Review of recent industrial relations developments in Japan, USA, Brazil, China and India

General developments in industrial relations: The United States

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Economic Conditions

The U.S. economy has enjoyed a six year expansion since the recession from March to November in 2001. However, there are clear signs that the expansion is slowing. Bureau of Economic Analysis (BEA) data show an average of just 1.8% over the last four quarters.

In terms of job creation, the U.S. economy has underperformed in recent years. While the "jobless recovery" following the 2001 recession eventually gave way to more robust job creation figures, by mid 2007 the U.S. economy was creating just 44,000 jobs per month, far below the 150,000 per month figure economists generally regard as ideal. The BLS released an extremely weak employment report in August which showed the first monthly new job decline in four years. Employment losses were concentrated in manufacturing, construction, temporary help, and local-government education, while job growth continued in health care and food services. Construction, manufacturing and temporary help have all been showing job losses for some time, but the job losses are over twice the typical monthly losses that these industries have seen over the past year.

The poor job creation figures provided solid evidence that the turmoil in financial markets had now begun to make an impression on the job market. Wage increases, however, continue nudge ahead of inflation at 3.9% for the year by August. This small spike in earnings will do little to change the overall picture of stagnant or declining real wages seen in recent years. According the Economic Policy Institute, inflation-adjusted incomes are down 2% since 2000 for the typical or median household. This wage stagnation has occurred at a time when productivity growth has been exceptionally strong, averaging around 2.5% per year. Unemployment has remained around 4.6%.

The better growth figures in Q2 (around 4%) has been attributed to strong export figures driven by a weak dollar, although the weak U.S. housing market is expected to be a drag on the economy for the foreseeable future. (http://www.bea.gov/.) Some analysts are predicting a double-digit decline in house prices nationwide over the next 3 years, a scenario that could eliminate between $3 trillion and $4 trillion in housing wealth and eliminate more than a million jobs in construction, real estate, mortgage banking and other housing related sectors—thus triggering a recession.

Consumers' assessment of present-day economic conditions in August 2007 was less upbeat than in earlier months, due in part to the volatility in financial markets and continued sub-prime housing woes. However, consumers were still generally positive. Those claiming conditions are "good" decreased to 26.4 percent from 28.3 percent, while those saying conditions are "bad" increased to 16.3 percent from 14.5 percent. Consumers were also less positive in their appraisal of the labor market. Those saying jobs are "hard to get" increased to 19.7 percent from 18.7 percent. Those claiming jobs are "plentiful" decreased to 27.5 percent from 30.0 percent in July. (http://www.conference-board.org/economics/ConsumerConfidence.cfm)

Collective bargaining

The percentage of U.S. workers covered by a collective bargaining agreement continues to decline. By the end of 2006, union density has fallen to 12.0%, down from 12.5% a

year earlier—a sharp decline for a 12-month period.
http://www.bls.gov/news.release/pdf/union2.pdf.

Union members in the U.S. now number 15.4 million. Because collective bargaining coverage and union membership is virtually synonymous, just one in eight U.S. workers are therefore covered by a collective agreement. The decline in union members has been particularly severe in manufacturing, where unionization rates fell to 11.7% by the end of 2006 - 0.3% lower than the union density in the economy as a whole.

Union membership in the private sector slid in 2006 to only 7.4 percent. Among public-sector workers, membership also fell (down 0.3 percentage points), but, at 36.2 percent, remained at levels consistent with those over the last two decades. Public-sector union jobs in 2006 accounted for almost half of union members, even though public-sector employment comprised less than one-fifth of the economy.

The data on recent collective bargaining are, in terms of wage negotiations, quite unremarkable. The Bureau of National Affairs reports that, through September 10, the average first-year wage increase was 3.6 percent, compared with 3.2 percent in the comparable period of 2006. The median first-year increase for settlements reported to date in 2007 was 3.2 percent, compared with 3 percent in 2006, and the weighted average was 3 percent, compared with 3.5 percent.
http://pubs.bna.com/NWSSTND/IP/BNA/dlr.nsf/SearchAllView/CD2314205894E7268525735500042FB0?Open&highlight=COLLECTIVE,BARGAINING,AGREEMENTS

Regarding the main issues being dealt with at the bargaining table, almost half (49%) of negotiated contracts involved adjustments in health insurance and pension benefits. Employer-union struggles over health insurance benefits has been a clearly visible feature of the collective bargaining landscape for a number of years now, and this trend continued through 2006 and 2007 as health costs have risen dramatically. The BNA revealed that more than six in 10 surveyed employers planned to bargain for new cost-sharing provisions in 2007 or press for increases in existing provisions that require employees to pay part of the costs of their health insurance.

U.S. workers continue to work longer hours than do workers in other advanced economies. The ILO calculates that the average U.S. worker clocked in 1,804 hours on the job in 2006, well above those of other developed countries such as France (1,564 hours per worker), Germany (1,436 hours) and the United Kingdom (1,669 hours). Japanese workers clocked in 1,784 hours per year on average while Canadian workers averaged 1,738 hours. (See: *ILO Report Says United States Leads World In Labor Productivity; East Asia Catching Up* BNA: Daily Labor Report, September 7, 2007)

Wage growth in the U.S. continues to be unequal. After rising quickly in the second half of the 1990s, most workers real wages have been stagnant in the 2000s, especially since 2003. This result holds for a wide variety of wage and compensation measurements, including those that add the value of fringe benefits. Meanwhile the productivity/wage gap has grown. The gap between productivity growth and workers wages, especially those of middle- and low-wage workers, is at a historically high level. However, incomes for the top 10% grew by 9% in 2006.

Bargaining and the Auto Sector

Aside from the general collective bargaining picture, developments in the troubled U.S. automobile industry are being watched carefully by analysts and social actors alike. In their contract negotiations with the United Auto Workers the “Big 3” employers—General Motors, Ford and Chrysler—proposed the formation of a Voluntary Employee Beneficiary Association (VEBA) health care trust fund to cover hundreds of thousands of retired autoworkers. A VEBA is a federally recognized non-profit 501(c) (9) corporation set up to insure that health care, pension, unemployment, or other benefits are routinely paid out to workers covered by the trust. In 2006 a VEBA was established model as part of a contract between Goodyear Tire & Rubber and the United Steelworkers union. Goodyear agreed to a payment of $1 billion in cash and stock to create the fund. The deal came after a three-month strike.

The “Big 3” employers collectively lost $16 billion in 2006. They now seek to unload their present responsibilities (estimated $117 billion) to retirees by making giant one-time payments to the union. The future administration of retiree health care will then be placed in the hands of the UAW-administered VEBA. The automakers say that shedding the commitments to retirees would give them needed room to maneuver as they take on their more profitable rivals from Japan, including Toyota, whose U.S. sales are booming. Last year, GM spent $4.8 billion on health care, which the company estimates could have paid for four new vehicle plants, six new vehicle model lines, or renovation of 16 assembly-plant paint shops. http://www.washingtonpost.com/wp-dyn/content/article/2007/07/16/AR2007071601559.html

During September 2007 the main issue in the negotiations concerned the degree to which the proposed funding for the VEBA was sufficient to cover the health care costs of the industry’s retirees. Because the financially strapped companies don't have all the money up front, the trusts could start out under funded by billions of dollars. If the proposed VEBA were to be under funded, the consequences of the shortfall would then become the UAW’s problem. According to an industry journal, “Most analysts assume the automakers could borrow the money and transfer it to the VEBA. Retiring the debt would be less expensive and less noisome than the ongoing funding of uncertain obligations and cost of retiree health-care benefits where new drugs have reduced actuarial assumptions to Swiss cheese.” http://www.autoobserver.com/2007/09/uaw-talks-healt.html

The plight of the U.S. auto companies, and the lack of options seemingly facing the UAW, became evident in June 2007 when UAW members approved by more than two-to-one an agreement with the bankrupt auto-parts maker Delphi that settled a two-year dispute by exchanging pay cuts for employee buyout incentives. The vote paved the way for Delphi to pay wages as much as 40 percent lower and operate about one- fourth the plants that it had when it filed for court protection for U.S. operations in October 2005.

The approval ended the risk of a strike that threatened to shut down plants operated by General Motors Corp., Delphi's former parent and largest customer. The contract set the base pay at $16.23 an hour, about 40 percent below the $27.44 an hour now received by former GM workers.

After a short strike, the negotiations between the UAW and GM concluded. GM will hand the UAW $51 billion over time to fund a VEBA that would help pay for the health-care costs of 423,000 retirees and their dependents. Of course, the agreement was severely criticized by dissidents within the UAW who argue that the union should have used the failure of collective bargaining to place national health care and retirement security squarely on the agenda. The UAW leadership sees the VEBA as some kind of security should GM be forced into bankruptcy.

The UAW-GM agreement also establishes a two-tier pay scale. “Non-core” workers Such as sub-assembly, machining, material handling, and will get wages approximately half that of workers already in the workplace ($14/hr in the case of material handlers). It’s estimated that up to a third of assembly-plant jobs are ‘non-core’ (Detroit Free Press, October 4, 2007).

Legacy Costs and Cost Shifting

The automobile industry is not the only one that is attempting to unload so-called “legacy costs” related to health care and pensions. Companies like Sears, Sprint-Nextel, FleetBoston, NCR, Alcoa, Halliburton, Hewlett-Packard, Motorola, Milliken, and Armstrong World Industries are on a growing list of companies that have recently found ways to relieve themselves of these obligations. In mid-2007 General Electric entered into contract negotiations with the United Electrical Workers with the intention to establish “competitive levels of cost sharing” on health and pensions. And the 2008 bargaining round is expected to see more of the same, with Verizon Wireless among the companies expected to seek pension plan changes. According the *New York Times,* Verizon hopes to "set the stage for concessions from its unionized workers in the next round of negotiations." The outcome of these negotiations are expected to have implications for the nation's largest telecom firm, AT&T, whose contracts covering 160,000 CWA members expire in 2009.

Private Equity Companies and Collective Bargaining

Complicating matters in the auto sector still further, in May 2007 Daimler-Chrysler (DCX) announced it would sell off 80 percent ownership of the company to Cerberus Capital Management, a private equity firm. The purchase was the latest in a string of buyouts of mostly-unionized companies by private equity firms, hedge funds, and private multi-billion dollar investors in the U.S. steel, coal, airlines, and carhaul industries. Pooling money from the super-rich and financial institutions, the private equity companies buy other companies cheaply and mortgage them heavily, aiming to restructure and sell them in three to five years at profits that far exceed those in the stock market.

Many unions, in the US as well as internationally, have become vocal opponents of this so-called "strip-and-flip" style restructuring that downsizes and merges fragments of older companies before selling them off. In the U.S., private equity buyouts in 2006 were valued at more than $500 billion.

Unions note that takeovers by private equity firms have often led to large-scale redundancies, wage and benefit concessions, and the unloading of pension and retiree health care benefits. Prior to the Cerberus sale, union leaders in the United Auto Workers, the Canadian Auto Workers, and I.G. Metall (Germany's largest metalworking union) voiced fears that such a sale might have negative consequences for workers.

In 2006 Ceberus began making bids for a number of pieces of the U.S. auto industry, including controlling interests in GM's lucrative financing arm, GMAC, Tower Automotive, and Delphi. Besides Chrysler, it currently controls 51 percent of GMAC and five auto parts suppliers: GDX Automotive, CTA Acoustics, Guildford Mills, and Peguform.

In some situations, however, unions have reached agreements with private equity companies. The strongest unions, such as the Steelworkers, the hotel workers' union UNITE HERE, and the International Association of Machinists, have traded concessions for a share of eventual profits and for limits on how much money investors can take out of a business. Others have formed alliances with investors who honored union commitments, becoming finders for potentially lucrative deals elsewhere. (http://www.washingtonpost.com/wp-dyn/content/article/2007/06/09/AR2007060901413_pf.html

The United Food and Commercial Workers has negotiated contract language requiring new grocery store owners to restore any initial wage concessions over the life of a contract. UNITE HERE has stated that private equity companies like Blackstone (which own hotels in major markets) have helped move traditional hotel chains to acquiesce to higher wages and organizing rights.

Some U.S. unions are seeking political controls over the behavior of private equity companies. The Service Employees International Union is running an aggressive public relations campaign against the Blackstone Group, a purchaser of 580 major office buildings cleaned mainly by SEIU members. The union has highlighted the huge profits reaped by private equity investors, and is urging the Democratic Congress to raise tax rates on them. The union is hoping the tax threat will move the industry to give workers a say in its deals. (CNN: Union takes aim at private equity, http://money.cnn.com/2007/06/27/news/economy/seiu_private/. See also, http://www.behindthebuyouts.org/)

Work Stoppages

Strike actions in the U.S. remain at historically low levels. In 2006 there were 2.7 million lost workdays, according to BLS data. The number of workers involved in strikes declined from 2005, but the number of workdays lost increased by an additional 1 million over the 2005 figure. Of the 20 major work stoppages beginning in 2006, 12 were in private industry and eight were in State and local governments. In private industry, five work stoppages occurred in both manufacturing and construction, and one stoppage each in janitorial services and automotive dealerships. Of the eight work stoppages in State and local governments, four work stoppages involved municipal and county workers, two involved educational services, and one each in public transportation and health care.

The largest work stoppage in terms of day lost was between Northwest Airlines and the Aircraft Mechanics Fraternal Association, with 812,100 workdays lost in 2006 and 1,183,800 workdays lost in total since the work stoppage began on August 20, 2005. The second largest work stoppage in terms of idleness, and the largest in terms of worker participation with 12,600 employees involved, was between the Goodyear Tire and Rubber Company and the United Steelworkers of America, with 718,000 days idled in 2006.

In the case of Northwest Airlines, the company imposed terms outlined in a tentative agreement that was overwhelmingly rejected by the flight attendants months earlier. The terms consisted of over 40 percent reductions in salary and benefits and as much as 25 percent additional work hours. The strike was defeated when the union failed to shut down the carrier. Northwest received ongoing support from the courts and government officials in order to keep its planes in the air. NWA management hired replacements, and the leadership of the other unions at NWA, particularly the pilots and ramp and baggage handlers' unions, refused to support AMFA's strike.

The Steelworkers 12-week strike against Goodyear tires also ended in defeat for the union. 14,000 Goodyear workers at 10 US plants voted to ratify a three-year contract. The union had struck to prevent further plant closings, but finally agreed to the closure of the Tyler, Texas plant, after a one-year delay, which will result in the loss of some 1,100 jobs. It also agreed to a two-tier wage structure that will cut pay and benefits for new hires. A large percentage of current Goodyear workers are approaching retirement age and are set to be replaced with younger workers, who will make substantial lower wages.

The latest agreement follows concessions made in the 2003 contract, when Goodyear was facing bankruptcy. At the time the Steelworkers agreed to plant closures that resulted in the loss of some 6,000 jobs and concessions totaling $2 billion. The contract also established a Voluntary Employees' Beneficiary Association (VEBA), which Goodyear has agreed to fund with $1 billion in stock and cash.

With most strikes ending in defeat for the unions concerned, employers are perhaps more likely to force a strike than have a strike inflicted upon them. Striking continues to be a high-stakes venture as well. It involves considerable legal and financial risks, particularly in the public sector, where walk-outs are severely restricted and, as in New York, subject to severe penalties. Since 1992, walk-outs by 1,000 workers or more have averaged less than 40 annually. In 2003, there were only 14, with just 129,000 union members participating. In contrast, at the peak of labor's post-World War II strike wave in 1952, there were 470 major strikes.

Unions, however, continue to launch innovative and experimental campaigns against key employers, and have won some significant victories that may bode well for the future. Wal Mart has been the target of an energetic campaign waged by both the United Food and Commercial Workers and SEIU, a campaign that has contributed to successful community opposition of new Wal Mart stores being open in a growing number of instances. The UFCW has also invested heavily in a wide-ranging organizing effort focused on the Smithfield corporation and its 6,000-worker Tar Heel, North Carolina pig slaughterhouse (the largest in the world). Rejecting the NLRB, the UFCW has an alternative recognition process that would finally enable workers to freely demonstrate majority support for the union. Much of the activity aimed at achieving this goal has taken place outside of Tar Heel and the plant itself. The union has built a large network of labor and community supporters, which includes students, environmentalists, politicians, civil rights activists, immigrant rights advocates, and the clergy. In November 2996, 5,300 mainly immigrant janitors in Houston ended a month long strike today against the city's five major cleaning companies. The workers had been organized in 2005 by SEIU. The janitors won a 50.5 percent pay increase over the two-year contract. The workers also will receive health insurance starting Jan. 1, 2009. Individual health insurance will cost $20 a month, while family insurance will be available for a cost of $175 a month. The contract also includes vacation and six paid holidays a year. Workers will be able to accrue paid vacation beginning the first year of the contract.
http://www.houstonjanitors.org/

Unions in the public sector have also won some victories. The American Federation of Government Employees successfully repelled Bush administration efforts to curtail collective bargaining at the Departments of Defense and Homeland Security. Those court decisions ruled that Homeland Security's new MAXHR personnel system and the Pentagon's new National Security Personnel System (NSPS) illegally discarded existing collective bargaining rights for employees. In addition, unions successfully lobbied Congress to place checks on the administration's competitive sourcing campaign.

Legislative developments – Labor Law Reform

The November 2006 Democratic victories in the House and the Senate brought about a significant shift in the political balance of power between the two major parties. The Democrats took control of the House and presently have a one seat majority in the Senate.

Pro-union Democrats in the House quickly reintroduced the Employee Free Choice Act (EFCA, or H.R. 800), a proposed piece of legislation designed to make it easier for workers to join a union and to stiffen penalties for employers who refuse to bargain in good faith and/or dismiss union activists for attempting to organize their fellow workers. EFCA has been viewed as the most ambitious union-driven attempt in more than 25 years to win congressional approval of sweeping labor law reform.

Introduced by Democrat George Miller of California on February 5, EFCA’s primary function would be to facilitate speedy union recognition via the “card check” mechanism. This would replace the current National Labor Relations Board (NLRB) union election route which unions regard as unworkable due to routine and often unpunished employer firing and harassment of union sympathizers.

The EFCA “card check” would allow for rapid certification of private sector bargaining units. The NLRB would automatically certify the union as the collective bargaining agent for workers in any unit where a majority of workers have indicated their desire to have the union represent them in contract talks by signing union cards.

The bill provides for quick negotiation of a first union contract, a mediation process for unsettled contract negotiations, an expedited defense of fired or harassed workers with a back-pay remedy, and civil penalties of up to $20,000 per incident on employers who violate the rights of workers during this process.

In March the House of Representatives overwhelmingly passed EFCA, and in June EFCA won a slim majority in a vote of the Senate. However, the tally was some way short of the 60 votes needed to stop the Republican filibuster. President Bush has promised to veto the bill, and all 49 Senate Republicans opposed the legislation.

Health Care reform

The new Democratic majority also emboldened those seeking health care reform. The employment-based health care system has been subjected to considerable scrutiny in recent years as the number of uninsured Americans has reached 47 million and costs for those insured continue to skyrocket. As discussed above, the impact of rising health costs and the "cost shifting" towards employees has been a major collective bargaining issue and the major source of industrial action in recent years.

Employers' organizations, such as the National Association of Manufacturers, oppose the introduction of a government administered universal health care system and are generally supportive of the existing model. However, in February 2007 some employers, unions, and policy groups launched the "Better Health Care Together" campaign. Signatories include AT&T, the Howard H. Baker, Jr. Center for Public Policy, the Center for American Progress, the Committee for Economic Development, the Communications Workers of America, Intel, Kelly Services, the Service Employees International Union (SEIU) and Wal-Mart. The new coalition declared:

"America's health care system is broken. The traditional employer-based model of coverage in its current form is endangered without substantial reform to our health care system. It is being crushed by out of control costs, the pressures of the global economy, and the large and growing number of uninsured. Soaring health costs threaten workers' livelihoods and companies' competitiveness, and undermine the security that individuals of a prosperous nation should enjoy. We can only solve these problems – and deliver health care that is high quality, affordable, accessible and secure – if business, government, labor, the health care delivery system and the nonprofit sector work together."

The significance of the new grouping is still unclear. In June 2007 the coalition wrote to Congress urging members, inter alia, to reauthorize the State Children's Health Insurance and to allow payers and consumers to better evaluate provider quality and efficiency through increased access to Medicare data. (http://www.betterhealthcaretogether.org) These reforms, while important, hardly amount to a major overhaul of the health system.

Meanwhile, in Congress Representative John Conyers (D-MI) introduced legislation (H.R. 676) to create a "single payer" healthcare system. The proposed legislation would cover every person in the U. S. for all necessary medical care including prescription drugs, hospital, surgical, outpatient services, primary and preventive care, emergency services, dental, mental health, home health, physical therapy, rehabilitation (including for substance abuse), vision care, chiropractic and long term care. HR 676 ends deductibles and co-payments. HR 676 would save billions annually by eliminating the high overhead and profits of the private health insurance industry and health management organizations, or HMOs. The bill, which had 79 sponsors by September 2007, was referred to the House subcommittee on health in February 2007. Along the same lines as the Conyers bill, the AFL-CIO Executive Council passed a resolution calling for universal health in March 2007. This resolution is itself not without significance. The U.S. trade unions have never been united on the need for government administered universal health care. Following WW2 unions were brought into the administration of private health plans through the Taft Hartley system, and many union members positively associate their union membership with their health care coverage. It is only recently, as the present health care system becomes seemingly more unsustainable, that unions are becoming more committed to a universal system. (http://www.aflcio.org/aboutus/thisistheaflcio/ecouncil/ec03062007.cfm)

The state of the U.S. health care system, and proposals for reform, are also front and center of the presidential race. Candidates each have their own proposals for dealing with the problems of health care.

The immigration debate

Immigration reform presents another area of pending legislation with obvious implications for industrial relations. Of the estimated 16 million illegal immigrants in the U.S., roughly 11 million are thought to be working. In some occupations undocumented immigrants make up a substantial percentage of the workforce. About 24% of all farm workers are undocumented immigrants; 17% of all cleaners; 14% of all construction workers; and 12% of all food preparation workers. Within these categories 36% of all insulation workers; 29% of all roofers and drywall workers; and 27% of all butchers and food processors are undocumented.

The massive Spring 2006 demonstrations staged by the immigrant communities across the United States emerged as a response to proposals before the U.S. Senate to introduce a guest worker program along the lines of the Bracero program that operated from 1942 until the early 1960s. The Senate proposal, called Bracero 2 by some, also included strict enforcement procedures that threatened expedited deportation, indefinite detention, and criminalization of immigrants.

After a year of deadlock in Congress, the guestworker bill died in the Senate in June 2007 when 53 senators voted not to end floor debate, preventing the bill from moving to a final vote. Some employers' organizations, such as the Essential Worker Immigration Coalition (EWIC), continue to advocate for a new guest worker program. EWIC encompasses over 40 huge employer associations, including Wal-Mart, Marriott, Tyson Foods and the Association of Builders and Contractors. Most unions oppose the guest worker program, although two important unions, the Service Employees and UNITE HERE, see the guest worker proposal as a stepping stone towards full citizenship, but the labor movement is fairly united on the need for immigration reform that actually helps immigrants gain full legal status and citizenship. (See: http://www.aflcio.org/issues/civilrights/immigration/)

Trade Issues

The U.S. Congress continues to spend a lot of time debating various trade bills. Again, since November 2006 the new Democratic Congress has meant a bigger presence of “fair trade Democrats” concerned with the U.S.’s trade deficit (particularly with China) and with the need to rejuvenate domestic manufacturing. Within the Democratic Party, there has always been some opposition to the Clinton-era enthusiasm for free trade and the effects of the North American Free Trade Agreement are widely perceived to have been negative for workers in both the U.S. and Mexico. Democrats used the soaring trade deficits and the loss of 3 million manufacturing jobs since Bush took office in their successful effort last year to regain control of both the House and Senate. In the November 2006 midterm elections, 37 members of Congress were elected on a fair-trade platform, defeating pro-free trade incumbents and tipping the balance in Congress away from the neoliberal policies of the Clinton-Bush years. By mid-2007, the trade deficit was still running at an annual rate of $722.6 billion, slightly below 2006’s record breaking $765.3 billion. The deficit has set new records for five consecutive years, and has led to a steep decline in value of the dollar.

Meanwhile, the Bush administration, in December 2006, lifted anti-dumping orders and other restrictions on subsidized steel imports, which upset some steel producers and the Steelworkers union. The International Trade Commission (ITC) revoked the anti-dumping and countervailing duty orders on imports of certain steel products from all countries currently covered except Germany and Korea. According to the United Steelworkers (USW), several of the nations covered under the decision were engaged in unfair trade practices such as government subsidies and dumping surplus steel on the U.S.

The Administration has also pursued quite controversial bilateral trade agreements with South Korea, Columbia, Panama and Peru. In a contentious move, in February 2007 the administration pushed to complete negotiations on a trade deal with South Korea before

June 30, when its “Fast Track” authority would expire. Fast Track, also known as trade promotion authority, was narrowly passed by the Republican Congress in 2002, and allows the president to negotiate trade deals but prevents Congress from improving or rejecting harmful provisions by allowing only “Yes” or “No” votes on such trade packages. With $72 billion traded annually between the two countries, if passed the Korea-U.S. Free Trade Agreement (KORUS FTA) is likely to become the second largest trade deal after NAFTA.

The effects of NAFTA on America’s manufacturing workers and Mexico’s farmers (or, rather, often ex-farmers turned immigrants), has made Congress highly suspicious of the “win-win” claims made by free traders. According to the Economic Policy Institute, since NAFTA took effect, over 1 million workers in the U.S. lost relatively good manufacturing jobs. U.S. workers without a college education—73 percent of the population—saw their wages drop by 13 percent since NAFTA took effect. (*NAFTA at Ten,* www.epitnet.org)

Under considerable pressure from global justice advocates, the Democratic Party leadership announced its opposition to the KORUS FTA on June 29, 2007 and the agreement with Columbia was also put on hold until early 2008. Congressional Democrats had wished to write labor, environmental and other changes to the Columbia agreement, language that is intended to bind the US and Columbia to abide by core international labor standards — such as freedom of association and the right to strike — as embodied in a 1998 International Labor Organization declaration. The proposed "template" will apply to all pending trade deals.
(http://www.bilaterals.org/article.php3?id_article=8415&var_recherche=colombia)

For the labor movement, Congress’s decision to include workers provisions in new trade agreements was viewed as a very significant breakthrough. Unions had failed to get such provisions written into NAFTA in the 1990s, of the Central America Free Trade Agreement (CAFTA), or any of the bilateral agreements negotiated in recent years. The AFL-CIO stated that “the proposal (to amend the trade agreements with Panama and Peru) does represent major progress on core workers’ rights and environmental standards… We're encouraged by today's proposal and look forward to working with Congress to continue to improve our trade policy so that it will protect fundamental workers' rights and contribute to good jobs, both in the U.S. and abroad. (http://blog.aflcio.org/2007/03/28/rangel-levin-free-trade-agreement-significant-step-forward/)

Energy Independence and Climate protection

Congress, and a growing number of state legislatures, have also been considering legislation to protect the climate and to reduce the U.S.'s dependency on foreign oil. As in other countries, the discussion on global warming and the need for large reductions in greenhouse gas emissions have been concerned with the economic and workplace implications of transitioning to a low-carbon society. Employers in the U.S. have been "greening" their operations—or at least declaring their intention to do so—and unions have been very vocal in pressuring Congress and State governments to stimulate and support green manufacturing and renewable energy. However, several unions in the energy intensive sectors (transportation, manufacturing, etc) remain concerned that climate protection proposals discussed in Congress, such as the Boxer-Sanders bill and the Bingham-Spector bill, do not leave the U.S. at a competitive disadvantage vis-à-vis their rivals (particularly China) whose industries are not mandated to reduce their own emissions. (See: http://home.apolloalliance.org/splash.html, http://www.ujae.org/, http://www.ilr.cornell.edu/globallaborinstitute/events/climateChangeConference/video.html)

The Social Partners and Future Trends

It's fairly well known that the notion of social partnership as normally understood in an industrial relations context does not speak to the reality of the United States. While business and government work very closely together, relations between unions and employers, and between unions and government, have been generally adversarial for more than two decades. It's true that in more than a few instances unions and employers have forged working partnerships and alliances both in the workplace and around broader issues, such as the examples discussed above. However, union-instigated efforts to build partnerships in the workplace or at the societal level have been consistently rebuffed.

The new Democratic Congress has given unions hope that some of the reversals suffered at the bargaining table and in the courts might now cease, and that gains in labor law reform, trade, health care, energy independence, etc., might be on the agenda of a new Democratic president should he or she be elected. The distance between unions and employers organizations, however, remains as wide as ever. For example, while unions were urging Congress to pass the Employee Free Choice Act, the National Association of Manufacturers (NAM) stated it would continue to "aggressively oppose initiatives to make union organizing easier, including union-backed proposals to abolish secret ballot elections in favor of card check majorities for union recognition." According to the NAM, "The so-called "Employee Free Choice Act" (EFCA) would take power and voice from America's working people and give it to union bosses." (www.nam.org). And while unions (and some employers) continue to call for health care reform, the NAM maintains "that private market solutions are superior to huge government-run programs and that employers should be allowed to voluntarily provide health coverage." www.nam.org/healthplan On trade with China, the American Chamber of Commerce worked to weaken Chinese government proposals to amend the labor code that would strengthen worker protections and, "Amcham" fears, would raise wages. Unions and their allies viewed this intervention on the part of U.S. companies as damaging the prospects of American workers who have already lost millions of manufacturing jobs as a result of low wage rates in China and elsewhere. China's new Labor Contract Law was enacted by the National People's Congress on June 29th. It will go into effect on January 1, 2008. (http://laborstrategies.blogs.com/global_labor_strategies/files/undue_influence_global_labor_strategies.pdf

Business groups' opposition to labor's agenda is therefore likely to continue, with increasingly global implications. For the foreseeable future, Congress and State legislatures will continue to be a battle ground between organized labor and its allies on the one hand and business interests on the other. However, as noted above, *ad hoc* partnerships between some unions and some employers on issues like health care reform, energy independence, and trade protection.