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## Chapter 11

### Special Interests and Public Goods

Organized Labor's Coalition Politics in Hamburg and Seattle

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Why do some unions engage in special interest politics while others pursue broader social goods?<sup>i</sup> In this chapter I examine the effect of global markets for capital and local political mobilization. I argue that protecting jobs requires unions to engage in coalition politics, sometimes in pursuit of social goods that have benefits beyond the interests of union members. In cases, however, of high-stakes economic development projects involving large employers, the affected unions join business-driven coalitions with narrowly economistic pro-jobs agendas. I demonstrate this argument by comparing union involvement in the politics of economic development in Seattle

and Hamburg. Because the argument holds in both Germany and the United States, labor's constraints and opportunities may increasingly have to do less with national differences than with the particulars of local politics and labor-business dependence.

### Local Participation and the Global Economy

As capital has become more global, unions have found that they have to participate in local policies to attract and retain "good jobs." This race for capital creates an unfortunate paradox. The globalization of capital and corporate organization leads to a localization or decentralization of collective labor participation. Although trade unionists are caught up in this daily grind to attract, retain, or organize jobs in a specific place, their employers and other adversaries are organized on a much broader scale.

"Decentralization" and "localization," however, are vague concepts. Although studies of comparative politics and industrial relations tend to stress the in-plant character of participation (Kochan, Katz, and McKersie 1986; Turner 1991), worker participation can also extend beyond the workplace into the broader community and local politics (Locke 1992). Sometimes unions act as social partners and sometimes as contentious worker representatives. Their goals can be self-interested and economistic or broad and social.

Case studies can bring some clarity to the matter. In an international comparison of union political participation in two urban regions, Hamburg and Seattle, I find striking parallels. In the construction and health-care sectors, trade unionists followed a strategy to retain jobs, attract members, and innovate in the provision of broader social goods. For these unions, participation creates opportunities with broader implications for the local labor and progressive scenes. Participation, however, also has a dark side. In the aerospace sector, unions were caught up in a high-stakes race for capital investment from a major employer. Meeting corporate demands involved deep social costs beyond the camp of organized labor.

One way to understand patterns of coalition formation is to examine national patterns of labor-management relations. The nationally specific rules governing labor-management relations lead to some differences in how unions participate in the political economy. In the 1980s, researchers on the German labor movement found that, by giving workers strong participation rights, strong institutions of in-plant worker participation allowed unions to participate in industry restructuring from a position of strength (Turner 1991). "Varieties of capitalism" theory argued further that labor-management relations in Germany differ from those in the United States because of nationally specific features of capitalism that give some German employers

a "comparative institutional advantage" (Hall and Soskice 2001). Baccaro, Hamann, and Turner (2003) turned institutional explanation on its head with an argument that U.S. unions are dynamic because of the relative absence of institutionalized "insider" channels of influence.

A second option is to examine urban development politics and ask how unions work with other locally organized interests to deal with policy issues that affect workers. Businesses and politicians, for example, can be close allies with labor, since they, too, favor economic development. In cities that are hemorrhaging manufacturing jobs, however, this usually involves painful compromises (Savitch and Kantor 2002), and in many younger cities "growth machines" consistently place business promotion above all other policy goals (Logan, Whaley, and Crowder 1997). If this economism is one kind of urban policymaking, postmaterialism is also a possibility. Postmaterialistic policymakers take up issues of social services, income equality, and environmental sustainability (Portnoy 2003), sometimes with the active support of unions (Rose 2000) and business interests (Sellers 2002). This approach does not rule out the national context as important but places it among the many factors shaping the "menu" of options for urban-level policy (Savitch and Kantor 2002).

The mobilizations of other business and civil society

actors and their relations of dependence on their employers shape the strategies of unions in Seattle and Hamburg. Despite different sets of worker rights and bargaining practices institutionalized at the national level, unions in both cities rely on coalitions as they respond to restructuring. High-stakes races for investment combined with one-sided relations of dependence by workers on their employer require an economistic approach to coalition politics. In other areas of local policy, however, such as workforce development policy and public sector restructuring, it is possible for unions to fight for jobs while pursuing other social goods.

In this chapter I make this case by examining union approaches to growth politics in two union strongholds, Hamburg and Seattle. Both cities have seen a recent revival of labor-community coalitions, pushed in part by the unions' central coordinating bodies—the local affiliates of the Deutscher Gewerkschaftsbund (DGB, German Confederation of Trade Unions) and the AFL-CIO—and facilitated by a civil society willing to cooperate. Although Hamburg has not seen anything on the scale of the 1999 WTO protests, labor's coalition work there has produced spillovers with broad local significance. Hamburg and Seattle have both experienced declines in waterfront and defense-oriented manufacturing industries, successful efforts by local elites to develop a new economy, a growth in service

employment, strong left-liberal political traditions, and intense competition in the market for capital investment. Local union officials in both cities assist in-plant worker representatives in negotiations with management, in strikes, and in local political issues such as privatization and economic development policy. Despite periodic conflicts of interest, a strong culture of solidarity in both cities prevents local unions from pulling out of central bodies or engaging in intense rivalries. Although collective bargaining is formally more centralized in Germany than in the United States, this does not affect the variables that shape union coalition-building strategies. Comparing cities with similar political cultures, levels of union strength, industry structure, and economic vitality allows a test of the relative importance of sectoral and national differences.

Hamburg.

Hamburg, Germany's second largest city, with 1.7 million residents, has a long history as an independent Hanseatic port city (freie Hansestadt) on the Elbe River. The Hansestadt is a city-state within the German federal system, governed by a directly elected city council that elects an executive cabinet (the Senate) and mayor. The city's territory corresponds roughly to its economic space, thanks to a Nazi-era reform annexing the

nearby industrial towns of Harburg, Wilhelmsburg, and Altona. The region has been a union stronghold from the nineteenth century through World War I, through two failed Communist revolutions (including Hamburg's own Thaelmann Putsch of 1923), and the turbulent Weimar Republic. After a twelve-year period of illegality under Hitler, unions enjoyed a forty-four-year period of integration in a Social Democratic Party-led local governing coalition, ending with SPD defeat in 2001.

The 2001 defeat was a long time coming and reflected a deeper crisis in the social democratic milieu. Since 1970, white-collar employment had doubled and blue-collar employment had declined by half, blue collar unemployment had grown, and union membership had declined. At the same time, the national SPD government had pushed a painful program of welfare state retrenchment that hurt the most vulnerable working people. Poor neighborhoods shifted their votes toward right-wing populist parties and the conservative Christian Democratic Union (CDU).

Until 2001, unions were part of a local governing coalition that developed a strong postindustrial economy. Through military conversion campaigns, struggles against plant closings and the race for investment capital, their involvement in economic development policy stretches back to the 1970s. Attracting investment became a focus of the SPD in the 1980s and 1990s, especially in media, the harbor, and aerospace (Läpple 2000).

The local DGB and the public sector union, Öffentliche Dienst, Transport, und Verkehr (ÖTV), similarly worked to expand the harbor. The unions and the local government also negotiated over the rationalization and privatization of public services, which most local elites viewed as bringing Hamburg into the postindustrial era. In the late 1990s, the local of the metalworkers union, IG Metall, having declined from fifty-six thousand to forty thousand members since the early 1970s, became deeply involved in a push for a new Airbus plant. These initiatives, however, had social and environmental costs and strong local opposition, often within the union camp.

This pattern of local participation and coalition politics changed with the defeat of the SPD. Unions, dealing with the same trends, found that they needed a more vocal, public approach. Their most dramatic public display of discontent came when the Senate announced its intention to privatize the public hospitals, the Landesbetrieb Krankenhaeuser (LBK). The unions organized a ballot initiative to fight privatization, which led to a series of spillover campaigns focused on local democracy (making ballot initiatives more binding) and the preservation of other public services. Contrasting union approaches at Airbus and LBK is instructive, because it shows how Hamburg's unions shifted from an insider strategy for jobs to a strategy of contesting the new government's vision of how development should



proceed.

Germany's distinctive industrial relations institutions shape how worker representation happens. Unions and works councils in Germany are products of the so-called dual system of industrial relations. Unions negotiate wages and lead strikes, usually at the regional-sectoral level. IG Metall is a conglomerate union representing workers in steel, automotive, aerospace, electronics, shipbuilding, and a wide range of other manufacturing industries. Ver.di (Vereinigte Dienstleistungsgewerkschaft or United Services Union), similarly, represents workers at all levels of government and in most private service industries as well. Works councils, which may not call strikes, are elected by workers and represent the daily concerns of workers in the workplace and translate sectoral agreements into in-plant regulations.

In practice, these roles are usually blurred, and union members dominate the works councils of both Airbus and LKB (although Hamburg's Airbus works council has a substantial antiunion caucus). IG Metall in Hamburg pursues a strategy of "workplace-near" collective bargaining, in which the regional sectoral agreements, covering Germany's northern coastal regions, are customized in close consultation with the works council to deal with issues specific to the firm. One agreement at Airbus, for example, is called "Siduflex." It buffers the

company's core German workforce, including thirteen thousand workers in Hamburg, from the industry's vicissitudes through a series of agreements that cover working time accounts (i.e. schemes to pay for time off during business downturns in exchange for unpaid overtime during boom periods), temporary workers, and outsourcing. Siduflex, however, has been hampered by the low degree of union organization in the white-collar areas of the plant. While union density among blue-collar workers keeps overall union density above a quarter, membership among white-collar workers (who outnumber blue-collar workers 2<N>1 in the plant) has slid from 15 percent to below 10 percent.

Outside the firm, therefore, union participation has proven crucial. In December 1997, Airbus's works council and IG Metall began to experience the dark side of economic development politics. Airbus managers announced a program to build a new giant airplane, the A380. Managers projected two thousand new jobs in the plant and two thousand jobs at local suppliers for the winner. A competition between local governments ensued to determine where the firm would place the investments and jobs.

Hamburg's local IG Metall leadership participated in a coalition, which included local business associations, government agencies, politicians, and the DGB, to win public expenditures to fill in a waterway for plant construction and

pass a series of laws to expedite construction. Farmers, environmental groups, affluent neighbors (whose views would be spoiled by the construction site **and the new production complex**, and others (mainly artists and media professionals who considered the "jobs above all else" agenda an infringement on the Hansestadt's tradition of local democracy and autonomy) opposed the subsidies and land redevelopment plans. Stiff competition came from Toulouse, which had the same sorts of advantages as Hamburg. Other regions, such as Rostock and Dresden in eastern Germany, developed public policy arguments for national government officials (who still exert some influence at the company) that they had the necessary infrastructure and skills but needed the jobs more than the wealthy Hansestadt. Furthermore, Hamburg's progrowth coalition was under time pressure, since the company needed to fill in part of a local waterway before it could build new production buildings and ramp up A380 production. In the end, the company decided to accept incentive packages from both Toulouse and Hamburg and built two final assembly lines for the A380, each one carrying out various stages of assembly.

The works council and IG Metall had the support of the local DGB, business organizations led by the Chamber of Commerce, and politicians across the spectrum, including the Greens and the SPD. This coalition not only won public money for

infrastructure, it helped the company steer through the land use decisions necessary to construct the plant, including the filling of the waterway and the seizure of private land through eminent domain. In February 2001 Hamburg's supreme administrative court decided the final appeal on whether or not to halt construction due to its implications for the environment and property owners. On the day of the decision, IG Metall mobilized seven thousand workers downtown to show support for the project. The court ruled in favor of the government and Airbus.

Workers, in principle, had some tools to counter this whipsawing. The unions had political channels, in that Airbus, a creation of governmental industrial policy, remains a policy instrument of governments to shape economic development. German workers, furthermore, have codetermination rules giving them extensive access to corporate decision making in areas of personnel and investment. The company could not credibly claim that it was in a time of hardship, since it had enjoyed recent successes in the global market for planes. Furthermore, Airbus workers have an organ for international solidarity. The European Works Council brings worker representatives from throughout Europe together for meetings and even includes a special economics committee modeled on German codetermination, far beyond the legal minimum stipulated by European Union

legislation. Nevertheless, the inter-regional competition for jobs faced no organized resistance from European or nationwide worker representation bodies.

Why did unions not resist this whipsawing between workplaces and cities? Union officials faced a dilemma, since they did not want to sacrifice environmental quality or public funds, but believed, along with local elites, in the importance of the Airbus investment for the region's economic future. Worker representatives had an extra incentive to protect jobs, since Airbus workers lacked mobility in the local labor market; there are not many employers of aerospace engineers or machinists outside of Airbus. The largest one, Lufthansa's maintenance operation, does not pay according to IG Metall's metal industry contract, and the smaller firms depend on Airbus for orders. The costs included damage to historically and environmentally important places, a heavy burden of subsidies for taxpayers, and criticism from within union ranks (Remarque 2001).

Although IG Metall continued working to help the company deal with the local politics associated with expansion, it changed its approach somewhat. By late 2004, the land-use issues were still in play, as the company fought nearby villagers to buy land for a new transport center. The union and the SPD, however, were not feeling the intense pressures of 1997-2001.

With the A380 in production and the SPD out of the Senate, the unions and SPD called for a compromise to protect the local landscape.

The dilemmas facing unions in Hamburg shifted dramatically with the 2001 local election. The new right-wing coalition government continued public sector rationalization and economic development projects but eliminated the unions' previous channels of influence. Although Erhard Pumm, the head of the local DGB, retained his seat as an SPD city councilor, he lost his influence in the executive branch. The new coalition government of liberals, conservatives, and right-wing populists announced that it would privatize a majority stake in LBK. The hospital privatization fight led to a major test for the newly merged ver.di (which included the old ÖTV) and its leader, Wolfgang Rose. Pumm and Rose responded to hospital privatization by organizing mobilizations of hospital workers and community allies and by shifting the union's role from labor-management-government partnership to community mobilization.

The Senate had created LBK in 1996 as part of an effort to make public agencies independent and entrepreneurial. Because LBK accounted for about half of Hamburg's local hospital beds and fifteen thousand employees, rationalizing it had huge implications for economic development and social well-being. That year, the works council and ÖTV negotiated a series of

concessions in order to make LBK more efficient, including massive outsourcing of services (cleaning, cooking, transport, maintenance, and information technology), the closure of a hospital, and the elimination of three thousand jobs. In exchange, the union and works council won policies to cushion the impact of downsizing on the workforce. This exchange was possible because of the close ties between unionists, managers, and top policymakers in the government, including an affiliation with the SPD shared by all three.

The post-2001 battle over privatization proceeded differently. In principle, Pumm, Rose, and the works council did not want to be "blockers"; they agreed with the government that updating the company's physical infrastructure would require some private financing. Unions and the SPD proposed 49 percent privatization, to retain local public control of health care, while obtaining the capital needed for upgrades. CDU health-care and public-financing experts, however, argued that private suppliers of capital would not accept a minority stake. Since hospital chains would be assuming the risks, they argued, the purchaser<M>in this case, for-profit hospital chain Asklepios<M>would require control and 74 percent ownership.

In response to the Senate's new policy, Rose rallied LBK workers, his own organization, and a range of allies to organize one of the city-state's first ballot initiatives with the slogan

"Gesundheit ist keine Ware" (Health Is Not a Commodity). The coalition included other unions (especially the local DGB), political parties, globalization critics "attac," the doctors' association (Marburger Bund), individual patients, and ver.di's national office. Antiprivatization campaigners collected one hundred thousand signatures in the city's public squares and shopping areas and organized numerous rallies and demonstrations. Attendance at workplace meetings dramatically increased, and, over the opposition of management, the works council announced an unprecedented citywide meeting of LBK workers. Conservative politicians fought back with anticommunist language, equating state-owned hospitals with the combines of reunification East Germany.<sup>ii</sup>

In late 2003, the Senate signed the privatization agreement with Asklepios and was hoping to finalize the deal before the issue went to the voters. The transfer stalled, however, when one of the governing parties imploded. A judge ruled that local elections would take place at the same time as the LBK ballot initiative. The SPD<M>itself a privatizer before 2001<M>took opposition to LBK privatization into its early 2004 election program.

The ballot initiative was, by all accounts, a powerful tool. Conservative party officials said in interviews that the unions had been so successful in "instrumentalizing" popular



feelings of insecurity that they had to focus on their mayoral candidate, the photogenic Ole von Beust, rather than controversial policy issues. For similar reasons, LBK administrators and Asklepios managers kept a low profile. Although the initiative won over three-quarters approval from the voters, the conservatives won an absolute majority on the city council.

The fate of LBK's workers thus remains far from resolved; the workplace conflict and related spillover campaigns remain active and visible. After the 2004 election, the CDU ignored the vote over the ballot initiative and continued efforts to transfer LBK to Asklepios; eventually, in December 2004, it won a court decision allowing it to privatize LBK. As a result, the NGO Mehr Demokratie, e.V. (More Democracy) jumped into the fray, working with the unions and opposition political parties on a second project, "Rettet den Volksentscheid" (Save the Ballot Initiative), to make ballot initiatives legally binding in Hamburg. Rose has initiated a national effort to encourage other Ver.di locals to use the ballot initiative process. The tactic was indeed effective in delaying privatization, improving community relations, mobilizing workers in the hospitals, winning more members, and learning how to mobilize public opinion around emotional issues. It remains unclear, however, whether this fight will help unions cope with issues inside the

workplace, such as the terms of the handover. In upcoming effects bargaining, management will push to extend working hours. It is unclear what the coalitions mean for these negotiations or for the Senate's upcoming program to revise public sector labor law, privatize more services, and cut other social programs.

LBK and Airbus illustrate changes in the opportunity structure faced by Hamburg's labor movement since the 1990s. At first, labor had allied itself with a social democratic government bent on a vigorous economic development program. Under conservative governments, however, rather than a process of joint problem solving, hospital rationalization sparked a battle over privatization and a series of mobilizations and coalitions that will probably continue for years to come. This struggle helped to build a nascent local ver.di organization and revive the local DGB. The meaning of participation shifted from mobilizing as the government's junior partner to developing alternative strategies and building a new social coalition. After the 2001 election, unions had a broader menu of options because of their independence from the government and ver.di's broad scope beyond LBK and the health-care industry.

## Seattle

Since the mid-1990s Seattle has gained a reputation as a

hot spot of union revitalization.<sup>iii</sup> With relatively high union density, its booming service, transportation, and high-tech economy has made it the economic engine of the Pacific Northwest. Like Hamburg, Seattle is an economic development success story, where progrowth politics have succeeded, albeit unevenly and with social costs. Seattle's trade unionists share many challenges with their colleagues in Hamburg. A large aircraft manufacturer's strategy of pitting regions against each other forced organized labor into a business-led coalition, sacrificing social goods for economic development. Meanwhile, in other sectors, labor has managed to combine its interest in job retention with other goals. Efforts by unions to retain union jobs in construction involve new policies to spread the gains from economic development to disadvantaged groups and have facilitated the revitalization of Seattle's AFL-CIO affiliate, the King County Labor Council (KCLC). Like Hamburg, this renewal has taken place as union membership density has declined (although economic growth and organizing have increased the absolute union membership in the region).

The economic development politics of Seattle has both probusiness and progressive elements. The region is highly dependent on Boeing and focused on building up its physical infrastructure. Progressive forces, however, are also firmly entrenched, with powerful environmental and other community

organizations. Compared to Hamburg's SPD, Seattle's Democrats, some of whom are among the state's most progressive politicians, have a solid base of support. Organized labor has joined this constellation of forces, after a long period of conservatism. Seattle Union Now, Jobs with Justice, the Worker Center AFL-CIO, the Boeing strikes, the massive WTO protests, and dozens of smaller, lesser-known campaigns and projects all attest to the ferment of Seattle labor during the 1990s. Since then, the KCLC (along with its state-level equivalent) has revived its member-mobilization program around election campaigns, introduced a new endorsement process, brought pressure to bear on labor-supported candidates, and built broad coalitions that include environmentalists, community groups, and portions of the region's business community. Although unions have had success in fusing broader social goods to the politics of construction, winning the high-stakes race for aerospace jobs has split the labor movement (though only in the short run) over the costs of development.

The training initiatives of the Seattle King County Building Trades Council are an important part of local labor movement revival in Seattle. After decades of fighting the minority community over job access, the building trades began around 1990 to find ways to bring women and minorities into the trades. Ron Judd, who later became head of the KCLC, was one of

the initial bridge builders who built an alliance with community groups, politicians, quasi-public agencies, private contractors, and developers to shape the way that large projects and training are governed (Rosenblum 2001). The new rules that the building-trades council and the Worker Center have constructed have secured the market share of unionized contractors, bolstered labor-governed training problems, and addressed some of the problems faced by minority and female apprentices and firms on job sites. Although community activists argue that some of the industry's racist recruitment policies continue, the programs' inadequacies have not prevented deep coalition building.

Since the late 1960s, Seattle's building-trades unions have faced two major challenges. First, like most cities, they have faced low-cost competition and nonunion contractors taking over predominately unionized markets such as commercial and industrial building projects. Second, public works projects have been a flashpoint of racial tension. Federal urban renewal projects became a battleground, as organized minority contractors and workers, led by Tyree Scott, shut down job sites. Building trades council and KCLC leaders mobilized thousands of white members in rallies to sway the Republican governor and county executive to resist the insurgents' demands. Labor leaders railed against an "unholy alliance" of civil rights groups, Republicans, and contractors (Griffey 2004).

In the early 1990s, however, the building-trades council switched from this defensive approach to a more proactive coalition-based approach. Reforms in apprenticeship rules and improved community relations were central to this strategy. Judd worked with local community leaders to develop a set of rules governing building projects. The purpose was to protect the market share of union contractors and bring women and minorities into the trades. Adding social goals generated broad political support for project labor agreements (PLAs) and brought a stream of funding from the Port of Seattle.

The main policy initiative consisted of rules requiring minimum levels of apprenticeship utilization and enforceable racial and gender diversity targets. Initially, PLAs were instituted at airport expansion projects, and over the following ten years they spread to county and municipal office buildings, mass transit, schools, and new private development. Alongside the PLAs, the building trades supported several programs (mentorship, housing, transportation, preapprenticeship, and so on) to help apprentices both on and off the job, using contributions from the port, which also had an interest in spreading the proceeds of development. Despite some disagreements with the building trades over the administration of the programs, the port reported that significant improvements had been made in gender and racial diversity. The building

trades and KCLC also managed to include other social goods, such as organizing rights and affordable housing, into some of the more controversial projects. By the late 1990s, Scott's group, the Northwest Labor and Employment Law Office (LELO), was helping to frame project labor agreements and taking an active role in monitoring their implementation.

The spread of PLAs - or more precisely, the apprenticeship rules in them - was a victory for the unions. Other local actors began taking unions seriously as advocates for socially responsible growth. The stabilizing effect came partly from rules stipulating that apprentices had to enroll in state-licensed apprenticeship programs. Unionized programs cover 95 percent of King County's apprentices. Furthermore, according to union leaders, they overcame some employer resistance to unionization when contractors saw that unions were flexible with their rules and could supply a high-quality workforce. The new rules eased the transition of nonunion workers into the unionized workforce, in that nonunion workers under the PLA now worked alongside union members and changed hiring rules made it easier for skilled nonunion workers to enter the union with their journeyman skills recognized. Working with business did not force a consistent progrowth position: the building trades helped environmentalists in the late 1990s to defeat a ballot initiative to overturn the state's growth management law (Rose

2000).

As the unions were healing the wounds of the past, they were creating a basis for restoring the market share of their employers and removing barriers to organizing. These local innovations laid the groundwork for national policy development. These rules inserted in PLAs have been widely disseminated, partly because the Seattle case has been publicized as a best practice by the national AFL-CIO (**Working for America Institute** 2002) and partly because of a shift within national construction unions toward an aggressive organizing program. Furthermore, there have been local spillovers. Seattle's building-trades unions are now trying to win apprenticeship rules without the concessions associated with PLAs. In 2005, legislation passed in the state legislature extending a 15 percent apprentice utilization requirement to public works projects statewide.

Economic development politics, however, have also had a downside for Seattle's unions. The region's largest employer, Boeing, has forced unions into some extremely difficult political positions. Boeing employs over fifty thousand workers in design and production facilities, mainly in southern King County and Everett. The company has long dominated local labor markets for skilled blue and white-collar aerospace workers and has found ways to win union support for subsidies and infrastructure investment from state and local governments.



Since Boeing became the dominant local employer during World War II, its patterns of hiring and firing have created periods of boom and bust (Markusen, Golob, and Grey 1996). In recent years, Boeing has become increasingly footloose. It has shifted its headquarters from Seattle to Chicago (where it has no production facilities) and outsourced and offshored considerable production (including some complex work such as wing production). The company's labor-relations strategy has come to emphasize union busting and downsizing -- "reduce union leverage; reduce union workers"<sup>iv</sup> -- and it has met several organizing drives with union-busting tactics. Most important for Seattle's unions, however, was the company's threat to shift assembly work of a new plane, the 7E7, to a greenfield location.

Boeing's workers belong to two unions that have few members outside the **company**: the blue-collar International Association of Machinists District Lodge 751 and the white-collar Seattle Professional Engineering Employees' Association (SPEEA). Both organizations have considerable autonomy from their national organizations; SPEEA affiliated to a small national union in 1998 in which it is the largest affiliate. The national and transnational links between Boeing unions are extremely loose, occurring via the Coalition of Unions at Boeing or the International Metalworkers Federation (which also brings together representatives from Airbus and elsewhere). The near

absence of union organization in local manufacturing outside Boeing results in large wage discrepancies between unionized Boeing workers and the rest of the industry. These unions and their members are thus highly dependent on demand for aircraft and the company's decisions about how to meet that demand.

During the 1990s, the IAM and SPEEA fit Seattle labor's revitalization image. During Boeing's boom period, the unions organized successful strikes and made gains in participation rights. The 1995 IAM strike and the 2000 SPEEA strike both involved intensive cooperation with KCLC, Jobs with Justice, and with other unions and community groups. In the case of SPEEA's "No Nerds, No Birds" strike, the union won massive increases in membership in a workplace without mandatory membership. This and a major organizing drive in Boeing's Wichita plant (contested by management even after the initial certification election) allowed SPEEA to double its membership in the four years leading up to Boeing's crisis. These struggles provided an opportunity for unions and other community groups to mobilize and show solidarity.

When the market for commercial jets collapsed after the September 11 attacks and the Asian SARS outbreaks, the fight for jobs took center stage. The unions' approach has been twofold: outside the workplace they have entered coalitions with managers, Boeing lobbyists, and other partners to improve

Boeing's business climate (winning subsidies, government orders, infrastructure, and other advantages); inside the workplace, they have used a partnership approach to win participation rights in work reorganization and outsourcing decisions, in hopes of preventing mismanagement and saving jobs. Union leaders have been largely dissatisfied with the results of in-firm partnership, due to management's tendency to ignore the advice of joint committees and distance joint activities from the core of strategic decision making. The IAM's training fund, for example, has been used more as a way to help unemployed workers get skills for other jobs than for its stated purpose, to improve quality at Boeing.

In late 2002, however, a flurry of job retention activities began outside the workplace. Boeing announced that it was building a new plane, the 7E7 Dreamliner. In order to choose a site for the new assembly plant, the firm solicited bids from state governments throughout the U.S., in a competition that was to last a year. The governor, county executives, and mayors gathered in public displays of support for Boeing and commitment to meet the company's demands. IAM and SPEEA mobilized to win support for subsidies, infrastructure investments, and other reforms to benefit the company. IAM was especially active, organizing a volunteer effort of eight hundred shop stewards to put up yard signs, lobby, and carry out discussions with local

residents and business people about the importance of supporting Boeing.

For its part, Boeing made common cause with a coalition of business groups with whom it had disagreed over past unemployment insurance reforms. The head of Boeing's commercial aircraft unit, Alan Mullaly, gave business leaders their rallying cry at a Rotary Club meeting in late 2003. When asked his opinion about local business conditions, he said, "I think we suck." Business groups in the state capital successfully used the ensuing support for Boeing-friendly legislation as an opportunity to win reforms of the unemployment insurance system, not only to help Boeing's bottom line but also to help building contractors and farmers. The proposal that passed eliminated benefits for thousands of seasonal workers, including construction workers, who use the unemployment system to survive periodic unavoidable periods of unemployment. More important for the IAM and SPEEA, Boeing won \$3.2 billion in tax breaks.

Once the legislature passed the incentive package, Boeing agreed to build the new assembly plant in Everett. The building-trades unions sent angry letters to IAM leaders for accepting the unemployment insurance cuts, and the tax created difficulties for anyone advocating state government investment elsewhere. However, IAM and SPEEA's message of jobs above all else was understandable, since it came at the end of a wave of

downsizing that had cost the region thirty thousand jobs. The gains were relatively small: the company projected two thousand new local Boeing jobs, plus an unknown number in local suppliers. The business press urged the public to view the subsidy package not in terms of the two thousand jobs but in terms of retaining the remaining fifty thousand jobs.<sup>v</sup>

At Boeing and the building trades, local unions responded to challenges from the global economy in different ways. At Boeing, a high-stakes race for investment forced the unions into a position where they had to participate in a coalition to win subsidies and other advantages to retain jobs. The legislative battle temporarily divided the state's labor movement and gutted the state's protections for seasonal workers. This decision had little positive effect on union membership, since the company's new assembly plant had few employees compared to the number recently lost. Furthermore, the unions did not represent employees at the company's major local or offshore suppliers, which would employ most of the workers on the 7E7 project. At the building trades, by contrast, the unions had to innovate in the policy arena to hold their own against nonunion contractors vying for contracts in a building boom. With the assistance of the KCLC and several quasi-public agencies, the building trades strategically built bridges to longtime adversaries in the community, diversified union membership to reflect the new

construction workforce, and laid the foundations for new kinds of social regulation of private development. While Boeing's unions were coerced by crisis into working to help the company obtain public funds, the building trades responded to their crisis through innovative policies inserted in PLAs and successfully held the line on low-wage competition.

Both of these stories are rooted in the growth politics of Seattle and have implications for the local labor movement as a whole. Although union victories at Boeing before the downturn were part of the story of the revival of the local labor movement, mobilizations to win Boeing investment have threatened not only unions but also public finances and public programs. Likewise, the building-trades' initiatives have affected not only construction workers but also have been an integral part of the careers of bridge builders like Judd and Scott. The impact of coalition building in Seattle has arguably been global, in that the KCLC and LELO both played crucial roles in the 1999 WTO protests. Patterns of union-employer dependence and different opportunities in (and pressures from) the local business community, government, and civil society have thus shaped what is possible for unions in Seattle.

#### Urban Political Economy and Labor's Search for Alternatives

Unions are searching for alternatives, and, despite their

dark side, the politics of local economic development holds some promise for this search. While some unions revive themselves through coalition politics to pursue broad social goods, others end up on an economistic low road. Why do unions pursue these different goods? The observed differences reflect not only differences in union strategy but also in what is possible for policymakers, what Savitch and Kantor (2002) call differences in the menu of policy choices.

I take seriously the argument made by unionists at Boeing and Airbus in interviews that they understood the trade-offs, but had no choice. While the possibility of capital flight created a threat, the interests and mobilization of local business and local government provided an opportunity. Building trades and health-care unionists, by contrast, said in interviews that they had developed something new and built bridges that had helped them both save jobs and win credibility in local policymaking that provides broad social goods.

Do inadequate industrial relations institutions in the United States spur innovative union strategies by forcing a search for alternative sources of power? Do the German institutions of workplace participation and sectoral wage bargaining continue to support participation and union strength? Neither institutional hypothesis seems helpful in this comparison. Progressive union-inclusive coalition building was

visible in both cities, as was a more coercive pattern of participation. Despite national differences, union leaders such as Judd and Rose were able to innovate. Moreover, unions in both countries, regardless of formal information and consultation rights, faced uncertainty and dependence. The announcement of a race for a new production line gave unions in Seattle and Hamburg a threat and opportunity that forced them into a development coalition with narrowly economic aims.

A second factor, the economic structure and power relations of the sector, provides more analytical leverage. Airbus and Boeing are multinational firms, competing with each other in the global airplane market, while LBK and the unionized construction sector in Seattle compete in less export-oriented industries. Furthermore, Airbus and Boeing can invest in a much wider range of locations than LBK or Seattle's building contractors (although the vast sunk costs and reserves of skilled labor make aircraft makers more locally dependent than most manufacturers).

A sectoral explanation stressing the differences between multinational manufacturing and local services leaves a few features of this comparison unexplained. It remains to be explained, for example, why unionists did not utilize the large firm structure as an opportunity, especially the Germany-wide and European works councils. Furthermore, all three sectors are both localized and globalized. While LBK and Seattle's real



estate development industries also depend on superregional markets for capital, Boeing and Airbus face some local regulation via the influence of local politicians in national policymaking. Industrial, trade, and land-use policies still constrain these aerospace giants, despite their political power and control over the location of jobs. In addition, a focus on sectoral differences neglects changes over time in cities and firms. With a change in local politics, Hamburg's unions took a different approach at both Airbus and LBK, and a change in Boeing's fortunes led to a change at IAM and SPEEA.

What are the salient differences between sectors in these places? First, the pattern of union-employer dependence shapes the menu of possible policies. Workers and unions at Boeing and Airbus are highly dependent on a single transnational firm, because finding a job as an aerospace mechanic or engineer in the adjacent region at the same pay level is difficult, and because the unions have limited presence outside of these employers. Their counterparts in health care and construction, by contrast, organize broadly across industries, and therefore have much less of an existential fear of job losses. These unions lack the intense pressure seen at Airbus and Boeing to sacrifice the environment, public funds, and welfare benefits in exchange for jobs.

Second, mobilizations of actors outside of the labor-

management relationship have set up opportunities for unions (although in the high-stakes races for investment seen at Airbus and Boeing, the opportunities have come with clear disadvantages). When jobs are threatened by an interregional competition for investment, local politicians and business representatives gave worker representatives an additional set of resources to fight for jobs. Health-care and construction organizers, similarly, deal with competition with the help of community allies. The difference is the quality of the partners and their interests. Oppositional political parties, community organizations, and other partners, with their wider range of interests, can help unions reach beyond the goal of job retention.

These patterns of union-firm dependence and broader mobilizations of business, government, and civil society explain the menu of options that are available for local political participation in economic development policy, in Seattle, Hamburg, and possibly beyond. Whether a union seizes opportunities, however, is a matter of strategic choice and cannot be read from the political-economic factors highlighted here. Political economy cannot tell us whether other leaders in the same circumstances would have made the same decisions as Rose or Judd.

Union-inclusive coalition building can emerge in cities

that vary by size, economic well-being, labor history, culture, and country. These coalitions, however progressive, do not usually reverse trends of declining union density, certainly not in Hamburg and Seattle. Union membership decline thus may be robbing cities of one of the most important supports of high-road economic development. On the other hand, threats to jobs and opportunities to participate might be turning unions into better local citizens.

Current economic development trends are simultaneously transforming and decimating unions. Will they be able to do more with less through smarter participation? Only time will tell.

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research.

<sup>ii</sup> Anonymous, "LBK: Koalition schießt scharf," Hamburger Abendblatt, May 8, 2003:

<http://www.abendblatt.de/daten/2003/05/08/159035.html?prx=1>.

<sup>iii</sup> This section draws heavily on Byrd and Greer 2005.

<sup>iv</sup> Dominic Gates, "A Critical Juncture for Boeing and Machinists," Seattle Times, June 14, 2004, A1.

<sup>v</sup> Glenn Pascall, "Take the State's 7E7 Deal, but Forget the Study," Puget Sound Business Journal, July 7, 2004:

<http://www.bizjournals.com/seattle/stories/2004/07/05/editorial3.html?page=2>.