



# Globalization and International Labor Solidarity—Introduction to a Theme

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## **The never ending story of international labor solidarity—and the lack of it**

Is cross-national trade union cooperation and labor solidarity a forgotten item on Nordic working life researchers' agenda? And if so, why? Is not the matter more crucial today than ever, considering the challenges from globalization? True, there have not been too many studies in the field by Nordic scholars, and also true, the field is in great need of research considering the great labor market changes both nationally and globally over the last few decades. In order to find a remedy for this lack, a special workshop was dedicated to the subject at the Nordic Working Life Conference in Elsinore, April 2012. The response among the Nordic academics was not exactly overwhelming, but there were several highly interesting papers, bringing up new aspects or shedding new light on old ones. Some of the papers are now compiled in this special issue of *Nordic Journal of Working Life Studies*. All of them are individual texts and can be read separately. This introduction is just an attempt to put the articles into their common context, that is, to outline the framework within which they belong by highlighting some items they share.

## **The long-term perspective**

The point of departure is deeply historical; after all, the urge for cross-national labor solidarity is 150 years old. Exactly 150 years old this year, if we view the founding of the International Workingmen's Association, later also known as the First International, in 1864 as the start. The major direct incentive for cross-national collaboration between trade unions and workers' parties was the importation of strikebreakers from continental Europe to the UK in the early 1860s (Lorwin 1929). Yet there is no straight line from the International Workingmen's Association onward. The frictions between Marx and Bakunin and their followers is well known, but when it comes to trade unions and internationalism, the ideological and strategic differences between Marx and Ferdinand Lassalle was more crucial. The strongest national labor movement at the time for the First International was the German one, and as one of the founders of what would come to be the German Social Democratic Party, Lassalle made a great impact, also after his untimely death in the notorious duel in 1864. In practice his influence was stronger than Marx's in Germany. Consequently, Lassalle's theories about *das eberne Lohngesetz*, in English the "Iron Law of Wages," strongly impacted on the labor movement both in Germany and in other continental European countries. Trade union struggle within the capitalist system, Lassalle argued, was more or less futile, since capitalists could always outplay workers



against each other to take any job for minimum remuneration just to stay alive. Therefore, the only way for real improvement was to fight for all-encompassing suffrage and win power over the national political system. In other words, already from the start, the international labor movement was divided between Marxist internationalists, stressing cross-national trade unionism, and Lassallean “nationalists” emphasizing the political parties’ national role (Moses 1982).<sup>1</sup>

The outbreak of the First World War in 1914 was a decisive blow against what was left of European labor internationalism. Despite the promises made to the Second International, labor parties and trade unions dropped their internationalist ideals that no working men should fight each other and rallied around their national governments (Abendroth 1966, chapter 4). International trade unionism no doubt both recovered and stayed healthy, and survived challenges from the communist split following the Russian revolution and the frictions during the Cold War, when especially American trade unions threatened the ideological content of the movement. Still the frictions between national and international, as well as between political approaches and trade unionist activities, have remained. In addition, there have been crucial discrepancies due to religion and language within single countries and, in the aftermath of the decolonization, between the North and the South. Especially the latter has increased. According to the theme of the Elsinore workshop as well as of this special issue, the question is if the traditional concept of international labor solidarity needs to be redefined due to globalization, changes in employment, and state–capital relations. Are present day solidarity questions transferred from union collectives to public welfare-state and legislation issues, nationally implementing ILO conventions or EU regulation on human rights and equal labor standards—or just considered a voluntary ethical choice for individual consumers and companies?

A long period of deregulation, offshoring, outsourcing, increased inequality, unemployment, and lost union battles have changed conditions for labor. The current crisis causes unemployment globally and governments cut in social welfare with austerity programs. How is working life and unions affected in the North and the South, in different regions and countries to this increase in insecurity, and decrease in union influence on collective agreement, labor contracts, and labor market regulation? Will eventually a revitalization of labor struggle and international solidarity come as a result of neoliberal economic policies or is labor losing ground? There have been a strong social movement labor agenda in Latin America and currently against EU austerity policies in Southern Europe. Multinational companies (MNCs) have put corporate social responsibility (CSR) on their agenda. How are labor, nongovernmental organizations (NGOs), and unions reacting and cooperating in the age of global labor market flexibility and insecurity?

### **Trade union decline**

Trade union density has, with a few exceptions, declined worldwide since the heydays in the first three or four decades after the Second World War (Frege 2006). In the words of Craig Phelan: “It is a bitter irony that trade union decline is occurring precisely when the labour movement is needed most” (Phelan 2006, p. 24). To some extent the drop in membership is not surprising, considering the transformation of working life in general. There have been profound changes in the sectoral and occupational structure of the

economy that have worsened the conditions for labor organization. Traditional sectors such as manufacturing have declined, at least in the already industrialized countries, in relation to private-sector services and the emergence of the information technology sector. For the trade unions this means that their membership base has been changing since their traditional stronghold of membership linked to manufacturing is shrinking in such a way that they are forced to look for compensation in new sectors, sectors based more on small workplaces with few employees. Because of the transformation, there is also a decline in full-time jobs in vertically integrated firms based on conventional, open-ended labor contracts (Traxler 2007).

But there are also features that cannot be explained solely by indispensable structural changes. Outside the OECD area, the number of employees in manufacturing is still high, in many countries even increasing both in absolute and relative figures, so the transformation of the Western economies cannot be the whole answer to the global union decline. It should further be noted that even though the political repression of labor in the non-OECD countries has many times been exceptionally hard, it barely became even harder in the 1980s and 1990s, when the trade union density dropped the most in Asia, Latin America, and Africa (Fredge 2006, pp. 228–232).

## Globalization

Besides being debated by the trade unions themselves, both nationally and internationally, the decline in membership has attracted much attention by academic scholars. This special issue is no exception. Yet, the main focus is—as the title of the issue hints—not on national unions; one feature that has been increasingly highlighted at pace with the globalization debate from the mid-1990s onward is how the preconditions for international trade union work have changed. “Globalization,” almost no matter the definition, is today stressed as *the* most crucial parameter to understand diminishing labor power at national as well as cross-national levels, as we will see in the contributions. The logic is very clear-cut; any economic internationalization threatens to devalue the benefits of associations that still operate in the areas of the nation (Traxler 2007, p. 156). Moreover, we do not need to either accept any of the many definitions of “globalization” or to elaborate a new one in order to see why trade unions and labor solidarity face problems that were not present in the heydays of postwar economics; there are some undeniable empirical facts and trends that rather much speak for themselves.<sup>2</sup>

The most obvious such trend is the growth of MNCs. At the turn of the Millennium there were for the first time more MNCs than nations at the Top 100 list of the world’s largest economies: 51 corporations vs. 49 countries, based on the comparison of corporate sales and country GDPs. Of course no MNC could compete with the largest national economies. Yet, to put it in perspective, the biggest corporation, General Motors, came in as number 23, just before this journal’s editorial home country, Denmark. The 1999 sales of each of the top five corporations (General Motors, Wal-Mart, Exxon Mobil, Ford Motor, and DaimlerChrysler) were bigger than the GDP’s of 182 countries, and the Top 200 corporations’ combined sales were bigger than the combined economies of all countries minus the biggest ten (Anderson and Cavanagh 2000, p. 3 and table 2).

There is further no doubt that multinationals can impact on national industrial relations systems. In 2002, Ireland was classified as the world’s most globalized economy



because of the standing of foreign MNCs. Ireland was further the largest net recipient of foreign direct investments in the OECD 1993–2003. The Irish industrial relations and bargaining system has however never been considered particularly strong. Hence, a case study of five US MNCs' operations in different sectors in the 1990s and the first half decade of the 2000s showed that the policies and practices they pursued in their Irish subsidiaries impacted on the Irish industrial relations system, and, more broadly, on the whole host institutional environment. The US MNC sector displayed evidence of management of industrial relations that were clearly at odds with Irish traditions, which in turn lead to the emergence of a hybrid industrial relations system and the establishment of new traditions more reflective of the US business system (Collings, Gunnigle and Morley 2008). The paradoxical lesson to be learned is accordingly that the more *globalized* a country's labor market gets, the more it opens for foreign *national* influence.

### Neoliberalism

Another item that is very often highlighted in discussions over globalization in general and labor influence in particular is the neoliberal turn in the 1980s and the 1990s. This influence is also heavily stressed in the contributions to this theme issue. Just like the concept "globalization," it is however difficult to find a commonly accepted definition of "neoliberalism." As Australian economist John Quiggin (2010) has remarked, we find many different names for the same feature, depending on the country we look at. In the USA we find "Reaganism" and in the UK "Thatcherism," in Australia "economic rationalism" and in the developing world "Washington Consensus." "Neoliberalism" is most prominent in academic literature and discussions. Most of the terms, Quiggin argues, are largely pejorative, employed by the opponents to the common ideological framework behind the ideas. "Politically dominant elites don't see themselves as acting ideologically and react with hostility when ideological labels are pinned on them" (Quiggin 2010, p. 3). According to Quiggin, the most neutral term is likely "market liberalism," but since the authors of this volume all use "neoliberalism" we hope there will not be any confusion.

The set of thoughts that constitute neoliberalism is usually claimed to emanate from the merger of the monetarist economical ideology founded by Milton Friedman and colleagues in Chicago, the natural law of Robert Nozick, and the political philosophy of economist Friedrich A. Hayek. The smallest common denominator is that neoliberalism is a political philosophy giving priority to individual freedom and the right to private property (Blomgren 1997). The ideological followers argue that the world market is the prime mover in the globalization process and it eliminates or at least supplants all important meanings of political decisions and actions. In fact, all other dimensions of globalization, ecological, cultural, and political ones, are secondary to the economy, or even reduced to a single, economic dimension. Moreover, the dependence on the world market is constantly escalating. In its extension, this implicates that a nation can and should be run in the way that a company is run (Beck 2000, pp. 9, 118–119).

The articles in this issue are not occupied with the ideological content of neoliberalism *per se*, but rather these latter aspects, that is, its impact on labor markets, chiefly as a catalyst for globalization and the integration of economies in a "borderless world." In one of his last texts, Pierre Bourdieu (1998) convincingly argued that apologists within

big business, universities, and journalism had for decades paved the way for a neoliberal concept of the world with the result that neoliberal solutions seemed to be the only acceptable ones to the challenges from globalization. It is within this stream of thought we find the contributions to this special issue.

## Marketization

It is further sometimes stressed that the obvious failures of the so-called Washington Consensus, originally gravitating around the three “big ideas” of market economy, openness to the world, and macroeconomic discipline, have showed that market failure and imperfection, in particular in developing economies, are pervasive, and therefore markets are *not* necessarily effective; hence market fundamentalism (neoliberalism) has lost its intellectual foundation (Serra, Spiegel and Stiglitz 2008). Maybe so, but the neoliberal impact outside economic theory, that is, on practical governmental policies, remained strong. One such example is how labor standards and trade unionism have been affected by the opening up of sheltered markets and the privatization of public services (cf. Hermann and Flecker [eds] 2012). From a trade union point of view, this is a matter closely related to the decentralization drive.

There are good reasons to see marketization as resulting more from ideological decisions than from economic rationales. In a study of privatization of state-owned infrastructure, Häge and Schneider (2004) tested different theories about both globalization and Europeanization against panel data from 20 OECD countries between 1983 and 2000. The range of the privatization did not vary systematically with either the degree of trade intertwining or the finance market regulations. Although the international market integration has grown steadily since the 1970s, there was no international privatization wave until the 1990s.<sup>3</sup> Accordingly, the privatization drive was not an immediate consequence from the international market integration, but a result of changes in the receptiveness and interpretations, that is, the “belief systems” and discourses of the political actors (Häge and Schneider 2004, pp. 305–309).

## Internal frictions

Moreover, labor solidarity has been hampered not only by challenges from big corporations and union-hostile politics but also from lack in interest from within the labor movement. In a journal concerned with Nordic working life, it is worth highlighting how Nordic trade unions, during the postwar boom, always joined forces with their national social democratic parties, even if it was at the expense of international trade union solidarity. Most notably, the Nordic metal workers’ associations—for obvious reasons with the Swedish Metal Workers’ Union (*Metall*) as the strongest actor—saw the international cooperation within the International Metal Workers’ Federation (IMF) as not only a forum for trade union activities but also to support the politics of the Nordic social democratic parties, and to get information about other countries’ industrial politics that could be taken home to the national parties, although the metal workers’ unions still could differ from the parties in issues such as how to meet trade unions from the Communist block. With the introduction in 1970 of the Nordic Metal Workers’



Secretariat (*Nordiska Metallarbetaresekretariatet*), the Nordic unions were very much acting as one unit at international meetings (Thörnqvist 2008).

Even more notably is no doubt the North American trade unions' lack of interest in international labor solidarity—if it violated American politics. The topic is well worn, and shall not be addressed further here. As many European trade unions had a strong confidence in the American ones as leaders of a global movement, a reminder of the lack of national coherence within American trade unionism could however be of interest, since it also affected the set of ideas that formed the European welfare states. In 1955, General Motors began paying benefits to complement the limited unemployment support provided by 20-year-old New Deal legislation. The CEO Charles E. Wilson had good reasons for this, or as he later claimed, he got the union relations he designed and they were right for the industry and the union. Management recognized that company-specific benefits built employee loyalty, and at some level they understood that a low social wage, a limited welfare-state was advantageous to their class interest, even if their own firm had to bear additional costs as a consequence (Swenson 2002, pp. 17–19). The similarities with later experiences in eastern Asia, in particular Japan, are obvious.

A recent attempt to strengthen the international trade union movement was the merger between the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labor (WCL) in 2006 to become the International Trade Union Confederation (ITUC), a merger that also emphasized the sectoral organizations' role (Stavis and Boswell 2008, pp. 45–47). Yet there are both new organizations and several academic authors who claim that trade unionism is futile without support from other social movements, most notably NGOs (cf. Waterman 2006), that is, in some way we are back to Lassalle again, although the stress for suffrage is no longer on the agenda. But yet, there is stuff that was not present in Lassalle's days. Globalization does not only bring trouble to trade unions; the so-called social media has opened a new door for global trade union solidarity. Web communities such as LabourStart have actually made an impact. The mail-bombing of politicians and CEOs have many times been successful in driving trade union rights (Lee and Mustill 2013).

## The Contributions in Brief

In the first article of this theme issue, *Solidarity Action in Global Labor Networks*, Peter Wad brings up the issue of how to fight worsening working conditions due to the “denationalization” of corporations when production, trade, financing, and information flows go global. As the majority of employees in the most internationalized corporations live and work in other countries than the company's home country, the nation-based trade unions' ability to operate efficiently is seriously endangered. Wad therefore raises the research question: How can labor leverage effective power against management in global corporate networks? Enterprise-based labor networking across borders is, Wad argues, vital to effectuate labor improvements in global industries, and as a complement to traditional industry- or occupational-based trade union networks. However, he also highlights the need for support from NGOs. Most notably, only with their help will the unions be able to launch successful campaigns for consumer boycotts of transnational companies that do not respect labor standards and legal rights in line with ILO's Convention 98. Hence, Wad also stresses that globalization is a double-edged sword;

globalization can both impede and enable labor empowerment. An example of the latter is how NGO actions facilitate trade union actions against nodes in transnationals' value chains and production networks. Empirically Wad draws on four "more or less successful" (yet none unsuccessful) industrial disputes where labor achieved rights to organize and undertake collective bargaining in affiliated factories of transnational corporations in Malaysia, the Philippines, Sri Lanka, and Turkey. The overall conclusion is that "the adequate combination of global labor capabilities and global labor strategizing into strategic labor power can match corporate power in a global market economy in many situations."

One lesson among many that can be learned from Wad's study is that the most effective labor campaigning (Turkey case) relied on a multi-level global labor network of workplace collectives, national industrial unions and their global union federation applying Global Framework Agreements (GFA) with key customers of the focal employer of the industrial dispute. A closely connected conclusion is that the lead firms of the global industry are usually concerned about their corporate brand and if the MNC is committed to some set of codes of conducts including international labor rights standards the corporation will be a more vulnerable target for international campaigns than other firms (Sri Lanka case). In one case (Malaysia) the worker campaign further managed to switch arena from industrial relations to civilian judiciaries and back again. But pursuing a legal track in a developing country with an anti-union political regime will often be highly risky, slow and requiring a resilient labor base—it took decades using the judiciary system to accomplish the right to organize a workplace.

These complex issues are also highlighted in the contribution by Bernt Schiller. In his article, *The Global Challenge of Human Rights and Solidarity to Nordic Global Companies and Trade Unions*, Schiller explores the concept of CSR from a new perspective. The notion of CSR is, much like trade union solidarity, linked to the universal principles of human rights. Hence CSR should likely challenge many profit-maximizing "traditional" management ideals. Trade unions have however been highly skeptical and taken a hostile attitude toward CSR. The International Trade Union Confederation (ITUC) has instead increasingly urged for the implementation of GFAs with different multinationals. Schiller finds it at least not unlikely that such GFAs might become a means for the spread of the so-called Nordic model of industrial relations and national partnership even though global competition will still be a major impediment to cross-national trade union solidarity in interest questions of capital investments and outsourcing. Regarding international trade union solidarity, Schiller also sees another obstacle. Drawing from a long-term historical and international perspective, Schiller tests a thesis previously put forth by John Louge, saying that when unions have achieved a strong enough position in the domestic labor market, they lack reasons to take transnational action and seek international trade union cooperation. This thesis he finds highly valid today too for the well-established unions in the Nordic countries.

Daniel Fleming and Henrik Søborg in their contribution *The Debate on Globalization and International Revitalization of Labor: A Critical Review* take an encompassing approach on, in their own words, "some alternative or critical theoretical contributions regarding globalization and labor." The main question they address is if there are changes in direction of a possible revitalization of labor movements and if international solidarity can increase due to globalization. They also address changes in division of work, including changes in the working class, commodification and decommodification,

and new centers of global production, due to the transformation of neoliberal globalization. As a consequence, they argue, inequality in income and working life conditions has increased in most countries and been used to press trade unions. Labor-intensive, low-paid jobs have moved to developing countries, in particular in Asia, where China stands out with about one third of its employment blue collars.

Finally, Zillur Rahman goes deep into one aspect of labor influence in his study of Bangladesh: *Accord on "Fire and Building Safety in Bangladesh: A Breakthrough Agreement?"* Studying the emergence of the *Accord on Fire and Building Safety in Bangladesh* from May 2013, Rahman argues that although the accord is barely an international agreement breakthrough, as has been argued, it might be a first step in the development of a new international negotiating precedence in industrial relations between transnational corporations and international trade union organizations. Workers in Bangladesh have suffered widely from poor working conditions in the booming garment industries. International solidarity movements have made attempts to raise the safety and workers' right issues to international standards, and so have local solidarity and garments workers welfare associations. However, their voices were not heard until the Rana Plaza factory building collapse in April 2013, one of the world's worst industrial accidents, with more than 1,100 dead workers. After that, some strong measures have been taken, and one of them is the signing of the *Accord on Fire and Building Safety in Bangladesh*. In the words of Rahman, a strong achievement of a long struggle to take collective action for improving the safety in garments factories in Bangladesh.

The special issue ends with an essay in review of one of the newest approaches to labor resistance—or perhaps rather the lack of it—namely Guy Standing's *precarariat*, written by Daniel Fleming.

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## End notes

<sup>1</sup> It is interesting to note that the legend of *das eberne Lohngesetz* has lived its own life over the following century. For instance, the Swedish Trade Union Confederation (LO) has recently argued that the formation of trade unions was the only way to break the iron law of wages (Göransson and Holmgren 2006, p. 9). Maybe so, but that is quite far from the original Lassalleian idea that created the dividing line in the labor movement.

<sup>2</sup> None of the contributors brings up the debate of whether there really is a globalization or not, starting with the first edition of Hirst and Thompson (1996). The debate is no longer



as vivid as it was at the turn of the century, and even if Hirst and Thompson were right that international trade was as encompassing a hundred years ago and that the world economy is not literary “global” this is merely semantics. If the definition of “global” is made narrow enough, it is not surprising that we cannot see a “globalized” world. Following Hirst and Thompson, it could be argued that internationalization is a more proper word. Maybe so, but all contributors of this theme issue prefer globalization. In addition, one thing that differs the “new” globalization from the former “global” era 1880–1913 is that financial crisis is twice as frequent today, that is, from the first oil crisis in 1973 onward. Three quarters of these crises have taken place in developing countries (Cohen 2008, p. 151). A second thing is that a “new wave” of globalization has also evolved since the mid-1980s, fuelled by the slicing up of corporate value chains, massive offshoring and outsourcing of particular tasks and the establishing of functionally integrated production networks or value chains at cross-border, regional or global levels (Milberg and Winkler 2013).

<sup>3</sup> It could however be argued that the authors neglect that the Worldbank’s and IMF’s structural adjustment programs started already in the 1980s.