LABOR MOVEMENTS
GLOBAL PERSPECTIVES

Stephanie Luce

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Introduction

Vignette #1:

When the BJ&B hat factory opened in a free trade zone in the Dominican Republic in 1987, it brought the promise of jobs and a better life for local residents. Over 2,000 workers, primarily women, were hired. But soon, the women realized the jobs came at a cost. Managers were verbally abusive, sometimes threatening physical violence, forcing most workers to work overtime shifts, and firing or refusing to pay workers for small infractions. By the late 1990s, a small group of workers began to organize a union. But when they declared their union in 2001, 20 union supporters were fired. The workers enlisted supporters in the Dominican Republic and abroad, and over the next two years, they waged a campaign against BJ&B. The company asserted that unionization would result in factory closure (Gonzalez 2003; Ross 2004).

The U.S.-based United Students Against Sweatshops launched a campaign against Nike and Reebok, two of the largest purchasers of BJ&B products, urging the companies to pressure the factory owners to recognize the union. After much effort, in 2003, BJ&B agreed to let workers decide whether to form a union, remain neutral during the process, as well as negotiate a contract if that was the workers' decision. They also agreed to rehire the fired workers. Workers won raises, scholarships, and better working conditions. The victory was hailed as groundbreaking, since unions have had little success organizing workers in the free trade zones of the Dominican Republic or elsewhere (Ross 2004).

But soon after the victory, the large brands began reducing their orders and moving work to cheaper factories in other countries. In February 2007, the brands abruptly ended all orders and BJ&B shut its doors without warning, leaving the workers without jobs and with little recourse (Greenhouse 2010; Dreier 2011). Like so many cases where garment workers have organized, the victory at BJ&B was short-lived. In the end, the factory owner's dire predictions that work will dry up were not just idle threats (Armbruster-Sandoval 2005).

Vignette #2:

In August 2008, 134 workers at the Stella D'oro bakery in the Bronx, New York went on strike, two weeks after their union contract expired. The company was demanding significant wage and benefit cuts. Stella D'oro was founded in 1932 by a New York family, who grew it to a successful business with 575 employees. In 1992 the family sold the company to Nabisco, which sold it to Kraft, which then sold it to Brynwood Partners, a private equity firm, in 2006. Brynwood obtained over $425,000 in tax abatements from the city to upgrade machinery at the plant, but by 2008, it argued that wages must be cut to retain profits (Jaccarino 2009; Lee 2009).

The workers, members of the Bakery, Confectionery, Tobacco Workers and Grain Millers Local 50, went on strike for the next 10 months. The union filed charges with the National Labor Relations Board (NLRB), one of which claimed that Brynwood had refused to provide the union with a copy of its 2007 financial statement, thereby failing to bargain in good faith. In June 2009 an NLRB judge ruled in favor of the union, and ordered the company to reinstate the workers.

The next week Stella D'oro invited the workers back but within a few weeks announced that it would close the factory and move production elsewhere. Brynwood sold the company to the Lance

Corporation, which moved the production to a non-union bakery in Ohio.

Despite a strike, significant community support, favorable court ruling, and media coverage in major newspapers, the union was unable to keep the plant open or maintain the jobs of its members. While the company ended up moving production inside the U.S., the dynamics are indicative of the reduced power that unions have in an era of global capitalism. Whether companies threaten to move overseas or to the neighboring city, they can still use their mobility to break a union. When employers are free to move investments and production with little penalty, what can unions do?

* * *

Just a few decades ago, mainstream economists predicted that increased international trade and the spread of free markets around the globe would lead to new jobs for many and an increased standard of living for all. Noted economist Paul Krugman argued for increased free trade, dismissing those who raised concerns as "silly," protectionist, or simply wrong (Greider 2013). But while globalization has led to a massive increase in wealth, and an average increase in gross domestic product per capita, a closer look reveals a troubling picture for many of the world's workers.

In the world's biggest economy – the United States – unemployment, including long-term unemployment, is at levels not seen since the Great Depression of the 1930s. Worse, millions of workers are underemployed in various ways – working part-time when they want to be full-time, or stuck in seasonal and temporary work. A 2012 report found that over half of new college graduates were either unemployed or working in jobs that did not require a college degree (Associated Press 2012).

The picture is similar across much of the world. Since the great recession of 2008, youth unemployment has skyrocketed. Almost 13 percent of young people around the world – 73.8 million people under the age of 25 – are officially unemployed, and the numbers are much worse when we include those who are underemployed or not in the formal economy. For example, 12.7

percent of European youth are not in the labor market or in school as of 2012 (ILO 2013).

It isn't just young people that are suffering. The International Labor Organization (ILO) found that 197 million people worldwide were without jobs in 2012 – almost 6 percent of the formal labor market. But 39 million people have dropped out of the labor market due to the recession, meaning that unemployment is actually much higher – and the ILO predicts things will only get worse in the coming years. In 2012 part-time employment increased in two-thirds of wealthy countries (ILO 2013).

More disconcerting is the growth of workers in the informal economy and in "precarious employment" or contingent work – people in temporary or seasonal work, or other forms of work with no job security and lack of social protection.[1] Neoclassical economics predicted that as capitalism spread, and economies experienced economic growth, formal employment would rise. Yet in many countries this has not been the case, as the past few decades of economic growth have come hand in hand with an increase in informal employment.

High unemployment and underemployment, and increasing precarity comes alongside stagnant, or even falling, average wages. What is most remarkable is that in many countries, wages have stagnated while labor productivity has increased. For example, between 1999 and 2011, labor productivity grew over twice as fast as wages in wealthy countries (ILO 2013). Figure 1.1 shows that whereas wages and labor productivity moved together in the United States for several decades after World War II, the two began to diverge in the 1970s, resulting in a serious gap. And where the postwar period saw workers maintaining their share of the expanding economic pie, over the past four decades employers have captured the gains from increased productivity.

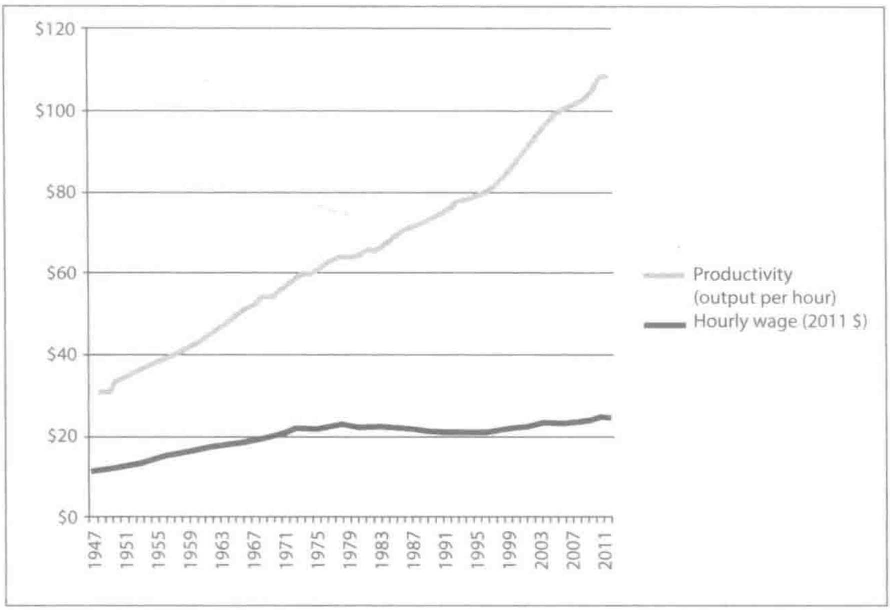
Even before the global financial meltdown, some analysts noted the alarming trend of stagnant wages. Morgan Stanley economist Stephen Roach wrote in 2007:

> The pendulum of economic power is at unsustainable extremes in the developed world. For a broad collection of major industrial economies

> – the United States, the euro zone, Japan, Canada and the U.K. – the share of economic rewards going to labor stands at a historical low of less than 54% of national income – down from 56% in 2001. Meanwhile, the share going to corporate profits stands at a record high of nearly 16% – a striking increase from the 10% reading five years ago. (Roach 2007)

After the 2008 crisis, things looked even worse. The global labor income share continued to fall in the OECD (Organization for Economic Development and Cooperation) countries as well as most developing countries, as the share of national income going to corporate profits rose – particularly in the financial sector (ILO 2013).

There are some exceptions. China has experienced real wage growth in the last decade, even when controlling for cost of living increases. Real wages went up for salaried workers in India for most years since 2005. The growth in wages and employment in



Source: The State of Working America, 12th edn., Figure 4U.

Figure 1.1 U.S. Wages and Productivity, 1947–2011

China and India means that absolute poverty has fallen in those countries, and on average, worldwide. But despite these gains, over one-quarter of the world's workers are living in poverty. In 2012, 397 million workers in developing countries were living in extreme poverty, despite holding a job, and another 472 million were above extreme poverty but did not have enough income to regularly meet their basic needs (ILO 2013).[2] Furthermore, despite wage growth in China and India, inequality is rising rapidly as the share of national income going to workers is not rising nearly as fast as the share going to corporate profits (ILO 2013). In most countries the wealthy have done well in good times and bad, while workers fall further and further behind. Historically, labor unions have been the primary institution to counter inequality and fight for worker rights, but today they do not appear able to address the crisis. Where are the unions?

State of the Unions

Unions would seem the natural vehicle to raise wages and improve working conditions, but in most countries, unions have grown weaker over the past few decades. In a 2006 report, the U.S. Bureau of Labor Statistics (BLS) compared union membership and density (the share of wage and salaried workers that belong to unions) data for countries belonging to the OECD (Visser 2006).[3] The total number of union members grew in many of the countries in the 1970s and 1980s, but since 1990, those numbers decreased in 18 countries and grew in only six. International union density rates vary dramatically, with as many as 70–80 percent of workers unionized in Denmark, Finland, and Sweden, while as few as 8–15 percent are unionized in France, the United States, Korea, and Poland. According to the BLS study, density rates fell in 20 countries from 1970 to 2003, increasing in only four (Belgium, Denmark, Finland, and Sweden). Table 1.1 shows data for countries from 1999 to the most recent year available, along with the percent difference and the total number of union members. In all but two of 33 countries, union density fell over this period, and fell by almost 4 percentage points for all OECD countries.

There are no comparable statistics for non-OECD countries (sometimes called the "global south"). The New Unionism Network compiled data from the International Trade Union Confederation (ITUC) and U.S. State Department to track union membership since 2000 for 94 countries. This data shows that union membership has increased in 50 of the countries, while declining in only 32. Six countries were relatively stable, and six do not allow unions. This suggests that the phenomenon of declining union power is not as universal as some might believe. Some of the countries that show large percentage growth are those that do not allow independent trade unions, such as China, Syria, and Vietnam. But a number of other countries show substantial increases in union membership. The countries with large growth as well as relatively large union membership include Argentina, Belgium, Brazil, Canada, Egypt, Luxembourg, Nigeria, Singapore, Taiwan, and Turkey. It is clear that union growth was not confined to one particular region.

Still, growth in members did not translate to increases in union density in all cases, suggesting that unions are not keeping pace with a growing workforce. In addition to membership decline in some global south countries and most in the global north, union power measured in other ways suggests unions have become much weaker. Historical alliances between political parties and trade unions are fraying or have been severed entirely in a host of countries, including Spain, England, Argentina, South Africa, and Sweden. In the past decade, labor-backed parties have come into power in many countries and instituted reforms that undercut union power or benefits.

Some measures suggest there is also a drop in public support for unions. In the U.S., Gallup polls show public support for unions is at near historic lows in the post-World War II era, with just 52 percent of those polled saying they approve of unions (Jones 2012). Some Canadian polls suggest that the public trusts management more than labor unions (Hébert 2012).

Many argue that unions have outlived their usefulness, if they

Table 1.1 Union Density Rates and Total Union Members, OECD Countries

Country	1999	Current	Most recent year available	Percent difference, 1999–most recent year	Total union members, most recent year
Australia	24.9	17.9	2012	−7.0	1,840,400
Austria	37.4	27.8	2011	−9.7	990,000
Belgium	50.9	50.4	2011	−0.5	1,946,673
Canada	28.1	26.8	2011	−1.3	4,625,777
Chile	13.5	15.3	2012	1.8	821,041
Czech Republic	30.0	17.3	2009	−12.6	709,475
Denmark	74.9	68.5	2010	−6.4	1,662,000
Estonia	16.3	8.1	2010	−8.2	42,000
Finland	76.3	69.0	2011	−7.2	1,473,500
France	8.1	7.8	2010	−0.2	1,850,000
Germany	25.3	18.0	2011	−7.3	6,300,000
Greece	26.8	25.4	2011	−1.4	672,880
Hungary	24.5	16.8	2008	−7.7	566,709
Iceland	87.4	79.3	2008	−8.1	124,000
Ireland	38.7	31.2	2012	−7.5	476,000
Italy	35.4	35.6	2011	0.2	6,053,856

Japan	22.2	18.0	2012	−4.2	9,892,000
Korea	11.7	9.9	2011	−1.8	1,720,000
Luxembourg	43.3	37.3	2008	−5.9	122,640
Mexico	15.8	13.6	2012	−2.1	4,355,294
Netherlands	24.7	18.2	2011	−6.5	1,350,432
New Zealand	21.7	20.5	2012	−1.2	379,185
Norway	54.8	54.7	2012	−0.1	1,312,618
Poland	20.5	14.6	2010	−5.9	1,738,107
Portugal	22.5	19.3	2010	−3.1	738,720
Slovak Republic	34.2	16.7	2011	−17.5	330,000
Slovenia	41.9	24.4	2011	−17.5	190,000
Spain	16.0	15.6	2010	−0.5	2,371,600
Sweden	80.6	67.5	2012	−13.1	2,815,200
Switzerland	20.9	17.1	2010	−3.8	703,300
Turkey	10.6	5.4	2011	−5.2	802,470
United Kingdom	30.1	25.8	2012	−4.3	6,455,000
United States	13.4	11.1	2012	−2.3	14,366,000
OECD countries	20.8	17.0	2012	−3.8	79,796,877

Source: OECD Stat Extracts. Data for union density and union members are for the most recent year available.

were ever useful. In the global economy, the argument goes, companies engage in cut-throat competition with others from around the world. They do not have the luxury to pay higher wages than competitors in low-wage countries like China, and they cannot compete if they have to provide generous benefits. The global economy is fast-paced and fickle, and employers need to be flexible when faced with the demands of the market. Against this new reality, unions artificially inflate the price of labor and erect rigid work rules that stifle employers' ability to hire and fire when needed.

Furthermore, in emerging economies, much of the workforce operates in the informal sector, where individuals are afforded few, if any, legal protections and often lack a formal employer. The trade union model, resting on collective bargaining agreements and industry standards, does not apply to workers who are technically self-employed, often working from home.

But the fall in wages, and marked rise in inequality within and between countries, could also suggest that unions are more necessary than ever. It may be that the dynamics of a globalized economy introduce new challenges and obstacles for unions, but that does not make them irrelevant.

Indeed, survey data suggests that many workers still want to join a union. The Worker Representation Survey, conducted by Harvard economist Richard Freeman, shows the proportion of workers in the United States who want a union increased from the mid-1980s to 1995, and again by 2005, when a majority of workers indicated that they would join a union if they could, and over three-quarters of workers said they would like some form of representation in the workplace (Freeman 2007). While there is less research on this question in other countries, existing studies suggest the results are similar. Charlwood (2003) found that about 40 percent of non-union British workers overall, and 50 percent of manual workers, would likely join a union if given the option. Bryson (1999) found similar results for Canadian workers. Givan and Hipp (2012) analyzed survey data from 24 countries and found that, on average, workers have a positive perception of unions' ability to improve working conditions.