Santafé de Bogotá, D.C. Enero 31 de 1994

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Dear Otis,

I have made a new year's resolution to keep Northern Virginia COPE and you up to date on my activities and my thoughts about Panama, Colombia and Ecuador. Since October, I have represented the AFL-CIO at union conventions in Colombia and Ecuador and have addressed a series of labor meetings and educational events using as my frame of reference the resolutions of the AFL-CIO convention. I have stressed the need for organizing the unorganized (today, Colombian unions represent 8% of the workforce down from 16% in 1980), I discussed our political action system in favor of health care reform and against the "unholy matrimony" called NAFTA. Why is worker and union participation in more and more aspects of management necessary, why does the U.S. need labor law reform and why does the AFL-CIO work overseas have been some of my other topics of presentation.

I also used the example of Northern Virginia COPE on how we get people involved to the Ecuadorian Confederation of Free Trade Unions. It is disturbing to
see a larger and larger number Latin America workers without union or any other structure to help them get involved in local and national affairs. In part this a reflection of job losses due to economic changes, growing anti-unionism by government and management, the slowness to which unions are reacting to the global market place, ideological divisions within the labor movement and the lack of turnover of outdated leadership at the top levels of organized labor.

As in the U.S., Latin America government, business and newspapers supported NAFTA to the hilt. Wherever I can, I explain how NAFTA neglects the interests of workers, weakens existing trade union rights clauses in U.S. trade legislation and does not provide the means to make the US, Mexican and Canadian domestic economics grow. As part of this effort, I published an article on the op-ed page of the January 19 edition of EL TIEMPO, Colombia’s largest newspaper with a national audience of some 300,000 subscribers daily. The article reads as follows:

"NAFTA
What About Workers’ Rights?

Immediately following the approval of NAFTA in the U.S. House of Representatives, the President of the AFL-CIO asked whether the realm of international trade would continue to remain the private domain of business elites and corporations as NAFTA insures or whether there could be a change to make human and trade union rights important ingredients in the world’s commerce. The AFL-CIO
takes note of Mexico's opposition to the inclusion of worker rights recognized by the International Labor Organization and the assurances of Mexico's principal negotiator to his House of Representatives that the process for resolving the few labor issues which NAFTA recognizes is so long, vague and torturous that application of sanctions against any country or business is most improbable. The environmental side agreement, even though very inadequate, contains more guarantees for its implementation than does the labor pact.

The treaty includes thousands of pages on patients and property and intellectual rights and guarantees for foreign investors, but is totally silent on the protection and implementation of trade union rights such as freedom to organize, bargain collectively and strike, be able to work under healthful and other humane conditions and the avoidance of competition from forced labor. In effect NAFTA contradicts and subverts worker rights norms included in U.S. trade legislation.

"The politics of trade in America will never be the same. NAFTA has given birth to a new political movement that has challenged the corporate agenda on trade and very, very narrowly rejected it. The movement and the issues that sparked it are not going away and neither are we. We are no longer talking about the economics of a particular industry, like apparel, or the impact on one particular group of working people. We are talking about the future of our country and in whose interests it is to be governed," declared one AFL-CIO Vice-President.
From its beginning in 1881, the AFL-CIO has made the right to organize freely one of its principal pillars of thought and action because without freedom to organize ordinary citizens can not have an effective voice for their ideas and for the defense of their interests. As the past president of the AFL-CIO, George Meany, said:

"No democracy without human rights.
No human rights without democracy.
No trade union rights without either...
This is our belief; that is our creed."

We, therefore, hope that future trade agreements take into account this vision for a better world."

The attached article by a European trade unionist is both thoughfull and thought provoking.

All the best. Please keep me informed on the coming elections. Virginia does not need another senator who will vote no on important social and labor legislation.

Fraternally,

RICHARD V. OULAHAN.
Labor policy in the United States has been marked by two self-defeating attitudes. First, while public policy prescribes a ritualized system of collective bargaining, in most substantive areas policy is silent or reactive, allowing employers broad discretion over work organization, worker training, and incomes policy. At the same time, labor and business leaders are consumed by an us-versus-them mentality in which there can be only one winner.

Labor policies in other countries suggest how a labor movement can be stronger yet at the same time more friendly to a high-wage, high-productivity path. That path, in turn, can offer new ways to revive the labor movement.

American corporate culture is now strongly influenced from overseas, from Japanese “just-in-time” production systems to the marketing standards set by the Italian retailer Benetton. An Irishman runs that quintessential American company, Heinz, while an Australian (Rupert Murdoch) runs America’s most successful media empire. The success of Asian companies with operations in America has brought durable change to American management techniques.

The one exception is in human resource management, where the United States has developed a culture of its own—that seems to satisfy no one. Managers complain about the poor education of workers, and unions protest their weakness vis-à-vis employers. Both look to government for solutions.

Three Fallacies

U.S. labor policy could learn much from abroad, but there are three fallacies that first need to be dispelled. Fallacy number one is that they do things wholly better somewhere else—Germany, Sweden, or Japan is usually mentioned, depending on the ideology of the writer. But there is no made-to-measure policy package that can be taken off the shelf from another nation and imposed on the United States. Pieces of different policies can be borrowed and applied to the United States, but the endless litanies of how great it is somewhere else are counterproductive.

Fallacy number two, however, insists to
process was important.

IBM could explain how its operations in Sweden work with full union recognition in all plants and for all categories of workers up to top technical staff and middle managers.

Motorola and Hewlett-Packard in Singapore and Malaysia could report on how narrower wage differentials between executives and employees help to sustain a mutual commitment to company success.

In Britain, any one of the 50,000 American executives there could be called back home to explain how a state-funded health system lifts a load of costs off the backs of companies.

DuPont, the U.S. chemical multinational, is the largest private employer in Geneva. Americans working there could explain how the Swiss apprentice scheme and properly financed public schools combine to produce a well-educated workforce. American leaders under a Democratic administration do not have to invent new theories but simply should invite leading companies to suggest the best practices elsewhere and implement them in America.

**Working Time: Reduce It**

Consider one example, working time, the first area of legislative change needed in the American labor market. The United States, still by far the richest country in the world, is increasing its working hours instead of creating a more positive balance between work and leisure time.

Every study shows that industrial workers are diminishing. If that's the case, why are American industrial workers putting in more hours, regular and overtime, today than in 1980? Over the same period, the German work week has come down to 35 hours, mainly in the form of Friday afternoons taken off, with a regular six weeks of holiday.

On the contrary, cutting down on work hours forces managers and workers to improve productivity and lower unit costs. Britain has Europe's highest overtime hours worked and Europe's highest unit labor costs, which may explain why there are no longer many British products on sale in the United States.

In 1938, America introduced the 40-hour week when anything up to 56 hours was common in Europe and the weekend was something only the rich enjoyed. By world standards, it was a revolutionary move and, according to classical economists, should have been a disaster for the United States. On the contrary, it focused pressure on quality, not quantity, and gave America a great boost.

The French made the 39-hour week and five weeks paid holiday compulsory in 1981, and, despite dark mutterings, the French economy has grown faster than that of the United States since 1986. Longer vacations gave a great boost to the tourism and leisure industry, a vital new employment growth area. The United States is the most extraordinary country to visit, but it has the world's most underexploited tourist and vacation possibilities. As a European who loves visiting the United States, I often feel that with my annual six weeks' paid holiday I have seen more of this stunning country than my American friends with their miserable fortnight.

*Fortune* recently reported on American executives doing 90-hour weeks, up at 6 a.m. and working until 10.30 p.m. This is insane. Many will work long hours to start up a business, or deal with a special project, or write books, or become labor secretaries or president, but that should be voluntary and the exception, not the expected rule.

As long as the 40 to 50 hour week and two-week holiday norms exist, the U.S. will head toward Third World levels of working time, and the Third World will respond by working even longer to maintain its comparative advantage.

This is where legislative change is needed urgently. The Clinton administration should give Americans a break and create thousands of leisure and tourist industry jobs by legislating for the same annual vacation entitlement—a minimum five weeks—that most Europeans enjoy. Mandating work
the Organization for Economic Cooperation and Development, compensation costs per employee rose only 4.4 percent in Germany from 1978 to 1988, compared with 5.9 percent in the United States, reflecting German wage moderation notwithstanding strong unions.

So while it is necessary to talk the language of partnership, it is vital to see that partnership must acknowledge conflict for it not to be one-sided. In American terms, one might call it "adversarial participation" in order to underline the need for partnership between workers and their employers and the acceptance that differences will emerge and need resolution.

The linkage is important. When labor markets are all participation and suppress adversarial or conflictual needs, they become like Japan. Japanese manufacturing success has been the envy of the world, but few Americans would accept the Japanese social system or the built-in denial of equal rights to women or minorities (in Japan, the Korean minority), or the complete subordination of workers to managers. American unionists, on the other hand, may prefer to believe in the virtues of unconstrained adversarial laborism, but when there is no participation—or an explicit rejection of partnership—and when work relations are dominated by conflict, the result is disastrous for the unions.

In Britain, the conflict-centered labor market politics of the 1970s, when shop stewards controlled unions, provided no new direction but instead led to the revenge of Thatcherism. Anti-union employers applauded Thatcher's restrictions on union rights, but at the end of her 11 years, Britain's economic indices showed the country to be worse off than when she took office and launched her crusade against worker rights. In France, where the main union, the CGT, is controlled by pre-Gorbachev communists and proclaims a commitment to class mobilization and a contempt for negotiation, union membership is well below 10 percent of the workforce.

However, labor policies in many countries do work, and Americans should try to learn which ideas would best fit in the United States. There is or should be information about the policies that work overseas from the network of labor counselors in most leading embassies. It has never been quite clear to non-American trade unionists if these friendly, knowledgeable and helpful officials are merely State Department agents tracking the activity of overseas labor movements or whether they have any input into labor market policy back in America. With the Cold War over, their task of keeping an eye on undemocratic politics in overseas trade unions is redundant. Now that the CIA is being urged to undertake industrial espionage on behalf of American companies, perhaps labor attachés can inform the government about the secrets of labor market policies as they function overseas.

Innocence Abroad

But there is an even better source of information and ideas about what works overseas: American business itself. General Motors or Ford, for example, could tell what it is like to work with trade union nominees and elected worker representatives on the board of directors. Top American GM and Ford executives have made their names recently in Europe, where they have to sit alongside IG Metall unionists on the boards of GM and Ford subsidiaries in Germany.

Executives of Apple Computer in France could explain how the conservative political parties are committed to increasing apprentice training in France. The manifesto of the majority party in the new French government called for employee share ownership schemes to put employee representatives on the boards of main companies. When the new right-wing prime minister, Edourd Balladur, took over in March 1993, the first thing he did was to call in the trade unions to discuss the country's economic problems. Certainly, he imposed his own policies, but the consultation
rules provokes an outcry in the United States, but unless everyone faces the same pressure to improve work practice, then the best practice of some firms will always be undercut by their rivals. Shorter working time also opens up new jobs, and reduces unemployment generally.

Worker Training: Just Do It

President Clinton and Labor Secretary Robert Reich should follow through on their commitment to improve worker training. The Northern European apprenticeship schemes are not easily transferable to the United States because they involve rigorous control of employers, schools and teenagers, imposing obligations on all three that would not fit with American traditions of individualism. Instead, President Clinton's campaign proposal for a 1.5 percent payroll levy to be spent on training should be imposed as soon as possible. The responsibility for overseeing how the money is spent should not be a government task, nor left to management who will spend the money on MBA or flashy executive-training programs in the Virgin Islands. Instead, it should be entrusted to a new statutory body representative of the U.S. workplace.

It could be called a company training council, obligatory for any firm with more than 50 employees. It would be elected by the employees. Managers would have to consult with it over the scale and nature of any training program, but the final decision would rest with the work force's elected representatives themselves. An external agency, such as a national training board, could act as a court of final appeal to ensure that money was used within legal parameters. Clearly in many firms, such company training councils would correspond to existing trade union structures. Steve Yokich, the UAW's vice president, has pioneered training schemes at Ford and GM that are innovative and based on a payroll levy of 15 cents an hour.

Legislating this kind of structure, which combines both the 1.5 percent payroll training tax of France with obligatory elected employee involvement characteristic of Northern European countries, would create a new $60 billion dollar industry of employee training ($60 billion equals 1.5 percent of the current $4.3 trillion paid in salaries in America). In Japan, Germany, and the Nordic countries, the provision of training provides thousands of jobs. Hundreds of language schools have been created in France as learning English is one common executive training expenditure of French companies. Obligatory training and employee participation would challenge American employers and employees to work together to improve the quality of human skills as well as enhanced output of goods and services.

U.S. labor law generally needs to be brought into line with that of other countries. The hiring of strikebreakers during a legal dispute is not permitted elsewhere in the democratic world, and in most countries firms have to give adequate notice before laying off employees. The barriers put in the way of unions trying to obtain recognition are also bizarre and undemocratic by international standards.

Maternity or family leave rights in the United States are a disgrace as well. Even if President Clinton has lifted the Republican veto on the (unpaid) family leave law, it falls well behind minimum European levels which provide for paid leave. Even poor Greece provides 15 weeks paid maternity leave, and a mother is guaranteed her job for a year after giving birth.

It's Tuesday, This Must Be Stuttgart

If the best practice from overseas should be taken up by American firms, then the same is true of American unions. The object is not to graft any particular system onto the U.S. labor movement but to encourage examination of what works in other countries. Could one of the world's best rooted and proudest labor movements decide there was more to learn abroad than to teach? If it did, here is a quick tour of what they might learn from other countries.

Let's go to Japan first. In traditional
terms, Japanese "company unionism" has meant a boss-run business whose main purpose was to keep down wages and guarantee super-profits for the rich. Yet Japanese workers until recently were getting real wage increases, and the moment of Japanese growth has been full employment and steadily increasing internal demand. In March, the Japanese unions agreed to a wage increase that, while barely keeping pace with inflation, still added an extra $8 billion to the total Japanese wage bill and the purchasing power of ordinary people.

There is one aspect of Japanese company unionism that may be worth transplanting to America: the obsession with single status. There are no blue- and white-collar pay and conditions in Japan. The unions are pliant on line speed, job transfers, and other issues that would provoke resistance in the United States, but they are quick to prevent any development that lets one worker believe he or she has more dignity or worth than the next. If Ichiro the gardener has to wear a company jacket and punch in, then so does Ichiro the manager. Holidays, medical care, seniority rules are the same for all. Bosses remain bosses and workers work, but the perks and status that so obsess American managers are absent.

Another issue to be borrowed from Japan and other dynamic Asian economies like Taiwan or Singapore is the much lower ratio between bottom and top pay in companies. A top U.S. executive will earn 50 or even 100 times what a worker earns; in Japan the executive will earn 10 times what the employee gets. As well as an improved minimum wage, American unions should campaign for a what amounts to a maximum wage, by requiring firms to pay taxes on exorbitant executive compensation.

Our commission can then fly to Canada to ask why the Canadian labor movement organizes about twice the number of workers as exist in unions in the United States. If they visit Sweden, they will feel that here at least is a union nirvana with organization rates of up to 95 percent. Even with the pressure of a conservative government and mounting unemployment, the Swedish unions remain far more powerful in society and among workers than do American or British ones. But transplanting the conditions for Swedish unionism to the United States is impossible. Along with Sweden's well known active labor market policy, with its extensive public employment and retraining features, co-determination, and "solidaristic" wage policy of narrowing wage differentials, one other technique may be worth borrowing. That is to copy a practice of SIF, the Swedish union for non-manual industrial workers. It has officials working full-time at universities and technical colleges to recruit employees before they join their firms. In Sweden the task is easier because there is only one union. In the United States, half a dozen unions all compete with each other to represent the same category of employees. Moreover, it is unclear from U.S. law whether supervisory staff and junior managers may join a union. But a trade union presence on campuses, particularly as university education has become accessible to most of the population, is long overdue.

Copying Denmark or Belgium, American trade unions might bid to run part of the social insurance system. That would create an additional benefit that comes with belonging to a union. This would be a return to the old roots of the unions as mutual benefit societies.

Our commission might notice the low unionization rate among American women—and the signal sent by the lack of U.S. women union presidents. By contrast,
mergers, and a national accord covering salaries, investment, and training. The changes allowed Australian labor to regain its influence in a positive manner.

It is in the realms of politics and ideas that the clear lessons are to be learned. Most of the vibrant European unions encourage serious ideological and analytical discussion and debate. Germany's DGB publishes a monthly theoretical journal that often carries pieces sharply critical of the DGB and its affiliates. Swedish unions spend up to 25 percent of their dues on communications and education. Spain's Labor Ministry publishes serious studies independent of the government line. The Italian unions publish reports that outshine those of think tanks. Europe's unions are also mainstays of Europe's labor and social democratic parties. American unions play something of the same role in the Democratic party, but as the U.S. labor movement has grown relatively weaker, the Democrats have begun to take them for granted—except when they need financial contributions, get-out-the-vote drives, and volunteer phone banks. By becoming more ideologically, institutionally, and politically serious, America's unionists can reclaim what is rightfully theirs.

American unions have a history of organization, struggle, survival, and growth dating back more than a century. The time has come to learn from the unions that U.S. labor supported in the past or even helped give birth to. It is time for American unions to find what organization, policy and ideas may now be borrowed back, to re-kindle the fire which American labor's many enemies in this country would like to see extinguished forever.