

The limits of embedded liberalism: TUC strategies to influence the Multi-Fibre Arrangement and the GATT Social Clause, 1973-1994¹

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This article compares how the strategy of the Trades Union Congress' (TUC) attempts to influence the Multi-Fibre Arrangement and implement a 'social clause' into the General Agreement on Tariffs and Trade (GATT) changed between the Tokyo and the Uruguay rounds of negotiations. Based on internal TUC documents, this article specifically focuses on the UK textile industry. The article critiques and historicizes the TUC's strategies to influence GATT negotiations in a period of enormous economic and political change. In addition to the limitations of the TUC's own strategies, the economic shift from broadly embedded liberal to neo-liberal economic hegemony is cited as a crucial factor in the TUC's declining influence. By studying the TUC's strategies and alliances at the national, European, and transnational level, it is revealed that it was unprepared and slow to react to this structural shift and clung to idealized notions of the historic post-war 'consensus' that were fast becoming obsolete.

¹ This article is largely based on the findings of a research stay at the TUC Archives at the Modern Records Centre, University of Warwick which was generously funded by a research bursary from the Society for the Study of Labour History

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The call for maintaining ‘fair’ labour standards in relation to trade liberalization - referred to most commonly as a ‘social clause’ - has existed in its modern form since the first World Trade Conference in Havana, 1948. Often the issue of labour standards has been raised as a more or less obvious cover for the defence of certain industries in developed economies from those of the developing world. Couched in the language of solidarity and human rights, this attitude has undoubtedly pervaded certain elements of the labour movement, particularly in industries such as textiles where developing economies have an absolute advantage in terms of labour costs.

The role of the TUC during the Tokyo and Uruguay Rounds of the GATT – the last of eight multilateral trade rounds under the auspices of the GATT before it was replaced by the World Trade Organization in 1995 – is a key example of how the issue of a social clause was conflated with the desire to protect the UK’s textile industry. By predicating its support for the Multi-Fibre Arrangement (MFA) and a GATT social clause on the continuation of embedded liberal economics, the TUC was able to synchronize its interests with important actors at certain stages, not least the UK government and the European Economic Community (EEC) to gain a certain level of influence. However, the limits of this approach would become all too clear as the Tokyo Round (1973 to 1979) came to a close and a completely new economic and political environment emerged by the start of the Uruguay Round (1986 to 1994). Embedded liberalism and the post-war ‘consensus’ were rapidly usurped by the rise of neo-liberalism and an era-defining battle between capital and labour, a battle which labour undoubtedly lost.

In a very short period of time, the social, economic and political environment that had served the TUC so well was replaced by an entirely new and hostile one. Importantly, the TUC's main avenue of influence (based on its relationship with the UK Labour Party) would be out of power for another 18 years, forcing the confederation to seek new avenues. However, the strength that the TUC had derived from its role in the UK's post-war corporatist power structure - defined throughout this article as a system of political exchange and accommodation between labour, capital, and the state ² as an attempt to contain class conflict through the social control of union leaderships - ³ would soon become its biggest weakness as the leadership's conservatism, path dependency, and lack of a class analysis of the unfolding situation limited its ability to react to events.

Drawing on internal documents from the TUC archives, this article takes a temporal perspective to compare how the strategy of the TUC changed from the Tokyo to the Uruguay Rounds of GATT negotiations, with specific reference to the textile industry and the MFA. It will argue that the TUC's support of the MFA was based largely on economic arguments linked to the defence of domestic industries. In contrast, when raised at all, the social clause was often framed in a disjointed fashion and only after the TUC's economic arguments had failed to influence decision-makers. The TUC was therefore caught between self-interest and solidarity and is representative of the dilemma trade unions have often faced when attempting to influence the direction of world trade. Furthermore, it will be argued that the TUC's strategy was predicated on the maintenance of its belief in the historic post-war compromise between capital and labour and was entirely unprepared for its demise.

² Martin Upchurch, Graham Taylor and Andy Mathers, *The Crisis of Social Democratic Trade Unionism in Western Europe: The Search for Alternatives*. (Farnham, 2009), 10.

³ Leo Panitch, 'The Limits of Corporatism', *New Left Review*, 31, (1981), 21-43.

The rise and fall of embedded liberalism and the post-war compromise

The paradigm of embedded/disembedded economics, initially established by Polanyi, historicized the extent to which market economies were either constricted by or linked to non-economic or social institutions.⁴ The post-war economic order, of which the GATT formed its international trade regime, has often been described as one of ‘embedded liberalism’.⁵ Such an economic system, summed up by the phrase ‘Smith abroad, Keynes at home’, attempted to find a balance between multilateral free trade at the international level combined with the right of states to protect economic sectors that were crucial to national employment.⁶ Internationally, embedded liberalism was perhaps best exemplified by the Bretton Woods system, designed as it was to regulate exchange rates and guard against speculation. Within the GATT framework, free trade largely concerned the lowering of tariff barriers to stimulate the world economy which it did with unprecedented success.⁷

The interaction of the historic compromise between labour and capital that was brokered in this period (most notably in the UK and West Germany) and the so-called ‘Golden Age of Capitalism’ – consisting of unparalleled economic growth, economic stability

⁴ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, (Boston, 1944).

⁵ John Gerard Ruggie, ‘International Regimes, transactions, and change: embedded liberalism in the postwar economic order’, *International Organization*, 36.2 (1982), 379-415.

⁶ Andreas Bieler, Bruno Ciccaglione and John Hilary, ‘Transnational solidarity, labour movements and the problem of international free trade’, (paper presented on the panel “Structures and Strategies in the Emerging Global Labor Movement” at the XVII ISA World Congress of Sociology, Gothenburg, Sweden, 11–17 July 2010)

⁷ Andreas Bieler, John Hilary and Ingemar Lindberg, ‘Trade Unions, “Free Trade” and the Problem of Transnational Solidarity: An Introduction’, *Globalizations*, 11.1 (2014), 1-9. DOI:

10.1080/14747731.2014.860319

and employment levels – ⁸ put European labour movements in a particularly strong position in the post-war era for a number of reasons. Firstly, there was the undeniable importance of a productive and compliant labour force in post-war reconstruction which allowed trade unions to develop and reinforce its own strength relatively unhindered by employers' inherent fear of such strength. Secondly, the achievements of huge economic growth and full or near-full employment not only offered labour a structural advantage over capital for a period but also allowed capital room to offer concessions to workers' organizations whilst still maintaining profits. Thirdly, and more generally, Europe's post-war configuration - such as the relative weakness of ruling classes following the war, higher expectations among workers after winning the war against fascism, the prevalence of powerful workers' parties (both reformist and revolutionary) in many West European countries, and half the continent coming under communist rule - saw the continent take a distinct shift to the left, albeit in forms specific to each country. These factors contributed to the prominent role of labour in many West European societies and the strengthening of the 'party-union nexus' on the basis of a corporatist relationship between capital, labour and the state. ⁹

In this environment, trade unions such as the TUC enjoyed a very close relationship with the workers' parties that they both funded and influenced. The strength of this link between the UK trade union movement and the UK Labour Party in this period was reflected not just in its constitution (which had not significantly changed since trade unions formed the party in 1906) but also in the number of Labour MPs who were sponsored by trade unions

⁸ Andrew Glyn, Alan Hughes, Alain Lipietz and Ajit Singh, 'The Rise and Fall of the Golden Age', in Stephen Alan Marglin and Juliet B Schor (eds), *The Golden Age of Capitalism: Reinterpreting the Postwar Experience* (Oxford, 1990), 39-125.

⁹ M Upchurch et al, *The Crisis* (Farnham, 2009).

(almost 50 per cent in 1979, for example).¹⁰ Naturally, the TUC leadership played a central role in this formulation and enjoyed an extremely close relationship with the upper echelons of the party, holding regular meetings on many aspects of union and party policy.

This is not to say that class conflict was completely overcome in Western Europe in this period as the near-revolution in France 1968 and the ‘Hot Autumn’ in Italy 1969-70 showed. In fact, rather than completely substituting the power of rank-and-file trade unionism for institutionalized corporatist economic management, in the UK the power of the shop stewards movement actually grew, highlighting the increasing tension between the militancy of the shop floor and the conservatism of their leaders.¹¹ In contrast to the strong ‘discipline’ and highly institutionalized corporatist structures of *Modell Deutschland*, for example, UK governments found it harder to sustain the wage restraints that formed the trade unions’ contribution to the post-war compromise.¹² This set the scene for a confrontation between the rank-and-file of the UK labour movement and the leadership of its own organizations (most dramatically exemplified in the so-called ‘Winter of Discontent’ of 1978-79).

The growing differences between union members and their leaders represented the beginnings of processes that were hostile to union power as well as the post-war compromise and would ultimately inflict huge damage on the strength of the labour movement domestically and internationally. It is no coincidence that some labour scholars have marked 1975 as the point that signified the beginning of trade union decline, in stark contrast to the early post-war period which saw a growing membership and an institutionalized role in

¹⁰ A Thorpe, ‘The Labour Party and the trade unions’, in John McIlroy, Nina Fishman, and Alan Campbell, *British trade unions and industrial politics, vol.2: The high tide of trade unionism, 1964-1979* (Aldershot, 1999), 133-50.

¹¹ Upchurch et al, *The Crisis*, 91

¹² Stephen Bornstein, ‘States and Unions; From Postwar Settlement to Contemporary Stalemate’, in Stephen Bornstein, Joel Krieger and David Held (eds) *The State in capitalist Europe: a casebook* (London, 1984).

industrial relations and politics.¹³ Ultimately, three inter-related structural factors were to severely challenge the dominance of embedded liberalism which significantly impacted the ability of trade unions to maintain their influence: emergent processes of globalization; global economic restructuring; and the rise of neo-liberalism as a hegemonic ideology. Each of these processes attacked the traditional bases of union power: ‘institutionalized interest representation’ within the nation state; the structural economic position and power of the industrial working class; and the existence of a broadly organized and diffused working class social and political culture based on traditional trade union notions of solidarity, socialism and class consciousness.

The above processes were not restricted to the national level, of course. Whilst the Bretton Woods institutions may have come to represent the international dimension of embedded liberalism in the early post-war era, they undoubtedly constituted the liberal aspect of this compromise. So, whilst GATT rules allowed the freedom (at this stage) for nation states to limit any damage that trade liberalization may cause, the national and international spheres were deliberately separated, leaving the embedded aspect of the compromise entirely at the behest of national governments.¹⁴ The continuation of embedded liberalism therefore rested on the maintenance of the post-war economic boom to act as a buffer between the two competing interests of international trade liberalization (capital) and state intervention in the economy (labour). Once economic changes such as the 1973 oil crisis reduced the ‘space’ in which these two sets of interests could find a compromise, the system began to disintegrate.

¹³ Bernhard Ebbinghaus and Jelle Visser, ‘When institutions matter: union growth and decline in Western Europe, 1950-95’, *European Sociological Review* (1999), 135-58

¹⁴ Jens Steffek, *Embedded Liberalism and Its Critics: Justifying Global Governance in the American Century* (Basingstoke, 2006), 52-5.

In this situation, trade unions' willingness (or lack thereof) to adopt new methods based on their collective strength would play a decisive role in the direction of the world economy.

Whilst it may be tempting to reduce trade union decline to structural factors that were beyond the control and power of trade unions, this deterministic approach ignores a vital subjective factor; the agency of trade union leaderships. By definition, trade unions are consistently caught - to borrow Hyman's model - in an 'eternal triangle... [between] market, class and society'¹⁵ and face on a daily basis the dilemma of whether to pursue 'the logic of influence' or the 'logic of membership'.¹⁶ The corporatist model that the TUC endorsed in the post-war period undoubtedly held similar trappings despite some of the benefits that workers' clearly felt as a result of such a long period of consensus - the roots of such a consensus, however, undoubtedly lay in the power of organized labour in this period. From a class perspective, the limitations of corporatism lie in the fact that collective bargaining is shifted from the industrial sphere (the purest expression of union power) to the political sphere.¹⁷ In this sense, corporatism 'smooths out' the divisions between the separate class interests of workers, capital and the state and instead seeks 'mutual' accommodation. As such, trade union leaders face the danger of moving from their real position as representatives of specific class interests to collaborating with interests that undermine those of workers.¹⁸

¹⁵ Richard Hyman, *Understanding European Trade Unionism: Between Market, Class and Society*. (London, 2001).

¹⁶ Jon-Erik Dølvik, *Redrawing the Boundaries of Solidarity? ETUC, Social Dialogue and the Europeanisation of Trade Unions in the 1990's* (Oslo, 1997).

¹⁷ A. Pizzorno, 'Political exchange and collective identity in industrial conflict', in Colin Crouch and Alessandro Pizzorno (eds), *The Resurgence of Class Conflict in Western Europe since 1968, Volume 2* (London, 1978).

¹⁸ Erik Olin Wright, 'Working Class Power, Capitalist-Class Interests and Class Compromise', *American Journal of Sociology*, 105 (4), (2000) 957-1002.

Whilst it was clearly possible to contain these inherent contradictions during the post-war boom, the changing economic fortunes and ideological perspectives of British and world capitalism in the 1970s meant that the corporatist model would become more and more compromised leaving trade unions at a crossroads: they could either change their strategy to oppose this new offensive, or try and resuscitate the model. In the TUC's case, and in contrast to the wave of militancy occurring at the shop-floor level, it chose the latter. At best, this decision reflected a generalised conservatism that is endemic in large scale trade union bureaucracies;¹⁹ at worst, it signified an acceptance of class compromise over the real class interests of trade union members. These choices would play a decisive role in the increasing inability of the TUC and others to influence the direction of world trade towards the interests of labour rather than capital.

The TUC and the MFA during the GATT Tokyo Round

Whilst the Kennedy Round of the GATT (1963-1967) has been argued to represent the height of post-war international co-operation and trade liberalization,²⁰ by the advent of the next round of GATT negotiations, dark clouds had been hanging over the world economy for some time as economic growth began to slow for the first time since the end of the war. The Tokyo Round (1973-1979) would coincide with multiple economic crises – a renewed monetary crisis, worldwide inflation, supply cutbacks, price increases (especially in

¹⁹ Richard Hyman, 'Shifting Dynamics in International Trade Unionism: Agitation, Organisation, Bureaucracy, Diplomacy', *Labor History*, 46 (2), (2005) 137-154.

²⁰ Lucia Coppolaro, *The Making of a World Trading Power: The European Economic Community (EEC) in the GATT Kennedy Round Negotiations (1963-67)* (Farnham, 2013), 2.

petroleum), and ‘unprecedented shortages of food and other primary products previously in chronic surplus’²¹ - that would ultimately provide the economic basis for the end of embedded liberal hegemony.

Whilst the very worst effects of the above processes arguably did not become fully apparent until well into the 1980s, there is evidence to suggest that an economic departure from embedded liberalism was beginning to take place by the start of the Tokyo Round itself. This is especially true of the textile industry, a sector that is acutely vulnerable to economic fluctuations and therefore protectionism. A large aspect of this trend, due to its labour-intensive nature, is the absolute advantage of developing countries with low labour costs over developed countries. The TUC was keenly aware of the precarious state that the UK textile industry was in even before the world economic crisis that was still to come. At the 1972 TUC Congress, a motion was moved – and unanimously carried – which noted with alarm the rise in imports in the textile industry which was linked as a contributory factor to increasing unemployment.²² These fears were undoubtedly well founded and mirrored the thoughts of other developed economies, such as the US, in this period.²³ Of central concern was the decline in employment in the UK’s textile, clothing and footwear industries which fell by 30 per cent between 1959 and 1975.²⁴

The monumental structural changes that were beginning to occur in the textile industry specifically and the world economy generally were approached in similar ways by

²¹ GATT Secretariat, *GATT Activities in 1973* (Geneva, 1973), 11.

²² Trades Union Congress (hereafter TUC), *Report of Annual Congress, 1972* (London: 1972).

²³ General Agreement on Tariffs and Trade (hereafter GATT) Cotton Textiles Committee, *Statement by the Representative of the United States at the Meeting of 8 October 1969*. COT/W/118, 9 October 1969, accessed 16 October 2015, <http://sul-derivatives.stanford.edu/derivative?CSNID=90660234&mediaType=application/pdf>

²⁴ Modern Records Centre (hereafter MRC), Warwick, TUC Archive, MSS.292D/631/4, TUC Textile, Clothing and Footwear Industries Committee (hereafter TUC-TCFC) Report: Trade Policy, 15 May 1975.

the TUC. Generally speaking, the TUC clung to the ideas of embedded liberalism that had served it so well since the end of the war, even whilst processes of globalization were striding ahead. One such example of this is the TUC's support for implementing the Multi-Fibre Arrangement (MFA) and a 'social clause' – International Labour Organization (ILO) Conventions on Labour Standards which cover freedom of association and collective bargaining; child labour; forced labour; and equality²⁵ - into GATT trade agreements. Both of these examples highlight the balance that trade unions were trying to find between supporting free trade internationally and government intervention domestically to offset its negative aspects.

The MFA is an interesting case for many reasons, not least because it represented a huge departure from traditional GATT rules and norms. Essentially, the MFA (which was first enacted on 1 January 1974) 'provided for the application of selective quantitative restrictions when surges in imports of particular products caused, or threatened to cause, serious damage to the industry of the importing country'.²⁶ It therefore seriously undermined all talk of non-discrimination in trade that had been central to the foundation of the GATT. Ultimately, this was a measure to shield developed countries from unfettered competition from developing nations who could produce textile products at a far lower cost.²⁷

Over the coming decades, the TUC and others who saw the MFA's potential to offer some form of protection to the huge decline in the domestic textile industry, would face a constant battle to renew the MFA in the face of the increasing liberalization of world trade.

²⁵ Gerda Van Roozendaal, *Trade Unions and Global Governance: The Debate on a Social Clause*, (London, 2002), 2.

²⁶ World Trade Organization, 'Textiles Monitoring Body (TMB): The Agreement on Textiles and Clothing' (2015). Accessed 16 October 2015 https://www.wto.org/english/tratop_e/texti_e/texintro_e.htm.

²⁷ Ying-Pik Choi, Hwa Soo Chung and Nicolas Marian, *The Multi-Fibre Arrangement in Theory and Practice* (London, 1985), 11.

The TUC's Textile and Clothing Committee (TUC-TCC) (later to become the Textile, Clothing and Footwear Committee (TUC-TCFC)) not only supported the introduction of the MFA but also lobbied UK government representatives to make the GATT definition of market disruption more explicit and widen the coverage of the arrangement.²⁸ Perhaps indicative of the TUC-TCFC's focus on economic issues in this period, a 1976 document concerning the renegotiation of the MFA makes very little mention of the importance of improving conditions for workers in developing countries.²⁹ This suggests that the TUC saw its interests being better served through lobbying governments whose textile policy broadly overlapped with their own.

The main avenue of influence that the TUC pursued throughout the Tokyo Round naturally centred on their close relationship with the Labour government. Memoranda and communications were regularly exchanged between the TUC-TCFC and the Secretaries of State for Trade and Industry during the Tokyo Round (which almost entirely coincided with a Labour government). In fact, the TUC-TCFC even received verbal reports from the Department of Trade and Industry (DTI) on negotiations that the TUC were not entitled to be present at.³⁰ In other instances, the DTI also worked closely with the TUC to ensure they were aware of and present at all relevant GATT meetings.³¹ However, signs of fractures between the Department of Trade and Industry and the TUC-TCFC (though minimal compared to what was to come under the Conservative government) did also exist at this

²⁸ MRC, Warwick, TUC Archive, MSS.292D/522/1A, TUC Textile and Clothing Industries Committee (hereafter TUC-TCC), Textile Negotiations at the GATT, 7 March 1974.

²⁹ MRC, Warwick, TUC Archive, MSS.292D/522/1A, TUC –TCC Renegotiation of the Multi-Fibre Arrangement, 13 September 1976

³⁰ MRC, Warwick, TUC Archive, TUC Inter-departmental correspondence re: Textiles: GATT Multilateral Trade Negotiations, 6 April 1979

³¹ MRC, Warwick, TUC Archive, MSS.292D/522/1A, TUC Inter-departmental correspondence re: TUC representation at GATT textiles meeting, 10 October 1973.

stage. Whilst there was a broad level of agreement and overlap in policy on the way forward for the textiles industry, the TUC clashed with the government when it revealed that it was only prepared to offer £10 million in direct industry aid to certain sectors of the industry.³² In contrast, the TUC had hoped for £40 million which would be spread throughout the whole industry.

Regular meetings between the TUC-TCFC and new Secretary of State for Trade, John Smith, also took place in 1978 and 1979 (prior to Labour's electoral defeat) at the height of the Tokyo Round negotiations. The minutes of these meetings show a complete focus on the economic aspects of the MFA (which was due to be renewed) with no mention of the social clause. This is not to say, however, that the issue of the social clause was completely ignored by the TUC at the national level. In a textile conference speech from 1975, for example, the Chairman of the TUC-TCFC reiterated the importance of the social clause in relation to the MFA for protecting the rights and standards of living for textile workers in developed and developing countries.³³ These sentiments were also linked to the need for a massive shift in resources towards exports and investment as opposed to merely focusing on import restrictions. This perspective was an important development in the TUC's outlook as it became increasingly clear that, although the labour standards in developing economies were worthy of being described as 'developing', the manufacturing industries and production techniques of these same economies were in fact highly developed.³⁴

³² MRC, Warwick, TUC Archive, MSS.292D/631/4, TUC-TCFC Report: Trade Policy, 15 May 1975.

³³ MRC, Warwick, TUC Archive, MSS.292D/631/4, TUC-TCFC Speech Notes for Harrogate Conference April 8-9 1975. *The Future of the Textile Industry: A Union View*, 1975

³⁴ MRC, Warwick, TUC Archive, MSS.292D/631/6, TUC-TCFC Report: Renegotiation of the Multi-Fibre Arrangement, 6 January 1977

Overall, throughout the Tokyo Round there understandably appears to be a broad level of agreement between the TUC-TCFC and the Labour government, with any differences stemming from issues of emphasis rather than overall policy. The closeness of the party-union nexus at the top of both organizations - backed up by high union density and a powerful shop stewards movement - was therefore highly productive for the TUC in diffusing its policy choices at the national level. However, it is difficult to trace the overall success of the TUC's influence over GATT textile policy since their position was broadly similar to many national European governments and therefore the EEC in general. This policy overlap explains to a large degree why the issue of the social clause was rarely raised as anything other than a related issue to the MFA as opposed to being a central component. Nonetheless, the TUC was prepared to use the social clause as a framing device in its more public pronouncements.

The extent to which the TUC looked to the European level as a method of influence during the Tokyo Round is closely linked to its ambiguous position on the question of European integration. Though the UK labour movement is often posed merely as an opponent of European integration in this period, Teague suggests that a greater complexity of views existed within the TUC and argues that there were distinct 'pro', 'anti' and 'pragmatic' camps on this issue.³⁵ In the 1970s, these camps would rise from beneath the surface of TUC discussions to reveal the disunity within the movement as Britain's membership of the EEC was put to a referendum in 1975. Eventually adopting a position of opposition to the EEC (which it officially held until the so-called 'Delors Conference' of 1988),³⁶ the TUC

³⁵ Paul Teague, The British TUC and the European Community, *Millenium: Journal of International Studies*, 18.1 (1989), 29-45. DOI:10.1177/03058298890180010401

³⁶ Richard Hyman, 'Trade Unions and the Ambiguities of Social Europe', *Paper to the IIRA World Congress Berlin, September 2003*,

<http://www.ibrarian.net/navon/page.jsp?paperid=6688826&searchTerm=european+public+policy>

nonetheless attempted to influence the European level and worked to strengthen the European trade union movement.³⁷

In relation to the GATT and the MFA, the TUC understood the benefit of attempting to influence the EEC institutions, and the Commission in particular, due to the EEC bloc that operated within both. At this stage, it is fair to say that the TUC operated at the European level to protect its gains at home rather than out of a genuine sense of 'Europeanism'. In fact, the TUC found this new relationship to be far more beneficial than first imagined as their interests broadly overlapped with many EEC members due to the prevalence of social democratic parties and governments in this period. In 1977, for example, the TUC was able to overcome a number of issues in six 'problem areas' (predominantly concerned with quota levels and the coverage of the MFA) that it suggested the new MFA would pose.³⁸ These six points were then presented as a unified European trade union position to the European Commission. As a result of the TUC's close relationship with Labour Trade and Industry ministers and this broader European strategy, the majority of these issues (with the notable exception of the social clause) were overcome and the government and the TUC, with a few minor reservations, were happy to endorse the new MFA.³⁹

Another interesting facet of the TUC's European-level influence during the Tokyo Round is their burgeoning relationship with the European Trade Union Confederation (ETUC). The early days of this relationship saw the odd situation of the anti-EEC TUC holding a leading position in the ETUC (who even appointed the outspoken opponent of European integration, Victor Feather, as president in 1973) as the dominant force within this

³⁷ Ben Rosamund, National Labour Organizations and European Integration: British Trade Unions and '1992'. *Political Studies*, 41.3 (1993), 420-434. DOI: 10.1111/j.1467-9248.1993.tb01647.x

³⁸ TUC Report of Annual Congress, 1977, (London, 1977), 298.

³⁹ Report of Annual Congress, 1978, (London, 1978), 362-363.

new formulation, its membership being nearly equal to the rest of the ETUC's affiliates combined. The ETUC, according to the TUC, also lacked 'the capacity to influence their affiliates' policies or mobilize industrial force, and served mainly as a lobby organization *vis-a-vis* Community institutions'.⁴⁰ Nonetheless, the TUC was prepared to utilize the ETUC as a lobbying organization with some success during the Tokyo Round, particularly as the TUC itself constituted such a powerful element. This is reflected in a number of policy positions released by the European Trade Union Committee - Textiles, Clothing and Leather (ETUC-TCL) in this period which almost entirely mirrored the TUC's positions.^{41 42}

The benefits of engaging in joint work with the ETUC-TCL on MFA negotiations can be measured by the ability of the EEC-level organization to set up meetings with Commission Vice President Wilhelm Haferkamp, the Commissioner responsible for External Affairs at the time of the first renewal of the MFA. Perhaps indicative of the prevailing social democratic political culture in Western Europe at this time, Commissioner Haferkamp was an ex-leader of the German Trade Union Confederation (*Deutscher Gewerkschaftsbund*, DGB) and a Social Democratic Party (*Sozialdemokratische Partei Deutschlands*, SPD) politician from a working class family in the heartland of the German labour movement, the Ruhr area. He therefore seemed to represent a natural and powerful ally of the trade union movement at the European level. However, one meeting in 1978 indicated that Haferkamp's background and credentials offered no guarantees of a beneficial relationship when the Commissioner revealed that the EEC intended to 'give up some of its traditional industries and that there had

⁴⁰ Jon Erik Dølvik, *An Emerging Island? ETUC, Social Dialogue and the Europeanisation of the Trade Unions in the 1990s* (Brussels, 1999), 14.

⁴¹ MRC, Warwick, TUC Archive, MSS.292D/631/6, European Trade Union Committee - Textile, Clothing and Leather (hereafter ETUC-TCL) Report: Trade Union Position on the Renewal of the Multifibre Agreement, 1977.

⁴² MRC, Warwick, TUC Archive, MSS.292D/631/6, ETUC-TCL Report: Declaration concerning bilateral negotiations within the "Multifibre" Arrangement, 1977.

to be a programme of restructuring and development of other industries'.⁴³ Even more surprisingly, he then declared that 'The world situation was a process that could not be stopped'.⁴⁴

Although the MFA was eventually renewed as planned, the trade union representatives were incensed by the Commissioner's attitude and outlook, which essentially put the liberalization of trade ahead of the jobs of workers in European textile industries. Similar attitudes also extended to the issue of the social clause where the Commissioner also argued that the social clause should not be seen as a 'panacea for the industry's problems' and encouraged the unions present to use such bodies as the ILO to raise living standards in producer countries.⁴⁵ The limit of this argument was pointed out by the trade unions who correctly argued that ILO Conventions were meaningless without the presence of an organized labour movement in these countries.

Whilst the social clause issue was not fought for with a great deal of conviction from the TUC and other European unions at the EEC-level during the Tokyo Round (arguably because of the success of their economic arguments), there does seem to be a very clear notion of the purpose and design of the social clause with very little deviation across the movement. An explanation of this lies in the fact that the ETUC affiliates overlapped with the Western members of the International Confederation of Free Trade Unions (ICFTU) (now the International Trade Union Confederation), thus sharing a similar ideological basis, broadly

⁴³ MRC, Warwick, TUC Archive, MSS.292D/631/7, Amalgamated Textile Workers' Union Report: Notes taken at meeting between representatives of European Trade Union Committee-Textiles, Clothing and Leather and Wilhelm Haverkamp, Vice President of the Commission with Special Responsibility for External Relations, 13 March 1978.

⁴⁴ Ibid, 1-3

⁴⁵ Ibid, 2.

speaking.⁴⁶ The TUC also found a certain level of influence through the ICFTU during the earliest days of the MFA as in combination with a domestic strategy, the TUC took a great deal of influence from the international confederation in defining the social clause (although notably the ICFTU chose not to link the social clause with the MFA). In particular, the ICFTU put forward two key arguments: firstly, they advocated trade liberalization but with the goal of social progress and full employment in both developed and developing economies;⁴⁷ and secondly, they called for a tripartite GATT committee that would include trade union representatives to oversee the application of the ILO's core labour standards.⁴⁸

Although TUC influence during the Tokyo Round appears to come from a position of strength on a number of fronts, the nature of this influence would contribute to some severe problems in the near future. As mentioned previously, a significant aspect of the TUC's influence relied on the maintenance of three factors: continued economic growth; the historic compromise between labour and capital; and a leading role in the national corporatist framework combined with close ties with the governing Labour Party. All three of these factors were quickly unravelling by the end of the Tokyo Round. The reliance on these strategies to influence trade policy would ultimately lead the TUC down a blind alley. Where the TUC and others may have been able – due to the prevalence of social democratic politicians and governments across Western Europe - to synchronise union interests with such elite-level actors in the 1970s, this strategy was entirely compromised by the rise of neo-liberalism and the subsequent attacks on the role of labour in society. Despite this, the TUC showed little sign of addressing its own path dependency and instead of utilising its most

⁴⁶ Barbara Barnouin, *The European Labour Movement and European Integration*, (London, 1986).

⁴⁷ MRC, Warwick, TUC Archive, MSS.292D/522/1A, TUC Report: The Necessity for a Social Clause in GATT, 1977.

⁴⁸ MRC, Warwick, TUC Archive, MSS.292D/522/1A, ICFTU Report: GATT Multilateral Trade Negotiations, 1977

potent power resource – the class agency of its members – it continued to search for elite-level influence. These choices would play a pivotal role in reducing the TUC's influence over future trade negotiations and economic policy more generally.

The TUC and the MFA during the GATT Uruguay Round

By the time the Uruguay Round of the GATT (1986-1994) began, the TUC was facing an entirely different social, economic and political situation to the one it had faced during the Tokyo Round. Instead of a Labour government committed to the corporatist organization of society (with unions playing a leading role), the TUC now had to deal with a Conservative government committed to monetarist economic policy and the dismantling of the power of the labour movement as a whole. These changes were emblematic of a wider shift towards global economic restructuring through neo-liberal economic policies. Whilst elements of embedded liberalism still existed, neo-liberalism was well on its way to becoming the hegemonic economic ideology of its time.

As a result of these broad changes, a fundamental shift in the TUC's strategies to influence GATT textile policy at the national level also occurred. It was still possible for the TUC to meet with Conservative Trade and Industry ministers but the divergence of opinion compared to previous Labour governments is clear to see. Even where there was agreement between the two parties – that the main problem facing the UK textile industry was a lack of demand in the economy – the solutions offered differ significantly. For example, the TUC would call for government aid for the industry similar to what Belgian and French

governments were engaged in at the time whilst the government would oppose such schemes but offer no alternative solution.⁴⁹

There were occasions however, when the Department of Industry was prepared to call a meeting with the TUC-TCFC rather than the other way round.⁵⁰ However, this appears to have been a somewhat cynical attempt by the government to gauge whether or not the TUC would endorse the UK's position on the upcoming renewal of the MFA which was due to be discussed at the next (1982) European Council meeting.⁵¹ From what information they had received, they expressed deep misgivings about what they considered the weakness of the negotiation mandate itself (based on issues such as global ceilings, growth rates and base levels, and the anti-surge mechanism). This information suggests two things: firstly, that the TUC was still considered an important societal actor even if its policies differed significantly with those of the government; and secondly, that greater liberalization of trade in textiles was taking place even prior to the Uruguay Round proper. This is backed up by a later study released by the GATT Textiles Committee that recommended ending or at the very least breaking up the bulk of MFA provisions.⁵² The report even went as far as to suggest that the textile industry could no longer be considered a 'special case', essentially arguing that it had to face direct competition from developing economies without economic assistance. This is another clear example of the embedded liberal compromise coming to an end.

⁴⁹ MRC, Warwick, TUC Archive, MSS.292D/631/12, TUC-TCFC Report: Meeting with Government Ministers, 29 July 1982

⁵⁰ MRC, Warwick, TUC Archive, MSS.292D/631/12, TUC-TCFC Report: Meeting with Department of Industry Officials on the MFA, 9 December 1982.

⁵¹ Ibid.

⁵² MRC, Warwick, TUC Archive, MSS.292D/522/2, TUC-TCFC Report: The GATT Study of Textile and Clothing Trade, 13 July 1984.

In light of avenues of influence at the national level all but disappearing and an increasingly unfavourable political climate, the TUC began turning to a more active opposition to the decline of the UK textile industry and support for renewing the MFA in 1986 with terms more in sync with its own position. A 1985 TUC-TCFC report details the Committee's lobbying strategy for a year leading up to the MFA renewal date.⁵³ This strategy involved lobbying local councillors, national MPs, European MEPs, and the European Council of Ministers and Commission (in cooperation with the ETUC-TCL, though the Committee also criticises their abilities as a lobbying organization). Interestingly, the TUC's strategy is strongly influenced by the German Textile and Clothing Union (*Gewerkschaft Textil-Bekleidung* - GTB), revealing the necessity and benefits of the TUC expanding its activities on a European and transnational basis. Notably, however, the TUC's 1980s congress reports make no mention of any strike action taking place in the sector and reveals that members were only actively mobilised twice in this period; in a demonstration and lobby of Parliament in 1981,⁵⁴ and an ETUC-TCL-instigated lobby of the European Commission in 1986 involving around 1,000 activists.⁵⁵

Despite the expansion of its strategy, there is little evidence of the TUC employing the issue of the social clause at the national level around the time of the Uruguay Round. To a large extent this is because the government had very little understanding of its benefits and even less interest in supporting it. As a result, and in the absence of a more radical perspective, the TUC was forced to change its strategy to the European level. This would become a consistent theme throughout the Uruguay Round as the national level increasingly

⁵³ MRC, Warwick, TUC Archive, MSS.292D/631/13, TUC-TCFC Report: Lobbying Activities, 4 April 1985.

⁵⁴ TUC Report of Annual Congress, 1981 (London, 1981), 344.

⁵⁵ TUC Report of Annual Congress, 1986 (London, 1986), 367.

provided a very limited platform on which the TUC could seek to influence the direction of the MFA and the textile industry in general.

At the European level, the TUC's strategy during the Uruguay Round was again shaped by its position on European integration. In part due to the experiences of the unrelenting Thatcherite onslaught against the UK labour movement, the TUC, after a period of firm opposition to Community membership in the early 1980s, began - or was forced - to view the European level as a potential new arena in which to argue for policies along the lines of those had it proposed during the Tokyo Round. As ever, there were contradictions to this shift. There is a great irony in the fact that the moment that represented the TUC's greatest *volte face* regarding European integration came in the form of the Single European Act (SEA), arguably one of the most openly neo-liberal treaty reforms ever to have emerged from the European Commission.⁵⁶

Combined with this ambitious neo-liberal programme however, came calls to compensate the negative effects of such policies which gave rise to a number of proposals for standards in social policy, employee rights and an institutionalized 'social dialogue'.⁵⁷ In many respects, this must have resurrected notions of the recent embedded liberal past, albeit in a watered-down form and in a far less favourable social, economic and political situation. In reality, by choosing to avoid instigating more radical policies, the TUC's endorsement of the SEA should more realistically be viewed as an acceptance of its reduced economic and political role as well as an understanding of the increasingly limited role that national institutions offered as a result of globalization and the ideological shift to the right.⁵⁸

⁵⁶ John Grahl and Paul Teague, 'The British Labour Party and the European Community', *The Political Quarterly*, 59.1 (1988), 72-85. DOI: 10.1111/j.1467-923X.1988.tb02383.x

⁵⁷ Rosamund, 'National Labour Organizations', 423

⁵⁸ *Ibid*, 425.

Despite this new-found attitude to the European level, the TUC still held a great deal of concern that the EEC intended to liberalize the MFA into an unpalatable form. In particular, the EEC's liberal mandate increased fears that the textile industry would be used as a bargaining chip in exchange for the opening up of markets and services in developing economies.⁵⁹ These fears were based on the TUC's perspective that priority was overwhelmingly given by the EEC to the European agriculture, coal and steel industries at the expense of more volatile sectors such as textiles. Furthermore, the SEA not only allowed for an enhanced trade liberalization agenda but had the potential to negatively affect the UK textile industry through the abolition of national quotas on imports, a key aspect of the TUC's support for the MFA.⁶⁰

In response to these concerns, the ETUC-TCL stepped up its lobbying at Community level and regularly met with representatives of the European Parliament's Socialist Group.⁶¹ The Uruguay Round represented the first time that the ETUC-TCL came out with a strong position on the MFA. A key reason for this may well have been that the ETUC-TCL representatives had apparently been personally informed of the EEC's commitment to liberalization in the industry and had shown only a 'faint-hearted' support for the social clause.⁶²

Intriguingly – and perhaps indicative of trade union leaders' limited outlook in this period - the TUC and the ETUC found a far firmer base of support (albeit indirectly) for both the MFA and the social clause in the form of the US government. It was during this stage of

⁵⁹ TUC Report of Annual Congress, 1987 (London, 1987), 321.

⁶⁰ TUC Report of Annual Congress, 1988 (London, 1988), 314.

⁶¹ TUC Report of Annual Congress, 1986 (London, 1986), 366.

⁶² MRC, Warwick, TUC Archive, MSS.292D/631/9, TUC-TCFC Report: ETUC-TCL meeting with the Commission, 17 January 1986.

the Uruguay Round that the TUC's conflation of the MFA and the social clause reached its peak despite its lack of support at the national and European level. Unsurprisingly, the US government emerged as an avenue of support for the social clause out of strategic self-interest rather than political conviction. This stemmed from the Reagan and Bush administrations' opposition to the provision of similar social clauses in unilateral trade laws which the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) were pursuing at the time.⁶³ In the context of the time, it is hard to view this move as anything other than a cynical ploy to cut across AFL-CIO moves for unilateral action which held a far greater potential for impinging on the neo-liberal agenda that the US was carrying out in this period.

From the US government's point of view, multilateral action on labour standards seemed a win-win situation; it would placate the AFL-CIO to some extent and, if successful (which remained unlikely), limit the damage developing economies posed to US industry. As part of this agreement, US Trade Representatives requested that a GATT-ILO working group be set up to study the link between trade and workers' rights as a step towards the inclusion of labour standards in the final text of the Uruguay Round.⁶⁴ The TUC-TCFC, ETUC-TCL and ICFTU were all able to use this turn of events to put pressure on national governments and European institutions for the inclusion of a social clause in the GATT. For example, a resolution passed at the TUC's 1988 Annual Congress committed the union to endorsing the social clause in all trade and aid agreements.⁶⁵ Further, it was noted that,

pressure for a social clause was being maintained by the proposal from the US Government that GATT should examine the links between trade and workers' rights (...) Following lobbying by the TUC, the

⁶³ Van Roozendaal, *Trade Unions*, 93.

⁶⁴ *Ibid*, 94.

⁶⁵ TUC Report of Annual Congress, 1988 (London, 1988).

British Government has said it will support the US proposal, though it does not accept at this stage that it should lead to a social clause. It was reported at the meeting with the European Commission in June that the EC Commissioner for external trade policy, Mr Andriessen, had said that if there was no progress on the US proposal for joint examination by GATT and ILO of the links between trade and workers' rights, the Commission would propose the introduction of a social clause in the Uruguay round.⁶⁶

This political situation afforded the trade unions the opportunity to put across its combined position on the MFA and social clause more clearly than it had ever done before. It is significant that there was a united perspective on how to argue and frame these issues which ran through the TUC's, ETUC's and ICFTU's public and private statements. In particular, it was understood that the framing of the social clause as an *anti-protectionist* measure held a great deal of potential in the present economic and political climate. In turn, it was also understood that this position could simultaneously be used as 'a positive lever to achieve improvements in the conditions in exporting countries, rather than as a backdoor device for reducing trade'.⁶⁷ Ultimately however, despite its greater prominence over the course of the Uruguay Round, the social clause still remained an issue that was disconnected from the trade unions wider economic arguments in a similar way as had occurred during the Tokyo Round. The most important objective change was therefore the economic situation which had fundamentally changed from the TUC's perspective and therefore resulted in a different strategic outlook.

In a very short period of time, the social clause had moved from predominantly being a trade union issue (which was not even that actively pursued by the unions themselves) to an issue that was 'supported' (albeit indirectly and without political conviction) by the vast majority of the Western members of the GATT. However, viewing these events as a success

⁶⁶ Ibid.

⁶⁷ MRC, Warwick, TUC Archive, MSS.292D/522/D, TUC-TCFC Report: Uruguay Round of Multilateral Trade Negotiations, 8 April 1987.

for the TUC and others should be seen as very relative. Firstly, although the Uruguay Round saw the beginning of the social clause as a key issue in future world trade negotiations, it has still not led to its implementation for numerous reasons, not least among them the consistent opposition of developing economies. Secondly (and ironically), it is debatable whether the issue would have gained any prominence at all were it not for the political strategy of the US government. Thirdly, whilst the increase in support for the social clause coincided with politically opportune events, this support was not based on a genuine agreement with the trade union understanding of the social clause or the future direction of world trade policy and occurred at a time where the success of trade union arguments in society generally stood at an all-time low.

Conclusion

This article has attempted to frame the TUC's influence over textile policy during the Tokyo and Uruguay Rounds within the changing structural dynamics of the world economy which had a profound effect on its strategic choices. These strategic choices were argued to be broadly based within the ideas of embedded liberalism, which in the post-war context had provided the TUC with strong avenues of influence within a national corporatist framework. However, this article has also argued that the compromise of embedded liberalism also constituted a wider historic compromise between labour and capital that could not remain indefinitely. Unprecedented economic growth and the specific social, economic and political conditions of the post-war period provided the 'space' in which labour could draw concessions from capital. Once these conditions disappeared with the global economic crises of the 1970s then the whole basis of the TUC's strategic perspective was also undermined.

Although the strength of the TUC's relationship with the Labour Party had been fundamentally undermined through the onslaught of neo-liberal economic restructuring by the time of the Uruguay Round, this actually contributed to the TUC developing a multi-option and multi-level strategy. These strategies were pursued at the national, European and transnational levels to a far greater extent than during the Tokyo Round. In particular, the increasing reliance on the ETUC to lobby at the Community level is a key development in the evolution of the TUC's strategy. With respect to the TUC's textile policy, the MFA can be viewed as a framework in which to support economic reforms that could contribute to the maintenance of the embedded liberal system. In this environment, the TUC attempted to synchronize its interests with national governments and, by extension, the EEC. Again, the economic shift from embedded liberalism to neo-liberalism was the key variable in explaining why this policy alignment occurred far more during the Tokyo Round than the Uruguay Round.

It was also pointed out that the TUC's support for the MFA and the social clause were rarely linked explicitly. When meeting with government ministers, there appeared to be an almost complete emphasis on the importance of immediate economic issues, namely the necessity of import quotas to offset the increasing trade imbalance between developed and developing economies in the textile industry. In its more public pronouncements however, the TUC seems to have been more willing to discuss these issues with a more long-term vision in mind, couched in a vague language of solidarity. Without question, whether it was at the national, transnational or European level, the TUC overwhelmingly prioritized aligning its immediate economic interests with whoever it was attempting to influence at the time. Despite understanding the importance of the social clause as a mechanism, however limited, of simultaneously protecting the UK textile industry and improving the conditions of workers in developing countries, the TUC always prioritized domestic self-interest over transnational

solidarity. Nevertheless, the notions of solidarity that are present in the concept of the social clause played an important role in framing the legitimacy of the issue beyond self-interested economics alone.

The limits of the above strategy became ever clearer as neo-liberalism continued to overhaul embedded liberalism. By choosing to align their economic interests with elite actors, the TUC would increasingly find themselves trying to influence actors and institutions that were openly hostile to their role in society. Unsurprisingly, there is a direct correlation between the decline in socialist and social democratic governments throughout Europe and the level of influence the TUC and other unions were able to exert. In many ways, frozen by the structural and ideological onslaught against the labour movement's core principles and areas of support, the TUC had become path dependent and was in need of a new approach and narrative by the close of the Uruguay Round, even if the same social, economic and political problems existed.

The limited ambitions and strategies of the TUC during the Uruguay Round must be put in the context of the time which represented a period of defeats for the UK labour movement, most prominently the defeat of the 1984-85 Miners' Strike. Ultimately, the leadership of the TUC had no clear explanation or class perspective of the series of setbacks seen in this period. This undoubtedly contributed to consolidating its already existing conservatism and dependency on attempting to synchronise its interests with elite actors. However, as neo-liberalism swiftly became embedded as a hegemonic ideology, the status afforded to previous methods of influence became a self-fulfilling prophecy, ultimately leading to the TUC and many other unions from the late-1980s onwards tacitly endorsing the same neo-liberal policies that were ultimately hostile to the interests of their members, both through domestic economic policies and international trade agreements.

One strategy that may have overcome this paralysis would have been to engage in active solidarity and transnational action with unions in the Global South. However, there is no evidence to suggest that the TUC made any attempt to support or engage with these unions beyond calling for the social clause in an abstract sense. In this respect, the TUC limited its strategy and ideological framework to maintaining the system of embedded liberalism, a system that, as the 1980s progressed, was rapidly unravelling. As such, the TUC's strategic choices in influencing the MFA and social clause were almost entirely confined to the elite level, detached from the rank-and-file textile workers who would ultimately pay the price for the neo-liberal restructuring that would follow. Rather than proposing a programme of limited reforms of the GATT trading system, which was increasingly prepared to let whole industries, such as textiles, collapse in the face of open competition from economies with an absolute advantage in production costs, the TUC and the European trade union movement as a whole could have demanded a radical reassessment of trade policy by mobilising their members in defence of the textile industry, forcing governments and ultimately the GATT to put labour interests at the heart of global trade policy. The fact that the TUC and others did not follow this logic has undoubtedly contributed to their precarious position in the present period.

The lack of historical research into the role of trade union influence over world trade negotiations is an area of study that poses great potential for future research. Such research could make a significant contribution to current trade union strategies and the academic literature. For trade unions today, such research could help explain the historical roots of their decline through an analysis of past decisions, potentially contributing to their reawakening. This could pave the way for an honest and open self-assessment of trade union influence over world trade, an issue which continues to grow in importance. Without doubt, ordinary union members should play a leading role in such a process. Academically, research of the kind

undertaken for this article would cut across the prevalence of realist and rational choice conceptions of world trade and bring in from the cold the role of social forces that are often ignored. A trade union perspective of the changing dynamics of world trade would give an entirely different view on the interactions between labour, capital and the state in certain historical phases. More specifically, research in this area could also provide greater insight into the multi-level environment that trade unions seek to influence in increasingly difficult circumstances.

Notes on contributor

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