

Workers' Perspectives on Globalization

Presentation to the Inter-American Labour Administration Network (RIAL) Workshop on the Labour Dimension of Globalization and Free Trade Agreements: Impacts and Labour Provisions

Santo Domingo, July 27-29, 2010

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Good morning and thank you for the invitation to participate in this conversation today.

The organizers have asked us to consider the impact of globalization, understood as economic interdependence, on employment and wages. This is a big question, covering many different national and regional contexts, and a relatively complicated set of histories in the Americas over recent years.

To discuss this question, I propose to discuss six themes, keeping in mind that I am not focusing on the crisis of the world economy, which is a topic of conversation for later in this conference. Instead, I am taking a medium-term view – looking at the last thirty years in general terms in order to suggest some broad themes for discussion.

I wish to propose six themes for our discussion, including:

- 1) Globalization as a constructed political and economic project;
- 2) The relationship between globalization and the rise of precarious work;
- 3) Globalization and the “securitized” state;
- 4) Globalization as “de-territorialization”;
- 5) The problems with the universal pretensions of globalization; and finally,
- 6) The limitation of labour provisions in trade agreements.

1) Globalization as a constructed political and economic project

It is important to reflect upon the way in which the (relatively) recent increase in global flows of investment, trade, and finance came about. Contrary to neo-liberal economic theory, they didn't just develop as a progressive, incremental, or natural process of economic development. In the current context, it is evident that economic interdependence is episodic and crisis-ridden, and has been since national models of development came under attack thirty years ago.

Indeed, globalization is not experienced by workers as a given, or as something natural. It has been experienced as a force of destruction and ongoing restructuring. It has never been taken for granted by the labour movements of the Americas, and it has always been a contested political and economic project.

If we simply take globalization as a given, then we will tend to think of globalization as something eternal or something in the same order as a concept, such as "economy" or "state." Globalization, rather, is an historically specific form of organizing national and regional economies, as well as the world economy, together with a particular form of state – society relations.

Why is this distinction important to labour? Quite simply, if globalization is a constructed and not natural, then it may be de-constructed and remade in ways that better serve the needs of workers and their communities. To think otherwise, in the context of the precarious state of the world economy, is to be living in an ideologically driven world where the fundamentals of free trade are taken for granted, and assigned normative quality as a good to be achieved or an overall goal to be reached.

Moreover, for workers, the redistributive effects of neo-liberal globalization have been regressive, that is, globalization has resulted in increased inequalities of wealth and income. In no way have the optimistic promises of globalization been expressed in the lived experiences of the vast majority of the world's population, and certainly not across the Americas.

To sum up this point – globalization is not a natural economic state. It is a particular form of organizing economic, political, and social life. It has been constructed. It can be de-constructed.

2) The relationship between globalization and the rise of precarious work

My second point is this: across the Americas, workers have come to experience globalization as increasing precariousness in their work and, more generally, in their lives. Today, I will generalize, although I believe it is better to be specific when we speak of national contexts.

As national models of development were transformed into export-oriented development models during the initial period of structural adjustment and loan conditionality, workers in the manufacturing sector of many parts of the Americas faced massive unemployment and layoffs, not to mention the breaking of collective agreements, and the deterioration of labour rights in the face of austerity and repression. Consumption fell dramatically over the next “lost decade,” and hardly recuperated between the 1990s and the onset of the “Great Recession.”

In these last 30 years, workers' wages have stagnated or declined, and workers' income share of the economy has declined. Income inequality has increased tremendously. Wealth inequalities have ballooned. New forms of work organization have relied upon “flexibilization” or, in other

words, increasing precarious forms of labour: first, in the new export-oriented industries; later, in the manufacturing centres of our countries.

In these years, precarious work has become characteristic of the service sector, too, both in private services (highly unorganized workplaces) and in the public sector, even in highly unionized workplaces.

So, what does it mean to speak about a process of increasing precariousness within working-class life?

- It means that significantly fewer workers are now covered under collective agreements;
- We have witnessed the feminization or maquilization of previously unionized sectors as the model of social relations, once restricted to women's work in free trade zones, became generalized;
- Reduced productive investments, "off-shoring," contracting out, and privatization have all contributed to fewer jobs and poorer jobs in goods-producing sectors, as well as both public and private services production; and
- Workers have less control than they once did over the exercise of their work; their work-life balance has declined; and health and safety provisions have been degraded — this has been accomplished apparently in the name of reducing the regulatory burden on employers.

There has been, as well, a fundamental rupture in the relationship between productivity and compensation (in places where there once was a relationship). (This was not universally achieved in the past, and often was a characteristic of men's work in modernized, industrial settings.)

As work became less stable, generations of workers have never achieved the dream of lifelong, steady employment. Workers now find themselves retiring with little or no pensions (public or private) to secure their retirement. Workers move in and out of formal and informal work, or remain excluded from employment altogether.

Indigenous communities and the peasant economies have been increasingly unable to maintain even a subsistence economy, never mind the opportunity to experience a reversal of over 500 years of inequalities. The only countries where important progress has been made on these issues is where the fundamental tenets of globalization have been rejected.

We have witnessed increasing poverty across the Americas in those countries which have embraced globalization, as small producers fail to compete with the influx of cheap exports. Export-oriented development has been incapable of meeting the needs of the workers already marginalized or underemployed, and fundamentally unable to meet the needs of new entrants to the labour market. We have seen a dramatic rise in the number of workers within the informal economy.

All this has contributed not only to serious social problems, but to massive movements of workers across borders, with or without state sanction. Migrant workers end up in highly exploitative situations in the receiving country, and face the full force of state coercion – rather than state protection – under a globalized social contract.

As the neo-liberal state cut back on social programs, women's access to services they've needed for full citizenship was curtailed. Women workers continued to experience marginality in the labour market due to their responsibilities in the reproductive sphere.

It didn't seem to matter whether we were living through the fat or the lean years. Austerity was visited upon workers no matter whether the nation's finances were in deficit or surplus. Workers now endure increasing levels of poverty in direct contradiction to the promises of neo-liberal ideology as expressed in the Washington Consensus.

To sum up this point: in many regions of the Americas, workers face deteriorating working and living conditions as a direct result of so-called "flexibilization" demanded by globalization.

3) Globalization and the "securitized" state

It would be wrong to assume, unconsciously or otherwise, that globalization has reduced the role of the state in the world system.

In recent years, the nation-state has certainly not relinquished its role in security matters. In fact, we have witnessed a remarkable increase in military spending, protracted conflicts, and international interventions since the events of 9/11. As well, domestically, the state has redoubled its efforts to assure the internal security of states.

Led by demands of the United States, in many countries of the Americas, states have modernized their abilities to engage in surveillance of their populations by investing in new technologies, setting up new departments of emergency preparedness, and sharing police information across borders.

Some of this is related to U.S. demands to de-territorialize aspects of the risk associated with travellers and the transport of goods.

In other words, some countries have accepted the “pushing out” of the U.S. border by:

- complying with U.S. demands to approve passenger lists of aircraft flying over U.S. airspace; or
- securing production chains from factory to border by increasing surveillance on travellers, trade union activists, as well as workers and their families, especially in transportation and export-oriented production; or
- harmonizing visa requirements with those of the U.S.; or
- integrating their surveillance, information, policing, and emergency management systems with those of the U.S.

Securitized states have also articulated their own interests in increasing policing budgets and bolstering the powers given to departments of immigration and other security forces.

In sum, globalization has not created a more peaceful open world. In fact, workers are increasingly subjected to surveillance by increasingly securitized states and tensions are increasing.

4) Globalization as “de-territorialization”

Increasingly, workers' lives – under conditions of globalization – are affected by “de-territorialization” as various activities are less and less organized according to a national logic. An important question to consider is: to what extent this has ever been true in post-colonial societies.

I would say that, increasingly, developed countries have been experiencing what countries of the global south have experienced for

generations; that is — the de-linking of decision-making about production (of goods and services) from a reachable and identifiable centre, one of proximity — to a relationship of distancing — where democratic and representative structures in the state-society relationship are weakened as well.

Indeed, states are changing, not only because of nineteenth century visions of the limited “state as night-watchman” outlined above, but also because states have taken on new business practices which are meant to identify the “core competencies” of the state and, by extension, those activities which could be contracted out or privatized.

In this respect, de-territorialization is not just about the globalized organization of supply chains or the internationalization of goods and services production. It also implies the weakening structures of democratic representation which are organized spatially in relation to where workers live.

At the same time, however, workers have observed and have become subjected to the relative explosion of transnational rule-making and regulations; sometimes on a multilateral and sometimes on a bilateral basis. From the perspective of our labour movements, we must ask, “What issues are these new rules meant to address?”; “What problems are they meant to solve?”

A short list includes:

- the desire to establish mechanisms needed to increase the profitability of firms and accommodate competitiveness pressures;
- the search for natural resources and raw materials as well as energy — to fuel capitalist production; and

- efforts to create a “level playing field” by bringing national laws and regulations into conformity with international norms.

Moreover, the idea globalization is a process of necessary “de-territorialization” is an idea which serves to legitimize the exit of states from areas of social provision and impose an ideological constraint upon the scope of demands that citizens feel they are now able to make upon their democratic institutions.

In summation of this point: under globalization, workers in both developed and post-colonial countries are experiencing a profound spatial distancing of both economic and political processes. The expansion of transnational rule-making is meant to solve problems identified by de-territorialized investors and limit the range of options perceived to be available to national societies.

5) The problems with the universal pretensions of globalization

It was once proposed by elites that globalization might be expressed throughout the Americas in the Free Trade Agreement of the Americas. But this effort failed spectacularly because it wasn't a universal project. It was a thinly disguised effort to create, and then extend, the rights of international investors, as well as U.S. geopolitical interests, on a hemispheric basis.

Workers and trade unions, as well as a broad range of civil society partners, expressed within and without political parties, could not accept this. It wasn't only that workers were not sufficiently consulted, although that was true, it was that the project was exclusionary in both political and economic terms.

I would suggest there were two ways in which the universal pretensions to globalization have lost legitimacy:

- First, by increasing the sense of injustice and betrayal within civil society by our democratic governments because of their close relationship with de-territorialized, or denationalized investors.

In some cases, this frustration has created new possibilities in a world post-consensus; transnational and national social movements have worked together to develop a critique (for example, in the *Hemispheric Social Alliance* and in *Labour's Platform for the Americas*) that has supported progressive governments which have recently come to power in many countries across the Americas. These governments are more closely related to national labour movements.

- The second reason why the universal pretensions to globalization have lost their legitimacy arises within the current context of crisis of the world economy. In this moment, workers have developed a deepening understanding of the recent financial crisis and its dynamics. There is currently little appetite for a continued transfer of wealth from the public to private coffers, especially when employment remains an unresolved fact of life for millions of workers. For workers, this is a moment for fundamental change, not a moment to return to "business as usual."

The universalist pretensions of globalization have been met with rejection at the level of the state, in some cases, and this has propelled new forms of regional cooperation between states, including the ALBA; UNASUR; PetroCaribe; and CLAC.

In sum, it is apparent that there is decreasing appetite across the Americas, for the universalist pretensions of the proponents of neo-liberal globalization, and more of a concern for alternative arrangements, even if these are still in processes of formation.

6) The limitation of labour provisions in trade agreements

One of the asymmetries of globalization is based upon the increasing mobility of capital together with concerted efforts by states and employers to weaken the domestic strength of labour movements in the Americas.

It would be naive or disingenuous to suggest that labour provisions in international trade, investment, and security agreements have mitigated this political dynamic. This is true for the older, as well as more recent, generations of labour provisions.

Free trade, investment, and related security agreements are concluded not to guarantee the rights of labour, but to solidify the rights of investment, contract, and property. When labour rights are addressed, they exist within international agreements in a structurally subordinated relationship to the rights of investors.

For example, in the first-generation labour provisions, after over 15 years in force, not one claim of labour rights violations has proceeded to an arbitration panel set out in the North American Agreement on Labour Cooperation (NAALC). The labour and environmental provisions of the NAFTA remain in side agreements, not as an integral part of the main agreement.

While it might be a good idea for states to agree they will enforce domestic law, labour provisions do a rather poor job of increasing labour standards. Moreover, dispute resolutions are slow, lack transparency, and are based upon political cooperation rather than involving independent judicial or semi-judicial bodies and processes. Nor do they involve the possibility of trade sanctions, abrogation, or the imposition of counter-veiling duties in the event of labour rights violations.

In second-generation deals, there is a small labour chapter that reminds signatories of their responsibilities under the ILO and their commitments to the 1998 *ILO Declaration on the Fundamental Principles and Rights at Work*, and the need to enforce their own labour laws. The substance of the labour rights provisions still remain in the side agreements, the Labour Cooperation Agreements (LCAs), and labour issues are set in terms of generalities, not in specifics, which means that violations of workers' rights cannot be addressed meaningfully.¹

In a recent Canadian Labour Congress (CLC) analysis of the newest generation of labour provisions, it is recognized there are certain advances over the NAALC, but these do not result in a meaningful defence of labour rights:

One positive change from first- to second-generation LCAs is that the latter contain a common set of minimum rights and standards taken from the ILO declaration, and require the signatories to ensure that its statutes comply with ILO standards (an obligation that the parties already have as a result of their membership in the ILO). However, a party is only expressly prohibited from violating ILO standards in circumstances where it can be established that the violation was as an encouragement to trade or investment. Moreover, any labour rights violation in any non-trade-related sector (the large majority) may not be taken to a review panel under

the agreement. Any impact or benefit the agreement could, therefore, have on enforcement of labour rights is substantially limited.²

We may sum up this point by reflecting on the shared analysis of the Canadian, Peruvian, and Colombian labour movements:

Although the new side deals contain greater substantive labour rights than previous Canadian FTAs, they are still not binding in the way that investor rights are. The adjudication procedure continues to be dependent on governments instead of independent bodies and does not establish effective sanctions for non-compliance.³

In conclusion

The impacts of globalization, from a worker's point of view, have been disastrous. If a country is to reduce these impacts, we need not predict success by looking to the economic structure of that country. The determining factors are political, and much will depend upon whether or not there has developed a national level, political movement independent enough to articulate a fundamentally different economic and political vision of that country's future. In all likelihood, such a country would benefit from similar processes going on elsewhere in the region as well.

Thank you.

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- 1 Mark Barenberg. "Sustaining Workers' Bargaining Power in an Age of Globalization: Institutions for the meaningful enforcement of international labour rights." Economic Policy Institute Briefing Paper #246, October 9, 2009.
- 2 Canadian Labour Congress Policy Statement. "Labour Side Deals – Little Evidence of Binding Rights for Workers." October 2009.
- 3 Canadian Labour Congress Policy Statement. "Labour Side Deals – Little Evidence of Binding Rights for Workers." October 2009.