

Audacious Democracy

Labor, Intellectuals, and the
Social Reconstruction of America

Edited by
Steven Fraser and Joshua B. Freeman



A MARINER ORIGINAL
HOUGHTON MIFFLIN COMPANY
Boston • New York 1997

Globalization and the American Labor Movement

Ron Blackwell

IT IS commonly observed that, among the challenges to the American labor movement in the late twentieth century, none is more serious than the globalization of economic activity.

The term *globalization* carries so many meanings, however, that it serves only poorly to explain the complex changes under way in the world economy. To some, globalization means international trade, and increasing globalization means increasing trade. No doubt international trade is an important dimension of globalization and has expanded rapidly over the past two decades, more rapidly than economic activity in general. Indeed, as a result of increasing trade, the United States economy is twice as open as it was in 1979, as measured by the proportion of Gross Domestic Product represented by imports plus exports.

Together with this increase in trade came the loss of millions of jobs in United States industries that compete with imports. This loss of jobs occurred first in apparel in the late 1960s, followed quickly in electronics, steel, auto, and now virtually all manufacturing industries.

Of course, exports also grew, but not by nearly enough to balance ballooning imports. As a result, the United States experienced a traumatic deterioration in its international trade balance. A series of trade deficits of historic magnitude, particularly after the ap-

preciation of the dollar in the early 1980s, transformed the United States from the world's largest creditor nation into the world's largest debtor.

Massive job loss to imports produced a powerful protectionist reaction among unions attempting to stanch the hemorrhaging of jobs and members. Important battles over imports in specific industries were won — most notably with the establishment of the managed trade Multifiber Agreement in the apparel and textile industries. Nevertheless, the labor movement's efforts to meet the challenge of globalization on the international trade front alone are not succeeding. Such trade continues to grow at a faster rate than the entire economy, and as a result, our economy is increasingly open. The rules of international trade and investment, as they affect the interests of capital and the concerns of workers, are more and more unbalanced.

As the United States registers trade deficits of \$100 billion a year, administration economists continue to extol exports as the leading source of jobs for tomorrow's American workers. They lecture working Americans on the necessity to improve their skills as the only way to adapt to the inexorable logic of the global economy. Indeed, the United States trade representatives propose to extend the North American Free Trade Agreement to Chile and other countries in Latin America, push the pace on an Asian regional free trade agreement, and prepare to support China's efforts to join the World Trade Organization.

Meanwhile, many of the protectionist alliances between industry and labor have weakened as more companies, even entire industries, have embraced the new global reality and abandoned commitments to their American employees, to the communities in which they were founded and grew, and to the national economy.

Increasingly isolated and embattled on the trade front, many in the labor movement have come to understand that international trade is only one dimension of globalization and, in any case, is not the source of the serious challenge posed to the American labor movement by globalization.

In fact, globalization has at least three fundamental aspects. The

first is the international movement of goods and services — trade. The second is the international movement of capital — investment. And the third is the international movement of people — immigration.

These three forms — trade, investment, and immigration — are weaving together the economies of the world, meshing the fortunes of the world's workers and all the world's people. To understand and answer the complex challenge of globalization, the labor movement must understand trade, investment, and immigration as distinct issues — and also as related aspects of a much larger reality.

Understanding globalization also requires that we inquire more deeply into its causes. Conventional wisdom holds that the driving force of globalization is technological — the innovations in information, communication, and transportation technologies symbolized so powerfully by the role of the computer in modern life. While these technologies are essential to globalization, by making possible the organization of economic activity over great distances, they are not its driving cause.

So what is the ultimate cause of globalization in all its forms, the force that propels the international movement of goods, capital, and people, that develops and harnesses new information, communications, and transportation technologies for its own ends? It is the modern corporation — especially the multinational corporation — that is coming to dominate much of the world's economic activity. To understand and address the challenge of globalization, we must develop effective means of responding to the multinational corporation.

At the end of the Cold War and at the edge of the new millennium, the modern corporation stands as the most important and powerful institution in the world. It is the most important because the private corporation controls the productive processes of world civilization, particularly with the collapse of communist and socialist alternatives. It is the most powerful not only because of its size and enormous resources but also because no other institution can equal the reach of its activities or serve as a counterweight to its

influence, economically, socially, or politically. Many governments cannot command the resources of the largest corporations, and no government can exercise its sovereign authority without considering the reaction of the world's largest corporations.

As corporations internationalize their operations, they are redefining the operation of the world economy. No longer do the largest corporations compete in national markets under rules of local and national governments to ensure that the results of competition are fair and the benefits widely and equitably distributed. Multinational corporations internationalize their operations, and particularly their productive processes, to gain access to new markets, to obtain resources unavailable at home, and to hire workers at a fraction of the cost of employees in the United States. This last motivation — low wages — poses the most serious challenge to the American labor movement, as corporations scour the globe in search of the most impoverished and oppressed workers to exploit.

Whether their motivation is markets, resources, or exploitable labor, the capacity of multinational corporations to operate internationally expands their bargaining power, at the expense of workers, unions, and national governments. It is this dual shift of power — from workers to their employers and from governments to corporations — that poses the fundamental challenge of globalization. Without countervailing power from other social forces or effective governmental regulation, there is no way to make private corporations fulfill their public responsibility to provide the widely shared economic opportunity necessary to maintain stable societies and support democratic political systems.

Without effective regulation, corporations pursue profit with no regard for the wider social or environmental impact of their activities. Rather than pursue high-road competitive strategies that benefit society while building successful businesses, corporations choose, or are forced, to travel the low road — enriching their shareholders and chief executive officers, at least in the short term, but leaving everyone else behind. Unchecked and unaccountable corporate power is shunting the entire world economy onto the low road,

benefiting a privileged few as never before and forcing the majority of the world's people to accept lower living standards. As we say at the AFL-CIO, where once as a society we grew together, today we are growing apart — economically, socially, and politically.

Working Americans, along with working people throughout the world, have suffered from the complex processes of globalization. The source of these problems, however, is not globalization itself but the irresponsible actions of corporations in regard to workers, unions and other social movements, and to governments as they pursue competitive strategies that, even when successful, benefit only a minority. The problem for workers is not international trade, nor international investment, nor immigration. The real problem is that these international movements are driven by powerful private corporations that, operating internationally, are intent on enhancing their own power and pursuing competitive strategies that, when they succeed, do so at the expense of the rest of society and the natural environment.

The challenge to the American labor movement is not to stop globalization but to restore a balance of power between workers and their employers and to make corporations accountable again to government and the people. The challenge today recalls the challenge at the end of the last century in the United States, when national markets were forming and previously local businesses were "nationalizing" their operations. Then, as now, the geographical range of emerging national corporations grew beyond the authority of state and local governments. Then, as now, bargaining power shifted from employees and from government to private corporations that had the option to locate elsewhere. Then, as now, corporations used their power to redistribute income from employees and the public at large to the benefit of a small corporate elite.

These problems spawned movements aimed at restraining corporate power and easing social and economic inequalities. At the end of the last century, the Populists gave voice to agrarian anger at the new economic order. By the turn of the century, the Progressive movement, with strong support from the middle class, promoted

initiatives to regulate corporations, taking aim at the trusts and unfair or unsafe business practices. But not until the 1930s, with the growth of industrial unions and the emergence of the New Deal, did institutions such as the modern labor movement and an activist national government prove capable of protecting workers and consumers against corporate power.

Today, the situation is similar to that of the last century. In order to defend ordinary people against multinational corporations, we need to do more than rebuild the American labor movement and renew our government's capacity to promote corporate responsibility and assist working people. We must also build international solidarity with working people and their unions around the world and create international mechanisms for regulating multinational corporations and defending workers' rights. Now, as in earlier eras of reform, the labor movement and other social movements must work together to balance the power of corporations that, because of their mobility, have escaped the reach of public authority and are pursuing their private objectives at the expense of the rest of society.

But there are ways in which our labor movement and workers and their unions around the world can and must take the lead. In the remainder of this essay, I will briefly present three case studies of campaigns in which American labor has responded to the challenges of international trade, international investment, and immigration.

Defending the Rights of Workers to Organize in the Global Economy: The Gap

There is no industry more trade sensitive than apparel. Over half of all apparel sold in the United States is produced abroad, much of it in so-called free trade zones in the developing world. Over 60 percent of all apparel produced for export in the developing world is imported into the United States. Millions of textile and apparel workers in this country have lost their jobs as multinational companies moved operations overseas in search of cheap labor.

In the early part of the twentieth century, low-wage competition from the Southern states destroyed textile and apparel jobs in New England, the early home of these industries in the United States. Today, the challenge to jobs and wages comes from the "New South" surrounding the Caribbean — Mexico, Central America, and the Dominican Republic.

In the earlier period, the strategy of the unions — the ACTWU and the ILGWU — was threefold. First, the unions "followed the work" in these notoriously footloose industries and organized the new workers: the daughters of farmers in New Jersey, immigrant women in Philadelphia, or white and African-American women in the South. Second, the unions worked with employers when they could — or fought them when they had to — to compete with each other in ways that did not depend on exploitation and oppression. Production was formalized, and the piece rate (then a workplace advance) was established. Finally, the unions fought to change the rules of interstate commerce to take sweated labor out of competition. The Fair Labor Standards Act, which regulates minimum wages and conditions of work, covers only those goods which enter interstate commerce. A national minimum wage and other minimal labor standards limited the ability of states to compete among themselves by using substandard labor conditions to attract nationally mobile corporations.

A similar strategy to deal with work running away to the New South was adopted by these two unions at the merger convention called to establish a new union, UNITE, the Union of Needletrades, Industrial, and Textile Employees. Working with the National Labor Committee, UNITE introduced two young apparel workers from Honduras who were attempting to form a union in a plant producing apparel for the Gap, a major U.S. apparel retailer. These two workers were able to convey to UNITE members the reality of globalization in the apparel industry, the abominable conditions of free-trade-zone workers in the Caribbean, and the need for concerted action.

UNITE and the National Labor Committee launched a national

campaign focused on the Gap, demanding that it (1) recognize and accept responsibility for the conditions under which their clothes are produced; (2) remain in Honduras rather than flee, and correct the problems there of child labor, physical abuse, and suppression of unions; (3) translate and post the company's "code of conduct" with all its offshore contractors; (4) develop a system of independent monitors to ensure that the terms of its code are enforced.

The campaign spread across the United States and Canada and sent hundreds of delegations of workers, students, church members, and others to Gap stores to challenge the company at its most sensitive point — the stores where the company meets its customers. Like other apparel companies, the Gap — which is, in fact, among the more socially responsible apparel retailers — realized a serious contradiction in its business. The standards of competition in today's global apparel industry require companies to engage in labor practices that are obnoxious to its customers. When customers learn of these practices, the value of a brand name and the good will engendered by advertising and publicity efforts, which may have cost hundreds of millions of dollars, can all be destroyed. In this sense, exploitative practices are not just socially irresponsible; they are economically reckless.

The pressure brought to bear on the Gap by the campaign, which seemed to feed on its public relations efforts, finally convinced it to negotiate with the union and representatives of the religious and human rights community. Eventually, the company accepted all the campaign's demands: it remained in Honduras; it narrowed its base of international sourcing to fewer countries, allowing more responsible monitoring of labor conditions; it translated its corporate code into the languages of the workers who produce the clothing; it forced the Honduran contractor to rehire the workers fired in the local union's organizing drive; and, perhaps most important, it initiated the first system of independent monitoring in the United States apparel industry. Today, the Gap is among the leaders in the still early effort to reform the global apparel industry to once again "take oppression out of competition."

Defending Workers' Right to Strike at a Foreign-owned Company: Bridgestone/Firestone

In 1988, the Tokyo-based Bridgestone, Incorporated, the world's largest rubber company, acquired the United States-based Firestone Tire and Rubber Company.

Bridgestone initially cooperated with the union representing Firestone employees, the United Rubber Workers. But early in 1994, the company radically changed course, demanding massive contract concessions designed to give Bridgestone an unfair advantage over its competitors and to destroy the union. More than four thousand workers in four cities — Des Moines, Iowa; Noblesville, Indiana; Decatur, Illinois; and Oklahoma City, Oklahoma — were forced out on strike.

Soon after the strike began, Bridgestone/Firestone committed a series of unfair labor practices. It cut off accident and sickness benefits to sick and injured employees who never joined the strike and fired strikers for lawful picket-line conduct. In January 1995, the company announced that it was hiring "permanent replacements" for thousands of strikers. Eventually, the National Labor Relations Board issued a complaint against Bridgestone/Firestone, alleging that the strike was an unfair labor practice strike and that the company had unlawfully discharged over two thousand employees, whom it falsely claimed to have permanently replaced. The union declared an unconditional end to its strike in May 1995, but Bridgestone/Firestone refused to reinstate many of the strikers at the expense of the replacement workers.

Meanwhile, the United Rubber Workers had merged with the United Steelworkers of America (USWA). In response to the multinational corporation's assault on its employees, the USWA launched an international "Don't Buy" campaign against Bridgestone/Firestone products and services, a campaign aimed not only at individual consumers but at large purchasers as well — from auto companies and heavy-equipment manufacturers to state and local governments and school boards. Among the large purchasers that eventually refused to buy Bridgestone/Firestone tires were the Saturn Division of

General Motors, the cities of Atlanta, St. Louis, Minneapolis and St. Paul, and the government of Lake County, Indiana.

In May 1995, the union dramatized the campaign by disrupting Bridgestone/Firestone's marketing strategy for the Indy Car racing. The union used the theme of "black flagging" Bridgestone/Firestone — in auto racing, a black flag means immediate disqualification for a serious violation of the rules. The USWA first used the black flag theme on Memorial Day 1996, at both the Indianapolis 500 and the rival U.S. 500 race in Michigan. More than a thousand Steelworkers demonstrated on the day of the race in Indianapolis, distributing thousands of small black flags to race fans. And the slogan was also used in radio and newspaper advertisements in strike cities, Indianapolis, and New York.

Meanwhile, the union organized support for the strike throughout the world. On the weekend of July 12-14, 1996, the second anniversary of the strike, labor organizations on several continents rallied to the Bridgestone/Firestone workers' cause. In other expressions of global solidarity, unions held demonstrations in Japan, Turkey, Belgium, Spain, and Italy. In March 1996, a World Conference on Bridgestone was held in Nashville, with Bridgestone workers from fifteen countries supporting the American strikers' cause. And the USWA filed a complaint against Bridgestone/Firestone with a respected international body, the Paris-based Organization for Economic Cooperation and Development.

Facing pressure in the United States and throughout the world, Bridgestone/Firestone reached an agreement with the union in November 1995. In a major victory for the union, the agreement provided the first across-the-board raise in the tire industry since 1982 — and \$15 million worth of supplemental bonuses for illegally replaced striking workers. The striking workers ratified the agreement on December 12, 1996.

Defending Immigrant Workers: The Strawberry Campaign

California strawberry workers are an example of a severely exploited, mostly immigrant, and largely Latino workforce. They

work as stoop laborers under horrendous conditions, and many of them live with two and three other families in an apartment. Some live in cars and others in makeshift shacks. They work ten- and twelve-hour days, average only \$8000 a year, often are paid less than the minimum wage, and are cheated out of overtime and other benefits.

Their employers are 270 "growers" in the Central Coast of California. These are essentially intermediaries for the shipping and packing houses — "coolers" — that really control the workers' conditions. While the cooler doesn't employ the strawberry pickers, it has captive strawberry growers who get their plants from the cooler, are paid by the cooler, and have their product shipped and marketed by the cooler under the cooler's label. All in all, California strawberries are a \$600 million industry.

To help strawberry workers win a better deal, the AFL-CIO and the United Farm Workers have launched an ambitious organizing campaign. The goal is to put pressure on the strawberry industry through a combination of job actions, consumer support efforts, and corporate activity. A big part of this effort is a national consumer campaign to support the strawberry workers, with state and local central labor councils mobilizing union members, sympathetic organizations — including religious, civil rights, and political organizations — and the general public.

For instance, in New York City, the Central Labor Council hosted a coalition support meeting and press conference that included the Council of Churches, the Board of Rabbis, Catholic Charities, community and political leaders, and leaders of major unions. The City Council passed a resolution endorsing the campaign, as did the chief executive officer of Red Apple Supermarkets.

Just getting under way, the strawberry workers' campaign is an example of how the labor movement can reach out to Americans of good will and fight to improve conditions for immigrant workers. The campaign recalls successful organizing drives decades ago for earlier immigrants in other industries, and it is a model for future efforts to organize the new immigrant workforce.

The Gap campaign, the Bridgestone/Firestone strike, and the

strawberry workers' campaign are examples of how the labor movement can answer the challenges of trade, foreign investment, and immigration through direct action focused on the organizing and bargaining needs of the labor movement, directed at multinational employers, and employing creative nontraditional strategies.

The success of the labor movement's new strategies is constrained, however, by rules of international trade, investment, and immigration, which have been constructed to buttress the power of multinational employers in relation to workers internationally. Without exception, so-called free-trade agreements carefully protect the intellectual property rights of multinational corporations while ignoring the human rights and social and environmental concerns of workers.

Until trade and investment agreements condition international commerce on respect for the fundamental rights of workers — especially their collective rights to organize and bargain collectively — the power of multinational corporations with respect to workers will remain unbalanced, and the international organizing and bargaining efforts of unions will be limited. Therefore, to direct action internationally to achieve their organizing and bargaining objectives, unions must aggressively pursue a political strategy in every country to ensure that the international trade and investment agreements recognize the protection of human rights as an essential condition to participation in global trade and investment.

The combination of creative organizing, bargaining strategies, and political action to reform the trade, investment, and immigration regimes is the only route to restoring a balance of power both between multinational corporations and workers and between those same corporations and national governments. Only when such balance is achieved can the process of globalization be transformed from a race to the bottom into a campaign to lift the world's workers to the top. And only when globalization is changed in this way will it promise a more just and sustainable future for all people.