning in the 1990s and continuing to the present; the ideological roots of the CUT's identity which has led it to use transnational strategies in addition to national and plant-based bargaining strategies; the CUT's recent shift towards more a moderate and pragmatic approach to collective bargaining; and the presence of regional and hemispheric trade agreements which have created a push/pull factor for unions to find transnational allies.

Chapter six presents a descriptive analysis of the specifics of the CUT's networked strategy. Emerging from the economic, political, and institutional contexts described in chapter four, this chapter explores the details of how the CUT has implemented a networked strategy. Based on interviews with union staff and documents collected from unions involved in transnational networking, I examine two related programs at the center of a networked strategy in Brazil, the *Instituto Observatório Social* (Social Observatory Institute) and the *CUT Frente às Multinacionais* (CUT Multinationals Front), or CUTMulti program. The Social Observatory Institute is a research institute which monitors multinationals operating in Brazil for their adherence to international labor, environmental, and social standards, The CUTMulti program was established in 2001 to identify, develop, and coordinate union networks in Brazil at ten

MNCs and since then has expanded to nearly fifty networks. I analyze the breadth, methodology and metrics used, and overall structure of the CUT's program in order to frame the more in-depth case studies provided in chapter seven.

Chapter seven uses my schema from chapter three to examine that factors that affect transnational union network development. Using four cases from the Brazilian CUT's experience, I trace the histories of each of these networks from their initial formation to their subsequent development and their current status. These histories are examined through the rubric of the two factors which I hypothesize are key to assessing network development: internal cohesion and external recognition. Finally, chapter eight draws conclusions from the empirical cases provided in chapter seven and the theoretical model posited in chapter three. Specifically, it identifies four factors that have most concretely impacted union network development.

Chapter Two: Literature Review and Theoretical Context

1. Introduction

The goal of this chapter is to create a contextual frame for the emergence of transnational union networking. At its core, union networking is an attempt to increase labor's bargaining power by creating transnational union structures that can operate in a coordinated manner at the local, national, and global scales. Before examining how unions have used transnational networking, it is useful to first explore why unions have been forced to adopt new strategies and organizational structures with which to engage MNCs on a more equal terrain. A quote from Jane Wills provides an appropriate introduction to this chapter:

“In a globalized economy, trade unions have left a vacuum at the heart of their organization. Unless unions can devise new mechanisms to respond to the contemporary political-economic reality in which workers are vulnerable to the relocation of investment along the arteries of large corporations and the chains of suppliers and subcontractors, they are unlikely to renew their authority....If trade unions are to successfully respond to TNCs, trade unionists need to devise new ways of organizing at the local, national, and transnational scales” (Wills 2001: 486)

This chapter establishes a series of theoretical building blocks leading to a more in-depth understanding of union networking. These building blocks are, in sum, that unions are disadvantaged by multinational corporations and in recent years have sought a variety of strategies to rebuild their bargaining power to overcome this power imbalance. In subsequent chapters I will examine one of these strategies, union networking.

This chapter has four sections. These are intended as contextual building blocks that set the stage for an in-depth analysis of transnational union networks. In the first section I begin with a review of debates on bargaining power within industrial relations theory. Second, having established bargaining power as an analytic tool, I apply it to the multinational corporation. Here

I identify five challenges MNCs present to unions' bargaining power. In the third section, I examine a variety of strategies unions have attempted in recent years in order to rebuild their bargaining power. While each of these has helped unions, these strategies have often had limited success in rebuilding bargaining power on a more comprehensive level. Fourth, I briefly examine how unions have addressed the challenges of MNCs by reforming their organizational structures.

2. Bargaining Power

Early theorists of bargaining power, such as Beatrice and Sidney Webb (1920) focus almost exclusively on bargaining power's relationship to wages. Subsequent theories of bargaining power also followed this economic logic. For John Commons bargaining power was "the proprietary ability to withhold products or production pending the negotiations for the transfer of ownership of wealth" (Commons 1934: 331). On the opposite side of the spectrum, Henry Simons's classical liberal view defined bargaining power as "monopoly power" (1944: 129) and therefore an interference with free market activity. Later theorists situated bargaining power in the context of parties' ability to inflict losses on the other. Schlicter introduced the principle of costs, defining bargaining power as "the cost to A of imposing a loss upon B" (Schlicter 1940: 57). Hicks (1932) focuses explicitly on the role of the strike, particularly a party's ability to sustain or withstand a strike. While this produced opportunities to build formal models of negotiation theory, highlighting important concepts such as information and miscalculation, Hicks's model continued theorists' focus on the primacy of economic factors in bargaining power. This model also reflected a narrow focus on the bargainers themselves as the key actors reflecting an era of "mature" unions (Lester 1958) when collective bargaining became

a result of learnable skills and technical ability and before economic globalization radically affected the footing of labor unions.

The most explicit threat to employees' ability to influence the employer is the replaceability of their labor. Alfred Marshall (1961) notes that employees are more powerful when the demand for their labor is "inelastic." This elasticity is a product of four conditions: first, the replaceability of labor; second, sensitivity of the final product to price fluctuations; third, the elasticity of production factors; and fourth, labor's share of the final product costs. When these factors are relatively inelastic, labor has greater bargaining power and employers have lower bargaining power; when they are elastic, labor has lower bargaining power and employers greater power. For the sake of this argument it is important to focus on Marshall's first condition, and *ceteris paribus*, assume all others be held constant.

Marshall is stating that workers' bargaining power is indirectly proportional to their replaceability; the more replaceable they are, whether by other labor at an equal or lower rate, through the substitution of technology for labor, or a combination of these, through a progressive "deskilling" of labor (Braverman 1974), the lower their bargaining power will be. Likewise, the less replaceable labor is, the more essential employees become to the labor process, allowing them to slow down or shut down the work process and interfere with the process of capital accumulation. This irreplaceability allows them to bring more leverage to bear on the employer and increases their ability to achieve their demands. This relationship is commonly known as "strike leverage." Though it is conditioned by other factors such as an employer's ability to withstand a strike through excess inventories, other sources of revenue, and a strike's effect on

an employer's competitors (See Kochan and Katz 2000: 76), and external environmental factors (Chamberlain and Kuhn 1965) at its core, this is dependent upon employees' replaceability.

According to Marshall's laws of replaceability, workers therefore, find themselves at a structural disadvantage more often than not when dealing with employers. Companies have more money and resources; it is easier for them to move across borders and find cheaper labor. In contrast, labor is embodied in human form, forms which are subject to physical, environmental, legal, and political restrictions.

How then can individual workers affect this unequal distribution of power? The primary means by which workers can overcome their weakness is through collective action. Collective action takes place primarily through worker-based, or class-based organizations such as unions, political parties, or other institutional groupings. These organizations are "the various forms of power that result from the formation of collective organization of workers" or, what Erik Olin Wright calls "associational power" (2000:962). Palacios (2006:23) notes that these worker-based associations increase labor's bargaining power "because through strikes and other pressure tactics organized workers can disrupt production and impose costs on management that potentially can exceed the wage increases being negotiated... Thus, the higher the ability of unions to disrupt production the more likely workers will be to extract concessions from employers." Chamberlain and Kuhn (1965:172) further note that organizational strategy and tactics such as boycotts, secondary campaigns, and political pressure are key to understanding bargaining power, especially in the context of the economic, political, and social circumstances of labor-capital relations. McCallum (2011) argues that unions have been most successful when

they have been able to forge innovative transnational forms of associational power, such as global union federations, union networks, and strategic campaigns.

John Commons' example of the American shoemakers demonstrates how workers developed new organizational forms as a means to build bargaining power and protect themselves from the threats of the "competitive menace" of cheaper labor, new product markets, and well-organized employers. These collective bodies expanded geographically from local, to regional, to national organizations. The transnational union networks examined in this dissertation are one innovative form of associational power. I argue that unions use these transnational networks as a means to increase their bargaining power by creating transnational structures that can coordinate information and strategic action, make distributive gains for labor unions across an employer, and ultimately forge bonds of solidarity that make labor more difficult to replace.

3. The Challenges of the Multinational Company to Labor

The second building block in my argument is the application of bargaining power to the multinational firm, or more precisely, to examine the specific challenges multinational corporations pose for labor's bargaining power. In this section I identify five challenges the multinational corporation poses to labor: 1. Capital Mobility; 2. Financial Size; 3. Lack of Transparency; 4. Power and Decisionmaking; 5. Lack of Transnational Regulation. Each of these produces a distinct challenge for labor's bargaining power.

A multinational corporations is defined as “A multi-plant firm with one or more subsidiaries in a country or countries different from that in which the parent company is based” (Carmichael 1992:27). What then is it that gives multinationals a distinct advantage over labor vis-à-vis bargaining power¹? The multinationalization of a firm’s operations has uneven effects in the realm of relative power by exacerbating the fundamental inequalities inherent in a market-based economic system. This underlying imbalance in bargaining power is rooted in the dialectic between multinational capital’s mobility and labor’s relative rootedness in place (Herod 2001). This antagonism expresses itself in multiple ways.

a. Capital Mobility

At the heart of the argument about labor’s relation to MNCs is the Marshallian argument regarding the elasticity of labor, i.e. “Labor needs to be essential, or nearly essential, to the production of a commodity, no good substitute being available at moderate price.” (Marshall 1961). This means that an employer has leverage proportional to its ability to replace more expensive labor with cheaper substitutes, and vice versa. Labor’s leverage is derived from its ability to interfere with or shut down production, i.e. its strike leverage. Therefore one group of labor’s ability to stop production is reduced if the employer can find alternative sources in other places. This principle holds for all forms of employment, but it is magnified and exacerbated by multinational employers. This is because multinationals employers have access to pools of labor in multiple countries and labor markets and therefore an incentive is created to search for and move production with cheaper sources of labor producing its goods. Over the short-term this gives employers strike leverage, and over the medium-term this creates the opportunity for

¹ I will hold constant the realm of total power, which affects bargaining outcomes for both employers and workers

whipsawing². Over the long-term this dynamic produces what Brecher and Costello (1998) call a global “race to the bottom.” They define this as “the reduction in labor, social, and environmental conditions that results directly from global competition for jobs and investment” (Brecher and Costello 1998:22). Each of these patterns follows from the potential ability of corporations to close production in one location and relocate to new locations with lower cost labor.

While the actual ability to pick and move production is a long-term and complex process, and perhaps not as commonplace a reality in the short-run (Edwards 2003), a proxy for this short-run ability to move production are threats of mobility. In some ways threats of capital mobility are more powerful because they are credible threats, yet they cost very little, unlike the actual costs of transferring production, machinery, logistics, and wholesale operations, etc. Hickey (2002) notes “Capital mobility is linked to other aggressive tactics such as plant closing threats, concessionary contract demands, decentralization of collective bargaining, and the rise of strategic human resource management tactics” (Hickey 2002: 72). This point is further reinforced by Bronfenbrenner’s (2000) empirical research on the effects of actual and threatened capital mobility on union organizing drives in the US:

As expected, union win rates were significantly lower in units where plant closing threats occurred (38 percent) than in units without plant closing threats (51 percent). Win rates were especially low (24 percent) in those campaigns where employers made specific threats to move to another country. Win rates were also significantly lower in mobile industries where the threat of closure was more credible...What these numbers reveal is that in mobile industries such as manufacturing, communications, wholesale distribution, and some business services, the threat of capital mobility need neither be spoken nor written to have an impact. Workers in industries

² Kochan and Katz define this as “when management wins concessions in one plant or company and then tries to use this as a pattern for concessions in other plants or companies by threatening noncompliant unions with plant closings” (Kochan and Katz 2000: 464). They also note that whipsawing may be initiated by unions, however this is less likely under circumstances relating to multinationals.

such as textiles, electronics, telecommunications, food processing, or computer technical support so not need any reminder from their employers that they work in an insecure industry where companies shut down and move in search of lower labor costs, higher profits, and a non-union workforce. Similarly in some of the largest multinational companies in our sample such as Mitsubishi, Pepsico, Royal Dutch Shell, Owens Corning, Georgia Pacific, Pratt and Whitney, or Siemens AG, workers didn't need a direct plant closing threat to worry that these companies might move all or part of their work to sites in Asia, Latin America, Africa, Europe, or Canada. An increase in shipments to other countries or a visit from company official in other countries could serve as a very credible threat of plant closure during an organizing drive"
(Bronfenbrenner 2000: 27)

More recent research reinforces the chilling effect of capital mobility, often exacerbated by weak national labor laws, on bargaining and organizing through the lens of international worker rights standards. Compa (2010) notes that European MNCs³ despite having strong labor rights records in their home countries, professing public support for international human rights standards outlined in the ILO, the OECD, and the UN Global Compact, and adopting corporate social responsibility protocols, engage in activities such as threat of plant closures, intimidation, captive audience meetings, and firings.

2. Financial Power and Size

The sheer size and financial might of a MNC vis-à-vis its employees creates a problem for unions' strike leverage⁴. If strike leverage is defined bilaterally as the employers' ability to withstand a strike, and labor's ability to sustain a strike (Kochan, Katz, and Colvin 2008:80), then the imbalance in strike leverage relating to the size and financial power of MNCs becomes clear.

³ Such as Deutsche Telekom (at its US operations of T-Mobile), Saint-Gobain, Sodexo, and Siemens.

⁴ While I use financial power and size as a category here, it is not as simple truism that *all* MNCs are large, nor the converse that no nationally-defined companies benefit from financial power, but rather that due to the amount of resources it takes to operate in multiple labor and product markets across geographical space, multinationals *tend* to be larger and can use their size in combination with other attributes stemming from their multinational status. See UNCTAD (2010) and Forbes (2011) for more various comparisons of size, geographic reach, employment, and revenues.

Simply put, money and organizational resources give MNCs a profound advantage. These factors are compounded when MNCs are organized as conglomerates⁵. A conglomerate is defined as “a firm that does business in three or more unrelated product groups and in which no single group accounts for more than two-thirds of its total sales and earnings” (Craypo 1975:5). Multinationals such as Kraft, General Electric, Vale, Siemens AG, Unilever, Time Warner, and Hyundai are diversified in geographical product and labor markets, and industrial lines.

Craypo’s prescient analysis of Litton Industries’ describes the gradual transfer of production overseas connects the abstract concept of bargaining power to the concrete realm of bargaining outcomes, “The impact of conglomerate, multinational structure on collective bargaining is to give the employer, under certain circumstances, the capacity to make the institutionalized collective bargaining system an inefficient method of resolving industrial disputes” (Craypo 1975: 19). Furthermore, Craypo’s analysis is a concrete example of Bacharach and Lawler’s (1981) theory of dependency in bargaining power. As bargaining structures are weakened, the incentive to maintain these relationships is reduced, decreasing the dependence of employers on unions and increasing unions’ dependence on employers. Firms may no longer feel the need to maintain collective bargaining with their employees if more pliant labor is found in other locations. This is an example of what Walton, Cutcher-Gershenfeld, and McKersie (2000) categorize as “escape” noting “The transfer of operations has been the most significant form of escape in the past two decades” (Walton et al 2000: 24).

⁵ Conglomerates’ *modus operandi* is also relevant to my point about strike leverage as “This organizational distinction between conglomerate and non-conglomerate companies is consistent with the expressed objective of conglomerate managers, which is to achieve unrelated diversification and large size in order to balance sales and profits among the diverse product lines as a hedge against deterioration in a single line and in the interest of greater overall stability and performance” (Craypo 1975: 5).

c. Lack of Transparency

The transnational nature of MNCs creates an epistemic problem for unions bargaining with MNCs. Due to the organizational mismatch and differences in operational scale (i.e. size, complexity, crossing of national borders) unions have considerably less access to pertinent information regarding the operations of the firm, especially if the firm is organized through diffuse global production networks, consisting of a maze of subsidiaries, subcontractors, outsourced, and offshored units⁶. On the other hand, due to a central command and control axis, theoretically, corporations have greater self-knowledge as well as knowledge about the bargaining environments in which they operate. While in practice firms' actual organization and decision-making processes varies according to degrees of centralization and decentralization, corporations are organized around a common goal of making profit. This shared reduces intra-organizational conflicts and necessitates the creation of internal circuits of operational information in order to make more efficient business decisions (Chandler 1962).

This creates a challenge for unions on two fronts. First, across the operations of a common MNC, unions are rooted in place (usually organized along geographical and/or industrial lines), divided by legal structures, operate with ideological and cultural differences, and have diverse organizational goals, leading to the possibility of greater inter- and intra-organizational conflict (Walton and McKersie 1965). Second, unions' access to information varies greatly. This is a product of two factors. First, national laws governing the extent and quality of information corporations are required to divulge vary widely. While publicly-held companies in the United States must release 10K and 20F forms with relevant organizational and

⁶ To illustrate the challenges unions face see Juravich and Bronfenbrenner (1999) for their account of the Steelworker's global campaign at Ravenswood which led them from an aluminum smelter in West Virginia through a series of parent companies, shell entities, holding firms, and finally to private financier Marc Rich in Switzerland.

financial information, in many developing countries, such as Brazil, this type of corporate information is neither as comprehensive nor as accessible to the general public. Second, unions' own organizational research capabilities tend to be limited due to a lack of resources or are focused on traditional local and nationally-centered environments. Unions have begun to devise and implement research methodologies to address this need, but they remain limited in most cases.

All of this strikes at the heart of, and ultimately exacerbates, imbalances in bargaining power. Hicks's model of strikes offers a helpful, though limited framework to approach this situation. According to Hicks, strikes are caused by miscalculations of parties' goals (Hicks 1932:147). While there are methodological (his focus on the bargainers themselves) and qualitative (his strict focus on wages as determinants of strikes) critiques of his model, he alludes to the concept of access to information as it relates to bargaining outcomes. As companies grow and expand across geographic space and national borders, unions' access to information decreases and their understanding of a company's total operations becomes murkier and strategic analysis less reliable. This paucity of relevant, up to date, and comprehensive information can cause unions to overestimate their own bargaining power and pursue a strike the company can outlast. Likewise, a lack of relevant information can cause a union to underestimate its strategic position within the company's overall organization (for example, if a unit of workers produces a component integral to the final product).

d. Strategy and Decisionmaking

The fourth factor affecting bargaining power relates to the centralization of strategy and decisionmaking. This has two components. First, because multinationals operate through multiple subsidiaries and various direct and indirect forms of ownership, decisionmaking is similarly diffuse. This organizational distribution produces epistemological problems for unions, however, even if a union *does* know the subsidiary with whom they are bargaining, as well as how that division fits within the overall organization of the firm, the subsidiary may not have the authority to change specific corporate policies. For unions this means that certain subjects of bargaining may be limited or off limits due to corporate policy or prerogative even if unions do know the corporation's ownership structure and financial situation. Likewise, this confusion may lead a firm's subsidiary to claim it cannot change certain policies without approval from more centralized management. Second, while organization and decisionmaking are highly variable depending on a firm's philosophy and environmental constraints, MNCs centralized structure allows them to allocate resources, plan global strategies, and implement business plans more quickly and efficiently. This reduces, though not eliminates, intra-organizational tensions (Walton and McKersie 1965) that unions face in a more acute manner.

In contrast, unions tend to be democratic and autonomous organizations and usually have little transnational structure through which to act; they are slower and less unified in their ability to act in concert. Multiple competing interests, especially across national boundaries, create situations for intra-organizational conflict to impede unified action (Chernish 1969). Unions may also be less disciplined and unwilling to see out a lengthy coordinated action or strike if individual leaders act only in their narrow interests. Conversely, corporations are more willing to act in their long term interests (and to have relatively corresponding idea of *what* their long-term

interests are in the first place) due to more centralized organizational and coordinated structures and more authoritarian decision making capabilities.

e. Lack of Transnational Regulation

Because multinationals operate in multiple countries under varying degrees of legislation and enforcement, they are able to exploit advantageous labor, environmental, and employment laws and practices. Over the long-run this reinforces economic incentives producing a “race to the bottom” (Brecher and Costello 1998) not solely on wages but for advantages in legal enforcement, operational expenses, and regulatory climates. Due to increased global competitive pressures on developing countries (and increasingly within certain economic sectors of developed countries), nations have become more willing to change existing regulations, or selectively enforce them, in order to create conditions welcome to investment from multinationals companies. This process is known as “regulatory arbitrage” (Branson 2002). It reinforces incentives for capital mobility and depresses worker solidarity by dangling the promise of investment and employment over social and labor rights, allowing companies to whipsaw and play workers against each other.

This process is further exacerbated by a lack of effective transnational regulatory institutions for labor and social rights. Traditionally enforcement power for the employer-employee relationship has come from the nation state (Tilly 1995) or through de facto collective bargaining relationships or de jure agreements (Dunlop 1958). The absence of effective transnational regulation for labor rights affects labor’s bargaining power in two ways. First, by operating in a spatial zone with little effective regulation employers can take advantage of weak

legal and enforcement regimes. Second, this liminality weakens collective bargaining institutions overall by reducing employers' dependence on one set of workers (Bacharach and Lawler 1981), ultimately increasing employers' incentives to "exit" relationships (Walton et al. 2000).

Organizations such as the International Labor Organization (ILO) have attempted to create juridical frameworks for transnational labor rights but they are hampered by lacking enforcement powers and a focus on creating new rights through, rather than enforcing, existing conventions. Recent struggles over labor and environmental rights have come via regional trade deals such as the North American Free Trade Agreement (NAFTA) and Central American Free Trade Agreement (CAFTA), regional economic zones such as the European Union (EU) and MERCOSUR, and via bilateral trade agreements such as the 2012 US-Colombia Trade Promotion Agreement (CTPA). Other transnational bodies such as the World Trade Organization (WTO) are more concerned with ensuring fair business standards such as government subsidies, tariffs, and equal access to product markets (Wallach and Woodall 2004).

f. Conclusion

In conclusion, according to various theories of bargaining power, labor is at a distinct material disadvantage when bargaining with multinational corporations. However, as Chamberlain and Kuhn (1965) noted, actors are not absolutely bound by their environments; they are able to adapt their strategies and structures to fit changing and challenging circumstances. Likewise, MNCs are not monoliths and in recent years unions have devised innovative strategies to deal with these very challenges (see Gordon and Turner 2000, Turner, Katz, Hurd 2001, Bronfenbrenner 2007). Beyond this, and in spite of the challenges unions may encounter when

facing MNCs, bargaining power is not static and may shift over time. Just as employers have made strategic decisions about how to adapt to their own institutions to new environmental influences (Kochan, McKersie, Cappelli 1983, Kochan, Katz, McKersie 1986), unions have been pushed to change their strategies and structures to adjust to a new bargaining environment and increase their bargaining power (Katz, Batt, Keefe 2003). In the following section I review of some of the ways in which union have confronted these challenges posed by MNCs.

4. Union Strategies

Unions have responded to the challenges of multinationals in a variety of ways. I identify five strategies unions have used to increase their bargaining power vis-à-vis MNCs: research strategies; campaign strategies; community-based strategies; integrative and co-management strategies; and transnational regulatory strategies. These strategies are not mutually exclusive, and quite the opposite, they are frequently used in interlocking and reinforcing ways. However, it should be noted that none of these strategies have proved to be long-term panaceas.

Research Strategies

One of the least documented areas of change in union behavior has been the shift in emphasis to union research. Historically union research departments had been focused on gathering economic data to support contract bargaining and contract administration, pension and retirement funds, health care and other fringe benefits for existing union members. In North America this role complemented the bureaucratic “servicing model” of post-war business unionism (Fantasia and Voss 2004). Under this model unions provide economic and legal services to members through the administration of a formal and regimented bargaining

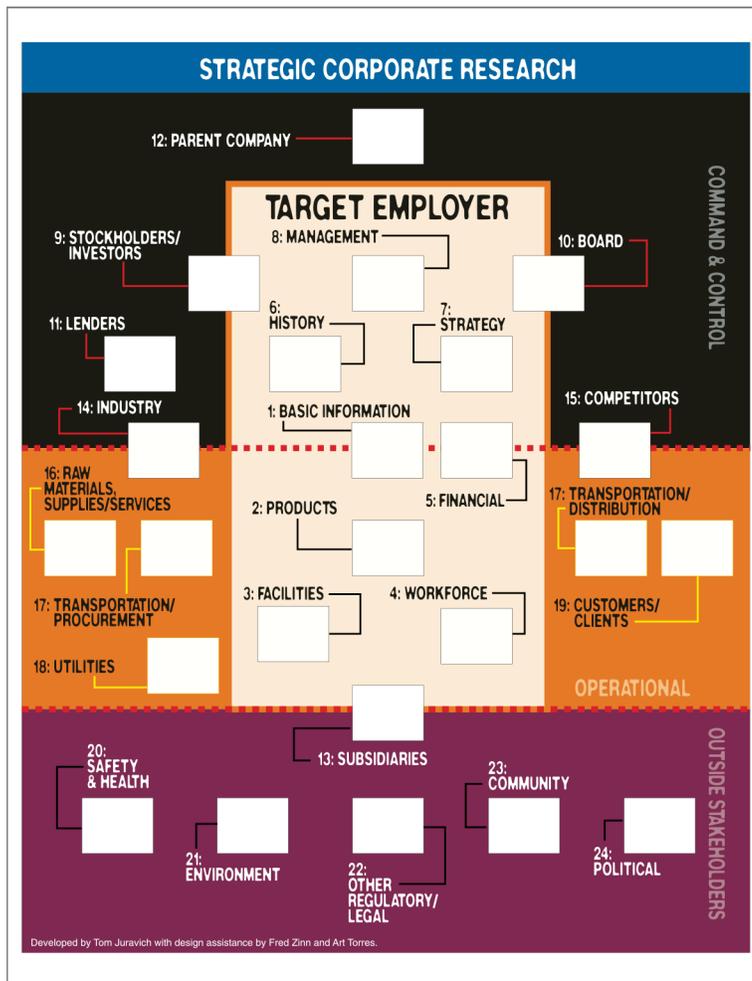
relationships. In this arrangement researchers are the technocrats, gathering macroeconomic data to support the narrow, yet increasingly complex, system of wages, benefits, and work rules. As post-war corporations remained financially stable, organized around a single core industry or product line, and conflictual mostly in established and predictable patterns, so too did union strategies.

However, as the post-war industrial relations detente began to fray (Kochan, Katz, McKersie 1986) research strategies changed to fit broader unions strategies. A handful of unions such as the United Farm Workers (UFW), the Amalgamated Clothing and Textile Workers Union (ACTWU), and the Service Employees International Union (SEIU) engaged in new “corporate” campaigns with companies such as J.P. Stevens, which expanded pressure from the workplace to the corporate boardroom, the firm’s subsidiaries, and to its customers (Jarley and Maranto 1990). These broader strategies necessitated new types of information and methods for gathering it.

Spurred by declining density rates and threats from increasingly mobile companies, unions looked to new organizing. Moreover, organizing larger, more aggressive and increasingly global corporations such as Shell (Walker 1986), Peabody Coal (Zinn 2000), and Brylane (Hannah 2008), unions needed up-to-date research methods to support effective campaigns. No longer just looking at inflation and macroeconomic conditions, unions now focused on the structure and operations of corporations, especially MNCs. While there is relatively little research on the evolution of union research methods, more comprehensive models have begun to emerge. In 1978 the Food and Allied Service Trades (FAST), a division of the AFL-CIO,

published one of the earliest handbooks on corporate research with its “Manual of Corporate Investigation.” (FAST 1978). Bronfenbrenner (2007) and Juravich (2007) have expanded from simple lists of potential research sources to a more comprehensive framework for understanding of how corporations operate.

Figure 1: Bronfenbrenner and Juravich’s Strategic Corporate Research Model (Juravich 2007: 27)



The Bronfenbrenner and Juravich strategic corporate research model goes beyond a firm’s direct operations to understand how power flows in and around a firm, including its sources of profit, growth plans, decisionmakers, and key relationships. While union campaigns

have delivered mixed results, strategic research methods and models have become essential to nearly all new organizing and bargaining strategies.

Impelled by the growth and influence of MNCs, unions outside North America have experimented with new methods of research as well. In countries where in-house research capabilities are limited, research is often done or aided by international NGOs such as the Clean Clothes Campaign (CCC), Multinationals Monitor, or Transnationals International Exchange (TIE). These organizations play a dual role of both research and international advocacy. They are well-situated to assist unions during labor disputes as well as advocate for broader public policy and human rights issues such as child labor, gender discrimination, and environmental damage. Transnational campaigns coordinated by these groups often take the form of a “boomerang pattern” (Keck and Sikkink 1998) where local disputes are resolved through a combination of local and national labor unions and international pressure mediated by international labor NGOs, activists, and rights groups⁷. In Brazil a similar role is played by the Social Observatory Institute, which monitors MNCs through a lens of labor, human, and environmental rights.

Comprehensive Campaign Strategies

Traditional models of bargaining power such as Hicks (1932) focused on the economic power of strikes and the skill of negotiators at the bargaining table. While this limited view of bargaining power was sufficient to produce steady economic and benefits gains for workers in core industries during the post-war period, this strategy proved increasingly ineffective as unions were faced with capital mobility, increasingly complex corporate ownership structures, and more aggressive bargaining tactics such as the concessionary bargaining and the use of permanent

⁷ See Seidman (2007) for more on the strategic considerations of national regulation versus transnational campaigns.

replacement workers. Traditional bargaining repertoires of strikes, picketing, and keeping out scabs were unsuccessful at MNCs such as Phelps-Dodge (Rosenblum 1998), International Paper (Getman 1998), and Caterpillar (Franklin 2001) and unions were forced to adapt to new, increasingly hostile environments by adopting new strategies and more innovative tactics to build bargaining power. Comprehensive or strategic campaigns have emerged as one option for unions to address this loss of bargaining power due to the increasing complexity of corporate ownership and the global reach of company operations.

Bronfenbrenner and Hickey (2003) outline ten elements of a “comprehensive organizing model”: adequate staff and financial resources, strategic targeting and research, active and representative rank and file committees, participation of volunteer organizers, person to person contact inside and outside the workplace, benchmarks to assess goals, issues which resonate in the community at large, escalating pressure tactics involving members internally in the workplace and externally in the community, and building for a first contract before the election. Their survey of organizing campaigns found that “across all industrial sectors, percent win rates are much higher in elections where unions use a comprehensive organizing strategy incorporating more than five comprehensive tactics, compared to campaigns where they used five or fewer tactics” (Bronfenbrenner and Hickey 2003: 24).

Comprehensive campaigns may support organizing, collective bargaining, or union recognition. Bronfenbrenner and Juravich describe the central role of campaigns as: “Collective bargaining and contract campaigns matter because they are the focal point for the power and voice that workers can achieve only through unionization. Collective-bargaining campaigns are

also the forum in which unions and union members most connect with customers, clients, and the broader public. When successful, these campaigns result in a significant expansion of union organizing opportunities, bargaining leverage, political clout, and a concomitant shift of public support towards unions. When they fail...they undermine labor's efforts for years to come" (Bronfenbrenner and Juravich 2001: 212). Successful campaigns "put escalating pressure on the employer in the workplace, in the community, in the corporate boardroom, and around the world" (Juravich and Bronfenbrenner 1999: 72) in order to strengthen local and national union bases, build member density, produce new opportunities for union activity and send the message of solidarity to management.

Some global campaigns such as the Bridgestone/Firestone and Continental Tire campaigns have been defensive responses to situations "where the existence of the union is at stake," (Juravich and Bronfenbrenner 2003; Greven and Russo 2003; Hickey 2004) while others have been designed as more proactive and strategic campaign components (Witt and Wilson 1999; Frundt 2002; Garver et al 2007). For example, in 2009 nearly 4,000 mostly latino workers won a 16-year campaign at the meatpacking giant Smithfield in the anti-immigrant and anti-union south. However, other recent strategic campaigns at MNCs such as SEIU at Sodexo, UNITEHERE at Starwoods Hotels, and United Food and Commercial Workers (UFCW) at WalMart have been less successful and highlight the limitations unions still face due to low density, weak labor laws, and the financial might of MNCs.

Community-Based Strategies

Unlike the more global and transnational campaigns which seek to engage with corporations across a firm's global operations, other strategies have sought to build bargaining power through more locally-rooted strategies. Three types of strategies in this category come to the fore: responses to deindustrialization and threats of capital mobility, fights against privatization of public services and resources, and community-embedded campaigns in export-oriented industries. Rather than matching MNCs on an equivalent global scale, comprehensive campaigns can overlook the fact that while MNCs are global and have operations "somewhere else," often with vulnerabilities, this should not allow unionists to fall into the trap of seeing answers as being always somewhere else, or always global at the expense of the local (Herod 2001). Instead, the power of many of these campaigns is in their ability to put a human face on hidden processes.

While communities have not been defenseless or passive in the face of capital mobility, they have been limited by their ability to slow, much less stop larger economic trends. Early victories by the United Electrical Workers (UE) at Morse Cutting Tools in Bedford, Massachusetts during the 1980s showed that unions and organized community groups combined with supportive local politicians, could build leverage to stop capital flight, if only fleetingly. More recent actions such as the UE's 2008 occupation of Republic Windows and Doors plant in Chicago, Illinois emphasized direct action tactics such as sit-ins reminiscent of the waves of sit-down and wildcat strikes in the 1930s. In countries such as Argentina, workers have occupied factories, radically transforming private ownership arrangements into worker-run cooperatives (Atzeni 2007). However, it should be emphasized that these cases of a direct action and member mobilization are the exception to the rule, and due to the legacies of bureaucratic, top-down, job

control unionism, unions rarely ideologically or strategically equipped to initiate and sustain these types of campaigns (Davis 1986).

Seven of the world's ten largest MNCs are utilities or energy companies (Forbes 2012). Companies in these industries have encountered fierce resistance in the developing world due to the environmental and social damage created by local projects. In Bolivia, French MNC Suez's (the world 12th largest MNC) proposed plan to privatize local water services water in the city of Cochabamaba incurred large-scale mobilization, direct action, and general strikes (Spronk 2007, Oliveira and Lewis 2004). Often these types of locally-rooted mobilizations are focused on plans for the privatization of public services. Often these privatizations are included as parts of larger Structural Adjustment Programs from international financial institutions (IFIs) such as the International Monetary Fund (IMF) and World Bank (Klein 2007). In Ecuador, for example, indigenous groups have engaged in lengthy and ongoing court battles with Chevron (the 14th largest MNC) over the environmental and social effects of oil drilling. Similar legal and community strategies have been used by the Ogoni people in Nigeria against Shell (the second largest MNC) over environmental devastation (Obi 1997).

Finally, in other parts of the developing world, workers have drawn on community support during organizing campaigns. This has been especially true in export-driven industries such as garments, textiles, and electronics assembly. In countries such as Sri Lanka (Gunawardana 2007), the Philippines (McKay 2006), and South Africa (Seidman 1994) workers, nearly all women, have sought community alliances in order to take on highly mobile companies. Often these companies are not the direct transnational employers, but rather suppliers embedded

in global supply chains producing goods for global brands and retailers such as Nike, Wal-Mart, and the Russell Athletics (Gereffi 1994). In these instances, traditional unions are often unwilling to organize workers in these industries due to gender bias or because they are company-sponsored forcing workers to look beyond traditional unions to other allies in the community and abroad. This dynamic has produced what Keck and Sikkink (1998) call Transnational Advocacy Networks (TANs).

Integrative/Co-management and Microcorporatism

While much attention has been focused on more aggressive strategies such as comprehensive campaigns, not all unions have opted for a more confrontational approach. Some have chosen “integrative” or “co-management” approaches (Greer 2006, Greer and Hauptmeier 2008), while others have pursued “microcorporatist” (Wells 2001, Anner 2004) strategies to rebuild bargaining power at MNCs. These two strategies may be seen as two sides of a similar coin differing in their degrees of worker participation in company affairs, but sharing a more cooperative and measured relationship with management, often focusing on labor peace and job security at the plant level. Integrative approaches address the loss of bargaining power by focusing on decision-making and access to strategic information

Integrative approaches to bargaining arose out of the economic stagnation and declining of rates of profit in the 1970s. In North America this strategy arose out of piecemeal attempts to change shop floor relationships from the traditional arms-length and confrontational “job control” unionism, to a more team-based and participatory models such as Quality of Work Life (QWL) or Employee Involvement (EI), designed to improve productivity through motivation and

workplace improvements, evolving into a more comprehensive model of labor-management relations (Katz 1985). At companies such as Xerox, Magma Copper, and Saturn (a General Motors' subsidiary) this model workers gained “formal membership on the board of directors or, more commonly, access to strategic decision making by informal briefings or participation in key management planning processes” (Walton et al. 2000: 15). In return unions accepted financial concessions as well as promises to eschew their traditional confrontational and arms-length role at the firm. This access to decision making and information also included a qualitative trade off, forcing unions to assume more risk in the overall financial performance of the firm⁸ (often through profit-sharing or Employee Stock Ownership Programs (ESOP)).

Many critics have noted that this new “social contract” only occurred due to declines in total power from global competitive pressures and increases in management’s relative power due to declines in overall union density, greater options for capital mobility and plant relocation (and greater ability to whipsaw), technological advances substituting machinery for labor, as well as real employee dissatisfaction with industrial work, casting doubt on the sincerity of employers’ efforts. Parker and Slaughter (1988) described new forms of teamwork as kind of “neo-taylorism” designed to increase worker productivity through speedups, while weakening shop floor solidarity, and ultimately circumvent the role of shop stewards (Parker and Slaughter 1988:18). Rundle (1994) proposed that employee-management involvement teams may violate NLRA 8(a)(2) provisions on employer-dominated labor organizations. Graham (1995) uses ethnographic methods to explore the effects of these new human resource models and working conditions in the absence of labor unions (Graham 1995). Other more trenchant critics such as

⁸ Interestingly Walton et al, also claim that these types of strategies may be categorized as “escape” strategies in the same vein as employer plant relocations, decertifications, and contracting out.

Wells (2001) have also seen this approach as a pernicious strategy of wholesale de-unionization through the promotion of a “competitive enterprise culture”; management focus on individual workplaces rather than “comprehensive interest organizations” especially “central labour bodies”; and a “fragmented, unitarist non-politics of worker-management accommodation in labour process.” (2001:281). Each of these critics casts doubt on the ability of unions to build long-term bargaining power across a firm or an industry through co-operative strategies. As Anner (2004) notes, microcorporatist or “radical flank” strategies in Latin America have often played into broader employer whipsawing strategies offering benefits to strengthen employer-employee relations at one plant while using the financial concessions to push down wages at other facilities and weakening unions’ abilities to build collective interests and solidarity across a firm or industry.

Human Rights and Soft Regulation

Compa (2004) outlines a range of legal and trade-based union strategies. These strategies have been often explicitly used the language of “human rights” and “fair trade” in order to gain a broader audience of support beyond traditional labor allies. Unions have pushed for the inclusion of labor rights clauses and “codes of conduct” in regional and international trade agreements such as NAFTA, and leveraged existing language in other international trade bodies such as the OECD to pressure multinational firms and states to respect workers’ rights. Kay (2005) notes that international trade agreements such as NAFTA can provide frameworks for building transnational labor networks between unions and other social movements and NGOs. These agreements have provided “political opportunity structures” (Tarrow 2005) allowing workers to create common cognitive frameworks for workers’ rights and common action frameworks for

cross-border campaigns and pressuring juridical bodies created by international trade agreements, such as the North American Agreement on Labor Cooperation (NAALC), strengthening transnational ties between unions.

Beginning in the 1980s, labor activists began to use the rights-based language as a way to push back on companies who had committed labor rights abuses. These approaches have varied and relied heavily on transnational campaigns reaching highlighting specific violations of human rights and restitution. Traditionally these campaigns called on nation states to intervene on behalf of affected communities by enforcing existing laws or creating new laws to redress grievances (Seidman 2007). These state-based approaches encountered challenges including weak state enforcement institutions and an unwillingness to challenge powerful corporations that could have a disproportionate affect on a developing country's investment. Other non-state approaches have focused on voluntary agreements signed by companies and labor and community stakeholders that include independent monitoring mechanisms and tools for ensuring the implementation of specific guidelines. According to Seidman (2007:136) voluntary monitoring programs encounter a number of challenges impeding effective implementation including lack of access, lack of funding, and lack of accountability.

Because of its tripartite structure and long history the ILO provides an important moral voice on issues of workers' rights, pushing for the adoption and enforcement of workers rights "conventions" on basic issues such as freedom of association, collective bargaining, safety and health, and prohibitions on child labor and discrimination (Tsogas 2001). Unions have taken some steps to adopt the language of labor rights as universal human rights, applying it to

organizing and collective bargaining, notably the UE's successful complaint to the ILO regarding the state of North Carolina's repeal of public sector collective bargaining rights.

Critics have also raised questions about the efficacy of applying a discourse of "rights," to the workplace and collective bargaining outcomes (not just the collective bargaining process). Savage (2009) notes that also has the possibility to becoming a high-level legal and policy issue that resulting in the demobilization of workplace action. Critics such as Youngdahl (2009) and Kolben (2009) are critical that a "labor rights as human rights" frame may undermine the logic of collective solidarity and economic justice because "human rights arguments are of limited efficacy when "distributive justice" is the goal." (Youngdahl 2009:34). Hilgert (2009) sees workplace safety and health as a possible nexus where human rights standards can lead to material results in the workplace.

5. Union Structure and Bargaining Structures

The strategies outlined in the previous section have also been accompanied by changes in union structure. Structural innovation plays an understated, yet important, role for unions seeking to rebuild bargaining power and adapt to the transnational landscape created by multinational employers. The union networks discussed in this dissertation are one type of structural innovation; an attempt by unions to adapt to the external landscape of changing markets, employers, and transnational opportunities.

Organizational structure matters to unions for a number of reasons. First and foremost, organizational structure determines the way in which power is exercised (Weber⁹ 1963:85)¹⁰. Union organizational structures are the vehicles in and through which labor's bargaining power is applied to the external environment. According to Kochan (1980:25), union organizational structure influences and is influenced by management's organizational structure and existing bargaining structures¹¹ (as well the external environment) in order to influence bargaining outcomes. These characterizations complement Wright's definition of "associational power" as "the various forms of power that result from the formation of collective organizations of workers" (Wright 2000:962).

Organizational structure is also important to unions because it is under the control of the union (through the interaction of its leaders and membership) itself, allowing unions to assert measure of control over the external environment. Kochan, McKersie, Cappelli (1983) highlight the role of strategic choice for organizations seeking to fit their structures to the external environment. Organizational goals, ideologies, and leadership preferences impact these internal decisions on organizational structure. Moreover, unions themselves ultimately have the final control over how to shape their organizational structures to address the challenges they face in the external environment. "Unions exercise significant discretion in their choices of goals,

⁹ Weber's quote about structure determining the way in which power is exercised further implies two organizational facets to structure: it has internal and external components. Unions create their own structures to advance their goals and influence the external environment, yet at the same time, the external environment influences union organizational structures and limiting how power is exercised; internal and external components are interrelated and difficult to tease apart from each other.

¹⁰ Weber's original quote is "This general picture of union structure in the various countries reveals gaps in the manner in which power may be exercised." (Weber 1963:85)

¹¹ "Bargaining structure refers to the scope of employees and employers who are covered by or are in some way affected by the terms of a labor agreement" (Kochan 1980: 33). This definition will need to be slightly amended for my argument as Kochan's refers to the legally regulated aegis of national labor laws where bargaining structure is defined and enforced by laws and precedent.

strategy, bargaining structure, and organizational structure.” (Fiorito et al 1991:105) This means that unions are not passively bound by their external environment, but rather take an active role in adapting their own organizational structures as a means to create organizational fits. Legislation, markets, and management’s organizational structures (Kochan 1980) all affect unions’ decisions about how to organize their own structures.

New pressures on industrial relations systems began in the 1970s and accelerated in the 1980s and 1990s. Factors such as the internationalization of commerce, increased firm competition, deregulation of markets and industries, a weakened political left, and new workplace production regimes shifted produced a decentralization of bargaining structures, a decline in union membership, and reduction in labor’s relative power (Kochan, Katz, and McKersie 1986). The effects of these changes have been felt across most industrialized countries and producing a decline in union density and bargaining power across North America, Europe, and Latin America (Western 1995, Cook 2007). Consequently, unions have altered their organizational structures in a number of different ways.

Mergers and Internal Reforms

Unions have used internal restructuring such as mergers, jurisdictional alignments, and internal governance reforms to adjust their own structures to their loss of bargaining power (Chaison 1997). Mergers have allowed smaller unions in declining industries and crafts to become part of larger unions with greater resources, stemming the loss of membership, dues, and bargaining power, however critics claims these mergers may come at the expense of reduced internal voice and decisionmaking for workers and leaders (Early 2011).

On the international front, there have been recent attempts to create true transnational unions with shared governance, most notably the 2008 merger of North American USW with the UK/Irish union Unite the Union creating Workers Uniting (Workers Uniting 2008¹²). Thus far the tangible results have yet to materialize. In 2011 the USW signed an agreement to include the Mexican National Union of Mine, Metal, Steel and Related Workers of the Mexican Republic (SNTMMSSRM), or Los Mineros, in a North American transnational union (USW 2011). These ventures may allow for greater transnational coordination of research, campaigns, and solidarity, but it remains to be seen how these union structures will deal with the legal differences that most affect collective bargaining for workers on the ground.

Recentralization of Bargaining Through Political Action

Unions have also attempted to recentralize their bargaining structures through political activity as a means to increase their relative power. Because the role of the state, and consequently political parties seeking workers as an electoral base, has been central to workplace regulation since initial incorporation periods (Collier and Collier 1991), political strategies have also been one of the most important components of union activity since its modern inception (See the Webbs' (1920:247-253) discussion of "Legal Enactment" for an early analysis of modern workplace regulation such as the work day, minimum wages, and safety and health). States have the ability to regulate (and deregulate) labor markets, intervene in the economy, and create institutions to foster bargaining with employers at various levels (often through tripartism and its corporatist variants).

¹² <http://www.workersuniting.org/who/workers-uniting>

One of the more direct ways unions have used the political process to impact bargaining structure has been to promote the centralization of bargaining structures. The decentralization of bargaining structure, however, has been a near universal cause of the loss of bargaining power for unions since the 1980s (Katz 1993). However, not all unions have been affected to the same extent. This preservation of tripartism and centralization has not always meant a continuation of the substance of these structures. In many countries tripartite structures have remained in place but the substance of terms of negotiations have changed.

In European countries such as the Netherlands and Germany tripartite structures have persisted in form, but content has included new subjects of bargaining such as labor flexibility, part-time work, and social security (Katz, Lee and Lee 2004). In Ireland, unions have opted for a more open “Social Partnership” approach to tripartism with the inclusion of social organizations representing women and the unemployed. In Asian countries such as South Korea and China, industrial relations systems have shifted from a focus on labor control to labor flexibility (Kuruvilla and Erickson 2002).

Similar trends have occurred in Latin America where corporatist industrial relations structures have been prevalent. Industrial relations structures originating in initial incorporation periods (Collier and Collier 1991) have proved more flexible than previously thought, but the content of negotiations have been pushed downward and the content of negotiations have become more flexible (Cook 1998). In Mexico labor unions are still highly dependent on their proximity to traditional political elites in the PRI for subsidies and resources despite a more subordinate role in the political relationship (Bensusán 2007, Bazler 2011). In Argentina, unions

have been able to weather the tide of neoliberal reforms while maintaining peak-level bargaining structures, exclusive representation, and greater political sway with its traditional allies in the Peronist party (Murillo 2001). In Brazil however, the results have been mixed. Labor unions remain highly dependent on the state, rather than a single political party. High political and union competition have impeded attempts to reform labor laws to centralize bargaining structures. Attempts at national level social dialogue were made during the 2002-2010 Lula administrations, notably the Fórum Nacional do Trabalho (FNT), which never materialized (Hall 2009), and the more recent recognition of peak level union organizations in 2008. Each of these experiments has been shaped by unique national institutions providing sources of traction and leverage, and producing variation in union structures and strategy vis-à-vis common pressures for labor flexibility and work reorganization.

However, despite the mixed success of petitioning national states for more favorable bargaining structure, the acceleration of MNC-led global capitalism, the role of the state has decreased, leaving national level political action a less effective strategy for rebuilding bargaining power and some unions have turned to transnational regulation to alter the landscape.

Transnational Bargaining Structures

At the heart of labor's difficulties with multinationals is the disparity between MNC's global scope and labor's fragmented and geographically limited power. Even with the strongest national union support, unions are often unable to regulate working conditions across a firm's operations, particularly if the firm has global operations. In the face of this, in recent years some unions have designed strategies to expand the geographical scope of their regulatory power

through corporate social responsibility (CSR), codes of conduct, and International Framework Agreements (IFAs). Unlike comprehensive campaigns which tend to be short-term, aggressive, and “when the existence of the union is at stake” (Hickey 2004), transnational regulatory strategies are intended to build long-term relationships with a MNC, usually with management in the home country, and to establish and strengthen firm-wide regulatory capabilities on a global scale.

Over the past decade attention has turned to corporate codes of conduct, particularly corporate social responsibility (CSR) as alternative mechanism for unions and consumer groups to regulate the power of corporations on an international level (Crane et al 2008). The need to ensure equal standards across firms has increased due to both the internationalization of corporations to stretch across geographical boundaries, as well as corporate campaign tactics unions and other consumer groups have used to highlight disparities between a corporation’s public image and actual behavior. Windsor (2006) notes that adoption of CSR policies by companies is a balance of “ethical” and “economic” concerns.

While CSR, especially in the form of corporate codes of conduct has been held up by some as an effective mechanism to ensure fair treatment, these codes of conduct are non-binding statements and can be instead to promote a company’s positive self-image to the public rather than binding agreements with labor, environmental and human rights organizations. Edwards et al. (2007) find that adoption of CSR programs varies by country of origin and level of input from employee representatives with US companies having low worker input, and European companies having much higher levels of input from unions (Edwards et al 2007: 9). However, CSR

programs can open important and much needed space for dialogue between unions and firms, but their effectiveness is also dependent on the levels of bargaining power held by unions using CSR programs.

As an alternative, many unions have promoted International Framework Agreements (IFA) as more effective and participatory structures. IFAs are multilateral agreements, signed between the corporation and a union, usually one of the GUF's, at a global level in order to ensure equal standards across a firm. IFAs seek to be produce multinational bargaining structures. Stevis and Boswell (2007) identify three goals of IFAs. First, they must guarantee Core Labor Standards (CLS) such as abolition of child labor, non-discrimination and freedom of association. Second, they should cover all employees, including workers who are subcontracted or employed by subsidiaries and suppliers of the firm. And, third, IFAs should be designed to establish an institutionalized relationship with the firm at (at the very least) a corporate level and ensure some form of “arrangements for interactions, monitoring and implementation” (2007:181). IFAs have been signed at 72 firms (IMF 2011), varying in sector and size, nearly all European firms¹³, and provide for varying levels of participation and representation from unions throughout the firm.

Ultimately IFAs provide a foundation from which unions can take other steps to approach regulate transnational capital, and not as an end in itself. IFAs are not international collective bargaining agreements, i.e. there is no international body to enforce these agreements, and in the end IFA's are only as strong as the unions that sign on to them. Stevis and Boswell (2007) conclude, and I agree, that while IFAs may help initiate vertical links to corporate offices and

¹³ Non-European IFA signatory firms are: Anglo-Gold (South Africa), Chiquita (USA) Fonterra (New Zealand)

horizontal links to other unions representing workers at the same firm, in order for them to work they must be connected to broader comprehensive global campaigns and networks. If IFAs are treated as an end to be attained for themselves rather than as a tool in the repertoires of comprehensive campaigns and structures, they will end up more like watered down codes of conduct than enforceable collective bargaining agreements effective at building union bargaining power.

No discussion of transnational bargaining structure is complete without a mention of the European Works Councils (EWC) system. The 1994 European Works Councils Directive obliges all companies with more than 1,000 employees operating in at least two European Union member states to establish transnational works councils bringing together employee representatives to meet with management at least once a year for the purpose of informing and consulting employees regarding the company's operations. EWCs have allowed unions to develop and enhance their cross-border cooperation to combat company whipsawing, exchange information, aid in global comprehensive campaigns (Whittall 2000, Pulignano 2007, Greer and Hauptmeier 2008) producing real transnational opportunities for expanding labor's bargaining power.

However, while it would seem that EWCs are the most developed juridical institution regulating transnational trade union structure and bargaining structure, the reality is more nuanced and holds lessons for our understanding of transnational union networks. First, EWCs are only mandated to provide space for information and consultation while bargaining is not formally sanctioned or required by the directives. Furthermore, a company is only required to

inform and consult its members and is not required to respond to questions from employees. Simply adhering to the minimum requirements of the directive allows companies to circumvent attempts to build true transnational bargaining structures. This may also allow for EWCs to be coopted into forums for the dissemination of human resource agendas or reinforce company messages for firm-wide cost-cutting (Wills 2001). Second, EWCs are worker, not union, organizations. While unions may play a significant role, depending on their strength and organization on the national or plant legal rules, unions are not required to be represented. This lack of union representation might provide a platform for “transnational microcorporatism” undermining national level unions and promoting decentralization (Martin and Ross 2000). Third, EWCs are limited to activities within the limits of the European Union. This is not a problem in itself of course, but it points to limits of EWCs as a model for transnational bargaining structure; the point being that most workers of the world do not live in Europe and do not fall under the auspices of the EWC system. While there is an extensive and continuing body of industrial relations research and literature on the subject of EWCs, there is wide gap between the relatively small number of workers covered compared with research on the current situation and future possibilities of building transnational union and bargaining structures for workers not covered under the EWC system.¹⁴ The debates around the effectiveness of EWCs and IFAs have largely ignored the issue of union structure while focusing primarily on bargaining structure; both are critical to building bargaining power

The contradictions of EWCs have been described as “structure before action” (Turner 1996), which is a good phrase to segue to the next chapter’s discussion of transnational networks.

¹⁴ I make this critique to say that EWCs are over researched relative to the little research that has been done on subjects such as transnational union networks in North America, Latin America, Asia, and Africa.

Transnational bargaining structures such as EWCs and IFAs still leave unions with a problem, namely that even with the most effective works council or framework agreement in place, unions will need their own independent transnational union structures and organizations to coordinate, act, and enforce these agreements, or in other cases, to reach these agreements. Bargaining structures provide frameworks, but not necessarily content; they are only as strong, and can only exert bargaining power, to the extent the unions that participate are organized to act together. I argue that transnational union networks are one, but not the only, solution to addressing the gap in bargaining power created by multinational companies.

6. Conclusion

Unions encounter a deep-rooted problem in the global economy, that of the multinational company. Multinational form generally places labor at a disadvantage by reducing unions' relative power. In response to these challenges, unions have adopted new strategies to rebuild their bargaining power. Some of these strategies have produced concrete results, but each has flaws: they have often been limited in their effectiveness, sometimes due to weak application, a lack of resources overall, producing short-term results, calling the need for multiple overlapping strategies, but moreover, each strategy must work with the organizational and bargaining structures in which they are deployed. Unions have also sought to shape the bargaining structures in which they interact with employers. On a transnational scale this has created opportunities for unions to work together across borders such as International Framework Agreements and the European Works Councils system. However, even these bargaining structures have drawbacks, notably that they provide "structure before action" (Turner 1996). There is therefore a need to understand how unions can more effectively construct transnational union organization and

transnational bargaining structures to increase their bargaining power at multinational firms. The following chapters explore one of these innovations, transnational union networks.

Chapter Three: From Network Theories to a Theory of Transnational Union Networks

1. Introduction and Objectives

From the previous chapter's discussion of union strategies and union structure I now turn to a discussion of transnational union networks as a distinct form of union organization. In this chapter I address four questions and propose a typology of union networks. My first research question seeks to understand what precisely transnational union networks are. To understand this I first examine network forms in the context of other disciplines and literatures including business, political theory, and social movement literatures. From there I look at the existing literature on transnational union networks to produce a working definition of union networks. Next, I examine Anner's (2004) theory on how transnational union networks emerge, both lauding it for opening a theoretical space to discuss networks, as well as developing it in a more comprehensive manner. Third, I ask how union networks develop and whether there is variation between union networks. If networks do vary, what accounts for this variation? I propose that variation does exist amongst union networks and I lay out an initial framework of union network development that extends previous authors' theoretical accounts. Finally, if there are distinct forms of transnational union networks, what can be said about the likely outcomes produced by these networks? To answer this I describe four ideal types of network forms and create hypotheses regarding their impacts and effectiveness.

Despite their increased use in recent years, there is still not a comprehensive theoretical framework to understand how transnational union networks develop. My dissertation addresses this gap by proposing an initial theory of transnational union network development. Previous

descriptions of transnational union networks are incomplete and a more thorough schema is needed to fill the gaps in existing literature. Previous authors have erred by emphasizing only the horizontal nature of union networks while missing the fact that unions and union networks are structurally distinct from networks in other contexts (i.e. businesses, social movements, political movements, etc.); union networks as a result have a vertical component to their organization due to the firm's role in organizing and influencing union structures. Union networks therefore have both horizontal and vertical dimensions. I propose that union networks will tend to develop according to the interaction of two factors: internal cohesion and external recognition. This interplay will produce four ideal forms of network development: Consultative, GUF, Union Side, and Consolidated.

2. What are Networks Across Literatures?

Before examining union networks in their own right it is important to first explore the concept of “networks” across multiple disciplines. This allows me to focus on transnational union networks, clarifying any confusion of the field of study regarding the terms “network,” “networking,” and “networked activity,” among others. While networks within the union context are an under-researched phenomenon, there a variety of uses of the term across disciplines. It is important at this point to examine the term “network” in order to ultimately carve out a theoretical space for transnational union networks.

Interest in organizational behavior and social networks has increased in recent years due to the diffusion of technological innovations allowing individuals, organizations, businesses and social movements to connect directly with each other in ways that were not possible thirty years

ago. This shift in the speed, spatial organization, and orientation of relationships has changed the way organizations are structured, the way commodities are produced and consumed, and the way money flows. Networks are at the heart of this shift.

Powell (1990) defines networks as “reciprocal patterns of communication and exchange” characterized by “lateral or horizontal patterns of exchange, interdependent flows of resources, and reciprocal lines of communication” (1990: 295, 296) contrasting them with “market and hierarchical governance structures.”¹⁵ Hierarchical structures tend to have clear boundaries, lines of authority, and formal decisionmaking processes, while market structures are transactional, demand little commitment between parties, and are highly flexible. Networks are long-term, based on reciprocity and trust, but allow actors the flexibility to leave and return. Jones et al. (1997) apply this rubric to firms noting “Network governance involves a select, persistent, and structured set of autonomous firms engaged in creating products or services based on implicitly or open-ended contracts to adapt to environmental contingencies. Commitments are socially, not legally binding” (Jones et al 1997: 914). This definition expands the scope of network activity painting a picture of economic systems organized in networked forms.

These authors distill the work of Piore and Sabel (1984). For Piore and Sabel hierarchical mass production models had reached their limits through a combination of internal (labor strife and social unrest), external pressures (the 1973 oil crisis and the rise of newly industrializing countries in Asia and Latin America) and structural limits (saturation of product markets and changes in taste). A crisis was brought about because of the regulation crises of 1970s which left

¹⁵ A pair of opposing structures he colorfully describes as “a one night stand” and “a marriage.” Transnational networks lie between these two forms, a kind of committed, but non-contractual, and open relationship between parties.

the West with two options: the extension of a mass production model to the rest of the globe or, a return to craft production models of organization, called “flexible specialization.” Citing regional economies such as Italian garment workers and Silicon Valley tech firms as examples they prophesied a more efficient and less oppressive mode of production connecting local, regional, and global business networks and reorganizing how work, workplaces, technology, markets, and consumers interacted.

But, where Piore and Sabel saw a revolution in the mode of production through the birth of “flexible specialization,” Harrison (1994) agreed with Piore and Sabel’s focus on network organization, but in contrast to their sanguine predictions about the future of work, Harrison saw a redoubling of corporate power through a reorganization of firm structure. Multinationals had retrenched themselves in the global economy through adoption of a “core-ring” model, “just in time” delivery, strategic partnerships with smaller firms, and the use of outsourcing, subcontracting, and renegotiation of labor relations to create more flexibility. The smaller, more craft-based workplaces Piore and Sabel saw as indications of large-scale transformation were actually linked to large multinationals in global networks of production and still relied on traditional divisions of labor (especially home- and low-skilled work). For Harrison, change was occurring, but the change process was still led by MNCs seeking new ways to cut costs, increase flexibility, and decrease their own dependence on functions that could be externalized, hardly a model of the liberation of work.

Castells (2000) synthesizes this thread claiming networks now dominate all economic and social organization; society has been totalized and become a networked society. Political

theorists have taken to networks as a model for how power is organized and channeled. Deleuze and Guattari (1987) use linguistic and psychoanalytic concepts such as “rhizomes” to explain contemporary Marxist political theory. This strain was expanded upon Hardt and Negri (2000) in their vision of networked resistance to global capitalism. For these authors the transformation of economic and political power into rapid, diffuse, and networked configurations has produced a more elusive and insidious mode of capitalist accumulation. According to Karatzogianni and Robinson (2010), protest and resistance to this form of networked capitalism will likewise be horizontally organized, diffuse, and non-hierarchical.

This focus on networked forms of resistance and economic organization has led to a proliferation of research on collective action, especially the use of transnational networks. One of the most important contributions to this debate was Keck and Sikkink’s (1998) model of Transnational Advocacy Networks (TANs). Keck and Sikkink proposed that due to the expansion of technology across borders, transnational social movements are now more likely to take a networked form. For them TANs include specialized issue areas, advocacy for specific causes and policies, international and domestic NGOs, social movements, foundations, and media all of whom share values, exchange information, and introduce new ideas, provide information, and lobby for public policy changes (Keck and Sikkink 1998: 8-9). Because they are often oriented around specific causes and campaigns to address these issues, this networked activity often takes the form of a “boomerang pattern” which utilizes pressure, shaming, and persuasion to affect change (Keck and Sikkink 1998: 12).

While there has been increased use of the framework of “networks” this has also created an impediment for understanding union networks. The problem with this is that existing literature on union networks has relied upon Keck and Sikkink’s model of TANs to explain how union networks operate. Many problems follow. In particular the work of Anner (2004) has formed the primary theoretical template for the analysis of union networks. It is important here to delve deeper into Anner’s theory because, despite its flaws, it has an important role in opening up space to discuss union networks theoretically. I argue that Anner’s theory while crucial in opening up space to discuss union networks as a union structure, is also incomplete in its execution, primarily due to its reliance on Keck and Sikkink’s model of TANs. I will first explain Anner’s model, critique its shortcomings, and finally, propose a more comprehensive model for understanding how union networks develop and operate.

3. Conceptualizing Transnational Union Networks

Before laying out an original theory of transnational union network development, it is important to first explore why and when transnational union networks arise. Since I argue that union networks are a distinct and classifiable form of union organization, it is therefore implicit in this argument that networks arise under specific conditions, both environmental and internal; they do not arise *ex nihilo* or at random. Understanding these conditions will help future scholars identify situations where transnational union networks may arise and increase the predictive power of models of research into the subject.

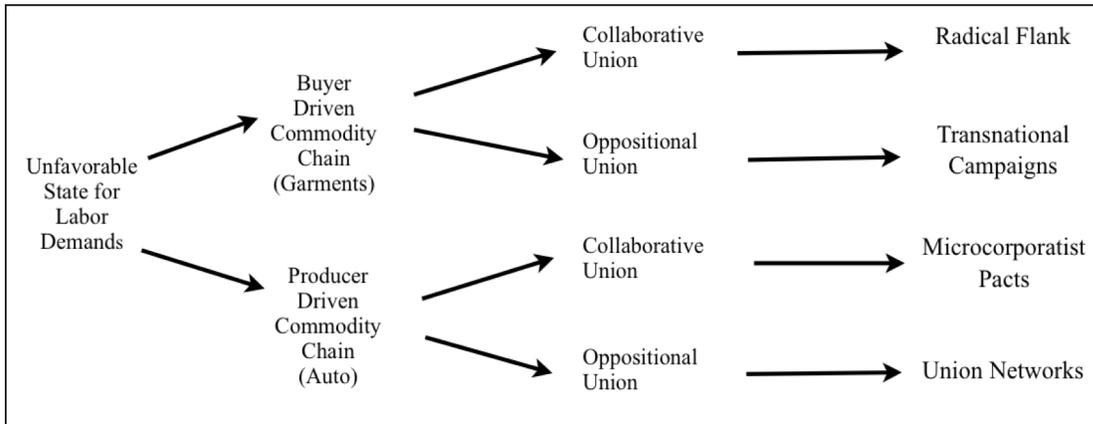
Anner's work (2004; 2011)¹⁶ explores how labor unions have responded to industrial restructuring. Why have some unions pursued domestic strategies, often allying with employers, while other unions have look abroad for support? He hypothesizes that three independent variables affect unions' strategy: union ideology (oppositional/collaborative); the state's relative openness to labor demands (unfavorable/less unfavorable); and the industrial structure in which the firm is embedded (buyer driven/producer driven supply chains). The interaction of these three independent variables produces four outcomes for labor: clientelistic labor pacts; microcorporatist labor-business pacts; transnational labor-NGO campaigns; and transnational labor networks (see a diagram of Anner's model of below).

Anner hypothesizes that when labor's access to the state is blocked (as occurred during the era of industrial restructuring in Latin America during the 1980s and 1990s), unions look to alternative strategies to build bargaining power. The choice of alternative strategies is conditioned by a second independent variable, union ideology. Collaborative unions will tend to look for alternatives domestically, primarily seeking to build cross-class agreements with employers. Oppositional unions are more inclined to look overseas for allies leading to transnational strategies. The shape of these ultimate strategies is mediated by the type of industrial structure in which the firm is embedded. Using Gereffi's (1994) work on commodity chains Anner argues that buyer-driven chains, such as those in apparel and electronics, will lead to "radical flank movements" and "clientelistic labor-business pacts" for collaborative unions, and will lead to transnational labor-NGO campaigns for oppositional unions. For unions in producer-driven commodity chains, such as auto and other manufacturing, collaborative unions

¹⁶ I will reference Anner's dissertation (2004) as it has the most comprehensive model and argument for the development of transnational union networks. His 2011 book updates his dissertation and I will refer to it for any relevant follow-up arguments he makes.

will tend towards microcorporatist pacts with employers on the plant level, while oppositional unions will gravitate towards transnational labor networks. Anner's (2011:19) model of the four responses of unions to globalizations is diagrammed below:

Figure 2: Anner's Model of Union Responses to Globalization



Why is this important and what are its implications for my argument? Anner's theory opens the arena for analyzing union networks as a distinct form of labor organization. What is crucial here is that *forms* of labor transnationalism are affected in the final instance by the global commodity chain in which they are embedded. Buyer-driven chains such as textiles and electronics will tend towards short-term transnational campaigns relying primarily on non-labor actors such as labor rights, human rights, and women's rights NGOs and other activist groups such as United Students Against Sweatshops (USAS) and the Clean Clothes Campaign. However for unions in producer-driven chains, such as auto, steel, and most manufacturing, transnationalism will produce more stable, long-term organizational structures such as union networks. Union networks, in these producer-driven chains, will be composed primarily of other unions from the same firm (as well as support from GUFs and labor NGOs). It is important to reiterate this distinction because it is through this bifurcation of transnational forms that Anner's taxonomy opens up a conceptual space for analyzing transnational union networks as a distinct

organizational form. Before Anner's model no theory had fully explored the roots and derivation of networks.

Furthermore, it is important to push this point further and explore the conceptual roots of Anner's model because, I argue, Anner (2004) begins to explore a key distinction at the root of union networks, but never fully resolves this distinction. The distinction I refer to is the organizational difference between Keck and Sikkink's TANs and Anner's Transnational Activist Campaigns, and union networks. Theories and theorists of transnational activist networks base their models and arguments on Keck and Sikkink's model of the "boomerang pattern" (Keck and Sikkink 1998: 13). Anner presciently notes, "Because labor has a relationship with capital by definition, a labor boomerang must incorporate capital into its analytical framework" (Anner 2004: 30). This is a key intervention, yet it never gets explained or clarified. Are labor boomerangs the same as labor networks? Do they only exist when there are "blockages" between labor and the state? How permanent are these labor boomerangs? Anner's concept of a labor boomerang remains unclear and doesn't seem to fit with his theory of labor networks; it is more apropos to transnational campaigns such as those described by Banks and Russo (1999) and Juravich and Bronfenbrenner (2003) than the long-term union networks Anner goes on to describe in the rest of his work. What is needed to clarify this model is a more systematic and specific theory of transnational union networks.

Anner's work is limited by its reliance on Keck and Sikkink. In particular, his use of Keck and Sikkink for the theoretical basis of his conception of networks is only half right; it rightly highlights the horizontal characteristics of networks while ignoring the fact that union

networks have a crucial vertical component as well, or, that is, unions are important to understanding networks, but so is the firm. Union networks don't simply provide horizontal infrastructure for union-to-union coordination and contact, rather, I argue they also attempt to build a vertical (or as I prefer, *external*¹⁷) characteristic which seeks to have a long-term formalized relationship with the firm. In short, networks seek to build structures for internal union-to-union organization as well as transnational collective bargaining. Addressing this missing component is necessary to create a comprehensive theory of transnational union networks.

4. Transnational Union Networks: A Literature Review

Unlike activist networks which seek primarily to affect change as parties external to the campaign, unions (and the workers in them) are directly tied to the employer in a way members of activist campaigns and activist networks are not. Unions need established and formalized relationships with employers in order to bargain for and distribute gains. Unions operate primarily through collective bargaining rather than through sporadic external pressure campaigns. Unions are not advocacy groups, they are collective bargaining actors; they seek to maximize their bargaining power vis-à-vis employers.

The fundamental difference in the goals of unions (in contrast to social movements) likewise produces a difference in structural forms. Unions do not exist solely in a

¹⁷ I prefer the terms internal/external to horizontal/vertical to describe the way in which networks operate and will use the former pair throughout this dissertation. I feel internal/external dichotomy provides a better sense of the responsibilities and orientation of the activity of unions participating in networks. Internal activity will focus on the union-to-union aspects of networks; external activity will be oriented towards the firm, however it is important to note that even external activities will eventually be filtered and distributed through internal activity. This will be explored in the next section exploring my model in detail.

horizontal/internal plane (see the Webbs' theory of mutual aid vs. collective bargaining), but rather they have a vertical/external plane as well; they seek to establish long-term collective bargaining relationships with firms. Likewise, union networks, rather than being a uni-dimensional, horizontal actor, have a vertical, or external dimension as well. To understand this distinction it is helpful to construct a formal model of transnational union networks.

First, it is important to understand what networks are and are not. Croucher and Cotton's (2009) full definition of networks begins to clarify the exact universe of cases and field of study:

“Defining networks is problematic....By ‘network’ here we mean stable groups of union representatives from different units of a multinational company or sector who are in communication with each other. A degree of stability and permanence is required for the description to be meaningful, as in many cases networks have been formally established but have no continuing existence (Greven 2006). Finally, networks should be identifiable as such within the trade unions and membership should be possible. In practice networks take quite different forms, with differing levels of involvement of works councils, headquarters and non-headquarters unions, management and GUFs. From a union viewpoint, networks’ aims vary and may develop across time, but they are generally set up initially to collect and exchange information with the aim of progressing towards organizing, coordination and solidarity action.” (Croucher and Cotton 2009:69)

The current wave of transnational union networking emerged from a combination of a number of historical factors. First, networking never stopped completely. After the first wave of WCCs receded in the mid-1980s, a number of these first wave WCCs continued to exist and meet, even if only intermittently and with uneven organization. WCCs in the European auto sector at Volkswagen, Mercedes, Fiat, and Volvo, and in the European food processing at Nestle and Danone, continued to meet and share information throughout the 1980s and 1990s (Rüb 2002). Global Union Federations were critical in sustaining these networks and, as will be shown in the history of the CUT's networking project, representatives from national unions who served

in GUFs took the idea of networking back with them to their home countries, producing a cross-pollination effect and introducing networking to other union revitalization strategies.

Second, the European Works Councils (EWCs) served as a model for transnational networks. EWCs are groupings of employees and unions at multinational companies with 1,000 or more employees in the European Union, or 150 employees in at least two EU member states. The EWC directive (94/45) of 1994 established firm-level works councils composed of employees and unions at these multinational companies for the purpose of consultation with company management. With their emphasis on information exchange between unions, dialogue with employers, and creating stable, long-term union institutions at multinational companies EWCs have served as a model for unions outside the EU. Rüb (2003) notes, however, that European Works Councils have played a contradictory role in the development of the “enterprise-based” networks focused on in this study. Due to their greater likelihood of success and their institutional stability, European unions focused their energy on developing EWCs rather than more global forms of worker representation. Furthermore, because EWCs are legally bound to only unions in the EU zone, EWCs can foster a limited, Euro-centric outlook on worker rights. A few EWCs, including those at SKF, Renault, and Danone, have been successful at extending the EWCs to include some non-European worker representatives and using the EWCs dialogue process to raise issues faced by non-European unions to company management. These EWCs are the exception and most have not taken a global approach (Rüb 2003:35).

Third, the growth of cross-border strategic campaigns also helped stimulate union networking. Strategic, or “comprehensive” campaigns, evolved in the 1990s from “corporate

campaign” efforts popularized in the United States. This strategic campaigns approach combined strategic research with more aggressive tactics to target vulnerabilities in corporate structure and using leverage such as direct action, protests, and solidarity by rank and file members, community alliances, media “shaming,” and using pressure on key decisionmakers such as politicians and investors to influence companies during bargaining and organizing campaigns, and during strikes and lockouts (Juravich 2007). These campaigns often targeted large multinational firms, using a variety of global allies including unions, community groups, and environmental organizations to influence a company across its operations globally. Campaigns took particular significance to unions in North America and the Global South. Global campaigns such as those at Bridgestone/Firestone (Juravich and Bronfenbrenner 2003), Goodyear (USW 2003), Crown Petroleum (Hickey 2004), UPS (Witt and Wilson 1999), Brylane (Hannah 2006), Quebecor (Tate 2006), and G4S (McCallum 2011), among others, all used global alliances to bring unions from the Global North and Global South into contact and created the possibility of further coordinated action after the end of the campaign. While not all of these campaigns forged distinct long-term networks, a number did, and those that didn’t we likely to have fostered transnational relationships between unions in struggle against a common employer.

Contemporary research on transnational union networks has been scattershot and lacks the theoretical framework needed to make common references. Attempts at constructing a general theory of union networks has not gotten far. Evans (2000) establishes that transnational union networks are “counter-hegemonic” alternatives to neoliberal globalization, but he bases his exploration squarely in the lineage of Keck and Sikkink of TAN and campaigns. Borgers (2001) mentions the possibility of union networks but fails to offer anything in the way of a

comprehensive theory. Waterman (2001) examines “networking” between unions as a communications strategy to break down traditional Global North-Global South tensions but doesn’t see networks as an organizational strategy or union structure. Lillie (2003) offers a rich case study of global networking among the International Transport Workers Federation (ITF) but also fails to put forth a model of union networks. Gray (2009) proposed that union networks have four primary uses: coalitions, campaigns, capacity, and contracts, but this work was based off a single case study and is more of heuristic tool exploring how networks operate rather than a comprehensive model. Martínez Lucio (2010) offers a strident response to hopes that transnational union networks can break down traditional barriers between Global North and Global South unions.

Some of the more helpful information on union networks has, not surprisingly, come from practitioners, mostly GUFs or national unions, who work on a daily basis trying to build networks. These reports (IMF 2010b; IMF 2011) have described successful and failed tactics as well as working guidelines unions have used in establishing and developing union networks. The 2011 IMF article, “Networks: Working Together Internationally” identifies a number of principles for networking. These principles include: a political mandate from the affiliates involved in the network; that unions in the home country of the MNC play a vital role in establishing and operating the network; that networks should be independent union bodies; transparency and openness to all participating unions; and “The goal of the network is to increase the power of the unions vis-à-vis the company at the national, regional, and global level.” (IMF 2011:23).

Union networks' roles in facilitating cross-border campaigns have been widely discussed but this research tends to stop after the resolution of the campaign. Transnational networks have often been used as an infrastructure of communication and solidarity support during bargaining campaigns (Banks and Russo 1999, Russo 1999, Juravich and Bronfenbrenner 2003). The Teamsters' campaign at UPS proactively set up a global network in preparation of their 1997 round of North American bargaining. This cross-border network was important for the Teamsters during the campaign, the union lost interest in developing it after the campaign was over. Other networks such as the one at Dutch grocery multinational, Ahold, are set up defensively after a campaign has already begun (Russo 1999). This network too has fallen into disuse after the campaign was resolved. Other campaigns such as the USW's campaigns at Bridgestone/Firestone (1994-1996) and at Continental Tire (1999) (Juravich and Bronfenbrenner 2003, Banks and Russo 2003) tap into existing cross-border networks. PACE's 2000 campaign at French mining multinational, Imerys, shows that transnational networks can be an important tool during organizing campaigns as well as during bargaining (Brown and Chang 2004). While this literature is rich on empirical descriptions of the campaigns themselves, an understanding of the structure of union networks remains peripheral and under-researched. What remains is grab bag; some rich case studies, some failed attempts at building a comprehensive theory, and some guidelines from practitioners attempting to build networks, but as yet no working model to tie these pieces together.

5. Theory and Framework

A second theoretical intervention that needs to be made before laying out a comprehensive model of union networks is the inclusion of bargaining power into the discussion

of union networks. In the previous chapter I lay out a series of literatures building to my argument that transnational union networks are a strategy used by unions as a means to rebuild their bargaining power in the face of the challenges presented by multinational corporations. Networks act as both organizational structures (or “union structure”) and, when recognized, bargaining structures. By understanding that union networks have two planes of activity, their bargaining power can be measured by activity on these two planes, specifically how developed its internal organizational structure is and whether it has external relations with employers on a transnational scale.

More specifically, the type of bargaining power created by union networks is akin to what Erik Olin Wright (2000) terms “associational power.” According to Wright, associational power¹⁸ encompasses “the various forms of power that result from the formation of collective organizations of workers” (Wright 2000:962). The associational power created by union networks is measured by a network’s internal cohesion and external recognition, discussed in detail below. In this section I propose four categories of transnational union networks that can be identified based on interaction of these two factors. These affect the development and outcomes of union networks, ultimately creating four types of networks with distinct organizational forms and repertoires of activity.

Internal Cohesion (Low/High)

¹⁸ Wright contrasts “associational power” with ‘structural power’ which is derived from labor’s location within labor or product markets. Workers and unions in key strategic industries or locations within economic sectors or supply chains will be endowed with high structural power (Wright 2000:962). While structural power is not discussed in as much depth in this study, it is the belief of the author that, while structural power endows groups of workers with a deep-seated position to act, without strong associational power through union organization and strategy, this leverage will remain a *potential* source of power rather than an *actual* source of power. Herod (2001) and Silver (2003) outline examples of the various ways this structural power can be exercised by workers in key economic sectors or geographical locations notably workers in transportation, communication, and logistics.

Union networks will have a range of low to high internal cohesion. This degree of internal cohesion will ultimately affect a network's ability to build solidarity between members, act collectively, exercise leverage against an employer, and potentially disrupt a company's ability to generate profits (through transnational campaigns). The internal cohesion of networks can be measured by a combination of four factors: density, frequency, scope, and effectiveness of network activity.

- Density*: What proportion of unions of the firm's global operations participate in network activity? Is the home country union active? Are subcontracted employees included? Does the network include NGOs and non-union actors?

- Frequency*: How active is the network? How often does the network meet, exchange information, engage in solidarity activity?

- Scope*: What is the geographical scope of network participation? Are unions concentrated in one geographical area or region? Does the network cover the geographical reach of the MNC?

- Effectiveness*: How effective is the network in its activities? Do networks produce results for members? Is there an escalation of demands and activity over time?

To measure the density, frequency, scope, and effectiveness of a union network we will need commonly identifiable activities which can be compared across networks. Internal cohesion is demonstrated by the following activity:

•*Regular Meetings*

Networks will need to meet on a regular basis in order to maintain relationships amongst unions. There is no proscribed guideline for the number of meetings, but because global meetings are expensive and logistically complicated (travel, translation, accommodations etc), meetings tend to occur once a year. Meetings are usually a mix of rank and file workers, elected union leaders, and full-time union staff (organizers, researchers, communications specialists, etc.). Networks meeting less than once a year or irregularly will tend to be symptomatic of weak internal relationships.

•*Institutionalized Organizational Structure*

Organizational structure allows union networks to build long-term continuity and institutionalize relationships, thereby not having to “reinvent the wheel” as the network evolves. Institutionalization is defined as a statement of guidelines, rules, goals, or a charter. Institutionalization is commonly accepted as an index and signal of the long-term viability of transnational relationships between organizations (see Tarrow 2005: 177 and Levi and Murphy 2006: 658).

•*Information Exchange/Corporate Research*

Exchanging information amongst unions is a central goal of union networking. Information exchange allows unions to map the company, understand its global operations, its growth plans and corporate strategy (which is often different in different countries or regions), and other corporate decisions affecting workers at the firm. Likewise, networks often produce independent research reports on the company, usually through the GUF or capable network

affiliates. Information exchange also often includes the status of unions at the company as well as union strategies allowing for greater coordination between members of the network in case of organizing and bargaining solidarity campaigns.

•*Regular Communication*

Networks often produce newsletters highlighting the activity of member unions. These newsletters are distributed in hard copy or via network websites. They allow unions to communicate, set a common message, and maintain regular contact and the dissemination of news between global meetings.

•*Worker Exchanges*

Worker exchanges may be components of solidarity campaigns or they may be done on their own. Exchanges, study groups, and social events allow rank and file workers to interact with each other outside the more formal context of network meetings allowing personal relationships to be established. These types of exchanges allow for “transformatory” solidarity¹⁹ to flourish.

•*Solidarity Campaigns*

Solidarity campaigns may be done to connect the organizing, bargaining, or union recognition campaigns of one union with other members of the network. There is no single model for how campaigns are structured, but campaigns allow unions to connect with the

¹⁹ Johns (1998) contrasts “transformatory solidarity” which is “designed to unite workers across space in order to fundamentally transform social relations of production into something humane...such efforts do not prioritize one set of workers over another” with “accommodationist solidarity” which “seeks not to transform social relations, but accommodate them while reasserting the dominance of a particular group within capitalism’s spatial structures” (Johns 1998: 256)

broader public as well as expand unions' bargaining power enlisting existing relationships and structures in these campaigns (Bronfenbrenner and Juravich 2001: 212). Campaigns allow unions to build a shared and global view of the employer organized around common themes such as justice, fair standards, and equal treatment.

External Recognition (Recognized/Not Recognized)

The second plane of network activity I call 'external recognition.' External recognition is demonstrated by the existence of some form of voluntary, yet official, acceptance by the firm of the network as a representative transnational union body. This recognition will normally take the form of a written agreement as well as regular and ongoing dialogue between the firm and network unions. The content of recognition agreements and dialogue are established by the constituent parties within the network. The tone is often heavily influenced by the union from the country of origin. External recognition by the firm creates opportunities for the distribution of economic rents and social and legal rights covering workers on a transnational scale. Four types of external recognition are most common:

•*International Framework Agreement (IFA)*

An IFA is a broad term used to describe "A negotiated agreement between a global corporation on one side and a global union federation and national union or other workers' organizations, on the other." (Stavis and Boswell 2008: 112). IFAs normally cover core labor rights, usually through specific ILO conventions including freedom of association; they cover subcontracted workers and those in supply chains; and they often have some form of monitoring

provision allowing unions to meet with management to discuss the implementation of the agreement.

•*International Social Dialogue*

International social dialogue protocols are extensions of national-level social dialogue institutions and procedures usually emanating from the firm's home country. These are found almost exclusively in European MNCs and based on some form of firm, national, or European works council system (EWC). The international form of these protocols have often been encouraged by home country unions as a way to expand their access to information about the firm's activities overseas, as well as a sense of international solidarity. They provide an opportunity for both union-to-union linkages producing a transnational network, as well as regular access to the firm's top management through an established structure.

•*Other Global Level Agreements*

In addition to IFAs, "Global level agreements may be negotiated on topics such as occupational health and safety (OHS), training, information and consultation, and other issues of common interest" (IMF 2010b: 5). These agreements may offer some type of deliberation between the network and the firm but are more limited in scope and subjects than IFAs.

•*Codes of Conduct*

Codes of conduct differ from IFAs in that they are unilaterally designed by the firm rather than negotiated between GUFs, national unions, and/or the network. Codes may include language from ILO conventions, the UN Global Compact, or the OECD Guidelines on MNCs

but they rarely include recognition of freedom of association or collective bargaining. For a code of conduct to be considered a form of recognition in the context of transnational union networks, the code must have some accompanying provision for regular consultation and dialogue with unions on a transnational level. Codes of conduct have been criticized by many unions and labor organizations for being little more than public relations strategies allowing the company to portray itself as a good employer or “corporate citizen” rather than as good faith attempt to include unions in corporate policy.

External recognition matters to the transnational network for three reasons. First, it provides legitimacy to the network. “In addition, collective bargaining entails the recognition by employers of the right of unions to represent the employees covered by their agreements. In other words collective bargaining legitimizes the structure of the unions at the time of recognition... The claim of the union to represent its members no longer rests on its own strength alone.” (Clegg 1976: 10, 30). This brings a measure of stability and allows the network to expand its activity to a broader agenda. Second, recognition opens a space for long-term dialogue and transnational bargaining structure. Opportunities may not be immediately available, but rather tend to evolve over time. Finally, external recognition creates an infrastructure for the distribution of gains to a wider set of unions and parties within the network. Clearly this type of recognition at this historical stage will not provide the same degree of security or enforcement power as do union contracts on the national level, but it does provide a crucial step towards long-term renegotiation of bargaining power with the employer on a global scale. The reality is that as of yet there is no single effective transnational regulatory mechanism or tool. Transnational

regulation is necessarily voluntary and dependent on the bargaining power of unions and the will of the firm to establish and enforce any agreement.

5. Four Forms of Transnational Union Networks:

Next, I propose that the interaction of these two categories will produce four distinct and classifiable forms of transnational union networks: *GUF*, *Consultative*, *Union Side*, and, *Consolidated*. This framework is illustrated as a two-by-two matrix below.

Figure 3: Preliminary Framework of Transnational Union Network Forms

	Network Not Externally Recognized	Network Externally Recognized
Low Internal Cohesion	<i>GUF</i>	<i>Consultative</i>
High Internal Cohesion	<i>Union Side</i>	<i>Consolidated</i>

GUF: *GUF* networks will result from a combination of weak internal cohesion and a lack of external recognition producing a network with low bargaining power and only sporadic activity. Because of its weak internal cohesion there will be little opportunity for autonomous and coordinated activity between unions; ineffective internal communication channels will hamper information sharing and effective decision making, a lack of organizational structure will make transnational coordination difficult, and weak links between unions will discourage risk taking and solidarity activity. Likewise, the lack of external recognition from the employer impedes long-term transnational bargaining structures and the network will lack the possibility of effective transnational regulatory power. Because it lacks the capacity for both internal coordination and external bargaining from its employer, activity for this type of network will be

channeled through the GUF, mostly around individual cases of labor rights abuses and calls for short-term solidarity.

Consultative: The combination of weak internal network cohesion and established external recognition with an employer on a transnational level will produce a “consultative network.” This type of network will have low to medium levels of bargaining power. Weak internal cohesion will entail sporadic or no independent union-to-union capacity for decision-making, information exchange, or solidarity activity between unions. Combined with firm-sponsored recognition, this will produce a “consultative” dynamic with non-binding, unilateral consultation between unions and the firm and a pattern of low, company-channeled conflict. In cases where employers have initiated the network, unions may end up acting either as conveyor belts for corporate policy and messaging, or at the least will be ineffectual in expressing a unified voice to the firm on a transnational level.

Union Side: Union side networks are a combination of strong internal cohesion and a lack of external recognition by the firm. These types of networks will have moderately high levels of bargaining power. Strong internal cohesion will facilitate information sharing between unions, regular meetings and some form of institutionalized intra-union organizational structure, as well as providing an infrastructure of support during solidarity campaigns. However, without external recognition from the firm, it will be difficult to distribute gains from the employer transnationally across the network, or to regulate labor standards and employment conditions across the employer’s operations. Relations with the firm may take a number of forms whether

arms-length and conflictual, or resigned to internal information sharing and only able influence the employer through external means due to the lack of transnational bargaining opportunities.

Consolidated: Consolidated networks will have high levels of internal cohesion and will be recognized by the by the firm endowing these networks with high levels of associational bargaining power. Strong internal cohesion will allow unions in the network to share information, conduct and disseminate research on a firm's global operations, effectively coordinate solidarity activity, and establish intra-union forums for decision-making. Combined with external recognition from the firm, this dynamic will allow for broader transnational regulation of employment conditions, such as health and safety standards or core labor rights; ongoing, independent or bilateral monitoring procedures; and effective enforcement of transnational labor agreements. These factors will produce a stable yet ongoing dynamic of social dialogue, conflict resolution, transnational rights regulation, and a limited amount of, though not absent, employer-union conflict.

Chapter Four: Research Methods and Data Collection

Industrial Relations Research

This dissertation falls within the disciplinary spirit of industrial relations. By this I mean, first and foremost it is problem-driven research. Hakim (1987) makes a distinction between “theoretical” and “policy-based” research. I situate my research on the fence contributing to both the theoretical development of the field of industrial relations, as well as producing research that will impact policy and strategic decision making of unions dealing with the challenge of transnational networking.

I chose this topic after conversations with Brazilian and North American unionists who were struggling with their own work building transnational networks. Some networks had been successful, others had stalled or fallen apart, and all the while they were trying to establish new networks that wouldn't repeat the mistakes unsuccessful ones had in the past. The unions themselves had only a vague sense of why transnational networks had or hadn't developed. This lack of knowledge had real impacts on their ability to establish new networks. By their own acknowledgment their work lacked a strategic understanding of the phenomena they were working with. While I by no means take any credit for (nor have I advised or acted in any official or unofficial capacity unions in this dissertation) any work these unions have done, I was encouraged to take on this research topic with the luxury of time and critical distance, with the hope that this dissertation would positively contribute to unions' own understanding of the environment in which they operate. This is in accordance with the principles of grounded theory, “Because it (the research) represents that reality, it should also be comprehensible and make

sense to both the persons who were studied and to those practicing in that area (Strauss and Corbin 2008:23).

Grounded Theory

The research for this dissertation uses a grounded theory approach. Grounded theory is a systematic approach using a comparative method whereby theory is generated through the comparison of data and empirical generalization. A grounded theory approach was appropriate to this project for a number of reasons. First, union networks are a phenomenon not lent to quantitative analysis. Understanding the development of union networks required detailed descriptions of actors, institutions, and their interactions within their respective contexts and environments; a qualitative and inductive approach allowed me to immerse myself in the natural world to produce new knowledge and data for future researchers to examine.

Second, transnational union networks are an underdeveloped phenomenon both theoretically and empirically, leading to a need to “Build, rather than only test theory” (Strauss and Corbin 2008:23). Due to a lack of systematic knowledge about transnational union networks, this project sought to understand the internal logic and structure of transnational union networks, identify patterns of activity and common forms producing a taxonomy of these networks, and ultimately a working theory of network development.

Case Studies

As part of this dissertation’s attempt to produce rich grounded theory about transnational union networks I use a qualitative case study framework for this project. Case studies are

particularly suited to a grounded theory method because of their reliance on detailed description and direct observation of events, interactions and organizations as well as using multiple sources of data collection such as interviews, archival data, and surveys (Yin 1994). Case study research allows the researcher to place interactions in a larger historical, social, political and economic context to identify patterns, causation, fields of agency, and ultimately build theory (Eisenhardt 1989).

The four case studies used in chapter seven of this study were selected for several reasons. First, they are “typical cases” (Gerring 2007:91) meaning they are representative of a broader set of cases in the universe of total cases (i.e. transnational union networks). Again, this was appropriate because of my goal of building new theory. While they were not chosen randomly, cases were chosen because they embody the characteristics of their respective categories as a whole; other cases could have been selected from the total population due solely to their relationship to the categories of “Internal Cohesion” and “External Recognition.” These four cases are non-random samples. Considerations for the selection of these cases included access to data and interview subjects, richness of the case, and relative importance of the case. The CUTMulti project itself was an excellent base for selecting cases because it provided a bounded environment where cases were given similar “treatments” strengthening the internal validity.

Data Collection

Data for this dissertation was collected from a variety of sources during four stints of fieldwork in 2007, 2008, 2010, and 2011. Fieldwork took place primarily in Brazil, though it

included interviews and document collection in the United States, Canada, Uruguay, and the Netherlands.

In 2007, I spent three months in Uruguay and Brazil. In June 2007 I attended a four-day meeting of the Gerdau Workers World Council (GWWC) in Montevideo, Uruguay. Participants included workers and union representatives from Brazil, Argentina, Uruguay, Peru, Mexico, Colombia, and the United States. This meeting, along with subsequent conversations with participants served as the initial catalyst for focusing my research on the workings of a global network. Following this meeting I spent three months in São Paulo building relationships I have drawn upon in the subsequent years to gain access to research sites and subjects. “Because qualitative methods are frequently more interactive, more intensive, and involve a longer-term commitment, researchers are likely to build up a social relationship with the organizational members and therefore gain more insights into their collective understanding by actively sharing that experience” (Cassell and Symon 1994: 6-7). I was provided and used office space offered by the National Metalworkers Confederation (CNM) and the Solidarity Center, and attended numerous meetings, transnational workers exchanges, and demonstrations sponsored by these groups.

In 2008 I travelled to Pittsburgh, PA to interview researchers and campaigners from the United Steelworkers (USW). I also travelled to Canada to meet USW workers in Cambridge (Local 8918), and Whitby (Local 7263), as well as to Toronto to meet representative from the USW Humanity Fund who had been involved in organizing early cross-border activities at Gerdau.

My work from June-September 2010 was geared towards research design, and a final proposal, which is “intended to convince the reader that the proposed work is significant, relevant, and interesting, that the design of the study is sound, and that researcher is capable of successfully conducting the study...build a logical argument supporting the endeavor, amass evidence in support of each point, and show how the entire enterprise is integrated conceptually” (Marshall and Rossman 2006: 13). In particular this focused on understanding how the CUTMulti program functioned. Interviews were focused on union officials responsible for designing and implementing the program. This trip served as preparation for my longer stint of work in 2011 where I was able to interact with a broader set of interview subjects outside high-level union positions.

I spent February-August 2011 in Brazil performing the bulk of my interviews for this dissertation. During this final stint of field research I conducted nearly fifty open ended, semi-structured interviews with four groups.

- First, international union representatives from GUFs including the IMF, ICEM, and UNI; union-affiliated organizations including the AFL-CIO’s Solidarity Center, and the Friedrich Ebert Stiftung, a foundation associated with the German Social Democratic Party; and unions with representatives in Brazil including the North American USW, the German IG Metall, then the Dutch FNV.
- Second, union officials and staff responsible for developing and implementing networks strategy at Brazilian national centrals (CUT and Força Sindical) and sectoral confederations (Metalworkers/CNM; Chemical Workers/CNQ; Food Workers/ CONTAC;

Service and Commercial Workers/ CONTRACS; Bank Workers/ CONTRAF): and staff of union-affiliated organs including the CUTMulti program and the Social Observatory Institute. I also had meetings with scholars and graduate students from the University of São Paulo (USP) and the University of Campinas (UNICAMP) who shared their knowledge of the legal and historical context of the Brazilian labor movement. These discussions, often outside of formal interview setting, were extremely helpful as external checks on my interactions with interview subjects in leadership positions. These interviews took place at various locations in the city or metro region of São Paulo.

- Third, I interviewed local, rank and file workers at municipal unions (*sindicatos*) who have participated in active transnational union networks. These workers were either current employees and union members, or union staff of local *sindicatos*. These interviews usually took place at union halls or in union offices within the workplace²⁰. Informal conversations with rank and file workers also took place in worksite lunchrooms, outside company facilities, or at union sponsored conferences and gatherings. Interviews took place mostly in and around São Paulo, as well as a trip to Porto Alegre.
- Finally, I interviewed the Director of South American Labor Relations from BASF at the company's Santo André, Brazil facility. Attempts to schedule interviews with management from Unilever and Gerdau in Brazil were refused by company representatives.

Interviews semi-structured and were conducted face-to-face, usually lasting about an hour each, though some pre-interview coordination and preparation was done via skype and

²⁰ For the interviews conducted at the worksite, no company management was present or within earshot.

telephone. Face-to-face interviews were recorded on a hand held digital recorder and later transcribed from audio to text and used for reference in the dissertation. Transcriptions have remained in the language the interview was conducted, mostly Portuguese. This allowed me to better understand the linguistic and technical context of the interviews since much of the subject of the interviews included jargon specific to the legal, workplace, labor relations context of Brazil.

Secondary sources of information were gathered through other means such as observation of meetings, rallies, and union events. I kept detailed field notes during and after interviews, but also while observing meetings and union functions. As Becker (1996: 56) notes: “Fieldworkers cannot insulate themselves from data. As long as they are “in the field” they will see and hear things which ought to be entered in their field notes.” Observation of activities *in situ* allowed me to construct a richer portrait of the way subjects interacted with each other in the natural world, i.e. outside the confines of the official interview, allowing me to triangulate information gathered in official interviews and through documents.

I collected union documents such as network bulletins, union newspapers and fliers; internal union memos, correspondence and research, and mainstream media articles about relevant union affairs, economic trends and political events. Some of these documents were publically accessible via the internet or print newspaper, while for others I was given access to union records and archives by union officials.

I conducted archival work at the International Institute for Social History in Amsterdam in September 2011. The complete archives of global union federations and early world company councils (WCCs) are located here. This data provided me with a rich understanding of labor transnationalism and during the 1960s and 1970s including work done by unions at two of my case studies BASF and Unilever. The history of these workers is deserving of a deeper reading and analysis than I am able to give it in this dissertation.

Chapter Five: “Fattening the Calf to Take the Milk”: Union Networks in the Context of Changing Brazilian Industrial Relations

Introduction

In this chapter I explore the factors that have influenced the adoption and development of the Brazilian CUT’s transnational networking strategy. Beginning in the mid-1990s the CUT began using transnational union networking as one of its primary strategies for rebuilding bargaining power. Why has a networking emerged as a key strategy for the CUT and why did it emerge in the period it did? This chapter places the CUT’s strategy in the Brazilian political, economic, and industrial relations contexts and within the trajectory of the Brazilian labor movement. I identify five factors for the development of union networks that are generalizable to union in other countries. In so doing, this chapter has two contributions, one specific to the literature on the Brazilian labor movement, and one generalizable to union networks in other countries.

This chapter is important for two reasons. First before delving into the details of the CUTMulti program itself in chapter six, and tracing the development specific transnational network types in chapter seven, it first helpful to understand the specifics of the Brazilian context because these have shaped the goals and tactics used by the CUT. Second, identifying the factors that have made networks a viable strategy for the CUT produces generalizable categories that can be used by other scholars to examine transnational networking efforts in other countries.

Five factors leading to the adoption of a networked strategy by the CUT

I argue that a combination of five factors has made a networked strategy advantageous for the CUT. First, the persistence of unfavorable, yet key, features of the Brazilian industrial relations system have perpetuated a fragmented labor movement with weak collective bargaining institutions, non-ideological unions, and low member mobilization. These features were further exacerbated by changes in the Brazilian political, legal, and economic system during the 1990s. Since its inception in 1983, the CUT has sought to overcome these institutional and legal barriers through the centralization of union and bargaining structures, an emphasis on member mobilization, and direct bargaining with employers.

Second, the CUT's heritage and foundation as a union with a class-based ideology created an enduring dedication to transnational strategies as well as a devotion of material resources to their implementation. Transnational strategies have involved both rank and file workers and political engagement. This international ideology has persisted through unfavorable and relatively more favorable political regimes and has created a long-term commitment to transnational strategies.

Third, the implementation and intensification of a MNC-led, neoliberal development model in Brazil beginning in the mid-1990s led to a sharp decline in the CUT's bargaining power. This decline in bargaining power pushed the CUT to search for alternative strategies to address the challenges posed by multinational corporations, including union networking.

Fourth, the CUT's search for alternative bargaining strategies was alternately accompanied by political moderation of its leadership. This moderation was caused by both

external and internal factors and moved the CUT from an emphasis on direct confrontation with employers and the state through mass mobilization towards a more social democratic bargaining strategy focused on collective bargaining and social dialogue.

And fifth, the growth of international allies and new opportunities for collaboration, particularly since the 1990s, combined with the aforementioned international ideology, has made transnational allies available and advantageous for the CUT. Participation in Global Union Federations (GUFs), cross border campaigns, and opposition to hemispheric trade agreements created transnational fields of activity and opportunities to work with other unions around the activities of multinational companies.

Figure 4: Five Factors Leading to Transnational Union Networking in Brazil

Condition	Brazil Context	Network Solution
Unfavorable IR System	Legacies of state corporatist restrictions left the CUT disadvantaged. To overcome these challenges CUT has built parallel, or extra-legal, organizational and bargaining structures.	Union networks recentralize union and bargaining structures through information exchange, coordinated activity, and bargaining with a common employer.
Class Identity	CUT was formed with a class-based identity. Since its foundation this class perspective has led the CUT to seek allies internationally with similar interests in long-term strategic and political activity.	Networks are predicated on long-term commitment to transnationalism as a long term strategy (not just a short-term tactic)
Low/Reduced Bargaining Power	After gains in the 1980s, in the 1990s Brazilian unions faced significant reduction of bargaining power due to neoliberal political and economic policies. The CUT sought new strategies to overcome this loss of bargaining power.	Networks seek to rebuild bargaining power by using the firm as the axis of organization for coordinated union activity.
Internal Moderation	Reduced bargaining power, an unfavorable political climate, and increased competition from centrist unions led the CUT	Transnational networks seek to build long-term bargaining structures between unions and a firm globally. A goal of these

	towards a more moderate, social democratic bargaining strategy relying less on confrontation and more on social dialogue and collective bargaining.	networks is effective social dialogue and transnational collective bargaining to ensure common standards for workers across the firm.
Transnational Opportunities	In the 1990s and 2000s economic globalization, and the resulting movements against liberalization, produced a series of opportunities or, “pull factors,” for collaboration with unions in other countries. These opportunities included Global Union Federations, transnational campaigns, and opposition to regional trade agreements.	Transnational networks provide organizational structure for cross-border activity including space to share information, share decision making responsibilities, and build a common frame for the firm’s global activity.

1. Unfavorable industrial relations system

The first factor influencing the CUT’s adoption of a networked strategy has been an industrial relations system unfavorable to the CUT’s model of organization and activity. The modern Brazilian industrial relations system has had an important influence on the CUT’s decision to adopt a strategy of transnational networking.

Industrial relations and Brazilian labor movement: 1930-1978

Initial incorporation of the Brazilian labor movement was marked by its state, as opposed to party, incorporation.²¹ In the 1930s and 1940s president Getúlio Vargas sought to create a labor movement that was “depoliticized, controlled and penetrated by the state” under authoritarian rule and with little or no electoral mobilization (Collier and Collier 1991: 163). Links between unions and political parties were prohibited and anarchist and communist tendencies were purged from official positions. Unions were designed to be vehicles for the

²¹ Collier and Collier (1991: 3 and 783-785) describe labor incorporation as “During a relatively well-defined period in most countries, a historic change took place in the relationship between the state and the working class. State control of the working class ceased to be principally the responsibility of the police or the army but rather was achieved at least in part through the legalization and institutionalization of a labor movement sanctioned and regulated by the state.”

distribution of social services such as schools, sports clubs, medical clinics, and credit and insurance assistance. Unionization was encouraged by the state as a means to divert workers' attention from workplace conflict.

Because the submission of independent labor interests to an authoritarian state and state-led economic development, the industrial relations system played an important function in Vargas' *Novo Estado* (New State) regime. Labor incorporation was institutionalized through a corporatist arrangement with three pillars in which the state and major social, economic, and political institutions were organized in series of vertical, non-competitive "interest associations." The primary institutions for regulating employer-employee conflict were a series of employee and employer *sindicatos*; a system of labor courts designed to settle employer-employee disputes individually and administratively; and a large social security system funded tripartitely by employees, employers and the state (Erickson 1977).

Union activity was bounded by a policy of "*enquadramento*," or legalistic "framing" of what unions could and could not do (Collier and Collier 1991:187). Framing was instituted and enforced by the wide-ranging and intricate *Consolidação das Leis Trabalhistas* (CLT), the codification of Vargas's series of labor laws during the *Estado Novo* era. The CLT has persisted as the guiding document for labor relations despite changing economic policies and political regimes.

A central pillar of this *enquadramento* is the employee-drawn "union tax" (*imposto sindical*) drawn from all workers, whether a union member or not, within the job category of the

municipality. The tax then proportionally funds each levels of labor organization. The union tax provides institutional stability to each local *sindicato* creating a system where union leaders are not dependent on member dues for their financial livelihoods. In fact the system actually militates against rank and file participation in union activity. The union tax was designed to eliminate union competition and member mobilization, build a set of institutions dependent on state-sanctioned financial subsidies, and to create a class of union bureaucrats and administrators, known as *pelegos*²², removed from the shop floor and whose role was to channel labor conflict through official legalistic avenues such as the labor courts.

Union structure in Brazil is grouped in three, legally recognized, geographical levels: the municipal *sindicato*, the state/regional *Federação*, and the national level *Confederação*. The CLT did not allow for peak level, national, cross-industry union organization, though this would become a de facto and later legal category for organization after 2004 (this is known as a *central*, or *centrais* when plural). The federation and confederation levels serve largely as political and administrative liaisons to the state and federal branches of the Ministry of Labor. *Sindicatos* are limited to municipal jurisdictions with no provision for official union representation in the workplace. *Sindicatos* are limited by job category through monopoly representation by municipality (known as the *unicidade* system)²³ and are the primary site for collective bargaining.

Employer associations (*sindicatos patronais*) were officially designed to be parallel organs corresponding to union jurisdiction at all geographical levels, however in practice there

²² The word *pelego* means “saddle” or the blanket a person sits on while riding a horse but is a pejorative term for bureaucratic and corrupt union officials.

²³ For example, all metalworkers in São Paulo are represented by a single *sindicato*. Likewise for chemical workers, teachers, service workers etc. The same system applies for each job category in each municipality across Brazil creating a patchwork system that is highly fragmented and deeply entrenched.

were key differences in the application of the law and the power of employer organizations. Employers were able to organize strong parallel civil organizations not subject to the restrictions posed on employee unions. These allowed employers greater leeway to coordinate activity, discuss business strategy away from the oversight of the Ministry of Labor, and lobby the state for favorable industrial policy. Moreover, employers were able to maintain more centralized structures, notably strong state and national-level federations and confederations in manufacturing and commerce sectors (Alexander 1962: 61-62). These associations provided legal services, economic research, and assistance in negotiations to local employers, giving them material advantages over the fragmented and bureaucratic employee *sindicatos*.

Collective bargaining is conducted between employer and employee *sindicatos* primarily at the municipal level and has limited scope and content, mostly base wages. The majority of statutory regulations including minimum wages, hours, safety and health standards, and vacations, are covered by the CLT. Multi-employer “conventions” and firm level “agreements” are allowed, and are designed to improve on the national minimum levels set in the CLT, but the scope of bargaining remained narrow and focused mostly on wages. According to Mericle (1974) in the early 1970s agreements had, on average, nine clauses: eight covered remuneration and one specified the duration of the agreement (Mericle 1974: 204-207). Some unions, mostly the larger industrial unions in the São Paulo region were able to bargain more comprehensive agreements at the firm and multi-firm level, but there were by far the exception.²⁴

²⁴ It is important to note that it would be these same industries (metalworking, chemicals, and steel) in the greater São Paulo area where New Unionism would first take root and have its strongest base.

However, it is important to note that for the architects of the CLT, direct collective bargaining was intended to be secondary form of employer-employee relations. Disputes were intended to be adjudicated individually or collectively by workers through the system of regional and federal labor courts. Negotiations that did occur had a narrow scope and were done between employer and employee *sindicatos*, not with firms, and moreover, principally through the court system. Pichler (2005) notes: “The Labor Courts played the most important role in solving labor disputes. They performed the function that in pluralist industrial relations systems was played by collective bargaining... Workers’ claims were directed to the tribunals, rather than management. Moreover, employers’ counterproposals were demanded by the courts and not by unions directly... the main interlocutor to the negotiations was the judge.” (Pichler 2005: 87-88). Labor courts were the principal organs for resolving industrial disputes, not direct negotiations and moreover they tended to side with employers. “In the 1970s the annual negotiations were an exercise in formal procedure: the unions put forward demands, the management rejected them, and the labor courts arbitrated in favor of the owners.” (Humphrey 1982: 114).

Union mobilization was similarly circumscribed. The ability to strike was restricted as unions were required to go through conciliation and get state approval before legally engaging in a strike. Labor courts were allowed to declare any strike illegal. The primary arena of union activity centered on the annual wage adjustment (*campanhas salariais*) when unions would have meetings, rallies, and marches. Mericle (1974) notes that this activity was aimed at judges as much as at employers (and likely to take place in front of court buildings). Mericle (1974: 208) notes that this activity sought the “assistance of the Ministry of Labour in pressuring the courts

and employers to reach a settlement” Union mobilization was mostly a top-down activity where the membership played a passive role.

Under Vargas’s brand of authoritarianism, the state took an active role in regulating union activity externally and internally. Externally unions were required to receive the approval of Labor Ministry for all collective contracts, and federal approval for all union organization (known as “legal personality”). Internal affairs were regulated through membership lists, intervention in union elections, the authority to replace union officials, confiscate union treasuries, and revoke union licenses. These restrictions on internal union activity would be applied more or less strictly depending on the political regime, notably in 1964 during the first year of the military dictatorship, and were finally abolished in the 1988 constitution after a return to political democracy.

The Brazilian corporatist system is been notable for its ability to persevere through political regimes due to of a unique set of “inducements and constraints” for each party involved (Collier and Collier 1991). Under this system unions traded political autonomy for institutional stability, workers traded mobilization for steady economic and social benefits, and employers enjoyed relative labor peace though saddled with a complex and weighty labor and employment relations system. The state gained political support base and a wholesale transition from an agricultural to an industrial economy.

Taken together the Brazilian industrial relations system produced a labor movement defined by passivity, lack of rank and file activism, with weak links between members and union

officials, and strong incentives away from direct confrontation with employers and towards a legalistic and bureaucratic, state-sponsored resolution of conflict. State-led incorporation created demobilized unions divorced from political parties and emptied of any radical, class-based elements. The CUT was formed partly in reaction to the legalistic and bureaucratic structure of the Vargas system.

New Unionism and the Birth of the CUT

The following section discusses the emergence of *Novo Sindicalismo*, or New Unionism, in the late 1970s and the foundation of the CUT in 1983. The leaders of the New Unionism movement intended the movement to be a break from the conservative and bureaucratic style of the *pelego* union leadership, however, while these new leaders were able to change the substance and strategy of Brazilian unionism through a commitment to political democracy, rank and file activism, and direct confrontation with employers, the movement remained saddled with the corporatist industrial relations structure of Vargas' era. This interaction between these produced strategic and structural antagonisms that would in part lead to the emergence of a networked strategy in the late 1990s.

1978 marked the birth of New Unionism. Eighteen hundred autoworkers at the Saab-Scania factory in São Bernardo do Campo, outside São Paulo, held a sit down strike demanding a 20% wage increase. "The strikers insisted on direct negotiations with the company, confirming negotiations through plant assemblies and rejecting intervention by union leaders or labor ministry officials because 'our fight is with the firm'" (Seidman 1994: 150). Throughout 1978 and 1979 strikes spread from the metalworking hubs of São Paulo, Minas Gerais, and Rio de

Janeiro to workers in the banking, textile, construction, and civil service sectors across the country. This breadth of activity (and their success in achieving their objectives) demonstrated to the state and employers that the initial wildcats were not just fluke or the product of an isolated group of militant workers, but rather the front end of a movement that would challenge the political, economic, and labor relations system that had characterized Brazil since 1930. What were the roots of this movement, and more importantly for this study, what were the consequences of it for transnational union networks?

Economic, political, and social factors spurred the upsurge. The Brazilian economy was growing at a rapid pace the industrial workforce grew to keep pace with industrial demand. A new, younger generation of workers less tied to the bureaucratic conventions of the previous generation assumed leadership positions within unions. Unions themselves were growing in size creating a larger institutional base. Industrial workers were also squeezed economically by inflation²⁵ and declining purchasing power. This factor was exacerbated by the 1977 discovery that the military regime had been publishing artificially low figures in order to keep unions' annual wage adjustments below the real rate²⁶.

The social roots of New Unionism were a mix of reformist and radical. This was due to a decade of organizing work done by liberation theology-inspired Catholicism and post-1968 Marxist factionalism. Christian base communities operated in working class communities and *favelas* emphasizing the redistribution of wealth and political empowerment of the disenfranchised masses while Maoist and Trotskyite factions organized clandestinely on the shop

²⁵ Inflation rates during this period were: 46.2% in 1977; 38.9% in 1978; and 55.8% in 1979. (Baer 2001: 570)

²⁶ Known as the Repositioning (*Reposição*) campaign, it was a major catalyst for the 1978 strike wave

floor. These heterogeneous influences gave New Unionism (and the CUT) ideological pluralism and internal democracy compromised by multiple political currents ranging from reformist bureaucrats to Catholic workerism and Maoist groupuscules.

Conditions for factory workers were also exacting; wages remained relatively low and forced overtime common. The lack of shop floor union representation gave managers dominance over the production process and work organization; arbitrary dismissals, unsafe working conditions, and frequent speedups were the norm for industrial workers (Humphrey 1982: 108-116). These conditions led to a new focus on the shop floor and an emphasis on workplace organizing, activities unions had been unaccustomed or ill-equipped to handle through the customary bureaucratic and court-mediated channels.

Despite its heterogeneous influences, New Unionism was marked by a handful of unifying features: political liberalization and an end to military rule; autonomy from the state, especially the corporatist restrictions on internal and external union activity; direct bargaining with employers backed up by the use of confrontational tactics such as strikes (both at the plant and coordinated industry-wide) and mobilizations; an emphasis on shop floor organization; and a rejection of capitalism. These elements would be at the heart of the founding of the CUT in 1983 and would shape its subsequent trajectory into the contemporary era.

The CUT's Labor Relations Model: Organizing In and Around Corporatism

While the CUT rejected many of the foundational principles of the Vargas industrial relations system, it was caught in the position of having to work within, and increasingly,

organizing around these structures. Four examples illustrate the way in which the CUT has achieved this.

First, the CUT has sought to centralize its organizational and bargaining structures through extra-legal means. The 1983 formation of the CUT as a national, cross-industry, and ideological labor central is an example of CUT's program to construct extra-legal organizational structures. During the 1980s two major union centrals were formed out of the New Unionism movement, the CUT and the CGT. Força Sindical, supported by neo-liberal politicians as a firewall to the growth of the CUT, would grow into the second largest union central during the 1990s. While the formation of these peak-level organizations was not strictly illegal, they were not financially supported or legally recognized entities in the eyes of the Brazilian state and, were against the spirit of Vargas-era corporatism which sought to avoid competing national-level, cross-industry organization.

At the central level, the goal has been both ideological and practical. Ideologically the CUT has placed itself as a class-based central seeking to represent workers nationwide in all employment sectors. The CUT and other labor centrals sought to act *as if* they were the representative bodies for member unions by appealing directly to employers through collective bargaining, thereby effectively forcing recognition of their status as representative bodies (Cardoso 2007:20). More practically however, centrals sought the recognition of centrals as a legal category through reform of federal labor law²⁷. This recognition would create representation at the national level vis-à-vis federal government (such as participation in social

²⁷ In 2008 union centrals were successful in achieving this recognition. However, this recognition promptly caused a new round of successions from existing centrals, creating further fragmentation among peak-level organization from new centrals seeking to benefit from the new guaranteed revenues.

security, health, and labor boards), but moreover, recognition would allow centrals to benefit from the Vargas-era union tax (*imposto sindical*) levied on all formal-sector workers.

On the local and regional level, CUT strategy has been to consolidate union structures into *ramos* or sectoral “branches” for bargaining. This is a response to the *unicidade* system whereby bargaining is set by municipality and employment category. Organization by employment category has produced a highly decentralized and fragmented system of organization and bargaining. Cardoso and Gindin (2009:27) describe the consequences of this system: “There cannot be two unions of ‘metalworkers’ in the same city- but there *can* be a union of drillers, one of spinning drillers, one of hammers, and also unions for bicycle assembly, car production, auto-parts’ workers, and so on.” The CUT has organized itself into 45 standardized economic sectors (CUT 2012) and has sought to centralize bargaining geographically within these sectors. While true national-wide sectoral bargaining with employers has only been achieved by the bank workers and the oil workers other regions, notably the ABC region outside São Paulo, have been more successful in bringing together multiple municipalities by common sector to bargain with employers (especially in the metalworking and chemical sectors).

Second, the CUT has prioritized building in-plant representation (*Organização no Local de Trabalho*, or OLT) such as factory commissions, health and safety committees, and using profit sharing committees in order to build bargaining structures on the local level. Vargas-era labor law did not regulate (neither supporting or prohibiting) workplace organization, but a combination of municipal (rather than workplace) level union structure and employer resistance

to attempts to establish workplace organization has left most Brazilian workplaces without in-plant organization.

The idea of the factory commission in Brazil originated in syndicalist organizing in the early 20th century, as well as models of workers' councils in European countries such as Germany, Sweden, and the Netherlands. Contact with European trade unionists in the 1970s and 1980s reinforced this type of model for the Brazilian situation where the workplace was unregulated and subject to unrestricted management authority (FNV 2011).

New Unionists placed factory commissions at the heart of their strategy during the 1980s, challenging the authoritarian state through mass strikes and multinational employers through in-plant organizing (Seidman 1994). Factory commissions at Volkswagen and Ford were recognized by the company and became landmarks for later in-plant organizing at other companies as well as the center of strike activity. These factory commissions also facilitated contact with unionists in the company's home country and with Global Union Federations, spurring the growth of transnational organizational networks (Anner 2004).

The role of shop floor organization became more acute with the decentralization of bargaining during the 1990s. Worker health and safety commissions (*Comissão Interna de Prevenção de Acidentes*, or CIPA), allowed by the law but little used by traditional unions, became an important lever for establishing a union presence on the shop floor. The 1988 constitution allowed for the creation profit sharing (*Programa de Participação nos Lucros e Resultados*, or PLR) negotiations between employees and the company, but in the 1990s as

employment restructuring linked worker pay to productivity and company profitability, these negotiations become an important space for bargaining over pay and productivity, understanding company strategy, and gathering company financial information (Neto 2001). In workplaces without recognized factory committees, CIPA and PLR committees often function as plant-level union representation, though they are technically bodies for all employees, regardless of their union status.

A variety of other forms of in-plant organization also exist. Some unions have won the right to in-plant union delegates (*delegado sindical*), unaccompanied access to the shop floor by union officials, bulletin boards and offices, and the right to have meetings with company representatives. In more developed union locals, such as the ABC Metalworkers, where commissions have been recognized and utilized as a bargaining agent for many years, the traditional factory commissions have taken on new role as the *Sistema Única de Representação* (SUR) which combine the work of health and safety committees and factory commissions as recognized union bodies.

However, it is important to note that in-plant organization remains limited in the Brazilian labor movement overall. According to the most recent data (2001) only nine percent of urban unions had some form of recognized factory commission in their territorial base, (and only three percent were union committees or *Comitê Sindical de Empresa* (CSE)²⁸) While this is an increase from the previous 1992 census where only three percent of unions had factory

²⁸ Workplace representation in Brazil is differentiated by union status. Factory commissions are a general category that encompasses all workplace committees including those technically independent of the union, (similar to the German Works Councils system of representation), while CSE's are organizationally linked to the representative union for the workplace.

commissions, the overall rate remains low. Other forms of in-plant representation were more frequent with 46% of unions with health and safety committees and 51% of unions having some form of union delegates²⁹.

Table 1: Percent of Urban Unions with Shop Floor Representation by Type in 2001

Type of Representation	2001
Factory Committee: Union or Non-union (<i>Comissão de Fábrica</i>)	9%
Union-Employer Committee (CSE)	3%
Health and Safety Committee (CIPA)	46%
Union Delegate	51%

Source: IBGE, Brazilian Institute of Geography and Statistics: Union Indicators Survey, 2001

This data reinforces that extra-legal in-plant structures such as factory committees are very difficult for unions to establish and maintain and unions continue to struggle with the legacies of Vargas-era corporatist labor regulations. Despite notable successes in certain regions and sectors, it is also worth emphasizing that the gains unions have made have been in spite of the law, and are mostly not protected by legislation (except health and safety committees, though unions' use of these committees is not protected). Unions have had to rely on their bargaining power to establish these extra-legal structures.

Third, in collective bargaining the CUT is still bound by Vargas-era institutions but has opted out of using many state institutions, notably the judiciary. Bargaining takes place once a year on two levels, the legally-defined municipal level and often, though voluntarily, at the

²⁹ Note that these data measure representation by territorial base, not the number of workplaces with representation. This means that a union's territorial base, usually a municipality, may have dozens of workplaces, only one of which may have shop floor representation. Because the municipality is the baseline legally recognized unit of union representation, not the firm, it is very difficult to get accurate data on union organization workplaces themselves. According to Raghi and Marras (2008), in-plant representation in one of the most unionized areas, the ABC region, varied between 6-14% of workplaces depending on the municipality, sector (metalworking and chemicals), and union (CUT and Força Sindical).

workplace level³⁰. Traditionally both parties relied heavily on the labor ministry to intervene and resolve contract negotiations, but this has declined over time and resolution of collective agreements through direct collective bargaining has increased (IBGE 2001: 40-41).

As part of its principle of autonomy from state interference in collective bargaining, CUT unions are less likely to resort to legal intervention by the court system (which can be requested by employers or the union), preferring instead to rely on their own bargaining power as leverage during collective bargaining. In the case of court intervention (called by the employer) unions are often willing to disregard court injunctions and fines engaging in unsanctioned strikes anyway (Lang and Gagnon 2009).

Finally, transnational networks continue the CUT's project of building extra-legal structures, working within and around the existing industrial relations system. Transnational networks originating in Brazil, and elsewhere, are organized to build both union structures and bargaining structures. Like other organizational structures such as factory commissions and peak-level centrals, unions are also caught between the juridical regulations of Brazilian labor law, and the CUT's strategy for building new organizational configurations of worker representation.

On the internal level of union structure, networks seek to bring workers from different areas of the company into communication and coordination, however the legacies of the industrial relations structure continues to affect the ability of networks to develop. Union

³⁰ The municipal level agreement is called a Collective Convention (*convenção coletiva*) and the workplace level agreement a Collective Accord (*acordo coletiva*). The date of the expiration of the agreements is called the "base date" or *database*.

fragmentation affects not just bargaining, but also the ability of networks to bring multiple unions together for a common purpose. Unions are often hesitant to work with unions from competing centrals or political currents out of mistrust or general unlikeliness of achieving short-term gains from participating in a network. Two quotes illustrate this challenge:

“For example, if we take the (Company X) network where we have major problems: three negotiation groups, each with its own political affiliations, always fighting amongst themselves, the company of course approving of this, poking each group so their differences grate on each other.” (Flávia Silva, CNM Networks Coordinator, interview, 2011)

And:

“Here in Brazil, at each multinational you could have 20 or 30 different unions, not necessarily affiliated to the same central” (Kjeld Jakobsen, former CUT International Relations Director, interview, 2011)

On the external level of establishing bargaining structure with the employer, transnational networks in Brazil also face significant challenges. Because networks are not legally recognized as a bargaining agent, companies have no legal requirement to recognize, dialogue, or bargain with them.

“In Brazil, due to our legislation, there is a high level of fragmentation among unions, because of this we have a large number of sindicatos. And so, since there’s no obligation for national negotiations and the law states that employers only have to negotiate with the union representing the work category in that region...The norm here is fragmented negotiations (negociações pulverizadas)...union by union. The idea of a network is to have national negotiations but this is greatly complicated because you have innumerable unions all of whom may belong to different centrals.” (Denis Oshima, researcher, Department of Inter-Union Statistics (DIEESE), interview 2011)

Networks, much like earlier factory commissions, must rely on their own bargaining power to pressure the employer into recognition, or it must rely on the will of the company to recognize and enter into dialogue with the network. Often the results are a mixture of the two. This process of obtaining recognition from the company is known as “*sensibilização*,” or

“raising awareness” and is achieved through inviting company officials to network meetings, reaching out for joint activities, and communicating through letters or emails how recognition and dialogue with the network would be mutually beneficial.

2. Class Identity

Early industrial relations theorists stressed the importance of union identity on collective activity. Attempts to categorize unions have often been based on the interplay between worker consciousness and their environmental surroundings. Unions are social, not just economic actors. Hoxie’s (1920) categorizations of unions were founded on the belief that workers are shaped by their economic and geographical surroundings and environment. This interaction produced distinct types of unions differentiated by their ultimate function producing “business” and “revolutionary” unions. For Perlman (1928), workers’ innate consciousness had been corrupted by the ideological influence of leftist intellectuals. When this influence was stripped away, workers’ “true” identity revealed itself to be one shaped by scarcity, and seeking to “secure, modest, return” (1928:239). Barbash (1943) differentiated “conservative” and “progressive” unions. Conservative unions were “in favor of preserving and working within the prevailing economic arrangements” while progressive unions were “industrial in structure, relatively greater participation of the rank and file in the affairs of the union...greater recourse to strikes, utilization of independent political activity, and increasing control over the business policies of the industry” and included “class consciousness” (1943: 869)

More recent work on union identity and ideology is echoed by work on “framing” in social movement literature (McAdam 1996). Hyman’s (2001) analysis expands the categories for labor

organization vis-à-vis identity, offering three ideal types of labor “identities”: class-based, market based, and society-based. According to Hyman, class-based unions see themselves engaged in a war between labor and capital; a class-based union’s goal is “a form of anti-capitalist opposition” with a “priority for militancy and socio-political mobilization...to advance class interests.” (Hyman 2001: 2-3). Hyman’s description of a “class-based” union fits the CUT.

The relationship between a class-based identity and international activity is summed up well by Van Der Linden’s (2008) definition of labor internationalism as “the collective actions of a group of workers in one country who set aside their short-term interests as a national group on behalf of a group of workers in another country, in order to promote their long-term interests as members of a transnational class” (Van Der Linden 2008: 259). Since its foundation the CUT has been marked by its adherence to a radical, “revolutionary,” or “class-based” identity and this identity has led to a fundamental engagement with transnational work.

The CUTs class-based identity has shaped it in multiple ways. Politically, the CUT has remained autonomous from political parties (Keck 1992). Socially, it has sought to build links with workers in their communities (*além da fábrica*) seeing them as extensions of capitalist relations and the site of worker organizing (Seidman 1994). It has also placed an emphasis the role of women and racial minorities to combat gendered and racial oppression in the workplace and in its own leadership. Internally the CUT has emphasized mobilization and member participation in its internal decision making process (Sluyter-Beltrao 2010). Despite later moderation, the CUTs bargaining strategy has emphasized confrontation with both employers and the state on behalf of the working class as whole, not as a representative of the limited

employment categories as defined by the law. Finally, the CUT has used internationalism as an instrument for both material and discursive goals.

The Ninth Article of the founding statute of the CUT declares its commitment to international work rooted in a class analysis: “The CUT will stand in solidarity with all movements of the working class and with all peoples who follow the perspective of a free and egalitarian society. The CUT will stand in solidarity in the struggles for the emancipation of the working class, for the emancipation of the poor, and for the end of all imperialist wars. The CUT will maintain relations with all union bodies maintaining its autonomy and independence” (CUT 1983). The CUT’s establishment as a class-based union has affected its subsequent choice of goals and strategies.

Rank and File Internationalism

International activity has deep roots within the left wing of the Brazilian labor movement and predates the official establishment of the CUT in 1983 (in part explaining the endurance of international activity for the CUT). Since Marx’s exhortation of “workers of the world unite!” in 1848 internationalism has long been at the center of certain ideologies of trade unionism (Lorwin 1929). The CUT is no exception to this. Initially internationalism was related to oppositional members in the anti-dictatorship struggle but it has persisted as a central strategy for the CUT.

During the 1970s military crackdown on labor dissidents, many union members went into exile to Argentina, Mexico, Cuba, and Western Europe (Germany, Netherlands, and Sweden in particular). One example of the early international links was the Trade Union Opposition Support

Group (GAOS, or *Grupo de Apoio e Oposição Sindical*), based in Paris, organized meetings across Europe, published a regular newsletter entitled “Union Unity” (*Unité Syndical*), and provided material support and coordination to exiled Brazilian workers (Nascimento 2010). Relationships between European and Brazilian unionists continued after the military granted amnesty to exiled workers in 1979. Many of these workers returned to Brazil to continue organizing on the shop floor as members of opposition slates, later becoming important figures in the CUT and *Partido dos Trabalhadores* (PT).

During the 1980s these links were strengthened as European labor centrals such as the FNV in Holland and DGB in Germany developed institutional relationships with the Brazilian opposition unions. The FNV sponsored exchange delegations of Dutch workers visiting metalworkers in São Paulo, the industrial ABC region, and Rio de Janeiro, as well as bank workers, journalists, and teacher unions. Notably, Dutch unionists also made factory visits to two Dutch MNC facilities: Phillips in Guarulhos (near São Paulo) and the Verolme shipyard in Angra dos Reis near Rio. These visits were followed up with public reports describing the conditions of Brazilian workers in the facilities and visits by Brazilian workers to Holland (FNV 2011: 40-41).

The German DGB, often through its metalworking affiliate, IG Metall, also took a hands-on role in building transnational links with Brazilian workers. German MNC Volkswagen was the site of some of the most contentious shop floor organizing during the 1980s. Conflict between workers and managers culminated in the military occupying the São Bernardo factory in a crackdown on shop floor organizing. In 1982 a visit to the facility by German unionists was critical in the Brazilian metalworkers’ fight to establish an in-plant works council. This support

was followed by Brazilian workers' visits to Germany including meetings with German Volkswagen management (Anner 2004: 190-191).

Other international work was conducted through the Transnationals International Exchange (TIE) researching cacao production chains connecting agricultural workers in the north of Brazil with food processing workers in Europe and consumers in the developed world. This transnational network was called the *CUT Cacaueira* and involved education and an international fair trade campaign (FNV 2011:50). This organizing also included participation of the IUF, a GUF that was also involved in developing World Company Councils at multinationals such as Danone and Nestle in the 1970s.

Political Internationalism

As the CUT coalesced into a distinct labor central during the 1980s it used internationalism as a political and discursive tool to both stake out a normative political agenda on a global scale, and to take positions on global labor issues and participate in existing institutions such as ITSs and GUFs.

The CUT's founding convention in 1981 was attended by 25 trade unionists from a dozen countries (Jakobsen 2003). The newly founded CUT established a Secretary of International Relations to coordinate support, resources, and training for/with foreign unions. In the 1980s the CUTs focused its international political activity on anti-intervention in Central America, opposition to apartheid movement in South Africa, and support for unions going through national political transitions from authoritarian regimes to democracies.

Before the fall of the Soviet Union, international trade union bodies were polarized along ideological lines. The World Federation of Trade Unions (WFTU) dominated by the soviet bloc and the anti-communist International Confederation of Free Trade Unions (ICFTU) buoyed by the AFL-CIO and the British Trades Union Congress (TUC). After an internal debate between factions, the CUT initially decided to affiliate with neither trade union body; it maintained a stance of both anti-capitalism and anti-Soviet communism seeing itself as an “articulation” of transnational working class that transcended the two polarized institutions. (Jakobsen 2003: 49-52). This decision was hastened by the fragility of the Eastern Bloc in the late 1980s. After the fall of the Soviet Union in 1991, the CUT decided to affiliate with the ICFTU as a pragmatic step to become more involved in global labor debates (Costa 2009: 51).

With the fall of the Soviet Bloc the CUT’s attention turned from cold war ideological battles to more pressing economic and political issues at home. Political internationalism during this era was characterized by membership and participation in regional trade bodies such as MERCOSUR and in Global Union Federations (GUFs) such as the International Metalworkers Federation (IMF), International Chemical, Energy, and Mineworkers (ICEM), and the International Union of Foodworkers (IUF). CUT representatives involved in these GUFs would become instrumental in developing the networks project came from/would be come active in these global unions³¹. Their participation established lasting bonds with labor bodies as well as providing exposure to new ideas and strategies.

³¹ These would include the CUT’s Secretary of International Relations from 1994-2003 Kjeld Jakobsen (ICFTU), director of the CUTMulti program, José Drummond (ICEM), and one of the founders of the Gerdau network, Fernando Lopes (IMF).

During the 2000s the issue of external debt, especially as it was structured with international financial institutions such as the World Bank, IMF, and the WTO, came to the forefront. Hemispheric trade agreements such as the FTAA would spark a new wave of transnational activity by the CUT. The World Social Forum (WSF) was founded in Port Alegre, Brazil in 2001 with the help of the CUT. The WSF was created as a space for unions, social movements, and NGOs from around the world to meet and create alternative agendas to neoliberal trade and economic hegemony. The CUT has used each of these forums as avenues to reinforce and magnify its international voice.

Finally, it is important to note that this ideological orientation has remained at the heart of the CUT's activity despite subsequent moderation of bargaining strategy. This latter point will be covered in greater detail in following sections, but it is worth pointing out here that while bargaining aims have turned towards more "social democratic" goals, the CUT's ideological orientation, particularly in the international realm, has remained solidly class-based and discursively radical. While there has been no research on this question, I would argue that two factors have created this. First, international activity is not a recent phenomenon for the CUT. It has been present in the CUT and in the left-wing currents of Brazilian unionism before the CUT was formed. Notably many of the leaders of the CUT and its affiliates had been rank and file workers during the 1970s and 1980s when international solidarity was an indispensable form of material and symbolic resistance to the military government. This has provided a continuity of transnational repertoires that goes beyond the often intermittent economic, or defensive, transnational work where unions seek solidarity for individual strikes or campaigns; labor transnationalism has been closer to both the core CUT leadership and membership, and has been

for a long period of time, allowing it to retain an essential position in the CUTs identity and activity.

Second, the economic pressures felt by CUT unions on the day-to-day level created a more urgent need to adopt bargaining strategies that fit the more constrained economic and political terrain they faced. International strategies, despite their increased importance in bargaining strategy, remain a secondary mode of achieving organizational goals behind the yearly collective bargaining campaigns mandated by law. This has allowed the CUT to maintain a more strident approach to political and material internationalism while moderating bargaining strategies on the ground. Moreover, the post-Cold War terrain also reduced the availability of more radical allies to collaborate with.

3. Reduced Bargaining Power

A central factor in the use of a transnational union networking strategy was the reduction of the CUTs bargaining power beginning in the mid-1990s. This decline was caused by numerous factors, the most important of which was the cumulative effects of the implementation of economic and political neoliberalism. The liberalization process began in 1992 under president Fernando Collor, and was solidified under the two terms of president Fernando Henrique Cardoso (1994-2002). Led by multinational corporations, these economic and political transformations reduced the CUT's bargaining power and led to a search for new strategies to rebuild its bargaining power in the 2000s.

Mobilization and Confrontation: the 1980s

The 1980s were marked by the decline of union density and influence in North America, Europe, and Latin America (Western 1995). In contrast to most other labor movements during the 1980s, the Brazilian labor movement was a “countertendency” (Cardoso 2002:285). It emerged from the authoritarian transition period in a strong position with high bargaining power, a confrontational strategy of mass mobilization and strikes, and retained broad support across civil society due to its role as a leading voice for democratization in the decade prior. The sequencing of political democratization before economic liberalization in the 1990s gave labor a stronger bargaining position from which to act (Cook 2002).

Economic and structural factors further supported the growth of unions’ power in Brazil in the 1980s. In contrast to others in the Southern Cone such as Argentina, Uruguay, and Chile, the Brazilian authoritarian regime was relatively more permissive of labor unions due to their traditionally stabilizing role on the economy, and promoting industrialization in urban hubs³² (Drake 1996). This led to the growth of the workforce, especially the industrial working class overall. Corporatist structures were used by the regime to promote state-led development with heavy tariffs protections allowing unions to benefit from this with swollen ranks, low unemployment and high economic growth rates in the transition years between 1984-1986 (Holanda Barbosa 1997). The combination of high inflation and low unemployment produced a dynamic favoring labor mobilization and from a position of high total power (Cardoso 2002).

Despite its high bargaining power with employers, the CUT was only moderately successful at extracting gains from the 1988 constitution during the transition to political

³² Drake dubs the former “deindustrializing atomists” and the latter, “industrializing corporatists” for their differing approaches to economic policy (Drake 1996).

democracy. This was a reflection of two factors. First, due to its own sense of power as well as low levels of trust with employers, the CUT refused to participate in tripartite national dialogue with employers and the new government (Cook 2007:66-67). And second, this reflected divisions within the Brazilian labor movement as a whole. More moderate factions that had split with the CUT after 1983 and formed the *Central Geral dos Trabalhadores* (CGT) were less dedicated to abolishing corporatist centerpieces such as the union tax and the *unicidade* system. This resulted in partial victories such as the abolition of state control over union activity, the right to organize for public sector workers, and strengthening the right to strike, and new employment protections such as a reduction of the work week and maternity and paternity leave however more flexible provisions were also included that would facilitate the decentralization of bargaining in the 1990s (Cook 1998).

Brazilian unions' high bargaining power in the 1980s was demonstrated by most notably by its use of strikes, both industrial and general. The 1985 inauguration of José Sarney as the first democratically elected president marked an important turning point in labor agitation. Strikes leapt from 492 in 1984 to 616 in 1985, spiking between in 1986-1989. Total numbers of strikers also increased exponentially from just under one million in 1983 to over twenty million in 1990 before declining.

*Table 2: Number of Strikes in Brazil 1978-2007*³³

YEAR	# OF STRIKES
1978	118
1979	246
1980	144
1981	150
1982	144
1983	347

³³ The data in this table were aggregated from three sources: Atunes and Wilson 1994, Alves 2002, and DIEESE 2008.

1984	492
1985	619
1986	1004
1987	2259
1988	1914
1989	4000
1990	800
1991	680
1992	557
1993	653
1994	1034
1995	1056
1996	1258
1997	630
1998	546
1999	507
2000	526
2001	420
2002	304
2003	430
2004	302
2005	299
2006	320
2007	316

It is also worth noting that both public and private sector workers were striking. In fact, strikes in the public sector were longer and included more workers than in the private sector. Both public and private sector workers held high total and relative power and favored confrontational tactics to extract wage gains and protest unfavorable economic policies.

General strikes in 1983, 1986, 1987, 1989, and 1991 fueled this overall mobilization. These general strikes were carried out jointly with multiple union centrals with the goal of protesting the government's economic stabilization plans³⁴. General strikes widened industrial action and placed the labor movement in the national economic debate. (Rand Barros 1999: 57-58).

³⁴ The Cruzado Plan I and II, (1986) followed by the Bresser Plan (1987), and the Collor Plan (1991) all attempted to freeze prices and wages to curb inflation which was at over 1,700% by 1989 See Baer 2001: 148-150, 165-169, 176-187 for more details on the individual plans).

Unions made gains in collective bargaining as well. Negotiations focused on indexing wages to the inflation rate and economic uncertainty combined with high labor bargaining power militated in favor of more frequent negotiations. Moreover, in these labor-friendly conditions, negotiations became more centralized, especially in the second half of the decade (de Amorim 2008: 9). De Amorim (2008:10) further notes that the CUT in particular made great strides in building its own internal bargaining capacity establishing bargaining departments by sector, and proposing the idea of cross-central collective contracts by industry. In this context it is not surprising then that diminishing unions' bargaining power would become a top priority for market liberalization policies of the 1990s.

Reduction in Bargaining Power: the 1990s and 2000s

This “countertendency” of union growth and mobilization was reversed in the 1990s and 2000s under the two administrations of Fernando Henrique Cardoso (1994-2002). Unions were faced with poor economic conditions, a politically unfriendly administration dedicated to neoliberal economic policy, structural and geographical shifts in the economy, and an increase in union competition from newly formed union centrals. The consequences for the CUT were a decline in the effectiveness of strikes, losses in the traditional industrial and geographic bases of the its membership, union fragmentation, and a transition from confrontation to engagement with employers and the state. These effects would profoundly shape the CUT's bargaining strategy and in part lead to the adoption of transnational union networks as a means to rebuild its bargaining power.

By the time Cardoso was elected in 1994 inflation had reached hyperinflationary levels of over 2700% and the economy had sunk into recession. Cardoso's stabilization plan, the *Plan Real*, included fiscal austerity through public sector employment cuts, reduction in government expenditures, and the introduction of a new currency, the *Real*. These measures slowed inflation to single digits by the end of the year but austerity measures and accompanying economic liberalization would lay the foundation for economic changes over the next eight years. Measures would include the liberalization of trade rules allowing foreign firms greater access to the Brazilian market, privatization of state utilities and industries, tax and social security reform, and the devaluation of the currency (Baer 2001: 208-209). Heartened by the economic stabilization of the *Plan Real*, foreign direct investment increased dramatically.

Table 3: Foreign Direct Investment in Brazil 1993-2005

YEAR	FDI IN USDS MILLIONS
1993	1,291,000
1994	2,150,000
1995	4,405,000
1996	10,792,000
1997	19,993,000
1998	28,378,000
1999	28,578,000
2000	32,779,000
2001	22,457,000
2002	16,590,000
2003	10,144,000
2004	18,156,000
2005	15,193,000

Source: Baer 2001

Cardoso's neoliberal policies had a number of adverse effects on labor unions broadly. Employment in the formal sector shrank from 56 percent in 1989 to less than 45 percent of the total economic population in 2000. Official unemployment doubled from four percent to eight percent over the same timespan (Cardoso 2002:288). Overall industrial employment fell from 6.12 million in 1987 to 4.81 million in 1993, a 21 percent decrease in seven years (Arbix and

Rodrigues 1998: 77). This decrease in employment was felt most acutely in the metalworking, banking, and the public sector, the traditional bases of membership and mobilization for the CUT.

Moreover the reduction in industrial employment had a geographical character as well. The traditional bases of industrial action in the 1970s and 1980s had been the industrial belts around São Paulo, Rio de Janeiro and Belo Horizonte. During the 1990s, municipal authorities in medium-sized cities in the interior of these states, as well as the traditionally agricultural Northeast, used financial and tax incentives, the prospect of lower labor costs, and lower unionization rates to lure new investments.

“In 1970 large cities accounted for 70 percent of jobs. By 1998, small cities had succeeded in attracting 52.6 percent of jobs and large cities were left with only 47.4 percent. Between 1991 and 1998, for example, industrial São Paulo lost 474 metalworking firms that relocated either to the interior of the state or to other states, representing a loss of over 25,000 jobs. In 1993, the metallurgical industries employed 32.6 percent of the labor force in the city, by 1996 this had declined to only 21 percent. The motivation was clear: While average wages in São Paulo were around \$1200 Reais in the interior average wages in the metallurgical sector were approximately \$840 Reais.” (Sandoval 2007: 72-73).

These incentives were reinforced by promises of labor peace in municipalities represented by less confrontational unions not aligned with the CUT. The combination of these structural factors produced a deep reduction in base of the CUT’s bargaining power.

Employers also sought to increase labor productivity through the implementation of more flexible labor relations in the workplace. Flexible measures included organizational rationalization models such as work teams, kaizen, and just-in-time production; outsourcing, part time and temporary work; technological automation; and new modes of compensation such as profit sharing and indexing wages to productivity. The Cardoso administration supported this

trend with legislation supporting flexibility including allowing short-term and part-time employment contracts, prohibiting wage indexation clauses in contracts, and establishing an “hours bank” introducing flexible scheduling (Cook 2007: 90).

Collective bargaining was affected by these economic changes as well. After 1994 bargaining was further decentralized to the *sindicato* and firm level. The introduction of new workplace restructuring measures further shifted the locus of negotiations to the shop floor, though on a terrain decidedly more advantageous for employers (de Amorim 2008). Overall, strikes fell from their peak of 4,000 in 1989, to an average of 630 per year between 1991-1993 (due to economic recession), then increased from 1994-1996 to an average of 1,116 due to union mobilization against austerity measures. However, strikes as a tool became increasingly ineffective and tailed off after 1996. Furthermore, the subject of strikes shifted from proactive wage demands to defensive demands such as contract noncompliance, job security, and employment guarantees (See Sandoval 2007:68-71 for further data on the shifts in strike demands). Without high inflation to spur recuperation of lost wages, mobilization lost its ballast. Employers were able to use relative economic stability of the 1990s to discipline labor through lower costs, layoffs, and workplace restructuring.

Not surprisingly, political relations with the Cardoso administration were also very poor. Cardoso reduced public sector employment, openly courted foreign capital, and abolished the limited tripartite sectoral chambers established under the previous Collor government. He also supported a series of legislation introducing greater flexibility into the employment relationship

Finally, Cardoso supported the establishment of a rival union central, *Força Sindical* (Union Power). *Força Sindical* was formed in 1991 out of factions from the CGT, most notably the largest and most influential *sindicato* in the country, the Metalworkers Union of São Paulo. With support from the Collor administration, business leaders, and the media, *Força* declared itself a “union of results,” non-partisan and apolitical, contrasting itself with the ideological CUT and its close ties to the Workers’ Party (PT). It participated in dialogue with the government, embraced privatization and free market policies, and benefitted from favorable media coverage, federal funding, and political appointments. *Força* courted employers with a collaborative stance, positioning itself as a moderate alternative to the militancy of the CUT. Anner notes “In the face of the dramatic restructuring of the auto industry, not only did *Força Sindical* and its unions often support management and the state’s flexible work initiatives, often it proposed them, such as the temporary work provision of 1998.” (Anner 2004: 200). Furthermore, *Força* shied away from the shop floor organizing, community ties, and transnational union links that marked the CUT.

The following graph shows the increase in *Força*’s ranks between 1992 and 2001. While the CUT remained the largest union central, *Força* grew faster and established itself as a lasting moderate force in the labor movement. Throughout the 1990s *Força* and the CUT would engage in intense representation battles for control of *sindicatos* in the especially in the metalworking, service, and food sectors. Union fragmentation would further accelerate in the 2000s with both centrals suffering relative declines due to challenges from new left and right wing centrals³⁵.

³⁵ This trend can be seen in the difference in the “No Central Affiliation” column between 2001 and 2011. In 2001 62% of *sindicatos* had no central affiliation but after 2011 this proportion had dropped to 25.8%. By 2011 when centrals had been officially recognized many unaffiliated unions merged into new centrals. As of 2012 there were eleven recognized centrals accounting for the drop in unaffiliated *sindicatos*.

Table 4: Union Centrals by Sindicato Affiliation 1988-2011

	CUT	Força Sindical	CGT	No Central Affiliation
1988	730	-	327	-
1991	1526	212	250	-
2001	2834	839	238	7050
2011	2016	1508	-	3207

Source: Ministério do Trabalho e Emprego and DIEESE 2011

Força's rise would also play a role in moderating the CUT's leadership staking out a pro-liberalization stance to the right of the CUT. This position would help gradually push CUT leadership to the political center over the following years.

In Search of New Strategies: Labor in the 2000s

The political and economic changes introduced in the 1990s had profound effects on the bargaining power of the CUT. After a long period of relatively high bargaining power lasting from the late 1970s until 1989, a combination of economic, structural, and political factors greatly reduced the CUT's capabilities. These factors individually and collectively would in part lead the CUT to adopt a networked strategy. Overall, the reduction in its bargaining power left the CUT in a difficult position. Its successful repertoires of confrontation, mobilization, and strikes, successful for over a decade had lost their effectiveness by the mid-1990s. However, the CUT had traditionally taken a stance of opposition before negotiations, relying on its ability to mobilize its members and force the hand of employers and the state, yet with increasingly ineffective repertoires of activity, the CUT's options for collective action were limited. It was left with a choice of how to effectively respond and rebuild its bargaining power. This weakened position left the CUT two options: principled and ineffective opposition to national and workplace changes or adopt a more pragmatic approach and participate in discussions. As I will

discuss in the next section, the CUT compromised, choosing to negotiate with employers and the state through what Riethof (2004:11) calls “proposition-based confrontation.” In the 2000s the CUT would need to develop new strategies to address this unfavorable terrain.

The second component coming out of this era that made a networked strategy more attractive was the increased role of MNCs in the life of Brazilian unions. MNCs were the “nerve center” of economic change (Arbix and Rodrigues 1998:88). Foreign MNCs had become increasingly important actors on the national scale influencing national economic policy in an unprecedented manner. New investments were aimed at greenfield sites outside the traditional strongholds of industrial unionism. On the shop floor MNCs introduced flexible measures that reduced workers’ ability to organize and mobilize. All of these factors reduced the CUT’s relative power and placed MNCs at the center of its bargaining strategy. Therefore for unions to effectively address their loss of bargaining power, the MNC’s organizational form, especially its transnational form would need to be taken into account to fully address the sources of employers’ bargaining power. In this context it is not surprising then that a majority of union networks would be established in the industries most affected by economic restructuring (metalworking, chemicals, and banking), and at firms based in countries with high amounts of FDI in Brazil (Netherlands, Germany, Spain).

In the following section I examine the moderation of the CUT’s bargaining strategy as a factor in its overall move towards a networked strategy. This internal moderation was a combination of internal ideological factors combined with the unfavorable external environment

described in this section. The move towards bargaining and dialogue further make networks an appealing option to address its loss of bargaining power.

4. Internal Moderation

The fourth factor leading to the adoption of a networked strategy was the moderation of the CUT's bargaining strategy in the 1990s and after. This moderation was induced by two factors. First, power relations between moderate and more radical factions within the CUT placed the CUT on a more moderate, social democratic trajectory over the long term. Second, the short-term consequences of reduced bargaining power with employers and the state left CUT unions with less space for the confrontational tactics of the 1980s. The combination of these internal and external changes would place the CUT firmly on a more pragmatic trajectory during the 1990s and 2000s. This pragmatism has led in part to the CUT's use of union networks as means to rebuild its bargaining power.

Influence of the Union Articulation Movement

Since its inception the CUT was marked by its commitment to cultivating a culture of internal debate, direct democracy, member participation, and tolerance for factional pluralism. CUT members were more likely to come from the shop floor and less likely to have been union bureaucrats under the previous regime; mass mobilization and strikes relied on democratic procedures and long rounds of debate about strategy; interaction with social, community, political, and intellectual groups introduced more deliberative processes to unions. These characteristics differentiated it from the bureaucratic and corporatist unions established under the Vargas-era.

Despite different ideological currents within the CUT, groups were unified by their shared opposition to the corporatist labor framework and the military government. However, this organizational consensus belied internal divisions that would come to the fore during the external stresses of the 1990s. More radical factions within the CUT included members of the Communist parties (both Soviet and Chinese aligned), Trotskyite groups, and the *Oposição Sindical* (Union Opposition) faction. Individually these groups were smaller but they often controlled key *sindicatos* giving them influence that exceeded the size of their membership. Combined with the internal climate of pluralism that gave groups an open space for dialogue and constitutional rules awarded them representation in CUT leadership, the CUT was a space for a diversity of ideological currents.

By the mid-1980s more moderate factions led by the charismatic São Bernardo Metalworkers' Union president Lula da Silva, loosely grouped as "Independents" had organized themselves into a more coherent group called "Union Articulation" (*Articulação Sindical*) to represent their interests in the Second National CUT Congress (CONCUT II). Independents had long occupied the "soft left" position (Sluyter Beltrao 2010) within the CUTs' ideological currents. These currents all shared a commitment to rank and file militancy, union autonomy from state regulations, and opposition to the military government, but Independents, and later Articulation, were less strident in their tone than more left-wing factions. Independents were more committed to political engagement through the nascent Workers Party, and more focused on the concrete demands of rank and file workers and less on ideological theory. While these differences may have seemed slight to outsiders, defining, debating, and implementing factional

positions took up great amount of time and designated the identities of both the factions internally, as well as differentiating the CUT from other unions in the Brazilian labor movement with less enthusiasm for member-driven deliberation.

Throughout the 1980s Articulation members organized local, state, and national chapters running slates for elected leadership positions, financed their own activities through member contributions, published its own journal, and proposed distinct sets of resolutions for the national CUT constitution. Its power base was the São Bernardo Metalworkers Union, the economic and spiritual heart of the CUT. São Bernardo, as part of the industrial ABC region around São Paulo, was also the home to dozens of foreign multinational companies and the site of deep workplace organizing during the 1980s and 1990s. It is not surprising then that a transnational union networking strategy would be adopted by the CUT leadership with roots in the ABC region.

In many ways the spaces for internal dialogue belied the hold that Articulation already had over CUT leadership. The CUT's first president from (1983-1994), Jair Meneguelli, was an Articulation member as were subsequent presidents. Articulation never held less than half the seats on the CUT Executive, and by 1994 it would hold 14 of the 25 spots, the other nine split between five other factions (see Sluyter Beltrao 2010: 348 for more details on various slates and the composition of the CUT Executive between 1984-1994).

The Articulation movement also had a party branch that sought to consolidate its work within the PT. The pinnacle of Articulation's national strategy would be the election of Lula da Silva to the presidency on 2002. CUT political appointments to Lula's cabinet would come

primarily from Articulation members further reinforcing the hegemony of the articulation faction over the strategic trajectory of both the CUT and the PT (Gómez-Bruera 2013).

It is also important to note for the purposes of this research that Articulation's internal activity was not solely *sui generis*. Articulation forged close ties with Western European labor unions. "By 1989 the New Unionism's two leading schools were receiving an estimated US\$10 million from Western European labor confederations as funding for multi-year educational projects. It is hardly surprising, then, that the school's curricula emphasized the study of social democratic methods of labor organizing. CUT union leaders by that time had typically participated in at least one ICFTU course in Europe, and were said to be more familiar with European than Latin American labor issues" (Sluyter-Beltrao 2010: 227). This supports previous claims that Dutch and German federations were particularly active in forging institutional links with the CUT. It also provides an internal institutional link between the emerging moderate CUT leadership and the social democratic Western European unions.

Articulation's rise and hold on power can be attributed to a number of factors. First, on the national level, the CUT endured intense public scrutiny. Presidents, cabinet ministers, politicians, aided by the conservative media, openly embraced Força Sindical and directly criticized the CUT for its radical stance³⁶, accusing the CUT of intransigence and recklessness that endangered the economic development of the country. This pressure took its toll on the CUT's credibility, creating incentives to move to the political center and engage in tripartite

³⁶ At Força's Second National Congress, conservative São Paulo mayor Paulo Maluf praised Força: "The Força Sindical is the best form of unionism. It is the unionism of successes that aims at improving the life of each worker. The Força Sindical is not a sectarian force, intolerant, wishing to destroy, at times, industry. The Força Sindical is precisely that unionism that wants healthy businesses, so that they can pay better and offer greater benefits to their employees. It is an entity which is absolutely right for the moment of Brazil" (Quoted in Langevin 1995: 271-272).

negotiations in 1990 and 1991. On the *sindicato* level, the rightward influence of Força Sindical (through a series of highly contested local union elections³⁷) pushed CUT locals further to the political center. Força's ability to gain favorable deals with employers in the difficult economic climate of the 1990s gave rank and file workers a material incentive to vote for Força slates, further reducing the CUT's total union membership. Finally, after 1989 when Soviet Bloc countries fell, radical left alternatives lost some luster. Left wing political parties and labor unions were left in a political and strategic crisis that left these unions without more radical ideological alternatives. This ultimately facilitated these unions to move towards a social democratic pole.

"From Antagonism to Adversarialism"

The rise of the more moderate Articulation movement within the leadership of the CUT both coincided with, and was reinforced by, external events, notably the unfavorable environment for labor in the 1990s. The CUT's loss of bargaining power and the consolidation of more moderate tendencies within CUT shifted the union's agenda from mobilization and radical systemic change to more social democratic approach emphasizing negotiations with firms and the state.

On the national level the CUT began to engage in dialogue via tripartite forums. President Fernando Collor initiated two major forums during his short presidency. Created by the 1988 constitution, Consultative Councils (*Conselhos Consultativos*) gathered representatives of the state, employers, and labor to monitor the discuss the management and disbursement of

³⁷ Notably the largest union local in Brazil, the Metal Workers' Union of São Paulo in 1987 and CUT vs. CUT election for the Chemical Workers' Union of São Paulo (See Langevin 1995: 273-286 and Sluyter Beltrao 2003: 454-475 for more information on these and other contested elections.

public funds for social policy such as social security, pensions, and health. Despite CUT participation being diluted due to labor representation that was shared between the three leading centrals, this precedent would lead to participation over the long run in key councils relating to labor and economic policy. These tripartite councils would be expanded under Lula's two administrations and became attractive positions for friendly political appointments.

The Sectoral Chambers (*Câmaras Setoriais*) were initiated in 1991 to discuss and shape industrial policy in twenty-five industries. Agreements covered a range of ground including production goals, industrial restructuring, fiscal and tax stimulus to spur investment, price controls for consumer products, and wage indexing, and long-term goals for major industries (Martin 1997:53). In 1992 and 1993, agreements in the auto sector were able to spur growth in the domestic market as well as deliver material gains for workers. While short-lived³⁸, these chambers operated at a key time for changing labor relations. Martin describes this change as a shift from “What was once ‘a total, no-holds-barred war’ into an emerging institutionalized dialogue wherein the use of force... was becoming more a last resort for both parties. That is, ‘sworn enemies’ were becoming more akin to ‘adversaries’ . In terms of union strategy, I have characterized this shift as a move way from ‘oppositional militancy’ to innovative militancy” (Martin 1997:68). The CUT's participation can be explained by the more moderate bargaining strategy of Articulation, “The main political group within the CUT, *Articulação*, has been very positive about the development of sectoral chambers as it represents a strategy aimed at ‘the formulation and exercise of union strategies capable of configuring an alternative of proposition-based confrontation’ to the neoliberal project” (Riethof 2004:11).

³⁸ President Cardoso eliminated these sectoral chambers in 1994

This shift from “antagonism” to “adversarialism” (Martin 1997: 66) played out in other levels as well. Despite having been in *de facto* practice since the early 1990s, in 1999 the CUT’s largest industrial union, the Metalworkers of the ABC, formally declared its support for a shift in bargaining strategy. “The union should no longer limit itself to “resistance and fight”, and should transform the traditional passive attitude into a new conduct, designed a “proposing unionism.” According to the new conduct, the union should ‘elaborate concrete proposals of intervention in public policies, in industrial policies, and in economic sector policies as well, and also in changes implemented...at the plant level.’ (Zylberstajn 2004:15).

This shift in bargaining strategy was also felt on the shop floor. Unions weakened by layoffs, aggressive managers, and work restructuring were left with the options of either refusing to participate and allowing management to implement new procedures anyway, or engage in dialogue with managers about how was organized at the risk of becoming partly complicit in these changes. Most unions chose to negotiate in the hope of being able to shape and possibly stop some of the worst employer proposals. Arbix and Rodrigues note that as a result of decentralized bargaining, the number and scope of plant level agreements increased to include new areas of negotiation including: wages and benefits, profit sharing and bonuses, outsourcing, work teams, flexible work days (Arbix and Rodrigues 1998:83) offering material benefits to workers through direct negotiations.

Industrial unions that had been able to win shop floor representation in the 1980s were in a better position to negotiate. Unions were also able to devise new strategies to build bargaining

power on the shop floor even in a climate of defensive bargaining and restructuring. Two little used committees enshrined by federal law, profit sharing (*Participação Lucros e Resultados* or PLR) and safety and health (*Comissão Interna de Prevenção de Acidentes*, or CIPA), became important legally protected “Trojan horses” unions used to collect information on employers’ finances and strategy and to increase their presence on the shop floor.

Negotiation with the firms over workplace restructuring also reinforced international ties between unions, and created incentives to develop transnational social dialogue institutions. “After initial meetings with MBB (Mercedes Benz Brazil), the ABC Metalworkers Union demanded an official visit to the MBB’s head office and plants in Germany to gain firsthand knowledge regarding the formation of (work) teams. The first delegation of unionists and MBB managers visited Stuttgart in June 1993 and met representatives of the Mercedes-Benz National Workers Council” (Ferro et al. 1997: 269). Similar types meetings of occurred in the auto, chemicals, and pharmaceuticals industries, often spurring the establishment of long-term union networks. These transoceanic meetings with unions and company management were critical in forcing companies such as Volkswagen (1997 and 1998) and Ford (1999) to back off from plans to lay off thousands of workers (Zylberstajn 2004:15 and Anner 2004: *passim*).

Why Union Networks?

Nascent internal tensions between radical and moderate factions within the CUT came to a head after the consolidation of power by the more social democratic Articulation faction. Articulation’s moderating influence on the CUT’s bargaining strategy was reinforced by

unfavorable external climate of economic and political neoliberalism which had left unions in difficult position vis-à-vis employers and the state.

The consolidation of Articulation's power within the CUT made a networked strategy more attractive for two reasons. First, as a more moderate faction operating in a poor economic climate a strategy of "negotiation 'backed by mobilization'" (Sluyter-Beltrao 2010:258) or "proposition-confrontation" (Riethof 2004) became a more attractive option for unions operating in the climate. Articulation's radical social democracy attempted to balance the CUT's left-wing core while adapting to changing economic and political circumstances. Transnational networks fit this schema by being flexible enough to balance more aggressive tactics such as comprehensive cross-border campaigns, boycotts, and strikes, while at the same time placing company recognition through bargaining agreements and long-term transnational social dialogue as the goal of its activity.³⁹

Second, Articulation cultivated close ties to European trade unions during the 1980s and 1990s. These ties consisted of both material support and ideological guidance. Western European models of unionism, especially those in Germany and the Netherlands, which combined shop floor representation, institutionalized tripartite dialogue with employers and the state, as well as a willingness to mobilize via strikes, suited Articulation's Brazilian experience. Furthermore, these same European unions providing support were the same unions that represented workers at many of the largest MNCs operating in Brazil. The high levels of

³⁹ This is reinforced in a prismic way by the fact that overall more left-wing centrals in Brazil rarely participate in transnational networks. These unions tend to focus most of their energy on local mobilization and shop floor agitation. This may be a consequence of their smaller size and weaker ties with international union bodies, but it is also a result of their emphasis on mobilization and reticence to embrace collective bargaining on an institutional level.

investment that flowed into Brazil were led by MNCs from these countries. International meetings and exchanges sparked relationships and sowed the seeds of more concrete cross-border activity through transnational networks. This point is explored further below and in the following chapter.

5. Transnational Opportunities

The final factor that contributed to the emergence of a networked strategy by the CUT was the presence of opportunities for transnational collective action. Three transnational opportunities in particular contributed directly to a networked strategy: deep historical ties with unions in other countries, particularly Western European unions; a more active role by Global Union Federations (GUFs) including cross-border campaigns, networking, and International Framework Agreements (IFAs); and regional and hemispheric trade agreements in particular, the Free Trade Agreement of the Americas (FTAA) which provided opportunities for the CUT to transnationalize its activity around a common agenda of opposing neoliberal development linking it with allies facing similar challenges. Each of these dynamics provided “pull” factors (Anner et al. 2006) that reinforced the CUT’s brand of unionism and provided allies for its strategic turn.

Deep Solidarity Ties

Brazilian unions built relationships with European and US trade unionists in the 1970s and 1980s calling for the end of military rule. By the 1990s, many of these personal relationships had developed into institutional relationships with full time staff, funding, and international travel. As the adverse effects of neoliberal restructuring were felt in both Brazil and in developed

countries, unions began to use these relationships to build institutions for solidarity and gains the effects of economic restructuring. In particular these institutions focused on the role and activity of multinational companies.

These solidarity ties were also utilized by unions in the home countries of multinationals as well.

“Outside of Germany, Brazil has the most German firms in it, and so beyond just the history of solidarity which the trade union movements, especially the metalworkers, have always maintained, I believe that the issue of globalization and neoliberal policies principally in the 1990s were felt very deeply. This caused German unions...to start thinking about cooperation on other shores. But for us this cooperation couldn’t just be the solidarity of political solidarity, but rather a solidarity that was much more concrete where you could start thinking about more joint actions, and think about how to respond to globalization...This cooperation between unions took on new aspects. The idea of networks, I believe, began with a vision of exchanging information...but unions began to feel that this wasn’t enough. Clearly exchanging information is fundamental, but more than sharing information, unions needed to have better responses and more unified activity” (Waldelli Melleiro, Director of Union Projects, Friedrich Ebert Stiftung, Interview 2009)

Global Union Federations

Second, after the end of the cold war and in the context of economic neoliberalism, the role of GUFs and ITSs changed. Those in the core industries most affected by transnational restructuring such as metalworking, chemicals, food, and commerce/service became key organizations for bringing together unions. Many GUFs went beyond a facilitative role and became key conduits for organizing cross-border campaigns, global research, and transnational networks (Bronfenbrenner 2007).

Global Union Federations are industry level “organizations bringing together national trade unions on an international level” (ICFTU 2004:24). GUFs work to build solidarity among

member unions worldwide through financial assistance, research, public awareness, and work with the ILO and lobby national governments to improve labor standards. In recent years GUFs have taken a more active role in coordinating transnational activity including strategic campaigns, International Framework Agreements (IFAs), and global union networks (Croucher and Cotton 2009).

GUFs such as the International Metalworkers' Federation (IMF), the International Chemical Workers' (ICEM), and the International Union of Foodworkers (IUF) were particularly active in the late 1960s and 1970s in building a series of World Company Councils at multinationals such as Danone, Nestle, and Volkswagen. "The World Company Council strategy stands as one of the most innovative and proactive attempts by global union organizations to actually respond to globalizing capitalism" (Stevis and Boswell 2008: 118-119). While few of these councils survived, a notable few did (in particular, Nestle and Volkswagen), and moreover, the idea of transnational networking persevered among the leadership of these GUFs.

This heritage of cross-border bargaining and union activity has persisted to the current day in the form of transnational networks. These GUFs along with the International Transport Workers Federation and UNI, the service and commercial workers' union, have been at the forefront of stimulating transnational union networks as a tool to improve labor standards at multinational corporations (See Lillie 2003 and Snyder 2008 for more information on networks at these GUFs, respectively). Brazilians, especially representatives of the CUT have been influenced by this strategic orientation, Many mid- and high-level representatives of the CUT and its industry confederations have spent time working directly for GUFs

The decision to prioritize union networks often came as a result of cross-border campaigns in the late 1990s and 2000s. José Drummond, former vice president at ICEM and now director of the CUTMulti program noted:

“It was very interesting, after we had a series of strikes such as Firestone in the United States, then followed by a strike at Goodyear also, the ICEM had only written a letter in solidarity, and so what? But the truth was the US union (the USW) had already taken it on itself to go to countries for a campaign. They went to Brazil, Argentina, Japan, which was the headquarters at the time...trying to build solidarity for their struggle. We felt within ICEM that this wasn’t sufficient, we weren’t doing enough and we needed to do something more. From here came the idea to form networks. We needed to build union networks in these multinational employers. (Interview, José Drummond, Director of CUTMulti program, 2011).

While the ICEM’s history of transnational networking goes back further into the 1970s (see Levinson 1972), there is no doubt that the increase in cross-border campaigns had an important effect on stimulating the growth of a networked strategy, both in Brazil and in other countries. GUFs continue to play a central role in this. CUT unions, particularly through their industry federations maintain close ties to their respective GUFs. Former rank and file members of both the chemical workers and the metalworkers now hold high positions with the ICEM and the IMF. It is likely that as that these ties will continue to deepen as Brazil remains a host for multinational investment (and as Brazilian MNCs invest in more developed countries).

Trade Agreements

Finally, the rise of hemispheric trade agreements such as NAFTA, MERCOSUR, and the FTAA spurred both domestic and transnational organizing. These trade agreements brought together broad allies of social movements, and opportunities for transnational labor organizing.

The idea of transnational union networks fit as vehicles for organizing against the nefarious effects of multinational-led transnational trade.

Recent research has explored this process in the context of North American Free Trade Agreement (NAFTA) (Kay 2005) and the Free Trade Area of the Americas (FTAA) (Von Bülow 2010). Both authors note that these free trade agreements created “political opportunity structures” where domestic actors were able to transnationalize their work through the availability of other sympathetic actors. Tarrow defines political opportunity structures as “Consistent- but not necessarily formal, permanent, or national- dimensions of the political environment that either encourage or discourage people from using collective action (Tarrow 1998: 19-20). Hemispheric free trade agreements created spaces to “elaborate common alternatives to the neoliberal model that came to dominate the hemisphere in the 1990s and that had free trade as one of its pillars.” (Von Bulow 2010: 1).

FTAA negotiations began in 1994 and continued through the 1990s, ending in 2005. The meetings sought to establish a hemispheric trade agreement that would reduce trade barriers, protect copyright patents, and advance regional economic integration (Charnovitz 2005). Unlike MERCOSUR, which the CUT supported partly due to its inclusion of strong institutions for labor interaction, or NAFTA which had a separate side agreement to resolve transnational labor disputes, the FTAA proposal had no labor clauses.

Social movement objections to the FTAA were equally on content and on process. Critics objected to the effects of free trade on workers and civil society as much as well as the fact that

these agreements were conducted behind closed doors where politicians and employer representatives formulated these plans without the participation of workers, farmers, or other affected groups. The latter point led to a mode of organizing of parallel summits that allowed social groups the space to articulate alternative agendas for transnational and hemispheric links that were not dominated by multinational employers.

The CUT was active both domestically and transnationally, organizing against the FTAA in a number of ways. It worked directly with unions and social groups to organize events, lobby politicians, educate members, and formulate alternative proposals. One of the most important channels was Inter-American Regional Workers' Organization (ORIT), the regional arm of the ICFTU. These summits led to a debate about the possibility of including "social clauses" in the agreements that would delineate labor standards backed by enforcement mechanisms and side agreements such as the one included in NAFTA.

With the failure to get labor clauses into the debate around the FTAA, Kjeld Jakobsen, CUT Secretary of International Relations at the time of the FTAA negotiations, led the internal debate about how to formulate a trade union response:

"We thought about how to deal with this situation for an internal plan here in Brazil by creating a mechanism partly controlled by the labor movement that would be able to identify cases of violations of fundamental rights, because it's not countries that violate these rights, it's employers who do...So, we needed to investigate these companies and pressure them to stop violating these rights...To do this we needed to create a technical instrument, something that could be used politically by the unions. This is where the idea for the Social Observatory was born" (Kjeld Jakobsen, former Director of International Relations CUT, interview 2011).

Regional integration within the Southern Cone was spurred by the expansion of MERCOSUR. Accountability mechanisms allowed unions to take on a “watchdog” role regarding the social and labor practices of multinationals within the region.

“This happened slowly because, for example, Brazil had never gone through this type of regional integration like Mercosur. It was the beginning of the 1990s and the CUT took an intelligent position, which was that the union leaders understood that there would be a process to participate, even if it was only indirectly (because the process was very much between governments), through the subcommittee that was created at the Conference of Las Leñas in Argentina. There they had created a subgroup on labor, employment, and welfare where unions could participate. And so, through this the union movement began to be incorporated into the regional integration process along with multinational companies in a “watchdog” role; to accompany and monitor their activity. This was related to the idea of social clauses that were being included in free trade agreements. It was all part of the same discussion for us” (João Cândia Veiga, former Director of the Social Observatory Institute, interview 2011).

This cross-border union collaboration under the aegis of MERCOSUR eventually led to the establishment of the Union Coordinating Committee of the Southern Cone *Coordenadora de Centrais Sindicais do Cono Sul*⁴⁰.

6. Conclusion

The CUT was founded with a radical, class-based ideology emphasizing confrontation and member mobilization as well as an openness to transnational allies. The corporatist industrial relations framework of the Brazilian system posed significant challenges to the CUT’s class-based, strategy which sought to overcome these limitations by coordinating union and bargaining structures along industrially centralized lines. The effects of economic and political neoliberalism beginning in the 1990s have reduced the CUT’s relative bargaining power and forced it to alter its bargaining strategy from one of opposition to one of participation and negotiation. This shift in bargaining strategy was accompanied and supported by an internal

⁴⁰ <http://www.sindicatomercosul.com.br/quemsomos01.asp>

moderation in the CUT's leadership pushing it to a more social democratic alignment. Finally, increasing opportunities for transnational cooperation with unions in other countries have made long-term transnational work possible and advantageous for the CUT, leading to the adoption of a transnational union networking strategy by the early 2000s.

The confluence of these conditions produced a union with an enduring dedication to international strategies, weak union and bargaining structures at home, reduced bargaining power vis-a-vis multinational employers, a more moderate union leadership open to collective bargaining, and new opportunities for long-term transnational cooperation. Transnational union networks, with their emphasis on using the MNCs as the axis of union organization, their ability to rebuild bargaining power through transnational collective bargaining and dialogue with firms, and need for long-term union-to-union coordination have been a structural fit for the challenges confronting the CUT.

Chapter Six: “From Process to Project”: The Structure of Union Networks in Brazil

1. Introduction

In 2001 the *Central Única dos Trabalhadores* (CUT), the largest labor central in Brazil, in conjunction with the Dutch labor confederation, the *Federatie Nederlandse Vakbeweging* (FNV), established the *CUT Frente às Multinacionais* (CUT Multinationals Project or, CUTMulti). The CUTMulti program began by identifying and researching ten foreign MNCs operating in Brazil with sufficient capacity for building local, national and international union coordination and organization. Over the subsequent ten years the program expanded to include networks at more than fifty multinational firms operating in Brazil. These firms include European, North American, and Brazilian MNCs in the metalworking, steel, chemicals, service and commercial, hotel, banking, and food and beverage industries. The CUTMulti program is the most comprehensive attempt to build national and transnational networks and is the primary instrument for union networking in Brazil.

In this chapter I move from an analysis of the larger political and economic trends that have made transnational networks a strategic option for the CUT to an analysis of the implementation of the networks project itself. It is useful here to examine the networks project from a more technical perspective. How is the CUT networks project organized? How did it develop into its current form? Which groups participate in the networks project? What have been the results of the project? While the factors outlined in the previous chapter explain how a space was created for a networking strategy to emerge at the CUT.

This chapter has three major sections. First I examine the ways in which transnational union networks are structured. In the second section I examine the major actors in the Brazilian networking project, notably the *CUTMutli* and the Social Observatory Institute. Finally, I examine the current state of networks in Brazil by looking at all networks operating in Brazil through 2011 in order to draw broader conclusions about how networking occurs, what factors contribute to its success, and what factors impede its development.

2. Network Structures

Union networks in Brazil include multiple actors ranging from union representatives on the shop floors of individual workplaces to researchers at NGOs. What do these actors have in common and how do these actors interact and to engage in ‘networking?’ In this section I lay out the structure of union networks through an organizational mapping of each actor’s role in a networking activity.

Due to their extra-legal structure, there are no legal restrictions on how a network is formed. Because networks themselves are not legally recognized entities, there are no barriers to entry except those governed by the network itself. Networks are made up of participants from a variety of unions and allied entities: local unions, sectoral confederations, and Global Union Federations. Rather than list the individual organizations, a more helpful schema is to understand what types of entities make up these networks, and what processes these entities use to engage in networking.

It is perhaps easiest to conceptualize network structure and the role of network actors through geographical or scalar tiers. Transnational union networks necessarily span three tiers of union structure: local, national, and transnational. Transnational networks, at their core, attempt to expand local union activity to the national and transnational levels and, conversely to channel activity at the national and transnational levels to the local level. Networking moreover seeks to increase the bargaining power of unions by expanding the reach of their activities, ultimately constructing new union and bargaining structures.

At their foundation transnational networks are made up of representatives from local unions at a common multinational employer. Arrangements vary according to custom and resources, but most commonly these are elected union representatives from individual workplaces. However, this arrangement may vary as unions try to involve a broad range of workers, not just the local president or other leadership. Likewise, in a situation like Brazil where there may not be in-plant union representation, representatives from the municipal-level *sindicato* may act as the representatives to the network. The extent and representativity of these local actors depends on various factors including unions' resources to participate, size of the employer's presence in the country, and the extent of the unions' willingness to participate in network activity.

National actors involved in transnational union networks include representatives from national-level union bodies to which the local unions are affiliated. This can encompass both industry-wide groupings as well as their umbrella organizations. In North America this would include international unions such as the United Steelworkers (USW), United Auto Workers

(UAW), or the Service Employees International Union (SIEU), and the AFL-CIO or Change to Win (CtW). In Brazil, this involves sectoral confederations such as the National Confederation of Metalworkers (CNM) or the National Confederation of Chemicalworkers (CNQ), as well as union centrals such as the CUT and Força Sindical. Other examples of sectoral actors involved in transnational networks include IG Metall (Germany), FNV Bondgenoten (the Netherlands), or the National Union of Metalworkers South Africa (NUMSA), while corresponding umbrella groups include the DGB, FNV, or COSATU.

An array of transnational actors can be involved in union networks. The most important of these transnational actors are Global Union Federations (GUFs). GUFs are organized by industrial sector and are comprised of national union affiliates. GUFs, especially those in the metalworking and chemicals (IndustriALL), and food (IUF), and transportation (ITF) sectors have had a long and integral role in initiating and coordinating transnational networks since the late 1960s. Other network actors include labor NGOs such as the AFL-CIO's Solidarity Center, the German Friedrich Ebert Stiftung (FES), and the Canadian Steelworker Humanity Fund (SHF). These labor NGOs' interest in networking often focuses on the social responsibility standards of specific transnational employers (often headquartered in the NGO's home country), or on issue-focused projects such as child labor, women's rights, or compliance with ILO core standards. Other non-labor NGOs may be involved in transnational networks depending on the extent of the network's activity in organizing across supply chains or other issues beyond traditional bargaining such as environmental concerns.

What sets the Brazilian networking project apart from other attempts at union networking are the resources and coordination devoted to designing, implementing, and developing these networks. Due to this unique aspect of the Brazilian networking project, this chapter will go into more depth about these national actors responsible for implementing a networked strategy in Brazil. These organizations, the CUTMulti and IOS, have been crucial to the ways in which networks have been organized and, I argue, deserve to be understood. Following an analysis of the CUTMulti and the IOS, I examine the roles of the two other tiers of network actors, local unions and transnational actors, in order to understand the specific roles each of these tiers plays in the work of networking in the Brazilian context.

3. Network Actors in Brazil

Instituto Observatório Social/Social Observatory Institute (IOS)

The Social Observatory Institute (IOS) is a Brazilian labor research institute responsible for monitoring the behavior of multinational companies operating in Brazil. It was founded in 1997 as an initiative of the CUT with the assistance of academic research organizations and funding from the Dutch FNV. While it is an independent organization working on projects beyond networking, it works closely with the CUTMulti project and is a key part of the Brazilian networking project.

The IOS has two core activities: researching the activity of multinational corporations operating in Brazil and creating “participatory compliance mechanisms”⁴¹ based on the findings of this research. In the words of Kjeld Jakobsen, one of the founders of the IOS, “We sought to

⁴¹ “Participatory compliance mechanisms” meaning unions, employees, company management, and other stakeholders could come together to create implementable procedures and forums to address the issues raised in the research.

create a technical instrument, but one whose product could be used as a political instrument by unions. This is how the idea of the Social Observatory was born.” (Kjeld Jakobsen, former Secretary of International Relations of the CUT, interview, 2011).

Origins of the IOS (1994-1997)

The idea for the IOS emerged from debates around the need for global labor standards between 1994-1997. During the Uruguay round of GATT (the final round before it became the World Trade Organization, WTO), the United States and several developed countries advocated the inclusion of a “social clause” into the agreement that would recognize labor and environmental rights of those affected by the trade policies negotiated in the agreement. While many labor, environmental, and social rights organizations supported the purpose of this type of clause two critiques emerged. First, many in the developing world were critical of the protectionist motives of unions in developed countries spurred by the fear of increased economic competition from lower-wage developing countries. And second, the outlines of a social clause that were proposed were criticized for relying on consultation and the lack of enforcement power (Vandaele 2005). The idea of a social clause did however set off a debate within the international labor movement.

Two questions emerged from this debate. First, could a social clause be implemented that would not reinforce protectionist measures in developed countries? Second, in the developing world, where states were under political pressure from economic elites and international financial institutions such as the World Bank and IMF to create an environment friendly to foreign investment (and therefore unlikely to act on behalf of labor and social movements for

fear of being seen as not business friendly enough) what types of organizations would be able to monitor and enforce these social clauses?

Between 1994-1997 the CUT, both internally and through transnational bodies such as the ITUC and the ILO, engaged in debates of what effective social clauses would look like and what types of institutions would be needed to enforce these clauses. Did states in developing countries have sufficient capacity to regulate, monitor, and enforce these social clauses? If not, whose responsibility would it be? Kjeld Jakobsen, then Secretary of International Relations at the CUT, described the process as: "We thought about how to address this situation. Internally we sought to create a mechanism in Brazil that was in part controlled by the labor movement that would be able to uncover violations of these (ILO) fundamental rights, because it is not countries who violate labor rights, it's companies. It might be that a country isn't effective in stopping these violations, but it is companies who do the violating." (Interview, Kjeld Jakobsen, former Secretary of International Relations of the CUT, 2011). These internal discussions were largely centered at the CUT Workers' School in Florianopolis and included sponsoring an ILO conference about the adoption of labor rights conventions as well as extensive discussions with Brazilian and European partners about what forms these mechanisms could take.

Launch (1997-2001)

These discussions led to the founding of the Social Observatory Institute in 1997. The IOS was founded as an initiative of CUT in partnership with numerous labor and academic research institutes including DIEESE, *Centro de Estudos de Cultura Contemporânea* (Center for the Study of Contemporary Culture, or CEDEC), and the *Rede Unitrabalho* (a network of labor

relations scholars at various Brazilian universities). The Dutch FNV and German DGB labor centrals provided funding, and support from the AFL-CIO's Solidarity Center included exchanges with researchers and opportunities to promote the project through speaking engagements to a broader audience (IOS 2009).

The IOS's initial focus was on working towards the inclusion of a social clause within the Southern Cone trade alliance, Mercosur, but soon turned exclusively to examining the labor and social activity of foreign MNCs operating in Brazil. Its pilot research project focused on Kibon, a food processing company then recently bought by the Dutch MNC Unilever. This project was important because the challenges the IOS faced in developing a methodology would lead in part to the development of union networking.

After completing several research projects, the IOS encountered a major limitation to its work, namely that the IOS was primarily a research institute, not a worker-based organization, and therefore at the end of each of these projects it could only make recommendations, not implement those recommendations. Ultimately the role of implementing policy would be the responsibility of the unions representing the workers at the employer.

Furthermore, unions were not accustomed to using the type of research the IOS was producing. Research in Brazilian unions was traditionally focused on macroeconomic trends such as inflation, unemployment levels, and industrial production⁴². This was due to a combination of the limited scope of bargaining proscribed for *sindicatos* by the CLT, annual

⁴² This research is conducted primarily by the organization DIEESE, the Inter-Union Department of Statistics and Socioeconomic Studies. DIEESE was founded in 1955 as a shared resource for technical assistance to unions regarding issues such as collective bargaining, labor market trends, and national economic policy.

wage adjustments as the sole focus of collective bargaining with employers, and the legal disincentives for Brazilian unions to form bargaining structures across a firm's geographical operations. Research focused on a company's entire operations, much less its compliance with international norms, was largely unheard of because there was little need for it in the day-to-day work of most Brazilian unions.

This left the IOS and unions with a problem. While the IOS could execute research, it couldn't implement the policies recommended by the research. And, moreover, unions who asked for this research were unable to effectively use it because their own organizational structures were inadequate for implementing the proposals recommended by the IOS's work. *"And this is where the need to create and work in union networks at the same multinationals came from, because we didn't have the legal means to have organic unions like those in Holland and other places. First, we needed to be more effective at dealing with the problems presented in the research the Social Observatory was doing, and second unions needed to deal with the regional wage inequalities created by multinationals."* (Interview, Kjeld Jakobsen, former Secretary of International Relations, CUT, 2011).

IOS Methodology

Before proceeding it is useful to briefly examine the methodology currently used by the IOS in its research and work with networks. This section has two goals. First, it will outline the guidelines the IOS uses to assess MNC behavior and second, it will examine the methodology the IOS uses for its research projects. The IOS assesses MNC activity according to eight categories:

Figure 5: Social Observatory Institute Assessment Categories

Indicator	Reference Documents	Scope
Freedom of Association	ILO Conventions 87 & 135	<ul style="list-style-type: none"> -Freedom to organize and join a union. -Existence of worker organization in the workplace -Ability of union representative to have access to the workplace - The right to strike - Freedom of worker organizations to self-govern and collect dues
Collective Bargaining	ILO Conventions 98 & 151	<ul style="list-style-type: none"> -Existence of direct negotiations between employer and union -Necessary conditions for effective negotiations -Freedom from threats or coercion from company -Access to necessary information for effective negotiation
Forced Labor	ILO Conventions 29 & 105	<ul style="list-style-type: none"> -Employment by coercion or kidnapping at the workplace or in suppliers and contractors
Child Labor	ILO Conventions 138 & 182	<ul style="list-style-type: none"> -Compliance with national laws regarding minimum age
Race and Gender Discrimination	ILO Conventions 100 & 111	<ul style="list-style-type: none"> -Equal salaries between male and female employees in similar jobs -Equality among all employees of similar work -Equal access to job opportunities and training, hiring, and promotion -Provision of social services and maternity care
Workplace Health and Safety	ILO Conventions 148, 155, 170 & 174	<ul style="list-style-type: none"> -Mechanism for worker participation in the creation, application, and enforcement of health and safety conditions in the workplace. -Access to information about work environment regarding health and safety risks for workers and their unions. -Availability of preventative and protective equipment
Environment	Rio Declaration on the Environment	<ul style="list-style-type: none"> -Employer commitment to environmental standards -Employee and community participation in the firm's environmental practices -Dissemination of to employees and relevant communities

Social Responsibility	OECD Directives on MNCs	-Existence of formal public commitments regarding the firm's labor standards, including codes of conduct. -Monitoring of the product chains.
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Source: "Company Research Methodology" Social Observatory Institute, IOS 2004b

The IOS uses mixed method research tools and applies these to the behavior of MNCs operating in Brazil. Qualitative methods include open-ended interviews with union representatives, worker organizations, such as health and safety committees and factory commissions, and with company management. Quantitative methods include the production of primary data through survey research. Research also includes analysis of documents provided by the company, unions, and through publically accessible information such as financial reports, collective bargaining agreements, and information about the company's social responsibility indicators (IOS 2004b: 6). The IOS uses a four-step research process for collecting these data.

Planning and Development:

“We divide the research into three different types of ‘products’: first, a profile of the company, a basic profile of the company’s operations in Brazil; second, a map of the company’s operations overall; and finally research on the company’s labor relations.” (Ana Cernov, Researcher Social Observatory Institute, interview 2011). The IOS presents the proposed project to both the union and the company in order to assess the timeframe, scope, and resources needed to perform the research.

Field Work:

The fieldwork used by the IOS encompasses surveys, roundtable group discussions and individual interviews with workers, the union, and the company. The IOS notes that it seeks to use “participatory” methods in all phases of the research including the planning, execution, and follow-up, however despite attempts to include all parties, much of this data collection depends on the willingness of the employer to offer access to the IOS. Access includes both physical access to the company’s facilities as well as names, job positions, worker gender, race and age data, and information about hours, wages, and benefits. “This requires a great deal of time in the first step of negotiating with the company about the scope of the project- whether we can enter the premises, talk to the employees, whether the results will be published. Most companies won’t accept these ground rules so this has implications for our time, resources, and the effectiveness of the research.” (Ana Cernov, Researcher at Social Observatory Institute, interview 2011).

Analysis of data

The data analysis methods used by the IOS include collecting the data produced from fieldwork, synthesizing it into a preliminary report, and sending the initial report to both the employer and union for feedback on the results, followed by a final report.

Presentation of results

“What we seek to do at the end of the process is to have a meeting, present and discuss the results, and for example, possible paths of action to deal with the themes we’ve collected. This is normally done at a network meeting to debate these questions.” (Ana Cernov, Researcher at Social Observatory Institute, interview 2011). Results are then distributed as published reports and available online at the IOS’s website.

3. CUT Frente às Multinacionais/CUT Multinationals Project (CUTMulti)

History

As the IOS developed its methodology and expanded its work researching multinationals operating in Brazil through the late 1990s and into the 2000s, a parallel, yet related, project was emerging within the CUT to develop a more comprehensive and concrete vehicle of building union structures. The immediate birth of the CUTMulti program emerged from the limitations of the IOS's role as a research instrument, rather than a bargaining instrument, or that is, the need for levers to implement the recommendations proposed by the IOS's research.

The idea for transnational union networking as an activity, however, has a longer heritage dating back to the late 1960s when GUFs (then called International Trade Secretariats), notably the ICEM (then the ICF), IMF, and IUF, developed a series of World Company Councils at multinationals such as Volkswagen, Nestle, and Saint-Gobain (see Levinson 1972, Rüb 2002, and Croucher and Cotton 2010 for more details). These first wave of transnational networks found varying degrees of success with some, such as the network at Danone continuing to the present day, while many more fell into disuse by the mid 1980s due to an inability to overcome the combination of internal tensions, an agenda focused on wage-based protectionism for unions in developed countries, and company opposition.

The idea of transnational networking came to the CUT through a combination of factors including the IOS's attempts at corporate monitoring, the need for new bargaining strategies to rebuild bargaining power, and the legacy of transnational networking by GUFs. The idea for

networking as a strategic innovation in Brazil was brought back and implanted through the experience of members of the CUT who had worked in GUFs where they experienced networking at a global level. This was further reinforced by transnational strategies other unions were using that had increased since the 1990s. Two strategies in particular were important: the use of cross border campaigns and the use of global framework agreements with MNCs:

“I served as a vice president at the ICEM for almost seven years...I remember one of the first thing that happened was when the Norwegian petroleum workers union, NOPEF, signed an International Framework Agreement with Statoil, the Norwegian oil company which had a refinery in the United States where the American managers were fighting the union...And so, the Norwegian union signed an agreement with the company that covered the US as well as all the other countries where it had facilities...This was very interesting because we had had a series of strikes, at Firestone in the US, then followed by one at Goodyear, but we felt limited within the ICEM; we would send a letter of solidarity to the unions on strike, but what of it? In truth it was the initiative of the US union (the USW) itself to go to different countries...to build solidarity for its campaign. We saw this within the ICEM and felt we weren't doing enough and needed to try to do more to support these types of struggles. This is where the idea of networks came from; we needed to form networks of unions at multinational companies.” (José Drummond, Director of CUTMulti Program, interview, 2011)

The long history of working with the Dutch FNV combined with the FNV's more recent collaboration on the Social Observatory Institute provided an opportunity for the CUT to do build something more concrete.

“After leaving the ICEM I came back to the CUT with this experience (of networking) and began to evaluate the situation here in Brazil where we had a very divided labor movement, we had no organization at multinationals whatsoever... We started periodic meetings with the Secretary of International Relations of the CUT along with representatives from some of the branches (confederations) that were interested in formulating proposals and strategies...This was around 1998, we said 'How are we going to do this? The CUT doesn't have the resources, the unions don't have the resources, and none of them were close to having the conditions to do anything.' Coincidentally, around the same time, the FNV which had supported the CUT since its foundation, had been putting lots of money into building the Social Observatory.” (José Drummond, Director of CUTMulti Program, interview, 2011)

The FNV's own interest in building transnational networks stemmed both from the job losses Dutch workers experiencing at domestic multinationals like Unilever, Phillips, and ABN-AMRO as well as the history of solidarity it held with the CUT since the 1970s.

"We had been involved since the seventies in different aspects of solidarity and support towards the Brazilian trade union movement...In the beginning of 2000 this project around the CUT multinational networks was started and that had to do as well within the Netherlands there was this development of, expansion of, multinationals worldwide. It was in the 90s that multinationals were starting to dominate the scene internationally and including important Dutch companies. Traditionally we always had Shell, Phillips, Unilever but now they were expanding dramatically...First things went to Eastern Europe, then to the Far East...What (Dutch) workers did sense was that by dividing its strategy worldwide...that creates a lot of insecurity in the workers...you see it is this global operating of the multinationals that creates a lot of insecurity in the worker so that is one aspect. The other is that more from the solidarity angle is that we have relationship with the CUT and that the CUT is seeing in Brazil an expansion of multinationals and many of them are Dutch multinationals and they want to improve the conditions of their workers." (Tjalling Postma, Department of International Trade Union Cooperation, FNV, interview, 2011)

Interest in networking from the Dutch enabled the but also forced the CUT to assess its own capacity to run an actual program:

Around that time in 1999...the FNV had called an international meeting of unions at Unilever with the intention of starting an global network...We at the CUT were invited but we went without an idea of what to do because we didn't have any organization nationally at Unilever...Even the representatives from the two CUT affiliated Unilever unions who came to the meeting didn't know each other! There they met workers from Korea, India, all over Europe and we outlined a plan to do something similar on Brazil over the next two years. After coming back to Brazil, a year passed into 2001 and we hadn't finished any of the tasks we were given at the Unilever meeting. The FNV called to follow up, 'Look, how is everything going?' After conversations with Kjeld (Jakobsen, then director of International Relations at the CUT) we made proposal and said "Look, we have this idea of organizing networks here in Brazil, we really need to do something at the multinationals which have operations here in Brazil. If we started with the Dutch companies, would you agree to help us prepare our unions, educate our members, and prepare them for being part of these international networks? They agreed, so we made this into a full project which was partly to deal with the problems we have here in Brazil, namely to map out the multinationals here and bring unions into contact with each other, as well as to help unions (sindicatos) do more concrete international work together with the sectoral confederations (confederações). And so we started a pilot project that would last two years. After talking to the confederations we chose a group of Dutch companies...ten to start out with." (José Drummond, Director of CUTMulti Program, interview 2011)

However the project encountered unexpected problems:

“At the end of two years the project hadn’t been able to achieve its goal of organizing ten networks. So after an evaluation, we came to the agreement that we needed more time. We had a conversation with the Dutch again “Look the results have been good, the process has been interesting, the unions have gotten on board but we’ve run into more difficulties than we were expecting: political problems with other centrals, a lack of understanding among some of the unions who have never done this sort of thing before, and lack of funds. Brazil is really big...If you have a plant in Manaus, one in Paraná, and another in São Paulo, to pay for tickets to get from here to there is really expensive! The Dutch understood that this was a pilot project, it was interesting, and had enough conditions to work, and that enough had been done to not stop now. We agreed to continue for another three years, but that has turned into ten now.” (José Drummond, Director of CUTMulti Program, interview 2011)

In June 2006, the 9th CUT Congress recognized the CUTMulti project, and transnational networking in general as one of the key strategies for the CUT going forward. This endorsement provided institutional support for the program and for the strategy:

“The project has created the possibility of organizing union networks, or national union committees, of union representatives at the largest multinationals operating in Brazil...allowing us to see the differences in applied by the same company to different unions (sindicatos), allowing the possibility of shared strategies between these unions for the unification of wages, profit sharing programs, health and safety, application of international standards across all operations of a company, strengthening the struggle, and creating a shared reference for all workers...Finally, constructing international networks at multinational companies is in the strategic interest of the CUT” (Text of the 9th CUT Congress, June 2006. pp.65-66).

Another important factor in the establishment of the CUTMulti was experiences the IOS had had in its attempts to do research on multinationals. IOS research had provided recommendations but the IOS lacked the organizational capacity to implement these recommendations. The IOS concluded that what was needed were union structures that were run by unions themselves.

Ana Cernov: *“Obviously this depends greatly on the power of the unions, the power of the network. We (at the IOS) are just a research entity, we can only look at the situation, not affect it*

(não agimos). The action needs to be taken by the unions, and so we seek to maximize their ability to take this action, but ultimately this action depends on the power of the union.”

[...]

Felipe Saboya: *“Also, the CUTMulti program was created due to this difficulty. The Observatory can’t advise the workers after the report is done.... We see ourselves as making a space for workers from different plants to talk for the first time and try to arrive at more organized, more coordinated negotiations.”*

(Ana Cernov and Felipe Saboya, Researchers at the Social Observatory Institute, interview, 2010)

Methodology

One of the unique factors of the CUTMulti’s work in the context of labor transnationalism, is its use of a structured methodology for targeting, developing, and strengthening networks. The following is an overview of each of these steps. It is taken from the CUT’s *Guide to the Construction of Union Networks Within Multinational Enterprises*, published in 2009.

a. Targeting

The process of targeting and identifying companies at which to initiate new networks starts within the sectoral confederations (metalworkers, chemical workers, bank workers, etc.). Confederations have both the best knowledge about their unions’ own capabilities, and have access to local unions facilitating education and getting local *sindicatos* involved. The second part of targeting is consultation with the major locals that would be involved to explain what networks are and why their involvement would be beneficial and to gauge support for their participation. This step is followed up by a more comprehensive “self-assessment” survey. This survey, developed in conjunction with the FNV, assesses each union’s capabilities in a series of categories including membership democracy and representation, internal administration capacity, organizational competencies, and innovation.

b. Development

The second stage of the CUTMulti's program is the development and management of a network. Once a company has been selected at which a network is to be built, a number of steps follow. First is the mapping of company's operations: where each plant is located, the size of each plant's workforce, gathering information on wages, working conditions, and union representation. This step is often aided by input from the IOS or DIEESE.

Once a company has been identified and basic research has begun, unions are encouraged to call a meeting of representatives from all the company's facilities in Brazil in order to establish the network's committee and/or coordinator, to begin identifying common issues (through identifying the important bargaining issues at each plant), prioritize future activity, and generally begin the process of building trust between members. On this point it is important to remember that in many cases, unions have never met, and are unlikely to be familiar with what a transnational union network is, nor how it is intended to be used. This is critical because transnational networks are long-term projects that often do not show tangible results (i.e. results in the realm of collective bargaining gains) for a medium or long term. Representatives of the CUT, the CUTMulti, the sectoral confederation, and the IOS or DIEESE (and possibly the GUF) are also normally in attendance. As the network develops, union members from other countries, especially the home country unions, are invited and are integrated into the functioning of the network.

Network activity and periodicity varies depending on the will and participation of the network's members, and its level of development. Meeting activity may include plant-by-plant comparisons of local conditions, report backs from pre-planned coordinated actions, presentations from IOS or DIEESE researchers on the company's activity, overviews of the economic sector in which the company operates, workshops on ILO labor standards or other global labor issues, and internal capacity and skills building workshops on how to improve the network's capacity for action. As a network develops, the local union hosting the meeting may arrange for a plant tour or a rally outside the plant in support of a local or network-wide issue.

In all network meetings representatives spend large amounts of time discussing issues specific to each of the individual unions. These issues range from wages and workplace health and safety, instances of anti-union practices by the company, bargaining updates, to the general health of the company on the local level, etc. These issues are then debated and collected with the intention of identifying shared issues and creating unifying themes for further network activity. These common themes can then become the public face of the network used to help expand networking to other sites within the company (domestically and globally) and to create a public narrative about the company's activity and image.

Networks are also encouraged to publish a newsletter and establish a website to disseminate information to rank and file members, and to unions in other countries. Newsletters feature stories from each plant regarding bargaining updates, local issues, reports on the company's activity locally and globally (i.e. new acquisitions, restructuring, or workforce layoffs), and summaries of the network meetings.

c. Consolidation and Strengthening

The final step in developing a network is internal strengthening. This consists of multiple steps. First, is an ongoing process of self-evaluation and communication. This step ensures that the internal organization, leadership, and support for the network are sufficient for it to meet its stated goals.

As a network develops, two other steps become very central to a network's activity. First, is the transnationalization of the network's activity. Because the CUTMulti is a component of the CUT, its priority is to develop a network's national capabilities between Brazilian unions first. This allows the network to have a strong base from which to operate, however, the ultimate goal of these networks is to build truly global union structures that encompass members from all segments of a company's operations. While this goal of 100% participation is more of an ideal and an organizing principle (and rarely achieved), the principle is nonetheless a central component of network activity. This means networks seek to include union representatives from as many global segments as possible. The facilitation of global network activity often falls, at least initially, to the sectoral GUF. Due to their global presence, GUFs are better able to introduce unions from distant parts of the globe who may not have met before. However, as the network develops, the goal is often for the network to act as a self-sufficient transnational body (with the continued support of the GUF), whereby the relationships built are mediated through the network itself. Participation of the home country union is critical in this step as it is likely to become the key conduit helping the network achieve a level of dialogue and recognition from the employer on a global level.

The final steps for consolidation of a network are the recognition by the company of the network as a globally representative body and establishing a process of “social dialogue” with the employer. Recognition is one of the most difficult steps for a network to achieve and it normally only possible after a network has been internally consolidated and in existence for some time (though not always as will be seen in the following chapter). This step often begins with sending a formal letter to company management in Brazil and in the home country stating the network’s objectives, whom it represents, and why it seeks to open communication with the company. As the CUTMulti notes “Most recognition processes occur after much insistence from the committees.” (CUTMulti 2009:42).

This process is known as “*sensibilização*” or “raising awareness.” More art than science, the process of *sensibilização* works by initiating communication with an employer in the hopes of moving them towards more tangible forms of meetings and dialogue with the network. The process often involves offering examples of “best practice” or using the leverage of labor relations practices in its home country.

“We need to recognize that this is much easier at European companies, not because they are better employers than other companies, but due to the fact that European legislation allows us the GUFs to use the home country union to tell the employer ‘Hey, you guys already know how this works, we need you to help convince the company to implement this across the whole network.’ So it’s definitely easier to achieve some form of social dialogue at German, Dutch, and Spanish companies, but not always a given.” (Sérgio Novais, ICEM Latin America Coordinator, interview, 2011)

This final point will be illustrated in the next chapter where at the Dutch company Unilever sensitizing hasn’t worked and recognition hasn’t occurred, leaving the network with questions about how to proceed and recalibrate its internal objectives.

In conjunction with strengthening unions' internal capacity and coordinating activity between unions, social dialogue is one of the other principal goals of a transnational network. According to the ILO's working definition, social dialogue includes "all types of negotiation, consultation or simply exchange of information between representatives of governments, employers, and workers on issues of common interest relating to economic and social policy." (ILO 2003: 26). The application of social dialogue in the context of transnational union networks normally takes the form of regular and periodic meetings between representatives of the employer and the network on a regional or global scale as a means to "encourage democratic participation in the workplace" and "address and solve problems of labor relations, balancing the power of the actors involved." (CUTMulti 2009: 43). Social dialogue is viewed as both a goal in itself (because it indicates a long-term acceptance of unions as a stakeholder in the company), and as well as a tool for further strengthening of unions' bargaining power (i.e. using this dialogue channel to raise and address union issues across the company and increase bargaining power).

However, while social dialogue with employers is acknowledged as a valuable and useful goal by most in the networks project, the application of the concept of social dialogue varies and is contested by some network participants. Some have taken a more critical eye to the role of social dialogue, especially when the concept is divorced from the use of a union's bargaining power.

"I think we need to be very careful to not look at the question of social dialogue as a space where conflicts don't exist, because this is often how it is portrayed... Often it is understood as everyone being on the same side..but social dialogue also happens in the context of a society's capital-labor relations. Here in Brazil where there is criminalization of social movements and

the labor movement, we still don't have real social dialogue but rather confrontation... Whereas with a union like IGMetall (in Germany), this is a union that has been able at the same time to participate in these spaces of dialogue guaranteed by law, that are a part of its tradition, its country's laws, but at the same time also knows what the limits of these spaces are and is willing, when necessary, to make interventions in the classic trade union way... And so, this question of 'Social Dialogue' is still a concept that hasn't been settled here. We need to be careful to not be seduced by the term 'Social Dialogue' as 'OK, we're all friends now, everything is great.' I believe that it is an issue of broadening spaces for democracy, for discussion, to construct policies, to show the good that comes from negotiations." (Flávia Silva, Networks Coordinator, National Metalworkers Confederation/CNM, Interview, 2011)

However this general definition is interpreted in different way by many involved in the networks project. Sérgio Novais of the ICEM, broadens it to "permanent dialogue" and is critical of both those who reject any form of dialogue as a class compromise, as well as those who see it as a way to solve all problems:

"'Social dialogue' is often used incorrectly, because what we really want is permanent dialogue. Of course if there are differences unions should fight, but I also think that this term is misunderstood by many unions. For example in the US where companies are very anti-union, unions will say "(Dialogue) isn't for us, we're going do a campaign and the company is going to sit down with us, but it's going to sit on its knees' so they denounce the company in the media and tarnish its image, because they think this is the only way the company will talk with them. So I tell them "Look, I don't think what you're doing is wrong, these are all types of union tactics' but I think that for workers it's a greater victory if they can achieve their goals through dialogue with the company and you don't have to wear yourself out. On the other hand, what you don't want is for the union to settle for 'dialogue' which doesn't have content, that doesn't include the most important issues to the union because sometimes a company will take a really anti-union attitude and then say 'Oh, well we have social dialogue set up, so we don't have to do anything.' We always need to have an equilibrium in this, but ultimately I believe permanent dialogue is critical for union growth." (Sérgio Novais, ICEM Latin America Coordinator, interview, 2011).

International Framework Agreements (IFAs) have also been used as a tool to facilitate social dialogue. IFAs seek to assure common standards across a firm's global operations and normally include core labor standards such as freedom of association, non-discrimination, and abolition of child labor. IFAs can be effective as a tool if they create institutionalized relationships between unions and the firm, and are able to effectively enforce the agreement. However IFAs have been met with a significant amount of scrutiny due to their lack of juridical

power, and network participants differ in their confidence towards IFAs' effectiveness alone in addressing imbalances in bargaining power. Two quotes illustrate these views.

“Framework agreements as we know them now...are weak because in truth they are just a reaffirmation of existing rules and laws, ILO norms, basically....Today it is a first step to achieve, and who knows, may lead to better international negotiations, but there are some companies who don't have a framework agreement yet have a global union council...and so I would say that a framework agreement is not fundamental for a network to be successful, but if a network is successful, it can eventually achieve (conquistar) a framework agreement and perhaps an agreement that is even stronger later on.” (Kjeld Jakobsen, former Secretary of International Relations, CUT, interview, 2011)

And:

“International Framework Agreements are signals, streetlights (faróis de orientação), when they are alit and function well it's great, they deepen dialogue and establish internal security for the union. The problem is when there's conflict. Why? Because they are not legally binding. I think we are committing an error by only having IFAs signed by the unions and the company. I think agreements should be at the level of the ILO in order to give them a legal base so that we can appeal when the company doesn't comply with them...And so, in times of peace...they do their job well, but an IFA is essential in a time of war, and in these times of war, we can't use a weapon unless it has ammunition. I need this weapon to be loaded in order to use it, not to kill, but in order to advance” (Manoel Campos, IG Metall International Representative, interview, 2011)

While some such as a Wills (2001) and McCallum (2011) have examined the ways in which IFAs have been used as a transnational bargaining tool. Due to their lack of enforcement mechanisms, and the lack of a transnational a legal framework for regulating capital-labor relations, IFAs are quite limited when not backed up by globally organized or networked unions. The bargaining power created by this union-side organization in global networks provides a critical buttress, allowing unions to enforce the provisions of an IFA on behalf of workers at the company globally.

Utilizing the infrastructure of a transnational network as a foundation of IFAs has proven to be a more effective way of using the IFA as a tool (rather than as an end in itself). Frank

(2005) and Frundt (2007) describe the work of *Coordinadora Latinoamericana de Sindicatos Bananeros* (COLSIBA), which has built a grass roots organization of primarily women banana workers from Central and South America. Since 1985, this network has expanded through cross-border campaigns, education, and internal organization, with an emphasis on women's issues. COLSIBA has used its broad network leverage to push for stronger regulatory and monitoring programs beyond the IFA itself (Frundt 2007). In the absence of a strong regulatory environment (both in the individual countries COLSIBA operates) and weak bargaining power in the banana industry on a global level, the combination of an IFA backed up by strong cross-border networking has been successful at building unions' bargaining power.

The tensions between stressing dialogue as an end versus a means, as well as the degree of aggressiveness networks should apply when dealing with a company, are fiercely debated within networks. The resolution of these tensions is linked to the ideology of the home country union (with European unions tending to promote social dialogue-based solutions), the degree to which unions are able to work together to balance the needs of its members, and the degree of opposition the network faces from the company.

Relationship Between Research and Networking

While the CUTMulti methodology for building networks includes research, it is useful here to briefly make connections between the role of research and the process of developing union networks more explicit both because these processes are intertwined both in the historical development of the networks project itself, as well related in the application of networking. "The purpose of the CUTMulti program is exactly this: finding a way to bring together the unions at a

multinational company. And likewise, the objective of our work is to spread the technical research we have about this company to all its workers” (Ana Cernov, CUTMulti Researcher, interview, 2011).

The development of a networking methodology is innovative because it goes beyond the traditional boundaries of research for Brazilian unions. Formed in the 1950s, DIEESE has been (and to a large extent continues to be) the primary organization for conducting labor-oriented research for most Brazilian unions. Its work focuses primarily on macro-level indicators such as wage levels, industrial output by economic sector, and inflation. This type of research is useful for unions due to the legal boundaries of union activity, namely bargaining which is limited by municipality and job category. By expanding the scope and subjects of research the IOS was able to broaden the scope of union activity and organizational structures within the Brazilian labor movement. In the Brazilian context this is meant shifting from the fragmented structure of municipal bargaining to more centralized organizational and bargaining structures such as networks.

Moreover, this dynamic is reminiscent of the participatory action research methods developed by Kurt Lewin in the 1940s and then applied to labor relations and organizational behavior by William Foote Whyte and Davydd Greenwood in the 1970s⁴³. In this method researchers collaborate with those whom they are studying, incorporating local knowledge to solve problems through an emergent process with the ultimate goal of linking scientific understanding to social action (Greenwood et al. 1993: 178-180). In a similar, though less

⁴³ Greenwood et al. (1993: 177) define participatory action research as “a form of action research in which professional social researchers operate as full collaborators with member organizations in studying and transforming those organizations”.

planned way, this type of dynamic occurred in the networks project. The growth of MNCs in Brazil created a need for new types of information, new methods for gathering this information, and ultimately due to the limitations of the research process itself, new structures for implementing the recommendations of this research. The research process itself laid the groundwork and promoted the need for new types of union and bargaining structures, transcending the traditional boundaries between research and bargaining activity.

Finally, research is encouraged by the IOS and the CUTMulti to continue throughout all levels of development of a network, not just when it is in its initial exploratory phase. Unlike the type of research traditionally used in times of annual wage bargaining, the IOS/CUTMulti methodology encourages a continuous engagement between research and union activity.

C. Other Network Actors

While the CUTMulti and IOS set the Brazilian networks project apart from other attempts at networking, there are a number of other actors that interact to make transnational network activity more effective. Like transnational networks themselves, these actors span geographical, national, and legal boundaries and include local unions, national unions, Global Union Federations, and NGOs. Again, while there is no simple recipe for how networking occurs or should look, each actor seeks to increase a network's bargaining power by expanding geographical reach of the unions participating in the network and leverage over a company's global operations.

a. Local Unions

Local unions form the foundation of network activity. The definition of a local union may differ slightly due to the legal boundaries of each country, but this category refers to the form of rank and file organization closest to the shop floor⁴⁴. Through networking local unions are able to exchange information about working conditions and company activity, identify common issues, create a shared agenda for bargaining activity, and ultimately form the basis for long-term union and bargaining structures.

Participation in networks also enables workers at the local level to establish long-term relationships and trust with other workers at a common employer. This activity echoes what Tarrow (2005) calls “socialization through collective action.” In this type of collective activity face-to-face interaction with other workers and participation in shared collective action “can help create broader identities and issue definitions” (Tarrow 2005: 178). This type of “transformatory solidarity” (Johns 1998: 256) breaks down class and national divisions that employers would otherwise use to divide workers and weaken their bargaining power, and recasts them as bonds of solidarity based on shared class interests.

“But I also think networking is a big challenge for workers in the base and depends on how they see themselves. But I also believe that the fact that all our networks have joint newsletters, share information with each other, and are interested in the disparity (in pay and working conditions) between plants is something that jumps out at the workers...so at the very least networks are able to increase workers’ awareness but that more concrete actions by the network can reinforce and increase its own power...so networking can have a demystifying effect. We hope (the network) can help overcome these divisions between the local union, the sectoral federation etc., and allow workers to mobilize in a more strategic manner. (Flávia Silva. Networks Coordinator, National Metalworkers Confederation, CNM/CUT interview, 2011)

⁴⁴ In Brazil this category is complicated slightly due to legal restrictions on in-plant organization but, as was discussed in the previous chapter, networks have been used as a tool to establish new or expand existing in-plant organization. Local union representation in Brazilian networks normally seeks to have a representative from the municipal *sindicato* and, when possible, at least one union member from the shop floor.

How and why do locals become involved in networking? Reasons vary by union, but in Brazil local bargaining issues such as wage and benefit disparities between plants are commonly cited issues. Due to their ability to bring locals into communication and through the initiation of coordinated bargaining, networks are seen as a key tool in reducing this inequality between locals.

“We had noticed them (networks) in other places. They had one at Schaeffler, at ZF, and for a long time we had felt that we were being paid less than other Prysmian plants. In Santo André they earned more, they had an end of the year bonus, and their profit sharing was larger than what we received. The idea of a network arose from thinking about ways to approach these issues. This was our first contact, we had never thought about a network before that.” (Adailton Dias dos Santos, Prysmian Network, interview, 2011)

As demonstrated in the previous quote, another way networks form stems from contact with other facilities within the same local that may already have networks. This is common in Brazil where, due to the municipal structure of local union organization, *sindicatos* represent workers from all the firms within a job category in a region. This cross-pollination and contact is facilitated in industrial areas such as those surrounding manufacturing hubs of São Paulo, Porto Alegre, and Belo Horizonte where all metalworking or chemical sector employers, many of which are often multinational employers, are represented by the same *sindicato*.

Unions may also become involved in transnational networking through encouragement from their sectoral confederations or national unions, who in turn have contact with GUFs.

“The idea was born, I don’t remember the exact date right now, but I think it was in the beginning of 2010, when there was a visit from some German trade unionists to us here in Sorocaba to see the plant. They were members of the ZF factory commission in Friedrichshafen, Germany and came with people from IGMetall. We had a meeting together, showed them the plant, and shared experiences from our respective plants. At that time they really wanted to know about how the unions at the six ZF plants here in Brazil got along. During the time they were here they pushed us about the need for the unions in Brazil to begin talking and to have meetings between the plant committees because at that time we didn’t have any connection with the other

plants or units. It was then that the national network came about and has been able to continue, along with the help of Friedrich Ebert Stiftung, meeting regularly and sharing bargaining strategies with each other. Since that meeting, we've maintained a strong relationship between ourselves and the Germans. (João Evangelista de Oliveira, ZF network, interview, 2011)

b. *National Sectoral Confederations (Confederações)*

In Brazil, sectoral industry confederations such the National Confederation of Metalworkers (CNM) and the National Confederation of Chemicalworkers (CNQ) do extensive work coordinating and channeling network activity. In conjunction with the CUTMulti, Brazilian sectoral confederations typically take the lead in proposing, targeting, and maintaining company networks to the CUTMulti, and subsequently work closely to identify important locals, provide resources, and contact transnational unions organizations such as GUFs.

This occurs for a number of reasons. First, due to the fragmented organization of unions in the Brazilian industrial relations system, confederations, especially in the CUT model, play a historically central role in attempting to coordinate bargaining along sectoral lines. The goal of transnational union networks is complementary to this goal:

“Networks are a tool for organizing at the workplace and, from our perspective at the CNM, should be an instrument for organizing all the way to the global level. Beyond this, within Brazil, due to their structure, networks can be an organizational tool that helps us broaden the limits imposed by the legal union structure. So for example, one of the traditional demands, not just here at the metalworkers, but across the CUT, has been for national collective bargaining contracts...which is one the primary goals that we seek to achieve with our networks (Flávia Silva. Networks Coordinator, National Metalworkers Confederation, interview, 2011)

Confederations have the best knowledge of existing territorial organization and density, the economic conditions across an industry (especially the regional disparities in wages and working conditions), understanding which *sindicatos* are most active and organized, and have the potential capacity for networking, and ultimately are the only national and sectoral

organizational structure unions have to coordinate activity nationally. Local *sindicatos* rarely have enough resources or knowledge of how to effectively communicate and coordinate across the large expanses of Brazil, much less transnationally. Sectoral confederations also potentially provide more long-term commitment and a strategic outlook to bargaining activity in the sector allowing them to balance the interests of multiple unions who may be divided by employers or induced into taking individual deals rather than bargaining together.

Finally, the role of national confederations is reinforced by the international structure of transnational labor organizations. National sectoral organizations are often directly affiliated to Global Union Federations which are similarly organized by industrial sector. This parallel structure allows confederations to play a similar role of coordinating activity on the national level while sharing many of the same roles as GUFs do on the international level.

c. International Union Actors

i. Global Union Federations

GUFs are organized by industrial sector and have a history of coordinating union activity transnationally by sector. Beginning in the late 1960s GUFs, then known as International Trade Secretariats (ITS), such as the ICEM⁴⁵ (then known as the ICEF) and IMF began focusing on connecting unions transnationally for coordinated activity and information sharing. These early transnational networks were called World Company Councils (WCCs) and their legacy has

⁴⁵ The ICEM was known as the International Federation of Chemical and General Workers' Unions, (ICF), 1964-1976 and then as International Federation of Chemical, Energy, and General Workers' Union, (ICEF), from 1976-1995 when it became the International Federation of Chemical, Energy, Mine and General Workers' Unions, (ICEM). In 2012 the ICEM, IMF and the International Textile, Garment, and Leather Workers' Federation (ITGLWF) merged to form IndustriALL Global Union. For the purposes of the time scope of this dissertation, which was researched before the merger of these unions, the respective pre-merger names of the unions are used.

persisted in certain GUFs notably the ICEM, IMF, IUF and ITF (see Levinson 1972 and Rüb 2002 for more information on the World Company Councils movement). The sectors most represented by networks in Brazil are metalworking, chemicals, food, and banking. The CUT and its sectoral affiliates have maintained close relationships with Global Union Federations with Brazilian members serving in leadership positions in increasing frequency.

GUFs have a number of important roles in transnational networking. First, their global reach allows unions in one country or region to connect with unions in other areas of the globe. This is acutely important for networks at multinational companies due to the uneven distribution in resources and knowhow regarding global communication techniques. Unions in smaller countries, or even in larger labor movements such as Brazil, rarely have the resources or knowhow to connect with unions in other countries. Second, GUFs provide industry and corporate research, established relationships, financial resources for travel and meetings, full-time globally-mobile staff, and they offer intangible resources such as translation and technical knowhow for digital and online communication. Finally, GUFs are key to global networking because nearly all International Framework Agreements (IFAs) are signed and monitored by GUFs. GUFs' global reach allows them to monitor the norms laid out in the IFAs in way that local or even national unions cannot.

However, GUFs have also been criticized by some (Jakobsen 2001) for having an overwhelmingly Eurocentric leadership which critics in turn claim makes GUFs more conservative, less focused on the specific needs of unions in developing countries where labor

law and union structure are less developed, and ultimately unwilling to aggressively confront multinationals through global campaigns that may attack the company's image.

ii. Strategic Alliances, Union-Union Support, and Labor NGOs

From one perspective transnational union networks are simply a set of relationships between local unions mediated by their national unions with a series of other supporting actors. Transnational union-to-union relationships take many forms and names but can be known as “strategic alliances” or “partnerships” and are created between unions with shared ideologies.

In the Brazilian case the contributions of the Dutch FNV and the German DGB have been critical to the development of transnational union networking. The history of these relationships with the CUTMulti has been covered earlier in this chapter, but their role has been critical to the development of a networks project in Brazil, both due to the funding and resources they have provided, and for a second less apparent reason, related to union network structure in general. Both of these federations, as well as the North American USW, play critical roles in transnational networking in the contemporary economy due to their status as home country unions for some of the largest multinational firms.

“We always say that for international networks to function well the unions in the firm's country of origin need to be strong and active in maintaining the network because it is there in the headquarters that you gain access, it's they who speak the language of the firm, and there that you are going to open the first spaces for negotiations. But what is happening at the same time is that the places where companies are violating laws and exploiting workers aren't in their own countries but with workers far away. (Flávia Silva. Networks Coordinator, National Metalworkers Confederation, interview, 2011)

The effects of this role will be seen both in the following section which shows that the majority of all networks, and nearly all consolidated networks, come from countries with active

home country unions. As will be seen in the following chapter, the reverse situation of Brazilian unions acting as the home country gatekeepers for transnational networking, is becoming more common due the expansion of Brazilian capital around the world.

It is also not surprising then that the three most active unions in Brazilian networking, the Dutch FNV, the German DGB (IGMetall especially), and the North American USW also have full time (and long-term) staff working in Brazil.

“My role as a coordinator is also the role of an instigator. We have to pay attention so that the word ‘international’ isn’t just a word but becomes a reality. The coordinator has a perspective which needs to stay independent. Independent from the views of the different unions, or that is, if you come from one of the unions, you shouldn’t forget from where you came, but I as the coordinator can’t impose on the network what IGMetall, or the CUT metalworkers or the Força Sindical metalworkers want. My role is to tell my colleagues from the unions that we’re here together, each with their own union flag, but all working for the same goal for workers across the network...And so the role of coordinator is essential for a network. If the coordinator is bad, the network isn’t going to function well. (Manoel Campos, IGMetall Latin America Representative, interview, 2011)

Other labor NGOs such as the German Friedrich Ebert Stiftung, the AFL-CIO’s Solidarity Center, and the Canadian USW’s Steelworker Humanity Fund provide another resource for networking and connections with unions in these countries.

The Solidarity Center is basically a NGO created by the AFL-CIO as a merger of some previous institutes that were regionally defined...but with the changing roles of unions and with increasing globalization it became clear that we needed to have different structure to have much more focused programs on organizing and bargaining and on trade union democracy...Here in Brazil we have a lot of programs that because of a lot of multinational corporations here, and Brazilian multinational corporations here, but also US or European or Asian, there’s a lot of interest in doing work related to multinational corporations and the Brazilian have built a lot of capacity, especially in the CUT, so we do a lot work with the CUT and CUT member unions, but also with Força Sindical and some other unions around trying to at least get unions who represent workers at these multinationals talking to each other, meeting when they can, exchanging information, and hopefully preparing some sort of common proposals in bargaining and some tactics, but at the very minimum a little bit of communication between the unions. (Brian Finnegan: Solidarity Center Representative, Brazil Office, interview, 2011)

4. Current Network Results

To help understand the scope of the networks project in Brazil, it is useful to examine the existing universe of networks in Brazil. The following chart presents all instances of union networks under the purview of the CUT, its member sectoral confederations, and the CUTMulti operating as of 2011 when data was last collected. This data was compiled primarily from internal CUT documents charting the stages of development of its networks. Further information was gathered from interviews and secondary internet searches were used to triangulate. Below the chart is an analysis of the results of this data as well as a consideration of the limitations of this data⁴⁶.

⁴⁶ In the column labeled “Recognition” the following acronyms are used: “IFA” for International Framework Agreement; “ISD” for International Social Dialogue; “CC” for Company Council; and “H&S” for Health and Safety agreement.

Exhibit 6: CUT-Sponsored Union Networks in Operation as of 2011

Company	Country of Origin	Sectoral Condeferation	Sustained Meetings & Structure	Int'l Network	Research	Newsletters	Solidarity Campaigns	Worker Exchange	Recognition
Arcelor	Belgium	CNM	*	*		*	*	*	Y (IFA)
Autometal	Spain	CNM	*		*	*			
Ford	USA	CNM	*	*		*			
Gerdau	Brazil	CNM	*	*	*	*	*	*	
Grupo Brasil	Brazil	CNM	*						
LG	Korea	CNM			*				
Mercedes	Germany	CNM	*	*	*	*	*	*	Y (ISD)
Prysmian	Italy	CNM	*	*				*	
Rolls Royce	UK	CNM		*					Y (CC)
Schaeffler	Germany	CNM	*	*	*	*		*	
SKF	Sweden	CNM	*	*					Y (IFA)
Tenaris	Italy	CNM	*	*		*	*	*	
Thyssen Krupp	Germany	CNM	*	*	*	*		*	Y (H&S)
VW	Germany	CNM	*	*	*	*	*	*	Y (IFA)
WEG	Germany	CNM	*		*	*			
ZF	Germany	CNM	*	*	*	*	*	*	
Akzo Nobel	NL	CNQ	*			*	*	*	Y (ISD)
BASF	Germany	CNQ	*	*	*	*	*	*	Y (ISD)
Bayer	Germany	CNQ	*	*	*	*		*	Y (ISD)
Braskem	Brazil	CNQ				*			
Colgate-Palmolive	USA	CNQ	*		*				
Dow	USA	CNQ	*	*	*			*	
Dupont	USA	CNQ	*	*	*	*	*	*	
International Paper	USA	CNQ		*	*				
Kimberly Clark	USA	CNQ		*	*				
Lanxess	Germany	CNQ	*						
L'Oreal	France	CNQ	*						
MeadWestvaco	USA	CNQ			*	*			
Novartis	Switz.	CNQ	*	*	*				
Saint-Gobain	France	CNQ	*						
Sanofi-Aventis	France	CNQ							
Solvay	Belgium	CNQ	*	*	*	*			
Unilever	NL/UK	CNQ		*	*				
Accor	France	CONTRACS	*			*			Y (IFA)
C&A	NL	CONTRACS	*		*	*	*		
Carrefour	France	CONTRACS		*	*	*			Y (IFA)
SHV Gas	NL	CONTRACS	*	*	*				
Sodexo	France	CONTRACS		*	*		*	*	Y (IFA)
Wal Mart	USA	CONTRACS	*		*	*			
Banco Brasil	Brazil	CONTRAF	*	*		*			Y (IFA)
HSBC	UK	CONTRAF	*	*	*	*	*		Y (ISD)
Itaú	Brazil	CONTRAF	*	*	*	*	*		Y (ISD)
Santander	Spain	CONTRAF	*	*	*	*	*	*	Y (IFA)
Ambev	Brazil	CONTAC		*	*				
Parmalat	Italy	CONTAC		*	*				
Vale	Brazil	CNTSM	*	*	*				

Analysis and Methodological Limitations

We can draw a number of conclusions from this data, though it is important to recognize the shortcomings of this data as well. First, the majority of this data was initially compiled by the

CUTMulti for its internal record keeping an assessment. The rigor and consistency of the categories it uses are questionable from a social science perspective. From the author's experience the categories the CUTMulti uses to describe activities of each network is somewhat inconsistent. From document to document over the time the period data was collected (2007-2011), record keeping was scattershot, different formats were used and when they were similar, lacked internal rigor.

The CUTMulti did not publish annual reports which making it difficult to track the development of networks over time through this type of format. Publications from the CUMulti tended to highlight success stories and ignore the difficulties many networks faced in their activities. Furthermore, by the CUTMulti's own admission, reporting on the development of some networks suffered due to strained relationships with some affiliates.

Uneven commitment from affiliates also affected data collection. Some affiliates such as the CNM metalworkers and CNQ chemical workers devoted more time and resources to the networks project and likewise kept better records and were very open and enthusiastic about sharing the research they had collected. Other confederations such as the CONTRACS (service and commercial workers) were unresponsive to requests for interviews and others such as the FNU electrical workers were headquartered outside the São Paulo region and unable to participate in interviews and data collection. Greater access and participation from all confederations would have improved the rigor of the findings of this section.

Finally, the above chart only shows networks that are confirmed to still be in existence as of 2011. What the chart does not show are networks that were in the planning stages but never existed developed or existed briefly or how long these networks may have been in existence, or abandoned networks. Data collected by the author shows at least fifty other networks that were either planned or “new” but never materialized into consistent projects, or networks that were abandoned after some amount of time in operation. Little is known about the exact reasons these networks were abandoned though a combination of lack of resources, internal difficulties, and excessive optimism about the feasibility of launching new networks are likely to have been contributing factors.

What does this data reveal?

The above data, however, does tell us some valuable insights into the state of the networks project at the time of writing. First, in regards to industrial sector, the project is focused in metalworking and chemicals sectors, and to a lesser extent hotels, banking, and food processing. This is likely due to the structure of the metals and chemicals sectors being more amenable to transnational union cooperation. This structural inducement has historically been an aid to transnational organizing in these sectors further reinforcing institutional commitment among GUFs in these sectors to transnational networks.

The low number of networks organized in other sectors is possibly a combination of structural factors of decentralized and dispersed worksites in hotels and service employers leading to difficulties in coordinating worksite organizing and coordination. Likewise this structural factor can be combined with geographical unevenness among CUT-affiliated

confederations. This is most pronounced in the hotel and service sector where CUT-affiliated unions do not represent the geographical territories in the major metropolitan areas of São Paulo and Rio de Janeiro where foreign employers are historically concentrated. This greatly reduces the bargaining power of the CUT and reduces the long-term effectiveness of any union networks that do operate in these sectors.

Second, this data gives a good picture of networks' home country. This shows that Germany has the highest number of networks with ten, followed by the US with nine, Brazil with seven, France with six and the Netherlands and Spain with four each. The majority of US-headquartered companies would all fall under the industries represented by the USW, reflecting the deep ties between the CUT and USW. The same can be said of German firms where ties between the CUT and IGMetall and IG Chemie are historically strong in the auto, metalworking, and chemicals sectors. The relatively high number of French firms, six, would seem to represent a deep relationship between the French CGT and the CUT, but this was not corroborated by the author's field work. One of the three French firms in the chemicals sector, Saint Gobain, was initiated by the USW, rather than by French unions, and the three networks in the service and hotels sector are driven primarily by the industry GUF, the IUF.

The number of Brazilian firms represented has been an important step for the CUT, though the record of success at these networks has been mixed. A combination of management intransigence, industry fragmentation, and union competition have limited the development of networks at Gerdau, Votorantim, and Vale, respectively, while high bargaining power and

existing national bargaining in the banking sector (the only industry where national bargaining occurs in Brazil) has helped networks develop regionally at Banco Brasil and Itaú.

What does this data not reveal?

Taken together this chart gives us reasonable surface, though far from complete, picture of what sectors union networks are concentrated in, how active these networks have been, and whether transnational activity has occurred. However, the data, more often than not, leaves us with more questions than answers.

What this data doesn't identify is when network activity happened, the frequency or duration of network activity (whether there was one or multiple meetings, for example), nor does it tell us when this activity happened. Furthermore, the data above gives very little detail or nuance as to the outcomes and effects of this activity. For example from the first row on the chart we know that the Arcelor Mittal union network engaged in some type of international solidarity campaign but we don't know when it occurred, how long it lasted, who participated in the campaign, what the issues were, or what the results of the campaign were.

In order to understand outcomes such as these, qualitative research is needed to fill in the outlines the data does give us. This qualitative data could be gleaned from documents, interviews with network participants and administrators, and observation of network activity such as meetings and workers exchanges. Examples of this type of in-depth analysis will occur in the following chapter through a series of four case studies of network development.

5. Conclusions

This chapter examines the history, components, and technical details of the Brazilian networks project. Understanding how unions have designed institutions that foster union networks helps provide a more comprehensive understanding how networks develop or fail to develop. The CUT has taken the first step of systematizing its own process but data also leaves unanswered questions.

The chapter begins with an overview of the structure of union networks. It shows that while networks do not have one single structural form, they are instead composed of multiple levels of actors ranging from local unions, national confederations, global union federations, and labor NGOs. The second portion of the chapter provides an analysis of how networks are structured in Brazil. This begins with a history of the two primary networking organizations in Brazil, the Social Observatory Institute and the CUTMulti project. Finally, the third section of the chapter presents an overview of the networks currently operating in Brazil. While more than fifty networks are currently in existence, their levels of development vary widely. Unfortunately data collection for this section is also plagued by methodological shortcomings. The methodological shortcomings of the analysis of union networks in the chapter will be addressed through extended case studies of networks at four companies, Rolls Royce, Unilever, Gerdau, and BASF. By examining these cases in depth, a more comprehensive picture of network activity, structure, and outcomes will be able to emerge.

Chapter Seven: Four Outcomes of Transnational Union Network

Development

Introduction

In this chapter I examine four transnational union networks. I analyze four qualitative case studies as a means to understand what factors affect the development of union networks. In chapter three I proposed a typology of network development. To recap, this framework posited that transnational union networks could be categorized according to the presence or absence of two factors: internal cohesion and external recognition. The combination of these two factors affects network development, structure, and outcomes. Internal cohesion is measured by four variables: density of the network, frequency of activity, scope of activity, and effectiveness of activity. High internal cohesion is demonstrated by the presence of activities including regular meetings, solidarity campaigns, and global research. Low internal cohesion is demonstrated by their absence. External recognition is demonstrated by the presence of some form of voluntary acceptance of the network by the company as a representative body.

The interaction of these two independent categories produces four distinct types of union networks: GUF, union side, consultative, consolidated. These four types of networks are explored in depth through cases studies below. These cases are the basis for the conclusions presented in the final chapter of this dissertation.

1. GUF Networking: Unilever

The Unilever network is an example of a GUF network. This type of network is a combination of weak internal cohesion with a lack of external recognition, and is characterized

by low bargaining power for constituent unions and a structure that is led by a Global Union Federation.

Introduction

The union network at Unilever represents an important case for understanding the Brazilian networking project for a number of reasons. In the context of the CUTMulti program and the IOS, Unilever was the first and the largest company network to be initiated. It combined extensive research and allocation of resources by the CUT, the Social Observatory Institute, the FNV, and a host of other groups across Latin America and Western Europe. Second, it is an important case because of its political consequences. Attempts to develop the network focused not just on union coordination in Brazil, but on Unilever facilities across South America as well as workers in the Netherlands. It remains one of the more notable examples of networking amongst CUT unionists due to its status both as a test case for subsequent CUT networking. Finally, Unilever is an important case because it is widely considered as a failed project by those in the CUTMulti. At the time of writing this dissertation, the network had ceased to function independently. On a global scale a transnational network at Unilever remains a strategic target for the International Union of Foodworkers (IUF), the GUF in the food sector, however attempts at consolidating this work both in Brazil and globally have largely stalled. A consideration of these factors and their implications for networking as a whole will be discussed further at length below.

A. Company History and Labor Relations at Unilever

Unilever is a publically traded Dutch and British-based multinational specializing in food and beverage, personal care, and home cleaning products. The company was founded in 1929 through the merger of Margarine Unie, a Dutch margarine producer and Lever Brothers, a UK-based soap manufacturer. The merger of these two companies produced one of the largest and earliest multinational firms in the consumer goods industry. By the 1930s it had built or purchased factories in Japan, Argentina, Brazil, Thailand, Indonesia, and India. In 1930, Unilever merged with the United Africa Company, a trading conglomerate, providing access to the raw materials such as vegetable and marine oils Unilever needed to produce its goods (Unilever 2013⁴⁷).

Unilever's worldwide growth continued as the post-WWII market for consumer and household goods expanded. Focusing on Western European markets, the company expanded into frozen foods, food processing, and beverages. Outside of Europe, Unilever continued to expand into burgeoning consumer markets in Latin American and Asia through its soaps, detergents, and cleaning supplies. By the 1980s the company made a decision to diversify its operations in the developing world in order to reduce its dependence on Western European markets. This process entailed the shuttering of facilities in Europe, and the consolidation of remaining product lines and facilities. This shift resulted in the sale of around seventy subsidiaries and provoked protests by Unilever workers in Europe (Elshof 2005).

At the same time it was consolidating production in Western Europe, Unilever aggressively sought to expand its productive capabilities in developing countries such as China, India, Eastern Europe, and Latin America. In Latin America expansion occurred primarily

⁴⁷ <http://www.unilever.com/aboutus/ourhistory/>

through the acquisition of existing companies and their facilities in key markets including in Argentina, Chile, Colombia, and Brazil (Instituto Observatório Social 2004).

Unilever in Brazil

Unilever's Brazilian operations mirror its global trajectory. Unilever's operations in Brazil began in 1929 when it opened its first factory producing soap in Vila Anastácio in the state of São Paulo. By the 1960s the company, incorporated as Indústrias Gessy Lever, became a market leader selling detergents and household cleaners under such brands Lux and Omo. In 1970, the company entered the processed foods market with a line of margarines. Mirroring its strategy of growth through acquisition of national brands and operations in the 1990s, Unilever in Brazil acquired Cia in 1993, Kibon in 1997, and Bestfoods in 2000 (Instituto Observatório Social 2004a). These acquisitions were coupled with workplace restructuring and layoffs, which in part led to the development of a networked strategy among Brazilian unions at Unilever.

Global Restructuring

During the 1990s Unilever focused its efforts on consolidation, workplace restructuring, and growth in developing countries (Elshof 2005). The consequences for the Unilever workforce were threefold. First, the company increased its use of precarious labor through the use of subcontractors for non-core activity as well more temporary workers. Second, the company implemented new management techniques such as Total Quality Management (TQM) for its production facilities and Total Productive Maintenance (TPM) for its suppliers. These techniques combined increased automation and reduced its workforce, requiring higher levels of training, cross-skilling, and teamwork in the remaining workforce in order to increase labor productivity.

Unilever's facility in Valinhos, its largest in Brazil, was one of the first facilities where these methods were introduced (IOS 2005a). Third, the combination of these two strategies produced an overall reduction in the workforce. The result was a decline in the overall global workforce from 308,000 in 1995 to 255,000 in 2000 (Elshof 2005: 17). The bulk of these layoffs were aimed at reducing the company's workforce in Europe⁴⁸, but workers across the company were affected by these policies. According to IOS research, layoffs in Brazil reduced the workforce by 10% (IOS 2005: 13).

Labor Relations at Unilever

Unilever's company policy has been to make labor relations decisions at the lowest level legally required. Negotiations are conducted at the plant level in countries such as Brazil, with national management or through sectoral employer associations when agreements stipulate or when legally mandated, for example in Argentina. In instances where transnational union structures have been mandated by law, such as in Europe, the company meets with European regional management, however, not with company management in Rotterdam or London, and only with the minimum required employee representatives mandated by the EWC guidelines (Elshof 2005:19). A 2005 report done on behalf of the Dutch FNV notes, "Corporate policy tends to rely primarily on direct forms of communication with employees...only in cases where strong relevant unions exist does company management feel compelled to communicate with union-based structures...For Unilever, its refusal to negotiate with unions beyond the national level remains an issue of principle" (Elshof 2005: 19).

⁴⁸ According to one report "Ten to fifteen years ago, the average European Unilever factory employed between 600-1000 (workers); restructuring has reduced these figures to approximately 200 employees" (Elshof 2005:17-18)

Figure 6: Unilever Workforce in Brazil: 2011

UNIT	DIVISION	WORKFORCE	UNIONIZATION RATE	UNION CENTRAL
Goiânia (GO)	Food	2,702	N/A	Força Sindical
Pato de Minas (MG)	Food	292	N/A	Força Sindical
Pouso Alegre (MG)	Food	821	N/A	Força Sindical
Mogi Guaçu (SP)	Food	53	67.9%	CUT
Valinhos (SP)	Food	385	N/A	Força Sindical
Garanhuns (PE)	Food	134	42.5%	CUT
Igarassú (PE)	Health and Cleaning	156	47.4%	CUT
Ipojuca (PE)	Health and Cleaning	310	6%	CGT
Valinhos (SP)	Health and Cleaning	542	N/A	Independent
Indaiatuba (SP)	Health and Cleaning	560	N/A	Independent
Vinhedo (SP)	Health and Cleaning	525	68.1%	CUT
São Paulo (SP)	Kibon (Ice cream)	573	12.2%	Força Sindical
Recife (PE)	Kibon (Ice cream)	478	N/A	CGT

Source: Social Observatory Institute, Company Monitor Report II: Unilever (2005)

A number of observations about this data are important to understanding the trajectory of the Unilever network. First, union affiliation is highly fragmented. Of the thirteen facilities, no union central has an absolute majority of representation. Força Sindical represented five of the plants, CUT four, the CGT two, and independent unions two. Second, by total number of workers Força Sindical represented 4,773 of 7,531 total workers (bolstered in large part by their representation of the food processing plant in Goiânia). And third, facilities are spread among three distinct geographic regions and four states: southeast (São Paulo and Minas Gerais); center-west (Goiás); and the northeast (Pernambuco)⁴⁹.

⁴⁹ The southeast of Brazil has been the historic stronghold of unions while the center-west and the northeast have served as greenfield sites offering employers low unionization rates, low wages, and weaker shop floor organization (Santana 2008).

An illustration of how union fragmentation is reinforced under the Brazilian labor law system can be seen with the two facilities in Valinhos. The first plant produces margarine and cake frosting, and is represented by the Food Industry Workers of Campinas (SITAC) affiliated with the Força Sindical union central. The second plant produces shampoos, conditioners, and deodorants, and is represented by Union of Cleaning Industry workers, an independent union. These unions represent workers in the same company and same city, but in different divisions, and therefore under Brazilian labor law are categorized as separate legal and bargaining categories. They are different legal entities, bargain separately, have different jurisdictions, and moreover have little institutional incentive to share information, coordinate bargaining, or merge activities despite geographical proximity and shared corporate ownership.

Labor Transnationalism and Network Foundation

Early Transnationalism (1970s-1990s)

The first attempts at transnational coordination between Unilever unions began in the early 1970s when the International Union of Foodworkers (IUF) set out to establish world company councils at major global employers such as Nestle, Danone, and Unilever. In June 1973, the IUF and the International Chemical, Energy, and General Workers Unions (ICEF) had organized the first Unilever world council meeting in Geneva with affiliates from sixteen countries in attendance⁵⁰. Meetings organized by the IUF and ICEF were limited to Western European union affiliates and continued through the late 1970s on a bi-annual basis and focused on reports of Unilever activities in respective countries. Actual coordinated activities were rare

⁵⁰ The author reviewed many of these documents while at the Institute for Social Science in Amsterdam in August 2011. Photographs of these documents were saved on the author's hard drive.

and were limited to letters sent to company managers regarding striking or locked out workers⁵¹, newsletters, and occasional requests to Unilever management to meet with the world council. The latter requests were all rebuffed.

Northrup and Rowan also note that as early as 1976 non-European union affiliates had stopped participating in actual meetings (Northrup and Rowan 1979:379). By the end of the 1970s the ICEF had withdrawn from participation in the world council leaving the IUF to coordinate global activity. The council suffered from infighting between western, Soviet Bloc, and Christian-Democrat affiliated unions, and was ultimately unable to achieve its stated goals (Rüb 2002). Transnational meetings between unions, along with those at Nestle and Danone, waned as the decade closed.

In the mid-1980s, the IUF revived its strategy of attempting to coordinate activity among Unilever unions around a more campaign-based approach, one that continues to this day. This shift entailed a diminished focus on annual meetings with the goal of coordinating independent union activity. Instead the IUF's new strategy focused heavily on calls for solidarity with striking workers, human rights issues around the food chain (notably tea workers in India after the purchase of the Lipton brand in 1972), using the IUF's global reach to affect the company's brands, and communication to the public about Unilever labor rights abuses through an IUF-published newsletter.

Unilever European Works Council (EWC)

⁵¹ For instance, in response to the company's closure of a tomato paste facility in Parma, Italy (Northrup and Rowan 1979:375).

The EWC at Unilever was formed in 1995 soon after the EWC directive took effect. Lecher et al. (2001) note that the EWC developed early and rapidly due to the work done by the IUF on behalf of Unilever workers beginning in the 1980s (Lecher et al 2001:64). German trade unionists had pressed for meetings with other European unions with the goal of sharing information on company operations at Unilever eventually leading groups to begin meeting more regularly in the early 1990s while the Directive was still being debated. While the company refused to recognize any transnational union body until the EWC directive took effect in 1994, these European meetings set the groundwork for union-to-union activity through the structure of the EWC⁵². The EWC agreement was renegotiated and accepted in 2010.

Roots of Unilever Networking in Brazil (1997-2001)

Networking among Unilever workers in Brazil began in the early 2000s but its roots can be found in both the workplace restructuring initiated by Unilever and in the CUT's search for alternative strategies to overcome the challenges to its bargaining power. These factors, combined with opportunities to collaborate transnationally with the Dutch FNV, led to a networked strategy for Brazilian Unilever unions.

Workplace Restructuring, Challenges, and External Opportunities

A number of factors led to a turn to a networking strategy for Unilever unions in Brazil. First and foremost networking was a response to Unilever's policy of workplace restructuring in

⁵² It is also interesting to note that the company's policy of only negotiating with the legal minimum of union organization has carried over to the EWC as well. Lecher et al. (2001) note, "The high level of restructuring...has made this the central issue for joint meetings, together with corporate strategy that underlies it. The EWC is given general information which goes little beyond what is available in the company's annual report. Group management has notably refused to provide specific information on individual operations, and passes responsibility for this onto national managements" (Lecher et al 2001: 63).

Brazil in the 1990s. During this time the company made strong inroads into the Brazilian food processing sector through a series of acquisitions of previously national brands such as Cica (1993), Kibon (1997), and Bestfoods (2000). These acquisitions also entailed a policy of workplace restructuring including layoffs, plant closings, and an increased reliance on subcontracting (IOS 2006). Restructuring challenged unions' ability to contest these changes; shop floor organization in Unilever plants was often weak (weaker than in the leading sectors of the metalworking sector: auto, specifically) and company non-responsiveness to union protests and calls to bargain over the changes was commonplace.

Furthermore, Unilever's operational reach across the country gave it significant leverage to whipsaw unions and shift (or make threats to shift) work from higher-wage areas in the south of Brazil to lower wage areas in the center-west and northeast. A 2006 report by the Social Observatory Institute illustrated this disparity in regional wage levels. The base salary for Chemical Workers in Pernambuco (representing Unilever workers in the personal hygiene sector) in the northeast averaged R\$336 while the Chemical Workers in Vinhedo, near São Paulo averaged R\$562. A similar wage difference was found in the food sector. The Candy Industry Workers' Union representing workers at the Kibon ice cream plant in Pernambuco averaged R\$310.50 while Food Industry Workers' Union represented Kibon workers in São Paulo averaged R\$550 (IOS 2006:14). Not surprisingly one of the initial demands of the union network was to create a vehicle to coordinate bargaining in order to reduce the wage gap between workers in different regions.

At the same time the company was pressing forward with a policy of acquisitions and workplace restructuring, the CUT and the Dutch FNV were exploring new ways to work together transnationally. The Social Observatory Institute was beginning to develop its methodology for monitoring the activity of multinational companies. For its part, the FNV was beginning to research Dutch companies who were expanding overseas while laying off workers at home (Tjalling Postma FNV International Coordinator, interview, 2011). Unilever, a focus for Dutch unions for its anti-union practices at home, became a test case for a transnational project. The Social Observatory Institute released its first research report on Unilever's newly acquired Kibon ice cream operations in 1999. This research on Kibon led to more comprehensive work around Unilever's operations in Brazil (Interview, Kjeld Jakobsen 2011).

At the same time, international work that had been occurring through the IUF and the FNV led to external opportunities which the Brazilians could get involved in and for networking to become a concrete union strategy and not simply a research tool. In March 1999 the Brazilians were invited to an international meeting organized by the FNV. José Drummond explained the process:

Around that time in 1999...the FNV had called an international meeting of unions at Unilever with the intention of starting a global network...We at the CUT were invited but we went without an idea of what to do because we didn't have any organization nationally at Unilever...Even the representatives from the two CUT affiliated Unilever unions who came to the meeting didn't know each other! There they met workers from Korea, India, all over Europe and we outlined a plan to do something similar on Brazil over the next two years. After coming back to Brazil, a year passed into 2001 and we hadn't finished any of the tasks we were given at the Unilever meeting. The FNV called to follow up, 'Look, how is everything going?' After conversations with Kjeld (Jakobsen, then director of International Relations at the CUT) we made proposal and said "Look, we have this idea of organizing networks here in Brazil, we really need to do something at the multinationals which have operations here in Brazil. If we started with the Dutch companies, would you agree to help us prepare our unions, educate our members, and prepare them for being part of these international networks? They agreed, so we made this into a full project which was partly to deal with the problems we have here in Brazil, namely to map

out the multinationals here and bring unions into contact with each other, as well as to help unions (sindicatos) do more concrete international work together with the sectoral confederations (confederações). And so we started a pilot project that would last two years. After talking to the confederations we chose a group of Dutch companies...ten to start out with.” (Interview, José Drummond, Director of CUTMulti Program, 2011)

On the local level, the company’s policy of workplace restructuring continued. In early 1998, the company cancelled plans for the construction of a new mayonnaise plant that would have produced 100 new jobs. In April 1999, the company announced it would shut down its CICA plant in Jundaí. Attempts by the CUT Food Workers’ Union (CONTAC) to negotiate were thwarted and the shutdown continued (*Alimentação*, CONTAC Newsletter: 1999). CONTAC’s weak bargaining position with the company and the company’s insistence on bargaining with unions local by local left CONTAC looking for answers regarding how to stop or slow the process of restructuring. All of these factors led to a decision to form a formal union network in 2001.

“We didn’t know what a network was. Until then we thought, ‘OK, we have this large multinational which operates practically across all of Brazil. And so, it had many subsidiaries which we couldn’t understand or didn’t know about and also because the company negotiated union by union and kept the unions divided and weak this way.’ Soon after we sent a delegation of Brazilian Unilever workers to Holland and it was there that we made a realization. We got to Holland and there were workers from India, Holland, Germany, all over Europe. In many of the countries the unions had organization at the national level and we thought ‘this is what we need to be doing, unifying our fights; understanding that this is the same company.’ We hadn’t thought like this before in Brazil, we didn’t have this type of perspective. And so, we came back home to our union and started to map all this out. We organized conferences within CONTAC because no one knew what networking was or how to do it, I went around to talk about what happened in Holland, to try and better understand each collective bargaining agreement, and the level of organization we had at each Unilever local (sindicato). Around the same time the CUTMulti project was taking off and we were able to begin to participate in this broader project not just at Unilever, but networking at other multinationals.” (Marcos Tebom, Secretary, CUT Food Workers’ Union (CONTAC), interview, 2011)

Low Internal Cohesion

The most concerted attempts at building a network of Unilever unions in Brazil occurred between 2001 and 2007. During this time Unilever was the focus of research, attempts at coordinating union activity both domestically and transnationally, and attempts to reach out to Unilever management for sustained dialogue and recognition. However, by the end of the decade each of these strategies had largely failed. A combination of internal disagreements between unions, management opposition to networking, and daunting structural factors including continued workplace restructuring, an industrial relations structure unfavorable to coordinated bargaining by employer, and the company's size, led to the CUT's decision to reduce its efforts at Unilever and focus more on other networks where gains had been made.

Unilever Brazil Network: Comitê Nacional Unilever (2001-2007)

At the end of 2001, the CUT took the first steps to form a network of workers at Unilever. On December 14⁵³, 2001 members of the preliminary planning committee (*comitê provisorio*) met. This group consisted of the CUT, the CUTMulti, CONTAC (CUT Food Workers' Confederation), CNQ (CUT Chemical Workers' Confederation), FERASP (São Paulo Rural Workers' Union- a CUT affiliate), and the Social Observatory Institute. The group listed its short-term goals as mapping the company, creating a regular bulletin, and opening a space for dialogue with the company. The committee proposed a broad set of actors to participate in the meeting including CUT, non-CUT unions at Unilever facilities, rural workers who were part of

⁵³ The accounts described below are largely taken from meeting notes, memos, leaflets, and other internal documents recorded or distributed by participants in the Unilever network. These documents, cited where possible, were provided to the author for review by CONTAC and are housed at the union hall of the *Sindicato dos Alimentícios e Bebidas de Jundá e Região* in Jundá, São Paulo State.

Unilever's supply chain, and unionists from the Netherlands and India (both of whom had been part of the 1999 global meeting).

Notes from a planning meeting on March 28, 2002, leading up to the first formal network meeting, gave an indication of the difficulties that lie ahead for the network. Representatives from Força Sindical, the central representing the majority of Unilever workers, would not attend the upcoming meeting noting, "This was decided due to the fact that they (Força) felt it would be too complicated to participate with the CUT, owing to the fact that there was a distrust that any agreements would not be fulfilled" (*medo de que acordos nao sejam cumpridos*) (*Programação Reunião Comitê Provisório da Unilever, 2002*). Furthermore, CUT participants knew that the success of the network would depend upon members' ability to go beyond its CUT base. "Our activity would depend on the size of the network. A network with a majority would permit us to negotiate with the company while it would be impossible with only a minority of unions and the network's function would be to exchange information." (*Programação Reunião Comitê Provisório da Unilever, 2002*). This would turn out to be prescient and the second part overly optimistic even in its limited goals of being able to share information.

On April 17-19, 2002 rank and file workers and union leaders from CONTAC, CNQ, CUT and the FNV met in São Bernardo do Campo in São Paulo state for the first Unilever Brazil network meeting. The meeting included presentations from the FNV about the company's global operations and strategy, from the Social Observatory on its Brazilian operations, and for one of only two times, the participation of a Unilever Human Resources representative.

Collaboration between unions continued to gather momentum as the year progressed. In June 2002, CONTAC, CNQ, and CONTAG representatives discussed networking at Unilever at the 2nd Meeting of Research and Action in Santa Caterina where members of networks from other sectors and allies (including the Solidarity Center, the Norwegian LO, and labor research institutes) shared their experiences. In September, the newly formed network sent a formal letter to Unilever management announcing it had formally organized, asked for recognition, and sought to continue dialogue with the company. The progress of the network as well as updates on the company's new Total Productive Maintenance (TPM) plan were featured in local union newsletters.

2003 began with the 2nd Unilever Committee meeting in January. This progress concealed deep internal conflict within the network. Força Sindical, which represented the two largest unions and the majority of Unilever workers overall (the largest in Goiânia, the largest Unilever facility with over 2,500 workers and the second largest with 1,200), still had shown no interest in participating in the network. Furthermore, the largest CUT–represented union, the Hygiene and Cleaning Workers of São Paulo representing the Unilever plant in Vinhedo, was in the process of disaffiliating from the CUT and becoming an independent union⁵⁴. The union had initially agreed to take part in plant level research being conducted by the Social Observatory Institute, but backed out complicating plans for more comprehensive research reports on working conditions of Unilever workers.

⁵⁴ While this disaffiliation wasn't completed until the middle of 2005, internal leadership distanced itself from CUT leadership in an attempt to build its own status for going independent. The union is now known as the *Sindicato dos Trabalhadores nas Indústrias de Produtos de Limpeza no Estado de São Paulo (SITIPLESP)*

While the agenda of the January meeting attempted to address these issues, the participants concluded that the best strategy would be to suspend the committee in its current form and reorganize itself in the coming months, hopefully with the participation of Força and the other independent unions. “All were unanimous in considering the current weaknesses experienced by the committee. Aspects such as trust and reliability between members of the committee...are considered *sine que non* for it to function well. Communication between members has been found to be weak with many unions showing little interest in going forward.” (José Drummond, CUT Multi, untitled internal memo: 2003).

Further meetings among Brazilian unions in February and August 2004 sought to assess the network’s strengths and weaknesses, but internal evaluations were pessimistic citing poor communication between unions, a lack of trust in the current leadership, and a geographic concentration on the states of São Paulo and Minas Gerais to the exclusion of unions in other states. A newsletter, *Jornal da Rede Unilever Brasil*, was launched in March.

Work on other fronts was more fruitful. In June 2004, a meeting sponsored by the FNV and the European Social Observatory brought workers from Unilever and other Dutch companies including Ahold, Akzo Nobel, and Philips from Brazil, Mexico, the Czech Republic, South Africa, and South Korea to exchange their experiences in networking. The Unilever worker contingent went to company headquarters in Rotterdam to deliver IOS research reports into local anti-union practices. The company allowed the workers to ask questions of management where management stated it was not opposed to a union network in principle, but that it was the

decision of Brazilian management to proceed with further dialogue or not. Dutch managers did, however, promise to encourage Brazilian management to engage with the network.

Soon after, Brazilian Unilever management gave indications that international pressure would move Brazilian management when the company agreed to a meeting that would recognize the network within Brazil. After a short meeting and some photos, hopes were raised that this could prompt a strengthening of union cohesion (*Jornal da Rede Unilever Brasil*: N/D).

This hope, however, was fleeting as the company abruptly cut off all contact with the network. It never publically stated why it shifted its policy, but an interview between João Cândia Veiga, (then the Director of Research at the IOS and now a professor at University of São Paulo) and a company representative at the meeting disputed that the company ever officially recognized the network and pointed back to the internal struggles of the network.

“The company has never recognized the committee and, barring any change to labor legislation here, never will. In order for Unilever to recognize the network, recognition would have to entail at the minimum an acceptance that the committee is the representative of all the unions and that company has an obligation to address the proposals of the committee. In the current climate, I think this is impossible because of the way unions are affiliated where you have some that are affiliated to the CUT, who clearly participate in the committee, and others affiliated to other centrals who don’t accept the legitimacy of the committee. The company’s position is that accepting the legitimacy of the national committee would be against Brazilian norms and laws which state that unions (sindicatos) are not obligated to affiliate with any other labor organization.” (Unilever Company Representative, Interview conducted by João Cândia Veiga N.D.)

Other events conspired to give the Unilever network an opportunity to organize itself around common issues, notably the issue of workplace restructuring and layoffs. Starting in 2001, the company pursued a global policy of consolidation and outsourcing, a shift from full

time to temporary workers and the implementation of new work methods known as the Path to Growth (IOS 2005).

Brazilian workers were affected in a number of ways. While workers in Jundaí had already gone through a round of layoffs and partial shutdown in 1999, layoffs at the Vinhedo facility would be an opportunity for the network to show its ability to work together, act collectively, and pressure Unilever management to slow or stop the layoffs, or at the very least, extract better terms for laid off workers. None of this, however, happened. The Vinhedo layoffs instead demonstrated the deep-seated weakness of the Unilever network.

On October 6, 2003, the company announced the layoff of 150 full time workers from the Vinhedo cleaning plant (the work would be transferred to a plant in Pernambuco, in the northeast. There had been no contact with this plant by the network). Organizers of the network, mostly CUT and CUTMulti leaders, quickly organized a rally at the plant's front gates on October 9th. In November, the FNV sent representatives from the Netherlands to the Vinhedo plant in a show of solidarity. In an attempt to increase pressure on the company the network filed a charge with the OECD claiming the company had not posted notice or negotiated with the union before the layoffs. The company responded with a two-sentence letter denying any wrongdoing and refused to meet with the network to discuss the matter. Further attempts to move the issue through international bodies such as MERCOSUR Social Labor Commission produced few results (José Drummond, CUTMulti, untitled internal memo: 2003).

The Vinhedo issue dragged on through 2004 with the network unable to muster anything in the way of coordinated activity or unified response to the issue. No contact was made with the Pernambuco plant where the jobs were being relocated. Furthermore, the layoffs in Vinhedo were the tip of the iceberg for Unilever's restructuring plans. Between 2003-2005 Unilever would shut three plants in Vespasiano, Itatiba, and São Paulo. At its largest facility, a tomato processing facility in Goiânia, mechanization reduced the workforce to less than 3,000. The network had no public response to any of these events. Notes from the April 2004 meeting listed a similar litany of self-criticism: poor communication between members, no information exchange, ideological differences, and no legitimacy from the company.

This was during the phase when we really only had this union participating. There wasn't a network really. It didn't function like a working network anymore; it was difficult to bring folks together, you couldn't get anyone to travel, there were no regular meetings, no research, it was no longer a network of unions, just the union in Jabotão and the Vinhedo union. Just one or two unions at the most, so you can see why the company stopped participating." (João Cândida Veiga. University of São Paulo, interview, 2011)

By 2005, CUTMulti leaders admitted that the OECD complaint had been dismissed having generated no leverage on the company and, despite an initial agreement to temporarily stop the Vinhedo layoffs after a 24-hour strike, the company continued its plan to move work (José Drummond, CUTMutli, untitled letter, 2005).

In the second half of 2005 and through 2006, hopes for consolidation between Brazilian unions faded and the CUTMulti made a strategic shift to a regional and global approach. The hope was that a transnational approach could stimulate Brazilian unions to come together and simultaneously expand the scope of activity to a regional level (José Drummond, letter, 2005). In October 2005, Argentine unionists from the *Central de Trabajadores de la Argentina* (CTA) met

with Brazilian Unilever network members. In November, two Brazilian Unilever network members participated in a joint IUF/FNV-sponsored Unilever meeting in the Netherlands along with unionists from India, Pakistan, and South Africa (*Jornal da Rede Unilever*, 2006)

The strategy of shifting to a regional organizing approach also fared poorly. The hope was that unions in Argentina, where bargaining takes place at the national level by industry, could help move the company towards regional dialogue. No results came from this approach. Further complicating the situation were accusations from CUT leadership that regional IUF leadership was working against CUT efforts and actively pushing the FNV to quit its financial and resource support of the network⁵⁵.

In 2007 and into 2008, attempts at network meetings continued with diminishing returns. Unilever continued its policy of non-recognition, unions remained fragmented (and even more so as the largest plant, in Goiânia became the site of a tug of war for recognition between Força Sindical and the left wing Conlutas central), the CUT remained a minority central within the overall Unilever representation in Brazil (more so after its largest local in Vinhedo left and affiliated with an independent union), and unions outside the CUT-represented plants showed no interest in participating in the network. The last record of a Brazilian Unilever network meeting was July 2008 where the network was described as being in “a moment of reorganization...and confronting major challenges for its articulation.” (CNQ 2008: 28)⁵⁶. Notably, records from a

⁵⁵ These accusations were stated to me independently of each other by three former and current CUT interviewees.

⁵⁶ On a personal note, I did not encounter any Unilever workers or network representatives at any CUT/Multi or CNQ function I attended during my field work in 2010-2011.

joint IUF-ICEM Unilever meeting in Amsterdam in December 2008 indicate that no Brazilian Unilever workers were in attendance, only representatives of the Social Observatory Institute.

Current Unilever Networking

Unilever and Lessons for Union Networking

The Unilever network demonstrates a number of lessons for understanding how networks develop and what inhibits their development. First, the combination of union fragmentation, ideological differences, and personal rifts between leaders has been the most damaging factor creating weak internal cohesion and low bargaining power. Despite large amounts of resources devoted by the CUT, two of its sectoral confederations, the FNV, two Global Union Federations, and numerous research projects by the Social Observatory Institute, little headway was ultimately made to build a self-sustaining network. The CUT's inability to expand the network beyond its own union base severely limited the network's chances for development. While it is unclear whether this inability was due to fundamental lack of trust, messaging, lack of results, or personal leadership styles, the CUT's inability to build coalitions with other Unilever unions ultimately left it unable to create the bargaining power it would need to move the company to recognize the network or to much less engage in effective coordinated action.

Second, Unilever's size and geographical dispersion inhibited the Brazilian network from developing as well. Regional wage and unionization differentials allowed the company to whipsaw unions against each other and the company's policy of plant shut downs and layoffs created a real threat to workers worried about losing their jobs. While these threats of workplace restructuring were initially an incentive for unions to look for alternative strategies to fight back,

the company's strategy also served as a disincentive to others who sought to gain members (by having work moved to their location), or the fear of job loss became greater than the opportunities generated by a network.

Unilever unions' inability to coalesce reduced the network's overall credibility as it proved to be an ineffective vehicle for stopping company restructuring. This lack of credibility further reduced the network's bargaining power and created a circular logic where low bargaining power failed to produce bargaining results. This lack of results weakened the effectiveness of the network overall and reduced the incentive for other unions to participate in the network. The case of the network's inability to stop the transfer of jobs from the Vinhedo plant is illustrative of this circular logic.

"It was precisely this. Unions that were initially participating in the network started leaving. Unions, for example in Indaiatuba and Valinhos, began to leave; those who were left were just the CUT unions. The union representing the largest and most important food Unilever plant, the Arisco plant in Goiás, was no longer participating in any of the Social Observatory research and as a result our capacity to produce reliable research on the company went out the window...The company saw that there was no longer any unity or consensus and said 'If the network doesn't even have the support of its own unions, we're out' And so, from there the situation just deteriorated. (Marcos Tebom, CONTAC, interview 2011)

Third, the Unilever network's inability to develop internally was exacerbated by the legal limitations imposed by the Brazilian industrial relations system. Unions, especially the leaders of local *sindicatos*, saw little reason to work with other *sindicatos*. The Brazilian industrial relations system militates against, and was designed precisely to discourage, this type of union-to-union coordination. Brazilian *sindicatos* are organized to bargain with employer associations by job category at the municipal level. The idea of working with unions that have other affiliations, in municipalities far away, along the lines of a single corporation has proved to be a hard sell to

unions not ideologically inclined to cross-class alliances. Unilever's geographical dispersion and operations that span food processing, beverages, cleaning products, and chemicals further complicated attempts to coordinate work between sectoral confederations affiliated to different centrals. Furthermore, the lack of legislation for workplace representation severely hindered unions' abilities to act inside the plant and generate leverage from below.

Fourth, despite heavy backing from the Dutch FNV and a MNC based in a western European country, unions at Unilever have had little success in moving the company towards a position of dialogue. This also demonstrates the limitations that home country unions may have in regards to moving a company to resolve bargaining issues in other countries. Two factors can be separated here. First, home country unions' often have strong institutional relationships with company management, whether through an EWC or through high bargaining power embedded in the national-level industrial relations systems. These types of relationships (in Europe these are often of some form of works council) give home country unions access to company information, growth strategies, and allow these unions raise broader, company-wide issues that go beyond simple wage and benefit issues. The second factor is the unions' willingness to use this power on behalf of unions outside its own jurisdiction. Home country unions may fear jeopardizing their relationships with company management, or may be accustomed to less confrontational forms of bargaining. If home country unions are unwilling or unable to go beyond letter writing and soft asks of home country management then efforts to use this institutional leverage to help unions organizing in countries on the periphery, geographically and institutionally removed from the home country, are unlikely to succeed.

The central (the CUT) has faced an enormous difficulty in even talking with any kind of multinational, foreign or Brazilian... We even had a number of meetings here (in Brazil) where representatives from the Dutch embassy came to see if they could help mediate the situation with recognizing the network, but nothing came of it.” (Marcos Tebom, CONTAC, interview 2011)

The relationship between management in the home country and management in other countries is a complicated variable for unions seeking to build transnational networks. Multinationals are not monolithic entities and home country managers do not issue edicts to their managers in other countries. However, as will be seen in the BASF case, home country management can set a tone for a company regarding its labor relations policies in ways that incentivize greater respect for labor rights and extra-legal forms of worker organization across its operations. Unilever’s stated policy of refusing to negotiate with unions beyond the minimums of the countries in which it operates is voluntary, but absent a shift from this policy from international management, it is unlikely company managers in peripheral countries would be willing to change their position unless forced to do so by union pressure.

Finally Unilever’s resolute opposition to networking shows how problematic it can be for unions to find a working strategy that will move an employer to sustained dialogue. Absent any transnational legal tools to move a company (and inability or unwillingness by unions in the HQ country), there are few institutional levers to move a company that doesn’t want to engage with its unions. When this is combined with a fractured internal network of unions with low bargaining power, there is even less leverage to move a company to dialogue and recognition.

Future Prospects- GUF Network-Discussion

My framework of union networks states that a network with low internal cohesion and no external recognition will result in a “GUF Network” where GUFs will take the lead in coordinating activity. The Brazilian Unilever network is a good example of this for a number of reasons. First, attempts by the CUT to organize a national (and to some extent, regional) network were largely unsuccessful. The CUT, along with its allies, devoted large amounts of resources for nearly ten years to this project, yet after 2008, activity has all but come to a standstill. Weak solidarity between network members was caused by ideological differences, union fragmentation, and personal antagonisms between leaders of various unions. This weak internal cohesion inhibited the network from functioning efficiently (exchanging information, communicating, or carrying out concerted activity for each other’s issues/campaigns) and also prevented the network from expanding bargaining power on behalf of its members. The company’s steadfast refusal to recognize or dialogue with the network (both because the network had little leverage to move the company and partly because the company’s stated principle against recognizing a network) meant there was little external space from which to stimulate internal network growth (i.e. if the company promoted some form or forum for dialogue, this could have been a tool to incentivize other unions to participate in the network and thereby expand its internal base). The combination of these two factors produced a network that was weak internally and not accepted by the company.

What has sustained hope for future activity in Brazil and globally, has been the work of GUFs, specifically the IUF and the ICEM. Due to its size and its influence as an industry leader in two industries, Unilever holds a place of strategic importance to both GUFs and to the global labor movement in general. Moreover, because of its global reach and importance in the

countries in which it operates, Unilever operations are likely to be an organizing and bargaining focus for national level unions as well. GUFs remain at the nexus of this work to coordinate activity at the global level, and in the absence of a more solidified and truly global network will remain the primary actors in the process.

2. Union Side Networking: Gerdau

Introduction

The second type of union network examined here is the “union-side” model. This type of network combines high internal cohesion between unions with a lack of external recognition of the global network by the employer. This type of network will tend to result in dense union-to-union activity including information exchange, regular meetings, and some coordinated transnational activity. However, the lack of recognition by the employer will inhibit the ability of unions to distribute bargaining gains amongst unions globally. This combination of high internal cohesion and no external recognition also raises a number of interesting questions about union-side networks’ long-term effectiveness, role, and sustainability.

I. Company History and Labor Relations at Gerdau

Company History

Gerdau, S.A. is a publically-held Brazilian steel company. It is headquartered in Porto Alegre, Brazil. The company was founded in 1901 as the Grupo Pontas de Paris Nail Factory by João Gerdau, the son of German immigrants. The company began as a nail and furniture manufacturer trading public stock in Brazil in 1947 and expanded into steel production soon after in 1948. Gerdau was one of the first Latin American steel companies to specialize in minimill

operations, recycling scrap metal into rebar, wire and long steel. By the 1970s the company expanded from its operational base in the southeast of Brazil into São Paulo and Rio de Janeiro, and further into the northeastern states of Pernambuco, Ceará, and Bahia.

Gerdau's international operations began in 1980 with the acquisition of Laisa Steel in Uruguay⁵⁷. Subsequently the company expanded into North America acquiring Canadian firms Courtice and MRM Steel in Canada and further in the Southern Cone with Aza Steel in Chile and Sipar Aceros in Argentina, both in 1998. In 1999 Gerdau became the majority stockholder in the Tampa-based Ameristeel and by 2002 it operated eleven mills in North America operating as Gerdau Ameristeel. North American expansion continued with Co Steel (2002), North Star Steel (2004), Sheffield Steel (2006), Chapparral Steel (2007), MacSteel (2008), and Tamco (2009). Expansion was not limited to North America and the company grew rapidly through the 2000s acquiring operations in Colombia (2004), Peru (2006), Spain (2006), Mexico (2007), Venezuela (2007), Guatemala (2008), and India (2009). During this time Gerdau grew from the 56th largest steel producing company in 1995 with 3.3 million metric tons (WorldSteel Association Yearbook 1997⁵⁸) to the 10th largest in 2010 with 18.7 million metric tons (WorldSteel Association Yearbook 2011⁵⁹). It competes with Nucor for the rank of world's largest minimill steel producer.

Global Operations

Globally, Gerdau now operates 60 steel mills in 14 countries. Brazil and the US are the largest bases of operations, each with 15 steel mills. Gerdau's other operations include Argentina,

⁵⁷ The following dates are taken from the company timeline in the 2012 Gerdau Annual Report, pp. 30-35.

⁵⁸ <http://www.worldsteel.org/statistics/statistics-archive/yearbook-archive.html>

⁵⁹ <http://www.worldsteel.org/statistics/statistics-archive/yearbook-archive.html>

Chile, Uruguay, Peru, Venezuela, Colombia, Guatemala, the Dominican Republic, Mexico, Canada, India, and Spain.

Labor Relations at Gerdau

Gerdau states that its labor relations orientation is “guided by the pursuit of common interests and mutual gains. To this end, the negotiations are conducted in a transparent manner taking into account respect for labor demands and the sustainability of the Company in the long run” (Gerdau Annual Report 2012:35). The guiding principle for Gerdau’s labor relations policies seems to be a minimum acceptance of labor laws of the country in which the company is operating. In its Code of Ethics the company states that it “strives to comply with all laws, rules, and regulations that apply to our businesses” (Gerdau Code of Ethics p. 45), however it does not mention employee or labor relations or collective bargaining specifically. The company is not signatory to, nor does it mention the endorsement of any international agreements such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, or any of the ILO’s core labor standards.

In Brazil, the company bargains with unions on the local *sindicato* level as the law requires, but has not engaged in coordinated or higher-level bargaining with multi-union entities such as the CNM (Valmir Lodi, Gerdau Union Network Coordinator, interview, 2011). In the US, Gerdau and its predecessors have a much more contentious labor relations track record. In the 1970s and 1980s, the company was then known as Florida Steel and pursued a “traditional nonunion” strategy and opposed the USW’s attempts to organize the minimill industry. In 1980 a 5th Circuit Court Decision characterized the labor relations climate as “one reminiscent of the

feud between the Hatfields and McCoys” (Florida Steel Corp. 1980). Between 1973-1979 Florida Steel was ordered by the National Labor Relations Board (NLRB) to pay \$3.3 million in back pay to employees (Arthur 1987).

When it acquired its first US operations, North Star Steel in 2004, Gerdau Ameristeel’s US operations had been completely non-union. Gerdau allowed Ameristeel management to set its own labor relations strategy independent of Brazilian management. This subsequently led to industrial conflict as Gerdau’s new unionized facilities accustomed to a relationship based on collective bargaining met Ameristeel’s anti-union approach.

In the bargaining that led to the 2004 lockout of USW Local 8586 in Beaumont, Texas, USW officials claimed Ameristeel was attempting to set a pattern of concessions (especially by making work rules more flexible and reducing job classifications) for upcoming bargaining at the newly acquired unionized facilities. The subsequent USW global campaign targeted this contrast in Gerdau company policy by using a message of “Two Faces of Gerdau” (USW leaflet, 2006) This message highlighted Gerdau’s willingness to negotiate with its unions in Brazil, while it pursued an anti-union strategy in the US where labor law was weaker and company union density was lower. It called on the company to treat all of its workers globally according to a similar set of labor relations principles.

These examples paint a picture of Gerdau’s labor relations policy as a more decentralized one where local managers are left to determine labor relations strategy policy according to local customs, economic conditions, and national laws while the company headquarters is indisposed

to sign or endorse any uniform global agreement that would affect or override local managers' ability to formulate labor relations policy. The consequences of this for networking are discussed below.

II. Labor Transnationalism and Union Network Formation at Gerdau

A. Brazil Network 1989-1996

The origins of the Gerdau transnational network lie in the late 1980s. Beginning in the late 1980s Gerdau expanded its domestic operations from a regional metal fabrication and steel company to new industrial regions in Brazil, notably around São Paulo and northwards to Bahia and Pernambuco. Partly fueled by the wave of privatizations in the 1990s, Gerdau looked for new opportunities in up and downstream steel operations. CNM-affiliated unions had a strong base of representation in Gerdau's home region of Porto Alegre as well as in the recently acquired USIBA plant in Bahia. Much as they had in the auto sector in the industrially dense ABC region, the CNM sought to coordinate bargaining at common employers.

In 1989, the first meeting of Gerdau workers took place in Rio de Janeiro. According to newsletters, the meeting seems to have plagued by internal political difficulties that hindered immediate affiliation and coordinated action (*Boletim Unificado #1*, April 1995). In March 1995, the 2nd National Meeting of Gerdau Workers took place in Porto Alegre, the home of Gerdau. Holding the meeting closer to the company's headquarters allowed two things. First, more unions were able to participate (since Gerdau still had a high proportion of its operations in the region) and second, it made it easier to convince a company representative to participate in the meeting.

On the first point, at the meeting unions mapped company operations, discussed company strategy and policies, and compared collective bargaining contracts for wages and work rule language (this in turn was collected from a survey sent out by the CNM). Finally, unions debated options for local and unified strategies. Two goals were put forth. The first was a long-term goal of a national collective contract for all Gerdau workers in Brazil. The second goal was the establishment of a national committee of Gerdau unions to regularly meet, exchange information, and publish a periodic newsletter (*Boletim Unificado #1* April 1995)

On the second point, Gerdau Director of Human Resources, João Lima, did attend the meeting. In the words of Fernando Lopes, former Gerdau worker and then CNM-staff: “He clearly said they were not interested in any type of inter-plant organization, that the company respected Brazilian labor law, respected unions, but that there was no possibility of dialoging with any *comitês* and the company would continue negotiating plant by plant according to the law. They accepted unions because the law said they had to but they believed unions were a hindrance to production, too political, and workers were better off talking directly to the company.” (*Fernando Lopes, IMF Vice President, Interview, 2009*)

In spite of hopes for long-term dialogue having been rebuffed by management, organizing between Gerdau unions continued. “They came to the meeting to say they wouldn’t accept the committee, but in a certain way their coming to the meeting only justified us having had it because it meant at the very least there was recognition in their non-recognition; a type of

acknowledging that something was happening.” (*Fernando Lopes, IMF Vice President, Interview, 2009*).

B. Inter-American Gerdau Meetings (1997-2003)

At the same time the CNM was organizing worker meetings among Brazilian Gerdau unions, transnational links were also being created. In January 1997, a Brazilian delegation from the CNM visited the USW in Canada for a two-week tour. The Brazilians had come to discuss issues related to hemispheric integration around the Free Trade Agreement of the Americas (FTAA) including ways to coordinate a common policy to oppose approval of the agreement. The delegation was also interested in models of co-management and worker ownership in the steel industry. During the week’s activities unions discussed Gerdau’s recent acquisition of two Canadian operations, MRM and Courtice Steel.

Interest in deepening relationships between Gerdau workers led the Steelworker Humanity Fund (SHF) to take the lead in organizing a more in-depth meeting between the USW and CNM. The SHF sought ways to strengthen institutional relationships between unions as a counterbalance to the free market MNC-led integration proposed by the FTAA, NAFTA, and other transnational trade agreements (Brazil-Canada Metalworkers Exchange memo, 1997).

The First Inter-American meeting of Workers of the Gerdau Group took place on April 22-23, 1998 in Charqueadas, Brazil (Rio Grande do Sul state). Unions from Brazil, Chile, and the two recently acquired Canadian plants attended along with representatives from the SHF, the general secretary of the CNM, and an economist from the union research department, DIEESE.

Participants compared Gerdau operations including wages, policies on contracting out, TQM, work team management, and other shared bargaining issues. Workshops on the differences in labor relations and collective bargaining systems of the three countries also took place. While remuneration varied greatly between the countries, common issues emerged: rotating shifts and extended workdays, and work system/TQM regimes were found in all countries (1st Inter-American Meeting of Workers of the Gerdau Group 1999).

In July 28-August 1, 2003, the 2nd Inter-American Meeting of Workers From the Gerdau Group took place in Rio de Janeiro. This meeting expanded on the work of the first in a number of ways. First, as Gerdau had expanded to new countries, so had the size of the network. In addition to the original Canadian and Chilean unions, members from Argentina and Uruguay also attended the meeting. Furthermore, both CUT and Força Sindical, the two centrals representing the majority of Gerdau facilities participated. Representatives from the AFL-CIO's Solidarity Center, the International Metalworkers' Federation, and the Humanity Fund brought the number of participants to over forty, double the number from the 1998 meeting.

In addition to a quantitative expansion of participation, work between unions grew qualitatively. Moving from the initial meet and discussion of the 1998 meetings, participants were able to draw out a much more detailed set of goals and objectives for workers. One USW participant noted "It appears that the group is moving from initial stages of meet and discuss, to a more detailed set of goals and objectives" (Gittlin 2003:5). Personal relationships between leaders such as Fernando Lopes (CNM and IMF), Carolyn Kazdin (Solidarity Center and later the USW), Doug Niehouse (USW), and Judith Marshall (Steelworker Humanity Fund)

developed over time and created stronger institutional ties, particularly between the CNM and the USW. These relationships and the trust between Gerdau unions would become critical in the years ahead during the three-year cross-border campaign of North American Gerdau workers.

C. Gerdau Workers' World Council (GWWC) (2006-Present)

In 2006 cross-border activity at Gerdau took a further advance when unions from nine countries (US, Canada, Brazil, Argentina, Uruguay, Chile, Colombia, Peru, and Spain) held the Third International Meeting of Gerdau Workers in Porto Alegre, Brazil. At this meeting unions established the Gerdau Workers' World Council (GWWC). A number of factors differentiate this structure from previous attempts at networking across borders.

First, since 2003 transnational networking between Gerdau unions has expanded in size and geographical scope. This global growth was not lost on unions in Brazil where the company's growth made headlines and bolstered the public persona of the Gerdau family, both CEO Jorge and his son and CEO to be, Andre⁶⁰. Gerdau's operational growth in the US also attracted the attention of the USW because Gerdau already had three plants in Canada, and between 2004-2006 acquired the four North Star plants and three more USW-represented facilities with the 2006 purchase of Sheffield Steel. The company's anti-union stance made coordination amongst unions even more pressing as tough bargaining turned into a bitter lockout and global campaign. Gerdau also acquired unionized facilities in Colombia, Peru, and Spain during this period adding to the need for unions to expand global links.

⁶⁰ According to a 2006 article in the newspaper Folha de São Paulo on CEO Jorge Gerdau was seeking an appointment to Brazilian president Lula's cabinet as Minister of the Interior (Folha 10/31/2006).

Second, as mentioned above, the 2006 meeting and launch of the GWWC came in the middle of a cross-border campaign initiated by the USW. Though the USW-represented plants in the US were managed by Gerdau's North American subsidiary, Gerdau Ameristeel, strategic research had identified Gerdau's key decisionmaker as Jorge Gerdau in Brazil. Likewise, due to the company's aggressive growth strategy, not just in the US, but also through Latin America (and subsequently Europe), leveraging the company towards a settlement would require building a global coalition of unions.

The groundwork for this coalition had taken place over the previous ten years with the Brazilian network and the two Inter-American meetings, however, for the USW to execute a comprehensive global campaign, a more stable and effective transnational union structure would be needed. The GWWC is as much a product of this global campaign context as it is of the previous informal meetings.

Third, the GWWC marked an advance from previous meetings in the depth of participation, the formalization of organization, and commitment to future activity. For example, the previous two international meetings had come about as much through the work of the Steelworker Humanity Fund as from the USW unions themselves. Meetings had been intermittent (five years in between the first and second meetings), with no long-term projects, and consisted mostly of meet and greet and some basic information sharing. The GWWC, in contrast, committed to annual meetings with participants from each country, specific rules on leadership and participation, a permanent database of information of each country's operations,

recognition and funding from the IMF, and an online portal for network members to share information and communicate.

Finally, the GWWC marked an advance not just due to the expansion of its internal activity, but also for its external focus as well. The GWWC publically petitioned the company for formal recognition as the transnational representative body of Gerdau workers globally. Second, the network established the negotiation and signing of an International Framework Agreement (IFA) with global management as one of its ultimate goals (GWWC 2006). Company representatives were invited to the 2006 GWWC meeting, and all subsequent meetings, but refused to attend.

III. High Internal cohesion

The Gerdau network has exhibited high levels of internal cohesion. Most notable has been the networks' continuity and depth of organization, global solidarity, and the integration of national networks into the transnational network. This high organizational cohesion, however, has been limited by company's opposition and refusal to recognize the network.

A. Regular Meetings

Since the GWWC's formal foundation in 2006 the network has expanded both in size and depth of activity. Global meetings of the network have taken place annually and national meetings have also occurred. Global meetings have taken place in Brazil (2006), Brazil (2007), Texas (2008), Chile and Texas (2009), and Spain (2010).

One of the hallmarks of the Gerdau network has been not only the perseverance of global links between unions, but also the integration of regional networks to coordinate information and action. Originally formed in 1999, the North American Unity Council coordinates the activity of unionized Gerdau facilities (mostly USW, but one UAW plant) in the US and Canada. The Unity Council is a holdover from USW attempts to coordinate bargaining between the four Cargill/North Star mills that were acquired by Gerdau in 2004. After Gerdau Ameristeel's purchase of the North Star facilities the council expanded to include the existing Canadian mills and subsequent acquisitions of Sheffield Steel and other unionized operations in North America throughout the 2000s. The Unity Council has published a regular newsletter, helped coordinate activity during the 2005-2007 lockout and a 2010 strike by Canadian USW workers, and more generally served as a body for unions to generate common bargaining strategy and share information.

The National Committee of Gerdau Workers (*Comitê Nacional dos Trabalhadores de Gerdau*) in Brazil serves a similar role as the Unity Council in North America. The CNTG is a mixture of CUT and Força Sindical unions. The primary goal of the CNTG has been to coordinate bargaining strategy amongst Brazilian Gerdau unions. The CNTG has also prioritized the strengthening of in-plant bargaining structures such as health and safety commissions (CIPA), and profit sharing committees (PLR) (*Marretinha Neles* 2008). However, the network's long-term strategy of a national collective bargaining agreement covering all Brazilian Gerdau operations⁶¹ has been hindered by Gerdau's refusal to recognize or dialogue with the CNTG. In addition to regular meetings attended by Força Sindical, Solidarity Center, CUTMulti, CNM,

⁶¹ In the 1990s the CUT and Força Sindical, the two largest centrals representing workers in the metalworking sector moved to work together towards national collective bargaining at the largest steel companies: CSN, Usiminas, Arcelor, and Gerdau.

DIEESE, and the IMF, the national network has publishes newsletters and sends representatives to global GWWC meetings.

B. Communication and Research

Newsletters, online and printed, have been the primary means of communication for unions globally at Gerdau. The North Americans have a regular newsletter (*Unity Council*), the larger Brazilian locals publish newsletters (*Marretinha Neles*), and there have been some global newsletters. Also common are newsletters that recap the GWWC global meetings. Updates on activities are also regularly carried on the IMF's website⁶². The network has also attempted to develop its own internal website available to all members (GWWC 2008).

Company research is done both by individual members of the network (the USW has a well-developed Strategic Campaigns department) as well as collectively at network meetings where unions create *quadros comparativos*, or shared research, comparing working conditions at each plant. DIEESE carries our research on the steel industry and on larger macroeconomic trends and presents this research during annual meetings.

C. Plant Visits

In 2006, the Steelworker Humanity Fund led a ten-day study tour of Gerdau facilities visiting Colombia and Brazil. The idea was an outgrowth of discussions between Brazilian, Chilean, and Canadian trade unionists in 2005. These members were looking for a way to create a deeper understanding of the political legal, and cultural contexts in which each union operates. The proposal was accepted at a meeting of the Gerdau Action group during the IMF Regional

⁶² <http://www.imfmetal.org/index.cfm?n=756>

Steel Industry Meeting in Buenos Aires in November 2005. Further planning included meetings between unions at the Cornell ILR School's Global Union Conference in February 2006 (Gerdau Study Group 2006).

The tour itself took place November 4th-15th, 2006, splitting time between Colombia and Brazil. Participants from seven countries met with local union leaders, toured the Gerdau plant in Sorocaba, Brazil, and spent time discussing the legal systems, union structures, and workplace conditions of each country. The tour ended by dovetailing with the meeting of the GWWC in Porto Alegre (SHF 2007).

D. Contact with Labor NGOs

Work with labor NGOs has been important to the development of the Gerdau network though the actors have changed over time. The Canadian Steelworker Humanity Fund deserves much of the credit for organizing the network in the first place, however, its role has receded since the 2006 Study Tour. As the network has expanded to more countries the network has established a deeper set of core issues, the SHF's bridgebuilding⁶³ work has been supplanted by the support and organizing of the CUTMulti, the Solidarity Center, and the IMF. These groups provide resources such as contact with other unions around the world, industry and company research, and communications and media that reach a broader global audience.

⁶³ Tattersall (2007:157) defines bridgebuilders as "people with experience in community organizations and unions who translate cultural differences between organizations." Robertson and Plaiyoowong (2004) offer a similar set of responsibilities with their definition of transnational 'midfielders': "The presence of a bi-lingual and knowledgeable 'mid-fielder' who plays the key linking role with both the defensive and offensive side of the football team. In the case of an international labour solidarity effort the mid-fielder is involved in both the national and international sides of the effort" (Robertson and Plaiyoowong 2004: 5).

E. Global Solidarity Activity

One of the hallmarks of the Gerdau network has been its commitment to transnational solidarity. In fact, the network's most enduring legacy may be as an organization capable of providing global support for local bargaining disputes. A number of instances give evidence to the Gerdau network's capacity and commitment to global solidarity. First and foremost were the events of the 2005-2007 global campaign.

In May 2005, after months of contentious bargaining, 265 members of USW Local 8586 were locked out of their mill in Beaumont, Texas. Recognizing that US Gerdau management was seeking to set a pattern of bargaining concessions for the Beaumont and the subsequent contract negotiations at the other three recently acquired Gerdau Ameristeel facilities, the USW decided that it could not limit itself to exerting pressure at the bargaining table, in the community, or even just in the US. Instead, the USW sought to extend its reach to a global scale through an escalating strategic campaign. The USW (and its antecedent unions, the OCAW and PACE) had a history of running successful global campaigns at multinationals such as Ravenswood, Bridgestone/Firestone, and Continental Tire (see Juravich and Bronfenbrenner 1999; Juravich and Bronfenbrenner 2003; Greven and Russo 2003).

The USW's decision to undertake a global leverage campaign was based on three considerations. First, strategic research into the company's operations revealed that while US management was responsible for conducting negotiations, Brazilian management was very much in charge of the company and much more vulnerable to public scrutiny than US management was. Second, Gerdau was growing rapidly, especially in the Americas, and a global

campaign could be an opportunity to bring together allies in the countries Gerdau was expanding into and use global leverage against the company. The third factor in the USW's decision was the history of work between the USW and the CUT, both at Gerdau in Canada, and through strategic alliances at other multinationals. This history of collaboration between Gerdau workers in North and South America, and leaders at the USW and the CUT, allowed the campaign to start at a much more advanced level than it would have if workers and leadership were meeting for the first time.

Campaign activity began in 2005 with bilateral visits of Brazilian metalworkers to Ameristeel's Tampa headquarters and US steelworker visits to Gerdau global headquarters in Porto Alegre, Brazil. In each of these legs workers met with other Gerdau workers to share stories, hand out leaflets at plant gates, and deepen personal relationships. Even when the company ended the lockout in Beaumont and the USW shifted its focus to securing good contracts for workers in Beaumont and the other North American Gerdau facilities, cross-border union work would continue through 2006 and 2007. This included delegations, speaking at shareholder events, and pressure on Gerdau stakeholders (See Gray 2009 for a more comprehensive analysis of the USW's comprehensive campaign).

While bilateral work between Brazil and North America continued to be the heart of the USW's campaign, the global campaign has had a dual effect of stimulating the expansion of the Gerdau network and moreover, harnessing that expansion for the campaign in a symbiotic way. In November 2006, unions from eight countries came together to formally establish the GWWC as permanent structure for representing Gerdau workers globally. Its goals were to continue the

ongoing information exchange and coordination between Gerdau unions, to formally petition Gerdau management for recognition of the GWWC, and to begin discussions with the company on signing an International Framework Agreement (IFA). Formalizing the GWWC structure, rather than simply continuing as an ad hoc set of personal relationships, allowed Gerdau unions to more effectively formulate global strategies, speak with a united voice, and increase their bargaining power by acting in concert. The GWWC was able to demonstrate this in the latter part of the USW's global campaign when it was able to coordinate a global leaflet day with the message of "Two Faces of Gerdau." This leaflet highlighted the company's hardline stance in the US and its willingness to respect labor rights in other countries. This further reinforced the message of recognition for the GWWC and the demand of a common set of labor standards across the company (USW leaflet 2006).

Global solidarity has not been limited to the USW campaign however. On November 18, 2009 the GWWC organized an "international day of struggle" on behalf of striking USW Local 8919 workers in Cambridge, Ontario and Chilean metalworkers (CONSTRAMET) workers on strike at Gerdau-Aza. On the same day, the GWWC brought attention to the situation of Gerdau workers in Colombia where workers were protesting the shutdown of the mill in Diutama and the ratification of the bargaining agreement at another Colombian Gerdau facility. Workers in Peru distributed leaflets inside the Gerdau plant in Chimbote in support, and Brazilian workers and representatives from the IMF held a rally at Gerdau headquarters in Porto Alegre calling for management to recognize the GWWC (IMF 2009).

Health and safety has also been an important global issue for the GWWC⁶⁴. In 2007, one worker was killed at the Colombian Sindelpa Gerdau facility. The GWWC used this as an opportunity to highlight the company's policy towards worker health and safety sending a letter to Jorge Gerdau asking him to negotiate a global agreement on health and safety that covered all Gerdau workers (Unity Council Leaflet 5/14/07). In support of this, the GWWC was able to coordinate a global sticker day on September 12, 2007. Workers in ten countries wore stickers in Portuguese, Spanish, and English stating 'We Demand Health and Safety at Gerdau' (Unity Council Leaflet 8/13/07). Health and Safety again were the focus in 2010 when unionized workers stopped work and recognized a minute of silence for a Spanish worker killed in an accident on the job. A letter from the GWWC and subsequent letters from the Secretary General of IMF reinforced the network's demand a comprehensive global health and safety agreement.

IV. External Recognition

Gerdau management has consistently refused to recognize the GWWC in any form. It has not sought to engage with the network, it has not responded to invitations to attend annual meetings, and it has not given any indication that the company's position will change any time in the near future. Moreover, the company's position has been a consistent stance that the company will follow only the minimum legal requirements of labor law in each country the company is operating.

⁶⁴Health and safety has been one of the key issues used by networks, not just at Gerdau, but notably at Arcelor where the company signed a global health and safety agreement with its network. Health and safety has been a strategic focus because of its integrative nature as opposed to distributive issues where such as wages, health care, and legal systems.

In the early years of national organizing the Brazilian national network, Gerdau HR managers attended the 2nd National Meeting of the Gerdau network where the company reiterated its opposition to recognizing any union organization beyond the minimum of Brazilian law. There was initial hope that the company's attendance at the meeting would eventually lead to deeper relationship between the parties, but this never materialized and this was the last time Gerdau sent any representative to a network function.

“The company responded to our letter saying they didn't want to recognize the committee, wouldn't recognize the committee as a whole, and that the company would only ever recognize legal worker organization and negotiate union by union...But, for us the committee can only exist when we can unify our demands through a national contract. “ (Valmir Lodi, Gerdau Network Coordinator, interview, 2011)

Hope for a rapprochement continued through the 2nd Inter-American meeting in 2003 when a USW representative, having returned from the meeting, wrote in an internal memo: “Originally a day had been set aside to tour a Gerdau facility and meet with Gerdau company officials. However, at the last minute the Gerdau management withdrew from the meeting and tour... We had intended to utilize the meeting with Gerdau management to press for a “partnership” agreement that would contain elements of a neutrality clause for Gerdau North American operations... The withdrawal of Gerdau management from the meeting removed that opportunity.” (Gittlin, USW Memo 2003:2). These hopes have never materialized and since then optimism has been tempered. Company representatives were invited to the 2006 GWWC meeting, but did not attend. Likewise, representatives were invited to all subsequent meetings of the GWWC, but none have responded⁶⁵.

⁶⁵ During my field work in Brazil in 2011 I attempted to meet with company management for an interview regarding its labor relations policies but my requests were denied and I was directed to the section on the company's website addressing “Social Responsibility.”

The lack of external recognition for the Gerdau union network has shaped the network's activity in a number of ways.

“And so, much has changed since we've been able to organize the national committee and even the global network: exchange of information, exchanging experiences that each union has had, but at the same time, changes on the shop floor have been much slower. I think this is because the company hasn't recognized the network. We don't have a transnational agreement, nothing where we can say 'A-ha! Look at how this has changed!' It's my hope that the network will be recognized soon with the new CEO...If we're not able to do it soon, I'm not sure we'll ever be able to” (Valmir Lodi, Gerdau Network Coordinator, interview, 2011).

As the previous statements from North and South American Gerdau workers demonstrate, the lack of recognition from the company has hindered the network's ability to address a range of labor standards, engage in sustained dialogue with the company, build trust between unions and the company, sign transnational agreements such as an IFA, and has made the long-term sustainability of the network considerably more tenuous.

V. Gerdau and the Components of Union Side Networking

The Gerdau network illustrates a number of lessons for how networks develop and function. First, Gerdau network has avoided many of the pitfalls and infighting the Unilever network experienced. In Brazil the network is represented predominantly, though not exclusively, by the CUT. Furthermore, the CUT and Força Sindical unions have worked together since the inception of the network. It is unclear whether this history of good relations between centrals is due to personal relationships, leadership, or other factors. In North America union strength similarly comes from the fact that the USW represents nearly all unionized facilities. In other countries only one or two facilities are present with a common union representing workers.

The lack of inter-union competition has meant unions have less fear of poaching. This consonance has led to a greater willingness to participate, share information, use resources for networking, as well as deeper loyalty to each other especially during solidarity campaigns. In Brazil, Gerdau operates solely within the metalworking sector avoiding the problem of multiple sectors (as in the case of Unilever). Finally, independent unions do not represent any of Gerdau's major facilities, nor does Gerdau seem to have pursued a policy of fostering or courting independent unions or moving production to greenfield sites.

Second, due to strong CUT-USW relationships dating back to the late 1990s, unions at Gerdau have a long history of trust and coalition building. Leaders know each other, rank and file workers have met each other face to face and visited the others' countries through exchanges and study tours ("barbeques and beer" as described to me by one USW staffer), and groups like the Steelworker Humanity Fund have fostered transnational relationships with pedagogical tools such as its "Thinking North-South" course (Marshall and Garcia Orgales 2006) to build "transformatory solidarity" (Johns 1998). The depth and extent of transnational work between unions at Gerdau thus seems to largely be a legacy of the "informal coalition building" (Gray 2009) that was successful at creating a foundation for more complex transnational work.

Third, because Gerdau operations are dominated by CUT and USW-represented unions, transnational work has been much smoother. This is due in large part to strategic alliances at the institutional level as well as exchanges between workers at the base. The combination of these activities has created strong ties in both the leadership and the rank and file of the two unions. The work of the Humanity Fund strengthened the base of Gerdau network through early

exchanges and international meetings, and the institutional “strategic alliance”⁶⁶ between the USW and CUT has assured institutional continuity between the unions at the heart of the network. While the Steelworker Humanity Fund operates through a combination of membership dues and grant funding and has a variety of projects not related to networking, stable institutional relations between the USW and CUT provide a longer-term horizon for collaboration between Gerdau unions. This is even more critical in union-side networks such as Gerdau where, due to the lack of company recognition and employer funding for network activity, unions are responsible for covering network expenses.

Fourth, the network’s formation occurred at a time when the company was expanding hemispherically. The Steelworker Humanity Fund began its collaboration with Gerdau unions in response to the expansion of the FTAA in the late 1990s. Authors such as Kay (2005) have noted how global governance institutions such as NAFTA have created “transnational opportunity structures” for unions to collaborate across borders in new ways. A similar dynamic occurred at Gerdau. It is also worth noting that network expansion happened at time when the company was expanding and in good financial health. The Unilever network in contrast occurred during a period when workplace restructuring and financial cutbacks put unions on the defensive. Gerdau’s continued operational expansion in the 2000s created an opportunity for the network to expand its base with new members and to do so during a period when unions’ bargaining power was higher due to greater company profits.

Fifth, as the home country union, the CUT has taken a leading role in coordinating and supporting the network. Home country unions traditionally play a critical role in transnational

⁶⁶ http://www.usw.org/media_center/news_articles?id=0371

networking because of the proximity to the company HQ and the union's ability to lend credibility to the network as a whole (i.e. shaping the network's image as one led by unions rather than the network being perceived as led by foreign unions) (see Croucher and Cotton 2009). This leadership role from the CUT, however, has not been effective in moving the company towards a stance of dialogue or recognition. Unlike unions in Europe, unions in Brazil have little institutional leverage with employers or the state.

Finally, the lack of recognition or even dialogue has meant the Gerdau network has been unsuccessful at distributing bargaining gains to a broader set of unions in the network. A network cannot sign a health and safety agreement or IFA without recognition from the company. The situation at Gerdau is similar to having a minority union or a union with no bargaining rights; it is limited to exercising its bargaining power through direct concerted activity (such as coordinated leverage campaign) and cannot rely on legal or institutional levers to move the company. Internal solidarity between members and capacity for coordinated activity are therefore the key to the network. To improve health and safety unions need access to the workplace and the shop floor, they need permission from the employer to implement workplace changes. Similarly, without institutional recognition from Gerdau, the network's ability to raise labor standards is also limited by the company's non-compliance and will remain a barrier to increasing the network's bargaining power.

Future Prospects- Union Side Network Discussion

The future strength of the Gerdau network (and other types of union-side networks) is dependent on a number of factors related to both the continuity and depth of cohesion between

network unions and the ability to gain recognition from the company. High internal cohesion allows union-side networks such as Gerdau to do some activities very well: share information, conduct global research, meet and build relationships, and coordinate union strategies. The network's lack of recognition, however, means that unions remain actors external to key labor relations issues such as health and safety, the application of international labor standards, and broader labor management dialogue processes.

A number of factors will affect how the Gerdau network develops over the ensuing years. While the network's internal cohesion can be considered strong and has proved durable over time, the network will likely face a number of challenges in the coming years. Each of these questions to some degree revolves around the sustainability of the network without external recognition.

First, questions regarding the strength of the network's internal organization will affect the network's trajectory. How the network is able to fund itself will affect its overall effectiveness. Consolidated and consultative networks can rely on employer funding to assist with meetings, travel, and activity; union-side networks in contrast are dependent on individual members, GUFs, and NGOs such as the CUTMulti and Solidarity Center, as the primary source of their funding. While this has not been an impediment in years past, networks may feel pressure from leadership or internal political changes within individual unions who provide large portions of the network's funding, jeopardizing the long-term activity of the network.

The network's ability to weather economic downturns will further affect its internal cohesion. During the global recession of 2010 the company laid off workers and posted low growth rates. The network was able to grow as the company was expanding into new markets during the 2000s, however, it remains to be seen whether this same dynamism can endure when the total power is lowered and workers across the firm are on the defensive. Weak economic times may provide an opportunity for the company to divide and weaken members through transnational whipsawing.

These points lead to broader issues of union side networks' range of options. Notably, the union side network's lack of external recognition influences its goals and its definition of success. At the heart of this is the issue of whether the network can achieve a global agreement and recognition from the company. At the Gerdau network, unions will need to decide whether to continue to see themselves as effective without a global agreement or recognition, and continue to operate as an information-sharing network. If so, then the Gerdau network will need to find ways to maintain its effectiveness despite the limits on its bargaining power due to the lack of company recognition. If networking can continue to produce gains for members, it can continue to justify its work on the material level, however, if internal cohesion falters, then this could erode the organizational stability of the network.

If, on the other hand, the Gerdau network sees external recognition as its primary goal, members will need to decide what strategies, and resources, they are willing to expend to secure employer recognition. The current strategy of waiting for Gerdau management to participate has not born any fruit and the company's past statements on recognition have not shown any

inclination to engage in any transnational worker body. A more moderate, “soft” approach could be to rely on transnational bodies such as the ILO or Mercosur, or, if the company expands further into Europe beyond its Spanish operations, to use European institutions such as the EU or EWCs, as levers to engage in dialogue. A more aggressive, “hard,” approach to achieving recognition may require organizing a transnational campaign that would strategically apply pressure on Gerdau’s operations and customers. While the USW has been effective in many of its transnational bargaining campaigns, a truly global campaign on behalf of, and with the participation from, all Gerdau unions would be a daunting undertaking.

3. Consultative Networking: Rolls Royce

Introduction

The third type of union network I examine is a consultative network. This union network combines a low degree of internal cohesion with external recognition by the employer. The combination of these variables results in a network where the employer takes a leading role in organizing and financially sustaining the network, with the unions’ internal cohesion being limited.

The Rolls Royce Network is an example of a union network with low levels of internal cohesion combined with external recognition from the employer. It has not developed internal organizational structures or activities such as information sharing, or worker-to-worker coalition building, nor has it developed capacity for more advanced types coordinated cross-border solidarity activity such as campaigns. However, seemingly in contradiction, a cross-border infrastructure has been established and recognized by the company. This external recognition by

Rolls Royce management created a forum for unions to come into contact with each other, meet with company officials, and potentially establish global standards for Rolls Royce workers.

I. Company History and Labor Relations and Rolls Royce

*Company History*⁶⁷

Rolls Royce Group PLC is a publicly-held UK aerospace company. It is headquartered in London, England. The company was founded in 1906 as an automobile manufacturer. In 1914, it designed its first airplane engine and during World War II, the company supplied military firms such as Vickers, Hawker, and Gloster. After World War II, the company focused on commercial aerospace designing jet engines for Boeing and Lockheed. Its status as Britain's largest aerospace firm was solidified when it merged with Bristol-Sidley in 1966.

Since the 1990s Rolls Royce focused its efforts on expanding operations outside of the UK. In 1990, it formed a joint venture with BMW, and in 1995 it acquired Allison Engines in Indianapolis, its first production operations in the United States. It also expanded into marine and oil and gas operations through a 1999 acquisitions of the California-based Cooper Energy Services, and of Vickers. Begun in 1998 and completed in 2003, Rolls Royce's automobile operations were sold by Vickers to Volkswagen. Volkswagen retains control of all Rolls Royce automobile operations.

Global Operations

The company has operations in 45 countries with manufacturing facilities in 2012⁶⁸. According to a 2005 document establishing the Global Council, the company employed 34,488

⁶⁷ <http://www.rolls-royce.com/about/heritage/history/>

workers in thirty-one countries (Global Council 2005:10). A majority of these workers, 20,832, were employed in the UK. The US (6,191), Norway (1,934), Germany (1,854), and Canada (1,632) were the next largest locations of employees. No other country employed more than 400 workers. According to the company's 2012 Annual Report, the company then had 42,800 employees, 22,800 of which were employed in the UK. The most recent Annual Report did not specify employment by country (Annual Report 2012:34).

Rolls Royce in Brazil

Rolls Royce is incorporated in Brazil as *Rolls Royce Brasil Limitada* and operates as a wholly-owned subsidiary of Rolls Royce PLC. The company began its operations in 1959 and now employs more than 500 workers in three facilities: São Bernardo do Campo, Niterói, and Macaé⁶⁹. The company's regional headquarters are located in Rio de Janeiro. The São Bernardo facility houses jet engine repair and overhaul operations. These operations service TAM Airlines and the Brazilian Air Force. The Niterói and Macaé (both in Rio de Janeiro state) operations service offshore oil platforms in the region.

B. Labor Relations

Global

Historically the company was marked by traditional lines of management, long employee tenure, and high unionization among its production employees. Rolls' global HR strategy "is based on local diversity within a centralised, global HR strategy, which reflects that R-R has grown from strong regional roots, its global nature and the direction of the business. R-R has changed beyond recognition

⁶⁸ http://www.rolls-royce.com/careers/working_for_us/our_locations/other/index.jsp

⁶⁹ <http://www.rolls-royce.com/country/brazil.jsp>

over the last 10 years, and part of this has been from bringing in managers from outside, which has encouraged a more market-focused approach.” (Horner 2005: 20-21). Restructuring and external acquisitions in the late 1990s led company management to shift employee relations and place a greater emphasis on organizational investment, “pay and rewards,” and a salaried blue collar labor force with more responsibility over performance.

Prior to the establishment of the Global Council, Rolls Royce had no transnational employee dialogue protocols. The company does not have a Corporate Social Responsibility agreement with its unions, nor has it signed an International Framework Agreement (IFA). The company does have a Code of Business Ethics, though this code was not created in consultation with any employee or trade union bodies. The Code does not recognize or mention any international labor standards such as the ILO conventions. Rather, the Code of Business Ethics “Reflects the way the company justifies the importance of ethics and corporate responsibility: essentially as a means to achieving competitive advantage and its business strategy rather than as an end in itself” (Jefferys 2011: 10).

In the UK, where a majority of the company’s employees are based, collective bargaining takes place at the plant level. These negotiations are autonomous and lack coordination between unions. In recent years the company has resisted UK-wide trends towards company-level bargaining (Jefferys 2011: 10). A UK Information and Consultation Committee was established as part of the EU Information and Consultation Directive, however, the company terminated the Committee in 2010 (Jefferys 2011)

Brazil

Rolls Royce's Brazil is headquartered in Rio de Janeiro. Its marine operations in Niterói and Macaé plants are represented by Força Sindical while the São Bernardo aerospace facility is represented by the CNM/CUT. The aerospace facility is located in the ABC region meaning the workers are members of the *Sindicato dos Metalúrgicos do ABC*, historically the heart of the CUT's metalworking industry organization.

The São Bernardo plant has strong shop floor organization boasting a factory commission (*comissão de fábrica*), a shop floor union committee (CSE), and a health and safety committee (CIPA). The CSE, an exclusively union-based shop floor organization⁷⁰, was recognized in 2004 and renewed in 2011. According to the union, the São Bernardo plant's unionization rate is around 70%⁷¹.

II. Labor Transnationalism and Network Foundation

Unlike other union networks in this study (though not all in the CUTMulti program) the Rolls Royce network had no history of transnational networking before the establishment of the Global Council in 2005. No records of any attempts to establish cross-border linkages at Rolls Royce were during the first wave of World Company Councils were found (See Northrup and Rowan 1979, Rüb 2002⁷²). Transnational networking in the aerospace industry has been limited to a handful of conferences and meetings such as the IMF's World Aerospace Conference in

⁷⁰ *Comissões de Fábricas* are open to non-union members as well as union members.

⁷¹ http://www.smabc.org.br/smabc/materia.asp?id_CON=28095&id_SUN=115

⁷² No records of transnationalism between Rolls Royce workers was found during the author's research at the International Metalworkers' Federation archives housed in the International Institute for Social History.

May 1979, but activities went little further than GUF-sponsored industry conferences (Northrup and Rowan 1979: 71).

A number of factors explain this lack of a tradition of cross-border activity in the industry. First, unions in the aerospace industry, especially those in the UK, enjoyed high levels of bargaining power due to the concentration of capital among a few firms, a highly specialized and skilled workforce, and high levels of union density among both production and technical workers (Danford et al. 2006).

Second, the UK's shop floor-centered system of shop stewards, job control, and workplace industrial action, while not precluding transnational strategies, focused on in-plant strategies. Unions' success at these strategies left little need to look for alternative strategies.

Discussing the British aerospace unions' responses to globalization, Danford et al. (2006) note:

“At the same time, trade union strategies in these UK plants were still delimited within what Beynon (1974, 108) once described as a ‘factory class consciousness’, an ideology where power, class and struggle are kept within the factory gates. As a result, unions now lacked the requisite cultural tradition and material resources to tap into sources of transnational solidarity - or even inter-plant solidarity at the national level – to mount effective and sustainable opposition to the labour-shedding processes of globalization.” (2006:16)

Finally, international competition, expansion of production facilities, and outsourcing did not intensify until the late 1990s when aerospace firms, Rolls Royce included, began expanding through joint ventures, mergers, and new production sites away from traditional core areas.

Combined with strong bargaining power and the tradition of in-plant localism, unions lacked a pressing need to search for alternative, transnational strategies to counter threats of capital flight and labor competition.

Transnationalism at Rolls Royce effectively began with the establishment of the Rolls Royce Global Council in 2005. The Global Council was an outgrowth of the Transnational Information and Consultation of Employees (TICE) Regulations applied to UK firms over 150 employees⁷³. These regulations came into effect in April 2005, the same time the Global Council was established. Because British companies were not bound by EU directives, Rolls-Royce was initially exempted from implementing European-wide works councils (*The Independent* June 7, 1994) and the company did not enter into voluntary discussions about a global employee forum with UK unions (specifically UNITE, then known as AMICUS) and the European Metalworkers Federation (EMF) until 2004.

These negotiations were internally contentious and fractured. The International Metalworkers' Federation (IMF) was minimally involved and only received sporadic drafts and updates on the progress of discussions (Steiert 2009). While the original intention was to have the IMF become more involved once discussions transitioned into formal negotiations with the company, this never happened. A final, signed agreement was submitted to the IMF in April 2005 with no feedback from the IMF on the structure and content of the council, nor input from the IMF on its requirements for approval. According to one report "The European Works Council coordinator signed the agreement on behalf of the unions in his capacity as 'the expert designated by the IMF'; he also appointed himself 'coordinator for the Rolls Royce Global Council,' also without prior consultation. Also without consultation or agreement with the IMF, the monitoring of the RR Global Council was given to another union official of UNITE." (Steiert

⁷³ <http://www.eurofound.europa.eu/eiro/studies/tn0710029s/uk0710029q.htm>

2009:11). In April 2005 the agreement establishing the Rolls Royce Global Council was finalized.

III. External Recognition: Rolls Royce Global Council (2005-2010)⁷⁴

Structure

According to the Global Council agreement “The purpose is to enable consultation and the sharing of information on Company-wide issues and transnational matters. The aim is to improve the quality of consultation and communication through regular and interactive discussion between the Company and employee representatives based on trust, mutual respect, and shared understanding for the benefit of the Company and its employees.” (Global Council 2005:1).

Solidifying the Council’s status as a “consultative” body, the agreement specified “The Global Council will be a consultative forum. It will not involve any form of negotiation, collective bargaining, or dealing.” (Global Council 2005:1). The agreement lists a number of topics to be covered in consultation including the company’s financial situation and sales; new investments; and introduction of new working methods; transfers of production; mergers and acquisitions; closures and redundancies; health and safety; and employee training and development (Global Council 2005:2). The agreement did not allow for a dispute resolution process for any subjects covered, discussed, or raised by employees.

⁷⁴ Records of the Global Council meetings are not public and the... Information has been compiled through interviews and secondary material.

The Global Council was designed as a forum for both union and non-union employees and the agreement specified a process for the selection of delegates from each country. The original agreement was signed by delegates from eleven countries⁷⁵, however certain representatives from core production areas are responsible for employees in a region (presumably where the company only has smaller sales or administrative facilities)⁷⁶. The composition of the Council was heavily slanted towards England with UK workers allotted 20 of the 41 total representatives (seventeen union and three non-union). US workers were allotted six representatives (two union, and four non-union); Canadian workers allotted three (two union and one non-union); Germany and Norway had three representatives each; and the remaining six had one representative each. The Executive Committee consisted of eight employee-elected representatives.

Meetings of the Global Council were scheduled to take place twice a year from 2006-2010, usually in connection with the public release of the company's financial results. The Executive Committee met separately with management before the general meeting of the council. Rolls Royce management covered expenses for employee accommodations and material while local unions were responsible for travel costs to and from the meeting site.

Activity

Accounts by employee participants of the Global Council's activity reveal mixed experiences. For some, the Council provided workers the ability to level the playing field

⁷⁵ These countries are: Great Britain, USA, Canada, Germany, Norway, Sweden, Finland, Poland, Brazil, India, and Singapore.

⁷⁶ For instance, the one representative from Singapore was also responsible for Australia, China, Hong Kong, Indonesia, Japan, Korea, and the Philippines. The German representative was responsible also for workers in France and the Netherlands.

through direct dialogue and face-to-face contact with the company's global management.

Brazilian Rolls Royce delegate, Rogério Fernandes:

“When a union begins to participate in this type of international relationship it begins to have a little more confidence. Workers speak up; if a union representative goes to a (Global Council) meeting he can have a direct meeting with the company president, I can tell the president that a worker is being harassed on the job and maybe the company will see it from our perspective. Moreover, I began to feel, not just me, but other workers here in the plant too, that the company, supervisors, managers, and directors, began to treat the union and the workers with a little more respect, too.” (Rogério Fernandes, Rolls Royce Brazilian Delegate, interview, 2011)

Contact with other Rolls Royce workers during the week of meetings provided workers an opportunity to share information about working conditions in other locations. “Once I started to attend the Council I had access to collective bargaining agreements from comrades in other countries. This helped us put together our agreement here. Brazilian workers saw in practice the types of results that this kind of international representation can bring.” (Rogério Fernandes, Rolls Royce Brazilian Delegate, interview, 2011).

Other participants, however, were less sanguine and questioned the company's stated commitment to use the Council as a forum to “improve consultation and employee engagement” (Rolls Royce Annual Report 2009: 37) noting “consultation at GC did not offer meaningful union influence over company decision-making.” (Taylor et al. 2009 16). The company also refused to share wage information or discuss wage policies with Council participants (IMF 2010a: 15).

Echoing the experience of others in the EWC (Wills 1998, Wills 2002), the company seems to have used the Global Council as an opportunity to whipsaw plants against each other on the basis of global competition. By presenting company information it could do the following:

“Another thing the company talked to us about was that Rolls Royce workers in Germany were the most costly regarding wages and benefits, but that they were very productive. They were multiskilled and worked on multiple projects at the same time, and their quality was high as well. Despite being more costly, their productivity made up for it. The company was really looking to emphasize that they were now using this metrics of efficiency, productivity and competitiveness” (Rogério Fernandes Rolls Royce Brazilian Delegate, interview, 2011)

Brazilian management was then able to use this information, presented at the Global Council, as a leverage tool during the São Bernardo plant’s next round of wage bargaining:

“At one of the Council meetings one of the Global Directors approached me because we were about to start our round of annual wage negotiations, this was right in the middle of the financial crisis, and he said ‘Hey, Rogério. You guys are asking for real wage increases. You know the company isn’t in a position to give any wage increase, we will have to freeze wages in Brazil. We may make an exception in Brazil to allow for inflation, but you guys want real increases... You know this means you will be less competitive and there won’t be an advantage in sending an engine to Brazil. We will have to send them to other places’” (Rogério Fernandes, Rolls Royce Brazilian Delegate, interview, 2011).

While the paucity of publically available information on the proceedings of the Global Council makes it difficult to make definitive judgments on the company’s approach and goals of the Global Council, it is, however, useful to note that a similar dynamic occurred in the UK with the company’s Information and Consultation Council (ICC). Taylor et al. (2009) note:

“Nevertheless, management has used the (Information and Consultation) Council to engender a strategic shift attempting to change the locales of collective bargaining and replace bargaining with weaker consultation. Pursuing business-unit level bargaining on the micro-processes of policy implementation, such as MWPA, was accompanied by shifting discussions on terms and conditions (traditionally covered by site-wide collective bargaining) to the National Council. Management’s ability to achieve this shift was partly aided by the unions having understandably placed less experienced stewards on the Council, seeing it initially as another burdensome layer of consultation. Consequently, management found it easier to ignore the consultation process

completely when it suited them, or to raise issues governing changes to terms and conditions on the Council agenda, and once 'consultation' had taken place to implement changes." (Taylor et al. 2009: 16)

Dissolution (2010)

The Global Council met twice annually between 2006-2010. In 2010, the company abruptly announced it would disband the five-year old Global Council. The company made no public statements about its reasons for doing so. According to Brazilian Rolls Royce worker, and Global Council representative Rogério Fernandes, the company claimed: "There was a change in legislation in Europe which allows the works councils to engage in early consultation about issues such as plant closings. The company claimed that the new law only requires it to maintain a European council and excludes the possibility of recognizing representatives from other parts of the world, such as Brazil."⁷⁷ Other employee participants viewed the disbanding as part of a broader strategy of weaken unions' power across the company:

"However, as its investments in the US and Singapore began to become even more important, RR decided in 2010 to terminate the agreement for the twice-yearly Global Works Council and to only comply with the terms of the European Works Council directive. Since RR also gave Unite notice that it wished to terminate the UK Information and Consultation Council, set up in response to the Information and Consultation Directive, Unite considers that these developments could be 'part of a more comprehensive assault on trade union influence within the company' (Unite, 2011a). Concerns about a continuing commitment to partnership with the trade unions is also reflected in the absence of a Corporate Social Responsibility agreement with the unions." (Jefferys 2011:10)

The Council met one final time in May 2011 at the request of unions involved, and only after unions invoked the "Extraordinary Meeting" provision in the original agreement. The company currently maintains an EU-mandated European Works Council, but it has not offered to

⁷⁷ http://www.smabc.org.br/smabc/materia.asp?id_CON=26176&id_SUN=115

revive the Global Council or expand membership/participation of the EWC to non-European unions.

IV. Low Internal cohesion

Networking at Rolls Royce is marked by low levels of internal cohesion. The Rolls-Royce network has demonstrated few signs of internal network cohesion. Unions have been unable to meet regularly and have not created any vehicle for independent union-union communication, whether a newsletter or website. Communication has been limited to updates on local bargaining on the IMF/IndustriALL websites. No cases of transnational solidarity between Rolls Royce workers were found during the author's research.

Attempts to build a sustained and consolidated union network have thus far produced few tangible results. Danford et al. (2006:16) note:

“At the international level, an inchoate architecture for potential union co-operation did exist in the form of company-sponsored management-union forums (an international council for British, North American and German plants and an embryonic European Works Council for all European plants). But as institutions that operated under the auspices of the company they followed management-determined agendas. Interviews with different senior stewards at the JetCo⁷⁸ plant revealed that no real attempts had been made to construct alternative independent networks for union activists.”

For its part, the IMF has attempted to stimulate transnational networking, but thus far has been unsuccessful. In 2010 at its Aerospace Conference, the IMF listed Rolls Royce (along with Boeing and Airbus/EADS) as one of its priorities for transnational networking (IMF 2010a:14).

⁷⁸ Danford et al. do not name the company they are referring to as “Jet Co,” but their description of the company matches that of Rolls Royce: “*JetCo* is one of the world's leading aero-engine manufacturers. At the beginning of 2005 the company's annual sales stood at £6 billion and it employed a global workforce of 35,000 people. Forty per cent of these workers were employed outside of the UK, for example, in manufacturing locations in twenty different countries” (2006:8). Furthermore, no other British aerospace manufacturer except Rolls Royce fits the description of having had global “company-sponsored management-union forums.”

As of 2012, after the company had pulled out of the Global Council, unions were still debating a strategy for building union-to-union relationships at Rolls Royce (IndustriALL 2012:21).

V. Rolls Royce: Foundations of Consultation and Future Prospects

A. Low Internal cohesion

A number of factors help explain the low internal cohesion of the Rolls Royce network. First, the network lacks the historical relationships that underpinned the high organizational cohesion at Gerdau and BASF. Unite, and AMICUS before it, does not seem to have made institutional efforts to build cross-border relationships either at the institutional level (through strategic alliances) or through member to member “coalition building.” Unions have not had time, or have not taken the effort, to build trust, build a concrete sense of transnationalism on the rank and file level. In previous writing I have noted stated that a process of “making members internationalists” has been critical to more comprehensive transnational activity such as solidarity campaigns and shared research (Gray 2009). While a history of union to union relationships is not an exclusive precondition for the existence of a network, successful relationships can build the type of “transformatory solidarity” Johns (1998) notes is critical to overcoming national and geographical boundaries.

Second, the role of the home country union in the Rolls Royce case seems to be equivocal at best. Unite does not have a history of either strategic alliances or cross-border campaigns. Home country unions play a critical role in developing, sustaining, and advancing an agenda for individual networks (Croucher and Cotton 2009). Unite’s transnational strategy appears to be focused on working through European Works Councils as the primary vehicle for

transnationalism⁷⁹. This approach has its advantages, most notably that that EWCs offer a built-in structure for meeting with employers on a transnational scale. However, this approach also has the disadvantages that have become evident in the Rolls Royce case. These disadvantages include the fact that the works councils are limited both geographically to the EU countries as well as by having a permanent legal structure that leads unions away from putting a greater emphasis on independent networking. Finally, the built-in structure of the EWC may also inhibit efforts to involve non-EU unions in transnational networking.

Furthermore, as reported in Steiert (2009), strained relationships between IMF and Unite regarding the formation of the Global Council further hindered collaboration between unions. Efforts by the IMF and IndustriALL to build aerospace networks have been slow, including at Rolls Royce. Unlike in other manufacturing sectors, such as automobile assembly or chemicals, there are few “best practices” from which to build industry standards. However, to its credit, Rolls Royce, due to its strategic importance in the aerospace industry, has remained a central part of the GUFs transnational networking strategy⁸⁰.

In Brazil, Rolls Royce unions suffer from divided central affiliations. The Força Sindical facilities and CUT facilities do not have relationships and a true Brazilian Rolls Royce network does not yet exist. Relationships between the three Brazilian facilities would need to improve in order to build union bargaining power. Second, Brazil is the only location in Latin America with a Rolls Royce production facility leaving fewer opportunities for regional networking (such as at BASF and Gerdau where language similarity between Spanish and Portuguese, and geographical

⁷⁹ <http://www.unitetheunion.org/unite-at-work/international/europeanworkscouncils/>

⁸⁰ <http://www.industrialall-union.org/events/aerospace-steering-committee>

proximity have facilitated more regular meetings and shared political struggles). Furthermore, due to the small number of Rolls Royce workers in Latin America (and the high number in Europe and North America), there remains a possibility of the Brazilian facility remaining on the periphery of a European-North American-centered network axis.

In the case of Brazil, the CUT and AMICUS/UNITE do not have a history of collaboration or strategic alliances. There are few UK-based networks in the CUTMulti system. To the author's knowledge there is no history of research projects, solidarity campaigns, or worker exchanges of the sort the CUT and FNV and DGB have developed. Finally, the barriers to participation by non-EU unions in the EWC structure make participation by Brazilian unions in the Rolls Royce network more daunting.

B. External Recognition

Rolls Royce's Global Council experiment resides somewhere between a carrot and a stick strategy. Due to the company's lack of transparency it is difficult to pin down the company's original intentions in establishing (as well as abolishing) the Global Council. It is unclear whether it was designed as a good faith effort to improve dialogue with employees on a global scale, a self-aggrandizing public relations maneuver, or as a shrewd attempt to outflank its unions through whipsawing.

The consequences of the 2010 disbanding of the Global Council has led to European workers and non-European workers now having uneven and unequal access to global

management⁸¹; unions in EU countries will continue to have the ability to engage with management through the EWC, while those in non-EU countries have been left on the margins. Barring an about face by the company, responsibility lies with unions themselves to organize transnationally and harness their own bargaining power to advocate for some more permanent transnational dialogue forum (whether an IFA, a more bilateral version of the Global Council, or some other type of forum) at the company.

The network's low internal cohesion is also affected by company management's approach to transnational networking. The IMF had hoped the Council could be transformed into a more bilateral forum for union influence over global decisionmaking and standards, possibly even leading to an IFA (*Boletim Internacional CNM/CUT* 2006:1). However, weak organizational cohesion and a lack of strategic action and planning by the unions involved limited the possibility of developing deeper union-to-union networking. Unlike the Social Dialogue process at BASF, the Rolls Royce Global Council was not touted by its home country union, Unite, nor did the Council dovetail with any union-designed programs to leverage the forum such as independent research or monitoring programs. Company opposition to a transnational agreement that included unions' input⁸² further hindered unions' ability to use the Council as a forum for improving working conditions on behalf of workers. Weak internal cohesion between unions allowed company management to use the Council as a forum to whipsaw unions against each other without an effective union counterbalance or response.

⁸¹ http://www.smabc.org.br/smabc/materia.asp?id_CON=26176&id_SUN=115

⁸² According to Fernandes, "the company is resisting, because they want a unilateral code" (*Boletim Internacional CNM/CUT* 2006:1)

*Future Prospects- Consultative Networking*⁸³

As a consultative network, the Rolls Royce case demonstrates a number of characteristics of consultative networks overall. First and foremost, without internal cohesion and independent networking it is difficult to fully leverage transnational forums or external recognition into broader gains for unions. Organizational cohesion allows for more coordinated transnational work between unions. Exchange of information and research, trust and long-term commitment, establishing a common agenda for worker rights would allow unions to act in concert and exercise bargaining power more effectively. Absent independent union networking, the company was able to control the structure of worker organization, communication, and activity.

However, the relationships and tangible work that did occur during these meetings, were ultimately limited due to a lack of follow up, by a reliance on the company for resources and communication channels, and this in turn allowed the company to hold the upper hand regarding the creation of an agenda for addressing cross-company standards. Instead the company was able to use the Council as an opportunity to whipsaw unions on the issue of productivity. Without a common agenda, unions were unable and unprepared to offer either counterproposals or a unified, strategic agenda going in to each Global Council meeting.

Despite its shortcomings however, the Global Council did provide a rudimentary framework for workers to meet, build relationships, and potentially stimulate denser relationships that could go beyond the limits of the Global Council. Moreover, the Council provided an opportunity for workers, isolated by geography, to directly meet and confront

⁸³ It should be noted that since the dissolution of the Global Council in 2010 the Rolls Royce network more resembles the category of GUF networking.

company management. Had Rolls Royce unions used the Global Council as an opportunity to stimulate solidarity outside the boundaries of the Global Council and use that power to advocate for an agenda on behalf of all company workers, the situation at Rolls Royce could have evolved differently. Depending on whether the company had kept the Global Council, stronger internal cohesion could have moved the network towards a union-side forum or toward a consolidated structure.

What opportunities existed for the network to engage with the company through an externally recognized forum seem to have receded (Fernandes Interview, 2011). Questions remain whether the Global Council will be revived, an IFA will be signed, or whether some other type of transnational union representation will take its place. Until then Rolls Royce unions are forced to find other avenues to regroup and reorganize. Rolls Royce's centrality in UK offers several potential strategic advantages to the unions. The majority of its operations are there, its workforce is highly unionized and represented by the same union, and these operations are in the same place as the company's HQ. All of this would seem to be the foundation for fruitful internal networking however, Unite does not seem to have a strategy for coordinating this structural power and harnessing it to create transnational power.

Unite's apparent lack of a strategy for independent union networking is curious considering it is involved in a number of other cross-border ventures. These ventures include the 2008 "merger" with the USW to form "Workers Uniting," an international union⁸⁴. While this "merger" had the intention of bringing together research, campaigning, and resources in shared industries and common employers (notably in the manufacturing, mining, and chemicals

⁸⁴ <http://www.workersuniting.org/>

sectors⁸⁵) it is unclear how much integration of resources, staff, and campaigns have actually taken place. Nevertheless, in recent years Unite has publically stated its intention of using member-based “leverage” campaigns⁸⁶ as a more militant tool⁸⁷ to taking on private sector employers such as Honda and Mayr Melnhof Packaging⁸⁸. The union has also made note of the strategic opportunities for cross-border activity provided by the European Works Councils⁸⁹. However, as of yet, it has not adopted a distinctive “networking” strategy for coordinating activity at multinational employers⁹⁰.

To rebuild these internal components of a strong transnational network, unions, led by IndustriALL and Unite, should focus efforts on several lines of work. First, they should be devoting resources to ongoing strategic research on the company’s growth strategies, profit centers, and key decisionmakers. Second, stronger alliances should be built with unions outside the UK where Rolls has operations: US and Canada in North America, Germany and Norway in Europe, and Brazil in Latin America. Strengthening these alliances would require going beyond meetings between leadership, and would need to include worker exchanges and relationship building between rank and file in various countries. Third, finding common goals and beginning to establish a shared agenda and set of demands that would lift working standards across Rolls Royce would also be essential.

⁸⁵ <http://www.workersuniting.org/common/jobs>

⁸⁶ <http://www.unitetheunion.org/growing-our-union/organising-toolbox/leverage/>

⁸⁷ A 2013 campaign against the Swiss chemicals firm, Ineos, included actions targeting company executives and plant managers. The union’s tactics drew the attention of Prime Minister David Cameron who questioned the legality of these types of tactics. See: <http://www.bbc.co.uk/news/uk-scotland-24758166>

⁸⁸ <http://www.imfmetal.org/index.cfm?c=29169&l=2>

⁸⁹ <http://www.unitetheunion.org/unite-at-work/international/europeanworkscouncils/holdcompaniestoaccount/>

⁹⁰ This could be due to semantic differences (i.e. that Unite is doing engaging in activity to build independent networks at selected MNCs, but not publically calling it “networking”), it could also be a function of timing of the author’s research (the Rolls Royce Global Council was ended in 2010; Unite could be currently moving towards networking, but I would not have been aware of it because of the end of my field research), or it could simply be that Unite has chosen to pursue other strategies due to an internal analysis of the opportunities of what is needed to achieve its strategic goals. More research would be needed to ascertain this one way or another.

Another promising avenue is the nascent “Components to Carriers” strategy⁹¹. Launched in December 2012⁹², “Components to Carriers” is a collaboration between the aerospace divisions of GUFs IndustriALL (representing manufacturing and design workers in aerospace) and the ITF (representing workers in civil aviation, logistics, and transportation). Rather than targeting one single company’s operations, this strategy seeks to target global supply chains around jet engines. In this case: “Miners in titanium mines; metal workers in foundries; engineers in manufacture and MRO; ground-staff and flight deck and cabin crew keeping the aircraft flying; and logistics workers transporting parts, components and modules by road, rail, sea and air between companies and sites in the supply chain.” As one of the largest jet engine manufactures in the world, Rolls Royce would be a the center of global research and organizing connecting workers supplying raw materials, maintenance and repair, logistics, and airlines. Adopting this type of broader, supply-chain organizing may offer an avenue to build solidarity ties between Rolls Royce workers globally and re-launch a Rolls Royce transnational network.

IV. Consolidated Networking: BASF

Introduction

The final type of union network I examine is a consolidated network. These networks are a combination of high internal cohesion combined with employer recognition of the network on some transnational scale. The combination of high internal cohesion and external recognition allows a network to act as a transnational bargaining structure for dialogue with the company and a union structure through which unions are able to communicate and formulate shared strategies.

⁹¹ <http://www.itfglobal.org/civil-aviation/components-to-carriers.cfm>

⁹² <http://www.itfglobal.org/news-online/index.cfm/newsdetail/8277>

The BASF union network is an example of this type of networking. It has a long record of national organization and coordination between Brazilian unions. Shop floor unions in Brazil have developed strong ties with unions in the home country of Germany. These ties have been reinforced by institutional relationships with labor NGOs and between union leadership. Unions have engaged in transnational solidarity during labor disputes and have built established institutions for shared decision-making and communication. Furthermore, the establishment of a Brazilian network spurred the growth of a regional Latin American BASF network which in turn operates as part of a larger, transnational network of BASF unions in Asia and Europe.

On the external axis the network has been recognized by management in both Brazil and Germany. Since 1999, unions in the Latin American network have engaged in annual rounds of Social Dialogue talks with company management to discuss company acquisitions and layoffs and resolve local bargaining issues such as health and safety standards, union recognition, and outsourcing.

Company History and Labor Relations at BASF

BASF is a publically traded German chemicals company. It was founded in 1861 in Mannheim, Germany as Badische Anilin & Soda-Fabrik. In 1865, it moved its headquarters to Ludwigshafen where it remains located. The company originally specialized in synthetic dyes, but by the early 20th century expanded into nitrogen and ammonia-based fertilizers. During the Nazi years BASF, along with the other leading German chemical firms Bayer and Hoechst, was consolidated into a single firm, IG Farben. Farben developed polystyrene, rubber, and other

durable materials for the German war effort. In 1952, BASF returned to being an independent company.

In the post-war era BASF grew rapidly to become one of the world's largest chemical companies, producing plastics, nylon, polystyrene, and other synthetic consumer goods. During this era BASF's global operations expanded rapidly by building or acquiring facilities in Western Europe (France, Belgium, UK, Italy, and Spain), Asia (Australia, Japan, and China), North America (US and Canada) and Latin America (Argentina, Mexico, and Brazil).

BASF is currently the largest chemical company in the world by sales and employees (Forbes 2012). As of 2012 the company operates 380 production facilities in more than eighty countries worldwide and employs 113,262 employees (BASF Annual Report 2013). Its business operations are organized into five segments: chemicals, plastics, and fibers; performance products; functional materials; agricultural products; and oil and gas.

BASF in Brazil

BASF began operating in Brazil in 1911 by importing dyes and coloring from Germany to supply the Brazilian textile industry around Rio de Janeiro and São Paulo. The first BASF production facility opened in 1959 in the city of Guaratinguetá in São Paulo state and expanded to four facilities in the ABC region around São Paulo producing paint, polymers, agricultural chemical, and various plastics. In the 1970s BASF also built operations in Pernambuco and Bahia states in the north of Brazil⁹³.

⁹³ http://www.basf.com.br/sac/web/brazil/pt_BR/sobre-a-basf/historia

BASF currently has eight production facilities in four states and an administrative headquarters in the city of São Paulo⁹⁴. The company's Latin America regional operations are coordinated from its headquarters in São Paulo.

Labor Relations at BASF

BASF touts a comprehensive global labor relations program. It was one of the original signatories to the UN Global Compact in 2000. It reports regularly on its compliance of the principles of the Compact⁹⁵. In its Global Code of Conduct, the company states that it “seeks to ensure that the conduct of all BASF employees is consistent with internationally agreed upon standards of human rights as well as core labor and social standards.”⁹⁶ These standards include the UN Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

The company has also adopted the core ILO standards as the baseline for its labor relations policies. These standards include eradication of child labor and slave labor; employees' right to organize and collectively bargaining; occupational safety and health; entitlement to regular paid leave; social security; adequate remuneration; and, reasonable disciplinary measures⁹⁷. The company claims it applies these as minimum standards in all countries in which

⁹⁴ The company also operates a distribution center in Rio Grande do Sul state and three agricultural research centers, one in the state of Paraná and two in the state of São Paulo. http://www.basf.com.br/sac/web/brazil/pt_BR/sobre-a-basf/fabricas-e-filiais

⁹⁵ <http://www.basf.com/group/corporate/en/sustainability/global-compact/index>

⁹⁶ <http://www.basf.com/group/corporate/en/about-basf/strategy/purpose-principles-values/code-of-conduct/human-rights>

⁹⁷ <http://www.basf.com/group/corporate/en/sustainability/employees/human-rights/index>

it operates even if the country's laws and standards are lower. The company also applies these standards to its suppliers through a Supplier Code of Conduct⁹⁸.

Finally, the company has developed numerous venues by which to implement and comply with these standards. First, it offers compliance training, audits and surveys, and an internal Global Compliance program whereby employees can bring issues to investigate violations. Second, the company seeks “stable industrial relations based on shared values” as the core of its labor relations. To implement these stable industrial relations the company has supported transnational employee platforms for dialogue and representation including transnational union networks in Europe (through the European Works Councils system), Latin America, and Asia (discussed below)⁹⁹. The origins of these progressive labor relations policies will be examined later in the chapter.

II. Labor Transnationalism and Network Foundation

A. Early Transnationalism: World Company Councils/ICF (1970s-80s)

The first attempts at networking amongst BASF unions began in the late 1970s during the first wave of world company councils. During the same period the ICEF/ICEM¹⁰⁰ established WCCs at the largest pharmaceutical companies: BASF, Bayer, and Hoescht (Rüb 2002:9). However, like many first wave WCCs, the council at BASF was hindered by sectarian infighting between communist and anti-communist unions, an emphasis on remunerative goals, and

⁹⁸ <http://www.basf.com/group/corporate/en/sustainability/our-values/compliance>

⁹⁹ <http://www.basf.com/group/corporate/en/sustainability/employees/employee-representatives>

¹⁰⁰ The International Federation of Chemical and General Workers Federation (ICF) added the energy sector to become the ICEF in 1976 and the mining sector in 1995 to become the ICEM.

participation among unions was limited by a focus on European unions and their interests. By the early 1980s, transnational networking at BASF had fallen apart¹⁰¹.

B. European Works Councils (1995-)

BASF, along with other chemical industry leaders Hoescht and Bayer, was identified by the European Chemicalworkers' Federation (ECEP) as a strategic target in the early 1990s. The ECEP hoped to establish a precedent for European-level company-wide dialogue at the industry's leading companies that would then trickle down to smaller firms in the industry (Waddington 2011: 38-39). The voluntary Euro-Dialogue agreement at BASF was finalized and a EWC set up in 1995¹⁰².

The European Works Council at BASF was established in 1995 following the European Union Directive 94/45. According to a Social Observatory Institute report on BASF, the Euro Dialog process:

“...is the highest instance of employee representation in European level. Employees meet with the company's management once a year at different locations. In these meetings, the company's management informs about recent measures and projects. The Committee representatives manifest their visions on the company's decisions and present their requirements/conditions. The

¹⁰¹ During my research at the International Institute of Social History in Amsterdam, the location of the ICEM and BASF World Council's archive, the last record I could find of a BASF network was in March 1983. Handwritten notes from this meeting included a comment from a West German union representative “We lack the necessary contact between the workers in BASF to exchange the basic info to fight back. Desperately need such international cooperation.” The following speaker then noted “It's a pity that we always have to start back at zero with this council- we started it up 5 years ago along with that of Bayer- and neither has developed” –BASF Permanent World Council Meeting Notes March 11-12, 1983. Institute for Social Science History, Amsterdam.

¹⁰² In 2007, as a result of BASF's transition from a “German stock corporation” (*Aktiengesellschaft*) to a European corporation, or SE (*Societas Europea*), representation expanded to allow the European Chemicalworker's Federation to be present at meetings of the EWC and at BASF's supervisory board. For more information the specifics of this arrangement, see “Agreement Concerning the Involvement of Employees in BASF-SE” at: <http://www.basf.com/group/corporate/en/investor-relations/corporate-governance/continulative-documents>

'Euro-Dialog' offers an opportunity for the exchange of information and for discussions between the company's management and representatives of employees.' (IOS 2003: 6)

Two relevant points can be gleaned from this process. First, BASF engaged in Euro Dialog voluntarily, coming to an agreement with European unions far before the 1999 deadline for implementing the process. This willingness to dialogue with its unions highlights the company's orientation favoring proactive approaches to building "stable industrial relations" based on dialogue with employee representation structures. Second, the company and the EWC's willingness to extend the spirit, if not the structure, of the Euro Dialog process to BASF's global operations, combined with the high level of organization amongst Brazilian unions and the CUT's proclivity towards a networked strategy, has provided a strong foundation for cross-border networking in Latin America.

C. Brazil (1980s-)

1. Early organizing at BASF Brazil

Early organizing at BASF is closely connected to the formation of the CUT and the contemporary Brazilian labor movement. BASF was one of the largest chemical companies operating in the Brazil with a heavy presence in the industrial ABC region. In the 1980s this region was the motor of national growth and the site of large factories of multinational firms such as Volkswagen, Ford, DuPont, and BASF (Seidman 1994). Moreover, these factors made the region the site of the leading edge of the New Unionists' workplace demands for democratic union structures and in-plant representation, as well as the site of frequent strikes, mobilizations, and opposition to military rule (see chapter five for more detail on the development of this movement).

The Chemical Workers Union of the ABC Region organized the first *Encontro dos Trabalhadores do Grupo BASF* in August 1987 (Rede BASF 2009). Workers from the four BASF-owned plants in the ABC region sought to unify bargaining and, in particular, to establish factory commissions inside each plant. Transnational links played an important part in the overall strategy from the beginning: German unions collected signatures from religious groups, other unions, and the German Green Party in support of the Brazilian workers' right to a factory commission (Rede BASF 2009: 11). By 1989, after strikes of eleven and thirteen days, two plants had been successful in establishing factory commissions, while other plants achieved a reduction in work hours and pay premiums for work in unsafe conditions. Meetings between BASF workers in the ABC continued throughout the 1990s including discussions of annual bargaining demands, health and safety issues, protests against layoffs and demonstrations of support for locked out US BASF workers in Geismar, Louisiana (Rede BASF 2009).

In January 1990, the CUT, due in large part to its success in organizing at German chemical companies in the ABC region such as Hoechst, Bayer, Merck, and BASF as well as support from chemical sector trade unionists in Germany, organized the First National Meeting of Workers from German Chemical Companies (*Primeiro Encontro Nacional dos Trabalhadores em Empresas Químicas de Capital Alemão*). At the meeting, representatives from the German chemical sectors union, IG Chemie, met with Brazilian shop floor leaders and researchers from DIEESE. Subsequent meetings occurred in Germany in September 1991 and in Brazil in 1993 deepening the relationship between shop floor representatives in Brazil and Germany¹⁰³.

¹⁰³ Interestingly these first meetings were initially organized by works council representatives without the backing of official union leadership: "The IG Chemie trade union did not accompany them on their trip. 'We don't talk to

4. *Rede de Trabalhadores na BASF America Sul (1999)*

Spurred by the success of coordination between BASF unions in Brazil domestically and the effects of layoffs and plant shutdowns in in Brazil (caused by the spillover effects of the Asian financial crisis of 1997), the ICEM held the First International Meeting of BASF Workers in June 1999 in São Bernardo do Campo (ABC Region). Representatives from unions in Argentina, Chile, Colombia, and Germany joined Brazilian BASF workers to exchange information, elect a formal leadership slate, and begin the process of establishing a permanent South American union network. The immediate goal of the meeting was to establish a deeper network for union-to-union information exchange; the ultimate goal for organizers was opening a channel for social dialogue with company representatives.

Surprisingly, this request was granted and the union representatives met with BASF Human Resources officials to discuss the formation of the new network and concerns about planned plant closings in Colombia and Brazil. This meeting would be the first before a more official social dialogue process would begin in October. Details of the BASF's network's internal activities and the results of social dialogue will be expanded on below, but first it is worth briefly exploring the factors that led to the initial success of the BASF network.

Communists' was the attitude taken by the then chairman Herman Rappe. It wasn't until the 1990s, when the Cold War was over, that the first official trade union trip was made to Brazil...During that trip the Germans had to wait for hours at the gates of the BASF plant in Sao Bernardo do Campo before being admitted - and they were driven through the site in a closed bus like a dangerous cargo. Trade unionists - even ones from Germany - were regarded with suspicion in those days. And what did the Brazilian workforce representatives expect from their visitors? Fritz Hofmann grins: 'They hoped we would solve all their problems back in Ludwigshafen. Of course things don't work that way.' However the Ludwigshafen activists did succeed in giving their colleagues 'a face and a voice'." http://www.boeckler.de/36202_36422.htm

Three factors were important in this process. First, strong institutional links between rank and file leadership, the CUT, the CNQ, and the ICEM since the 1980s created a dense web of trust between Brazilian, German, and GUF leaders, as well an interest in networking as a broader strategy. Rank and file leaders from BASF plants in the ABC region had risen to leadership positions within the both the CNQ and the CUT in Brazil, and ultimately to international roles at the ICEM. During the period of the first meeting of the BASF network, José Drummond was the Latin America regional director for the ICEM. Drummond was a rank and file worker at the BASF's Isopor plant in the ABC, eventually working his way into leadership positions at the CUT and then the ICEM. Subsequent to his time at the ICEM, Drummond would return to the CUT and oversee the establishment of the CUTMulti project. Likewise, the first elected representative from Brazil to the BASF network was Sérgio Novais, a rank and file veteran of BASF organizing in the 1980s. He would subsequently take Drummond's position as the ICEM's Latin America representative.

While institutional relationships help explain why leadership was able to coalesce and work together, a second explanation is needed to understand why the internal cohesion between unions was high. The extent and frequency of action between Brazilian unions over the previous decade helped create a credible threat for the company. Demands for coordinated negotiations within ABC region were easily taken to the next steps of national and transnational negotiations. Calls for negotiations were not hollow, however; they had been consistently backed up by in-plant organizing and multi-day strikes. For this, bargaining demands were backed up by bargaining power and the willingness to use it.

“When we organized the network in 1999, on the last day of the meeting we elected a coordinating committee for the network, drafted a document, and, with the support of the German unions present, we went to the company and said ‘We would like you to recognize the network and for the company to open a channel of social dialogue going forward.’ Human Resources responded ‘Look, I’ll take this proposal to the company president and get an answer for you.’ Soon after he came back and told us that the company’s initial response was ‘No, we don’t accept the network and won’t recognize it.’ The Human Resources Director then said to the president ‘Look, they’re not asking to create a network, they’ve already done it.’ I’m highlighting this incident because, yes, a union network can exist without social dialogue. Initially the company said ‘We won’t dialogue with the network as a whole, we only negotiate with each plant during the annual wage rounds, that’s it.’ But what we did as a network was break this cycle. The same way the CUT challenged the Brazilian legal structure by establishing a central without legislation allowing it, we’ve also begun to establish a dialogue process in Brazil with a number of companies, despite the fact that there is no law that obligates the company to have national or transnational social dialogue.”(Fábio Lins BASF Network Coordinator, interview, 2011)

Finally, a third factor made BASF management more willing to sit down with the newly formed union network. During the mid-1990s, BASF’s overall approach to labor relations changed. Workers in Brazil had known BASF as a company that been largely anti-union and one that had only acceded new union structures such as factory commissions after lengthy coordinated union mobilization, and strikes. The company “had a tradition of confrontation, of conflict. Some of the first victories of the shop floor factory commissions were through strikes, through conflict and confrontation, and the company at the time had a policy of being very conservative, very authoritarian” (Hélio da Costa, Researcher, Social Observatory Institute, interview, 2011). However, starting in Europe during the mid-1990s, due primarily to the effect of the “euro-dialogue” process that accompanied the creation of a European Works Councils system, BASF embraced a more open approach to dialogue with social actors all across its global operations:

“Actually, I think there was a cultural shift that took place in the region. This could be seen primarily in Brazil where the actors came to have a very different behavior, both on the company and the union side. It was then in the 1970s and early 1980s (during the 1980s, both sides were known for their radicalism) that both sides realized, after many draws, that this type of conflict

wasn't productive for either side and that dialogue became more accepted. Today I have to tell you that BASF is seen as an example, in terms of meetings, in terms of dialogue with employee representatives..."

"When they formed the network in 1999, they knocked on our door and it didn't make sense for us not to open a more structured dialogue process as a complement to the kind that we had already with some of the factory committees... On one hand we have a series of commitments with the network, primarily to apply the principles of the Global Compact, to which BASF is a signatory, to adhere to the guidelines of the OECD, and to the ILO conventions that Brazil has ratified. And so, these are all part of our tools, as ways to help improve dialogue with employee representatives step by step." (Gilberto Nunes de Oliveira, Director of Human Resources, BASF Brazil, interview, 2011)

The company adopted a global policy of "Dialogue and Respect" for its operations across Europe and was open to exporting this style of labor relations to other regions (Veiga and Martin 2009). A more in-depth analysis of this policy and its effects on social dialogue will take place later in this chapter.

D. Asia-Pacific Network of BASF

A regional network of BASF unions in the Pacific region was formed in 2000. The network currently has members from seven countries: Japan, Korea, Malaysia, Indonesia, India, Pakistan, and Singapore. Coordinated by the ICEM, its meetings are attended by IGBCE union leaders on the German Works Council. The network conducts annual union meetings and social dialogue rounds with BASF management regional representatives¹⁰⁴.

III. High Internal Cohesion

The high internal cohesion between BASF unions has been demonstrated in a number of ways. The network has developed a strong internal structure connected to in-plant structures; it has expanded from a national to a regional network; and moreover, the network, in conjunction

¹⁰⁴ <http://www.industriall-union.org/archive/icem/icems-basf-asia-pacific-network-meets-in-chennai-india>

with the Brazilian Social Observatory Institute, has developed an in-depth research, monitoring, and conflict resolution program, a feature that has been made possible by the company's external recognition of the network.

Regular Meetings and Regional Structure

One of the central aspects of the BASF union network has been its capacity to carry out regular and ongoing meetings between constituent unions. As seen in the previous section, meetings between BASF unions along with unions at other German MNCs were organized through the CUT and ICEM starting in the 1980s. The geographical proximity of BASF unions in the ABC region initially fostered the ability to hold regular meetings, build trust between leaders, and exchange information. However, the network has not been limited to organizing only within the ABC region. BASF facilities in Pernambuco and Bahia, in the northeast, have also been regular network participants.

Moreover, the BASF network sought to organize itself as a regional, and not just as a national network. Since 1999 it has been organized on a regional basis to include unions in other parts of South America. This regional structure consists of a series of INTRABs (*Intersindical Nacional de Trabalhadores na BASF*). Each INTRAB is a national structure for BASF unions to coordinate activity, and when available, dialogue with company management. Since the founding of the Brazilian network and regional network in 1999, INTRABs have been established in Chile, Argentina, and Peru. INTRABs are organized on a national level and meet at least every eight months. Comprised of both shop floor representatives and union staff, members elect a National Contact Person (*Ponto Contato Nacional*, or PCN) who is responsible for coordinating

communication between INTRAB members, organizing national-level meetings, and coordinating national social dialogue with company representatives (BASF Network Statutes 2009).

These PCNs then meet bi-annually in the CRTB (*Comissão Regional dos Trabalhadores na BASF*), or the BASF South American Regional Network. These meetings of regional members of the network share information, create a plan of action for the upcoming year, elect new leadership, and set a common plan for Regional Social Dialogue with BASF management. The CRTB is also organized around various topical working groups focused on issues such as health and safety, in-plant organization (OLT), environmental issues, and company restructuring.

Newsletters

National INTRABs are responsible for collecting information on union activity that is then reported in semi-monthly newsletters. Newsletters are then printed in Portuguese and Spanish and distributed to rank and file BASF workers. Newsletters include updates on plant-level activities in each country, company acquisitions and financial news, announcements of network-wide activities (such as worker exchanges and plant visits), company proposals during national and regional social dialogue, and updates from other regional networks such as Europe and Asia.

Exchanges

Exchanges between INTRAB members occur not just at INTRAB/CRTB meetings, but also through more formal exchanges between unions in different countries. The foundation of the

Argentine INTRAB was accompanied by a visit of Brazilian workers to commemorate its establishment (Rede BASF 2009). In 2005, the CUTMulti and ICEM helped organize a tour of BASF workers to Colombia and Peru where the network held its annual round of regional social dialogue with the company (Rede BASF 2009). In 2007, Brazilian BASF workers visited the USW headquarters in Pittsburgh and a BASF plant in Georgia; USW workers later participated in a 2010 Brazilian INTRAB meeting (BASF Network Newsletter, March 2010). Again in 2010 Brazilian workers travelled to Colombia to show support for recently laid-off Colombian workers and the union's attempt to establish a factory committee (BASF Network Newsletter, September 2010).

Research and Monitoring

The Social Observatory Institute has been particularly active in assisting the BASF network. In 2003, the IOS completed its first research study on working conditions, operations, and environmental issues at Brazilian BASF plants and followed with periodic reports on the company's operations in subsequent years. In 2006, the IOS published a report on child labor abuses in the supply chain of the mining of the mineral talc used by BASF as a primary input for paint operations¹⁰⁵.

Beyond regular research reports on company operations, the IOS engages in what Veiga and Martin (2009) call "union-linked monitoring."¹⁰⁶ The authors note that the results of this

¹⁰⁵ <http://reporterbrasil.org.br/2006/02/multinacionais-beneficiam-se-da-exploracao-de-trabalho-infantil/>

¹⁰⁶ "We characterize this as 'third-part union-linked monitoring' in that it is carried out autonomously from, but with the cooperation and support of, unions...a key aspect of 'third party' status is that the IOS simultaneously seeks the cooperation of the firm in allowing access to work sites and interviews with managers, and in many cases gains partial or- as in this case- quite full cooperation from the firm in carrying out its studies in addition to securing labor support...Moreover, this is decidedly *not* a certification process of corporate "good behavior" as many monitoring

monitoring, in conjunction with the existing social dialogue process of the network, have been successful at highlighting violations such as insufficient health and safety prevention measures, surveillance of union meetings, and a lack of works councils at some Brazilian plants. “Based on subsequent comments made by works council and union officials, it was clear that the Social Dialogue process and the monitoring effort together tended to create an environment at the São Bernardo/Demarchi site of freer flow of information, greater mutual recognition of problems, and enhanced recognition of unionists’ legitimate role as interlocutors on those issues” (Veiga and Martin 2009: 371).

Labor NGOs

Exchanges, research, and monitoring of the BASF network have all been supported by the technical and financial support of a number of unions and labor NGOs in Brazil and abroad. The IOS offers research tailored around the international standards such as the UN Global Compact and the OECD Directives on MNCs. IOS researchers conduct “third-party union-linked monitoring” in conjunction with company support. In Germany, the Friedrich Ebert Stiftung, an education and research foundation supported by the German Social Democratic Party, reports on the issues of Brazilian and South American BASF workers through conferences, interviews, magazine articles, and other media (FES 2005¹⁰⁷). Despite the lack of a North American BASF network, the USW and the Solidarity Center have maintained close relations with the Brazilian and South American BASF network attending meetings (BASF Network Newsletter, March

schemes are, but rather one in which the monitors try to reveal problems that the parties can then address” (Veiga and Martin 2009:368-369)

¹⁰⁷ See “Globalization and Social Justice: The Promotion of Trade Unions in International Cooperation”. Friedrich Ebert Stiftung 2005

2010) and writing articles in the BASF network newsletter (BASF Network Newsletter, June 2008:2).

IV. External Employer Recognition

The second defining feature of the network has been its recognition by BASF management on both the national and regional scales. Network recognition, in the BASF case, has been accompanied by a process of bilateral “social dialogue.” The process of Social Dialogue began in 1999 after the establishment of the union network and was followed by regular meetings between the South American network and management. This external recognition has provided unions with a means of resolving conflict between unions and BASF management.

“Social dialogue is much broader than collective bargaining. In collective bargaining the parties know there is a limited period they will have to come to an agreement or not, but the goal is always to reach an agreement, a negotiation. For example, annual wage bargaining (campanha salarial). This type of negotiation imposes a set of time limits and possibilities of outcomes. Social dialogue is broader, and because of this it is interesting, because it often includes issues that aren’t on the annual bargaining agenda. If we want to say ‘let’s expand the dialogue and broaden concepts we’re discussing’ we can’t do this in collective bargaining. And so, social dialogue doesn’t have this type of pressure or expectations created by the possibility of failure. It allows us the opportunity to, without the pressures of collective bargaining, to engage in different approaches, try to understand what the other side is proposing, and you can do this over a longer period of time, through multiple meetings, presentations, etc....And so, social dialogue happens for us in larger these meetings, but it also has to happen daily, or what I mean is, there has to be feedback, in order for this exchange of information, there have to be steps for resolving conflict.” (Fábio Lins, BASF Network Coordinator, interview, 2011)

Social Dialogue at BASF 1999-2011

After the first meeting in October 1999, rounds of social dialogue have taken place approximately twice a year. Two types of social dialogue take place: the standard social dialogue (which involves network members and company HR representatives from each country) and the

second type, known as *ampliado* or “broadened” occurs every two years. The latter includes participation from Global Union Federation representatives and members of the German works councils and, on the company side, human resources representatives from Germany.

Figure 7: Timeline of Social Dialogue at BASF 1999-2009¹⁰⁸

1999- 1st Round
BASF presents data and info about their activity in S. America and globally. Unions propose to focus on ILO directives as basis of goals, especially OLT, information guarantees, and conflict resolution procedures.
2000- 2nd Round
Proposal for joint plant inspections
2000- 3rd Round
Discussion of company’s acquisition of Cyanamid, a pesticide company. Network notes its concern about environmental and water safety.
2001- 4th Round
Company presents on its recent signature to UN Global Compact
2001- 5th Round (<i>Ampliado</i>)
Participation from ICBGE, ICEM, German factory commission, and Brazilian factory commission Gains include establishment of provisional factory committees until the end of 2002. Disagreements about plant shut down in São Caetano, Brazil. Plant shutdown continues despite social dialogue discussions.
2002-6th Round
Discussions of restructuring
2003-7th and 8th Rounds
Defined structure for conflict resolution from plant-national-regional-global levels Agreement to from company to present broader information regarding economic situation of company, changes to production and work process
2004- 9th Round (<i>Ampliado</i>)
ICEM, Ludwigshafen Works Council, CNQ/CUT Global VP, President of BASF South America, HR Global, HR South America. Discussions on health and safety and process for broadening shop floor organization (OLT) Agreement for funding for computers for network to use
2004- 10th Round
Training session for workers and managers on ILO labor standards
2005- 11th Round
Health and Safety issues in Argentina plants and discussions on company outsourcing policies
2005- 12th Round
Held in Peru to welcome integration of Peruvian union members into network Discussion on Peru issues and operations and in-plant organization there Establishment of factory committee in Jaboação, Brazil. Protests in Demarchi, Camaçari and Jaboação over layoffs and outsourcing
2006- 13th Round (<i>Ampliado</i>)
Formal recognition of the network
2006-14th Round

¹⁰⁸ The data in this table are collected from network newsletters and the publication “Rede de Trabalhadores na BASF América do Su: 10 Anos de Solidaridade Sindical e Diálogo Social” (Rede BASF 2009).

Formal Social Dialogue Protocols for Latin American Network signed by unions and company. Combined with previous formal recognition of the network, company states it is publically committed to the process of dialogue with the employees through the network on a national and regional scale. These include: national and regional dialogue procedures, conflict resolution process, union freedom clause, company funding for meetings and travel for union representatives.
2007-15th Round
Held in Lima, Peru. Discussions of outsourcing and accident prevention in Peruvian plants.
2008-16th Round
Discussions regarding the application of ILO Convention 158 (wrongful termination of employment) CUT wins union recognition rights and shop floor committee for white-collar workers at Brazilian BASF HQ in São Paulo. Recognition of a factory committee in Vila Prudente, Brazil. Recognition of factory committee in Colombia.
2011- 17th Round (Ampliado)¹⁰⁹
Reestablishment of social dialogue process and protocols. Petition for information on company use of nanotechnology ¹¹⁰ Discussions of regional restructuring

Source: *Rede de Trabalhadores na BASF América do Su: 10 Anos de Solidaridade Sindical e Diálogo Social* (2009).

As can be seen in the chart, a variety of issues are covered in the rounds of social dialogue. Some have consistently been part of the unions' agendas, notably health and safety issues, while others reflect the specific bargaining issues of the unions involved. Establishing new, and strengthening existing, shop floor representation (OLT) has historically been one of the *bandeiras históricas* (historic flags) of the CNQ. This emphasis on in-plant representation through social dialogue channels stems from the difficulty Brazilian unions have had in establishing local representation (due in large part to a combination of Brazilian laws and combined with company opposition). This also explains why OLT has been one of the most frequent demands for the BASF network.

¹⁰⁹ In 2009 and 2010 social dialogue was temporarily discontinued after three Brazilian plants went on strike in November 2009. The union accused the company of calling the police and pushing for a restraining order (*interdito proibitorio*) against strike leaders. One factory commission member was also fired. The union claimed the company acted unilaterally and refused to dialogue over the firings and pulled out of subsequent rounds. In an attempt to put pressure on the company, the CUT filed a complaint against BASF through the OECD for anti-union practices. In 2010, network unions and management set up a working group to revisit the situation and create a process for returning to normal relations. Regular rounds of social dialogue restarted in September 2011 and continue as of this writing. (For more information on the episode see Lins (interview 2011) and http://www.abcdmaior.com.br/noticia_exibir.php?noticia=20761)

¹¹⁰ http://www.csa-csi.org/index.php?option=com_content&view=article&id=7048%3Abrasil-conferencia-sudamericana-de-la-red-de-trabajadores-de-basf-&catid=26%3Aagencia-de-noticias&Itemid=258&lang=es

Rounds of social dialogue, have allowed unions to use both traditional methods of worker mobilization and strikes, as well as more extended dialogue to strengthen OLT at BASF.

Network coordinator Fábio Lins notes how training in the discourse of international labor agreements combined with more traditional bargaining activity have helped strengthen workers' hand.

“And so we started to train these union leaders from the factory committees. It was interesting because in these factory committees they were using these tools in collective bargaining, going to Human Resources and saying ‘You guys aren’t complying with the ILO convention, or the UN Global Compact, which you signed on to. You’re not living up to your side of the agreement!’ And the Human Resources director would say ‘Damn, what are you talking about? What language is this?’ It was great because the company had to acknowledge that even its own supervisors and managers didn’t know these agreements....they are always focused on production, numbers, and targets, but few knew what its own code of conduct said. If you spoke to a manager, few could respond!” (Interview with Fábio Lins, quoted in “Responsabilidade Social e Negociação Coletiva na BASF, pp.62-63 Social Observatory Institute 2011)

While an established pattern of social dialogue has been a victory for BASF workers, it is important to note that this this social dialogue is reinforced and enforced by bargaining power created by other existing union structures. Social dialogue at the network level was intended to complement, not replace, traditional bargaining tools and institutions. The rules governing the workplace, and workers' wages and benefits are still all largely addressed under the aegis of annual negotiations. As evidenced by the 2001 shut down of the São Caetano plant and the 2009 withdrawal from the social dialogue process, unions have used pressure external to the social dialogue relationship to exert and strengthen their demands by creating a denser web of bargaining power.

V. BASF, the Foundations of Consolidated Networking, and its Future Prospects:

A. High Internal Cohesion

A number of factors have been important in the development of the BASF network. First, the BASF network in Brazil is organized from a position of structural strength. BASF operations have high rates of union density and participation, and are concentrated in a region of historically high union organization. In contrast to the geographical dispersion of the Unilever network, this geographical density has been aided by the Brazilian IR system's *unicidade* system, one that only allows for single representation in each geographical area. BASF operations have been centered in the industrial ABC region, the site of union struggles since the 1970s. Moreover, the chemicals industry is one of Brazil's most highly unionized industries.

Second, BASF operations are dominated by a single union central, the CUT. This single-central representation has made union competition almost non-existent and therefore reduced the inter-union battles that have hampered networking in other places, such as Unilever. Because CNQ/CUT unions are in the majority, unions don't fear that inter-union collaboration will be a trojan horse to poach members or undermine the legitimacy of *sindicato* leadership. Likewise, as members of the same confederation, the CNQ, *sindicatos* have a greater familiarity with each other, can draw on the same resources, and are more likely to share a common ideology. This cohesion creates greater trust and supports long-term collaboration between network partners.

Third, unions at BASF, and in particular unions in the ABC region, have a long history of collective action and coordinated activity. Beginning in the 1980s unions at BASF (starting in the ABC region) met, gotten to know each other, and become accustomed to working, sharing information, and attempting to bargain together. Again, geographical proximity and shared central and confederation affiliation played a role in building this solidarity. Networking was

partly an outcome of unions at BASF seeking new ways of extending the gains they had made on the shop floor and expanding their bargaining power. Unions pursued these objectives by forging connections with unions in Germany, promoting the CUT's adoption of new strategies, and building on their existing bargaining power.

Moreover, this type of collective action extended to the transnational sphere as well. BASF unionists in Brazil had made linkages with BASF workers in Germany beginning in the 1980s. These personal relationships were bolstered by institutional relationships between the CUT and the DGB, and the CNQ and the IG Chemie. Transnational links have allowed Brazilians and other South American network members to travel to Germany, exchange ideas and company information, offer solidarity during labor disputes, and expand the scope of network activity from external regions to the HQ in Germany.

Fourth, dense ties with Global Union Federations have facilitated networking between BASF unions. The ICEM has promoted transnational networking as a way for its unions to communicate, coordinate, and build long-term transnational ties. Brazilian BASF leaders from the shop floor have risen to leadership in the CNQ, CUT, and the ICEM. Having Brazilian BASF workers in these positions has helped create a dynamic relationship whereby rank and file members were exposed to transnational activity and ideas regarding shop floor organizing via European unionists. These activists have brought these ideas with them when they ascended to leadership roles within their unions, confederations, and the CUT. This helped further reinforce a networking strategy between the CNQ, CUT, and GUFs.

B. External Recognition

Three factors help explain why company management extended external recognition to the BASF network. First, and most importantly was BASF's shift from a labor relations policy of intransigence to dialogue in the 1990s. The shift was encouraged by the process of European social and economic integration that created a legal framework for companies and employers to engage in dialogue with their employees and their representatives. The EU process created a framework for social dialogue and created incentives for these companies to proactively engage in dialogue. BASF made a strategic management decision to be more actively engaged in the Euro-Social Dialogue process. This European social dialogue appears to have helped make BASF company management more willing to participate in the development of and then sign and enforce other transnational social responsibility agreements promoted by the UN, the OECD, and others. These agreements established guidelines for environmental, consumer, and labor standards. This helped lead to a policy of openness and dialogue and when unions in South America organized the BASF network in 1999.

Second, BASF's corporate structure in Brazil and Latin America is organized in a way that has facilitated the acceptance and implementation of employee/union dialogue policies. Veiga and Martin (2009) note, "In Brazil, BASF is incorporated as a holding company, which entails much more direct headquarters control than the generally more autonomous or subsidiary or branch forms... There is a regional human resources director for all of South America who follows corporate Social Dialogue directives coming from Germany in its interactions with worker representatives" (Veiga and Martin 2009: 377)¹¹¹.

¹¹¹ In contrast, "[U]nlike its other counterparts throughout BASF's global operations-the North American affiliate, the BASF Corporation, operates *independently* of the global home office on human resources, CSR and other issues.

Finally, while the Euro-Dialogue approach was adopted by BASF in Germany and applied to its European operations, there is no indication that management would have voluntarily applied this policy to other sectors of its global operations had there not been pressure from unions in these non-European regions on management to do so. The strong internal cohesion amongst unions in Brazil and Latin America created a national and regional union network and pushed BASF management to implement a broad social dialogue process and to recognize the BASF network. External recognition, and the accompanying social dialogue process, is a product of both management strategic decision making and union pressure. High internal cohesion and an independent union network provided countervailing power that helped discourage any attempt by the company to use the social dialogue process as a “marketing” tool (interview, Lins 2011) or as a “conveyor belt” for company messaging (Wills 2001).

Future Considerations: Consolidated Networking at BASF

The BASF network faces a different set of questions about its future activity than the other three networks examined in this dissertation. While the BASF network has “consolidated” its activity through high levels of internal cohesion and extended external recognition through an established social dialogue process, questions remain regarding how the network can maintain the gains it has achieved and whether these gains can be extended to other BASF workers globally.

Since the early 1990s its Mexico operations have reported to BASF human resources in the United States and have had little direct contact with the home office in Germany” (Veiga and Martin 2009:367)

Gaps remain in the organization of transnational networking at BASF. The network is not truly global in that it doesn't operate in each of the five continents BASF operates. In Europe, the EWC system has given the network a legal framework ensuring some level of stability and continuity. In South America and Asia, regional networks have been formed through a combination of national unions and GUFs organizing. However, in North America and Africa, no networks have emerged. The work of ICEM/IndustriALL will remain essential to expanding BASF network participation and organization to new regions. More in-depth coalition building through exchanges and study groups that could deepen and expand worker-to-worker contact would help strengthening future network expansion.

A number of measures could help address the gaps that exist in the BASF network. While BASF workers in Latin America, Europe, and Asia have established dialogue processes, no truly "global" social dialogue process or body exists. A global council composed of both union and non-union workers at BASF, similar to the type that existed at Rolls Royce, would help create bonds between union and non-union workers. Second, no truly global agreement covering all BASF workers exists. An International Framework Agreement that integrates existing dialogue gains would be a logical solution for this deficiency. Third, BASF unions in the three regions where networks exist could use their base of internal power to campaign for expanded organizing and bargaining rights in non-covered regions and/or a global agreement including rights for all BASF workers. Thus far, no global bargaining or organizing campaigns, such as the one done by the Gerdau network, have been attempted at BASF.

In Brazil, challenges remain as well. “Our challenge is this, win the confidence of more workers and engage in deeper dialogue with the company, the kind that deals with the day-to-day problems of workers in the plant. And there are many of these. Different kinds: health, safety, outsourcing and temporary work, harassment, many of the plants still deal with these issues and we haven’t been successful at addressing all of them” (Edivânia Zandarde, BASF network member, interview: 2011). The dispute over social dialogue in 2009 and 2010 in Brazil shows that, despite ten years of robust relationships, conflicts remain. It remains to be seen whether the institution of social dialogue at BASF in Brazil can encompass and effectively address these conflicts as they arise, or whether new channels and protocols will be needed to address them.

Conclusions

In this chapter I use four case studies to illustrate the components and development of union networks. I group networks into four distinct forms according to the interaction of two factors, internal cohesion and external recognition. These four types of union networks create avenues for different types of activity from issue campaigning led by Global Union Federations at GUF networks, cross-border information sharing and campaigning by union side networks, employer consultation at consultative networks, and combination of information sharing and social dialogue with consolidated networks. The following chapter I identify a number of factors that have shaped the development of the four networks in this chapter. This allows me to answer my initial research question and identify the factors contribute to transnational network development.

Chapter Eight: Conclusions

1. Reviewing the Model of Transnational Union Networking

At the beginning of this dissertation I sought to understand how transnational union networks develop. In chapter three I argued that transnational union networks could be categorized according to the interaction of two factors: the network's levels of internal cohesion, and whether the network was recognized by its employer. The interaction of these two factors created four distinct forms of transnational union networks. The first, a result of low internal cohesion and no external recognition, was a GUF network. Without strong independent union organization and company recognition this type of network was reliant almost solely upon Global Union Federation coordination and resources. The second type, a consultative network was the result of weak internal cohesion and external recognition by an employer. This combination resulted in a network that lacked strong independent union organization but had the advantage of institutional stability via external recognition. A third type of network, a union side network, was the result of high internal cohesion and a lack of external recognition. This type of network allowed unions to share information and coordinate transnational activity, however, efforts to increase bargaining power were hampered by the lack of company recognition. Finally, a fourth type, a consolidated network combined high internal cohesion with external recognition from the employer. This model is presented below as a two-by-two table.

Figure 8: Preliminary Framework of Transnational Union Network Forms

	Network Not Externally Recognized	Network Externally Recognized
Low Internal Cohesion	<i>GUF</i>	<i>Consultative</i>
High Internal Cohesion	<i>Union Side</i>	<i>Consolidated</i>

While this model has been useful as a starting point from which to approach the study of transnational union networks, this model is ultimately underdeveloped for several reasons. First, due to the paucity of research on the topic of transnational networks, there was little existing theory upon which to design a more comprehensive model at the outset. Second, prior to this dissertation, no research had been conducted on transnational union networks using a comparative approach. Without a larger foundation of research on union networking it was impossible to make stronger claims about what factors influenced network development. Third, my model only accounted for the *results* of networking and, for the previous two reasons, could not account for the processes that led to these results. For example, my model claimed that whether a network external recognized by an employer was a defining characteristic of the options available to the network. *External recognition is a result, not a cause of transnational networking.*

With the data available at the beginning of this research project I was unable to determine what the causes that led to a network being recognized (or not). While this initial framework of union network types provided a schematic understanding that allowed me to identify discrete network forms and conduct further research, this model could not answer the central question of this dissertation, namely “what factors affect the development of transnational union networks?” The four cases presented in the previous chapter offer a richer set of data with which to answer this research question.

2. A Revised Model of Factors leading to Transnational Union Networking

From the evidence presented in the four cases studies in the previous chapter I can now conclude that four factors most significantly affect how transnational union networks develop: first, the degree the extent to which Global Union Federation and home country union participate in networking; second, a combination of environmental factors including industrial sector, the employer's size and geographical reach, and the general macroeconomic conditions; third, unions' commitment to transnational networking; and finally, the company's opposition to union networking efforts. These factors are listed in the chronological order by which they affect the development of union networking.

Below I present a revised model of transnational union network development.

In my initial model of network development I used two observable outcomes (internal cohesion and external recognition), while in this revised model I offer four factors that lead to or inhibit union networking. In the following chart a plus mark indicates the presence of conditions favorable to the development of union networks and a minus symbol indicates the presence of conditions that hinder the development of union networks.

Figure 9: Revised Model of Factors Affecting Transnational Union Network Development

GUF/Home Country Union Participation	+	+	+	+
Environmental Conditions	+/-	+/-	+/-	+/-
Union Commitment to Networking	-	-	+	+
Company Attitude to Networking	-	+	-	+
Type of Network	GUF	Consultative	Union Side	Consolidated

This table includes a number of changes from my original model. “Company attitude toward networking” has replaced my initial “external recognition” variable. Likewise, “union commitment to networking” has replaced the “Internal cohesion” variable. These two new variables look similar, but they allow us to identify processes that lead to networking, rather than simply identifying outcomes that have already occurred. I also introduce two new variables to deepen my analysis, “GUF/Home Country Union Participation” and “Environmental Conditions.” In the section below I explore in greater depth how each of these factors affects union network development.

III. Analysis of the Factors Leading to Transnational Union Networking

1. GUFs and home country union participation come first

First, transnational union networks must have the support and participation of sectoral Global Union Federations and preferably, unions in the company’s country of origin. The participation, support, and allocation of resources by these two parties, as well as the ability of these parties to work together, are the *sine qua non* of global union networking.

GUFs have historically played a central role in transnational networking efforts and continue to be critical to union networking efforts in the contemporary era in a number of ways. Their presence strengthens internal cohesion by providing funding, resources, technical knowledge, and long-term stability to union networks. GUFs are the best-suited organizations to support networks as they seek to expand their base of participation into new countries and regions. Croucher and Cotton (2009) note that for many networks still in the process of forming, GUFs also bear a significant portion of the financial costs needed to organize meetings and

maintain relationships with unions thousands of miles away from each other (Croucher and Cotton 2009:73). Finally, GUFs are crucial to gaining external recognition for a company. GUFs are traditionally signatory to the IFAs that secure external recognition. The global reach of GUFs allows them to balance the interests of multiple unions across the company.

In all four cases in this dissertation, GUF participation has been present, though the levels of participation have varied. At BASF and Gerdau, GUF participation has been strong. GUF representatives are present at each network meeting and work with network leaders to coordinate future activities, conduct research on the company, and exchange information and coordinate solidarity actions. At the Gerdau network, the IMF accompanied the USW's cross-border campaign, enlisting allies, supporting actions through global communications, and material support for global network meetings. At BASF, the ICEM plays a key role in its support of the network's rounds of regional social dialogue. Members of both the Gerdau and BASF networks have moved on to leadership positions within the IMF and ICEM, respectively.

At Unilever, the work of the IUF and ICEM has been one of the few things holding the network together in any form. Due to its size and influence across multiple economic and product sectors, Unilever has long been a strategic organizing and bargaining target for unions. Transnational networking and campaigning have taken place by Unilever unions in various forms and countries since the 1970s, despite a lack of significant results. The stability of the IUF and ICEM has allowed basic transnational organization to continue at Unilever despite weak or intermittent union participation. This stability creates the potential for more developed worker-to-worker networking at the company in the future.

At Rolls Royce, on the other hand, disagreements between the IMF and home country union, Unite, led to weak GUF participation during the period when the Global Council was in existence. Stronger GUF participation in the Global Council process could have helped identify common issues and helped prepare unions to use the forum for a stronger worker-based transnational agenda. Deeper participation by the IMF could also have provided continuity after the dissolution of the council.

The four cases presented in this dissertation also show that unions located in the country of origin are also a critical component of transnational networking. Internally, they provide resources and leadership, institutional stability, local knowledge of a company, and help guide the agenda of the network, all of which strengthens a network's internal cohesion. Since one of the goals of union networks is to secure external recognition from a company, either via an IFA or other means, home country unions become the key interlocutor in this transnational dialogue process. They have greater access to decisionmakers within the company, have established bargaining relationships with labor relations officials, and often have greater insight into the peculiarities of how a company operates.

In the case of employers headquartered in Western Europe, the participation of unions in the country of origin offers the advantages of a transnational (European-wide) works council system, access to some information regarding corporate strategy and finances, and an established platform from which to engage the company regarding broader labor rights issues affecting unions in the company's operations. Furthermore, home country unions located in Europe often

benefit from strong national industrial relations systems based on sectoral bargaining and coverage. When these types of institutions are successfully engaged by broader global networks, they can help address labor rights issues faced by workers outside the immediate scope of national and European-wide institutions.

While the participation of home country unions alone is not a sufficient guarantee of successful networking, as the Unilever and Gerdau examples demonstrate, absent their participation, broader global networking is significantly more difficult. In the case of Rolls Royce, Unite's inability or unwillingness to invest in independent networking outside the confines of the employer-established Rolls Royce Global Council, left unions unable to generate a unified response to company whipsawing. In contrast, German unions at BASF built long-term bonds with Brazilian unions over the span of thirty years and have used these bonds to help move the company towards a deeper relationship involving social dialogue. Furthermore, the BASF example shows that national industrial relations models can provide the template for transnational social dialogue.

2. Environmental factors set the stage for union networking

Second, once unions have the support of their GUF and begin implementing a strategy of transnational networking, unions must deal with a set of environmental factors that aid or constrain transnational activity. These environmental factors include industrial sector, firm size, the geographical dispersion of a firm's operations, and the overall economic climate. While these are all largely outside the control of unions when they begin to establish and develop networks, these factors comprise the transnational landscape unions operate in. Moreover, while these

environmental factors do not completely determine a network's path, these factors can either help transnational networking or they can create significant hurdles a network must overcome if it is to expand and work effectively. Through concerted activity, these factors can be acted upon and overcome building "associational power", but at the outset these factors shape the environment of networking. None of these factors absolutely determines how networking will proceed, but they do condition how networks take shape and the options unions have to act to further increase their bargaining power.

Unions in manufacturing and industrial sectors enjoy certain advantages compared to those in the service sector. These advantages include: larger and more concentrated workplaces, more direct lines of corporate ownership, and a historic legacy of unionization in many manufacturing firms¹¹². On the other hand, service and retail workplaces are often smaller and more numerous, geographically spread out and isolated, and with a workforce that has higher turnover. For these reasons, global networking at retail MNCs such as Carrefour and WalMart have been much less successful than those in the auto, steel, and chemicals sector. At BASF, there are no more than two dozen production facilities in South America, while at Carrefour there are over a 700 stores in the region¹¹³. In Brazil, this factor is compounded by legal boundaries inhibiting bargaining across job category and multiple industries.

However, the advantages unions in manufacturing have due to workplace size and workforce concentration can be offset by the threat of capital mobility. Employers at manufacturing firms can use the threat of shutting a workplace down and moving it to a cheaper

¹¹² There are exceptions to this of course: subcontracting is rife and increasing in manufacturing, corporate ownership is not always direct, and unionization has tended to be in larger firms.

¹¹³ <http://www.carrefour.com/content/carrefour-stores-worldwide>

site as a way to whipsaw unions into concessions. Most service sectors firms are rooted in one location making the possibility of capital mobility much less salient and threatening for these unions. The variability of this factor also depends on the next issue influencing transnational networking, namely, management's opposition to networking and unionization in general. Companies opposed to global networking, like Unilever, will be more prone to use the threat of mobility to stop organizing, while companies with management more open to partnership with its employees will be less likely to use capital mobility as a threat to undermine organizing.

The size and geographical dispersion of a firm also has a complex influence on network development. The larger a firm is the more complicated networking will be, making it more difficult to create cross-border organization. A more geographically spread out firm with operations in many countries will have more workers, more unions, more complicated issues of language and communication, and more logistical hurdles, while a regionally concentrated network faces fewer of these challenges. At Unilever, the company's global reach and cross-industry organization have presented steep challenges to union networking. Unilever management also used this global reach and the threat of relocating production to whipsaw unions for concessions (this tactic was used by Rolls Royce management as well).

At BASF, a company with a similar global reach, the network has tried to overcome the challenges presented by the company's global reach by organizing regional networks rather than one single global network. This has allowed the networks to build off of relationships between unions with shared languages and identities. Likewise at Gerdau, unionists were able to initiate transnational network activity by organizing around opposition to a regional trade agreement, the

FTAA. Gerdau's operations are concentrated in North and South America meaning a working knowledge of English, Spanish, and Portuguese is necessary. Focusing on specific regions can cut the other way as well. At Rolls Royce, unions focused primarily on organizing a network around European operations, leaving Latin American unions on the margins of network activity.

This same geographic logic applies to unions that operate on a national scale. At BASF, the company's largest facilities were concentrated in the ABC region outside São Paulo. Unions in this region benefitted by the fact they had a history of coordination and information sharing and a common local union; they could meet each other face-to-face and develop relationships. At Unilever, the company's production facilities were spread out across three geographic regions, two of which, the Center West and the Northeast, had the lowest unionization rates in the country. During the industrial restructuring of the 1990s, companies relocated many facilities from brownfield sites like those in the ABC regions to these types of greenfield sites in order to reduce union bargaining power.

Finally, the overall economic climate also affects a network's ability to develop. Poor economic conditions militate against transnational union networking forcing unions to defend gains at the local level rather than use limited resources for cross-border activity. At Unilever, Brazilian management used a period of layoffs and workplace restructuring as an opportunity to divide unions. In contrast, transnational organizing in a favorable economic climate is more likely to facilitate transnational activity. As a company expands there are more economic rents to distribute as well as potential allies as a company expands into new locations. The Gerdau network was able to increase its membership and bring in new members as the company

expanded throughout the Americas and into Spain. In the years since the Great Recession of 2008, unions have faced layoffs and cutbacks at home.

The question remains of how formidable these environmental factors are in influencing attempts to build transnational networks. From the experience of the four networks analyzed in this dissertation, environmental factors can create significant hurdles to cross-border organizing, especially the ability of unions to foster internal cohesion and maintain commitment amongst members over the long-term. Unions building transnational networks at companies in manufacturing that are smaller or regionally organized have certain advantages that can facilitate cross-border activity, while those networking at larger companies and those in the service sector are significantly more disadvantaged by these same environmental factors. However, to fully understand how these structural factors influence global networking, the final two factors need to be examined.

3. Union Commitment to Networking

The third factor affecting the development of transnational union networks is the degree to which unions' are committed to transnational networking. In my initial model I hypothesized that networks would vary in their levels of "internal cohesion." In chapter three I defined internal cohesion as a series of observable activities: "This degree of internal cohesion will ultimately affect a network's ability to build solidarity between members, act collectively, exercise leverage against an employer, and potentially disrupt a company's ability to generate profits (through transnational campaigns). The internal cohesion of networks can be measured by a combination of four factors: density, frequency, scope, and effectiveness of network activity." While this

allowed me to identify the results, I was unable to identify the causes that led to internal cohesion. After reviewing the cases in this research, I can now offer a more well-defined category that leads to internal cohesion, namely “union commitment.”

On the surface, the category “union commitment” is a rather broad category, however, other authors have cited the usefulness of the category as a means to understand transnational union activity. In his study on cross-border organizing campaigns Armbruster-Sandoval (1998) emphasized the significance of inter-union relationships: “The level of ‘internal unity’ and ‘commitment’ of labor unions are relative concepts—no union can ever be completely united or completely committed, and so I maintain that levels of internal unity and commitment within labor unions periodically shift over time. I argue that power struggles between local and international unions, personal feuds involving high-ranking officials, and union mergers can affect the level of internal unity and commitment...labor unions that are experiencing local/international power struggles, personal rivalries, or mergers will likely have low levels of internal unity and commitment, and that the absence of these problems will generate high levels of internal unity and commitment. Unions with levels of internal unity and commitment are more likely to become involved in cross-border organizing labor organizing campaigns than unions that are divided and uncertain about cross-border labor organizing” (Armbruster-Sandoval 1998:103-104). Furthermore, a number of individual components can be identified to give the category more clarity.

Unions’ commitment to networking has three components: material, ideological, and interpersonal/inter-organizational. First, it has an ideological component. Local and national

unions must first see transnational networking as a meaningful and worthwhile activity¹¹⁴. This supports my claim in chapter five that unions with a “class identity” will be more likely to engage in transnational networking due to their shared long-term interest as members of a transnational working class that views unions in other countries as sources of solidarity, rather than as potential competition.

Second, union commitment has a material component. Transnational networking requires unions to commit staff and resources to supporting transnational activity over the long-term. Union staff provide support to networks through strategic research, planning and attending network meetings, conducting follow-up to these meetings, and generally maintaining good relationships with other unions. Financial resources are also at a premium for union networks meaning much of the financial costs fall onto the unions with members in a network, particularly the unions in the company’s home country. This means unions must devote resources to transnational work at the expense of more visible and tangible work back home (this is exactly why an ideological commitment to transnational strategies is so important).

These two components can be seen in the contours of how transnational networks have developed within the CUTMulti program. Beyond the CUT, three unions stand out for their strong ideological and material commitments to transnational union networking, the Dutch FNV, the German DGB, and the North American USW. Nearly all the most successful networks

¹¹⁴ Local unions will have a harder time engaging in long-term transnational activity without the support of their parent union. Likewise, parent/national unions who seek to engage in transnational activity can do so (support for GUFs, international meetings, strategic alliances with other unions a higher level), but most likely that can’t force local unions to be involved. They can urge and foster transnationalism but not coerce. So there may be internal contradictions and different levels of development within different levels of unions.

involved in the CUTMulti program have strong connections to at least one of these three national unions. On the other hand, networks at companies based in the UK (Rolls Royce), France (Carrefour), and Italy (Prysmian) have all been much less successful in part due to this factor. These national unions often demonstrate discursive support for transnationalism for transnational activity, but have not committed material resources or staff to sustain that moral support. Overall, unions that have established “strategic alliances” will be better suited to engage in transnational union networking and will have stronger internal commitment. These formal strategic alliances (such as the CUT’s formal alliances with the USW, the DGB, and the FNV) entail resource and information sharing, guarantees of mutual transnational solidarity, and commitment to long-term organizational collaboration.

Finally, union commitment has an interpersonal and inter-organizational component. Once individual unions commit to engaging in transnational networking, relationships with other unions and other members of the network most acutely affect the network’s development. Political differences, jurisdictional rivalries, and a fear of poaching foster low trust between leaders of different unions. This lack of trust inhibits a network’s ability to carry out essential functions such as long-term commitment towards common goals, information sharing, and coordinated action. These processes are all much more difficult when union leaders see peers as rivals or as competition. The two networks with high internal commitment, BASF and Gerdau, had few inter-union rivalries. The CUT and the DGB and USW, respectively, had developed strong ties through strategic alliances and worker exchanges in the years leading up to formal networks being established. At one of the networks with low internal cohesion, Unilever, the network was beset by internal divisions. The Rolls Royce network was less a case of inter-union

rivalry (though tension was present between Unite and the IMF) than a case of Unite's unwillingness to commit resources to more comprehensive global networking beyond the Global Council.

4. Company Attitude Toward Union Networking

Finally, a fourth variable affects the development of transnational union networks, the company's attitude toward union networking. In my initial model of union network development I identified an employer's recognition of a transnational network as the second defining attribute for how a network would develop. While this "external recognition" remains the most important outcome, I was unable to identify the variables or processes that lead to an employer to recognize or not recognize a network. The cases in this dissertation show that the company's attitude toward union networking affects how the network will develop; employer opposition is a significant barrier to transnational union networking efforts, while support from an employer can help create strong and lasting transnational bargaining structures. This range of options open to employers can be seen in the four cases in this study.

Employer opposition to networking can take a number of forms ranging from outright attempts to impede unions' transnational organizing attempts to more passive opposition where a company can simply ignore a unions' overtures for dialogue and transnational engagement. Opposition can also mix these two strategies with upper corporate management ignoring unions' calls for transnational dialogue and local management taking a more hands on approach to stymie unions who try to coordinate activity on the local or national levels. This opposition can

wear down the internal cohesion of unions in a network eventually eroding its internal cohesion over time.

While there are no transnational legal mechanisms or institutions by which unions can compel a company to recognize a network, union networks can use their bargaining power to influence a company through direct or indirect pressure, or through appeals for dialogue and “best practice” labor relations. The latter, known as *sensibilização* in Brazil, has been more common amongst the networks surveyed in this study, while the former has proven to be difficult to sustain and coordinate.

Employer support for transnational networking can also take a variety of routes, usually ending with the formal recognition of the network as a transnational representative of unions. On one hand, employers may voluntarily sign agreements such as International Framework Agreements that cover basic standards across the company’s operations and call for some monitoring of these conditions. IFAs vary in their content; some are simple affirmations of international labor standards, while others are more comprehensive and include social dialogue bodies at various national, regional, or global levels.

Employer attitudes towards networking have two components, an internal one and an external one. Company attitudes toward networking originate in internal decisions made by its management. At one extreme is an approach derived from a broad company principle, such as at Gerdau, where the company has consistently refused to recognize or negotiate with any union organization that go beyond the legal requirements of the countries in which it operates.

Consequently, Gerdau management has refused to recognize the GWWC because there is no legal standard for transnational union organization. At Rolls Royce, on the other hand, internal positions led company management to establish an employee global council.

However, while the company's attitude toward networking originates in its internal leadership, union efforts and changes in the external environment also affect a company's attitude toward networking. At BASF, the company shifted its stance towards one more accepting of union networking in part due to pressure from union organizing efforts and coordinated network demands for an institutionalized social dialogue process. The company also responded to changes in the social and political environment that encouraged the adoption of corporate social responsibility standards. These changes moved BASF from opposition to recognition and support for union networking. The opposite occurred at Unilever where the company began with an initial, if tepid, series of meetings with the Brazilian Unilever network but soon shifted to opposition once the network's internal cohesion began to fragment.

Conclusion

Four points should be taken from this revised model. First, the involvement and long-term material support by Global Union Federations and unions from the network's home country are the most fundamental building block of transnational networking. Without the participation of both of these parties union networks will not be able to function over the long-term.

Second, environmental factors have complex and sometimes contradictory effects on how a network will develop. These effects are dependent on the company's size and geographic reach,

its industry and sector, macroeconomic conditions, and the existing levels of bargaining power held by each party when the networking process begins. Analysis of the unique structural, economic, and sectoral conditions, as well as the levels of existing bargaining power of each network, are necessary to understand how these factors interact to affect the individual of transnational union networks.

Third, unions' commitment to networking determines its internal cohesion. Union commitment is composed of ideological commitment, resource commitment, and inter-personal commitment. High levels of each of these will lead to high internal cohesion and strong transnational union structures with the ability to share information and coordinate transnational activity such as cross-border campaigns over the long-term.

Finally, an employer's attitude toward transnational union networking directly affects whether that network will be recognized or not. Employers set policies regarding how collective bargaining and labor relations will take place. This is also true for its policies towards transnational union activity. Company support for networking most frequently leads to an IFA or some other type of transnational agreement establishing dialogue or consultation procedures. Company opposition to union networking hinders union networking by restricting unions' access to company decisionmakers and limits a network's ability to raise labor standards across the firm. Networks can also attempt to change an employer's opposition to networking to a position more favorable to transnational dialogue by engaging with employers through a direct campaign or through entreaties toward high-road model of labor relations.

This dissertation is necessarily an imperfect and limited study, however it is my hope that it can contribute to a broader understanding of union networking. While this dissertation focuses primarily on the experiences of Brazilian unions, it seeks to contribute to an understanding of both local and global union contexts. Finally, it is also my hope that this study can help advance and deepen the day-to-day work of workers and their unions who seek to build a more just world by creating and strengthening bonds of solidarity across borders.

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