

Globalization and Union Democracy:  
A Comparison of the Hormel Strike of 1985-1986 (USA)  
and the Volkswagen Strike of 2000 (South Africa)

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Critics of the key institutions of the global economy – multinational corporations, the World Trade Organization, the International Monetary Fund, and the World Bank – have called attention not only to their negative economic consequences for most ordinary citizens but also to the ways that they undercut political democracy by replacing the public power of governments and communities with the private power of corporate boardrooms and anonymous, unelected bureaucrats.<sup>1</sup> Today, I want to focus on another vital form of democracy which is also being undermined – the power of rank-and-file workers to control their own unions. As economic neo-liberalism has become the order of the day, many unions themselves have become yet another source of controlling citizens – their very members! – rather than serving their needs.

In my presentation, I will explore the loss of union democracy within economic globalization, highlighting the role that unions themselves have played in this process. Much of my analysis will rest on the experiences of the American labor movement, with which I am most familiar. I will consider two specific struggles, fifteen years apart but eerily similar, one in the United States, one in South Africa, as further illustration of the dynamics with which I am most concerned. I hope in this way to raise the level of discussion beyond particular organizations, leaders, personalities, or ideologies, so that we can focus on the processes which have sapped the vitality of union democracy. I invite your comments and criticisms, particularly of my treatment of South Africa, and I hope that we can work together to better understand the challenges workers and labor organizations face all over the world in the years ahead.

Workers desperately need the collective power that unions can – and should – give them, particularly in this new, “lean and mean” era. Economic neo-liberalism has made

most workers work harder for longer hours, while receiving a smaller share of their productivity than they had only a decade or two ago. The reorganization of work processes, combined with intensified managerial pressure, has spawned an epidemic of repetitive motion injuries, stress-related headaches and insomnia, and other maladies. Jobs have also become less stable and secure, as capital has become more mobile and more determined to scour the globe for cheaper, more easily controlled labor. Meanwhile benefit packages have been reduced, redesigned to reduce usage, or tied to the stock market. For workers, economic security, in the present and in the future, has become a chimera. Right-wing movements to shrink government have cut the “social wage,” as education, health care, public infrastructure, and the welfare state come under fire. North or South, First World or Third World, workers everywhere are being engulfed in these dynamics of economic neo-liberalism. 2

Every core principle of economic neo-liberalism is anti-worker. “Free trade” means that workers are thrust into a “race to the bottom,” a competitive war of each against all. Who will work for less? Who will demand fewer safety protections? Who will work for more hours? “Deregulation” means that governments put fewer rules in place to protect workers, to protect the environment, to protect consumers. By leaving key economic decisions to “the market,” governments allow the biggest, most powerful actors to make decisions in their own interests. “Privatization” means that basic services – including rail and air transportation, telephones, electricity, and even water – will be provided by corporations who seek profits rather than as public utilities recognized as necessary to a minimal standard of living. “Flexibility” means that employers seek to reduce work rules and blur job descriptions so that more workers can be ordered to do whatever work the

employer deems necessary, at any moment. Inequality grows everywhere, as does economic volatility, social stress, and “rage” – from roads, to schools, to workplaces, to relations between races, to relations between men and women. 3

In this environment, workers need strong unions more than ever – not only to build a countervailing power to capital but also to build collectivity among themselves. But inherent union weaknesses have left them vulnerable to these developments, while these developments, in turn, have further weakened existing unions. Most importantly, global capital has insisted that unions accommodate to the neo-liberal economic agenda – or risk outright destruction.

As in much of the world, the American labor movement is in a deep crisis. It has receded from representing almost one-third of the workforce in the post-WWII period to less than one worker in seven today. As the size, scope, and density of organized labor have declined, its power has diminished: on the shop floor, where foremen and supervisors violate contractual provisions at will; in the resolution of grievances, as the average time for adjudication grows longer and longer; at the bargaining table, where benefit packages continue to shrink while wages barely keep up with the cost of living; in corporate boardrooms, where investment decisions are made with no regard for workers’ long commitments to their employers; in the political arena, where politicians from the city council to the White House blithely ignore the labor movement’s concerns with the direction of the political economy; in the schools, where children learn nothing about the struggles of working men and women to shorten the working day, raise the minimum wage, and gain a voice and respect on the job; and in the mass media, where the labor

movement is usually ignored and occasionally pilloried as a special interest driven by corrupt bosses. 4

These characteristics are both cause and effect of the state of unions within a neo-liberal economic order in the United States and elsewhere. In the U.S., the newly emergent labor movement of the 1930s and 1940s was co-opted into a new system of industrial relations that gave unions a defined but limited place within the political economy. This transformation took more than a decade, and it involved the government, major employers, and conservative and liberal union leaders. By the middle 1950s, a business unionist labor movement, operating within narrow constraints of a “social contract” with employers and the government, had become a tolerated institution within American society. These business unions were able to obtain for their members a steady share of their increasing productivity and some economic security. But an important consequence of their adaptation to this system was the dismantling of structures and blunting of dynamics of rank-and-file participation. When the U.S. economy moved in a neo-liberal direction in the late 1970s-early 1980s – with deindustrialization, capital flight, deregulation, and then free trade, privatization, and a push for “flexibility” – American unions had already been largely hollowed out, eviscerated, and had become the property of their officers, paid staff, and lawyers, while their members found little voice, either in the workplace or at union meetings and conventions. 5

In South Africa, a different but parallel history has led to a similar outcome. There, the labor movement played a critical role in the struggle against apartheid in the 1970s and 1980s. Workers fought militantly for better wages, working, and living conditions, and they linked to community struggles against racism and injustice. Some unions were

tied to the black consciousness movement, and their emergence signified a new identity and self-definition by black workers. Others helped shape or give voice to a new sense of class that inflected the deepening anti-apartheid struggle. In the 1990s, particularly after the ANC and Nelson Mandela assumed the reins of government, the labor movement, institutionalized in COSATU and codified in the laws of the new constitution, integrated itself into the Triple Alliance and gave workers a voice at the highest levels of government. As part of the price for this new position, it backed away from earlier racially and class-based positions on access to jobs, capital, and land, on the relationship between the government and the market, and on revolutionary change. At the same time, many union leaders and even local level activists abandoned the labor movement to take positions in government and in enterprise management. Some commentators have noted that, as these changes have taken place in the 1990s, the workers' culture movement – poetry, drama, dance, music, and the like – and the workers' education movement have lost their dynamism and richness. Despite their proud history, many South African unions look more and more like their American counterparts. 6

In the United States, the Hormel strike of 1985-86 symbolized the disastrous consequences of the symbiotic relationship of the lack of union democracy, on the one hand, and the pressures of economic neo-liberalism, on the other. Seventeen hundred workers, employed in a modern, state-of-the-art plant by a profitable corporation, were confronted with employer demands for wage and work rule concessions in order to enhance the company's "competitiveness." Their own national union encouraged them to grant the concessions and actively undermined their efforts to resist them. In the prolonged strike that resulted, the workers faced not only their employer but also their

own union and the state. Under the protection of armed troops and the insistence of the national union, 460 workers crossed their own picket lines to return to work and 1,000 strikebreakers were recruited, hired, and escorted into work. More than 1,000 strikers lost their jobs, and many lost their cars, their homes, and even their families. 7

Workers at the Austin, Minnesota, Hormel plant had already begun to feel the sting of economic neo-liberalism in the late 1970s. For a decade, Hormel had expanded its holdings to eight factories scattered around the United States and diversified its food product lines. When they announced plans to build a new, state-of-the-art plant to replace their aging Austin flagship facility, they told the workers, the union, and the community that they were unsure that they would build it in Austin, where they had been the major employer for the past fifty years. They wanted tax breaks and public development dollars from the city government and wage and work rule concessions from the workers and the union. In 1978, Hormel got what they wanted all across the board, including acceptance by the union of a wage freeze until the new plant was completed, at which time an entirely new payment system would be introduced with uncertain consequences.

In the four years it took to complete the new plant, much changed within the union. In the local, a new generation of activists rose to leadership expressing dissatisfaction with the concessions given in 1978 and determination that conditions and wages in the new plant should reflect improvements for the workers. At a national level, the union merged with other unions to become the United Food and Commercial Workers' Union, with packinghouse workers making up only 100,000 of their one and a half million members. When the new plant opened and workers discovered a reduced workforce, a rapidly sped

up work pace, an epidemic of injuries, and a payment system that resulted in wage cuts for most of them, a collision seemed inevitable. Workers became increasingly active, elected new leadership, and developed a participatory movement. Hundreds of rank-and-file workers became members of committees who took responsibility for visiting other unions, for organizing a kitchen in the union hall and a food bank for members, a clothing exchange, a Christmas toy workshop, and for participating in informational picketing at banks and other companies, for distributing leaflets and newspapers, and for putting together rallies and solidarity events. Workers' spouses and children joined with retirees, neighbors, and workers from other unions to support the Hormel workers and their growing, multi-faceted campaign. Here was a model of democracy in action for the entire labor movement.

This model was inspirational for workers around the country who, by the mid-1980s, were also experiencing the pressures of economic neo-liberalism, but it was anathema to union officials who feared their own energized members more than they feared employers. Coal miners, autoworkers, steelworkers, oil and plastics workers, newspaper workers, and many, many more faced employer demands for wage and benefit cuts and work rule changes, while they found their own unions disinterested in standing up against these demands. As they struggled to develop their own strategies, and especially to expand and intensify rank-and-file participation in their own unions, they looked to the Hormel workers, Local P-9, as a model. But the leaders of the UFCW and the AFL-CIO remained committed to the business union model, expressed scorn for the ability of rank-and-file workers to take more control of their lives, and saw no alternative to accepting the corporation's demands, not merely at Hormel, but across the economy. The UFCW



named their strategy a “controlled retreat,” but the workers experienced it as an out-and-out collapse. More importantly, they intervened in the Hormel conflict in ways that made their own dismal analysis a self-fulfilling prophecy.

In the summer of 1985, the UFCW had tried to convince the members of Local P-9 that they ought to accept the company’s offer – no response to the workers’ issues, plus a 23% wage cut. They also signaled the company that they thought their offer was acceptable. When the membership voted overwhelmingly to strike nonetheless, the UFCW began a campaign of disinformation, discord, and disorganization. They tried to isolate Local P-9 from other Hormel locals, and they depicted the local’s leadership as irrationally militant. They refused to call other Hormel workers out on strike, and they allowed them to work overtime making up for the impact of the strike. They encouraged union members to resist their own local leadership, even to the point of crossing the picketlines, while they discouraged other unions from sending food and financial support to the strikers. In all of this dirty work, they were assisted by the AFL-CIO and the national leaders of other unions. When the governor of Minnesota considered sending troops to break the picketlines and open the plant for strikebreakers, the UFCW and the AFL-CIO made no effort to dissuade him. After almost a year on strike, the UFCW used the courts to take over the local union, put their elected officers out of office, and signed a concessionary agreement with the company. They placed strikebreakers in leadership positions of the local, made little effort to gain strikers’ their jobs, admitted the strikebreakers to the union with little fuss, and, a year later, allowed the company to contract out the kill-and-cut operations at even lower wages.

This outcome was disastrous not only for the Hormel workers. The movement to transform other unions, to revive participation and democracy, lost steam and dissipated. More factories closed and moved abroad, with the loss of millions of jobs. The membership of the labor movement shrank further, and its power diminished accordingly. As employers increased pressure in the 1990s, with economic neo-liberalism reaching its full development, the American labor movement offered little resistance. 8

Let us turn now to my South African case study, a strike in January 2000 at the VW South Africa plant in Uitenhage to protest the dismissal of thirteen shop stewards. It grew to include 4,000 participants, more than 1300 of whom would be fired, while recriminations would fly between VWSA management, the leadership of NUMSA, which represented the strikers, and the strike and their supporters within the community and at large. As I began to sort out the particulars of this conflict, it struck me as eerily reminiscent of the Hormel strike story.

Volkswagen had opened this plant in 1946, in the wake of the destruction of German facilities at the end of WWII and just as the apartheid system was being institutionalized by the National Party, one of the Nazi regime's most loyal supporters. For more than half a century the Uitenhage plant had been one of South Africa's most significant and profitable auto plants, producing especially for export. In the 1980s, as many as 11,000 men had worked there, most of them having left their families to live in company hostels or thrown together shacks in KwaNobuhle and Langa townships. They had been active participants in the emergence of a militant labor movement which was an integral part of the anti-apartheid struggle. 9

VW, like other multinational corporations, eventually adjusted to the new unions and then to the post-apartheid regime. Since 1994, the townships, like the others surrounding municipal areas across South Africa, had swollen to bursting, its new residents challenged by high unemployment, inadequate housing and hospitals, and poor schools. Despite – or was it because of? – these conditions, VW International increased its commitment to the plant in 1998 by bringing in a new German management team, modernizing the plant with state-of-the-art machinery, and announcing the biggest export order in the history of the South African motor vehicle industry, 68,000 “A4” Golfs earmarked for Great Britain. But VWSA management, echoing global capital in the late 1990s, warned that they would need concessions from the workers and their union, NUMSA, or they would consider canceling the contract and building the Golfs elsewhere.

The new management team pushed for the “flexibility” they claimed to “require” to “remain competitive in the global economy,” though at 16 rand an hour, the workers’ wages were already about one-tenth of the wages earned by their German counterparts. Management demanded a “continuous production” schedule which required a work week spread over six days with a rotating day off and no overtime pay for week-end work, compulsory overtime without advance notice up to twelve hours a day and seventy hours a week, the reduction of tea breaks from two to one per shift, the restructuring of annual holidays from the traditional three week Christmas-New Year’s-early January shutdown to an individualized vacation schedule for each worker, the elimination of washing up time on the clock, the introduction of a “pass system” to control workers’ movement from one part of the plant to another, the payment of wages through a local bank which

deducted six percent for a service charge, and changes in the employer-funded pension fund at a cost to workers of 17% in new interest charges.

NUMSA, known since its 1987 formation as one of South Africa's most militant unions, agreed to all of these changes without once giving the workers an opportunity to vote them up or down. Like the American United Food and Commercial Workers Union, they seemed to feel that there was no choice in this matter, that workers simply had to accede to Volkswagen's demands. This denial of democracy angered a cadre of veteran VW workers who, according to one activist, came "from the old FOSATU tradition who say that the highest decision-making structure at plant level is the general meeting of the workers." This group of veteran workers grew increasingly frustrated with their situation and they began to hold open meetings to discuss it and what to do about it. They became known as *indlu ye ngwevu*, "the house of elders," and in March 1999, thirteen of them were elected shop stewards despite the opposition of the NUMSA leadership. When they organized shopfloor actions against management's changes in the contract and voiced criticisms of NUMSA officials, they were threatened with suspension from the union. The conflict deepened, and in December 1999, NUMSA not only suspended the thirteen stewards from their union positions, but they got VW management to suspend them from the plant altogether. In early January, NUMSA obtained a court order demanding that the stewards vacate their union offices and they had a local sheriff serve the order. This led directly to the strike on the 20<sup>th</sup>, as workers demanded the reinstatement of the stewards. When a journalist asked strikers whether they had struck against NUMSA, one responded: "It is exactly for NUMSA that we strike!"

This conflict quickly took on symbolic status for the proponents of – and opponents to – South Africa’s integration into the emerging neo-liberal world economic order.

In the late 1990s, as Nelson Mandela turned the reins of government over to Thabo Mbeki, globalization, deregulation, free trade, and flexibility were becoming the watchwords of South Africa’s economic transformation, while growing unemployment, housing shortages and deteriorating municipal services, a failing school system, worsening crime rates, a health crisis highlighted by a veritable epidemic of AIDs, threats of higher prices for water and electricity, wage and benefit advances lagging behind the rising cost of living, loss of value by the rand, and increased pressure in the workplace, was becoming the lot of South African working men and women. The ANC’s “GEAR” (Growth, Employment, and Redistribution) program endorsed all the neo-liberal measures advocated by such international organizations as the WTO, the IMF, and the World Bank, and promoted by multinational corporations as the *sine qua non* of capital investment. The ANC government offered substantial shares of major public enterprises like South African Airways, the telephone and electrical utilities for sale to private investors, municipal governments prepared to do likewise with their water utilities while contracting out services like trash collection to newly created private firms under the guise of “black empowerment,” and public universities were restructured with custodial and service jobs contracted out and courses assigned to part-time instructors. Despite the national government’s capital friendly policies since the political transformation of 1994 (the ANC had not nationalized the mines nor had it redistributed land), there continued to be a net outflow of private capital, a net out-migration of wealthy, educated whites, and a

paucity of multinational investment. Unemployment among black citizens, difficult to measure precisely, has been estimated at 30-40-50% in different regions of the country. Advocates of GEAR and of labor law “reform” urged an even faster and more thorough integration into the practices of neoliberal economics as the only way to attract foreign capital. 10

When President Thabo Mbeki delivered his “State of the Nation” address on February 4, 2000, he decried the loss of 3.1 million days to strikes in 1999 (compared to 2.3 million a year earlier) and then he singled out the VWSA conflict. Such strikes “cannot be tolerated,” he warned, because “the ANC’s standing in the eyes of the investor community cannot be held hostage by elements pursuing selfish and anti-social purposes.” The ANC program as laid out by its chief executive had little to offer VW workers or other South African workers. He expressed his intent to lift exchange controls in order to facilitate foreign investment, to increase privatization of public enterprises, to extensively restructure the civil service, to cut public spending, and to amend national labor law to limit workers’ protections against lay-offs. He also announced that the ANC had created an International Investment Council consisting of the leaders of thirteen transnational corporations, calling them South Africa’s “all-weather friends.” A month later, Mbeki met privately with VWSA and VW International management at the World Economic Forum in Switzerland. The content of the meeting was never reported.

NUMSA and COSATU increased their efforts to end the strike. They demonized the shop stewards, offered no resistance to the company’s effort to obtain a court order against the strike, and urged the strikers to return to work. NUMSA’s national leadership tightened their control over the union, shutting down all internal discussion and even

dismissing their National Education Coordinator when he circulated a document within the union questioning its conduct during the strike. NUMSA and VWSA released a joint statement that “condemn[ed] the illegal strike.” They entered into a back to work agreement which made being late for work grounds for dismissal, required workers to seek permission to go to the toilet, and allowed management to reassign suspended workers in disregard of contractual provisions. Not only did this back to work agreement not address any of the workers’ grievances, but it was also not put out to the strikers for their vote. After losing an estimated 275 million rand in revenue, VWSA replaced 1400 strikers and renewed production in late February.

But the strikers continued to receive enthusiastic support from other workers and their community. A “Crisis Committee,” headed by workers from other Uitenhage industrial plants, raised food and money for the strikers, organized marches and rallies, and sought to publicize their struggle not only nationally but, with some success, internationally. They helped the strikers resist the growing pressures of seeing unemployed men take their jobs while they faced eviction from their township homes. The strikers and their supporters made connections with VW workers in Germany, Mexico, and Brazil, effectively shifted thousands of workers’ allegiances from NUMSA to the militant Oil, Chemical, General and Allied Workers Union (OCGAWU), and raised funds for legal appeals of VWSA’s discharge of the strikers. Over the next year, the strikers won, then lost on appeal, a legal motion for the reinstatement of the strikers. Only this past week, a year and a half after the strike, did they learn that the Labour Appeal Court was dismissing the workers’ last appeal and even requiring the strikers to pay the company’s court costs!

These two parallel events suggest that, as economic neoliberalism expands, conflict between unions and their own rank-and-file members are apt to grow as well. From South Africa to the United States, since the initial social upheavals in which they emerged, unions have survived by accommodating to the dominant economic order. This has meant adopting an internal structure and culture that denies rank-and-file members control over union affairs, in the workplace, at the bargaining table, in the halls of government, and in the streets. Proponents of neoliberal economic policies, from Bill Clinton and Tony Blair to Thabo Mbeki, have not eradicated unions as much as they have incorporated them into their schemes as transmission belts for capital's demands, as sources of legitimation in the eyes of the wider public, as a means to control ordinary workers who do not want to work harder and longer for less and less. When those workers resist particular measures introduced by their management, they will typically find their first opponents within the union leadership itself. Whether their resistance can carry them beyond these opponents, only time will tell.

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