

Global reach: Workers fight the multinationals

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Abstract (Document Summary)

The debate over the rules of trade and investment is much wider than Pres Clinton and Bob Dole's free trade vs Pat Buchanan's protectionism, thanks to hundreds of efforts to press firms to abide by codes and the movement to attach labor and environmental conditions to trade agreements. The future of popular efforts to transform trade and investment in a global economy will depend on innovations in organization that break down traditional barriers among constituencies and across borders.

Full Text (2064 words)

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As the early G.O.P. primaries have revealed battles over the of trade and investment are transforming the boundaries of political debate in the United States. For the last half of this century, big business and the Republican Party fought for lower tariffs and fewer investment barriers: Since what was good for General Motors was supposed to be good for the United States, their view was that General Motors should be encouraged to produce and trade anywhere in the world. Small business, labor and many in the Democratic Party, on the other hand, argued for more nationalistic protections against imports.

Today President Clinton and all the Republican presidential candidates--save one--preach free trade and lower investment barriers as the means to compete in a global economy. Only Pat Buchanan is championing the protectionist position. His rhetoric, aimed at small-business owners and workers, is anti-immigrant, racist and intensely nationalistic. Yet his pronouncements are clear in naming trade agreements like NAFTA and the new World Trade Organization as speeding up corporate globalization without any protections for the workers whose wages and benefits are eroded by mobile companies. Buchanan scored more points among the "anxious class" of insecure workers when he joined Ralph

Nader in blasting a January 1996 W.T.O. decision that challenges U.S. regulations requiring stringent environmental standards on gasoline imports.

Yet the debate is now much wider than Clinton and Dole's free trade versus Buchanan's protectionism, thanks to hundreds of efforts to press firms to abide by codes and the movement to attach labor and environmental conditions to trade agreements. Consider the Nike story. Over the past two decades, Nike closed its New Hampshire and Maine factories and increasingly subcontracted work to factories it did not own in Korea and Taiwan, where workers were poorly paid and denied basic rights. As unions spread in both of those countries, Nike shifted its suppliers primarily to Indonesia, China and Thailand where they could depend on governments to suppress independent union-organizing efforts.

In 1992 Nike paid part-time employee Michael Jordan more than the combined yearly income of the 30,000 young women who toiled under horrendous conditions to piece together Nike sneakers for suppliers in Indonesia. The year before, a reporter had asked Nike's general manager there about employers hitting workers and other labor abuses in these factories. The manager replied, "It's not within our scope to investigate." He did say he was aware "of labor disturbances in the six factories that make Nike shoes," but he did not know what they were about. "I don't know that I need to know."

Today, after numerous exposes and creative pressure by labor, religious and other activist groups across North America and Europe, Nike acknowledges that working conditions in the factories that it contracts with overseas are its own responsibility. It has passed its own internal code of conduct to establish labor guidelines for its suppliers, as has its competitor Reebok.

There is still a long way to go, labor rights advocates remind us. In particular, they are pressing Nike and other companies to agree to two more steps. First, Nike's code does not demand that its suppliers respect workers' rights to form unions and bargain collectively--key elements in the fight for livable wages and benefits. Second, Nike has yet to agree to spot-checks in factories by independent monitors to insure compliance.

Meanwhile, labor-rights activists for the International Labor Rights Fund in Washington, D.C., moved to pressure companies on another front. In 1992 they filed a petition before the U.S government's trade office charging that Indonesia allows systematic violation of workers' rights, and hence should be denied special trade privileges under a 1984 law that conditions the privileges on countries' respect for these rights. The Indonesian government responded to the pressure by announcing a 29 percent raise in the minimum wage in 1994, so Nike and other manufacturers have been forced to raise wages. Similar, albeit weaker, labor (and environmental) language attached to NAFTA allows citizens to challenge corporate violations of national law before a trinational commission.

Twenty years ago, Institute for Policy Studies co-founder Richard Barnet, along with Ronald Muller, asked (in their book *Global Reach*) which forces could become a "countervailing power" against global corporations. Barnet focused on the strength of

labor unions in the middle third of the twentieth century and the promise of more aggressive government action at local and national levels.

Today, governments are more compromised than ever in succumbing to corporate demands, and trade-union movements around the world have weakened. Yet countervailing power is emerging, and it appears strongest when it derives from new coalitions of movements coordinating across labor, environmental, consumer and other social sectors and across geographical borders.

Take the dramatic victory in a campaign organized against the clothing store The Gap by the National Labor Committee, the textile union UNITE, religious groups and allies in Central America. The National Labor Committee had generated widespread publicity around the dismal working conditions of girls as young as 13, who toil in Central American sweatshops up to seventy hours a week earning less than 60 cents an hour. The committee brought two such workers who sew clothes for The Gap and other U.S. companies on a tour through the United States. As religious and other activists joined the chorus of disapproval, The Gap announced it would leave El Salvador and shift to suppliers in other countries. Then activists broadened the campaign, demanding that The Gap stay in El Salvador, pressure its contractors to respect basic worker rights and allow independent monitoring of a Gap code of conduct. On December 15, in the midst of the Christmas shopping season, The Gap agreed to these demands.

Part of the success of the Gap campaign was the growing understanding by U.S. workers that their own interests now lie in helping workers elsewhere. As long as there are sweatshops in El Salvador, U.S. companies will use the cheaper labor there to bargain down wages and working conditions in this country. In January, UNITE joined with the National Consumers League and other groups to launch a movement against sweatshops at home and abroad. Consumers also seem willing to use their purchasing power to help workers. More than three-fourths of consumers polled in a 1995 Marymount University survey of more than 1,000 adults said that they would avoid purchasing goods made in sweatshops, even if they had to pay a higher price.

Success in these campaigns requires both concerted citizen pressure and strong links between activists at home and abroad. In May 1995, religious, labor, consumer and other U.S. groups that make up the Child Labor Coalition launched a consumer boycott of Bangladeshi clothing exports after investigations revealed widespread child labor in the industry. The threat of a boycott convinced the Bangladesh Garment Manufacturers and Exporters Association to sign an agreement with UNICEF and the International Labor Organization to move some 25,000 children out of the clothing industry and into schools.

Close to \$1 million from the three parties to the agreement will go toward verifying the end of child labor, schooling for the former child workers and a modest stipend to the families of the children. One of the most novel features of the agreement is that the Bangladeshi garment companies agreed to let the I.L.O. train independent monitors to carry out spot-checks on clothing factories. As with all such agreements, constant

vigilance will be necessary to insure compliance.

Similar campaigns are forcing other companies to act, particularly in the clothing, footwear and toy industries, where corporations have shifted a great deal of production overseas. Even the rapidly expanding coffee-bar chains have proved to be targets. The threat of a consumer boycott prompted Starbucks in October to release a "Framework for a Code of Conduct" in which it pledged to improve working conditions at coffee suppliers in Guatemala and elsewhere.

Such campaigns work best against companies that depend on strong consumer brand loyalty, like Nike and Starbucks, and less well in industries in which there isn't strong brand awareness (paper-clip manufacturers), or where the consumers are other companies (auto parts). Likewise, campaigns that focus on child labor, sweatshops or the environment appeal to more U.S. consumers than campaigns to respect union rights. Success will also depend upon developing a monitoring capacity in country after country to hold companies to their promises.

Nor do corporate targets sit by idly in the face of attacks. It cost only pocket change for mining powerhouse Freeport McMoRan to purchase a two-page advertisement in The New York Times to counter an environmentalist campaign against the devastating impact of the company's Indonesian mines on indigenous communities and the environment. And the fact that most major media outlets are controlled by large corporations makes it more difficult to get any story, let alone a positive one, about citizen campaigns on corporations into the mainstream media.

Although it is a position that will not be represented in the presidential debates, a third way is emerging between the extremes of free trade and nationalistic protectionism. This third way includes three often overlapping tendencies. Closest to the Buchanan end of the spectrum are the radical environmentalists and localization advocates, with their campaigns to kick Kentucky Fried Chicken out of India, spare small-town America from Wal Mart and prevent pharmaceutical firms from patenting products derived from trees and other life forms. Another stream includes Ralph Nader and many of the anti-NAFTA and anti-W.T.O. coalitions, who have tried to slow down globalization by defeating trade agreements.

Finally, other citizen movements are seeking to reshape globalization by rendering it more "socially and environmentally responsible. This includes the above-mentioned drives to add enforceable labor and environmental standards to trade agreements and the pressure on Starbucks and other companies for tough corporate codes. There is also a growing alternative trading movement that bypasses large corporate channels to deliver products made under more humane and sustainable conditions from cooperatives directly to consumers.

The overall message of these efforts is that if you combine strong twenty-first-century global rights for corporations with weak twentieth-century national rights for labor and the environment, the result is a return to the brutal capitalism of the nineteenth century.

Hence activists fight to curb the power of transnational corporations and to implement strong labor and environmental rights and standards at a global level.

Despite some tensions, these various strains of a third way came dramatically together in North America in the grass-roots, national and cross-border alliances that fought against NAFTA. Since the NAFTA fight, these forces have linked with other citizen movements in Europe and parts of the Third World in arenas such as the International Forum on Globalization. This group, headquartered in San Francisco but with participants from nineteen countries, organized a teach-in on globalization in New York's Riverside Church in November that drew 1,800 people. Similar strands came together that same weekend in Japan when more than 120 Asian citizen groups met to protest plans for a NAFTA-style free-trade area in Asia.

Part of what unites these forces is an internationalist anti-corporate stance that counters the nationalistic populism of Buchanan. Canadian anti-NAFTA leader Tony Clarke is heading an International Forum on Globalization effort in several countries to pull together activists around the theme of "challenging corporate rule," by which he means challenging not only abuse of workers and the environment by corporations but also their growing grip on political agendas all over the world.

The success of these efforts will depend in large part on moving beyond labor, environmental and religious alliances to harness and organize consumer power. The United States still accounts for a quarter of the measured economic activity on the planet. Hence U.S. consumers hold the power to demand significant changes in the way goods are produced. There is as yet, however, little experience in the kind of consumer-labor-environmental community coalitions that will be required for success. The future of popular efforts to transform trade and investment in a global economy will depend on innovations in organization that break down traditional barriers among constituencies and across borders.

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