Labor's New Internationalism

Jay Mazur

THE SEATTLE MESSAGE

THE FERVENT PROTESTS that accompanied the World Trade Organization (WTO) meeting in Seattle last November showed just how urgent the issues of globalization and trade are to working Americans. Joining with environmentalists, consumer advocates, and human rights activists, the labor movement's message from Seattle could not have been clearer: The era of trade negotiations conducted by sheltered elites balancing competing commercial interests behind closed doors is over. Globalization has reached a turning point. The future is a contested terrain of very public choices that will shape the world economy of the 21st century. The forces behind global economic change—which exalt deregulation, cater to corporations, undermine social structures, and ignore popular concerns—cannot be sustained. Globalization is leaving perilous instability and rising inequality in its wake. It is hurting too many and helping too few. As President Clinton himself has said, if the global market is to survive, it must work for working families. A first step toward that goal is building labor rights, environmental protection, and social standards into trade accords and the protocols of international financial institutions—and enforcing them with the same vigor now reserved for property rights.

These concerns of the labor movement are often caricatured as protectionist, parochial, and out of touch with the realities of the global

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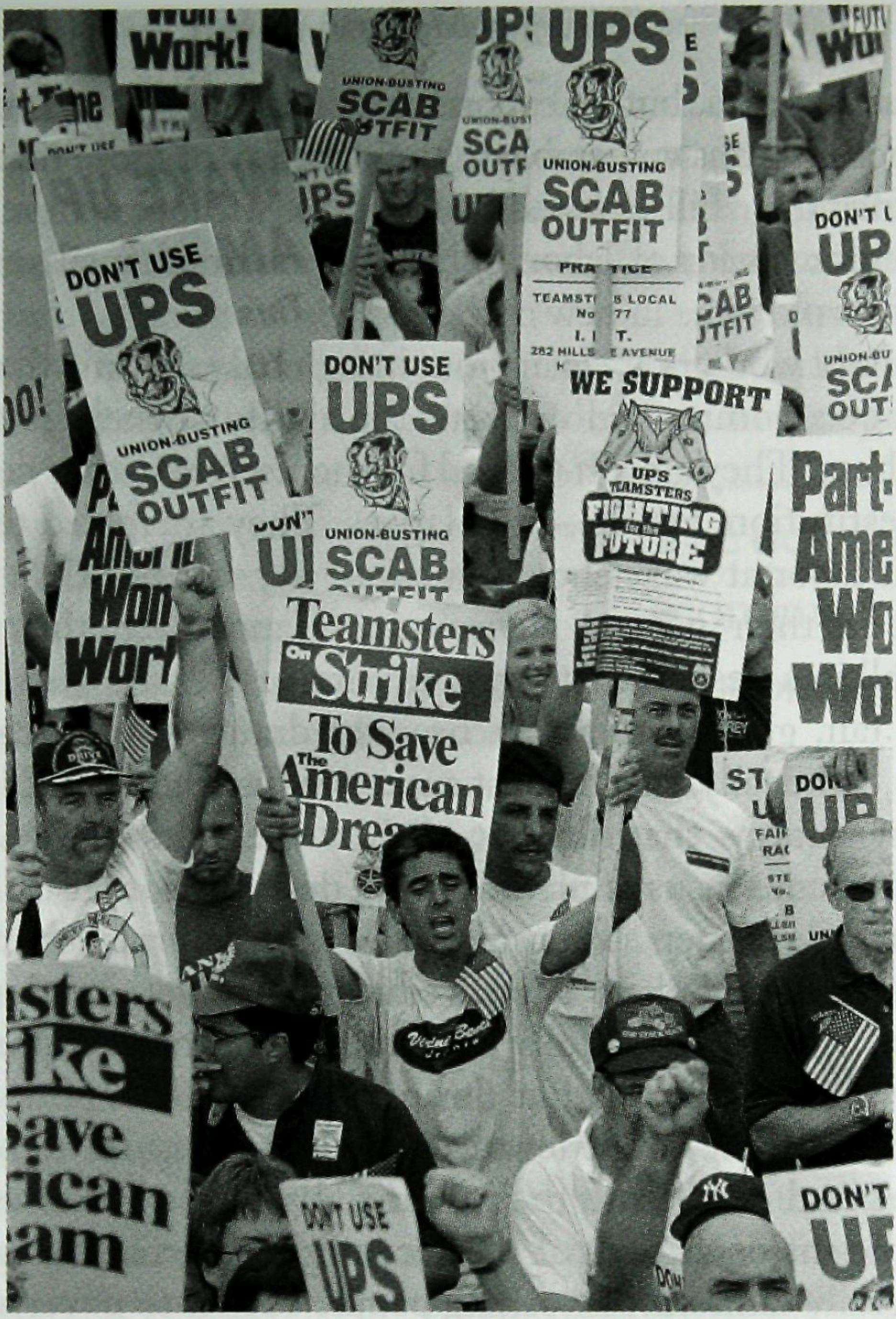
economy. This is a dangerous misreading of the labor movement's position. Confusing labor's concerns over fairness with rising isolationism in America and abroad will only hinder the adoption of the reforms needed. Trade policies that ignore the rights and needs of workers move the world backward, not forward. The cacophonous voices in the streets of Seattle represented tomorrow's challenge, not yesterday's nostalgia. They imagined a world in which prosperity is shared by those who produce it, in which nations treat each other, the earth, and its people with dignity and respect. The protesters demanded accountability for the powerful and a voice for the voiceless. Such idealism has a practical effect. Shared prosperity increases the purchasing power of workers, creating new demand to absorb the excess capacity that now depresses global markets. The fragile institutions of the emerging global economy will therefore be braced by the democratic tonic that gives working people a place at the economic and political table. In the words of John Gray, former adviser to Margaret Thatcher, the global market and free trade are not natural phenomena but creatures of state power, "an end product of social engineering and unyielding political will." Inevitably, the effort to enforce such a system engenders a democratic response.

THE DARK SIDE OF GLOBALIZATION

Tragically, too many working people are losing out in the new world economic order. The most recent U.N. Development Report documents how globalization has dramatically increased inequality between and within nations, even as it connects people as never before. A world in which the assets of the 200 richest people are greater than the combined income of the more than 2 billion people at the other end of the economic ladder should give everyone pause. Such islands of concentrated wealth in a sea of misery have historically been a prelude to upheaval.

The benefits of the global economy are reaped disproportionately by the handful of countries and companies that set rules and shape markets. The vast majority of trade and investment takes place between industrial nations, dominated by global corporations that control a third of world exports. Of the 100 largest economies in the world, 51 are corporations. Private financial flows have long since surpassed



AP/WIDE WORLD PHOTOS

One strike and you're out: UPS employees rally in Jersey City, New Jersey, August 1997

public-development aid and remain remarkably concentrated; 80 percent of foreign direct investment in developing and transition economies in the 1990s went to just 20 countries, much of it to China.

Increased trade has not resulted in anything near uniform growth. Only 33 countries managed to sustain 3 percent annual GDP growth on a per capita basis between 1980 and 1996; in 59 countries, per capita GDP declined. Eighty countries have lower per capita incomes today than they did a decade or more ago. And contrary to conventional wisdom, those left behind are often the most integrated into global trade. For example, sub-Saharan Africa has a higher export-to-GDP ratio than Latin America, but its exports are mainly primary commodities, leaving those nations vulnerable to the volatility of those markets. The recent Africa trade bill—passed by Congress without debt relief provisions or enforcement of labor rights and environmental standards—merely offers old wine in new bottles.

Millions of workers are losing out in a global economy that disrupts traditional economies and weakens the ability of their governments to assist them. They are left to fend for themselves within failed states against destitution, famine, and plagues. They are forced to migrate, offer their labor at wages below subsistence, sacrifice their children, and cash in their natural environments and often their personal health—all in a desperate struggle to survive.

To be fair, globalization has brought dramatic benefits in some countries. Ironically, the greatest successes have been in East Asia—those very nations that did not play by the rules of the so-called Washington consensus of privatization, deregulation, fiscal austerity, and lower trade barriers. Many of those countries protected their markets, redistributed land, invested in education, targeted and subsidized their exports, and purposefully ran mercantilist trade surpluses, all of which Washington winked at during the Cold War. But in recent years, most of these countries succumbed to pressures to open their economies and deregulate their financial systems. As a result, they became the major victims of the recent global economic crisis that thrust literally millions of working people back into poverty. As Paul Krugman, the MIT economist, concluded in *The Return of Depression Economics,* these Asian economies were vulnerable not because of crony capitalism but because "they had opened up their financial markets, because they had, in fact, become better free market economies, not worse."

The last financial crisis was unusual only in its severity and scope. As the World Bank's former chief economist, Joseph Stiglitz, has noted, the deregulated global economy has produced a "boom in busts"—financial crises of increasing depth and regularity. Whereas speculators are often bailed out, workers are not. Education and health budgets are slashed to pay off debts. Children are taken from school. Millions lose their jobs. Real wages fall sharply. Families break up. Social unrest, crime, and violence increase. In short, macroeconomic data can tick upward, but working families suffer the effects for years. Poverty and desperation still haunt Thailand, Indonesia, and South Korea today even as foreign capital returns to those markets. Mexico's economy may have recovered from its 1996 crash, but many small business owners remain ruined. Mexican workers have lost 25 percent of their purchasing power since the 1994 North American Free Trade Agreement. The very remedies that the International Monetary Fund prescribes to nations in crisis—devaluation, austerity, cutbacks in social services to entice foreign speculators by increasing imports—ensure that workers, domestic producers, and peasants pay for a crisis they did not create.

> The deregulated global economy has produced a "boom in busts."

One lasting effect of recurrent financial instability has been slower economic growth. The volatility of speculative capital flows encourages caution, leading governments to enforce stricter fiscal and monetary policies. As a result, as the economists John Eatwell and Lance Taylor have shown, the last 25 years of deregulation have been accompanied by slower rates of growth in both industrial and developing countries. For working people, slow growth translates into increased unemployment and underemployment, stagnant wages, and growing insecurity.

The results across the globe sharply contrast with the rosy picture painted by globalization's promoters. As millions of people move from countryside to cities, from peasant villages into informal sectors of urban economies, the standard of living has risen dramatically in a few countries. But the World Bank also reports that 200 million more people this year are living in absolute poverty (on less than $1 a day) than in 1987—a remarkable figure given the relative success of the Chinese economy. In much of Latin America, the lost decade of the 1980s has been followed by the stagnation of the 1990s. In much of Africa, debt, destitution, and disease continue to block development. Russia, once an industrial nation, has been reduced to bartering. China, the eternal next great market, has been caught in a deflationary spiral for two years.

Even in the industrial nations, which benefit the most from the global economy, the record is mixed. Japan is still struggling to emerge from a decade of stagnation. Europe suffers from slow growth, chronic unemployment, and downward pressure on wages and working conditions. In the United States, after the longest period of continued growth since the 1960s, relative wages still have not recovered the ground lost over the last decades. Wage inequality has hit levels not witnessed since the Gilded Age of the 1890s, with the average CEO now earning 416 times more than a worker. Fewer workers have adequate health insurance and pensions. People find themselves working longer hours, with less job security, and running harder to stand still.

In global terms, this mix of rising inequality, slow growth, and falling or stagnant wages increases excess capacity in industry after industry, across the globe. Workers are not making enough to buy the products that they produce. Even Federal Reserve Chair Alan Greenspan worried aloud about the threat of deflation as the Asian crisis threatened to spread around the world.

These problems stem from the top. As the World Bank's Stiglitz has noted, the Washington consensus on globalization does not concern itself with inequality or "externalities" like environmental damage, child labor abuses, or hazardous workplaces. The rules-based system developed in global trade rounds—developed largely by and for multinational corporations—requires countries to rewrite commercial codes, uproot traditional ways of farming, and protect copyrights. But the system takes no responsibility for the human costs of these policies.

Now enforced by the WTO, these rules not only avoid responsibility for the impact of these disruptive policies on workers and the environment, they also frustrate national and local efforts to legislate and live by deeply rooted social values. The citizens of Massachusetts are told they cannot prohibit their state government from contracting with companies that do business with Burma's brutal dictators. Workers watch helplessly as their well-paying jobs are given to other workers forced to live on wages that lock them in misery. Laws for cleaner gasoline are struck down as discriminatory. Regulations to protect endangered species are declared to be restraints on trade. In this democratic age, the legitimacy of any modern economic system should be measured by the quality of life afforded the many, not by the license provided the few. For working people everywhere, these realities have produced a growing reaction against the terms and conditions of the global order.

A WHOLE NEW WORLD

NOT SURPRISINGLY, unions have found themselves at the forefront of the challenge posed by globalization. They have always operated across borders; their ideological roots—and much of their early membership—grew out of the internationalist perspective of the European labor movement of the last century. When American corporations were still huddling behind tariff barriers, workers were organizing international associations based on the principles of solidarity and social justice. These values have constantly drawn unions into the global arena over the great issues of war and peace, democracy and despotism. And this century's history has demonstrated that the correlation between strong, independent unions and authentic democracy is not accidental—a lesson with the utmost relevance for the unfolding debate over the rules of the new global economy.

Organized labor has perhaps been slow in reacting to globalization. After World War II, the social-democratic compromises struck in different industrial nations emphasized full employment and a social contract. For 25 years, companies and workers grew prosperous together. Trade had relatively little impact on economies—and when it did, exports provided a source of jobs. Only a few particularly vulnerable industries were disrupted by imports. Meanwhile, the international role of the labor movement was more geopolitical than industrial; during the Cold War, the AFL-CIO defined its international mission mainly through the prism of anticommunism. The principal structures of the international labor movement, the International Confederation of Free Trade Unions (ICFTU), and even the industrially based international trade secretariats were all seen as instruments in the bipolar struggle against communism, enjoying active government support. Strong, independent unions were seen as vital in strengthening democracy and distributing the benefits of prosperity to ensure that workers felt they had a stake in market economies.

The collapse of the Soviet Union changed government perspectives toward labor. Unions have been viewed as less politically relevant and obstacles to corporate interests. A broad ideological offensive by corporations has portrayed unions as outmoded relics of a bygone age. But as big business has gone global and wages an increasingly aggressive assault on unions, the labor movement has become more, not less, internationalist. Virtually every major industrial dispute in the United States now has an international dimension. Not only do companies use the threat of moving abroad to trump workers' wage and benefit demands, but companies themselves are often foreign firms. A third of the members of the million-member United Food and Commercial Workers union, for example, are employed by non-U.S. companies. As corporate mergers and alliances accelerate the global integration of capital, more unions find themselves in a similar situation.

In response, unions have to reach across borders to forge the same kind of strategic international links among workers and their allies that corporations have formed in shaping the new economy—and are increasingly linked by the same modern communications technologies that corporations have deployed so effectively to exploit their own mobility. A poll of AFL-CIO unions a few years ago found that two-thirds were engaged in international activity as a necessary extension of their normal organizing and bargaining; 87 percent said they needed to do even more on the global scene.

Not so long ago, a major union's international activity could be carried out by a single person who might even have had other organizational responsibilities. This is no longer possible. The most advanced unions now involve many of their departments—organizing, research, political action, public relations, education, legal, health and safety, and corporate affairs—in diverse strategies. In turn, these strategies forge effective links with overseas partners, coordinate industrial actions, lobby governments, take legal action, and simultaneously publicize all this activity in more than one country. International-trade secretariats, headquartered in Europe, link unions from different countries in the same industry and play a critical role.

THE POWER OF POSITIVE LINKING

IN DEALING with management, today's unions understand that they must have an accurate picture of the company's entire global structure to pressure effectively its vulnerable points and establish links with workers and unions around the world. One especially dramatic example of this strategy was the 1997 United Parcel Service (UPS) strike, involving

185,000 members of the International Brotherhood of Teamsters. The strike was settled after two weeks on terms considered favorable to the union; many saw it as a sign of labor's renewed vigor.

The strike succeeded through preparation by Teamsters members at UPS, who mobilized across America and effectively campaigned to gain public support. But international solidarity also played a critical role. As the dominant firm in the U.S. courier market, UPS could have endured a long national strike. But the Teamsters knew that UPS was fighting stiff competition in Europe and made breaking into that market a high priority. Europe was the vulnerable point in the company's global structure—and there they struck.

In mapping this strategy, the Teamsters relied on a broad international support network that they had built up over many months. A year before the strike, the Teamsters had formed a World Council of UPS unions with help from the International Transport Workers Federation. Communications were established between UPS unions, and a series of meetings was held with union representatives from the United Kingdom, France, the Netherlands, Belgium, Italy, Spain, Canada, Germany, Brazil, Ireland, and the United States. No two unions had exactly the same relationship with the company. Many represented UPS workers; others were trying to organize them; still others represented workers at competing firms who would suffer if UPS succeeded in undercutting industry standards. Some enjoyed a relatively good relationship with their employers, others not. The degrees of leverage and militancy varied from country to country. Activities restricted in some countries were allowed in others. Such are some of the extraordinary complications involved in organizing workers globally. But the unions identified enough common ground that the council could hammer out a set of demands for a UPS World Action Day in the spring of 1997, calling a meeting in Washington, D.C., that coincided with the final stages of the Teamsters' negotiations with UPS.

Representatives from UPS looking across the table at the Teamsters' "guests" from around the world realized that the damage from this strike could not be contained within the United States. On UPS World Action Day, the company was hit with more than 150 job actions or demonstrations worldwide, including work stoppages in Italy and Spain. Major European customers began questioning the company's reliability. The credible threat that this strike could spread and undermine a crucial element in the company's business strategy was reinforced by escalating solidarity actions. The day after the company learned that a French transport-workers union planned to close UPS operations at Paris' Orly Airport, the strike was settled—in no small part, according to union negotiators, due to this unprecedented international campaign.

The difficulty in organizing a campaign on this scale cannot be underestimated, but neither can the results. Most unions now understand that they must match the mobility and agility of employers in the global economy. And workers understand that conditions abroad clearly affect their prospects at home.

True, some industries—like time-sensitive transportation companies—are more susceptible than others to this type of campaign. But all corporate structures have points of vulnerability, and unions are becoming increasingly effective in identifying them. Linked by computer, phone, and fax, sharing research and planning, energized by periodic face-to-face contact, and working with an increasingly active and sophisticated base of more than 150 million organized workers worldwide, the labor movement is inexorably bringing its force to bear on the global economy.

Picket lines of major strikes now almost routinely radiate internationally. Teamsters in Atlanta, steelworkers in South Carolina, and hotel workers in California get help from unions in Europe, Japan, and South Africa. Requests for solidarity actions flow in all directions—if not with the velocity of currency transactions, then with equal urgency and perhaps more staying power. Corporations are also discovering that when they sit down to bargain with a union, they may look across the table at representatives of workers from more than one country. This now happens in many industries, from low-tech companies producing pickles in Mexico and Michigan to multinational communications giants in the United States, Canada, and the United Kingdom.

THE RACE TO THE BOTTOM

GLOBALIZATION is most destructive in countries where independent unions do not exist and organizing is suppressed. Many developing countries market their export-processing zones as union-free to attract investment; the sweatshop *maquilla* factories in Central America are only one example. A recent International Labor Organization (ILO) study of 850 of these zones around the world, which employ 27 million workers, found that free trade unions and minimum labor standards are "extremely rare." This enormous mass of unorganized workers poses the central challenge to the international labor movement. Although many of these workers are concentrated in the so-called developing world, millions of others live and work in industrialized countries. They are the human beings quantified by the U.N. statistics cited earlier, victims of the growing inequality in the global economy. Without the ability to organize, bargain collectively, or strike, these workers are caught in what globalization looks like to an awful lot of people: a race to the bottom. It will not end until policymakers recognize that no nation is too poor to enforce the basic human rights of its workers.

Faced with masses of unorganized workers across the world, unions find themselves harking back to an old strategy in the apparel industry: "following the work." After workers organized unions in New York City in the 1920s, manufacturers shifted work across the Hudson River to New Jersey, into the "foreign zones" (as any place outside of New York's garment district was then called) in search of cheaper and more compliant labor. The union responded by following the firms and organizing workers there. When the companies moved on to Philadelphia and the Midwest, the union followed again, but it also realized that basic national standards were needed to put a floor underneath workers. Many other unions soon reached the same conclusion, uniting to campaign hard for what became the Fair Labor Standards Act in 1938, setting hours, conditions, and a minimum wage for the new national economy. This combination of dynamic organizing and national legal standards created a powerful labor movement that raised the standard of living for millions of working families and bolstered the ideals of American democracy.

In recent years, as the corporate descendants of these employers have taken the next step and moved production halfway around the world, it first seemed that they had dropped off the face of the earth. But pitting American workers against their counterparts abroad, who are forced to live at the very margins of human existence, gradually made itself apparent in lowered wages and standards at home. The dismal working conditions in Asia and Central America set the standards for the notorious sweatshop discovered in El Monte, California, in 1995. Unions once more had to learn to follow the work—and to campaign for core labor rights and standards everywhere to ensure that the global rules were respected at home and abroad.

UNITE, for example, has worked closely with its trade secretariat, the International Textile, Garment, and Leather Workers Federation, over the past five years to help organize the half-million apparel workers in Central America and the Caribbean. Although political boundaries divide these workers from those in Mexico, the United States, and Canada, the trade agreements underpinning globalization in the region—as well as the outsourcing strategies of the large U.S. manufacturers and retailers—have in effect created a unitary and contiguous regional labor market in these industries of some two million workers.

Because workers in this market's southern tier are systematically denied the right to organize and bargain collectively, their wages are artificially suppressed to about one-tenth of those in the industry's organized sectors in the North. Not surprisingly, most of these workers live below the official poverty lines of their own countries. Abysmal standards are driving down wages and conditions of workers throughout the industry. So just as unions had to "follow the work" across the Hudson River in the 1930s, they have been forced to follow the work across the southern U.S. border in the 1990s, supporting the labor movement in neighboring countries, training organizers, coordinating campaigns, lobbying governments to enforce their laws, and appealing to the American people's sense of fairness and social justice.

Progress has been slow but real. Unions and human rights groups have exposed shameful working conditions for women and children. Thousands of workers throughout Latin America have built and joined unions that did not exist a few years ago. Multinational corporations are being forced to accept responsibility, at least verbally, for working conditions in their vast global production chains. Governments feel the heat from citizens demanding corrective action, and companies from consumers. Firms such as Nike and celebrities such as Kathie Lee Gifford have discovered this reality.

At least half the clothes purchased by Americans are still made in sweatshops at home and abroad. Companies like to say that consumers do not care about anything except a good bargain, but polls show that people are willing to pay more if they can be assured that their clothes were not made in sweatshops. Meanwhile, a new generation of student activists has joined the labor movement in the war against sweatshops. Churches have passed resolutions and distributed flyers to parishioners. City councils and state legislatures have prohibited the purchase of sweatshop goods. A social movement of potentially tremendous force has begun to gather that can affect the bottom line and the laws of the land.

A SEAT AT THE TABLE

FOR YEARS governments ignored demands to include labor and environmental rights in trade agreements, confident that there was no political cost in doing so. This is now changing. Unions are forging new alliances with environmentalists, human rights groups, and religious and consumer activists. Perhaps the most stunning demonstration of this alliance's political force was Congress' rejection last year of "fast-track" trade authority for President Clinton—not once but three times over the last two years. This new alliance insists that any trade-negotiating authority include labor rights and environmental protections as conditions for opening trade. Most of the House of Representatives now supports that position. Certainly a majority of the public does, including most voters in both parties.[1] The blocking of "fast track" made it

[1] A 1996 Wirthlin Worldwide poll found the American public favored workers' rights and environmental issues in trade agreements by an overwhelming 73 to 21 percent. In a 1997 Peter Hart poll for the AFL-CIO, 72 percent of respondents said that it was very important to include labor and environmental standards in trade agreements, as well as food-safety standards (97 percent), workplace health and safety standards (94 percent), laws against child labor (93 percent), the freedom to strike (92 percent), a minimum wage (81 percent), and the right to form unions (78 percent).

clear that representatives of this new popular movement must have a seat at the table.

The debate over "fast track" and trade in general can no longer be portrayed as an argument between free trade and protectionism. The demand for enforceable labor rights in global trading accords, built into conditions of the international financial institutions and enacted into U.S. trade agreements and laws, is not an effort to build walls against the global economy. It is an effort to build rules into it, and a floor under it, to lift wages and conditions up rather than drive them down.

Fortunately, there is much agreement already over the substance of core labor rights. Last year, business, labor, and government representatives from 173 nations reaffirmed core labor standards as fundamental human rights, including freedom of association and the right to organize and bargain collectively. They also called for the elimination of forced labor, child labor, and employment-related discrimination. Virtually every independent labor federation has endorsed the ICFTU's call for building labor rights into the global trading system. The divide is not between North and South; it is between workers everywhere and the great concentrations of capital and the governments they dominate.

Enforcing core labor rights does not guarantee working conditions. But it does empower workers to act collectively—a right they have theoretically enjoyed for at least 50 years. It is time to enforce that right. When workers can join independent unions, they vastly increase their chances of lifting themselves and their families out of poverty and making their concerns felt in legislatures too often dominated by private interests. In addition, wealth and income tend to be spread more widely and economic demand better sustained, while speculative booms and busts tend to be more limited.

After Seattle, the demand for labor rights and other social standards can no longer be ignored. If the WTO and other institutions cannot accommodate those demands, it is they who will be weakened, not the movement to fix the system. Attention will turn to national and local politics, opposition to trading accords will build, and support for protection and subsidy will increase. Companies will find themselves increasingly vulnerable to exposure and embarrassment, to consumer boycotts and worker protests. Citizens will insist that their food be protected, their air not be poisoned, their water not be fouled. Human rights activists will demand sanctions against barbarous regimes. Workers will demand recourse. The failure to heed them will feed the dangerous new strains of isolationism rising throughout the world.

The labor movement is deeply committed to this struggle for reform and the construction of a new internationalism. It is a struggle that takes place at the plant gate, in local and national legislatures, and in international negotiations. The stew of national and international laws and institutions that emerges will not be smooth or bland. But the recent transformation of the world economy has not been matched by changes in political institutions. Workers, social activists, and ordinary citizens are now beginning to demand and mobilize for those changes. Future generations will surely have difficulty comprehending why today's leaders were debating not how to implement these reforms but whether or not they were even worthy of consideration.