

## Relations industrielles Industrial Relations



# The Multinational Corporation and Industrial Relations : The European Approach

## Les entreprises multi-nationales et les relations du travail : l'approche européenne

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### Résumé de l'article

La société multinationale a-t-elle posé un problème d'adaptation aux divers systèmes de relations industrielles en Europe ces vingt-cinq dernières années, et comment le mouvement ouvrier a-t-il réagi ?

Il convient de souligner trois points au sujet de la société multinationale : la croissance de la société multinationale, phénomène typique des années soixante, n'est pas tant une expansion numérique qu'une accélération du rythme d'accroissement des investissements, de la production et des ventes. Il est concevable que d'ici vingt ans le volume du secteur des sociétés internationales corresponde au produit national brut des États-Unis.

La nature même de l'administration s'est modifiée. Celle des filiales a perdu son caractère « plénipotentiaires ». Le pouvoir de décision plus ou moins grand qu'on laisse à ces dernières s'est plus en plus étroitement plutôt qu'avec leurs confrères du même pays.

L'expansion rapide de la société multinationale, associée au changement de structure et de nature de l'administration, va directement à rencontre du développement concurrent et de la notion « d'État-providence ».

Considérons le rôle joué par le mouvement syndical européen et ses alliés politiques dans l'expansion de l'État-providence. Nous saisissons du même coup les craintes qu'a suscité le caractère « insaisissable » de la société internationale au regard des politiques et institutions nationales. Ces sociétés échappent largement à la souveraineté des États et une sorte de vide s'est formé dans le domaine de la législation et de la réglementation. Ce vide doit être comblé.

Les syndicats affiliés à la CISL et les secrétariats professionnels internationaux qui leur sont associés et qui regroupent le gros des travailleurs syndiqués de l'Europe, ont adopté au neuvième congrès mondial de la CISL, une résolution visant à ce que les priorités de planification économique nationale soient respectées : que les fusions de sociétés soient soumises à l'approbation des autorités publiques ; que toutes les mesures soient prises à temps pour éviter les avatars sociaux résultant de changements de structure et de la fermeture d'usines ; qu'un contrôle démocratique soit établi à chaque palier de décision et que les lois ou règlements nouveaux régissant les activités internationales, régionales ou nationales des sociétés multinationales s'inspirent des exigences du progrès social maximum dans une économie équilibrée.

Le plan de mise en oeuvre de la résolution de la CISL présente trois approches stratégiques : changements qu'il faudrait apporter aux structures mêmes des organisations syndicales, modifications aux méthodes de négociation collective et de règlement des conflits du travail, et, enfin, adaptations à obtenir de la législation nationale et de la législation internationale ainsi que des organisations intergouvernementales afin de combler « le vacuum constaté en matière de législation et de réglementation » concernant les sociétés multinationales.

Le pionnier dans le domaine de l'adaptation des structures des syndicats aux entreprises industrielles multinationales est, en n'en pas douter, la Fédération internationale des métallurgistes (FIM). Dans le secteur automobile de la FIM, on a créé des conseils par entreprise, à l'échelle mondiale, par exemple Ford, General Motors, Chrysler et Volkswagen-Benz pour commencer, auxquels s'ajoutent la British Leyland Motors et conjointement Toyota et Nissan. Dans le domaine de l'électricité et de l'électronique, en raison du plus grand nombre de sociétés, la FIM a procédé un peu différemment, avec « des comités de compagnies multinationales » qui semblent avoir une orientation plus régionale.

Ces changements et ces adaptations en matière d'organisation, tant au niveau des fédérations internationales de centres nationaux qu'au niveau des syndicats affiliés, visent essentiellement au même but, à savoir l'internationalisation de la stratégie syndicale d'abord au plan national en ce qui concerne la négociation collective et le règlement des conflits, puis sur les plans national et international en vue d'obtenir une législation nationale et internationale qui assure une protection légale.

Nous sommes encore loin de la véritable négociation mixte internationale avec des sociétés multi-nationales. Dans certains cas, toutefois, des représentants syndicaux ont pu traiter directement avec les cadres supérieurs de sociétés multinationales. On met également au point certaines techniques qui, n'impliquant aucune négociation de type international, sont nées de situations locales spécifiques et se sont ensuite internationalisées par une tentative de généralisation des points en litige à l'ensemble des filiales des différents pays. Cette technique est utilisée avec grand succès par la Fédération internationale des travailleurs du pétrole et de la chimie (FIPC) dans le cas de la compagnie multinationale de verre de Saint-Gobain. Ce sera là peut-être un précédent typique. Toutefois la FIPC a peu de chances d'être un modèle que puissent adopter un grand nombre d'industries, étant donné que son activité s'exerce dans le cadre d'une industrie bien intégrée, à capital puissant, où la syndicalisation est relativement facile. Le succès d'une technique semblable dépend d'une action solidaire fortement disciplinée et synchronisée.

L'internationalisation de la stratégie syndicale vis-à-vis des sociétés multinationales suppose

- 1) une étude fouillée de la situation économique, des tendances de l'expansion, de la situation particulière des sociétés et de leurs filiales, la connaissance de leurs relations mutuelles, de l'expansion du profit, des conditions de salaire et de travail ; autant d'aspects qui pourraient faire l'objet d'une compilation et d'une révision constante par des ordinateurs ;
- 2) la transmission rapide de ces informations aux syndicats qui sont impliqués dans des négociations, la coordination des politiques et stratégies utilisées dans chaque situation, en d'autres termes, l'internationalisation des négociations menées dans chaque pays ;
- 3) des occasions de rencontre plus nombreuses avec les dirigeants des sociétés multinationales, sinon pour une négociation directe, du moins pour examiner certaines questions et s'entendre sur des principes de base.
- 4) la coopération des gouvernements à la création et à l'expansion d'institutions qui permettront de faire disparaître les lacunes actuelles de la législation non seulement au niveau national mais surtout international.

Afin de mettre en route le programme de recherche intensif et permanent dont il est question, il faudra que les organismes syndicaux à l'échelon national modifient du tout au tout leurs façons de penser et leur attitude vis-à-vis des organisations internationales.

Les syndicats, et à cet égard aussi les gouvernements, ont beaucoup de mal à obtenir des renseignements sur les politiques des sociétés multinationales. La plupart des syndicats européens ont réussi, soit par voie législative, soit par voie de conventions collectives, à mettre leur poids dans les décisions prises. Ce qu'ils craignent le plus, c'est une administration « absente » qui se déroberait à leur influence. La crainte de voir les sociétés multinationales intervenir dans les politiques nationales a conduit les syndicats européens à faire pression sur leurs gouvernements respectifs afin qu'ils définissent et redéfinissent encore leur position vis-à-vis des sociétés multinationales. L'attitude ambivalente des sphères gouvernementales vis-à-vis du phénomène des sociétés multinationales est une source croissante de tension en Europe. La tendance européenne actuelle consiste essentiellement à vouloir s'attaquer au caractère quasi insaisissable du phénomène afin de le soumettre à la législation et aux accords nationaux et internationaux.

La première conférence européenne des Travailleurs de l'automobile qui s'est tenue en décembre 1969 a traité des objectifs précis de la négociation collective. On y a insisté sur l'égalisation et la normalisation des conditions de travail et des avantages sociaux. On a établi les priorités suivantes : sécurité d'emploi, égalité des droits des femmes, enfin, droits syndicaux dans l'atelier.

Il est probable qu'avant que les syndicats ne renouent à la véritable négociation collective internationale, ils useront de leur puissance politique afin d'obtenir l'extension et l'uniformisation des lois touchant les normes du travail dans le cadre, qui sera peut-être élargi, de la Communauté économique européenne.

# The Multinational Corporation and Industrial Relations: The European Approach

**Paul Malles**

*The author considers whether the multinational corporation constituted a challenge to the industrial relations systems as they have developed in Europe over the last quarter of a century and what response such a challenge found in the trade-union movement.*

There has been, in recent years, a fast-growing literature on the subject of the international or multinational corporations. What I have seen, however, indicates that among the many facets which are or have been under study, the industrial relations aspects have, as yet, found little attention.

There is this point also : The question of the multinational corporation threatens to become one where emotions nourished by preconceived ideas are taking precedence over facts, especially as the facts are hard to establish and the whole issue is surrounded by a web of what Raymond Vernon called « facts, fears and fancy ». To some, the multinational corporation constitutes the epitome of competitive efficiency and the realization of the ideal of Ricardo and Smith in their revolt against the economic nationalism of the mercantilist period, namely that each nation should specialize in those things it does to the best advantage with a minimum of restriction and interference ; and on the other side, there are those who see in the multinational corporation only another addition of monopolies and oligopolies to the already imperfect market mechanisms of international trade.

Obviously, the one does not exclude the other, and the multi-

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national corporation like all institutions may well have the virtues of its vices and the vices of its virtues. However, for our subject we do not need to deal with the question whether or not the multinational corporation is « good » or « bad », but whether or not it constitutes a challenge to the industrial relations systems as they have developed in Europe over the last quarter of a century, and the response such a challenge finds in the trade-union movement.

One of the first obstacles we have to overcome when talking about the multinational corporation is to agree on *what* we are talking about : there is no readily accepted definition of this phenomenon. This is not astonishing, as most likely there are as many types of such corporations as there are multinational corporations and often at different stages of institutional development. Raymond Vernon in an article significantly entitled « Economic Sovereignty at Bay » says this :

« The term 'multinational enterprise' is sometimes confusing and always imprecise ; but what I have in mind is simply a cluster of corporations of diverse nationality joined together by ties of common ownership and responsive to a common management strategy. That kind of definition serves well enough to characterize Ford or Nestlé, IBM or Philips »<sup>1</sup>.

(You may notice that two of these firms are « American » and two « European ».) In fact, while the growth of subsidiaries of American-based multinational corporations in Europe has given the discussion there a distinct flavour, the so-called « European Companies » form now a large part of the family of multinational corporations, even infiltrating the United States.

J. N. Behrman in a short paper prepared for the Economic Council of Canada says the following :<sup>2</sup>

« There is no accepted definition of an 'international corporation' and the concept is likely to remain confused because of the different meanings of the term 'international'. It is not clarified by the substitution of the word 'multinational'... There are no truly international companies. Attempts in business journals to define an international corporation (the terms are used interchangeably) as a company that makes no national distinctions in coming to business decisions – balancing all alternatives on a cost/return basis from all

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<sup>1</sup> VERNON, Raymond, « Economic Sovereignty at Bay », *Foreign Affairs*, October 1968, pp. 110-122.

<sup>2</sup> BEHRMAN, J. N., « An Essay on Some Aspects of the International Corporation », *Economic Council of Canada*, January 1970.

over the world — simply do not reflect parent company policy at present... Even so, there is such a thing as international company — if characterized simply as a large (*domestic*) corporation which has a substantial overseas investment in operating subsidiaries or affiliates — sometimes including licensees ».

Behrman is quite aware that the number of the companies over the world engaged « internationally » under that definition would undoubtedly run into the thousands. However, it is above all the large « international » corporation on which attention is usually focussed and — as Behrman also points out — among the 500 largest companies in the noncommunist world, only about half would be considered significantly « international » in the above sense. In any case, we will do well to keep Behrman's qualification of the multinational corporation as a *domestic* corporation with subsidiaries or affiliates and/or licensees in a number of countries firmly in mind when we come to the question of the developing strategy of the European unions in dealing with them.

Now, if we take a closer look at these definitions, I think everybody will note that they tell us little that's new. Multinational enterprises of one kind or another have been with us for a long time and the economic historian can go far back in European economic history and find challenge and response to them.

So — we may well ask : « What's new ? », « What is the sudden shouting all about ? ». I would like to single out three facts that are « new » :

- 1) The sheer growth of the multinational or international corporation as a phenomenon of the 1960's. This growth is not so much one of numbers as of the accelerated rate of growth in investment, production and sales. Within the industrialized West, this rate of growth far outpaces that of the average rate of the national economies concerned. Behrman estimates a « conservative » growth rate of 10 per cent per annum for the corporations against an average 4 per cent national growth rate. This could mean — unless there is a reversal or slowdown, for example by a reassessment by governments of the impact on their economic policies — that « in 20 years the international corporative sector could easily equal in size the American Gross National Product or that of the rest of the noncommunist world, accounting for half of its Gross National Product compared with about 15 per cent currently ».

- 2) A change in the very nature of management, which itself is the consequence of technological developments in communication and computerization permitting the establishment of centrally arrived at policies which then are locally applied. In other words, the management of the subsidiary or affiliated firm loses its « pleni-potentiary » character and how much or how little decision-making powers remain with it is no longer a matter of externalities, but a matter of centrally established policies. This has already a strong effect upon managerial behaviour which may indeed become truly « international », where the nationality of local management matters little and the various national managers of international corporations become more and more closely identified with each other rather than with their domestic confrères.
- 3) Thirdly, this rapid expansion of the multinational corporation plus the change in the structure and nature of management runs directly counter to the concurrent growth and concept of what, for want of a better word, we call the « Welfare State ». In his 1958 Yale lectures — and long before the present excitement about multinational corporations — the Swedish economist and social scientist Gunnar Myrdal noted the essentially nationalistic or if we wish to use a more euphonious word, the inward-directed character of the Welfare State : <sup>3</sup>

«... no logical dividing line can be drawn between, on the one hand, those policy measures which were in the nature of protective action against acute dangers for the national economy arising out of the sphere of international relations, and, on the other, the Welfare State policies proper . . .

« Indeed, national planning — whether by the state, by public, semi-public, or private organizations, or by individual enterprises — had for many reasons, almost by necessity, an autarkic tendency. . .

« In particular, the ideals of the Welfare State did not permit international adjustments in response to changes in the international sphere, if they had to be at the expense of full employment and other essential elements of these ideals. As those ideals increasingly materialized in firm institutions and working practices which could not be easily and rapidly altered, the State was also less able to adjust them, even in situations where these ideals would have permitted it to do so. The national economies have been permanently shaped

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<sup>3</sup> MYRDAL, Gunnar, « Beyond the Welfare State » Bantam Books Reprint, 1967, p. 133 ff.

towards a maximum of internal adjustability – within the framework of fixed rules and procedures adapted to the fulfilment of the ideals of the Welfare State – which makes it increasingly possible to preserve internal progress and stability, but only at the cost of a more pronounced lack of external flexibility... »

What we here have to observe, I submit — and above all within the context of European industrial relations — is an entirely new dimension to the old issue of economic sovereignty. The conscientious economic historian may object that neither government intervention in the economy nor « planning » is something new but was, for example, the hallmark of mercantilism. But there is a difference. First, the nature of the specifically goal-directed intervention : full employment, sustained growth, price stability, viable balance of payments and equitable distribution of rising incomes ; and, secondly — as agreement on a specific set of goals does not imply agreement on their priorities — the attempts to harmonize the conflicts of interest within specifically created institutions. Central to this, then, are industrial relations : the full employment concept enters into legislation. Indeed the right to employment became regarded as a civil right, and collective bargaining — centralized in an organization-to-organization relationship between management and organized labour — became for better or worse subordinate to global national policies in the development of which the labour market parties of the private sector are directly involved

Let me hasten to add here, that I do not see in the concurrent development of international institutions, be it GATT, or the International Monetary Fund, or the OECD, or even the European Common Market, a contradiction to the basically « nationalistic » concept or « economic sovereignty » concept, of the European Welfare State. Whatever the ideals which inspired their creation, surely any observer of their development must admit that hitherto they have been little more than bartering places of national interests, and that all « internationals » — and I do not exclude trade union internationals — are internationals of nationalists and not internationals of internationalists.

If we then consider the role played by the European trade union movement and its political allies — the political power factor is never to be neglected on the European industrial relations scene — in the development and the institutionalization of the Welfare State, then we may well appreciate the fears and concerns that the very elusiveness of the multinational corporation in regard to national policies and institu-

tions have created ; concerns which go much further than the question of « good » or « bad » employers, or individual instances of contract negotiations or industrial conflict, however dramatic and eye-catching such instances may be. As a working paper of the Secretariat of the International Confederation of Free Trade Unions (ICFTU) put it : <sup>4</sup>

« . . . the area in which the highly diversified world-wide corporation operates is largely outside the scope of national sovereignties and by virtue of this fact, *a sort of vacuum has been formed in the sphere of legislation and regulation which must be filled* ».

Despite this fear and concern, there is nevertheless a certain ambivalence in the European trade union attitude to the multinational corporation. Indeed, the just-quoted document leans far more backward in its recognition of the positive aspects of the multinational corporation than many nontrade unionists may be inclined :

« . . . at technical and financial levels, in the field of efficiency and performance, the development and installation throughout the world of giant highly diversified corporations incontestably presents numerous advantages and certainly corresponds to a form of economic progress geared to the second half the 20th century . . .

« Nobody would dream of disputing the positive aspects of the phenomenon – the workers trade unions least of all, in favour as they are of general economic progress and the growth of production which are the fundamental means of raising the worker's standard of living . . .

« Nevertheless » – adds the ICFTU paper – « concomitant with the recognition of the positive and beneficial aspects, it is also fitting to consider the transformation which they bring to the fabric of economic, social, judicial and political relations in which they develop. *It is, therefore, appropriate to consider the adaptation necessary for their smooth development* ».

It is always quite interesting to note what happens to a secretariat document when it reaches the floor, and, therefore, I quote here from the subsequent resolution of the Ninth World Congress of the ICFTU on « Multinational Corporations and Conglomerates » <sup>5</sup>.

Here too we find a complimentary reference to the role of the multinational corporations in economic progress, but well qualified by a long list of criticisms and accusations such as : Jeopardizing democratic national development planning ; arbitrarily transferring production facilities and research centres from one country to another without regard to

<sup>4</sup> *Economic and Social Bulletin*, Vol XVII, No. 2, March-April 1969.

<sup>5</sup> *Economic and Social Bulletin*, Vol. XVII, No. 4, July-August, 1969.

balanced global and regional development ; evading taxes by means of internal transfers at artificial prices between subsidiaries . . . and restrictions imposed on production and export opportunities ; inducing competition between the host countries by means of tax reliefs, public financing and other concessions ; undermining established industrial systems ; exploiting international labour cost differentials in order to boost profits, etc., etc.

In consequence — and here too I can only quote from this lengthy and explicit document the most salient points — the ICFTU urges the need to ensure that the priorities of national economic planning are respected, in particular that company mergers be subjected to the approval of public authorities, and that all measures are taken in good time to avoid social hardships caused by structural change and plant closure, and . . .

« that any new laws or regulations governing international, regional or national operations of multinational corporations must include the principles which provide full scope for the requirements of maximum social progress in a balanced economy », and

« emphasizes the need for adequate measures to establish democratic control at each level of decision, so as to advance the democratization of multinational corporations and in particular avoid undermining, or preventing, the extension of established practices and procedures for achieving effective industrial democracy in various countries ».

What now is the strategy of the European unions in implementing the principles of this resolution ? What are the practical steps they are taking ? Here I should add that I am speaking above all of the unions affiliated to the ICFTU and its associated Trade Secretariats (ITS), not only because they group the bulk of organized labour in Europe, but because there is no difference of opinion and policy but in fact consistent cooperation between them and the Christian unions of the World Confederation of Labour and its trade federations. Moreover, it is also quite clear that the impetus in the whole matter of multinational corporations in Europe comes from the trade union centres and their affiliates in the countries of the Common Market ; this is not surprising as they find here a ready-made framework of reference in an international setting.

These strategies — all still very tentative and experimental as they may be — can be grouped under three headings :

- adaptations in organizational structures ;
- adaptations in the techniques of collective bargaining and conducting industrial conflict ; and



— adaptations sought within national as well as international law and within intergovernmental organizations — to fill « the vacuum of legislation and regulation » concerning multinational corporations.

Significantly, the EEC unions in April 1969 decided to convert the former so-called « Trade Union Secretariat of the Six » into a « European Confederation of Free Trade Unions » (ECFTU). The initiative to this step came as far as I could ascertain from the German Trade Union Federation (DGB). What it implies in practice is as yet difficult to say. But we can well assume that the German unions with their strong emphasis on « codetermination » are pressing forward to participation in managerial decisions of multinational or « European Corporations »<sup>6</sup> with a greatly strengthened voice of the unions in the Common Market institutions.

However, the most significant development can be surmised from the draft constitution : the composition of the tri-annual congress of the Confederation will be decided with consideration for the numerical strength of each individual national centre ; the decision-making process of the congress and the executive committee will be based on the majority system and — most important — « the proposed voting process will make possible clear and binding decisions whilst giving due consideration to the necessity of not reflecting a one-side majority.»<sup>7</sup>

At the ITS level, the most immediate impact is that of the International Metal Workers Federation (IMF), particularly in the automotive and electrical and electronic fields, and the International Chemical and General Workers Federation (ICF). The reason for this is quite obvious as the multinational giants — whether American or European based —

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<sup>6</sup> To overcome one of the main obstacles to economic integration in Europe, namely the multiplicity of, and the difference between national legal system, the European Economic Commission proposes to create a new legal institution, the « European Limited Company ». The EFCTU unions agreed to submit to the European Economic Community certain proposals which foresee the establishment of a « Supervisory Council » in such companies of a tri-partite character, in that they would consist of « persons nominated as candidates by the general assembly of the shareholders, persons nominated as candidates by those trade unions which are representative at the European level and persons co-opted by the two other groups and representing the interests of the general public ». Cf. BRAUN, Walter, « The European Company » in *Free Labour World*, No. 240, June 1970, pp. 15-17.

<sup>7</sup> As possibly the first affiliate of the EFCTU, the Netherlands Federation of Trade Union (NVV) adopted at its 1970 convention an article in its constitution corresponding to this decision, thus subordinating under certain safeguards its national autonomy to the international organization.

are primarily found in these fields, where concentration, mergers and acquisitions have been proceeding with rapidly increasing pace.

Not forgotten should also be the International Transport Workers Federation (ITF) which for decades had to deal with and develop its own techniques concerning certain types of internationally enmeshed corporations in maritime transport, especially with the pernicious issue of the « flags of convenience », the international airlines, and directly and indirectly with the international oil companies.

The pioneer in the field of organizational adaptation to multinational manufacturing firms is undoubtedly the International Metal Workers Federation (IMP). I recall meetings as early as 1958, when the late Walter Reuther first drew attention to the problem faced by the unions in industries which he then called — I quote from memory — « industries of equal technological development but wide disparities in wages, fringe benefits and other cost factors. »

Moreover, this Trade Secretariat groups the most well-organized and wealthiest unions in the world, and in particular under the impetus of the UAW, has made it possible to augment its staff, create competent research facilities and generally energize its activities.

Now — in regard to changes in organizational structure, the important point is that within the framework of the IMF's Automotive Department, world-wide councils have been set up according to enterprises, i.e. Ford, General Motors, Chrysler and Volkswagen-Benz in the first instance, to which now are being added British Leyland Motors and jointly Toyota and Nissan. Councils for Renault-Peugeot and Citroën-Fiat are now in preparation. (For reasons of the ideological and political splits in France and Italy, there are obvious difficulties.)<sup>8</sup>

In the electrical and electronics fields, because of the greater number of companies, the IMF proceeded in a somewhat different manner; that of « committees on multinational companies » which appear to be more regionally oriented.

Obviously, as these examples show, the organizational adjustment which is now taking place depends on the nature of the industry or industries concerned, and therefore will differ from ITS and even within one ITS. Essentially, however, these organizational changes and adaptations,

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<sup>8</sup> Another ITS, the International Federation of Petroleum and Chemical Workers, which deals in the main with the international giants of the petroleum industry, adopted recently a similar system of enterprise councils.

whether at the level of the international federations of national centres or of those of the affiliated unions, aim at the same purpose, namely the « internationalization » of trade union strategy, at the national level in matters of collective bargaining and the solution of conflict situations, and at the national and international level at protective law by national as well as international legislation.

This is still far removed from true international joint bargaining with multinational corporations. However, there are a few examples where union representatives have been able to come face to face with top officers of multinational corporations. To my knowledge the first firm which agreed to such meetings was Philips ; the first meeting taking place in 1967 and the second in 1969<sup>9</sup>. Both were essentially information meetings and both concerned Philips enterprises within the Common Market. According to the IMF, it is too early to assess the practical results on the specific basis of these international management-union meetings, but the IMF is prepared to give credit to these meetings in preventing the closing of a plant in West Berlin and to Philips' agreeing to introduce an early warning system in case of production transfers from one country to another.

Another interesting meeting took place between IMF delegates and the Swiss-based Brown-Bowery concern which employs about 88,000 workers in 17 countries, nine of them in Europe. The meeting took place at the moment when this concern planned to set up in 1970 a new worldwide management structure, co-ordinating research and technical development, grouping middle and smaller plants under central management with an international personnel office, and creating an international management board with direct management representation for the large companies in Switzerland, Germany and France.

Topics of discussion were the Brown-Bowery production program, the division of manufacturing, future employment prospects and the pos-

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<sup>9</sup> A third meeting with Philips management took place in 1970 and agreement was reached on a ten-point program for its European plants. The main points of the agreement are recognition that problems arising from change can only be overcome to the satisfaction of workers in discussion and negotiations at all levels; plant, national and European; that both sides considering it essential to enter into early consultation whenever it is proposed to put into effect economic or technical measures having appreciable social consequences; acceptance of the principle that redundancies will be avoided; that earnings and social benefits during retraining and transfer will be guaranteed and maintained at their previous levels for a minimum of six months and that workers over fifty years of age will be specially protected.

sible effects of management structure on world-wide employment policy. The IMF news bulletin reporting on this meeting adds at this point : « The frank exchange of views was considered by both sides and will provide a basis for further contacts at international level through the IMF <sup>10</sup> ».

Another meeting, which I would like to mention here for illustration purposes although it appears not to have a direct bearing on multinational corporations, was an international *tripartite* meeting in February 1970 between the ship-building unions of the European Common Market countries and the corresponding employers, under the chairmanship of a member of the European Commission with ambassadorial rank. These discussions took place on the basis of reports submitted by both employers and unions to the Commission, and the agenda included such items as the outlook for production and future development of demand, forecasts of manpower requirements, problems of older workers, development of craft qualifications, training, etc. I mention this as a possible avenue for elevating industrial relations to the international level by contacts between specific groups of workers and specific groups of employers under inter-governmental auspices, which could become applicable to multinational corporations.

Certain techniques are also developing which, while by no means involving international bargaining, yet arise from specific local situations and are then «internationalized by seeking to generalize the issues to the subsidiaries of the individual countries ». This technique was used with great success by the International Chemical and General Workers Federation (ICF) in the now famous case of the glass-producing multinational company Saint Gobain, which may well become a classic in its way.

However, one should be careful not to come to hasty conclusions as to the applicability of the union strategy employed in that case to other situations and particularly other industries. As a research study of the British Fabian Society points out <sup>11</sup> :

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<sup>10</sup> In September 1970 a further meeting between IMF affiliates from Germany, France, Italy, Austria, Norway and Switzerland and Brown-Bowen management took place. The main points of discussion were location of future investment, plans for production changes and likely areas of expansions, social security, training and occupational mobility, as well as the continuation and extension of scientific research and development in the BB establishments outside Switzerland. Perhaps the most important point was the agreement to meet at least annually and in the case of special problems even more frequently.

<sup>11</sup> Fabian Research Series 279 : « Politics and the Multinational Company », December 1969, p. 21.

« ICF is unlikely to prove a model which many industries can copy as it is operating in a highly capital intensive well integrated industry, which is relatively easy to organize, since a few men can do a lot of harm to a company, and chemical firms have a tradition of paying over the odds to avoid labour problems ».

The technique used in the Saint Gobain case depends on careful timing, but above all, on highly disciplined solidarity action.

Speaking of solidarity action : certain instances have recently received some attention in the press, such as the solidarity action of British workers in the Dunlop situation. But to this, many others could be mentioned and they are by no means new. Eamon Park in a recent letter to the *Globe and Mail* quite rightly pointed out that they are far from « unprecedented ». And this goes for many other forms of pressure on multinational corporations. Just as there is nothing intrinsically new with multinational corporations, neither are many forms of trade union action although the public may only become aware of them in a crisis situation. However, those who know the international trade union movement also know that in the *prevention* of such crises, there is often at work something which may be called « quiet diplomacy » : interventions through national centres and unions, directly or via government and both, via employers associations etc., etc. at the point of final decisions-making. In fact, such interventions have for long been the daily bread — if not the butter — of international trade union secretariats, sometimes with success and sometimes without. But neither party in such situations had any interest to shout from the house-tops and for the very good reason of not diminishing the usefulness of the channels used, or where publicity would hurt the chances to obtain concessions and agreement.

Let me now sum up the essential points which are emerging from my previous remarks, and then comment on them individually :

- (i) the « internationalization » of union strategy involving multinational corporations depends on intensive research concerning economic conditions, development trends, particular situations of the corporations and their subsidiaries, the knowledge of their interrelationships, profit developments, wages and working conditions in considerable detail ; this could include the storing and constant revision of information in electronic data banks ;
- (ii) the quick transmission of this information to the unions involved in a bargaining situation and the co-ordination of policies and strategies employed in individual situations — in other words, the « internationalization » of domestic bargaining ;

- (iii) increasing opportunities for face-to-face meetings with the decision-making management officials of the multinational corporations, if not for direct bargaining, but for exploration of issues and agreement on basic policy principles ;
- (iv) co-operation of governments in creating and developing institutions that will permit the removal of existing gaps in laws and regulations, not only at the national, but above all the international level.

Now as to comments :

To carry out the intensive and continuing research program which is envisaged, a very radical change in the attitudes and concern of national trade union bodies in relation to the international organizations will have to take place. Most of these organizations, if not all, are still understaffed, especially with professionally trained personnel, and under-financed. True, those who know the international trade union movement from the inside can tell stories about how much has been achieved by a handful of people and with ridiculously small amounts of money. Nevertheless, if international trade union bodies are to deal with multinational corporations in the electronic age, a good deal of the old habits would have to change.

One aspect of this problem is also the very great difficulty faced by unions — and for that matter governments — in obtaining information on the policies of multinational corporations. For the unions, that goes for wage policies as well as many other aspects of company policies affecting jobs, working conditions and living standards such as investment programs, technological change, lay-offs, plant closures, etc. Most European trade unions have been able, either by law or by agreement, to exercise considerable influence on managerial decisions. What they fear most is an « absentee » management removed from their influence on decision-making. By no means will all multinational corporations reveal what their policies are, or even whether they have any centrally arrived at, universally applicable, industrial relations policy.

One multinational corporation which publicly stated that it had « in writing » such a policy happens to be a Canadian-based firm, Massey-Ferguson, described by its President in an interview with *Business Week* (June 1968) as :

« a company with both global discipline and global attitudes. Such phrases as « foreign » and « domestic » get a censor's treatment in Toronto. All of us have world-wide responsibilities. We could move head-quarters overnight anywhere in the world with telephone and airport... Massey-Ferguson is one of North America's first and purest examples of a truly multinational corporation ».

At a Conference at Loyola University in Chicago, Mr. John A. Belford, a Vice-President of Massey-Ferguson gave a very frank exposition of the firm's methods for supervising and guiding its labour-relations policy in 33 plants in 10 countries, employing 45,000 people. If I interpret the message of his paper correctly, the basic point was that the firm on the basis of its written policy, which must be regarded as « inviolate as far as this is within the power of management », will not grant in one country what it refuses in another. He described three basic principles of this policy which indeed, in certain countries, would mean undeniable progress in their industrial relations systems :

- collective agreements are to be for fixed terms and must proscribe interest disputes for their duration ;
- interest disputes should be resolved by negotiations, conciliation, mediation, third-party fact-finding, or economic action and rights disputes should be resolved by acceptance of management decision or by arbitration or other forms of adjudication ;
- management should take the initiative in industrial relations, and collective bargaining structure should facilitate such initiative.

However Mr. Belford also said this :

« The written policy must recognize that at times, within certain jurisdictions, a point of [corporate industrial relations] policy cannot be invoked because of law or other environmental conditions. In these circumstances, it is management's task to identify and to surmount it if possible . . . the essence of management is to make things happen by coping with the environment. By 'cope' I mean not only to engage and contend successfully with the environment, but also to influence it — by management example and responsible participation in affairs of the community ».

According to the source<sup>12</sup> from which I am quoting — and quite typically — the « European contributors . . . construed these comments as a plea for intervention by the multinational corporations in all levels of domestic politics of the host nation. Conferees from the EEC countries also chided Mr. Belford for discussing corporate needs without reference to the needs of the rank-and-file personnel at the diverse operating sites ».

It is indeed this fear of intervention of the multinational corporations « in all levels of domestic politics » which led the European unions to press upon their governments the need to assess and reassess their attitudes to multinational corporations. However, to this point Raymond Vernon

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<sup>12</sup> *Western European Labour and the American Corporation*, edited by KAMIN, Alfred, BNA Books, Washington, D.C., 1969.

remarks quite correctly<sup>13</sup> :

« Few governments would be able to say precisely how and when they expect the global interest of the enterprise to conflict with the national interest of the economy ; many of the illustrations used to document the fear are patently exceptional or farfetched. But as long as the multinational enterprise has the power, difficult or improbable though its use may sometimes be, to dry up technology or export technicians or drain off capital or shift profits or alter prices or allocate markets, there is a latent or active tension associated with its presence. As long as they are predominantly headed by U.S. firms, there is also the fear that they may be the instrument of U.S. policy. For some governments the tension can be tolerated perfectly well, but for others the sense of loss of control has been more difficult to abide ».

These tensions are undoubtedly mounting in Europe, nourished by the ambivalence of government attitudes towards the phenomenon of the multinational corporations. Typical for the present trend in Europe are undoubtedly the attempts to come to grips with the very elusiveness of the phenomenon and to bring it under domestic and international law and agreement ; viz., the efforts to bring about legislation on the « European Company » envisaged and under study by the European Economic Committee of the EEC. Typical are also the efforts of national trade unions centres in Europe to convince their governments to assess or reassess their attitudes towards multinational corporations, as exemplified by the recent decision of the British National Economic Development Council upon the request to the British TUC to study the impact of the multinational corporations and the proposed legislation on the European Company in view of the impending negotiations on the entry of the United Kingdom into the EEC. Typical are also the efforts of the various union centres to put pressure on their governments to use whatever legal powers they have to project labour protection policies into the multinational corporations. As an example may here serve the decision of the Belgian government to make the acquisition of Belgium's largest electrical manufacturing firm (ACEC) by Westinghouse — which is part of a giant plan for a European holding company under Westinghouse leadership — conditional on maintenance of employment, no dismissals, retention of the company's Belgian statutes, retention of the Belgian management and no transfer of the ACEC'S research laboratories abroad<sup>14</sup>.

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<sup>13</sup> VERNON, Raymond, *op. cit.*, p. 117.

<sup>14</sup> Nevertheless, at the end of September 1970 a strike took place in the ACEC plants caused by the anxieties of the work force about expected rationalization changes. The strike ended with an agreement on job security, wage parity with the Belgian plants for identical jobs, individual merit increases under trade union control of merit rate payments and promotions.



As to collective bargaining goals with reference to multinational corporations, I believe that the following list established by the First European Autoworkers' Conference (IMF) in December 1969, can be regarded as characteristic (those in italics have been designated as priorities) : 40-hour work week ; guaranteed annual wage ; *security of employment* ; *equal rights for women workers* ; harmonization of rest and relief time ; trade union controls of speeds ; improved holidays and holiday pay ; adequate retirement pensions ; *trade union rights in the shop* ; improved vocational training ; paid educational and cultural leave ; protection of older workers.

As you will note, this list essentially emphasizes equalization and standardization of working conditions and fringe benefits. It is silent on wage determination, although the preceding discussion clearly indicates growing interest also in this matter. Indeed « wage parity » has in some quarters been noted as a goal, but here it would be exceedingly difficult to establish under European conditions what such « parity » would in fact entail. According to an extensive survey undertaken by the Statistical Office of the European Community on labour costs in industry for the six states of the Common Market, hourly labour costs for four of the six countries (Netherlands, Germany, Luxembourg, and France) are remarkably alike, differing only about 1 per cent or less. Belgium and Italy are, however, relatively low-wage cost countries, with Belgium about 10 per cent lower than the highest (Netherlands) and Italy 20 per cent. On the other hand, looking at the structure of the hourly labour costs, the breakdown between direct wages and nine other factors of wage costs produces startling differences : direct wages are 54.0 per cent for workers in Italy, but 71.3 per cent in Luxembourg. Social security contributions alone for workers in France represent 23.5 per cent of total hourly labour cost, 26.3 per cent in Italy but a low of 14.4 per cent in Germany. Such global figures naturally hide wide disparities between industries and within industries. It is nevertheless quite obvious that any discussion on « wage parity » would have to take into consideration the great variety of the cost of social security and labour standards legislation. In any case, at least for the European automotive industry, the wage determination issue seems, at this time, not to be the principal international concern.

On the other hand, it seems very likely that European labour history will repeat itself at the international level, and before the unions come to grips with true international collective bargaining they will exert their political power to obtain the extension and equalization of labour standards

legislation within the possibly widening framework of the European Economic Community <sup>15</sup>.

But behind that looms a far greater issue : the projection of the institutions and policies of the goal-directed national welfare state into the international community. Taking into consideration that the private sectors of these countries certainly have, by no means, suffered by the economic growth and social stability which these policies have engendered at the national level, the multinational corporations may well find it to their advantage, politically and economically, not to hinder such a development.

Indeed, it may well be the somewhat ironical, but nevertheless quite feasible, effect to the growth and penetration of the multinational corporations throughout the European welfare states that will force these states to divest themselves more and more of the vestiges of their nationalistic and inward-directed character and in the response to the challenge of the multinational corporations move increasingly to international integration.

In his Yale lectures of 1958, which I quoted at the beginning, Gunnar Myrdal said :

« As was the case in the individual welfare states, when they moved towards closer integration, so in the world at large this process of international integration would need the impetus of economic progress ».

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<sup>15</sup> The ICFTU as a world-body presses naturally for extension within a wider framework than the European Economic Community. In a statement on behalf of the ICFTU by Dr. H. MAIER before the subcommittee on foreign economic policy of the Joint Economic Committee of the United States Congress on July 28, 1970, the following was indicated :

“What we believe is required so far as governmental action is concerned, is an international instrument outlining obligations of multinational companies towards governments and trade unions and which establishes “rules of the game” for international movements of long-term capital.

“The instrument should include clauses making it compulsory for the companies to abide by ILO principles and, in particular, international conventions guaranteeing freedom of association and the right of workers to organise and engage in collective bargaining. It should furthermore call for compliance with all other ILO conventions, whether or not they have been ratified by the governments of the countries in which the company may be operating . . .

“The problems calling for international control . . . are evidently multiple and overlapping. They involve economic and social questions, trade union freedom and basic human rights, as well as problems of international trade, investment and monetary affairs. It is, therefore clear that no single intergovernmental agency could be possibly competent to deal with the elaboration and application of the kind of international instrument required to regulate the operations of multinational companies. The initiative may well be taken by the ILO but it would be natural and important for other agencies like GATT, the World Bank, the International Monetary Fund and the UN Conference on Trade and Development as well as the OCED to join in a common effort to establish an international instrument.”

If we are prepared — and much evidence points towards this — to see in the multinational diversified corporations an instrument of economic progress geared to the second half of the 20th century — as the ICFTU working paper put it — then whether these corporations are conscious of it or not, whether they wish it or not, whether they resist it or not, the very tensions which they have created and will still create could well be one of the most important motivating forces to project the national goal-directed welfare state into wider multinational communities. This seems to me the trend which the challenge of the multinational corporation has created in Europe. « Le défi américain » is being answered by « le défi européen ». And in this « défi » the power of the European trade unions — despite their present difficulties and crises — should not be underestimated.

## LES ENTREPRISES MULTINATIONALES ET LES RELATIONS DU TRAVAIL : L'APPROCHE EUROPÉENNE

La société multinationale a-t-elle posé un problème d'adaptation aux divers systèmes de relations industrielles en Europe ces vingt-cinq dernières années, et comment le mouvement ouvrier a-t-il réagi ?

Il convient de souligner trois points au sujet de la société multinationale ou internationale : la croissance de la société multinationale, phénomène typique des années soixante, n'est pas tant une expansion numérique qu'une accélération du rythme d'accroissement des investissements, de la production et des ventes. Il est concevable que d'ici vingt ans le volume du secteur des sociétés internationales corresponde au produit national brut des États-Unis.

La nature même de l'administration s'est modifiée. Celle des filiales a perdu son caractère « plénipotentiaires ». Le pouvoir de décision plus ou moins grand qu'on laisse à ces dernières n'est plus une question de relations extérieures, mais une question de politique centrale. La gestion peut de ce fait assumer un caractère véritablement international là où la nationalité des directeurs locaux importe peu et quand les divers directeurs nationaux de sociétés internationales s'identifient entre eux de plus en plus étroitement plutôt qu'avec leurs confrères du même pays.

L'expansion rapide de la société multinationale, associée au changement de structure et de nature de l'administration, va directement à l'encontre du développement concurrent et de la notion « d'État-providence ».

Considérons le rôle joué par le mouvement syndical européen et ses alliés politiques dans l'expansion de l'État-providence. Nous saisissons du même coup les craintes qu'a suscité le caractère « insaisissable » de la société internationale au regard des politiques et institutions nationales. Ces sociétés échappent largement à la souveraineté des États et une sorte de vide s'est formé dans le domaine de la législation et de la réglementation. Ce vide doit être comblé.

Les syndicats affiliés à la CISL et les secrétariats professionnels internationaux qui leur sont associés et qui regroupent le gros des travailleurs syndiqués de l'Europe, ont adopté au neuvième congrès mondial de la CISL une résolution visant à ce que les priorités de planification économique nationale soient respectées; que les fusions de sociétés soient soumises à l'approbation des autorités publiques; que toutes les mesures soient prises à temps pour éviter les avatars sociaux résultant de changements de structure et de la fermeture d'usines; qu'un contrôle démocratique soit établi à chaque palier de décision et que les lois ou règlements nouveaux régissant les activités internationales, régionales ou nationales des sociétés multinationales s'inspirent des exigences du progrès social maximum dans une économie équilibrée.

Le plan de mise en œuvre de la résolution de la CISL présente trois approches stratégiques: changements qu'il faudrait apporter aux structures mêmes des organisations syndicales, modifications aux méthodes de négociation collective et de règlement des conflits du travail, et, enfin, adaptations à obtenir de la législation nationale et de la législation internationale ainsi que des organisations intergouvernementales afin de combler « le vacuum constaté en matière de législation et de réglementation » concernant les sociétés multinationales.

Le pionnier dans le domaine de l'adaptation des structures des syndicats aux entreprises industrielles multinationales est, à n'en pas douter, la Fédération internationale des métallurgistes (FIM). Dans le secteur automobile de la FIM, on a créé des conseils par entreprise, à l'échelle mondiale, par exemple Ford, General Motors, Chrysler et Volkswagen-Benz pour commencer, auxquels s'ajoutent la British Leyland Motors et conjointement Toyota et Nissan.

Dans le domaine de l'électricité et de l'électronique, en raison du plus grand nombre de sociétés, la FIM a procédé un peu différemment, avec « des comités de compagnies multinationales » qui semblent avoir une orientation plus régionale.

Ces changements et ces adaptations en matière d'organisation, tant au niveau des fédérations internationales de centres nationaux qu'au niveau des syndicats affiliés, visent essentiellement au même but, à savoir l'internationalisation de la stratégie syndicale d'abord au plan national en ce qui concerne la négociation collective et le règlement des conflits, puis sur les plans national et international en vue d'obtenir une législation nationale et internationale qui assure une protection légale.

Nous sommes encore loin de la véritable négociation mixte internationale avec des sociétés multi-nationales. Dans certains cas, toutefois, des représentants syndicaux ont pu traiter directement avec les cadres supérieurs de sociétés multinationales. On met également au point certaines techniques qui, n'impliquant aucune négociation de type international, sont nées de situations locales spécifiques et se sont ensuite internationalisées par une tentative de généralisation des points en litige à l'ensemble des filiales des différents pays. Cette technique est utilisée avec grand succès par la Fédération internationale des travailleurs du pétrole et de la chimie (FIPC) dans le cas de la compagnie multinationale de verre de Saint-Gobain. Ce sera là peut-être un précédent typique. Toutefois la FIPC a peu de chances d'être un modèle que puissent adopter un grand nombre d'industries, étant donné que son activité s'exerce dans le cadre d'une industrie bien intégrée, à capital puissant, où la syndicalisation est relativement facile. Le succès d'une technique semblable dépend d'une action solidaire fortement disciplinée et synchronisée.

L'internationalisation de la stratégie syndicale vis-à-vis des sociétés multinationales suppose 1) une étude fouillée de la situation économique, des tendances de l'expansion, de la situation particulière des sociétés et de leurs filiales, la connaissance de leurs relations mutuelles, de l'expansion du profit, des conditions de salaire et de travail ; autant d'aspects qui pourraient faire l'objet d'une compilation et d'une revision constante par des ordinateurs ;

2) la transmission rapide de ces informations aux syndicats qui sont impliqués dans des négociations, la coordination des politiques et stratégies utilisées dans chaque situation, en d'autres termes, l'internationalisation des négociations menées dans chaque pays ;

3) des occasions de rencontre plus nombreuses avec les dirigeants des sociétés multinationales, sinon pour une négociation directe, du moins pour examiner certaines questions et s'entendre sur des principes de base.

4) la coopération des gouvernements à la création et à l'expansion d'institutions qui permettront de faire disparaître les lacunes actuelles de la législation non seulement au niveau national mais surtout international.

Afin de mettre en route le programme de recherche intensif et permanent dont il est question, il faudra que les organismes syndicaux à l'échelon national modifient du tout au tout leurs façons de penser et leur attitude vis-à-vis des organisations internationales.

Les syndicats, et à cet égard aussi les gouvernements, ont beaucoup de mal à obtenir des renseignements sur les politiques des sociétés multinationales. La plupart des syndicats européens ont réussi, soit par voie législative, soit par voie de conventions collectives, à mettre leur poids dans les décisions prises. Ce qu'ils craignent le plus, c'est une administration « absente » qui se déroberait à leur influence. La crainte de voir les sociétés multinationales intervenir dans les politiques nationales a conduit les syndicats européens à faire pression sur leurs gouvernements respectifs afin qu'ils définissent et redéfinissent encore leur position vis-à-vis des sociétés multinationales. L'attitude ambivalente des sphères gouvernementales vis-à-vis du phénomène des sociétés multinationales est une source croissante de tension en Europe. La tendance européenne actuelle consiste essentiellement à vouloir s'attaquer au caractère quasi insaisissable du phénomène afin de le soumettre à la législation et aux accords nationaux et internationaux.

La première conférence européenne des Travailleurs de l'automobile qui s'est tenue en décembre 1969 a traité des objectifs précis de la négociation collective. On y a insisté sur l'égalisation et la normalisation des conditions de travail et des avantages sociaux. On a établi les priorités suivantes : sécurité d'emploi, égalité des droits des femmes, enfin, droits syndicaux dans l'atelier.

Il est probable qu'avant que les syndicats ne s'attaquent à la véritable négociation collective internationale, ils useront de leur puissance politique afin d'obtenir l'extension et l'uniformisation des lois touchant les normes du travail dans le cadre, qui sera peut-être élargi, de la Communauté économique européenne.