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Trade's Hidden Costs: Worker Rights in a Changing World Economy

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Abstract

[Excerpt] For decades, the U.S. foreign assistance program has sought with limited results to further economic development and growth in Third World countries. We have witnessed some countries making real progress toward development through industrialization, only to find more of their people trapped in hunger and poverty. Hopefully, it is apparent that for development to be effective, it must benefit the broadest sectors of the population within any society.

Why are worker rights crucial to the development process? The capacity to form unions and to bargain collectively to achieve higher wages and safer working conditions is essential to the overall struggle of working people everywhere to achieve minimally decent living standards and to overcome hunger and poverty. The denial of worker rights, especially in Third World countries, tends to perpetuate poverty, to limit the benefits of economic development and growth to narrow, privileged elites and to sow the seeds of social instability and political rebellion.

Keywords

labor, union organization, labor unions, labor movement, anti-unionism, developing world, labor rights, human rights

Comments

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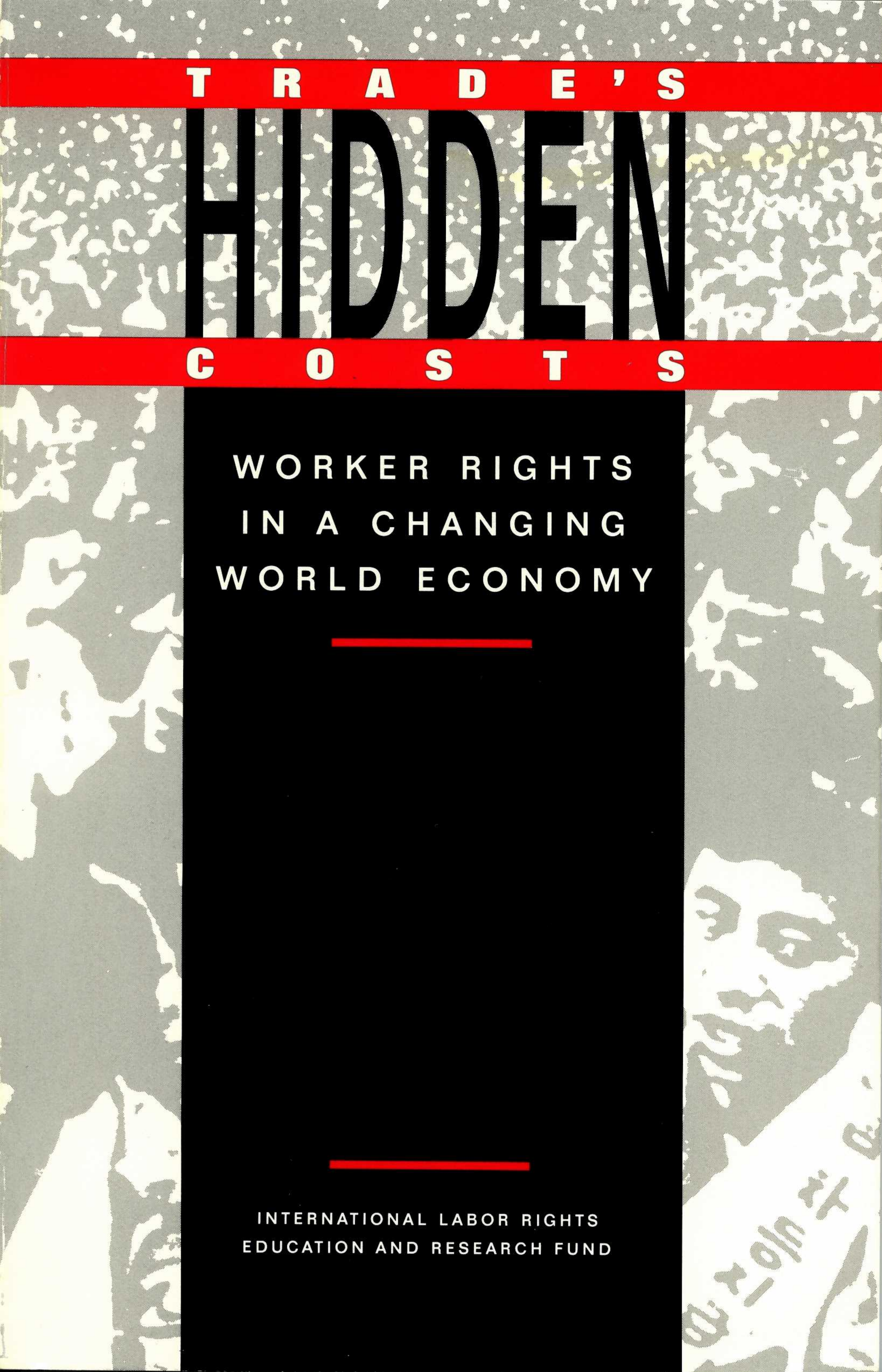

TRADE'S HIDDEN COSTS

WORKER RIGHTS IN A CHANGING WORLD ECONOMY

INTERNATIONAL LABOR RIGHTS EDUCATION AND RESEARCH FUND

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Acknowledgments

Under normal circumstances, writing a book by group process is a remarkable undertaking, which involves countless hours of discussion, drafting and debate. When that writing is part of a larger political effort, the task is even more daunting, yet ultimately more rewarding.

The idea to write *Trade's Hidden Costs* grew from the International Labor Rights Working Group, a network of individuals from the religious, human rights, labor, and international development communities unified in an effort to advance legislation to protect worker rights. The Group wanted a book that would explain the interconnections between trade and worker rights, and offer concerned persons with tools to get involved.

Since the drafting began, this same network of worker rights advocates has been instrumental in the establishment of the International Labor Rights Education and Research Fund to reach out nationally and internationally on this issue. This book is part of that educational effort. We encourage readers to write to the Fund's executive director, Bill Goold, and get involved in its activities.

Many people contributed to the publication this book and to the launching of the Fund. We thank them for all their help. Several read the entire text, some more than once, and gave careful comments: Pharis Harvey, Steve Beckman, Lee Price, Katherine Sciacchitano, George Ogle, David Williams and Mike Lewis.

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Tim Shorrock edited the first draft of this work; John Cavanagh the second; and Kathy Selvaggio and Miriam Shalhout the final draft. Chat Canlas put in many hours typing and preparing the manuscript for publication. David Taub of Taub Designs Inc. in New York designed the Fund logo. Carol Barr and Beth Tondreau put their special creativity into the cover and layout of the book. The Institute for Policy Studies steered the book through to final publication. We also gratefully acknowledge support for the Fund from the J. Roderick MacArthur Foundation, the United Methodist General Board for Global Ministries, the UAW, AFSCME SEIU and ACTWU.

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The authors
January 1988

Preface

In the 1980's and beyond, it is not enough to passively acknowledge that unions are legitimate or even that they are necessary to a civil society. Worker rights and unions are essential to the promotion of economic justice and to the safeguarding of human freedom in any society.

Until very recently, the focus of our human rights laws as they pertain to the conduct of American foreign policy has been almost exclusively on the sanctity of individual and political rights. As long as torture, political prisoners, death squads, terrorism, and totalitarianism are widespread in this world, people of conscience must not shirk our moral and legal duties.

At the same time, however, far too little attention was paid to worker and other social and economic rights. In principle, we embraced worker rights as well as political rights upon adoption of the Universal Declaration of Human Rights in 1948. That declaration specifically affirms for every person the right to a job, the right to form and join trade unions, and the right to an adequate standard of living. Only in the last three years has a tentative start been made toward the development of effective tools to make certain that the conduct of U.S. trade and investment policies respect and promote international labor rights.

For decades, the U.S. foreign assistance program has sought with limited results to further economic development and growth in Third World countries. We have witnessed some countries making real progress toward development through industrialization, only to find more of their people trapped in hunger and poverty. Hopefully, it is apparent that for development to be effective, it must benefit the broadest sectors of the population within any society.

Why are worker rights crucial to the development process? The capacity to form unions and to bargain collectively to achieve higher wages and safer working conditions is essential to the overall struggle of working people everywhere to achieve minimally decent living standards and to overcome hunger and poverty. The denial of worker rights, especially in Third World countries, tends to perpetuate poverty, to limit the benefits of economic development and growth to narrow, privileged elites and to sow the seeds of social instability and political rebellion.

Anti-labor policies may, in the short run, profit companies that use unprotected labor to produce low-priced goods for export to America. Echoing the voices of those who opposed the enactment of basic labor laws in the United States, some corporate apologists now argue that many workers in developing countries are far better off working for one dollar a day than they would be not working at all. But this sort of blatant exploitation of unprotected workers undermines the development of self-reliant local economies in much of the Third World. By systematically restricting workers' income and buying power, the governments of many developing countries are severely limiting the growth of internal consumer markets that are capable of sustaining more consistent demand for goods and fueling more balanced self-sufficient economies.

Finally, the importance of promoting respect for international worker rights is growing painfully clear to American workers. The lack of basic rights for workers in many developing countries is a powerful inducement for capital flight and overseas production by U.S. industries. The tremendous disparity in labor rights between many American workers and the absence of those rights for most workers in many other countries is a growing factor in the competitive decline of many of our heavy manufacturing industries like steel, autos, and ship building as well as in less skill-intensive industries like footwear, textiles, electronics, and rubber goods.

In the 1980's and beyond, capital and technology will continue to move throughout the world without regard to national boundaries, while workers remain stationary and bound by national laws and personal allegiance. These economic facts of life fuel an escalating trend in global production that undercuts the rights of all workers. In particular, they combine to force American workers to relinquish legitimate rights and material benefits won through more than 200 years of personal hardship and struggle.

Many American industries and unions understandably and properly continue to protest unfair trade subsidies and the "dumping" of low-priced foreign goods into the American market. The same outcry now should be heard in protest of "social dumping" —unfair competition from foreign workers whose low wage scales result from them being systematically denied the free exercise of basic labor rights. Quite literally, no worker is free until all workers are free.

U.S. Representative Don J. Pease

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Introduction

On January 2, 1987, with a stroke of the presidential pen, a new chapter in U.S. economic relations with the developing world began. President Reagan, bound by legislation linking trade benefits to worker rights, eliminated three countries from the Generalized System of Preferences (GSP), a program of tariff preferences granted to Third World countries to assist their development. Through the persistent efforts of human rights, religious, and union activists, the United States set a precedent to address the issue of international labor repression in a positive fashion.

The countries eliminated from the GSP by President Reagan were Paraguay, Nicaragua and Romania. Chile was placed in a special category and warned that unless worker rights improved in 1987, it would also be eliminated from the program. Although sponsors of the legislation felt that Reagan and the U.S. Trade Representative disregarded some of the most serious violators of labor rights, the opportunities opened by this action were enormous.

To advocate respect for worker rights in certain countries is to sign one's own death warrant. In 1982, for example, the president of the Chilean Public Employees Union was abducted, tortured, shot in the head and then decapitated—one week after declaring his opposition to the economic policies of the Chilean dictatorship. On the other side of the world, 76 leaders of a banned union federation in Turkey face the death penalty after years in prison for their work as union officers. In the southern shadow of the United States, children of a Salvadoran union leader were kidnapped and tortured because of their father's union activities; when the union struck in protest, military troops occupied work sites to enforce the firing of the entire union leadership.[1]

Such is the daily hardship for thousands of labor representatives across Latin America, Asia and Africa.

Labor conditions in the United States, while light-years ahead of Chile, Turkey or El Salvador, are likewise in a state of decline. By the last quarter of the twentieth century, American workers had won impressive victories in collective bargaining, health and safety, and other standards. Since 1980, however, a reversal is in evidence. In numerous contracts negotiated since that time across the country, employers have exacted concessions that roll back hard-fought gains of earlier years. In 1986, *Fortune* magazine declared, "the biggest trend in U.S. labor relations today: companies demanding concessions—on pay, benefits, work rules."[2]

Labor repression in the developing world and erosion of labor standards in the United States are not unrelated. The two are linked through both economics and politics.

The economic side of labor repression lies in monumental changes coursing through the world economy, changes which are directed by a small number of large corporations and banks. Trade between nations grew rapidly in the first three postwar decades as U.S. corporations and banks helped rebuild Europe and Japan, and extended their activities throughout the developing world.[3] These transnational corporations transferred a significant part of the manufacturing base of industrial countries to 20 or 30 developing countries in what have become known as "global assembly lines." The prime attractions of these countries were their low-wage work force and looser safety, health and environmental regulations written by governments that denied basic labor rights to workers.

The increasing ability of large corporations to shift resources around the globe led to rivalries between governments destructive to workers. The government in Thailand, for example, competes with the government of Sri Lanka to offer the most repressed—and hence attractive—workforce to transnational corporations. Rivalries intensified in the 1980s as growth in world trade slowed and some outlets for developing country exports disappeared. At the same time, concessions were won by corporations from American workers by threatening to pick up shop and move to developing countries where working conditions were worse.

Governments, and hence politics, were central to these shifts. More often than not, the developing countries receiving U.S. trade and capital were ruled by dictatorships that denied basic human and labor rights. The U.S. government often supplemented these private investments with bilateral aid, most of it military-related, tending to reinforce the power of the governments. After Mexico, the two developing nations that carved out the largest share of U.S. trade were the harsh dictatorships of South Korea and Taiwan.[4]

It is in this context that U.S. government programs to encourage trade, aid and investment toward the developing world should be viewed. In principle, such programs can assist a more open world market. In trade, the Generalized System of Preferences (GSP), which allows thousands of developing country products to enter the United States duty-free, has stimulated trade with the developing world. The Overseas Private Investment Corporation (OPIC), which provides insurance to transnational corporations setting up projects in the developing world, has likewise encouraged U.S. investment overseas. It could persuasively be argued that in countries where the basic rights of workers are protected, these programs benefit many.

Consider, however, countries such as Haiti, Zaire and Taiwan—where worker rights are fundamentally violated. For these governments, U.S. trade and investment incentive programs are an invitation to use exploited work forces to gain competitive advantage on world markets. Some of these governments now enjoy extensive economic relations with the United States. With the new legislation, however, the United States is now positioned to exercise a positive form of leverage toward human and worker rights in these countries.

The new legislation linking trade and investment incentives in GSP and OPIC to respect for worker rights offers leverage on several levels. The threat of losing these incentives stands as a powerful inducement for governments to improve worker rights. Each developing country government must now weigh the economic benefits it receives from GSP and OPIC against its perceived political and economic gains from labor repression. Several would be severely crippled if they were to lose the incentives. How much they improve worker rights depends on how much pressure U.S. human rights, labor, business, and religious institutions can place on the U.S. government to enforce the law with the worst worker rights violators.

Moreover, any government thrown out of the programs will suffer a loss of confidence in the international and domestic business community. Paraguay's government knows now that U.S. firms and banks, denied the benefits that GSP and OPIC avail to their subsidiaries in Paraguay, are less likely to sink in new investments or loans. For Paraguay and other expelled countries, the chance for readmission to the programs serves to promote improvements in worker rights.

The pages that follow grapple with these issues. They are written with two audiences in mind: the message for both is similar. One audience is the community interested in human rights and economic development in the Third World. For these people and organizations, the book attempts to open a new way of looking at the profound impact of developing country relations to the world economy and to the United States on the rights and standards of workers in their countries and in the United States. The book sketches an agenda for American citizens desiring to work for the protection of worker and human rights around the world.

Another audience includes people concerned with the international trade of the United States: workers, consumers, corporate managers, business lobbyists, members of Congress. To this group, we offer a fresh look at the trade debate, and a framework which provides for an open trading system that gives workers as much a stake as consumers and businesses.

The trade/labor rights link will be effective to the degree that Americans concerned with worker rights get actively involved. Paraguay and Romania were eliminated from the programs in 1987 because groups presented testimony to the U.S. government highlighting worker rights abuses. Chile was placed on warning with the GSP and OPIC in 1987 for the same reason.

Widespread education on these links is essential. A globalized economy will only serve workers if workers and others concerned with their condition fight for their rights.

To both audiences, the authors issue an appeal: join us. Just as organizations like Amnesty International and the Human Rights Watch Committees have focused world attention on human rights violations, a parallel effort is sorely needed for workers. The information and legislation vital to advancing worker rights exist. What remain are the broad based education and mobilization to carry the movement forward.

This book sets forth information and arguments central to that fight.

1

Trade and Worker Rights: Rethinking the Relationship

We are not expecting every nation to come up immediately to the level of the United States. We think, however, over a period of time that, if workers are given the basic freedoms that they ought to have, of organizing and bargaining collectively, for example, there will be a trend toward improving the lives of those workers and establishing some semblance of minimum international fair labor standards. We seek to provide working people everywhere with the tools with which they can help themselves share more fully in the benefits of international trade.

—Representative Donald J. Pease (D-Ohio)

The Setting

This book examines one of the central relationships of modern societies—the relationship of goods that are exchanged between nations and the condition of workers who produce those goods. In short, the relationship between trade and worker rights. This issue is of interest because the two have generally been assumed to be complementary: a growth in trade between nations would bring benefits to all, including workers.

In fact, the opposite is increasingly true. Trade has brought relatively inexpensive televisions, cars and other products to U.S. workers. But the conditions under which many of these products are made in the developing world are abominable. And, increasingly over the past decade, corporations have won concessions from American workers by threatening to move factories overseas and employ workers whose rights are systematically violated.

Such economic blackmail has led many to conclude that the relationship between trade and worker rights is in drastic need of revision.

The challenges posed by the labor rights/trade link are enormous. Worker rights in most developing nations are at very low levels and the rigors of global competition provide an excellent excuse for governments that desire to keep them at those levels. Worker rights in the United States, while at a far higher level, are under sustained attack from corporations that employ the same arguments as developing country governments to win concessions. The logic of the marketplace dictates that unless we address this issue, worker rights everywhere will tend to fall to the lowest common denominator.

Advancement of worker rights is likewise a compelling challenge for all concerned with human rights. In the words of Jack Sheehan, Legislative Director of the United Steelworkers of America, "more recent events on the world scene place worker rights more properly within the sphere of human rights...In many countries, the promotion of free trade unions is an integral part of the striving for a free society. And I submit that the resistance to unions is based *not* so much on a refusal to accept an increase in employment costs, but rather on the rejection of another source of power outside the dominant political base. Unions are a liberalizing influence in any society in terms of human rights enhancement."[1]

Why Link Trade and Worker Rights?

For those concerned with trade and with the enormous U.S. trade deficits of recent years, it is vital to quell the rhetoric and center on constructive measures that spread the benefits of trade as widely as possible. Trade can play a positive role in advancing the interests of a wide range of American businesses, consumers and workers, while promoting gains in living standards in developing countries.

As international trade expanded rapidly after World War II, the United States found new trading partners throughout the developing world. Today, these poorer nations account for over a third of U.S. trade.[2] There has been, however, one especially heavy cost: many governments of developing nations rely on the systematic repression of their labor forces to produce goods cheaply enough to be sold for export. Consider the following examples.

- In South Korea, 61 union leaders are serving long-term prison sentences for labor organizing; 919 were detained in 1986 alone. In December 1986, the government excluded the entire coal mining industry from coverage under the labor union law. On January 1, 1987, the government ordered 14 labor organizations representing hundreds of workers to disband because they had participated in political activities, illegal for unions in Korea.[3]

- In Chile, copper union president Rodolfo Seguel and two associates were stripped by the government of their union offices in 1986 despite having been democratically elected by the membership. Having eliminated the union leadership, the government seized all assets and funds of the union, making its operation nearly impossible.[4]

- In Taiwan, strikes in defiance of martial law restrictions are punishable by death to the extent that the government considers them seditious.[5]

Labor repression has become a potent weapon in the arsenal of unfair trade practices that foreign nations deploy to break into U.S. markets. Its impact on competing developed country industries is similar to other unfair subsidies to exporters such as dumping or export targeting.

As the U.S. Congress attempts to strengthen the instruments available to the U.S. government to advance fair trade and to enforce actions against unfair trading practices, it is time to recognize that the rights of workers are as much at stake in the trading system as the rights of consumers. In order to bring about public recognition to this fact, a coalition of human rights, labor and religious organizations have worked toward the incorporation of worker rights in U.S. legislation. Two important steps have already been taken:

1. The Trade and Tariff Act of 1984 contains language that limits the granting of trade preferences (under the Generalized System of Preferences - GSP) to countries that respect internationally recognized worker rights. The GSP, first implemented in 1976, grants duty-free treatment on imports for about 3,000 products from more than 140 developing countries. Other industrial countries have similar programs, established in response to pressure from the developing countries.

The 1984 changes prohibit the President from designating any country for GSP benefits which has not taken steps to afford internationally recognized worker rights to its labor force. Worker rights are defined as:

- the right to association;
- the right to organize and bargain collectively;
- a prohibition against compulsory labor;
- a minimum age for the employment of children; and
- acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

2. New language in the 1985 reauthorization of the Overseas Private Investment Corporation (OPIC) restricts OPIC insurance and other activities to countries that have taken steps to adopt and implement laws respecting labor rights.

The United States has also advanced the trade/labor rights link in the preparatory talks for a new trade round under the General Agreement on Tariffs and Trade (GATT).

The challenge that remains is to define labor repression as an unfair trading practice in a new trade bill. Such an amendment was adopted as part of the 1986 trade bill that passed the House with an impressive bipartisan majority but failed to pass the Senate. The amendment placed systematic labor repression alongside denial of market access and violation of intellectual property rights as unfair trading practices against which the United States could take action.

Again, in 1987, the House approved an omnibus trade bill with bipartisan support that includes provisions to (1) treat the competitive advantage that some trading nations derive from the systematic denial of basic worker rights as an unfair trade practice under U.S. law; and (2) make a principal U.S. negotiating objective in the current round of GATT talks the adoption of GATT rules against the denial of worker right as a means for any country or its industries to gain international competitive trade advantage. Similar provisions have been approved by the Senate Finance Committee for inclusion in the Senate version of the omnibus trade bill.

Questions

In the legislative campaigns, variations of seven questions have been raised about the trade/worker rights link. It is worthwhile to address each briefly in turn:

1. Isn't making trade benefits contingent on worker rights a form of backdoor protectionism?

Just the opposite is true. Public confidence in an open trading system depends on improvements in worker rights overseas. How, otherwise, can U.S. workers face imports from South Korea, Chile or any other country in which basic labor rights are non- existent, wages are but a fraction of ours, and to which U.S. transnational companies can transfer capital and technology at the drop of a hat? American workers are, and will continue to be, at an unfair disadvantage in competing with their counterparts in such countries.

However, improvements in working and living conditions abroad, made possible by the free exercise of basic worker rights, can mitigate the affront to workers in the United States when repression is used to subsidize production. U.S. workers expect to see tangible evidence that trade with the United States fosters real gains for developing country workers. Without respect for basic worker rights and improvements in working conditions abroad, the pain of dislocation will continue to feed opposition to the current trade system.

2. Does a set of internationally recognized worker rights exist that can serve as a gauge in trade legislation?

It does. Internationally recognized worker rights, such as those included in the GSP and OPIC legislation, mirror those spelled out in bedrock International Labor Organization (ILO) conventions. These conventions were formulated after negotiations unique to the ILO. Representatives of U.S. management participated fully and equally with representatives of the U.S. government and U.S. labor. Most other national governments have taken the next step of ratifying these conventions:

- 105 countries have ratified Convention #11 on the right of association and the right to organize;
- 113 countries have ratified Convention #98 pertaining to the right to organize and bargain collectively;
- 109 countries have ratified Convention #105 calling for the abolition of forced labor;
- 69 countries have ratified Convention #5 fixing an age of 14 years as a minimum age for industrial employment;
- 46 countries have ratified Convention #1 pertaining to hours of work and 32 countries have ratified Convention #131 calling for the establishment of a system of minimum wages to cover wage earners.

In terms of U.S. law, the State Department, in Appendix B of its 1986 Country Reports on Human Rights, defines each of the five "internationally recognized worker rights" for purposes of reporting and enforcing the Trade and Tariff Act of 1984 and the OPIC Amendments of 1985.

3. But the U.S. Congress has not formally ratified the ILO conventions. Isn't it hypocritical to expect other governments to respect rights based on those conventions?

No. The U.S. Congress has long been reluctant to ratify international accords that will constrain U.S. law. For example, the Congress has never ratified the major GATT rules. It has nonetheless generally complied with GATT rules as though they were binding. Concerning worker rights, the important point is that the United States has adopted and enforced domestic laws that guarantee each of the five basic rights and standards enumerated in the legislation.

4. Don't these worker rights and standards seek to dictate a U.S. minimum wage and OSHA standards for the rest of the world?

Absolutely not. Four of the five elements of the statutory definition are absolute rights. Either a country has child labor or it doesn't. Either it prohibits compulsory labor or it doesn't. Either it grants the right of association and the right to organize or it doesn't. Only the fifth element in the law, acceptable conditions with respect to health, safety and wages, requires subjective judgments. This element is deliberately phrased to take into account a country's level of development. It recognizes that, to a certain extent, differentials in wages between countries reflect different standards of living and economic systems.

As the costs of capital and the levels of productivity move closer across countries, labor costs have emerged as a major factor differentiating costs of production in various countries. Unfortunately for workers around the globe, this leads to fierce competition between governments to offer the lowest wages possible. It also leads to the denial of basic rights and violations of the already low minimum wage standards in many developing countries. The labor rights standards that now exist in the GSP attempt to hold governments accountable only to respect whatever minimum standards for wages they have already set for their own country. And, by pinpointing the right to organize and bargain collectively, the standards stress the need to give workers the right to negotiate acceptable working conditions. They seek to enable working people everywhere to help themselves.

5. Is U.S. legislation linking trade and worker rights, as certain developing countries governments claim, a form of intervention into the sovereign affairs of other nations?

No. The labor rights and standards enumerated in the legislation are the ones that most governments claim on paper to support: most of the violators have ratified ILO conventions to this effect. Hence, this is not a case of imposing U.S. regulations; they are internationally recognized standards to which most countries are bound by international law.

Moreover, we do not propose that the United States automatically cut off trade with any nation on worker rights grounds. Rather, the United States should have explicit authority to penalize egregious worker rights violators, not only by withholding trade preferences as the GSP law now provides, but by permitting broader discretion for sanctions—as it does against other unfair trading practices.

It should come as little surprise that the governments most vehemently opposed to the trade/worker rights link tend to be the least democratic and the worst violators of human rights, for instance, South Korea, Taiwan, Chile and Zaire.

6. Aren't worker rights a function of the stage of a country's development? Won't they tend to improve as countries develop?

Some have advanced this hypothesis as an argument to drop the trade/worker rights link and instead focus on measures to advance development in the developing world. We applaud these development efforts, but the premise is not borne out by experience. Pharis Harvey, director of the North American Coalition for Human Rights in Korea, surveyed more than a dozen Asian countries to gauge their respect for the five worker rights and standards set in the GSP and OPIC laws. He discovered that a few of the least developed (for instance, Papua New Guinea and Fiji) scored quite well on basic rights; and several of the more developed (South Korea, Taiwan and Indonesia) scored poorly. The vital point, and one of the premises of the ILO, is that all workers around the world should be guaranteed certain basic rights.

There is one link between development and worker rights that deserves closer scrutiny, a link related to development models. Many developing countries have been encouraged by aid agencies and multilateral development organizations to pursue models of development which place strong emphasis on exporting either raw materials or light industrial goods. This export-oriented model places heavy pressure on countries to reduce the costs of producing exports; labor represents a major cost.

Hence it should come as little surprise that countries which have embraced the export model the most vigorously, such as Korea, Taiwan, the Philippines and Sri Lanka, have been among the worst violators of worker rights. This link poses a strong dilemma for governments like the Aquino administration in the Philippines which pursue an export path yet profess concern for human rights.

7. Can legislation that advances the trade/worker rights link actually improve worker rights overseas?

Even the short legislative history of linking trade and labor rights gives signs of advancing worker rights. Evidence prepared by U.S. human rights, religious and labor groups over the past year to press for enforcement of the GSP provision demonstrated fundamental violation of worker rights in several countries. Presentation of this evidence before the U.S. government prompted the U.S. Trade Representative's office to send delegations to these countries advising them that, unless worker rights improved, they would lose GSP status. In January 1987, the President invoked the worker rights clause to drop Paraguay, Romania and Nicaragua from the GSP, and to issue a warning to Chile. The benefits that accrue to developing nations through access to the vast U.S. market are ample incentive to improve working conditions if that is the price to retain access.

These themes are spelled out in greater detail in the chapters that follow. Chapter 2 analyzes changes in the world economy and their impact on American workers. Chapter 3 surveys worker rights in the developing world. Chapter 4 chronicles efforts to advance worker rights through trade and investment legislation. The final chapter provides a blueprint for concerned citizens and organizations that seek to address worker rights.

These are issues that have far too long remained the domain of experts in government and business. This book is aimed at broadening the debate.

2

American Workers in a Changing World Economy

In the half-century between 1930 and 1980, U.S. workers fought for and won a wide range of basic worker rights. Freedom of association, the right to collective bargaining, the right to strike—rights which remain a dream in many developing countries—were gained through years of struggle. Improvements in working standards, from health and safety regulations to wages, were also recorded, particularly for industrial workers. While inequities accompanied this general advance, notably for agricultural and service workers, women and minorities, the United States entered the last quarter of the 20th century with among the highest working standards in the world.

American workers gained these rights during a period when the U.S. economy was without question the most powerful in the world. One central feature of that power, however, represented a serious threat to the rights and working standards of laborers in both the United States and the Third World. Inasmuch as U.S. power in the world was driven by the dynamism of transnational corporations and banks, the needs of these institutions, not of workers or individual nations, became the overriding logic of economic expansion.

In the United States, there has been a gradual shift in the postwar years from a position of near self-sufficiency to substantial interdependence with other countries. As a result of increased trade, an expansion of overseas investments by transnational corporations, and growing financial flows, the shift has been particularly rapid since 1960.

Interdependence has also meant an increased flow of goods, finance and services into the United States from abroad. A nation that became accustomed to a consistent trade surplus has been forced to come to grips with a huge trade deficit that grows year by year. "Made abroad" labels now dominate such markets as shoes, clothing and consumer electronics, and threaten to take over semiconductors, machine tools and others. Foreign capital now plays a key role in American financial markets, foreign investment in the United States has risen substantially, and the U.S. debt has become the largest in the world.

In good part, the impetus for this rapid internationalization of the world economy has come from 200-300 large banks and corporations which, aided by revolutions in communications and transportation, have spread production lines literally around the globe to minimize the cost of labor and tax payments, avoid environmental restrictions and maximize worldwide profits.[1]

These large-scale shifts in the global economy have had far-reaching consequences for American workers. In a few short years, they have suffered job losses and dislocation, and have seen their hard-won gains whittled away as employers use the low wages and limited rights of Third World workers to press conditions down toward the lowest common international denominator. The following sections will examine some of the main economic trends and their impact on workers and communities in the United States.

The Global Assembly Line

The transnational corporation is the first modern human institution with the money and technology to plan on a global

BOX 1

What is Interdependence?

The internationalization of the economy—trade, manufactures, agriculture, investment, banking and capital markets—has taken off at a fast pace.

- Since the 1970s, U.S. trade has increased as a proportion of GNP from 8.5 to 15 percent; exports have doubled as a percentage of U.S. output, rising from 4.4 to 8.4 percent of GNP.[1]
- Twenty-five percent of U.S. manufactured goods are now imported compared to only five percent two decades ago.[2]
- Since the mid-1970s, the share of worldwide commercial agricultural production in international trade rose from 32 to 45 percent. By 1984, forty percent of American farmland was devoted to exports.[3]
- Between 1976 and 1980, corporations from all countries expanded the stock of their direct investments overseas from $287 billion to over $470 billion.[4] U.S. direct investment abroad jumped by as much as $20 billion annually over the last decade, reaching $226 billion by 1983, while foreign direct investment in the United States has grown from $11 billion in 1970 to $159.6 billion in 1984.[5]
- In the last 10 years, the world's largest banks have also entered the world market on an unprecedented scale. Between 1970 and 1982, overseas profits for the top seven U.S. banks jumped from 22 to 60 percent of their total profits.[6]
- The financial bonanza of the 1970s, springing largely from the bank recycling of petrodollars after 1973, gave a powerful impetus to a new market: the Eurocurrency market, which trades currencies from all over the world deposited outside the country of origin. This short-term capital market, where banks are constantly shifting resources to maximize quick returns, now totals around $1.7 trillion.[7]

BOX 2

So Who Needs Manufacturing?

In testimony before the Senate Finance Committee in November 1985, U.S. Trade Representative Clayton Yeutter argued that high American wages had contributed to the decline of U.S. industry and that some industries—such as steel, textiles, and footwear—may have to be "phased out" of American society because they are no longer productive. While agreeing that this would be a "painful process," Yeutter said that closing these industries down would be preferable to protectionism. "Not everyone can survive," he said. "I do not believe there is a compelling need for the U.S. to make everything that is produced in the world."

scale. To maximize profits, it breaks production processes into components and locates each part where it will contribute most to the bottom line.

In the electronics industry, for example, circuits are printed on silicon wafers and tested in California; the wafers are then shipped to East Asia where they are cut into tiny chips and bonded to circuit boards. The final assembly for video games, computers, military equipment and other products is usually back in the United States.

A major inducement for corporate investment overseas, particularly in the Third World, is the free trade zone. Over 50 developing countries have set up these zones—sometimes called "export processing zones"—at the urging of international bankers and foreign transnational corporations.

In recent years, offshore assembly has spread far beyond light manufacturing. For example, American automobile manufacturers now make engine and transmission parts, in locations as diverse as Brazil, Mexico, South Korea, and Japan, bringing the finished components back to U.S. assembly lines. The auto companies also import small cars, as well as major components of larger cars from overseas.

Examples abound in other industries. Three thousand American steelworkers in a Geneva, Utah plant are being displaced by a Korea-based joint venture between the Korean government-owned Pohang Iron and Steel Co. and USX Corp. (formerly U.S. Steel). Copper from Chile undercuts the price of copper mined by U.S. workers. Kitchen appliances from Taiwan cause plant shutdowns and layoffs here.

Even "growth" industries like telecommunications have become part of the global assembly line. A recent Congressional study concluded that offshore investments by U.S. firms in the Pacific Rim and Mexico were a "major reason" for the growing trade deficit in high technology goods—estimated at $2 billion in 1986.[2]

BOX 3

Job Losses in Manufacturing, 1979-1985

Manufacturing in United States, as a precentage of GNP, has dropped from 30 percent in 1953 to 21 percent in 1985, with most of the decline taking place in the last ten years.[1] Between 1979 and September 1985, job losses in basic industries were staggering.[2]

- in primary metals, employment fell 457,000
- in fabricated metals, 257,000
- in non-electrical machinery, 341,000
- in lumber and wood products, 65,000
- in chemicals, 72,000
- in stone, clay, and glass products, 111,000
- in leather goods, 69,000

Workers in manufacturing now make up 20 percent of the non- farm work force, down from 30 percent in 1965, 34 percent in 1950, and 39 percent in 1919. This compares with current figures for West Germany and Japan of 26 and 25 percent respectively.[3]

The Hollow Corporation

During the 1980s, high interest rates in the United States and the continuing availability of exploited labor in the Third World has transformed many leading manufacturers into supermarkets for goods produced overseas. This trend was recently analyzed by *Business Week* magazine, which dubbed the new version of American business "The Hollow Corporation":[3]

> The result is the evolution of a new kind of company: manufacturers that do little or no manufacturing and are increasingly becoming service-oriented. They may perform a host of profit-making functions—from design to distribution—but lack of their own production base. In contrast to traditional manufacturers, they are hollow corporations.

According to this analysis, companies are "hollowing out" in several ways. Some shift technology and capital investment abroad to take advantage of cheap foreign labor: it has been estimated that 20 percent of all new jobs created by American capital investment are overseas. Some companies have entered into joint ventures, as USX did with Pohang, buying the raw materials or components abroad and preparing them for sale here. Others—such as Caterpillar Tractor Co. and General Electric—are contracting entire products out to foreign manufacturers and selling them here under their own brand names.

But whether their products are made in Pennsylvania or Korea, the power of transnational corporations rests in large measure in their ability to generate exports, an ability that is strengthened by economic policies throughout the world favoring production for the world market over production for domestic use. In this sense, the development of the "Hollow Corporation" is the reverse side of the export-oriented economic plans adopted in South Korea, Taiwan and other countries, including the United States.

For example, tax and other incentives offered by governments often encourage exports and investments abroad rather than the development of domestic markets. U.S. tariff laws encourage U.S. corporations to locate facilities abroad to process raw materials for export back to the United States. In

December 1986, organized labor and a number of members of Congress protested when the U.S. Department of Commerce planned to sponsor a three-day trade show in Mexico City designed to promote new U.S. investments in "maquiladoras" on the Mexican side of the border with the United States. Called "Expo Maquila 1986," the show attracted hundreds of American businessmen.

"To use our tax money to fund and operate a program designed to lure jobs and capital out of the United States is unconscionable," several Representatives wrote to Commerce Secretary Malcolm Baldridge. They urged that funds allocated to the trade show be "instead applied not toward diminishing opportunities for the American worker, but rather toward educating and training our own American workers so that our work force can better fill the needs here at home, and keep pace with our rapidly changing work environment."

With such encouragement of capital mobility, it is hardly surprising that an estimated 40 percent of world trade is transactions between units of the same corporation. A 1985 study based on data from the Commerce Department showed that the amount of sales back to the United States from affiliates of American corporations came to 28 percent of official import figures. That means that of every dollar of imports recorded in U.S. accounts, 28 cents came from affiliates of American corporations.[4]

As American University professor and author Howard Wachtel points out, "the image that is usually conjured up of Japanese automobiles invading the West Coast and then the rest of the country through Long Beach, California, is only partially correct. [The United States is] also being invaded...by General Motors, by Ford, by Chrysler, and the same is true in every other industry."[5]

Job Losses, Wage Concessions

The dominant corporate strategy of the last five years—a combination of investments overseas, production cutbacks at home and sharp demands for wage and benefit concessions from employees—has had a devastating impact on the American

BOX 4

Hollowing Out: From Manufacturing to Supermarket

The following passage—in which the president of a major clothing manufacturer describes how his company became a "supermarket" for imports in just 10 short years—is a graphic illustration of the "hollowing out" of American corporations.[1]

"Our business has always been a business, at least until recent times, that produced garments in the U.S., yet today our [company] is producing over 90 percent of its products overseas...Instead of manufacturing our products in the U.S., we're manufacturing mostly in faraway places, like Korea, Taiwan, Thailand, China, the Philippines, and Hong Kong... How can this possibly be? How can this American man who is loyal to his country, think of doing such an un-American thing as transfer production away from this fine community?..."

"In the early 1970s, our company was growing and prospering, with six U.S. factories. We had a workforce of more than 1,100 people; then a series of events took place in the late 1970s and early 1980s that changed our business dramatically. We produced outerwear, which is very highly labor-intensive. During the OPEC crisis of the late 1970s, we faced high interest rates and high inflation rates. We had negotiated labor contracts with our various unions in our factories, and we were faced with cost of living adjustments. Suddenly we found our product not cost-competitive..."

"In order to survive, we had to change the very nature of our business from a manufacturing company to a marketing and merchandising company, with sourcing from offshore. Now instead of 100 competitors we had 10,000 competitors. You didn't need sewing machines, and hundreds of years of expertise. What you needed was capital, good old Yankee dollars, and you could go overseas if you had the dollars and you could buy the expertise..."

"Today, we are a medium-sized American company, we are a world company. We go to Europe and we seek fashion designs, we buy fabrics from Europe and America and South America and Africa. We sell to Australia, South America, North America, a lot of different places. We do business on every continent..."

"I speak on behalf of a score of Pacific Northwest-based apparel importing firms...As apparel importers we employ thousands of people in this area. We do not have the power machine operators that we once had, but we have sample makers, salesmen, designers, merchandisers, secretaries, typists, import- export departments, pattern-grading departments, warehousemen, and many other types of employees. Furthermore, we help to support the stevedores of the Seattle port. We bring hundreds of buyers into Seattle, who stay at hotels, eat in our restaurants, fly our airlines, a whole new industry of Customs attorneys, Customs brokers, and fashion models has benefited from our companies. We are part of the American dream and we are participating in that dream by being part of the world economy."

work force. Hundreds of thousands of people have lost their jobs, many of them permanently, communities have been drained of resources and income, and years of accumulated skills have been wasted. In this process of "deindustrialization," precious technologies have been exported, severely weakening the industrial base of the United States.

The result is a shift of power from public to private authorities, and from labor to management. Corporations can move in and out of communities whenever business considerations dictate. Plants making small profits are closed so that money can be reinvested elsewhere at greater profit. Cities compete to attract or keep jobs and so offer corporations tax breaks and other incentives that shift the costs of services to those least able to bear them. This shift in bargaining power has contributed to the fiscal crisis of cities.

Because of the mobility of capital and the relative immobility of workers, the latter have made wage and other concessions to keep plants from moving. This, plus the sizeable drop in organized labor's ranks as a result of the job losses in manufacturing, has made unions and workers less resistant to the corporate onslaught. And because there is no "safety net" to catch either workers or communities hit by plant closures and corporate flight, the effects of deindustrialization are disproportionately felt.

For many communities, the total impact has been nothing short of disaster. The first communities to feel the pinch of foreign competition were those that hosted the labor-intensive textile, apparel and consumer electronics industries. Since 1979, more than 420 textile plants have closed, costing the jobs of nearly 100,000 workers; at the same time, 759 apparel plants have closed. Average unemployment in the textile industry in 1985 was 10.9 percent, up from 6.5 percent in 1979.[6]

To compete with lower-priced foreign goods, U.S. textile companies have slowly been pulling out of the apparel fabric business and turning to the production of industrial fabrics and household goods, such as carpets, blankets, sheets and towels—often using imported fabric. Since 1981, the industry's productive capacity has shrunk 10 percent, and since 1983 the industry has spent $5.83 billion on automation equipment.[7] Since only the largest firms can afford automation, the entire industry has become highly concentrated.

The import issue has played a major role in organizing campaigns at textile and clothing mills. In 1985, for example, when the Amalgamated Clothing and Textile Workers Union (ACTWU) tried to organize Cannon Mills in Kannapolis, North Carolina (one of the largest textile plants in the country), owner David Murdock said that union wages would render the plant incapable of competing with foreign imports, forcing him either to close or sell the mill. Through scare campaigns like that (and by hiring a sophisticated "public relations" firm), Murdock managed to defeat the union. A few weeks after the election, he sold Cannon to Fieldcrest Mills, which now claims 50 percent of the U.S. towel market.

At present, there is not a single home-use video cassette recorder (VCR) or a complete television set made in the United States. The technology for the fastest-selling audio equipment— the compact disc—was not even developed in the United States.

Japanese companies have concentrated research and development funds in electronics, investing in production facilities in countries like South Korea and Singapore in order to use their non-union, low-wage labor force. This has propelled the Pacific Basin countries into the major producers of consumer electronics goods in the world at a tremendous cost in American jobs.

The jobless rate in the U.S. electronics industry is 86 percent higher than it was in 1979; between May 1979 and May 1983, factory worker jobs fell by 183,600. In the five years between January 1979 and January 1984, employment for production workers manufacturing telephone and telegraph equipment declined in the United States by 23.4 percent, while 40,000 jobs have been lost in the television industry.[8]

Many of these jobs were lost because American corporations went overseas. Imports of telecommunications products rose from two percent of the U.S. market in 1982 to 14 percent in 1984. The Communications Workers of America (CWA) estimates that had there been no increase in foreign production by U.S. companies, over 20,000 of the 120,000 U.S. jobs lost in this industry since 1981 would have been saved.

As the U.S. trade balance in electronics and other sectors has moved into deficit, there have been increasing pressures on foreign governments to restrict the quantity of exports to the United States. This pressure, coupled with the falling dollar, has created a flood of foreign investment into the States. In the electronics industry, there has been a big increase in foreign investment. Japanese companies Sony, Sharp, Matsushita and Toshiba all have plants in the United States assembling everything from televisions to microwave ovens. In the last two years, the Korean multinationals Gold Star and Samsung, have established television assembly plants here.

Nearly all of these investments are in the southeastern part of the country, an area traditionally hostile to organized labor—a major reason cited by the companies for locating there. And while the jobs they provide help offset unemployment in textiles and other "sunset" industries, these plants are reinforcing a division of labor in which the foreign investors supply the sophisticated (and high value-added) internal components, while the United States typically supplies the casing, boxes, assembly and market.

At the Korean-owned Samsung and Gold Star television factories in New Jersey and Alabama, for example, American workers merely assemble foreign-made picture tubes, speakers and tuners; only the wooden frames and plastic casing are made in the United States. The bulk of these sets is sold to American chain stores, such as Montgomery Ward and J.C. Penney, as well as American companies that have abandoned television production, such as General Electric and Emerson Electric Company.

Erosion of Worker Rights Enforcement

Capital flight from the United States and labor repression in the Third World not only beat down American workers' wages and benefits, but also erode the enforcement of their basic rights to organize and bargain. Worker rights in the United States are protected under the 1935 National Labor Relations Act (NLRA). Workers with grievances can file complaints with the National Labor Relations Board (NLRB). Many of the setbacks suffered by U.S. workers in recent years fall into the category of working standards, particularly declining wages, and hence fall outside the scope of the NLRB. Due to political appointments to the Board by the Reagan administration, however, the proficiency of the NLRB in prosecuting alleged NLRA violations has suffered. Hence, both working conditions and worker rights have declined.

In 1957, 922 workers throughout the United States lost their jobs for trying to organize a union—the most basic violation of federal labor law. But that right, which was won 50 years ago with passage of the National Labor Relations Act, is now so routinely flouted by employers that over 10,000 American workers are fired each year for union organizing.[9]

As long as employers were wary of legal sanctions, trade union organizers could safely tell workers "the boss can't fire you, and if he does we can get your jobs back through the National Labor Relations Board." Now, however, employers routinely discharge union supporters. Winning reinstatement is a long and painful process, sometimes taking two years and more— and victory is hardly a conquering hero's (or heroine's) return. Prospects for a renewed campaign are usually dead. The delays and turmoil have invariably frustrated and demoralized the organizers' co-workers and, in many cases, the fired workers themselves do not return to work. Instead, they accept a back pay settlement and fade into the ranks of the unemployed, bitter and cynical about organizing.

In the wake of massive layoffs and sophisticated anti-union campaigns by employers, union representation has fallen from a solid one-third to a shaky one-fifth of the U.S. workforce over the past three decades. A Wild West-style industry of what labor organizers call "union-busting consultants" has emerged in the past 10 years. Congressional hearings have revealed that such consultants advise their corporate clients to spy on union organizers, bribe workers who support the union, blacklist those who refuse to be swayed, screen job applicants for union sympathies, provoke strikes and fire union activists. Many of these consultants are now exporting their services.

Reaganomics: From Push to Shove

Following a period of capital flight from the United States, the Federal Reserve Board reversed previous policy in the fall of 1979 and put a tight hold on the growth of money and credit for the next three years. Relatively quickly, interest rates hit a record level of 15 percent and capital flowed back into the United States. The Reagan Administration continued the tight monetary policies begun by President Carter, and soon interest rates topped 20 percent.

In 1981, Reagan and the Congress radically shifted fiscal (tax and spending) policies. The 1981 tax bill granted huge tax cuts to both corporations and higher income people which were scheduled to expand over time. In addition, the Department of Defense was launched on a budget spending spree for weapons. The combination created extraordinary deficits and government borrowing, a demand for funds that could not be met solely by lenders in the United States. The United States had effectively dropped its postwar role of providing financial resources to the rest of the world, and was now drawing funds from abroad. These policies pushed up the value of the dollar against the other major currencies throughout the first half of the 1980s, significantly cheapening imports and weakening organized labor.

According to Data Resources, Inc., the strong dollar policy that the Reagan Administration followed until September 1985 cost over 1.5 million jobs, many of them lost when U.S. corporations closed shop here and went abroad in search of cheaper labor and looser environmental and safety regulations. Some analysts put the figure much higher; an economist with Caterpillar Tractor Co., for example, says the figure is closer to two million.[10] As the *Wall Street Journal* pointed out recently, however, "What the estimates don't take into account is that many of the foreigners who owe their jobs to the dollar get their paycheck from U.S. companies, which become the foreign competition by expanding operations abroad."[11]

Job losses during the Reagan era have affected high technology industries as well. As recently as 1982, politicians and industrialists were saying that computer, semiconductor and other high technology firms would provide the economic growth to compensate for the job losses in the textile, steel and other basic industries. But the opposite has occurred.

Computer exports have fallen drastically in recent years dropping 13 percent in 1984; that year the U.S. semiconductor trade balance registered a $2.9 billion deficit. A recent study by the Joint Economic Committee of Congress predicted that U.S. high technology industries would show a $2 billion deficit in 1986—a sharp turnaround from 1980, when U.S. high technology companies ran a $26.7 billion surplus.[12] The reason: offshore production in the Pacific Rim and Mexico, Reagan's high dollar policies, slow global growth, foreign countries' trade practices and controls on U.S. strategic exports.

The New Jobs

In December 1985, the government reported that the United States had created 10 million new jobs since the current business expansion began in December 1982. While this performance certainly surpassed most other industrialized countries—particularly in Western Europe, where unemployment continues to hover around the 10 percent mark—the job growth has been very uneven, and concentrated in the service industries, which are traditionally low paying and largely unorganized.

For workers laid off from manufacturing jobs in the Northeast and Midwest, service jobs are difficult to find and usually don't pay the bills. Service employers often look for workers with no industrial or union experience, and many new jobs require workers to relocate thousands of miles away. According to a recent survey published in *Business Week*, the average hourly pay is 11 percent lower in private sector service jobs than in manufacturing, an "earnings disparity...made even worse by short work weeks, because many service employees in retailing, finance, and health care work only part-time."[13]

Worse still, even service jobs can be transferred overseas. Workers at West Publishing Co. in St. Paul, Minnesota, have lost jobs because their company sends materials to South Korea, where non-English speaking workers keypunch the company's complex legal documents into the firm's data bank. Similarly, workers in Barbados earn $2.50 per hour keypunching data into the computers of American Airlines, work previously done by 200 workers in Tulsa, Oklahoma who were paid $6.50 per hour. The National Association of Working Women believes that these practices could result in "telescabbing"—companies using the threat of moving offshore to block organizing efforts by American clerical workers.[14]

Reagan Policies and Worker Rights

While pointing to the growth in service jobs in the United States as a way to offset the loss in manufacturing jobs, Administration officials and their business supporters are also promoting service exports as a way to turn around the growing trade deficit. By expanding export opportunities for service industries, the administration argues, the United States will expand in its most competitive sectors and more easily transfer resources away from the "sunset" manufacturing industries.

In September 1985, President Reagan announced a series of measures designed to break through Korean, Taiwanese, Japanese, Brazilian and European barriers to U.S. exports of insurance services, software, computers, chemicals and agricultural goods. The program has had limited success: in August 1986, the South Korean government agreed to allow two U.S. insurance firms into the national market.

Expanding markets for services is important for American multinational corporations, which are increasingly looking toward industries like insurance, banking and information services for export revenue.

But some arguments in favor of expanding service exports have a ring of defensiveness about them. Economists Lawrence Krause of the Brookings Institution and Geza Feketekuty of the U.S. Trade Representative's Office, for example, recently offered a "politico-economic reason" for a liberalization of service trade. As U.S. employment has shifted out of manufacturing and into services, public support for liberalized trade has decreased because it "has become associated with job losses in manufacturing." "In order to help regain support for the benefits of trade," they argue, "it is useful to associate job gains in services with trade . . . Service-oriented economies will need export opportunities in order for them to maintain support for open trade of goods in the face of their increased imports of manufactured goods."

In addition to ceding the U.S. market to foreign competitors in manufacturing industries, the Krause/Feketekuty argument judiciously avoids two issues: how expansion of markets for services will restore American jobs and rebuild the American industrial infrastructure, and who will benefit from a growth in markets for "fees generated in Europe by Wall Street bankers and in the Middle East by American construction firms, royalties from overseas sales of Madonna records and McDonalds hamburgers, and rentals for Rambo films?"[15]

The apology for service export expansion also ignores the wretched wages and restricted labor rights that have given many competitors in the Third World an edge over American producers. Moreover, those advocating a "tough" approach to trade barriers overseas often fail to support enforcement of new laws that have been passed to prevent countries that violate basic labor rights from capitalizing on their unfair advantage. By using this legislation and passing new laws making violations of labor rights an unfair trade practice, a step will have been taken in making the trading field fairer for American workers and businesses.

3

Worker Rights in the Third World

"Those countries that are flooding world markets with goods made by children, or by workers who can't form free trade unions or bargain collectively, or who are denied even the most minimum standards of safety and health are doing more harm to the principle of free and fair trade than any protectionist groups I can think of."

—U.S. Secretary of Labor William Brock

Worker rights and standards differ markedly across the Third World. While substandard, and in some cases subhuman, conditions are the rule, notable progress has been made in several developing countries.

Industrial workers in India, one of the world's largest and poorest nations with per capita GNP of only $260[1], have won considerable rights. Since 1947, workers have enjoyed the right to organize, bargain collectively and strike and roughly half of workers in modern industry belong to unions.[2] On the other side of the globe, , trade unions in Brazil have grown across the range of industrial sectors. The government has not acted to prohibit strikes and has reinstated the right of labor leaders to hold public office.[3] While violations of labor rights occur in both countries, and while rural workers are accorded far fewer rights, there have been enormous strides toward respect for worker rights.

Similar progress is evident in certain small yet quite poor developing countries. Papua New Guinea, off the northern coast of Australia, now has over 50 trade unions. Private sector unions are free to strike and do so regularly. Laws and regulations concerning child labor, safety, health and working conditions are enforced.[4]

The degree of respect for worker rights, then, has nothing to do with the stage of a country's development. Worker and human rights are respected and flouted in rich and poor countries alike. For the majority of developing countries, there is still a long way to go.

Labor repression and exploitation find striking similarities across a range of countries. The following sections explore three areas in which the pattern of abuse is often similar: health and safety conditions; rights and standards of agricultural workers; and conditions of industrial workers in free trade zones. Other aspects of labor repression take on quite different forms in different countries, and are addressed in several country case studies.

Workplace Safety and Health

The absence of regulations concerning worker safety and health in many developing countries is a strong attraction to some American corporations. In the late 1970s, the U.S. government shaped a policy on U.S. corporations' export of hazardous wastes, toxic chemicals, dangerous pesticides and unsafe processes. As a lame duck president, Jimmy Carter issued an executive order in late 1980 establishing notification procedures and export controls on hazardous substances. He ordered the State Department to notify foreign governments of information and warnings reported under U.S. regulations, and required special export licenses for extremely hazardous substances.

Within one month of taking office, President Reagan revoked Carter's executive order. In 1982, the United States was the only country in the United Nations to vote against a resolution providing for prior notification and disclosure of information on the export of hazardous substances.

By shifting dangerous operations to less developed countries where little or no environmental or occupational health and safety regulations exist or are enforced, companies avoid costs for new equipment needed to control hazardous exposures here in the United States. Passing the risks on to foreign workers, companies gain a competitive advantage on domestic producers using more costly but safer procedures. Likewise, foreign companies that compete in the U.S. market or international markets with American-made products gain an unfair advantage by deliberately ignoring safety and health conditions in the workplace.

It is more difficult to separate the lower costs for avoiding safety and health standards from low wages, lack of union rights, strike bans and other incentives for runaway shops in countries that trade with the United States. But there are enough examples to buttress the case for a strong occupational safety and health clause in labor rights legislation. To cite a few:

The Manville Corp., the big American asbestos maker, stopped producing asbestos-reinforced insulation for pipes and boilers in the United States in 1973. The company shifted production to Brazil and sold its output in international markets. Manville has licenced 63 foreign companies in 28 countries to manufacture asbestos-cement pipe.[5]

The United States closely regulates the manufacture of Benzidine-based dyes because of a proven link to bladder cancer. Such dyes are now imported from countries like Egypt, India and South Korea, with benzidine concentration three times greater than the U.S. average.[6]

A recent incident in San Francisco illustrates the problem caused by benzidine—and how it can rebound back to the United States. In December 1985, seven employees of The Gap, a retail clothing chain based in San Bruno, California, became ill with severe skin disorders. Investigators discovered that the problems were caused by a batch of sweatshirts imported from the Cheil Textile Company in South Korea, a subsidiary of the giant Samsung Group, which was using benzidine during the manufacturing process. The clothing was sold for six months before Cheil changed its dyeing process. While the American employees recovered, nothing is known of the conditions at the factory site in Korea.[7]

At a Union Carbide battery manufacturing plant in Indonesia, hundreds of workers suffered from kidney disease and mercury poisoning. The unparalleled disaster at Union Carbide's pesticide manufacturing plant in Bhopal, India, where at least 2,000 people perished, was the culmination of a history of unsafe, injurious practices and exposures since the plant opened in 1977.[8]

A *Wall Street Journal* investigative report found a Japanese steel mill in Malaysia full of dirty, hazardous conditions and concluded that the mill "probably would not be allowed to operate in Japan." Nonetheless, Japanese steel from the Malaysian plant competes with American steel made under stricter OSHA rules. The American manager of a Diamond Shamrock pesticide plant in Malaysia admitted, "if OSHA walked in here, they'd probably close the place down." Cotton dust, noise, chemical dye and safety hazards were commonplace in Malaysian textile mills that export to the United States.[9]

Electroplating is a key process in the manufacture of most metal products . Relatively strict American environmental and safety standards make plating procedures costly in U.S. plants. In many less developed countries, however, plating shops are completely unregulated. Chemical-induced lesions and ulcers of the nasal septum are common afflictions of plating workers, who often labor without gloves or respirators, inhaling toxic fumes while their hands are wet with acid solution.

Last year, Black & Decker Corp. closed its small kitchen appliance manufacturing plant in Allentown, Pennsylvania, after EPA requirements forced management to pay millions of dollars to bring chrome plating operations into compliance with federal regulations. Now the company makes small appliances for export to the U.S. market at plants in Singapore and Brazil, where plating operations are less strictly regulated.[10]

Agriculture

Abusive labor conditions in foreign countries are often worst in agriculture, still the largest sector of the economy of most

BOX 1

GE and the "Pull-Through" Effect

The movement of capital and technology to Third World countries, some argue, aids in their development, raises the living standards of their people, and creates more, higher-skilled employment for American workers.

A General Electric Co. spokesman testifying before Congress called this a "pull-through" effect in which U.S. corporate investment abroad fuels demand for additional American-made parts, U.S.-based services and related exports. The result, he claimed, would be a net gain in U.S. employment.[1]

But while the value of GE's foreign assets rose from $2.9 to $3.8 billion between 1975 and 1985, the big electrical equipment maker's U.S. employment fell from 274,000 to 220,000. And in 1985, GE spent $1.4 billion to import products sold in the United States under the GE label. Virtually all of its consumer electronics goods are made in Asia.[2]

There was no "pull-through" effect for the 1,000 GE workers at an electrical iron plant in Ontario, California which shut down in 1982 when the company moved the jobs to Singapore and Brazil to make plastic irons for export to the U.S. market. That experience has recurred thousands of times over the past decade as U.S. multinationals closed all or part of many factories here to send work abroad.

developing countries. National labor legislation or minimum labor standards usually exclude agricultural workers.

Moreover, the fragmented, transitory nature of farm work makes it difficult for workers to organize and bargain for better conditions. Isolation and dependence on growers create a semi-feudal relationship between workers and landowners in many countries. Sharecropping or subsistence farming often take the place of compensation in wages. Attempts at land reform meet bitter opposition from the established landed oligarchy.

Many labor abuses occur in isolated rural settings among illiterate workers, hindering recordkeeping of labor rights violations. Still, the Geneva-based International Federation of Plantation, Agricultural, and Allied Workers has documented hundreds of cases of government and employer-sponsored repression against farmworkers. Kidnapping and murder of farmworker organizers have occurred in many countries.

In 1985, a Guatemalan agricultural union leader was shot to death in front of union headquarters after meeting with workers from one of the country's largest estates. A Brazilian sugar mill worker was murdered in 1984 after asking for a salary increase; this followed the 1983 murder of the president of the Rural Workers Organization on the estate.

Health and safety conditions are among the most abusive for agricultural workers. Throughout the world, arable land has been converted, often forcibly, from production of food for local consumption to fertilizer- and pesticide-intensive crops for export. World pesticide use has nearly doubled in the past fifteen years. Farmworkers are often unable to read instructions on pesticide usage. Moreover, they and their families usually live in or near the fields where pesticides are used, polluting their air, food and water supplies. Guatemala, which has the world's highest per acre yield of cotton, also has the highest concentration of pesticides.

Free Trade Zones

While the majority in Third World countries still gain their livelihood from agricultural activities, growing numbers are employed in light manufacturing factories of multinational corporations. These factories are located mainly in specially designated free trade zones or export processing zones.

Labor conditions in the zones are usually harsher than in the rest of the country. Besides offering exemption from customs duties, foreign exchange benefits, local tax windfalls, subsidized utilities and other common "incentives" for business, authorities in the zones also guarantee strike bans, sub-minimum wages, and exemptions from health and safety and fair labor standards.

Over one million workers, the vast majority of them women, labor in industrial free trade zones in the Third World. More than half of the existing zones are in Asia, concentrated in the Philippines, Malaysia, South Korea, Taiwan and Indonesia; most others are in Latin America and the Caribbean. Wages for workers in Asian export processing zones average 50 cents an hour, while Mexicans hired under the maquiladora program on the U.S.-Mexican border earn less than $1.00 an hour.

Using a subcontracting strategy, U.S. manufacturers send labor-intensive operations, such as sewing or electrical assembly, to these zones. Once assembled, the goods are imported by the multinational to the United States—under generous tariff exemptions—or exported to third country markets. Goods made in the zones are rarely, if ever, sold on the local market.

Often, the subcontractor is a subsidiary of the multinational, as is the case with nearly all electronics assembly for foreign companies in free trade zones. Otherwise, the subcontractor is an independent firm or an agent who further subcontracts the work, often to women working in their own homes with no standards for pay or working conditions.

Besides cheap labor, firms value political stability and strict controls on workers' freedoms. Thus they have relocated plants to areas of the world where workers' organizations are non-existent or severely limited by government policy. Such was the case in the Philippines, where militarization and martial law paralleled the rise of the Bataan Export Processing Zone.

Most of the workers in Mexico's border industries belong to corrupt, company unions. One plant manager said his firm recruits untrained workers. "We want to hire someone who has never had a job, who is 16 years old and has finished grammar school. They make the best workers because they have no bad habits."[11]

Countries hosting free trade zones have emphasized the number of jobs generated rather than the quality and nature of employment provided by multinational corporations. Research on the effects of export-directed industrialization shows that the jobs created are highly temporal, often dangerous as a result of exposure to unsafe chemicals, frequently devoid of fringe benefits, and unsuitable as vehicles for technological transfer and independent national development.[12] These conditions come into sharper focus when viewed through the prism of specific country studies.

Haiti

On February 7, 1986, 29 years of a brutal dictatorship came to a close as Jean-Claude "Baby Doc" Duvalier was forced to flee Haiti. The 34-year-old "President-for-Life" was driven into exile by a combination of massive street protests and a loss of support from the middle class and commercial elite. Duvalier's flight into exile presented the popular movement in Haiti, particularly the long-repressed labor movement, with the opportunity to improve miserable wages and working conditions.

Labor organizing in Haiti actually began forty years ago. Despite the hostile regimes of Dumarsais Estime and Paul Magloire, unions were organized after World War II and by 1957, when "Papa Doc" came to power, more than twenty trade unions and associations existed in Haiti. But the Duvaliers thoroughly crushed the trade union movement.

In the first six months after Duvalier fled office, nearly 12,000 of some 50,000 factory workers in Port-au-Prince lost their jobs, mostly for union organizing. A dozen companies have reportedly closed their doors to avoid labor disputes. At least four have disinvested from Haiti permanently.[13]

Systematic harassment and intimidation of workers continues. At Performance Footwear, a subsidiary of Stride-Rite Footwear in Cambridge, Massachusetts, workers discovered that they were authorized a piece rate of $1.60 per case of shoes sewn, but that the management in Haiti was paying them only $0.35 per case. They organized a union to demand a change in the piece rate and other fringe benefits. The American manager fired the organizers after ordering them into an office where two armed security guards coerced them into signing letters of resignation. The letters of resignation said the workers had been caught stealing. Later, more than 600 workers in the factory lost their jobs for trying to organize a union.

Effective trade union organizing is urgently needed in Haiti. Despite the government's public assurances to the contrary, there continue severe labor rights abuses, some of the worst in the world for the last 29 years. The $3.00 a day minimum wage remains the worst in the Western Hemisphere. The misery and exploitation of Haitian workers subsidizes the country's assembly industry and its exports to the United States. For instance, all of the baseballs in the United States and 90 percent of those in the entire world are made in Haiti and sold abroad at 10 times their production cost.

Chile

In 1973, the elected socialist government of Salvador Allende was violently overthrown in a military coup led by General Augusto Pinochet. Since that time, working and political conditions for Chilean workers have become a living hell.

One of the most grotesque abuses occurred in 1982, when the president of the public employees union was abducted, tortured, and murdered. The incident occurred one week after a press conference where he declared his union's opposition to the economic policies of the Pinochet dictatorship. In 1985, three leaders of the Chilean National Association of Teachers were kidnapped, loaded onto military vehicles and murdered. Thousands of other union organizers have been killed, imprisoned, or exiled by the Pinochet regime for their labor activities.

Under the Pinochet labor code, unions must get police permission to hold meetings. Strike votes must be taken by open ballot in the presence of police, marking strike supporters for retaliation. Strikes can last only 60 days; then workers must accept the employer's final offer or abandon their jobs. Unions can only be organized in a single workplace. Coordinated or industry-wide bargaining is outlawed.[14]

South Korea

Following a surge of strikes, labor unrest, and political turmoil, a military government led by General Chun Doo Hwan seized power on May 17, 1980 and arrested hundreds of political leaders. Within months, Chun had dismantled the country's industrial unions, banned regional labor organizations, and outlawed all "third parties" from assisting local unions—including national union officials and church activists. Over 400 trade unionists were fired from their jobs or arrested, and total union membership dropped from over 1.2 million in 1979 to 700,000 in 1981. As in Chile, labor rights have slid sharply downhill since the military actions.

In 1985, 12 textile union members were sentenced up to two years in prison for protesting the arrest of union leaders, while six leaders of the union representing workers at a Daewoo Motors plant in Seoul were arrested and subsequently imprisoned up to two years for leading a week-long strike. Sixty-one other union leaders are serving long-term prison sentences for labor organizing. In 1986, 250 workers were arrested for activities opposing the government's labor policies. The Chun regime "purified" union leadership by forcing resignations and blacklisting organizers, and has effectively blocked union organizing in heavy industry by banning unions "detrimental to the public interest."

Many Korean companies openly employ goon squads that break up union meetings, kidnap and torture union leaders, and sexually abuse women union activists. Union organization is forbidden in government employment, public utilities, defense industries, and "firms that exercise great influence on the national economy," eliminating large sections of the workforce from even the possibility of union representation.[15]

Guatemala

In Guatemala, 25 top leaders of the national labor federation were hauled away by police in 1981 from a meeting where they were planning the funeral of a murdered co-worker. The 25 have not been seen or heard from since and are presumed murdered. Local union leaders and other political activists are routinely kidnapped and killed by the notorious "secret anti-communist army," a powerful, government-sanctioned death squad.[16]

Taiwan

Assembly workers receive barely subsistence wages for eight to twelve hour days in Taiwan. They live in crowded company-owned dorms with no air-conditioning, despite 100 degree heat and high humidity, no potable water, no recreational facilities and no social activities. Health and safety regulations are lax or nonexistent, even where workers handle hazardous products.

Strikes are effectively prohibited and although a collective-bargaining statute is on the books, there are no agreements in effect, and inciting labor unrest is a crime. The few unions that do exist are government-controlled. The Ministry of Interior appoints union leaders, and plant managers often line government and company coffers with the union dues they collect, while distributing official propaganda through union channels.[17]

South Africa

Workers in white-ruled South Africa have organized unions to fight for dignity, human rights and a better life since the 1920s. But over the last 10 years, a sharp increase in the militancy of black workers and an expansion in black union membership have met violent repression by the government. The state has tried to impose strict institutional controls on unions and limit the extent to which they are involved in political issues.

Under a 1979 law on union organization, unions must register with the government, giving it arbitrary power over union affairs and allowing it to deny union applications if the union is considered a "threat" to industrial peace or the national interest. In addition to ordering bans on strikes and picket lines, the

South African government wields many instruments to control unions, including detention without trial, banning, political trials and police and military intervention in industrial disputes.

In August 1986, Amon Msana, a union leader who toured the United States earlier in the year to meet American unionists, was arrested and imprisoned on his return to South Africa. Hundreds of other union leaders have been detained and many are unaccounted for during the apartheid regime's state of emergency. Thousands more have been jailed, killed or driven into exile over the years for their labor activity, including both black and white activists.

The Crisis of the 1980s

Exacerbating the deterioration of worker rights in the Third World have been five years of global economic crisis, manifest in the stagnation of world trade and the plunge in primary commodity prices.

After decades of rapid growth, world trade slowed drastically in 1980 and has stagnated since.[18] This trend has been devastating for most developing countries, which are heavily dependent on exports. As world demand dropped, prices collapsed for sugar, copper, tea and other raw materials that form the centerpiece of many developing country exports.[19]

The plunge of raw material prices precipitated the outbreak of debt crises in scores of developing countries. After over a decade of heavy borrowing, many developing countries found that by 1982 (after interest rates jumped as many of the loans fell due) they could no longer meet service payments on the debt. Creditor banks and governments called in the IMF, which tied new loans to strict austerity programs. These have placed the burden of debt repayment inequitably on the shoulders of the poor and working people by freezing wages, cutting government price subsidies (often on rice, cooking oil, beans and other staples), cutting subsidized credits in rural areas, and inducing inflation through devaluations of local currencies.

As part of the austerity, our major trading partners around the developing world slashed their imports of U.S. goods. U.S. exports to Mexico, for example, plunged from $18 billion in 1981 to $9 billion in 1983. The U.S. Department of Commerce estimates that for every billion dollars of trade, 25,000 new jobs are created; hence, the drop in exports to Mexico alone cost over 200,000 jobs.[20]

Another effect of the debt crisis is that the squeeze put on developing countries to repay their debts has produced a net flow of financial resources from South to North, a trend which has grown each year since 1982. In other words, the gap between North and South is not shrinking—it is growing with alarming speed. In short, crises of output, trade and finance, the three pillars of the world economy, are undermining prospects for development across the developing world.

The crisis takes its toll on workers with a brutality that is difficult to capture in words.[21] Reduced growth on world markets provides one more powerful argument for increased action on the protection of worker rights.

4

Promoting Worker Rights in International Trade

"There is no reason why labor rights are not as much a standard of fair practice as the question of a government subsidy or a question of corporations dumping... It is labor rights that tell you how that good is produced."
—AFL-CIO Research Director Rudy Oswald

Needed: A New Vision

For years, human rights advocates have sought to create effective mechanisms to translate concern for human rights violations into U.S. foreign policy. Legislation has been passed linking bilateral and multilateral aid to improvements in the recipient country's human rights record. But enforcement has foundered on vague definitions of human rights and, at times, on overriding "national security concerns."

With South Africa, however, Congress has moved farther in the human rights-foreign policy link, imposing economic sanctions on the apartheid regime.

Worker rights provide an excellent vehicle to carry this sort of linkage one giant step forward. Concrete categories of internationally recognized worker rights exist. Their link to trade policy is clear given the role of workers in production for export. A recent survey indicated that Americans believe by a wide margin that low-wage foreign labor is the leading cause of the trade deficit.[1] And, legislation has been passed that provides for citizen involvement in monitoring worker rights to help implement the legislation.

What is urgently needed is a broader vision, based on the premise that fair competition in world trade must renounce and effectively discourage systematic labor repression. A bold, multi-faceted labor rights agenda should seek to establish in both international and U.S. law that respect for basic labor rights is required to ensure that no country or corporation gain a competitive edge by exploiting workers. Both the GATT and U.S. trade law should be restructured by rule and practice to protect the rights and improve the living standards of workers as well as the livelihood of producers and consumers.

The movement to promote this vision is not a disguised attempt to raise protectionist barriers; nor is it a means to negate the legitimate comparative advantages of developing countries that export labor-intensive products. Rather, it is intended to promote an open trading system in which the benefits of trade are spread more broadly among nations.

Historical Overview: 1900-1986

Promoting labor rights in international trade is not a new concept. From the end of the 19th century, international agreements and U.S. policy have explicitly stated that fair labor standards are necessary to the workings of a fair trading system.

The McKinley Tariff Act of 1890 included the first provision in U.S. law banning products made by convicts from entering domestic trade. In 1912, the United States banned the import or export of white phosphorous matches and discouraged their production through a special tax. The reason: trade unionists, doctors, and health specialists had clearly demonstrated that workers were being exposed to hideous occupational poisoning.

When the International Labor Organization (ILO) was established by the Treaty of Versailles in 1919, the ratifying parties

BOX 1

Hollow Promises

In a keynote speech at the Conference on Trade and Labor Rights on March 6, 1986, UAW President Owen Bieber made the following remarks:

"The promise of trade to raise living standards for American workers is not being fulfilled, and there is a growing skepticism among industrial workers that our nation's industrial base can be preserved. There is among those workers little support for the current international trading system, which is seen as a tool of multinational firms that are bent on lowering wages and raising their profits, whatever the impact on working people might be."

"When our members hear about the labor conditions in some of the developing countries with which we have large trade deficits, they are incensed, and their bitterness toward increased international trade is confirmed."

"I want to make it clear that the UAW has not and is not opposed to trade. But we are opposed to lowering living standards and we are opposed to unemployment. We are opposed to the erosion of progress that we have made for workers over years of struggle. We are opposed to the decay of the industrial base of the U.S. economy. And we do not believe in encouraging international trade for its own sake, and we especially oppose those trade practices which bring hardship to workers both here and abroad who are supposed to be benefiting from those programs."

— From keynote speech at Capitol Hill conference on Trade and Labor Rights, March 6, 1986.

affirmed that they would "endeavor to secure and maintain fair and humane conditions of labor for men, women and children, both in their own countries and in all countries to which their commercial and industrial relations extend."[2] The purpose of the ILO was to monitor compliance with this promise. No enforcement mechanism for ILO findings, however, was created.

Several years later, the United States established an adjustable tariff, which the President was to use to compensate for the difference in production costs (including wages) between the United States and competing countries.[3] Parts of this law still remain in effect, although no corresponding investigation has been conducted since 1962. In the Tariff Act of 1930, Congress banned imports of any products made by indentured or convict labor; several other countries followed suit. But the U.S. Customs Service has consistently refused to enforce this provision.

Since the end of World War II, there has been growing recognition in some circles that labor rights are essential to promoting social justice and to safeguarding human freedoms in any society. This tenet was affirmed in the Charter of the United Nations adopted in 1945, which states that "the United Nations shall promote higher standards of living, full employment, and conditions of economic and sound progress and development."[4]

In 1948, the UN General Assembly extended its concern with labor rights in the Universal Declaration of Human Rights. Included in this historic document was the affirmation that "everyone has the right to work, to free choice of employment, to just and favorable conditions of work, and to protection against unemployment." Indeed the Declaration affirmed that everyone had the right to a wage that ensured an "existence worthy of human dignity" and "the right to form and join trade unions for the protection of his interests."[5]

These principles were broadened further in 1966 to include declarations against "forced and compulsory labor" and a recognition of the right to "just and favorable conditions of work" that ensured "fair wages...a decent living for [workers] and their families" and "safe and healthy working conditions."[6]

The General Agreement on Trade and Tariff (GATT), the international trade organization established in 1947, also speaks to the importance of labor rights in international trade. The preamble provides that "relations among countries in the field of trade and economic endeavor should be conducted with a view to raising standards of living and ensuring full employment."

GATT member countries are explicitly authorized to take action against products of prison labor. Perhaps of greatest significance, the GATT incorporates, by reference, the following wording from the proposed International Trade Organization (ITO) Charter: "The members recognize that measures relating to employment must take fully into account the rights of workers under intergovernmental declarations, covenants, and agreements. The members recognize that all countries have a common interest in the achievement and maintenance of fair labor standards related to productivity, and thus in the improvement of wages and working conditions as productivity may permit. The members recognize that unfair labor conditions, particularly in production for export, create difficulties in international trade, and accordingly, each member shall take whatever action may be appropriate and feasible to eliminate such conditions within its territory."[7]

In 1953, the U.S. State Department informally proposed adding a labor standard provision to the GATT following the instructions of President Dwight D. Eisenhower, who focused attention on international labor rights in his first State of the Union Address. The provision recognized that "all countries have a common interest in the achievement and maintenance of fair labor standards related to productivity, and thus in the improvement of wages and working conditions" and that "unfair labor conditions . . . particularly in production for export, may create difficulties in international trade . . ." The initiative foundered early on the failure of the international community to agree on a definition of unfair labor standards.

In 1954, the U.S. Commission on Foreign Economic Policy urged that no tariff concessions be extended to "products made by workers receiving wages which are substandard in the exporting country." The term "substandard" was defined as wages for a specific commodity that were substantially below accepted standards in the exporting country.[8]

The same year, labor rights were first injected into a commodity agreement. Under the terms of the International Tin Agreement of 1954, participating countries agreed that "in order to avoid the depression of living standards and the introduction of unfair competitive conditions in world trade, they will seek to ensure fair labor standards in the tin industry."[9] Similar labor provisions were later added to the international agreements on sugar (1966), cocoa (1975) and rubber (1979).

Labor rights protection was first included in a regional trade bloc in 1957, when the European Economic Community (EEC) was established and the leaders of Western Europe agreed jointly to promote improved working conditions and an improved standard of living for workers. When the member countries of the Organization of American States (OAS) met in 1967 to revise their organizational charter, they committed their governments to the following principle:[10]

> "Work right and a social duty; it gives dignity to the one who performs it, and it should be performed under conditions, including a system of fair wages, that ensure life, health, and a decent standard of living for the worker and his family, both during his working years and in his old age, or when any circumstance deprives him of the possibility of working."

During the 1970s, there was a renewed interest in fair labor standards among American trade negotiators and lawmakers. In 1971, a National Commission on International Trade and Investment Policy appointed by President Nixon recommended that the United States support the formulation and adoption of a multilateral code of fair labor standards. Congress took up the recommendation and added a provision to the Trade Act of 1974 calling on the President to seek various revisions in the GATT including the "adoption of international fair labor standards and of public petition and confrontation procedures in the GATT."[11] In explaining this action, the legislative report states that:[12]

> additional steps are needed which would lead to the elimination of unfair labor conditions which substantially disrupt or distort international trade. The international trading community should seek to develop principles with respect to earnings, hours and conditions of employment of workers, and to adopt public petition and bargaining procedures.

The report also proposed that "private persons" be given the opportunity to appear before international organizations to "present grievances" about labor conditions in other countries.

As the Tokyo Round of multilateral trade negotiations got underway in earnest in 1978, the office of the U.S. Trade Representative created an interagency group to explore issues pertaining to international fair labor standards. Extensive discussions were held with representatives from Canada and some Nordic countries. In the process, the Labor Department, represented in the interagency group, sent cables to various U.S. missions abroad requesting information on labor standards in those countries.

Eventually, however, the Carter Administration decided not to pursue fair labor standards in the multilateral trade negotiations, apparently out of concern that the issue would complicate prospects for an agreement. Instead, U.S. policymakers tried—unsuccessfully—to add fair labor standards to the program of GATT Consultation Group set up after the negotiations ended.

A promising step was made by the Government of Sweden during the Tokyo Round when it proposed adding a social clause to the GATT. Drawing heavily on ideas from the International Metalworkers Federation, the clause proposed a framework for GATT member countries to protect workers against countries with substandard labor conditions. To judge fair labor standards, the Swedes suggested UN and ILO criteria, "including the recognition of the freedom of association, trade union rights, [and] adequate health and safety precautions, social standards and social welfare schemes." [13]

But the American delegation opposed the initiative. Joining the United States were certain developing countries which suggested fair labor standards be dealt with under United Nations Conference on Trade and Development auspices, and the proposal was dropped for further consideration. A similar proposal made by the EEC to link trade preferences for selected African, Caribbean and Asian countries to respect for international labor standards was also rejected by developing countries, which assailed the linkage as protectionist and punitive and charged the EEC with hypocrisy in not extending the measure to South Africa.

In 1980, the Brandt Commission called for an international agreement on fair labor standards to prevent unfair competition and facilitate trade liberalization. In supporting this recommendation, the Commission concluded:[14]

> Exports that result from working conditions which do not respect minimum social standards relevant to a given society are unfair to the workers directly involved, to workers of competing Third World exporting countries, and to workers of importing countries whose welfare is undermined. They are also unfair to business concerns and countries which encourage social progress. Just as developing countries concern themselves with the industrial adjustments of other countries, so their own domestic industrial conditions will increasingly become a matter of international concern and review.

How to Get Leverage on Unfair Trade

While affirming the principle of international labor rights, the United States is only beginning to develop tools to ensure that the conduct of official U.S. policy and of U.S.-based multinational corporations actually respects and promotes them. Congress has made a start with the passage—despite opposition from the Reagan Administration—of three laws since 1983 that link U.S. trade and investment policies to respect for international labor rights.

The Caribbean Basin Initiative (CBI)

In February 1983, President Reagan submitted legislation providing for one-way, duty-free access to the U.S. market for exports from Caribbean and Central American countries. Before the CBI was signed into law in August, it was amended to require that the President, in determining the benefit levels of a developing country, take into account "the degree to which workers in such a country are afforded reasonable workplace conditions and enjoy the right to organize and bargain collectively."[15] In addition, the law requires the Secretary of Labor to file an annual report with the Congress on the impact of CBI implementation on American workers.

Despite these restrictions, not one country in the region has been denied CBI eligibility for violations of labor rights. And while some observers believe that the provisions have set in motion a worthwhile negotiating dynamic that prompted such countries as Haiti, the Dominican Republic, Honduras and El Salvador to make commitments to improve labor conditions, congressional oversight of the CBI and the application of the labor standards provision have been non-existent.

The Generalized System of Preferences (GSP)

A major breakthrough in linking the promotion of labor rights to international trade benefits was achieved in October 1984, when the GSP Renewal Act was signed into law. The GSP program extends duty-free treatment to the American marketplace for thousands of products exported from more than 140 developing countries.

In its original form in 1976, the GSP was a unilateral commitment to Third World countries to allow them to participate more fully in international trade. But in seeking the 10-year reauthorization in 1984, the Reagan Administration proposed changing the character of the program. The thrust of the Reagan proposal was to use the GSP as a bargaining chip to gain greater market access for American products and stronger protection of intellectual property rights for U.S. companies.

Congress grudgingly approved this policy change and renewed the program until 1993. But it also forced the Reagan Administration to accept labor rights provisions in the legislation authored by Representative Donald J. Pease (D-Ohio), the leading international labor rights advocate in the House. In effect, this bill approved GSP negotiations with Third World countries, but insisted that respect for international labor rights be pursued as vigorously by U.S. trade negotiators as issues of market access and intellectual property rights.

Under the new guidelines for the GSP, the President is prohibited from extending preferences to any country "if such country has not taken or is not taking steps to afford internationally recognized worker rights to workers in the country (including any designated zone in that country)."[16] The President may waive this prohibition if he determines such an action to be in the national economic interest and reports his rationale to the Congress.

BOX 2

How the GSP Review Process Works

The USTR conducts four types of administrative review that are open to public input: the annual review, the general review (already completed), the expedited review, and the discretionary review.

The *annual review* presents an opportunity for individuals or organizations to challenge GSP eligibility of any country or product and to challenge formally, through public testimony and supporting documentation, the GSP status of any eligible country.

On product eligibility, only persons or organizations with a specific economic interest in a particular product can formally petition to have it removed from the GSP list. But anyone with knowledge and concern about the denial of worker rights in a GSP beneficiary country can testify and provide documentation in support of a formal petition to deny product or country eligibility. Some human rights organizations and unions have already filed requests and petitions in the 1986 annual review requesting formal action from the USTR because of labor repression in selected countries, including Chile and Haiti.

Unlike the annual review, which is designed for input from the public, the *general review* was intended to be a thorough USTR reexamination and overhaul of the GSP program. Under the new law, it was tailored to achieve a more equitable distribution of GSP benefits among countries by taking away duty-free treatment from products of countries deemed to be competitive in international trade. At the same time, it provided the USTR with negotiating leverage to be used in discussions with Third World countries about trade issues, including possible violations of labor rights. The general review was completed on January 2, 1987.

The *expedited review* is an established policy with the

USTR that predates the 1984 GSP law. Any individual or organization filing a request on country eligibility or a petition on product eligibility may ask the USTR for urgent consideration, outside of an annual review, if they demonstrate that unusual circumstances warrant it. For example, such action could be sought on labor rights grounds to forestall an impending assault on the labor movement within a GSP beneficiary country.

Finally, the law grants the President discretion to review GSP country or product eligibility at any time. If, for example, there is a change of government within a GSP beneficiary country and the new government undertakes an assault on labor rights, the President can withdraw, suspend, or limit that country or any of its products from duty-free treatment.

The term "internationally recognized worker rights" is defined in the law as:

- the right of association;
- the right to organize and bargain collectively;
- a prohibition on the use of any form of forced or compulsory labor;
- a minimum age for the employment of children;
- acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety.

In addition, the law requires the President to submit an annual report to the Congress on the status of labor rights in each GSP beneficiary country. The first such reports were issued in the State Department Country Reports on Human Rights Practices for 1985, published in February 1986.

A landmark of the law was the provision for public participation in determination of GSP eligibility. Congress mandated the Office of the U.S. Trade Representative (USTR), the agency that administers the GSP program, to develop regulations granting individuals and organizations unprecedented formal standing to testify before the USTR in support of requests and petitions regarding a country's eligibility for the GSP program (see box p. 50–51).

The Overseas Private Investment Corporation (OPIC)

In 1985, another breakthrough was achieved when Congress approved the renewal of the Overseas Private Investment Corporation (OPIC), the government agency that offers political risk insurance and other services for American corporations with investments in foreign countries.

With many members of Congress questioning the role of OPIC during a period of record trade deficits and the decline in U.S. manufacturing, the Reagan Administration was determined to secure OPIC's reauthorization. Ultimately the corporation was renewed until 1988, but not before Congress approved a labor rights amendment to its charter offered by Senator Paul Sarbanes (D- Maryland) and Representative Howard Berman (D-California). The law mandates provision that OPIC "may insure, reinsure, or finance a project only if the country in which the project is to be undertaken is taking steps to adopt and implement laws that extend internationally recognized worker rights (as defined in the GSP statute) to workers in that country."[17]

In determining eligibility, the OPIC Board of Directors is instructed to use the annual State Department country reports in combination with public testimony. The board is now required by statute to hold at least one public hearing every year during which any individual or organization can testify and formally request that OPIC cease operations in any country engaged in the systematic denial of internationally recognized worker rights.

Under the new law, OPIC officials must promulgate regulations to establish the date and procedures for the annual public hearing on the labor rights provision and other criteria limiting where OPIC can assist projects. The first such hearing was held on November 13, 1986. Citing worker rights violations, OPIC removed Paraguay, Romania, Nicaragua and Ethiopia from eligibility for its programs in early 1987.

Proposed Legislation on Labor Rights

The labor rights issue moved into the mainstream of the trade policy debate in 1986. In May, the House of Representatives passed the Trade and International Economic Policy Reform Act of 1986 (HR 4800) by an impressive bipartisan vote of 295-115.

Included in this mammoth bill were two important provisions related to labor rights, introduced as amendments by Representative Donald J. Pease (D-Ohio). First, the bill would have established that a principal negotiating objective of the U.S. delegation in the new round of multilateral trade negotiations would be "to enhance the GATT through adoption of a principle or a code against the denial of internationally recognized worker rights as a means for countries or industries to gain competitive advantage in international trade."[18]

Second, an amendment was added to Section 301 of the Trade Act of 1974 to include any act, policy or practice that denies internationally respected worker rights in the definition of "unreasonable" trade practices. This provision seeks to define systematic labor repression as an unreasonable and unfair trade practice. And, as is the case in the GSP law, this section allows for any person or organization to file a petition with the USTR requesting the President to take actions against a country violating labor rights.

5

What Organizations and Individuals Can Do

Quietly but effectively, an important corner has been turned in U.S. trade and investment policies. By passing legislation that links a country's labor practices to its ability to sell in this country, the United States has moved one step closer toward promoting greater respect for international labor rights. The challenge before us is to maximize the potential of the recently enacted laws and to mobilize support for additional legislation and international action.

Making the Most of the New Legislation

Many policymakers inside the U.S. government admit to being perplexed about how to implement the new labor rights statutes in the GSP and OPIC legislation. Moreover, the general public is unaware of the important new opportunities to influence government and corporate behavior. Thus, much work needs to be done on many fronts.

- First, there exists a dearth of information about labor conditions abroad. U.S. policymakers confess that they often have to rely upon dated and sketchy reports from labor attaches in U.S. embassies (where they exist) in trying to implement the laws. Unfortunately, few publications from private human rights groups even mention labor rights violations.

  This situation has improved with the publication of the annual State Department human rights country reports, which for the first time included labor rights violations in 1985, based upon the findings of the State Department in consultation with the Labor Department and the USTR. But careful reading of these reports underscores the need for more detailed analysis of labor conditions. With the development of independent monitoring capabilities of foreign labor conditions by human rights groups, the quality of the official reports published by the State Department should improve.

  For this reason, there is a pressing need for the investigation and compilation of well-documented factual reports on the legal status and effective exercise of internationally recognized worker rights in foreign countries. Once available, these reports should be widely circulated to U.S. policymakers, members of Congress, the media, the American public and the international community.

  Groups and individuals that conduct research on labor rights should also publish their findings. Newspaper articles, newsletters, pamphlets, books and other supporting materials are extremely useful to groups looking for documentation about the violation of labor rights overseas and planning formal action against labor violators.

- Second, the existence of the new laws linking special trade preferences and political risk insurance to labor rights should be widely publicized. Organizations and individuals concerned about labor rights need to know about the various ways now open to them to participate in the formulation of U.S. trade and investment policies with foreign countries. For the first time, for example, unions like the UAW and organizations like the Americas Watch can formally request specific actions of the U.S. government against foreign countries that violate internationally respected worker rights.

Coalitions of unions, human rights organizations, and church groups have, in recent, years forced the government to cut off aid and loans to certain countries that violate political and civil rights. The stage is now set for the same action to be taken for violations of labor rights.

Every year, organizations and individuals can publicly challenge the President's official determination about the status of labor rights within GSP or OPIC beneficiary countries. This simply requires a written statement to the USTR and OPIC offices in Washington, DC informing them of the intent to challenge the eligibility of one or more foreign countries. Once the request and/or petition is accepted for review, anyone can submit testimony in person or in writing at a public hearing before the USTR and the OPIC Board of Directors on labor conditions in the country in question. Subsequently, the USTR and OPIC must formally respond to the request and explain how and why they have made their policy decisions.

- Third, the Congress should be encouraged to exercise more rigorous oversight of the interpretation and application of the labor rights laws by the President. The Reagan Administration has not made the labor rights provisions a priority in its trade negotiations, so it becomes especially important for the Congress to hold oversight hearings and demand accountability from the USTR and other agencies.

- Fourth, outreach and education efforts through public presentations, conferences, newsletters and other means can be used to increase public awareness of the link between labor rights violations, the expansion of American companies overseas and the growth of imports from Third World countries. The outreach also needs to focus on the importance of applying economic leverage to promote greater respect for international labor rights and to

BOX 1

Capitol Hill Conference

In March 1986, 41 members of Congress joined with 17 trade unions and a number of human rights and international development organizations in sponsoring a one-day conference on "Labor Rights and the Trade Debate" on Capitol Hill. The keynote speaker was Owen Bieber, President of the United Auto Workers; also addressing the conference were AFL-CIO President Lane Kirkland and former Labor Secretary Ray Marshall. During the forum, panelists from several trade unions and the sponsoring organizations exchanged views with officials from the State Department, the Labor Department and the USTR to clarify how the new labor rights provisions are to be implemented.

A videotape of the proceedings and a transcript of the conference are available from the International Labor Rights Education and Research Fund.

expand substantially the number of beneficiaries of U.S. trade with and investment in foreign countries.

- Finally, if a country has been certified by the government as complying with internationally accepted labor rights and violations are found to persist, then organizations with knowledge about these violations (or who brought attention to these countries in earlier reviews) should be prepared to seek judicial review of the decisions. Such a process could ensure the enforcement of the mandatory GSP and OPIC provisions.

Mobilizing Support for Additional Laws and International Actions

The labor rights provisions in the GSP and OPIC statutes were enacted without high-profile opposition from the business community or the Reagan Administration. But the labor rights provisions in the 1986 and 1987 House trade bills sparked a strong backlash by groups and individuals who claim that such provisions violate "free trade." Led by the National Association of Manufacturers, a number of Fortune 500 companies and top officials in the Reagan Administration (notably the U.S. Trade Representative Clayton Yeutter and Labor Secretary William Brock), a strong opposition campaign has arisen from some business sectors against including the labor rights provisions in the trade bills.

In contrast, the Retail Industry Trade Action Coalition, comprised of some of America's leading companies including K-mart, Sears Roebuck, and Federated Department Stores endorsed a strong worker rights provision in the 1987 trade bill with the following congressional testimony:

> "We support measures like the Pease amendment (in H.R.3) which seeks to encourage other countries—which benefit from access to our markets—to provide their workers with basic internationally recognized rights ... In our view, the United States should use its influence to improve the lot of workers world-wide and to help our workers regain their competitive edge."

If these new provisions become law, the sufferings and concerns of working people must be heard and felt in the halls of the Congress, in the White House and at the negotiating tables in Geneva. For a start, U.S. policymakers should be the target of a coordinated grassroots lobbying campaign asserting that fair trade must exclude systematic labor repression. Policymakers must understand that the denial of labor rights tends to perpetuate poverty, limit the benefits of economic development and trade to narrow and privileged elites, and sow the seeds of social instability; and that these conditions fuel demands for protection of industries at home.

To gain support for the labor rights movement in Congress, concerned groups should write and visit their Senators and congressional Representatives, and ask them if they are prepared to treat as an unfair practice the competitive advantage that some trade partners derive from the systematic denial of internationally recognized labor rights.

Second, unions, human rights and other groups in other countries can bring pressure on their own governments to support the addition of viable labor rights provisions in the GATT. The new round of multilateral negotiations is expected to continue for four to five years, and proposals for new labor rights provisions can be brought forth at any time once a solid base of support has been established among a core group of GATT member countries.

Finally, there is a need to identify and critically analyze additional legislation to be considered in Congress on trade, investment, taxation, finance and foreign assistance to promote respect for international labor rights and economic justice for all workers.

Notes

Introduction

1. Since 1985, a broad range of human rights, religious, labor and other organizations have prepared detailed reports and testimony on worker rights conditions in numerous developing countries. Many of these have been reprinted in the Congressional Record. A list of the testimonies is available from the International Labor Rights Education and Research Fund, Box 68, 110 Maryland Ave, NE, Washington, DC 20002.
2. David Kirkpatrick, "What Givebacks Can Get You," *Fortune*, November 24, 1986, p. 60.
3. See Richard J. Barnet and Ronald E. Muller, *Global Reach: The Power of the Multinational Corporations* (New York: Simon & Schuster, 1974).
4. In 1985, the value of U.S. exports and imports with the developing world totaled $195 biillion. Mexico accounted for $33 billion, Taiwan for $22 billion, and South Korea for $17 billion. These three countries accounted for $24 billion of the United States' $148 billion trade deficit that year. See U.S. Department of Commerce, *United States Trade: Performance in 1985 and Outlook* (Washington, DC, October 1986), pp. 114-115.

Chapter 1

1. Quoted from presentation by Jack Sheehan before Conference on Trade and Worker Rights held in Congress, March 6, 1986. Transcripts and a video of this conference, organized

by dozens of members of Congress, human rights groups and unions, are available from the International Labor Rights Education and Research Fund.

2. Developing countries' share of U.S. exports has moved from 36 percent in 1983 to 34 percent in 1984 and 1985; developing countries' share of U.S. imports has dropped from 40 percent in 1983 to 37 percent in 1984 to 34 percent in 1985. Calculated from figures in U.S. Department of Commerce, *op. cit.*, p. 114.

3. Repeated testimony on worker rights repression in South Korea is available from the North American Coalition for Human Rights in Korea, the UAW and the United Steelworkers of America.

4. Several organizations have closely monitored worker rights in Chile. These include UE, Americas Watch, the Washington Office on Latin America and Working Group for Democracy in Chile.

5. Testimony on worker rights in Taiwan has been prepared by IUE, the Asia Resource Center and Asia Watch.

Chapter 2

1. For details of this expansion, see John Cavanagh and Frederick Clairmonte, *The Transnational Economy: Transnational Corporation and Global Markets* (Washington, DC: Institute for Policy Studies, 1982).

2. *Washington Post*, October 21, 1986.

3. *Business Week*, March 3, 1986, p. 57.

4. Figures from the statement of Howard Wachtel at March 6, 1986 Capitol Hill conference on "Labor Rights and the Trade Debate." See p. 54 of written transcript.

5. *Ibid.*

6. Full Employment Action Council, "Economic Dislocation and Structural Unemployment: The Plight of America's Basic Industries," September 6, 1985.

7. *Wall Street Journal*, February 5, 1986.

8. Full Employment Action Council, *op. cit.*

9. Data drawn from National Labor Relations Board annual reports of 1957 and 1980.

10. *Wall Street Journal*, April 9, 1985.

11. *Ibid.*
12. *New York Times*, October 21, 1986.
13. *Business Korea*, March 3, 1986.
14. *Wall Street Journal*, February 26, 1985.
15. *New York Times*, September 14, 1986.

BOX 1

1. Union Bank of Switzerland, *Business Facts and Figures*, September 1981.
2. *New York Times*, December 6, 1985.
3. Frederick F. Clairmonte and John H. Cavanagh, "Transnational Corporations and Services: The Final Frontier," *Trade and Development: An UNCTAD Review*, No. 5, 1984, p. 224.
4. Cavanagh and Clairmonte, *The Transnational Economy*, *op. cit.*, p. 24.
5. Statistics supplied by the U.S. Department of Commerce, 1986.
6. Clairmonte and Cavanagh, "Transnational Corporations and Services," *op. cit.*, p. 238.
7. For a lucid analysis of the Eurocurrency market, see Howard M. Wachtel, *The Money Mandarins: The Making of a Supranational Economic Order* (New York: Pantheon Books, 1986), chapter 5.

BOX 3

1. *Business Week*, March 3, 1986, p. 58.
2. *New York Times*, December 6, 1985.
3. *Wall Street Journal*, December 23, 1985.

BOX 4

1. Larry C. Mounger, President and Chief Executive Officer, Pacific Trail, Inc. (Seattle, Washington), "Why America Buys Abroad," speech published in *Textile Asia*, July 1985.

Chapter 3

1. Figures are for 1984. India is the world's 15th poorest nation as measured by per capita GNP. World Bank, *World*

Development Report 1986 (Washington, DC, 1986), p. 180.

2. Rural workers, however, still face many barriers to organization as well as the persistence of child labor and minimum wage law violations. See Department of State, *Country Reports on Human Rights Practices for 1986* (Washington, DC February 1987), pp. 1151, 1154.

3. *Ibid.*, p. 420.

4. *Ibid.*, pp. 789, 791.

5. Jane H. Ives, ed., *The Export of Hazard* (Boston: Routledge and Kegan Paul, 1985).

6. *Ibid.*., p. 74.

7. "The Gap's Sweats: Curious Illness, Perplexing Questions," *San Francisco Bay Guardian*, July 23, 1986.

8. Ives, *op, cit.*, pp. 213–223.

9. *Wall Street Journal*, December 9, 1986.

10. Ives, *op. cit.*, pp. 179.

11. *Washington Post*, April 20, 1986.

12. See Maria Patricia Fernandez-Kelly, *For We Are Sold: Women and Industry in Mexico's Frontier* (Albany: State University of New York Press, 1983).

13. Supplied by Washington Office on Haiti, September 1987.

14. *Congressional Record-House*, December 19, 1985, pp. H13052-H13053.

15. *Ibid.*, p. H13049-H13051; H13054-H13055.

16. *Ibid.*, p. H13053.

17. *Congressional Record-House*, July 26, 1985.

18. United Nations, Department of International Economic and Social Affairs, *World Economic Survey 1986: Current Trends and Policies in the World Economy*, 1986, p. 45.

19. Between 1981 and 1985, world prices of food commodities dropped at an average annual rate of 15 percent; agricultural raw materials at 7 percent; minerals and metals at 6 percent. *Ibid.*, p. 49.

20. See *Washington Post*, June 18, 1985, and Ernest H. Preeg, ed., *Hard Bargaining Ahead: U.S. Trade Policy and Developing Countries* (New Brunswick, N.J.: Transaction Books, 1985).

21. In Mexico, real wages in 1986 dropped to 1967 levels. In Brazil, workers lost nearly a quarter of their purchasing power from 1980 to 1984.

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1. Statement of Richard Freeman, Oversight Hearings on Labor Law, House Education and Labor Committee, June 26, 1984, p. 117.
2. *Business Week*, March 3, 1986.

Chapter 4

1. *Wall Street Journal*, October 11, 1985.
2. *Treaty of Versailles*, June 28, 1919, Part 1, Article 23.
3. Steve Charnovitz, "Fair Labor Standards and International Trade," *Journal of World Trade Law*, Vol. 20, No. 1, January/February 1986.
4. *United Nations Charter*, Article 55, October 1945.
5. *Universal Declaration of Human Rights*, Article 23, approved by General Assembly of the United Nations, December 10, 1948.
6. *International Covenant on Civil and Political Rights*, Article 8, 1966; and *International Covenant on Economic, Social and Cultural Rights*, Article 7. Chapter II, of the proposed ITO Charter.
8. Steve Charnovitz, *op. cit.*
9. *Ibid.*
10. *Revised Charter of the Organization of American States*, Chapter VIII, Article 43, February 1967.
11. Trade Act of 1974 (PL93-618), Section 121 (a) (4).
12. Report of the Senate Finance Committee to accompany the Trade Reform Act of 1974, Report No. 93-1298, November 26, 1974.
13. Proposal concerning a Social Clause to be inserted in the GATT Treaty to be submitted to the forthcoming GATT negotiations, through the Swedish Government, with the support of other Labour Governments, IMF-IMB-FITTIM-FIOM memorandum, 1977.
14. *North-South: A Programme for Survival*, Report of the Independent Commission on International Development Issues (Boston: MIT Press, 1980), pp. 183-183.
15. Caribbean Basin Economic Recovery Act (PL98-67), Section 212(c)(8).

16. Trade and Tariff Act of 1984 (PL98-573), Section 502(b)(8).
17. Overseas Private Investment Corporation Amendments of 1985 (PL99-204), Section 5.
18. H.R. 4750 as reported from House Ways and Means Committee, 99th Congress, Section 172, May 6, 1986.

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