The First and the Second Global Economy

A comparison of the international labor movements in the two periods of globalisation

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Introduction

We, the people living after the 1990s, often think that we do live in the period of an unprecedented globalisation. So, at present do we experience a first globalisation in history? Is it true historically? Today it is difficult to imagine what the global economy was like prior to the First World War. However, at that time, national economies were extremely closely connected with each other and developed smoothly and cyclically. Trade barriers were virtually nonexistent. Through the import and export of capital, movement of goods, and immigration, economies throughout the world, including colonies, grew at a healthy, steady pace. Moreover, information began to be transmitted instantaneously in many areas of the world. This was the first global economy.

Historians, particularly economic historians, have found another globalisation before the First World War. How can we discern this old globalisation from the present new globalisation. And how can we tell two periods of globalisation from the inter-globalisation period from 1914 until 1990, namely "the short twentieth century" or "the age of extremes" (E.J.Hobsbawm)? So does it mean that the present globalisation is not the age of extremes? However it has been filled up with much greater global imbalance, frequently occurring financial instability, quite many kinds of "fundamentalists" all over the world, anti-islamism, europhobia, storms of post-truths, a flood of populisms, damned fake-news, and "Donald John Trump", presidents of many companies and the President of the United States of America!

The first globalisation and the second globalisation

In order to clarify the notion of "the first globalisation", we would be able to understand it as the period of a quarter century from 1890, in which world economy had experienced the continuous development with the international gold standards and the system of multilateral settlement (S.B.Saul). But the first global economy was not such static entity as was fully completed in terms of economy, industry, transportation, finance, communication and trades. Rather than a static picture, the first globalisation was a long term tendency before 1890 towards tightly related, harmonious, highly stable (compare to the present instability) and mutually dependent world economy. In this means the tendency of the first global economy started from the period of the "free trade imperialism" since 1840s, and through the networks of free trade treaties between European countries since the Cobden-Chevalier Treaty of 1860. The tendency towards the first global economy was slightly mal-influenced by the "Tariff Wars" since 1879, because of the complicatedly well covered network of the "most-favored-nation (MFN) clauses" included in each trade treaties between European, Asian, American countries, beside the USA which turned into the
most protectionist trade policy after the A. Lincoln's inauguration of the Presidentship (1861) and the "Civil War" (1861-65). The network of the MFN clauses acted to keep substantially free trade, free capital movements and free migration of the world. So the world economy came to reach the peak of globalised interdependency, and it kept such global situation until the summer 1914, when the First World War abruptly destroyed the world's harmonious economy, which has never been recovered by today.

Compared with such first globalisation, we could not deny that the second looks somewhat fading, dim, weak, and not so vigorous as the first. Why so? Firstly the second globalisation has not recovered the level of deep interdependency of the world and the harmonious and stable development which was experienced even in many colonized areas. Secondly, more important, the second has been a mere expectation of imagined "global economy", while the first globalisation was substantially a strong tendency towards a tightly related, harmonious, highly stable and mutually dependent world economy. The second still remains an expectation of global economic development after "the end of the "Cold War"" and "the victory declaration of "Capitalism"". The second globalisation is a dream dreamed by capitalist beasts and ghosts of Neo-Liberalism, which lacks a mean to sustain "society", to prevent its dilution, and to include socially those who are socially excluded in a turbulence of "casino capitalism".

So, what can, or should, we dream with the notion of "a new globalisation" which has been anticipated for these three decades. To answer this question is the task for people willing to live in, and change the unstable and imbalanced world today.

In this paper I would like to present some point observable in history of the international labor movements in the two periods of globalisation.

International labor movements in the first and the second globalisation

To those who think that they live in the most and first globalised situation in history at present it is hardly imaginable that there were quite many kinds of workers' international connection, co-operation and interaction more than one century ago before the First World War.

During twenty five years from 1889 more than thirty international trades (or industrial) secretariats were founded; the biggest are the mining (organizing more than 1,374,000 workers of 9 nations), the metal industry (organizing 1,106,000 of 14 nations), and transportation (organizing about 900,000 railwaymen, seamen and dockworkers in 18 nations), and the smallest the furriers (organizing 2,400 of 4 nations), the hairdressers (4,200 of 8 nations), and the hotel and restaurant workers (19,500 of 6 nations), etc.

The international trades secretariats were all very eagerly fighting for eight hours working day, common working conditions and safety standards, and anti-war pacifist movements. Prescience of these demands are to be shown in the fact that almost all their resolutions about eight hours day, common minimum working conditions and safety standards were adopted by the ILO as its Conventions and Recommendations since just after the First World War in order to prevent a storm of revolutions from prevailing all over the world.

Almost all international trades secretariats held annual conferences and issued quarterly and annual
represented almost all workers in creeds, thoughts, belief and religion in European nations, workers also took very important parts in those movements: conservative, liberalist, anarchist and Christian Democrats.

Although socialist workers, particularly German Social Democrats (SPD), were relatively strong supporters of those international trades and industrial labor movements, conservative, liberalist, anarchist and Christian (both catholic and evangelical) workers also took very important parts in those movements. So we can understand they represented almost all workers in creeds, thoughts, belief and religion in European nations,
including some American, Chinese and Japanese workers.

Adding these trades or industrial movements, there were evolving an international movement of trade unions' national centres, which emerged at first in 1901 as the International Secretariat of National Trade Union Centres (ISNTUC), then in 1913 they were reorganized into the International Federation of Trade Unions (IFTU), of which the headquarters was in Berlin. And at the headquarters 4 English, 4 Swiss, 2 German, a American, and a Danish secretaries were working to keep corresponding with affiliated national trade unions and publishing report and circular in various languages.

The ISNTUC/IFTU was also very eager for eight hours day, international equalization of working conditions and safety standards, and pacifist tasks.

The third stream of the international labor movements during the first global economy before the First World War was the famous Second International, precisely the International Socialist Congresses and the International Socialist Bureau founded in 1889 when various centennial memorials of the French Revolution in 1789 were held, and a new starting point of human liberation after the Revolution was declared.

International Labor Cartel

One biggest root of all these movements lay in the notion of "labor supply restriction" since old local trade societies and medieval guilds, so these international labor movement were very willingly to take a role to restrict labor supply in the international labor markets, including shortening of working day to universal eight hours, exclusion of unqualified (= not apprenticed) workers, and restriction of juvenile, female and foreign workers. Shortly their real function was mainly in international cartel on labor side.

In that period many trades and industries suffered from over supply and overproduction that were results of speed-up of technological transfer from one country to other, and that were accelerated by the advanced transportation technology as railway and inlands shipping (canal), besides old coastal shipping. But companies could not adapt themselves to the overproduction problem internationally. Sometimes they organized domestic cartel as Rheinisch - Westfälisches Kohlensyndikat AG founded in 1893, however they never cartelized themselves internationally until the European Coal and Steel Community made an international cartel among six European countries from 1952.

The national or local governments were also quite inactive to adjust the industries in over-supply
situations. Neither companies nor governments, but only workers' international movements could produce a means to restrain the supply in their respective industry. Hence the first global economy was characterized not only by harmonious international division of labor, but also by a function of the workers' international cartel.

After the First World War the IFTU was reorganized, but they were unsuccessful to adjust the international overproduction in the 1930s and to prevent emerging Fascist, Nazi, and totalitarian regimes. The IFTU was reorganized again in 1945 into the World Federation of Trade Unions (WFTU) including workers combinations not only in developed capitalist countries but also in socialist regime and colonized and newly independent countries. The WFTU must had been an all-one organization of all workers of the world, but the dream was broken by a scheme to divide such world-wide cooperation (as someone particularly the USA and the UK political and union leaders thought the WFTU was a cover of "communist revolutionary project") and maneuvered to found a new, politically "anti-communist" organization. That was the International Confederation of Free Trade Unions (ICFTU) founded in 1949 just when the Cold War became intensified. That was a workers' version of "Freedom Fighters". And European and Japanese trade union movements were torn into two streams, the WFTU and the ICFTU, in Japan respectively the left wing of the 'Sohyo' (日本労働組合総評議会) was affiliated to the WFTU, and the 'Dohmei' (全日本労働総同盟) to the ICFTU.

In the second globalisation international labor movements were severely influenced by the collapse of the socialist regime, decline of socialist/social democrat/communist political movements in the capitalist regime, over-praised "Neo-Liberalism", and the completion of international supply-chain by multi-national big companies mainly in automobile, electric and electronic industries. In these situations the notion of the restriction of labor supply became weakened, and surviving trade unions in the big industries and big companies such as VW, BMV, Toyota, Nissan etc. have been adapting themselves to the international supply-chain, that made them utterly impossible to take a role of international labor cartel before the First World War, and the long offspring from the medieval guilds. At present newly reorganized Global Unions Federations (GUFs) have replaced the seat of the International trades secretariats, but the GUFs could only follow the global strategies of the multi-national companies. The GUFs are very powerless existence in the international supply-chain system, and they can hardly protect their members' interests. In the first global economy "All Workers of the World could Be United" actually, but in the second globalisation "Any Workers cannot Be United, and proceed the way to slavery to global capitalism".

"Hardships amidst prosperity" and the International Labor Movement:

Rethinking of the Origins of the First World War
Onozuka ed.[2014] argued about the causality and origins of the First World War, and pointed out the following propositions.

1. The deepening of the international division of labor, however it would be beneficial for every national economy as a whole, necessarily bring "hardships amidst prosperity" in two ways; viz., firstly international division of labor means that every country should lose comparatively
disadvantageous industries and the employment in those industries, and the areas where such industries are located will be declined. Secondly, even comparatively advantageous industries will suffer from overcompetition accompanied with dumping and unceasing overproduction. (2) In a democratic society "hardships amidst prosperity" needs to be given an explanation or interpretation because explicit inequality and inequity might produce an accumulation of social discontent. (3) Liberalist "free traders" gave no explanations to "hardship amidst prosperity" in both ways of industrial deterioration and overproduction. What they said is that every discordance and confusion can duly be adjusted by the natural function of free market, and such dogma will irrigate oils into the firing discontent in such industries as suffered declining and overproduction. (4) Socialist creeds were the most vigorous and influential power among working people in the first period of globalisation. They say the fundamental cause of the "hardships amidst prosperity" is the very system of capitalist production and market economy, so the only solution to remove hardships should be found in downfalling of capitalism into socialism. In this way socialists obliged capitalist regime to accept growing risk of revolution and abolition of private property. (5) Facing the risk of revolution under the socialist pressure, in order to keep capitalist society in sane condition there emerged a growing necessity of social reform and social policies, but it demanded an additional revenue source and national consensus to redistribute national income. "Revolution, or social reform?" was the narrow path of the European societies in the period of the first globalisation. (6) After all, the most easy and cheap solutions was nationalist one. By this period nationalism was transformed to a mixture of aggrieved feeling and suspicion. When one experienced hardships amidst prosperity, it is because an outside enemy unjustifiably deprived ourselves of hereditary trades and dignity which should be enjoyed by our nation, and in the background of such aggrievement some internal traitors, communicating secretly to the outside, have been sold the national commonwealth to the enemy. In order to understand such psychological complex of nationalism, we should only remember what the President Tramp said to explain "American hardships".

If the nationalism in each country could get patriotism, and helped by media and commentators that exaggerate a perception of unfair treatment among those who felt "hardships amidst prosperity", it could become most powerful and cheapest weapon to "interpret hardships amidst prosperity" and to escape from appropriate solutions which demands fiscal sources and national consensus. International labor cartel could be a solution of the "hardships amidst prosperity", could avoid a world war which destroyed the first global economy completely. International labor movement, not only lead by socialists but also lead by liberal, anarchist, humanitarian, and Christian activists could prevent overproduction and excessive competition, or generally international solidarity of workers, a descendant of old guilds and corporations that aimed to restrict supply of their product or their working hours could become a solution of "hardships amidst prosperity" prior to the First World War.

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1 This is the problem of historical possibility. So-called “historical if” is a type of historical possibility, and another is the present possibility of the past experiences. Even if the past experiences prove failure, that does not mean that it is still unsuccessful at present or in near future.
Contrast of the two periods

More than a century later, today's global economy has still not risen to the level that existed prior to the First World War. The global economy that has developed during the past century has been, with brief exceptions, more unstable, unequal, and disjointed. In this sense, the post-First World War era still continues, whereas the post-Second World War era came to an end with the French-German reconciliation, European integration, and end of the Cold War.; however, apart from the relations between Japan on one side, and China, Korea and Russia on the other side, where the post-Second World War settlements are not yet complete.

We have seen a keen contrast between the two periods of global economy. In the first period before the First World War, the world economy was very harmonious, highly stable and mutually dependent. It could be characterized by very deep international division of labor which covered world-wide spheres. And the international labor movement in this period was characterized by a notion of restriction of labor and international labor cartel, which made a stimulus to promote companies and industries much more productive in terms of labor productivity, those were the backgrounds of world-wide industrial development of the first global economy.

On the other hand in the second globalization after 1990 world economy is characterized by global imbalance, monetary instability, and growing inequality, and only the "God of Market" has played a role of the cruel tyrant under the useless slogans of Neo-Liberalism, however not only international labor movement, but domestic and local labor movement have lost vitality to protect their members and to unite powers of labor.

International labor movement and capitalism were very good rivals and could co-operate the first global economy in which workers combination could play an offensive role, however in the second globalization a single religion of "Market" has grown as if it were a zombi out of tombs of an good old capitalism with common sense. Labor movement and capitalism are no longer good rivals nor co-operator.

Did we make something wrong? If so, when and how? If not so, is the present unhappy situations a necessary result of capitalist development? Why so? We must reconsider the history of capitalism because we have no other choice than co-existence with capitalism at present. There is neither ideas of socialism nor dreams for voluntary associations.

In place of conclusion: unsolved problem

Is our view of the first globalization too optimistic? Sure, there might be a kind of Leninist criticism upon our perspectives that there could be given a solution of "hardships amidst prosperity" by the international labor movement prior to the First World War, and therefore the War could be avoided in its bud. That is, "the organized male workers in the first globalization indulged themselves in an ease at the sacrifice of non-organized labor including unskilled, child, female and colonial workers. Therefore the international labor movement was a mere product of imperialism, and organized male workers were the very "labor aristocrats"".

Such Leninist criticism sounds in harmony with neo-liberalist creeds for us after observing what is the second globalization. At present there are officially neither colonialism nor discrimination...
both sexual and racial. Everyone can enter every labor market, and only free market function shall adjust everything most efficiently. The best way is to entrust yourselves with market mechanism, concretely international supply chain built by international capital. Universal market function should be much better than cartel, restriction of supply and creepy discrimination of female, child and colonial workers under the notion of "protection of the weak" and "elimination of the unqualified workers". Might the first globalisation be polluted and corrupted by lots of colonialisms and discriminations, and that is why such erroneous notion as cartel or workers combination prevailed among western "civilized" people?²

So how is the situation under the second globalisation where everything is deemed universally treated without discrimination and limitation? In the "neo (=not official) colonialist" world, and concealed discrimination, everyone can officially and formally go to everywhere, and get any job, but she or he is in fact exploited by and under the reckless global capitalism.

Of course there is no, or very little opportunity and possibility for socialist regime at present as everyone knows. So there is no way to choose to live in and with capitalist world. If so, we had better choose to live in peaceful world, abstaining mutual-nationalistic attack and "custom wars", and protecting ourselves by restricting labor supply, however neither global capital nor national governments can do with overproduction and overcompetition. That would be much more clever than endless competition in 100% free (only for capitalist beast) market. What we can and should pursue is socialism nor dogmatic "Free Market Economy", but a bit better capitalism than present one, in which it may be a bit comfortable for all workers.

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² I don't think it is productive if one argues anti-discriminatively and "post colonialistically" that the international labor movement in the first globalisation could not include female, child, and colonial workers, and therefore that movement is ineffective and worthless. What historian should do is to re-construct and understand coolly the reason why that movement did not treat female, child and colonial workers as fully able agent. Contrary to such non-universal movement, if every job is open to everyone, and the market mechanism leads to enlarge supply chains to countries under lower conditions, and to introduce cheap foreign workers under lower condition, therefore every worker are not happy, such universality should be checked by workers side, particularly by workers combination in developed countries as their duty, as the universality is only beneficial to management, not human beings.