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IWS briefing, Winter 2008 Volume 8 Issue 1

Abstract
[Excerpt] A newsletter on workplace issues and research from the School of Industrial and Labor Relations at Cornell University.

Keywords
ILR, Institute for Workplace Studies, IWS, global economy, globalization, Harry Katz, Lois Gray

Comments

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IWS briefing
from the School of Industrial & Labor Relations

Winter 2008
Volume 8 Issue 1

ILR Launches Workplace and Globalization Initiative

Globalization is all the rage these days. Free trade agreements. International capital flows. Emerging economies. But globalization is also the source of much rage. Sectoral declines. Rising inequality. Threats to cultural identity. Indeed, despite the promised and realized benefits of globalization, including lower prices for consumers and a rising standard of living, deep-rooted poverty remains pervasive in many parts of the world.

Just how globalization affects workers, particularly those in developing countries, is the focus of a new initiative at **ILR**. The Program on Globalization and the Workplace, with seed money from David M. Cohen (BS**ILR** '73) and Abby Joseph Cohen (AB '73), is sponsoring research and organizing activities dealing with the workplace-related challenges and opportunities arising out of globalization. Intellectual leadership comes from Gary Fields, professor of labor economics and director of the program. "The Cohens are concerned about world poverty and economic development, and I've worked on those problems my entire career," Prof. Fields explains. "Dean Katz introduced us, and we had a meeting of the minds."

In October, the program launched its speaker series with a presentation by Joseph E. Stiglitz, University Professor at Columbia University and winner of the 2001 Nobel Memorial Prize in Economic Science. Not one to mince words, Prof. Stiglitz, who served as chairman of President Clinton's Council of Economic Advisers and as chief economist and senior vice president of the World Bank, offered a blunt but balanced critique of globalization. "It has moved many mil-

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Global Economy Poses Challenges for Labor Movements Worldwide

LABOR MOVEMENTS WORLDWIDE ARE STRUGGLING with the challenges posed by a global economy. Union bargaining power has eroded and workers' rights mean more on paper than they do on the shopfloor. But if trade union activists from far-flung countries could jointly grapple with the big questions—stopping what they perceive as the juggernaut of corporate power is one—then they stand a chance of shaping a world that reflects the interests of workers and their families.

And just what would those interests be? For starters, sustainable development, social justice, democratic governance, and international solidarity. Indeed, these are the four pillars around which the Cornell Global Labor Institute (GLI), based at **ILR**, is building its agenda. Since its inception in 2004, GLI has organized dozens of conferences, forums, and seminars that focused on the many ways the changing global economy affects workers and unions. It has brought together American union leaders and colleagues from other parts of the world, hosted foreign political dignitaries (including Evo Morales, president of Bolivia, and Michele Bachelet, who was later elected president of Chile), and given four groups of Chinese labor leaders a crash course on unions in the American workplace.

GLI is encouraging labor to consider the modern economy from a holistic point of view. "Unions lack a convincing and compelling strategy to deal with globalization," notes Sean Sweeney, director of GLI. "There have been 20 years of rhetoric about international linkages among unions. But you can't extend collective bargaining across borders. And what good are core labor standards if you can't enforce them?" Corporate campaigns against sweatshops here and abroad have had some effect, Dr. Sweeney concedes, but tactical maneuvers like these don't attack what labor scholars consider the underlying issue: the distribution of wealth and power in a global economy.

The inspirational spark for the institute flared in September, 2003 when Brazil's President Luiz Ignacio Lula da Silva spoke at an **ILR** event in New York City. He challenged Cornell to build on its tradition of educating and working with unions by spearheading efforts to help labor articulate a clear vision of the future. Dr. Sweeney, director of labor studies for **ILR** Extension at the time and an advocate of strengthening the school's global outreach, approached then-dean Edward

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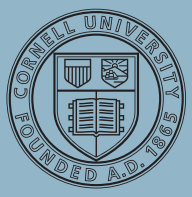
A newsletter on workplace issues and research from the School of Industrial and Labor Relations at Cornell University



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Global Economy

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Lawler about setting up an institute that would focus on labor's role in a rapidly changing world. The proposal was accepted and GLI was born.

Today, GLI activities feed union activists' appetite for forging international relationships and understanding the political economy of globalization. Within this framework, GLI also facilitates labor's growing engagement with environmental issues. A research project recently completed with the Worldwatch Institute provides a global view of "green jobs" in key industries, such as agriculture, local food systems, and energy conservation. Last spring, a GLI conference on climate change and clean energy attracted more than 350 representatives from labor, environmental, and energy policy organizations. It was the largest labor gathering ever to focus on the environment and seems to have galvanized the labor movement. District Council 37, New York City's largest public employee union, will soon set up a committee on the environment. In addition, a contingent of American and Canadian union leaders, pulled together by GLI, attended the international climate change negotiations in Indonesia this past December. The trip marked quite a turnaround from American labor's earlier reluctance to support the 1997 Kyoto Protocol on climate change. "The U.S.-Canada delegation was an important part of the larger global labor presence," Dr. Sweeney says. "But without Cornell's intervention, there would have been no delegation."

Without GLI's involvement, it is also possible that union movements around the world would be isolated and frustrated in their attempts to counter what may be the regrettable byproducts of globalization, including rising income inequality and environmental degradation. Two years ago GLI convened an international task force of 28 union leaders and top staff members to discuss, analyze, and stimulate new thinking about long-term development issues, such as global finance and governance, health and education, and economic democracy. When finished later this year, the report will lay out the challenges globalization creates for workers, consider the responses to date of country-based trade union movements, and offer a series of recommendations for a more coordinated and potentially more effective approach to dealing with an anxiety-inducing reality.

"Our hope is to generate debate across the labor community about where we want the planet to be 25 years out," Dr. Sweeney says. "We want to reconstruct the vision of the future." ■

ILR Dean Goes Global

TWO RECENT TRIPS BY **ILR** Dean Harry C. Katz have reinforced the school's expanding global reach. In both South Korea and Turkey, Dean Katz presented papers and lectures that reflected his particular expertise and also highlighted the link between the school's research focus and public policy concerns.

The visit to Seoul involved a speech at the Global Human Resources Forum, a talk at the Ministry of Labor, and several additional presentations. Dean Katz addressed audiences that included business leaders, academics, and policy makers. He spoke about the role of social partnerships (a tripartite dialogue among labor, management, and government) in advancing economic development. He also discussed collective bargaining and union organizing in the United States in the context of declining union membership and shared his observations about the recently negotiated contract between General Motors Corp. and the United Auto Workers union, which radically altered the management and financing of members' health care benefits.

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Globalization Program

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lions of people out of poverty," he said, noting the historic growth rates in India and China. "But globalization could work better; its management is the problem. The rules of the game are stacked against developing countries." The result, Prof. Stiglitz continued, is growing inequality between rich countries and poor countries coupled with a widening gap between rich residents and poor residents within countries. He cited the problems confronting Africa, including corruption, an uneducated populace, and the failure of companies that extract natural resources to pay full value. Latin America and Southeast Asia, he noted, are still dealing with the fallout from failed financial prescriptions offered by the International Monetary Fund and the World Bank during the 1980s and early1990s that were intended to cure economic ills and spur growth. In the United States, the number of families living in poverty has increased and median wages have stagnated.

Like Prof. Stiglitz, Prof. Fields is keen to find and promote solutions to such problems. Funding from the globalization program will enable him to expand his research agenda and also translate his and other researchers' findings into a book for informed lay readers. Tentatively entitled *Earning Their Way Out of Poverty*, the book's story will be told from the point of view of a poor wage earner in India, a struggling self-employed worker engaged in micro-enterprise in South Africa, and an impoverished agricultural worker in China. Lessons from academic studies and policy initiatives that focus on strategies and tactics to improve earning opportunities will be woven into the text.

"There are ways to raise incomes for workers who stay within their sectors," Prof. Fields notes, "and possibilities for creating additional opportunities in other sectors." For example, giving a farmer a cell phone would enable him to obtain more accurate and timely information about market prices and adjust his behavior so as to maximize his income. Or, where the local business climate makes it feasible to attract new investment (this is a particular interest of Ms. Cohen), the private sector could create more stable and higher-paying jobs. Prof. Fields also plans to explore gender-specific issues, such as the well-documented tendency of women to use

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Labor Relations Today, Tomorrow, and Yesterday: A Conversation with Professor Emerita Lois Gray

EDITOR'S NOTE: WHEN **ILR** EXTENSION WAS LAUNCHED in Buffalo in 1947, the first faculty member hired was Lois Gray, then a field examiner for the National Labor Relations Board (NLRB). Now the Jean McKelvey-Alice Grant Professor Emerita of Labor-Management Relations at **ILR**, Prof. Gray has served as director of Extension's New York City office and as associate dean and director of Extension. Prof. Gray insists she is semi-retired but in reality she is an active participant in Extension's Workforce, Industry, and Economic Development unit and involved in a long-term study of the arts and entertainment industry. Highlights of a conversation with Prof. Gray follow; her comments focus on the evolution of labor-management relations in the United States.

Q: What are the greatest challenges facing the American labor movement today?

A: Primarily, the decline of labor's economic and political power since its zenith in the 1950s. The Wagner Act (a.k.a. National Labor Relations Act of 1935) emphasized protecting workers' right to organize, and the job of NLRB field examiners was to rigorously enforce that. But the Taft-Hartley Act of 1947 and various presidential administrations watered down NLRA protections; meanwhile, the waning influence of organized labor and the growing influence of organized management reinforced the trend. Labor has also suffered from an inability to organize more members, reflecting both its loss of political clout and its earlier emphasis on servicing existing members rather than adding new members to the ranks.

Economic factors are perhaps most important. The peak of union power coincided with a period during which major employers in manufacturing, such as steel and auto, faced little international competition and basically operated as oligopolies. They were thus in a position to agree to terms and conditions for workers that continued to improve with each succeeding contract. Eventually, manufacturers were challenged by foreign competitors and large and small employers alike began moving production out of the U.S. and shipping goods back in.

Q: What are the complementary challenges confronting American employers?

A: International competition and the fight for survival. Globalization affects all employers even where they are not directly confronting foreign competitors; everyone is under relentless pressure to reduce costs. Although research suggests that unions help lower turnover and generate other benefits for employers, these gains are long-term. Not many in business have that long-term view because they are always trying to meet the next payroll. When we had oligopolies, there was less pressure for immediate results so business competed on design or service. With the rise of international competition, employers' whole outlook changed.

Q: How is this affecting labor-management relations?

A: Management is taking a harder line with labor, and even in non-union shops, employees are less likely to get generous benefits. Employers are switching to 401k plans or eliminating pensions altogether; many are cutting health benefits or asking for greater employee contributions. After a period in the 1980s and 1990s when many unions and managements tried working together to save jobs and cut costs, the atmosphere grew more adversarial. But it's easy to over-generalize: there are different patterns in different sectors and regions, and some labor-management partnerships are well established and quite harmonious, particularly those that operate in local markets.

Q: Is there any other system or model from which America might borrow ideas for dealing with current and future stressors on labor-management relations?

A: European countries pay high wages and have strong social safety nets, yet their companies are still competitive. They are successful in part because the unions have their own political parties and work with employers at the national level. European unions develop political programs that are tied to the economy, and at the national level, they reach understandings with the corporations. The parties know what to expect of each other and recognize their common interests. The United States is certainly bigger and more complex, but we've never had that tradition. Ironically, after World War II we encouraged the idea of workers' councils in Germany but here it's resisted by both labor and management: the unions are afraid of being overshadowed by the councils and employers just don't want to share power.

Q: Given the economy's fundamental transformation, where do you see labor-management relations heading over the next five years?

A: If the Democrats come to power in the next election cycle, I expect we'll be in a significantly different political environment. There may be more emphasis on industrial planning, perhaps along the lines of what they do in Europe and Japan. There are likely to be changes in labor law and the way it's interpreted. Unions are hoping for recognition through card check, but I'm not sure that is enough; we also need to tighten the law and penalize employers who do not enter into good faith bargaining for first contracts. And maybe we'll see some restructuring to make unions more like community unions, which are not tied to a single workplace or employer but are more geographically bounded. ■

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discretionary income more responsibly than men and thereby better satisfy the needs of their children and community.

Prof. Fields has two objectives for the new program, which has funding for three years. The first is simply to do good work by using the available resources to promote high quality faculty and student research, to strengthen the undergraduate experience, and to offer intellectual engagement to the **ILR** and broader Cornell communities. The second is to use the good work to attract ongoing support from alumni, foundations, and other sources. Permanent funding would support continuation of existing initiatives, new activities and research, and an expanded focus to include globalization's impact on the American workplace. ■

Dean Goes Global

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ILR was well represented in Istanbul, where Dean Katz and colleague Nick Salvatore, from the collective bargaining, labor law, and history department, were featured speakers at the sixth annual International Knowledge Economics and Management Congress. Dean Katz's presentation to the largely academic audience concerned the relationship between industrial relations and income inequality; Prof. Salvatore focused on American political economy, i.e., the connections between technology, economic growth, and the state, from 1870-2000. A former **ILR** statistics professor, Ali Hadi, was also on the agenda. The event was sponsored by the Faculty of Economics at Istanbul University, which has a long-standing relationship with **ILR**. ■

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