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## **International Political Economy of Labour and Collective Bargaining in the Automotive Industry**

### **Abstract**

This article shows how International Political Economy of Labour (IPEL) approaches can be fruitful in the study of working class and institutional transformation in contemporary capitalism. It draws from an analysis of variegated union strategies in the Mercedes-Benz-Vitoria Global Value Chain (MBV-GVC), located in the autonomous community of the Basque Country (north Spain). More concretely, it explains how the recurring adoption of micro-corporatist strategies at the car assembly plant undermined and fragmented working conditions whilst, in sharp contrast, the adoption of confrontational strategies in supplier companies led to the empowerment of the workforce, increasing salaries of new entrants well above new assembly workers'. This occurred parallel to Basque unions' challenge of prevailing institutionalised forms of collective bargaining, especially by questioning the power that Provincial Metal Sector Agreements have in the regulation of salaries and working conditions of medium and small (non-unionised) companies. Thus, in exploring how Spanish and Basque trade unions' strategies produced different institutional settings, this article argues that IPEL approaches are helpful in providing complex and nuanced accounts of the uneven development of capitalism as a result of labour's agency.

### **Keywords**

International Political Economy of Labour, Global Value Chains, Trade Union Strategies, Collective Bargaining, Spain, Basque Country

### **Introduction**

This article attempts to show how International Political Economy of Labour (IPEL) approaches can be fruitful in the study of working class formation and collective bargaining practices in contemporary capitalism with particular reference to variegated

bargaining strategies in the Spanish automotive industry. Critical IPE literature on Global Value Chains (GVCs) has tended to obviate the role that labour agency plays in capitalist transformation (e.g. Starosta, 2010; Charnock *et al.*, 2016). In this sense, working class centred approaches allow us to study in more detail, and with more theoretical sophistication, the unfolding of capitalist development from the strategic perspective of labour (Cleaver, 2000[1979]; Harrod and O'Brien, 2002; Selwyn, 2014; Huke *et al.*, 2015). Capitalist space is an important determinant of the concrete form in which labour history unfolds (Herod, 2006; 2011; McGrath-Champ *et al.* 2010). Different contexts produce different power structures and agency of class which strategic actors must give an informed response to (Author(s) Las Heras, 2017\*).

More concretely, the article analyses trade union strategies and collective bargaining practices in the Mercedes-Benz-Vitoria Global Value Chain (henceforth, MBV-GVC) in the autonomous community of the Basque Country (north Spain), and seeks to contribute to IPE and IPEL literatures in five ways.

First, it seeks to 'voice labour' in the regulation of GVCs. Comparative IPE scholars have shown how the private sector, local and national governments, and international organisations like the International Labour Organisation are important when securing labour rights throughout GVCs (e.g. Puppim de Oliveira and Jordao de Oliveira, 2014; Mosley 2017). Others have shown how labour has also been an important 'stakeholder' in the implementation of different governance programmes in both western economies (Geppert *et al.* 2014) and developing countries (Bair 2017). Nevertheless, such comparative studies fail to provide a consistent theoretical and empirical analysis on how (dis)organised workers are both *necessary* and *contradictory* actors in supporting and contesting corporate and government practices which, in turn, have important repercussions on how the overall relationship is legitimised (Selwyn, 2013). By departing from an IPEL perspective that treats labour not as a secondary 'stakeholder' but as the primary focus of capitalist regulation (Aglietta 2000[1979]: 19; also Harrod and O'Brien 2002; Silver 2003; Selwyn 2014), this article provides an empirical account of how trade unions differ in their understanding of the problems inherent to capital-labour relations, and how these different understandings produce, in turn, different structures of power.

Second, by exploring the important tensions that organised labour faces in the regulation of capitalism (or on its transcendence), it gives a more balanced approach to the European crisis and the transformation of capitalist institutions than what disruption-oriented approaches like that of Huke *et al.* (2015) and Bailey *et al.* (2016)

have done hitherto. To be succinct, trade unions and social movements have both entrenched short-term economic interests that fragment the working class and challenge capitalist discourses and the capitalist state by producing new forms of solidarity as argued by Gramscian approach of IPE<sup>1</sup> to trade unionism and social movements. Thus, trade unions and labour movements are in a difficult position, facing the continuous dilemmas of ‘either boxing or dancing’ against managerial and governmental prerogatives for securing corporate profitability. In this, the historical context and class leaders’ strategic reading of it are two important factors that determine the range of possibilities for engaging in more or less disruptive forms of collective action (Gramsci 1977: 386-387; also Hyman 2007: 198-199; [Author\(s\)Las Heras, 2017a: 11-12](#)). Exploring various union strategies in the MBV-GVC, helps us to better understand both the limits and possibilities for contemporary confrontational trade union strategies in southern Europe.

Third, variegated and often mutually exclusive labour strategies require a spatially sensitive analysis (Rainnie et al., 2011). Previous IPEL studies have underlined the fact that scales are continuously produced, transformed and contested through struggle. For example, Bieler (2006; 2011; 2015) accurately explains how the transformation of the material conditions of the European labour force has encouraged new forms of collective action which transcend national boundaries and revolve around producing transnational identities that go beyond pure economic views. Moreover, Bieler points out why apparently geographically more inclusive labour organisations such as the European Trade Union Confederation (ETUC), the European Works Councils (EWCs) or other transnational labour mobilisations may also be an expression of more conservative positions towards other labour forces located in other geographies (e.g. developing countries) or those located in the same geography but at lower scales (e.g. precarious workers in core countries) (cf. also Bernaciak, 2010; Hürtgen, 2014). In this sense, micro-corporatist strategies, rather than being explained only from the disadvantageous ‘structural position’ that workers hold in their material reproduction, can also be explained as conscious (albeit ‘partial’) defence of short-term interests for which other feasible alternative strategies exist (Bieler, 2015). In the absence of strong transnational labour movements, national or local forms of radical action have been portrayed as a temporary solution (Bailey and Shibatta, 2012; Bailey *et al.*, 2016). Yet, it is also crucial to note, that empowering the workforce at the national or local scale may lead to some sort of social compromise with the native ruling classes so as to reproduce their labour-power in the world market (e.g. Selwyn, 2011; Fowler, 2012). In

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<sup>1</sup> For a review of these see, for example, Gramsci (1977), Annunziato (1988), Harrod (2002), Horn (2012) or Krinsky (2013).

other words, working class strategies and struggles are multi-scalar and, thus, it is necessary to explain and contextualise who is being represented/organised and for what particular purpose. Analysing union strategies in the MBV-GVC will enhance spatial understanding of the contradictions faced by different collective bargaining strategies in GVCs.

Fourth, and derived from the previous three, critical IPEL approaches overcome an important methodological limit of institutionalist perspectives in the study of labour. Institutional approaches have tended to take *trade unions*, rather than *labour* in its most inclusive sense, as the ontological point of departure (e.g. Baccaro et al. 2003: 128-130; Levesque and Murray, 2010: 335-336; Bernaciak, 2010: 121-122; Murray, 2017: 2-3). This poses an important drawback in the historical understanding of trade union action in global capitalism. Whilst trade unions are important for working class empowerment, they are, simultaneously, a limit to revolutionary working class action. Importantly, Richard Hyman suggests we think about trade unions in a relational way, to understand them not as 'things-in-themselves' pursuing one single objective, i.e. their own institutional reproduction, but as in the process of becoming (and perhaps stop being necessary). Under an IPEL perspective, unions are the particular result of a complex and contradictory movement in which organised workers pursue specific working class strategies at multiple geographical scales, against capital and, whether they want it or not, against other working class fractions that cannot be incorporated into their efforts to either reproduce, transform and/or transcend provisional forms of class power (see Hyman, 1989: 98-138; 2001: 18-61; also Gramsci, 1977: 386-387; Harrod, 2002: 50-58; Silver, 2003: 13-19; Selwyn, 2013: 217-220; [Author\(s\) Las Heras and Ribera-Almandoz, 2017b](#): 450-452). Therefore, IPEL approaches help us to track the historical limits to trade union renewal since it is their own strengthening that is the very foundation for their ulterior dismissal. Simultaneously, they can also help us to grasp how concrete forms of labour empowerment – e.g. in and through the adoption of more or less innovative and inclusive union strategies – are *necessarily contingent* moments in the uneven and complex emancipation of the working class.

Finally, accounting for variegated union responses to capitalist pressures to reduce labour costs and augment labour productivity in global market competition is timely; especially after the 2008 crisis, during which European trade unions and industrial workers did not spearhead any effective resistance to austerity and labour market deregulation (Lehndorff, 2012; Lehndorff et al. 2017), including in Spain (Pérez-de-Guzman et al., 2016; Köhler and Calleja-Jimenez, 2017). In that sense, this article complements and expands recent studies that have emphasised the disruptive agency

of Spanish labour in times of crisis (e.g. Clua-Losada and Ribera-Almandoz, 2017; ~~Author(s)~~ [Las Heras and Ribera-Almandoz, 2017](#)), and other existing IPE literature on Spain that have not paid sufficient attention to how trade unions have organised and struggled in GVCs (e.g. Charnock *et al.*, 2014; 2016). Moreover, there is also a historiographical gap in the different ways trade unions operate at lower spatial scales in Spain (Martinez-Lucio, 2008), as in the autonomous community of the Basque Country wherein industrial action has been higher than in other regions (Köhler, 2008; Luque-Balbona *et al.*, 2008; [Las Heras, forthcoming](#)). As explained below, Basque trade unions have *made a difference* by engaging in more confrontational strategies that transformed collective bargaining structures in a regional context. In so doing, this article provides a complex account of collective bargaining in GVCs and working class formation in the autonomous community of the Basque Country, and supports those views that emphasise class empowerment to be a spatially uneven process rather than a linear and homogeneous one.

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### **A brief history of the Spanish automotive industry**

The development of the Spanish automotive industry has to be understood in relation to the political economic conditions regulating its birth, and its subsequent integration into the European Market. During the Post-War period, various southern European countries (Portugal, Greece and Spain) implemented Import Substitution policies to consolidate the national economy by protecting large manufacturing industries from international competition. This included Spain's automotive industry up until the 1970s. However, following the economic and political transformation of northern European countries during the late 1970s and 1980s, ISI policies were abandoned, and the Spanish automotive industry integrated into transnational patterns of capital accumulation and became part of the European automotive industry. By the mid-1990s, Spain reached a hybrid or 'semi-peripheral' status within the European automotive value chain. Its exports, which amounted to 80-90% of total output of the automotive sector, were specialised in medium- and low-value-added cars and auto-component parts, whilst higher value added parts and cars were imported from northern Europe. This relatively less competitive position resulted from lower rates of R&D investment and labour productivity, leaving limited room for catching up with northern European wage-levels. Nevertheless, Spain experienced important output growth rates during the 1990s, doubling its vehicle production from approximately 1.5 to 3 million cars and becoming the third largest car manufacturer in Europe, after

Germany and France, with a 12% share of the European market. This was the result of strategic specialisation of Spanish factories in medium and low quality cars. Despite vehicle and component output growth, employment did not increase proportionally from the mid-1990s onwards, and component producer and supplier companies accounted for three quarters of the labour force (for a more exhaustive review cf. Ortiz-Villajos, 2010; Charnock *et al.*, 2016).

### **Global Value Chains as objectivised forms of labour struggles**

Global Value Chains (GVCs) organise one of the most crucial moments in the capital accumulation process, i.e. the labour process as the necessary material moment in the production of value (Robinson and Rainbird, 2013; Moore, 2012), which in the case of the MBV-GVC consists of commercial and non-commercial vans. Critical IPE literature argues that since the late 1970s and early 1980s, US Transnational Corporations (TNCs) – following Japanese corporate practices during the 1950s and 1960s – started disintegrating their production chains in search of ‘low cost and capable suppliers inshore and offshore, forcing other local, national and international capitals to replicate such strategies if they were to survive’ (Robinson, 2004: 20). In this sense, GVCs have become the ‘industrial paradigm’ of the neoliberal period of capitalist regulation (Dunn, 2004: 61-89).

GVCs have not only resulted in greater foreign trade, foreign direct investment and international financial flows, but more importantly, in a simultaneous qualitative change of the ‘decentralisation [of production] and the centralisation of [corporate] command’ over labour (Contractor *et al.*, 2010: 1420). Overall, the logic behind this global corporate transformation is that of individual capitals taking advantage of different labour costs within and/or across geographical boundaries (e.g. through lean production, outsourcing and offshoring) in order to shore up global capital accumulation (Starosta, 2010). The degrading effect on working conditions (Reinecke, 2010; Stewart *et al.* 2016) and the disempowering effect on trade unions (Moody, 1997; Doellgast and Greer, 2007; Stewart *et al.*, 2008) is widely acknowledged because, in a context of ‘exacerbated competition among workers, capital can therefore economise on the overall capital advanced for the total wage bill [...], lengthen total working hours and increase the average intensity of labour’ (Statosta, 2010: 557). According to Flecker (2009: 252-253):

[The] reorganisation of the value chain weakens labour and destabilises industrial relations institutions. There are two reasons for this. First, outsourcing accelerates tendencies towards deregulation and decentralised bargaining, because suppliers and service providers are less likely to be covered by collective agreements. Second, similar to internationalisation and relocation of work, outsourcing options change the power relations between employers and labour and thus put pressure on the workforce to make concessions on their employment conditions if they want to remain employable

However, IPEL and labour geographers have argued about the importance of analysing GVCs not from an economics perspective that emphasises only the dominance of TNCs, but rather from labour's contradictory relation to capital and the different forms of struggle that result from their mutually opposing interests (e.g. Selwyn, 2013; Benassi and Dorigatti, 2015). For Rainnie et al., 'labour must be treated both as the *ultimate source of value* but also as a *subjective [political] agent* in both individual and collective terms' (2011:161; emphasis added). Thus, from an IPEL perspective, GVCs can be theorised as objectivised economic, political and ideological class struggles that respond to historically complex and overlapping processes of class formation (Selwyn, 2012: 217-220; 2013: 83-87). For trade unions and labour organisations, one of the main challenges becomes how to 'homogenise working conditions through collective action' (Caprile, 2000: 16-17) so that capital accumulation pressures to reduce labour costs and fragment the labour process are counter-attacked, alleviated and, whenever possible, democratised.

From an IPEL perspective that seeks to historicise the development of the Spanish automotive industry in and through labour agency, departing from the consolidation of a legal framework of Industrial Relations after Francoism is crucial, since it has been in the 'legal field' (Poulantzas, 2014[1974]: 147-149) in which Spanish and Basque trade unions operate. The Workers' Statute (*Estatuto de los Trabajadores*) of 1980 established a dual mechanism of worker representation that underpinned a semi-centralised structure of collective bargaining in comparison to other European frameworks (Beneyto *et al.*, 2016). Put briefly, procedures for workers and trade unions to engage in collective bargaining have been articulated around two pillars. On the one hand, through the mechanism of 'unitary representation' at the works council, workers and union delegates can 'voice' their grievances at the workplace/company scale. On the other hand, above the company scale, representative unions engage in collective bargaining practices through worker representation at either provincial, autonomous

community or state scale. Agreements signed at higher geographical scales have had, until very recently, priority over lower ones. Complementarily, the Workers Statute established that any collective agreement functioned under the *erga omnes* clause, i.e. a collective agreement that has been signed by the representative majority (50% or more) is legally binding for all workers and companies irrespective of their membership of any worker or employer organisation.

The historical unfolding of these legal instruments has led to a relatively hierarchical collective bargaining structure. On average, 65% of Spanish workers employed in small and medium-sized corporations have their working conditions regulated by Provincial Sector Agreements, and around 10% have their conditions regulated at company level. Between 70% and 80% of workers have their conditions regulated by collective agreements albeit, simultaneously, the unionisation rate remains low (around 16%). This allows union federations to determine the legal conditions for a large proportion of the labour force without their direct engagement (Fernández-Rodríguez *et al.* 2016). This has undermined trade union capacity to pursue more inclusive and confrontational strategies at the workplace and with other labour movements (Martinez-Lucio, 2008; Pérez-de-Guzmán *et al.*, 2016; [Author\(s\) Las Heras and Ribera-Almandoz, 2017b](#)). Despite the 'homogenising logic' behind the negotiation of sector agreements, a fragmentation of salary conditions based on corporate power (i.e. corporate size or the structural position that the company holds in the GVC), and not on trade union power, has taken place (Pérez-Infante, 2008). As regards this article's object of study, namely, the Provincial Metal Sector Agreements that regulate the conditions of the metal workers along the MBV-GVC, the average nominal wage difference between Spanish assembly workers and TIER-1 suppliers ranges from 25% to 35% of their annual salary, with an even larger difference between workers located in lower TIERS and smaller sized companies (Recio *et al.*, 2008; Alaez *et al.*, 2009; Banyuls and Lorente, 2010). However, as explained in the following sections, in the Basque case, workers' power is not solely determined by their 'structurally given position' in the capital accumulation process or by top-down negotiated collective bargaining structures: it is also determined by their own collective agency articulated through different trade union strategies which, in turn, shape the value for which workers sell their labour-power (Lebowitz, 2003: 112-116). Hence, the importance of trade union strategies in the uneven development of contemporary capitalism.

## **The Case study**



The MBV factory, the highest production node along the MBV-GVC, assembles high-value added commercial and non-commercial vans, mainly the Mercedes *Vito* and *Viano*. The factory is conceived as being very competitive among the Daimler-Europa assembly plants, basically in terms of lower labour costs, higher rates of labour productivity and qualified labour force (UGT1). Despite demand fluctuations, which were more noticeable in the slump of 2008-2009, factory production ranges between 90,000 and 140,000 units per annum. The factory was modernised during the 1990s and early 2000s, and it exports around 95% of its output to Europe, North America and the Middle-East. It directly employs 3,500-4,000 workers and another 10,000 indirect workers in medium- and small-sized companies across the Basque autonomous community (Añamendi Entziklopedia, 2008).

It is important to note that whilst in-plant supplier and logistic companies are dependent on MBV's output, off-plant suppliers located in the region have diversified their production and also export for a wider range of assembly factories across Spain and Europe (for a spatial analysis of the Basque component industry see Bilbao-Ubillos and Camino-Beldarrain, 2008; Bilbao-Ubillos, 2010). Thus, union strategies along the lower nodes of the MBV-GVC *within* the Basque Country (which have mainly revolved around the negotiation of provincial metal agreements and company pacts) must be assessed cautiously and understood in a looser sense. Despite the MBV assembly plant (along with another Volkswagen factory located 90 kilometres away in the city of Pamplona) being one of the most important driver(s) of the Basque automotive components industry, workers' wages and working conditions, as well as their possibilities for strategic action, are significantly determined by their relative position in the European automotive industry (cf. also Alaez and Beneto-Carmona, 2008; Charnock et al. 2016). In that sense, collective bargaining strategies at the higher nodes of the MBV-GVC are likely to become referent but not determinant for the industrial relations, salaries and working conditions at the lower nodes of the MBV-GVC in the region because (i) the industrial structure of the components industry is rather complex and diversified, as it will be shown in the following sections, (ii) organised labour has room for manoeuvre for pursuing different forms of collective action that do not correspond to particular structures of corporate power.

Research material derives from qualitative fieldwork undertaken between February and April 2015. Primary documentation comprises a set of semi-structured interviews with the union delegates and officials, which prove crucial in order to grasp actors' world-views and their subjective explanations to differentiated forms of action (Kvale and Brinkmann, 2009). Local newspapers and archive documentation, such as company

collective agreements and union pamphlets, were also gathered and analysed in order to qualify and expand the information produced during the interviews.

### **The woes of micro-corporatist strategies in Global Value Chains: competitiveness pacts in the Mercedes-Benz-Vitoria assembly plant**

In the works council of MBV, confrontational trade union positions have been systematically criticised, marginalised, and even, criminalised, by both more corporatist unions and factory managers who have sought, above all, to secure factory competitiveness (ELA1; LAB1). Since the late 1980s the MBV-GVC has been shaping up. Fundamentally, during this period, conservative strategies have been pursued by the two largest Spanish trade unions, *Unión General de Trabajadores* (UGT) and *Comisiones Obreras* (CCOO), and the largest Basque union, Euskal Langileen Alkartasuna (ELA). The ELA turned towards a more confrontational position during the early 2000s when it realised there was no way forward with ‘micro-corporatism’ and co-aligned with the other Basque union, the LAB, *Langile Abertzaleen Batzordeak*, which had historically opposed managerial demands to introduce lean production techniques, labour flexibility, and labour cost reduction in MBV. These four trade unions, which are also the four main trade unions negotiating the Provincial Metal Sector Agreements (PMSAs) in the Basque Country (see section below), have dominated the works council, pushing other various smaller trade unions to join one of the two main coalitions: those more likely to accept *concessions in exchange* for capital investments and those who would understand the *collective agreement only as means to improve* prior conditions.<sup>2</sup>

Lean production, automation and robotics – pillars in the consolidation of GVCs in the automotive industry (Moody, 1997; Stewart *et al.*, 2008; 2016) – were systematically implemented during the 1990s and early 2000s. Despite facing radical trade union resistance (LAB1), lean production techniques like the MTM<sup>3</sup> were implemented through ‘dialogue’. According to one CCOO delegate

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<sup>2</sup> Out of the twenty-seven seats composing the works council, these four trade unions have generally hold twenty to twenty-two of them, that is, they have accumulated around 78% of the electoral votes.

<sup>3</sup> The Methods-Time-Measurement is a metric system that video-records workers’ movements with high precision in order to establish time standards for different tasks and reduce labouring time; see e.g. Coriat (2015[1979]: 136-144).

'If there is no active involvement by the union, it is very unlikely [for an innovation like the MTM] to end well. Even though corporations always strive to push for further concessions, they are also aware that if workers don't comply, difficulties will appear.'

(Interviewer: But how is it possible to 'agree' on worsening the conditions?)

'Well, in that case it wouldn't be a negotiation, if you have to comply without considering the consequences there is no negotiation. [...] However, in order to introduce the MTM there was a *large conflict* between workers and the company; yet its introduction was also the passage towards the improvement of other labour conditions, and we won on various fronts [i.e. salary increases for senior workers and reduction of the annual working time]. And if you don't implement [the MTM], you will not be competitive, because this sector always implements all the technological and organisational systems that are competitive and profitable. If the vehicle we produced was too expensive we wouldn't sell it (CCOO1).

For CCOO and UGT delegates, the introduction of MTM during the 1990s was indispensable to securing factory profitability, while part of the labour productivity gains due to technological upgrading and intensification of work were compensated by higher hourly wages (UGT1; CCOO1). Or to put it differently, less control over the labour process was exchanged for an improvement in their purchasing power and the provisional security of not facing factory close-downs. In contrast, more confrontational standpoints, led by ELA and LAB, understood such negotiations as modifications to a new logic of industrial relations of 'exchange' that had nothing to do with the spirit of 'bargaining solely to improve conditions' that prevailed during the 1970s and 1980s (LAB1). Between 1999 and 2016, UGT and CCOO signed five more collective agreements which were consistently opposed by ELA and LAB (ELA1; LAB2). These agreements further fragmented the wage-scale between junior and senior workers, reducing annual working hours and introducing more time and functional flexibility. In 2010-2011, for example, in order to 'assure the viability of the factory until 2024', the collective agreement accepted a reduction of 10% of total labour costs (which extended the gap between the gross salaries of equally skilled new entrants and senior workers up to 32%), increased time-flexibility, and supported the reduction of 25% of production costs from direct suppliers (El Economista 24/02/16; see Table 1).

Table 1. Main Changes on MBV's Collective Agreements, 1999-2015. Source: MBV agreements.

Dominant collective bargaining strategies in MBV works councils sought 'social compromise' as the *end*, rather than as a *mechanism* in workers' relative empowerment. Explicitly, for UGT delegates, the main objective when bargaining was to secure factory viability longer than 2024, that is, to reproduce the wage-labour relation no matter what working conditions had to be agreed (UGT1). Problematically, similar union strategies became common in Spain (Lusa *et al.*, 2007) and in Europe, which generated a race-to-the-bottom between different production plants to assure 'factory competitiveness' before, during and after the 2008 crisis (Zagelmayer, 2001; Urban, 2012). These strategies are partial and limited since, as Bieler (2015) argues, they reproduce managerial discourses that seek to alienate and subsume labour to the interests of TNCs and capital profitability. If all European trade unions seek to secure their jobs by worsening their conditions, then, a levelling down of the value of labour-power of all workers occurs, without any of them securing an advantageous position with respect to the other (Bengtsson and Ryner, 2015). In the case of MBV, factory viability was maintained at the expense of fragmenting and worsening working conditions, but in other cases, similar strategies were not as effective (e.g. Stewart *et al.*, 2008: 80-84, 109-113; van Hootegem and Huys, 2008: 107-125). Nevertheless, Basque trade union strategies seeking workplace organisation and confrontation proved more successful in improving working conditions along the lower nodes of the MBV-GVC. This, however, took place at the expense of scaling down their union strategies by *not signing* the PMSAs that formally regulate the conditions of the largest share of the workforce.

### **Unionising supplier and auto-component producers: class empowerment as a spatially uneven process**

Following other Spanish provinces that establish the PMSA as the political and organisational referent for the regulation of working conditions across the metal and automotive industry, the three most representative unions in the province of Araba and the Basque Country (ELA, CCOO and UGT) ratified the Araba-MSA for the first time in 1978, and continued to do so up until the 2000s without many drawbacks. LAB remained marginalised throughout the period until it won a sufficient 15% of representation in the mid-1990s. When this happened, ELA won some space to turn to LAB and forge a new confrontational coalition (see Table 2).

Table 2. Union representativeness in the Basque Country. Source: [Euskal Estatistika Erakundeak Database](#).

Of the total manufacturing workers employed in the region – around 50,000 during the 2000s – the Araba-MSA was expected to regulate the conditions of at least half of them, fundamentally in metal companies employing up to fifty workers. However, and despite the fragmented nature of the industrial network that provided the Araba-MSA with a strong political significance in the establishment of working conditions across the lower nodes of the MBV-GVC, ELA representatives recognised that the Araba-MSA was becoming a historically weak agreement. That is, it established lower salary and working conditions than the ‘historically average’ for a Basque worker to live with dignity: the salary-gap between MBV workers and medium and small-size companies started to increase.<sup>4</sup> Accordingly, ‘the Araba-MSA became a sector agreement without implementation, especially with respect to wage arrangements that started to be negotiated at company level’ (ELA2).

In the late 1990s and 2000s, ELA, the largest trade union in the Basque Country with more than 100,000 members and 40% of representativeness in union elections, turned to a strategy of *contrapoder* (‘counter-power’). Such strategy sought political autonomy and more confrontational positions towards collective bargaining – via worker unionisation, the consolidation of a substantial strike-box and enhanced mobilisation at the workplace – because union leaders realised that the ‘social accord’ had been broken with the systematic entrenchment of neoliberalism and fragmented collective bargaining structures (Elorrieta, 2012; 2017; [Las Heras, forthcoming](#)). As a result, the collective bargaining landscape along the lower nodes of the MBV-GVC changed substantially. More specifically, in-plant auto-component suppliers and logistics organised without the support of the MBV works council and struggled for better salaries and working conditions.<sup>5</sup> According to an ELA delegate, ‘first we tried to organise the works councils [...] and generate the necessity among the workers to strengthen their union affiliation. So, workers would acquire the consciousness that through collective bargaining at company [and not sector] scale they could also improve their conditions substantially’ (ELA3). It was considered that the associational empowerment, materialised in the construction of a strong collective identity, would be

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<sup>4</sup> For a more detailed discussion on the vertical desintegration of sector collective agreements in Germany, but not only, cf. Doellgast and Greer (2007), Flecker (2009) and Heeg (2014).

<sup>5</sup> In contrast see e.g. Pulignano (2005).

crucial for coordinating an offensive bargaining strategy (ELA1; ELA3). Interestingly, ELA delegates did not often need to engage in strike action. Instead, they showed during the collective bargaining rounds that they had the ‘capacity and willingness to confront’ and disrupt the labour process which, due to the Just-in-Time and Just-in-Sequence structure of GVCs, was susceptible to localised shut-downs (also Fowler 2012).

As a result, supplier and auto-component producers of the higher nodes of the MBV-GVC managed to improve their working conditions well above the Araba-MSA. Paradoxically, due to increasing dual-wage-scale in MBV, new entrants to supplier and auto-component corporations earned €4,000 to €6,000 more than new MBV assembly workers. That is, ELA’s strategy to fight in the workplace enabled workers to earn, at least, 40% more than the Araba-MSA. Insightfully, an ELA delegate responded to the question of whether union members feared that ‘fighting for too much could result in too little profit for the companies’:

‘In ELA, we think that companies will leave when they choose to leave. We still think that these companies have a big profit margin and nobody has demonstrated to us the opposite. We would be happy if any of these supplier companies would show us a deficit income statement. It does not exist, *they always earn money*. [...] I tell you what, during some negotiations an HR manager from one of the supplier companies told me: “I’ll give you a CPI+2, CPI+3 or whatever you want, but only if you bring me another equal agreement signed by another supplier first”. You see, rather than giving us the money, the problem is that they don’t want to give the impression to others that *they can* give us the money (ELA3).

This quote helps us to grasp the importance of understanding the structural limitations in which particular struggles take place; that is, organised workers need to discover how far can they reach with concrete struggles in order to determine the value of their labour-power (Lebowitz, 2003: 89-91, 111-115). In the higher nodes of the MBV-GVC, the wage component of production costs (i.e. variable capital) is relatively low due to increasing automation and robotisation of the labour process (constant capital) that systematically displaces workers from the factory.<sup>6</sup> This provided, albeit contingently, space for the improvement of worker conditions and wages due to the new

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<sup>6</sup> A recent study of *PriceWaterHouseCoopers* (2017: 18) gathering the responses of more than 10,000 workers across the world explains that 60% of the global workforce fears from having an unstable job or from losing it due to increasing automation and robotics.

organisational techniques and increasing concentration of capital that substantially augmented labour productivity and, thus, workers' capacity to struggle for a larger share of the value produced. In contrast, establishing the value of labour-power through PMSAs undermines workers' capacity to directly engage in the determination of their wage and, if they become conscious about their structurally opposing interests with capital, they may realise that 'a one Euro coin cannot be in two pockets at the same time, it will be in yours or in mine and, of course, as a union, I prefer it to be in the pocket of the workers than in that of the company' (ELA4).

In order to reach such a level of organisation and confrontation at workplace scale, ELA and LAB have, simultaneously, left the Araba-MSA *unsigned*, and also those of the two other Basque provinces where the automotive and metal industries are important, the Gipuzkoa-MSA and the Bizkaia-MSA (LAB3; ELA4). Since the 2000s, and more emphatically after the crisis, both ELA and LAB have severely criticised employer associations for not assuring overarching collective agreements to be implemented at company scale, thus, giving ample space to corporate managers to engage in despotic HR relations with unorganised workers. This enraged the other two unions and the employer associations for challenging institutionalised patterns for collective bargaining across Spain. On the one hand, CCOO and UGT have continued signing the Araba-MSA despite having a representative minority in order to maintain the 'protective umbrella' for all workers (CCOO2; UGT2). Meanwhile, the employer association did even conceive to ask the judiciary system to 'illegalise' ELA and LAB for not coming into terms and ceding during the negotiations (Deia 2014). Nevertheless, Basque unions have preferred to challenge the political legitimacy of the PMSAs and have openly invited Basque workers to join their unions and 'organise from below'.

Overall, Basque unionisation rate is double the Spanish unionisation rate (around 33% to 16%, respectively), recorded strikes in the Basque country have been higher than in any other Spanish region (Luque-Balbona *et al.*, 2008; Garcia-Calavia, 2008), average-wages are 18% higher than Spanish wages (Deia 10/05/17) and, potentially, less dispersed as the case of the MBV-GVC shows. This together with the political confrontation pursued by ELA and LAB against the 'Spanish Framework of Industrial Relations' (e.g. Beneyto *et al.*, 2016; Fernández-Rodríguez *et al.*, 2016) led to the emergence of a different 'Framework of Industrial Relations' in the Basque country where trade unions challenge institutionalised patterns of collective bargaining and attempt to provide different alternatives to capital-labour relations. Thus, the Basque

experience eminently reflects the importance of 'voicing labour' in the uneven development of capitalism and the continuous transformation of its institutions.

### **Conclusion: There is no Strategy without a Dilemma**

In this article I have attempted to show that IPEL studies can be very useful for analysing the strengths and weaknesses of the working class and its emancipatory potential, yet it can only do so by engaging with past and contemporary struggles which it can learn from. As regards 'voicing labour' in the regulation of GVCs, the complex picture of trade unionism and collective bargaining in the MBV-GVC and autonomous community of the Basque Country shows that organised labour *opposes itself* when engaging in different forms of collective action. In so doing, it also *opposes capital* in overlapping ways, sometimes either by adopting more encompassing positions and other times by being more confrontational. These different understandings of labour actors accompany different forms of collective action that produce different institutional settings and structures of class power. Such dialectic continuously generates new historical contexts, and at different spatial scales, that necessarily embody their own strategic dilemmas.

In contrast to disruptive-oriented approaches to IPEL (e.g. Huke et al., 2015; Bailey et al., 2016), this article has also provided a more balanced account of the problems that trade unions have faced when bargaining in GVCs. The crucial point underlined throughout the article is that in investigating the limits and potentials for transformative action, we can acquire a better grasp of the dilemmas to which labour must find more encompassing responses. Rather than struggling for the sake of struggling, the experiences of trade unions along the MBV-GVC show that trade union strategies seek to both secure old forms of power and produce new more favourable ones; yet without each of them underplaying fully the structural constraints that limit the effectiveness of their strategies (Hyman, 1989: 98-116; Selwyn, 2011: 1307-1311). The ~~strategic reading of the~~ range of possible strategic actions however ~~always~~ defers based on organic intellectuals' subjective understanding of the context (Gramsci, 1971: 185-200, 341-355; ~~Author(s)~~Las Heras, 2017: 11-14\*). More specifically, in not challenging managerial prerogatives, UGT and CCOO can claim to have been crucial actors in securing 'factory competitiveness' and employment in global labour market competition. Conversely, ELA and LAB can claim to have 'resisted managerial pressures more' and to have pursued new organisational forms that incorporate



displaced workers into more confrontational forms of bargaining. Both Spanish and Basque unions can claim to have secured or even improved, to an extent, the working conditions of workers they represent. However, such a simplistic understanding may obviate that the strategies of these four unions are also inherently partial and problematic.

On the one hand, with respect to micro-corporatist strategies, UGT and CCOO have secured 'factory competitiveness' but only *provisionally*, since managers still hold the legal power to dismiss workers and close-down factories in order to preserve corporate profitability. Subsequently, legitimising the fragmentation and worsening of working conditions undermines any class discourse that prioritises workers' interests over those of capital. Giving in to capital's logic is a self-defeating strategy that, in the best case, prevents job losses to workers of other territories or future generations. In the worst case, it becomes an alienating form of legitimising capital's right to extract as much surplus value in the shortest period of time possible: a blind form of digging one's own grave. In that sense, trade unions always need to find new paths that enable workers to improve their structural position relative to capital.

On the other hand, ELA's and LAB's insubordination to preserving Spanish collective bargaining practices – by challenging managerial discourses and top-down bargaining structures – must also be understood in *relative* terms. It is true that ELA's strategy has empowered disorganised and structurally subordinate workers in lower nodes of the MBV-GVC, enhancing labour solidarity and raising wages well above the legally negotiated level by union elites. This explicitly shows that the value of labour-power is necessarily established in and through concrete historical class struggles (Lebowitz 2003). However, the entrenchment of the dual-wage scale in MBV more recently has generated further pressures in the lower nodes of the MBV-GVC. This has led to the dismissal of dozens of workers of various contractors whose activities have been relocated to nearby regions such as the autonomous community of Aragón where labour costs are lower, at least, by 15% to 25% (ELA1; ELA2). This shows that trade union strategies that fall short of overcoming capitalist domination necessarily face a *historical frontier* which they must either accept – by being active in its legitimation and production of 'common sense' – or seek to confront – by struggling for new alternatives and generating new strategic templates that can enable them to go beyond. Thus, obviating that there are historical limits to disruptive forms of class action may, in some cases, lead to catastrophic outcomes.

In spatial terms, the article has shown how labour shapes capitalist development in uneven forms and the dilemmas attached to different scalar strategies. Institutionalised collective bargaining practices of Spanish unions have sought to protect *all* workplace conditions at the provincial scale by negotiating these ‘from above’, irrespective of their effective application. In contrast, Basque unions have sought to protect effectively *fewer* workplace conditions ‘from below’ with stronger implementation in order to encourage all provincial workers to actively participate in the regulation of their contracts. The problems of reproducing institutionalised forms of collective bargaining have been widely criticised elsewhere (Doellgast and Greer, 2007; Fernández-Rodríguez et al., 2016). However, the dilemmas of empowering the workforce ‘from below’ must also be remembered in order to contextualise the limits of localised struggles. Locally empowered workers that build stronger solidarity ties at the workplace face inter-territorial labour market competition, and these workers still need to establish some bonds with workers from other companies within the same territory or other territories if they seek to produce a uniform response against corporate strategies that are dominant in other spatial scales (Fowler 2012; Antentas 2015). Moreover, the dilemmas of such a strategy are also expressed at the local or provincial scales because not signing the Araba-MSA also fragments workers along the lower nodes of the MBV-GVC: how will non-unionised and structurally peripheral workers of small- and medium-companies negotiate better salaries and working conditions if there is no overarching collective agreement that establishes certain limits? And what conditions will these workers have? As Basque trade unionists recognise themselves, this can also generate significant dual-wage-scales between workers who have an updated collective agreement and those who do not (LAB3). In fact, ELA’s and LAB’s strategy of not signing the Araba-MSA is an open call to all provincial workers to enhance their associative ties by becoming members of these two unions ([Las Heras, forthcoming](#)). Yet it can also prove to be a very problematic strategy in the long-term if workers do not finally unionise, if salaries throughout the MBV-GVC fragment even further, and if labour solidarity becomes under greater threat due to widespread micro-corporatism and economic discourses. Regardless of the effectiveness of this particular strategy, what the different union strategies along the MBV-GVC show is that the uneven development of capitalism and its objectification through the production of multiple and overlapping structures of class power also result from the strategic action of more or less (dis)organised and disruptive workers.

### List of Interviews

CCOO1 (13/03/15) Car Assembly Plant Union Delegate, Vitoria-Gasteiz

Con formato: Fuente: Cursiva

CCOO2 (13/03/15) Basque Metal Sector Official, Vitoria-Gasteiz  
ELA1 (26/03/15) Car Assembly Plant Union Delegate, Vitoria-Gasteiz  
ELA2 (18/03/15) Provincial Metal Sector Official, Vitoria-Gasteiz  
ELA3 (24/02/15) Car Assembly Plant Union Delegate, Vitoria-Gasteiz  
ELA4 (09/03/15) Basque Metal Sector Official, Bilbao  
LAB1 (30/03/15) Car Assembly Plant Union Delegate, Vitoria-Gasteiz  
LAB2 (30/03/15) Car Assembly Plant Union Delegate, Vitoria-Gasteiz  
LAB3 (07/04/15) Provincial Metal Sector Official, Vitoria-Gasteiz  
UGT1 (08/04/15) Car Assembly Plant Union Delegate, Vitoria-Gasteiz  
UGT2 (27/02/15) Basque Metal Sector Official, Bilbao

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Table 1. Main Changes on MBV's Collective Agreements, 1999-2015.

	Annual Working Time	Wages	Flexibility	Dual-Wage-Scale
Collective Agreement 1999-2002	1752h > 1744h	CPI + 0.5% (1999-2000) & CPI +1% (2001-2002)	12 Saturdays 'Bank Hours': +/- 9 Days & 9th Hour	None
Collective Agreement 2003-2006	1736h > 1712h	CPI + 1%	20 Saturdays 'Bank Hours': +5 Days / -18 Days & 9th Hour	Three Strata (18 months) Wage Dispersion 11%-18% €1,728-€4,928
Collective Agreement 2007-2010	1712h	CPI + 0.75%	20 Saturdays 'Bank Hours': +5 Days / -18 Days & 9th Hour	Three Strata (18 months) Wage Dispersion 11%-18% €2,044-€5,754
Collective Agreement 2011-2015	1712h	2.5% Fix (2011-2014) & CPI + 0.5/1% (2015)	20 Saturdays 'Bank Hours': +5 Days / -18 Days & 9th Hour	Five Strata (5 years) Wage Dispersion 30%-32% €5,320-€10,710

Table 1. Main Changes on MBV's Collective Agreements, 1999-2015.

Source: MBV agreements

Table 2. Trade union representativeness in the Basque Country.

	UGT	CCOO	ELA	LAB	Other Unions
1980	19.21%	17.67%	25.6%	4.7%	32.82%
1990	19.78%	17.14%	39.96%	12.41%	10.71%
1995	16.32%	16.58%	39.73%	15.42%	12.15%
2003	13.93%	19.30%	41%	15.24%	9.26%
2007	13%	20.04%	40.2%	16.02%	9.44%
2015	10.88%	19.04%	40.06%	18.98%	11.04%

Source: Euskal Estatistika Erakundea.