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Second Panel: labor markets, income inequality and globalization

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IV. Second Panel: Labor Markets, Income Inequality and Globalization

*Catherine Fisk**: Good morning and welcome to the second panel of this wonderful conference. I am Catherine Fisk and it is an enormous pleasure and honor to moderate this panel on labor markets, income inequality and globalization.

I am going to give a very brief introduction of the topic of our panel and our panelists. They will give their presentations, also quite briefly. I will moderate a discussion between panelists on the issues that arise and then we will have opportunity for discussion with all of you.

Both labor markets and income inequality are not limited by national boundaries. Treaties that have undermined labor standards in the U.S. and elsewhere were promoted by their sponsors with promises that they would increase employment in some sectors to make up for the employment that was lost in others and, overall, would promote greater economic development in all countries. It is the sense of many that those promises have not borne fruit.

How does globalization affect the distribution of wealth in the United States and internationally? And what legal or policy proposals might address these issues to promote a fairer distribution of wealth, both within the United States and around the world?

We have a number of wonderful speakers here this morning to help us sort out these issues. In the order in which they are going to speak, we will hear first from Ron Bloom, who since 1996 has served as special assistant to the president of the United Steelworkers and currently heads the union's corporate research, industry analysis and pattern bargaining department. His responsibilities include the union's collective bargaining program in its core jurisdictions, with an emphasis on particular issues facing the Steelworkers in its dealings with financially troubled companies. He also coordinates the union's dealings with financial investors in both public and private companies.

Next, we will hear from Louis Uchitelle, who has been an economics writer for *The New York Times* since 1987. He focuses on labor and business issues and travels widely in the United States. He has been a visiting scholar in a number of places and has written quite a few very influential studies of the economy around the U.S.

Then we will hear from Harley Shaiken, who is a professor in the departments of education and geography and the chair of the Center for Latin American Studies at the University of California, Berkeley. His research focuses on the

* Douglass Blount Maggs Professor of Law, Duke University.

intersection of global economic integration, labor, the organization of work and information technology. He teaches a number of courses, including "The Southern Border," an undergraduate course that looks at the U.S.-Mexico border in particular and the relation of the U.S. and Latin America more generally, and a graduate seminar on "Labor and the Global Economy" that looks at the process of globalization and its social implications.

Fourth, we will hear from Judy Scott, who since 1996 has served as the general counsel of the Service Employees International Union (SEIU), the largest and fastest-growing labor union in the United States private sector, representing over 1.8 million workers. The SEIU organizes low-wage and immigrant workers and is the largest health care union in the United States. Ms. Scott has practiced labor law for over thirty years and has represented a large number of labor unions before representing the SEIU.

Last, but certainly not least, we will hear from Professor Fran Ansley, who is the College of Law Distinguished Professor at the University of Tennessee. Her expertise reaches beyond the law school and into the community, where she has often found ways to unite her scholarship, teaching and service in collaborative projects aimed at understanding and addressing problems of social justice. Professor Ansley speaks frequently and is widely published and reprinted in the areas of civil rights, labor rights, impacts of globalization, and issues of race and gender, with a special interest in the southeastern United States and the evolving economic and cultural relations between the U.S. and Latin America. Thank you very much.

*Ron Bloom**: I am going to give some context to the balance of what we are going to talk about in this panel. As was mentioned, I work for the Steelworkers and am involved in collective bargaining, so the effort to deal with wages and inequality in the global economy is front and center for our union.

The Steelworkers is a diverse manufacturing union with about 850,000 members here and in Canada. Almost all of our members work in manufacturing, about 85 percent private sector manufacturing. Just about everything that our members make can be made anywhere in the world. So the forces of globalization sit on top of us every day.

I have been doing this work in one form or another, on and off for about thirty years, which is the period we usually identify as the period of the decline or stagnation of wages in America. I got on the boat just as it was starting to sink. I would like to believe the two are not related, although you never know.

I want to make a number of points. Obviously all of them are going to be gross oversimplifications of complicated realities but as we do collective bargaining, we often try to simplify things and see if we can distill out, at least from where we are sitting, what is going on. So let me try a couple of very simple assumptions that set the context, at least as we see it, of what is going on.

* Special Assistant to the President, United Steelworkers.

First, the basic question of the total generation of wealth for an economy is fundamentally based on two things. One is the country's natural resources and the second is the productivity that labor brings against those natural resources. The more natural resources there are and the more productivity there is, the larger the pie that can be created. So the size of the pie is determined by those two things.

The distribution of the pie, however, is, we believe, more than anything else related to power. It is largely a reflection of the distribution of power between those who work and those who own. That is the context in which we do our work; the power between workers and owners. It is in some ways a traditional notion and after doing this a long time, I have decided it is more true than I once thought it was. The distribution of the pie, at the end of the day, is really a power question.

If you look at that power on what I would call an inherent basis, it has been recognized for an awfully long time that there is an inherent imbalance: that in a free market for labor, the results that will be produced will not be positive for the vast majority of people who work. Seeing that, in democratic societies 200 years ago or so as the industrial age began, an idea arose, which was that workers needed to be able to act collectively. The reason for that idea of collective action, again, was pretty simple: the inherent power imbalance made it that people acting individually would not be able to make reasonable wages, would not be able to enjoy the fruit of their toil, but by acting collectively they could balance the power of capital. That is the very simple notion behind labor unions; that workers can act collectively, and by controlling to a degree the supply of labor, they can distort the market for labor and produce a better result for workers.

In terms of the role of the government, if you think about it, there are a lot of things the government can do to achieve a greater level of equality in society. It can adopt a tax policy; it can create public goods, like roads (or even health care in a civilized society!); or it can regulate capital. But there is relatively less, I would argue, that government can do or do very well, on what I would call the pre-tax side of the equation.

Taxes can be used after wealth has been accumulated, to take the capital and recycle it into the public sphere, and that can be a very valuable function. But government per se is really not very good at regulating the pre-tax side of the equation. Of course, there can be the minimum wage but that is ultimately a fairly blunt instrument. There can be the Fair Labor Standards Act and mechanisms like that. But it works out, at least in our judgment, that unions are actually the best mechanism that has ever been devised for wage-setting and for putting a brake on the allocation or the distribution of the pie between labor and capital. They are an enormously flexible instrument. Our union alone has 6,000 different labor agreements. If you look across the American labor movement, there are many times that amount and each one of those agreements is set up at a particular worksite for a particular group of workers to address the particular problems that that group of workers and that company face.

That is a marvelously flexible instrument. And that is really where you can

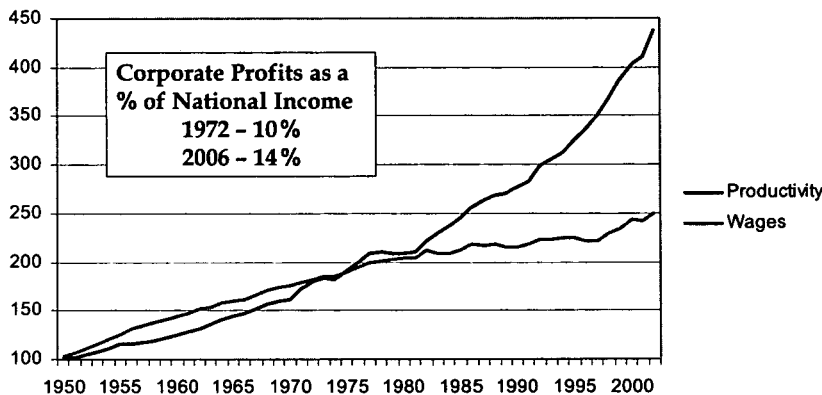
achieve pre-tax equality of income. I would argue there is simply no better mechanism for doing it than a strong labor movement.

In that context, the last thirty years are a pretty dismal story, because for the last thirty years we have seen a systematic weakening of the basic function of collective bargaining. The ability of unions to set or influence wages, to make them different than the result that the market would produce, has been systematically eroded through policy and through a different set of norms that corporations have adopted in their dealings with labor. This can be seen by picking up the newspaper and observing the results of collective bargaining agreements (when they do make the newspaper). Or it can simply be observed by looking at what has happened to workers' wages. I do not think it is coincidence at all that the thirty year stagnation in wages for American workers has occurred alongside the de-unionization of our society. That is a fundamental challenge if you want to revitalize pre-tax income in America. I am not aware of another device or vehicle that could do that, other than to forthrightly stand for the re-unionization of the society.

As we do our work, it is really not a complicated equation. If substantially all of the workers in an industry are unionized then all of their wages can be raised together. If a significant number of the workers in an industry are not unionized then the ability of labor to set wages erodes dramatically. Because what will happen, in simple economic terms, is the companies that do not have unions will pay lower wages, they will eventually be more successful, more profitable, and more capital will go to them. They will eventually drive the higher-wage companies out of business. That is essentially what we have seen happening in our economy in the last thirty years.

Globalization is really nothing but this same process writ large. If American workers are asked to compete with workers in other countries and if capital is, as it is today, highly mobile, and transportation costs, while they have gone up somewhat in recent years, are generally in decline; in that environment, the ability to maintain a high-wage economy is always going to be under assault. That is the hand that we find ourselves with, at the bargaining table, every day that we go there. That is, our members, who by and large are still making reasonable wages for blue-collar workers, are being asked to first compete against people who do not have the protection of a union and companies are therefore put at a financial disadvantage by paying decent wages and benefits. If we are in a sector or an industry where we do have a greater density and we are still able to set wages, then we likely face the fact that somewhere else in the world, the same corporation is able to employ workers for substantially lower wages. And by the way, is able to degrade the environment and do a whole lot of other things that are cost-saving. In that basic equation, you have put wages back in play and you have created a global market for labor, and in that global market, it is hard to find a space for decent wages. In that global market, it cannot be surprising that inequality will grow.

Productivity Growth vs Wage Growth 1950-2005



Let me just throw a couple of pictures up here, which I suspect are the same slides that everyone has been using. Two little charts that I think summarize this pretty simply. As you can see from the first one, for the period from roughly the end of the war until roughly the early 1970s, productivity and wages grew together.¹ The overall wealth of the economy was being dramatically increased, productivity was going up, there was more “stuff” that we could all have and wages were tracking almost exactly.

Wages were tracking with that productivity and so workers were, in old-fashioned parlance, receiving the just fruits of their toil. As the systematic destruction of collective bargaining that I talked about has occurred over the past thirty years, productivity has continued to increase, in fact, has accelerated slightly, but wages have remained pretty close to flat. The little box says where the money went, which is to say there has been a transfer of wealth from workers to owners and so now corporate profits are substantially a greater percentage of national income than they were before. For us, that is the core story of what has happened since collective bargaining has been under assault.

You can see it reflected in income growth. The bottom 20 percent of income earners in America have seen their wages go up over this 30-odd-year period by 3 percent; the top one-tenth of 1 percent by 500 percent, and therefore, we have seen an enormous shift in wealth where the top 1 percent have seen their slice of

1. LAWRENCE MISHEL ET AL., THE STATE OF WORKING AMERICA 2006/2007 46 fig.1E (2007).

Distribution of Wealth 1972-2006

	1972-2006	
Income Growth Bottom 20%	3%	
Income Growth Top .01%	497%	
	1972	2006
Wealth Held by Top 1%	13%	33%

the pie increase dramatically.²

For us, again, we see this every day, as it visits itself upon us but that summarizes our view of what is going on. Thank you.

*Louis Uchitelle**: We discussed how to go about doing this panel and who should do what, and I volunteered to do the anecdotal part of it, to describe what happens to people after they lose their jobs. People work again but it takes them forever to get back to where they were. The layoff itself, or the loss of a job against your will, is a very damaging experience. We have, over a period of time, acquiesced to it. I am amazed at the acquiescence as I talk to people, the way people learn to accommodate themselves. I will not go into how much of that acquiescence is the victims blaming themselves for their own layoffs, but there is this huge shift, which Ron described—the loss of the offsetting balances between government, labor and management. As that happened, there was a change in the mentality of how workers are perceived, even by management.

Before I get into the specific anecdotes, I want to read something. When I was doing research for my book called *The Disposable American: Layoffs and Their*

2. For data on the bottom quintile, see U.S. CENSUS BUREAU, HISTORICAL INCOME TABLES—FAMILIES, tbl.F-3: Mean Income Received by Each Fifth and Top 5 Percent of Families, All Races: 1966 to 2007, <http://www.census.gov/hhes/www/income/histinc/f03AR.html> (last visited Aug. 27, 2008). For data on the top .01% of income earners, see Thomas Piketty & Emmanuel Saez, *Income Inequality in the United States, 1913-2002*, in TOP INCOMES OVER THE TWENTIETH CENTURY: A CONTRAST BETWEEN CONTINENTAL EUROPEAN AND ENGLISH-SPEAKING COUNTRIES (A.B. Atkinson & T. Piketty eds., 2007) (tables updated to include 2006 data available at <http://elsa.berkeley.edu/~saez/>) (last visited Aug. 27, 2008).

* Economics Writer, *The New York Times*.

Consequences, I ran across the work of Peter Drucker. In 1954, he wrote *The Practice of Management*, it was one of the first classic books on how managers should behave. His advice to managers when they were dealing with workers, how to conceive of workers, was the company was not just hiring a worker, but the whole man. Managers should consider, “the human resource as human beings, having unlike any other resource, personality, citizenship, control over whether they work, how much and how well they work, and thus requiring motivation, participation, satisfaction, incentives and rewards, leadership, status and function.”³

We have come a long way since then. We do not know anything about the “whole man” or the “whole woman” any more. It is not part of what goes on, either in the employers’ eyes or the employees’ eyes.

I will give you some examples, starting with Erin Brown. He certainly, when I last met him, did not see himself as a whole man any more. He was laid off. He was an aviation mechanic, at the very top of the blue-collar world, with two years of college-like schooling to get his license. He had worked for United Airlines. He had moved to their maintenance center in Indianapolis, a state-of-the-art maintenance center, which is now closed.

To make a long story short: Erin Brown left school in his junior year studying for engineering, had gone to work as an aviation mechanic, first in Oakland, California, then transferring to Indianapolis. While he was going to school, he married. He was a very energetic and ambitious man. He finished his engineering degree at night, while he was working as a mechanic. He worked his way up to inspector, which is a union job, highly paid.

When you rebuild a plane, a commercial airliner, every five years, you want to get it done quickly so you lose as little revenue as possible. United Airlines’ maintenance center in Indianapolis could do that reconstruction in ten days because of all the high technology and organization they had built into the center. It was a wonderful example, frankly, of management at its best, back in the early 1990s.

A decade after the center opened, United Airlines was having problems with labor, labor was having problems with management and Erin Brown got caught in the middle of it. He was trying to do his job properly as inspector. He wrote up failures in the maintenance process on more than one occasion, delaying the return of a plane to commercial activity. There was an opening in the engineering department which he wanted very badly. They told him he would not get it, because he was anti-management—they actually put a letter in his file, which was later withdrawn.

Along came September 11th, 2001. United Airlines, even before 9/11, had begun to outsource the maintenance of its aircraft rather than doing it. United Airlines, as a means of relying less on labor, offered voluntary furloughs to its

3. PETER F. DRUCKER, *THE PRACTICE OF MANAGEMENT* 14 (1954).

people. Erin Brown took one, came back several months later, and shortly afterwards, as United Airlines shut down that maintenance center, he was laid off.

When I met him, he had been out of work maybe two or three months. His wife, Stacy, is a very successful lawyer in Indianapolis. One of the machinist union people had put me onto him; I went out to dinner at their home, and he sounded like an upbeat sort of fellow. After dinner, he took me down the block. They lived in a neighborhood of old Victorian homes that had once been the homes of the wealthiest people in Indianapolis. It was a deteriorated neighborhood that was now being gentrified. He said, "I'm not going to have any trouble; getting fired was the luckiest thing that ever happened to me." He walked me down the street, showed me the houses he was going to buy and rebuild. He was a wonderful mechanic, and he was already building in the rear of his own house which he had purchased in this neighborhood, a "carriage house" as he called it, which he was going to rent to other professional people who were moving into the neighborhood.

I said, "I'm not going to use him in my story," he seemed too well adjusted. I kept up with him and his wife by email, and about eight months later I came back to Indianapolis on one of my visits and looked him up.

On this second visit, there was a lot of stress. He had done nothing additional on the reconstruction of his own home. He had bought none of the homes that he had said he was going to buy. His wife had tried to get him to join a plumbing firm that her family knew; he resisted taking that entrepreneurial step. She had pushed him and he had gone to interviews at a couple of factories. He had been offered one good job as a machinist and found a way not to take it. She had gone back to work and he was giving excellent childcare to their son, Kyle.

As we talked, I began to realize, as his wife had already realized, that he was afraid to commit himself to something where he might once again be told he was no good. Or would be thrown away, disposed of. He had committed himself to United, he was going to be an engineer, he was going to go up the line—and he was damaged, psychologically damaged, by the layoff. It was a blow to his self-esteem.

As I interviewed and got to know people like this, I began to see it in one form or another in a lot of people. I went to psychiatrists, and sure enough, they were running across it. They were running across it in a number of people who came to them, not because they had been laid off, but for some other reason: they could not work up to their full capacities, they had troubles at home. During the therapy, out came this layoff as a contributing trauma. Never mind the unemployment, we all know a lot about the trauma and the damage from prolonged unemployment. This is the trauma of the layoff, of being forcibly separated from your job. I suppose it extends to some extent to being *devalued* at your job, to being the opposite of what Drucker described.

At any rate, he started talking to me about his solution. He would somehow make a living. His wife had become pregnant again and their plan in life was for

her to take care of the children and him to work. She realized that she would have to go on being a lawyer. He thought that what he would do is take a job, which he described as “throwing boxes.” Federal Express has a big operation and some of the mechanics who had been laid off got jobs moving crates around, hoping someday they might get promoted to a mechanics job at Federal Express, but meanwhile earning \$10 or \$11 an hour plus health insurance—that was *very* important—and doing routine work.

His solution in the end was to take a job, this highly skilled mechanic-engineer, as a janitor in the Indianapolis Public School System—where he is to this day, or at least the last time I had contact with him—at \$18 an hour. He had been earning \$70,000 a year, with overtime, as a mechanic; he is now earning \$20 an hour, which is around \$40,000 a year. I don’t know if he will ever get back to where he was.

His skill was so great that he quickly became an indispensable worker with the furnaces and heating system. But it is a routine job. He has, in this way, protected himself from giving himself entirely to work and then having the blow of another layoff, the trauma of another layoff, of being disposed of.

In the beginning, I found it hard to believe that this was really something that we should be concerned about. But it is a reason to rebel against too much job insecurity. I am not arguing that we can stop all the layoffs. The globalization that has taken place cannot easily be reversed. But we do not even have the mentality of pushing back against layoffs, of limiting the number, and in doing so, recognizing the value of people. That was certainly the case with United Airlines, which had the opportunity it did not have thirty years ago to outsource, and the mentality in America that has evolved over these years, to be able to outsource or lay off workers without any damage to its reputation.

But I promised to talk mostly about people in my presentation rather than to philosophize.

I will give you another example. Elizabeth Nash wasn’t union. She was a middle manager at Procter & Gamble. Mr. Brown was thirty-three years old. She was about forty-seven when Procter & Gamble started to—Procter & Gamble never lays off anyone; they have “retirement packages.” The pressure to accept these retirement packages is pretty great. She had been there twenty years and was an information technology expert in the personnel department. She was not doing as well as she thought she should be doing and was under pressure to take one of these packages. She saw that her operation would be outsourced, and she was correct. So she took the package.

She thought it was her choice, but the instant she took it and signed the papers, they made it pretty clear to her that they had pushed her out. They sent her to Right Management, an out-placement firm (who incidentally had contributed to her decision by telling her that she would easily be able to get another job at \$150,000 a year). She is in her second job now, also a personnel job, in which she has worked her way back up to \$90,000. It took her three years in this second job

before she finally felt as if she belonged. Her sense of experience and respect that she got from fellow employees, which are all part of her sense of self, took a long time to re-establish.

Briefly, the odyssey that 30 million or more people have had to go through since the early 1980s to get themselves back to where they were—and there is plenty of data about how long it takes to get back to the salary that you had before—but psychologically back to where they were is overwhelming. In our concern about data, we miss the stories and the damage. What I don't understand and am puzzled about is why people acquiesce to this, why this has not started much more uproar among the victims. I will leave that as a question.

Thank you very much.

*Harley Shaiken**: I am going to start with a single question: as a society, what kind of global economy do we want to see?

In 2005, we know that global output was around \$45 trillion dollars; about half of that was involved in trade.⁴ For the U.S. economy, it was approaching a quarter of global output in 2006.⁵ Clearly, globalization is a very powerful reality. But the real issue is that globalization makes possible either a broadly shared prosperity or a more extreme form of inequality. That choice, that direction, is shaped today increasingly by a combination of new global production realities and trade policy.

What do I mean by “new global production realities”? It is now possible to take the most sophisticated kinds of production, from automobiles to microchips, and locate them in very low-wage economies. That can be of great benefit to the economy, if wages in those economies rise and development proceeds. But what we are seeing is very high-tech production, with productivity and quality comparable to industrial countries, at a fraction of the wages.

In terms of trade agreements, Ron Bloom made a critical point when he said that unions are the best method for wage distribution that we have seen. Trade agreements today, by and large, have locked in a grim global status for labor: a lack of rights or outright repression, while at the same time providing impressive new guarantees for investment. This combination of growing productivity, which should be good, and wages that are artificially depressed, lays the basis for a very different kind of globalization. I would say that the net result of the direction we see today, and clearly are going in, is a squandered opportunity that knocks workers out of the middle class in the U.S. and throttles entry to the middle class in emerging economies.

Larry Summers, our former treasury secretary, former president of Harvard—hardly an enemy of globalization—wrote last year in the *Financial Times* that anti-globalization sentiment may reflect “a growing recognition that the vast global middle is not sharing the benefits of the current period of economic

* Professor of Education and Geography, and Chair, Center for Latin American Studies, University of California, Berkeley.

4. WORLD BANK, WORLD DEVELOPMENT INDICATORS, 16 tbl.1.1: Size of the Economy (2007).

5. WORLD BANK, WORLD DEVELOPMENT INDICATORS, 220 tbl.4.8: Structure of Demand (2007).

growth, and that its share of the pie may even be shrinking.”⁶ To prove his point, earlier this year the International Monetary Fund released a new study that indicated that labor’s share of global wealth was, in fact, shrinking.⁷

I would like to look at this combination of high productivity and wages that are anchored to the bottom, in the context of the North American Free Trade Agreement (NAFTA), now fourteen years old. I think NAFTA provides an important perspective on what we can expect more globally, if we proceed with the same regulatory regime for trade, the same rules of the game, with other trade agreements.

In effect, NAFTA linked the most unequal industrial economy in the world—that is, the United States—with among the most unequal emerging economies, Mexico. One might almost say that the U.S. and Mexico dimension of NAFTA was a World Series of inequality.

Let’s put inequality in Mexico in perspective: a fifth of the Mexican population gets by on less than \$2 a day.⁸ At the same time, the world’s richest man, Carlos Slim, a Mexican, in the last two years earned \$27 million dollars—that’s \$27 million *a day* for the last two years.⁹

Cross-border trade with Mexico more than quadrupled from when NAFTA was passed in 1993 to over \$330 billion in 2006.¹⁰ The U.S. went from a \$5 billion surplus the year before NAFTA’s passage to a \$64 billion deficit in 2006.¹¹

What does this combination of new production realities and the lack of labor rights look like, with a quadrupling of trade, which should have meant great benefits to Mexican workers? Overwhelmingly, about 75 percent of this is manufactured goods.¹² While the average wage for manufacturing workers in Mexico in the first decade of NAFTA declined in real terms, at the same time their productivity rose by 60 percent.¹³ We are talking about productivity rising by 60 percent, *real* wages declining in manufacturing. But in a way, using 1993 as a baseline is a bit misleading, because 1993 wages in Mexico in manufacturing

6. Lawrence Summers, *The Global Middle Cries Out for Reassurance*, FIN. TIMES, October 30, 2006, at 16.

7. Krishna Guha, *Free Trade Hits Income of Workers, Says IMF*, FIN. TIMES, April 5, 2007, at 8.

8. David Luhnow, *The Secrets of the World’s Richest Man*, WALL ST. J., August 4, 2007, at A1, available at http://online.wsj.com/public/article_print/SB118615255900587380.html.

9. *Id.*

10. See FOREIGN TRADE DIVISION, U.S. CENSUS BUREAU, TRADE WITH MEXICO: 2006, <http://www.census.gov/foreign-trade/balance/c2010.html#2006> (last visited Sept. 3, 2008).

11. *Id.*

12. See FOREIGN TRADE DIVISION, U.S. CENSUS BUREAU, VALUE OF EXPORTS, GENERAL IMPORTS, AND IMPORTS BY COUNTRY BY 1-DIGIT COMMODITY GROUPINGS, MEXICO, <http://censtats.census.gov/sitc/sitc.shtml> (last visited Sept. 3, 2008).

13. *Testimony Submitted to the Senate Subcommittee on International Trade of the Committee on Finance: The Employment Consequences of NAFTA*, 109th Cong. 11 (2006) (statement of Sandra Polaski, Director, Trade, Equity and Development Project, Carnegie Endowment for International Peace), available at <http://finance.senate.gov/hearings/testimony/2005test/091106sptest.pdf>.

were 30 percent lower in real terms in pesos than in 1980.¹⁴

So in NAFTA's first decade, we see a quadrupling of trade, while wages are about a third less than they were in 1980. That is not a recipe for either a vibrant domestic economy or a healthy, broadly shared prosperity.

When two economies are integrated with a free-trade agreement, the danger is that artificially depressed low wages—not low wages because of low productivity but low wages *in spite* of high productivity—create a magnet for locating new investment, at the same time that they exert severe downward pressure on wages in the United States. That, of course, is precisely what we have seen. In the context of Mexico, we might call the result high-productivity poverty. In the context of the U.S., we are seeing this severe downward pressure on wages, clearly in manufacturing, but more broadly as well. These manufacturing industries have historically set the stage for wage growth and workers entering the middle class throughout the economy in the United States, reflecting a strong labor movement in the decades that followed World War II.

We can see this most clearly in the automobile industry under NAFTA, one of Mexico's largest exporters. The United Auto Workers (UAW) has recently concluded a critical set of negotiations with the Detroit automakers. To survive at all, the union has agreed to entry-level wages that are approximately half of the current wage of assemblers and a significantly smaller total compensation package.¹⁵ This has implications that go much beyond the unionized sector of the industry. It reflects not only globalization but also the declining strength of U.S. unions and their bargaining power. What we are witnessing here is the impact of high-productivity poverty in one country pressing down on wages in another.

Toyota, the largest non-union automaker in the country, announced last year record profits, globally and in terms of North America.¹⁶ How might Toyota respond to record profits? Someone leaked an internal memo soon after this announcement that indicated that what Toyota needed to do was cut wages dramatically in the United States. Historically, Toyota paid UAW wages to avoid a union, roughly \$30 an hour last year. It said the new, immediate goal ought to be wages linked to the average manufacturing wage in the states in which it operates.¹⁷ In Kentucky, where its largest operations are, that is \$12.64 an hour.¹⁸

But then the memo goes on, and here I quote from it. "Compared to Japan and France, the U.S. auto industry pays 50 percent higher wages and over five times

14. Harley Shaiken, *The New Global Economy: Trade and Production under NAFTA*, 17 JOURNAL FÜR ENTWICKLUNGSPOLITIK 241, 249 (2001).

15. Sarah Webster, *Four Ford Plants Saved*, DETROIT FREE PRESS, November 16, 2007, at 1A.

16. Martin Fackler, *Toyota Posts Another Record but Warns of Slowdown*, N.Y. TIMES, May 10, 2007, at C3.

17. See Jeremy W. Peters, *Hardly a Union Hotbed, Toyota's Kentucky Plant Is a Test for Organizers*, N.Y. TIMES, Sept. 4, 2007, at C1; Jason Roberson, *Toyota Sweats U.S. Labor Costs*, DETROIT FREE PRESS, February 8, 2007, at 1A.

18. Roberson, *supra* note 110.

more than Mexico's auto manufacturers."¹⁹ Clearly, Mexico becomes a target benchmark for auto wages and in fact the ratio is not five to one, it is more like ten to one.

This is hardly a North-South issue, it is also a South-South issue, because Mexican workers, with declining real wages in manufacturing, are facing considerable pressure with plants moving, or threatening to move, to China, where wages are even lower and where the domestic market is potentially far larger.

To conclude, broadly shared prosperity as a goal for globalization will require very different policy measures. I would like to put three very briefly on the table. First, including meaningful core labor rights in trade agreements; both clear standards to enter into the trade agreement and the meaningful enforcement of those core labor standards. Second, as important, ensuring the right to join unions is upheld within the United States. The Employee Free Choice Act is central to ensuring that globalization does not continue to press down on wages, knocking workers out of the middle class and exacerbating inequality. Finally, adopting broader policy measures such as national health care that directly address, not simply the moral issues involved, but the global competitiveness of U.S. manufacturing.

The global economy *can*—through expanded trade—result in *real* benefits coming to workers in emerging countries, to those societies as a whole and to the United States. But the direction we are heading in now squanders the benefits and gives us a far more unequal society, which is clearly bad economically and, ironically, throttles the potential of trade, ultimately undermining democratic values.

Thank you.

*Judy Scott**: In light of what was just described by the previous panelists, we do face a daunting task. I want to put a few other facts on the table to make it even worse or to put it in a broader perspective. If we look at a list of the biggest countries (in terms of gross domestic product) and companies (in terms of sales) and their ranking in world economies, we have Wal-Mart at nineteenth, after the GDP of eighteen countries.²⁰ That is ahead of Sweden, Austria, South Africa and Argentina.²¹ Close behind, we have General Motors; a little further down are Exxon, Shell, and Chevron, to name a few; and then we have Home Depot with a larger world economy in terms of sales than New Zealand, Peru, and Algeria.²²

What we are talking about here—in terms of when we talk about the daunting task facing the worldwide labor movement—is that we are dealing with multinational corporations (MNCs) that go beyond the regulation of nation-states. Also when we look at multinationals, we see some interesting statistics. In 1914,

19. *Id.*

* General Counsel, Service Employees International Union.

20. SARAH ANDERSON ET AL., FIELD GUIDE TO THE GLOBAL ECONOMY 69 (rev. and updated, 2005).

21. *Id.*

22. *Id.* General Motors is ranked 24th, Exxon is 26th, Shell 28th, Chevron 52nd and Home Depot is 81st.

there were 3,000 global companies; in 1992 there were 30,000; and in 2000—63,000 multinationals.²³

In the labor movement over the last several years, you have to have a certain sense of optimism when you face these facts. We see this growth of MNCs as an opportunity and a challenge, not a problem, in that it allows us to start thinking about how we, as a labor movement, organize ourselves to face a global economy. And we must do that with the knowledge that our U.S. labor laws are in shambles. We really no longer can hold out to workers that there is basic protection for the fundamental right to organize. We are also faced with the fact that worldwide unionization rates are going down: there was a 20 percent decline in the United Kingdom between 1980 and 2000; 23 percent decline in Australia; 10 percent down in Germany; 8 percent down in France; and 9 percent down in Japan.²⁴ So along with the growth of the global economy, the labor movement worldwide has been facing a crisis in its own organizing.

We have been talking a lot among ourselves about the need to form global unions. We have had a tradition in the labor movement of cross-border solidarity actions and those have been especially critical to protecting the fledgling labor movement—whether in Poland, South Africa or Korea. Now there is the urgent situation in Burma, where we need a strong sanctions law against Chevron, which is obviously profiting from its relationship with the Burmese military junta. In addition, we have to think beyond solidarity actions to organize ourselves into global unions that really reflect the multinational organizations we face.

In the 1996 Singapore World Trade Organization Ministerial Declaration about labor rights, they decoupled the WTO from labor rights. It was decided that unfair labor standards would not be considered unfair trade practices. This decision sent the labor movement back to the International Labour Organization (ILO), a very important institution which promotes core labor rights but with weak enforcement mechanisms. Here in North Carolina for example, you had a finding by the ILO that the denial of collective bargaining rights to state employees was a violation of core labor rights. It was a nice public relations “pop,” but it had no enforceability, unlike the international framework for enforcing violations of international property rights or other key property and corporate rights that can be presented to the WTO and result in very effective sanctions. Harley raised the issue about the lack of these kinds of effective labor standards in our trade agreements. And that is what we really have to look for in the big picture: where do we set up a structure for enforcement of core global labor rights?

I want to share two examples that we are dealing with right now in the labor movement, in light of the fact that we don’t have other places to turn to. One is our campaign against G4S. Interestingly, after 9/11, one of the fastest-growing

23. MEDARD GABEL & HENRY BRUNER, *GLOBAL INC.: AN ATLAS OF THE MULTINATIONAL CORPORATION* 2 (2003).

24. Stephen Lerner, *Global Unions: A Solution to Labor's Worldwide Decline*, NEW LAB. FORUM, Winter 2007, at 22, 27.

sectors in the U.S. has been private security.²⁵ These workers, who are often recruited in urban areas, are African-American young men making minimum wage with absolutely no benefits. The largest multinational in security is G4S, based out of England.

We have formed, with our global partners around the world, a multinational organizing campaign to seek a global organizing agreement. We are working with our global union federation, Union Network International (UNI), on a global campaign with our union partners in Indonesia, Poland, Panama and South Africa (the first strike in the post-apartheid government consisted of 90,000 security guards on a successful strike last year). We were part of a global movement that supported the legal rights of those workers to strike. We are also helping in other parts of the world, in South America and in India. UNI has a complaint pending with the Organisation for Economic Co-operation and Development regarding G4S and its extensive record of labor rights violations.

What are we looking for? Our goal is that a global union should be able to achieve a global organizing agreement that has enforceable organizing rights that allow workers throughout the world to organize and to get support for organizing rights through this mechanism. As a result, we have rejected the promotion of unilateral "corporate codes of conduct," which are basically used as public relations tools. We have moved to promoting "global union framework agreements." There are now approximately fifty-four of these agreements around the world that have been negotiated between MNCs and global union federations.

We need to have basic organizing rights that go beyond the core labor standards; that are very specific about the union's right of access to workers, the right to recognition based on employer neutrality and card-check protection. Some of these same kinds of protections are being sought in the Employee Free Choice Act pending before the U.S. Congress. We believe we need these protections on a global basis as well.

Another campaign that had a global tie was our recent campaign in Houston, where SEIU organized 5,000 low-wage janitors in a city where you see the great disparity of wealth and poverty. In this case, we had to direct part of our campaign against the owners of the major corporate headquarters there, which included Chevron and Hines, one of the largest real estate companies in the world.²⁶ And where did we move our solidarity actions to? We had supporting union delegations in Moscow, Berlin, Mexico City and Milan going to the Chevron and Hines offices there to help highlight the strike that was going on in Houston. We ultimately achieved a collective bargaining agreement—after the largest strike in the South in fifty years—a contract that doubled the wages of the janitors and set a pathway to health care coverage.

25. Arlene Dohm & Lynn Shniper, *Occupational Employment Projections to 2016*, MONTHLY LAB. REV., Nov. 2007, at 86, 97 tbl.3: Occupations with the Largest Job Growth, 2006-2016.

26. Hines, Development Overview, <http://www.hines.com/press/releases/10-22-02.aspx> (last visited Sept. 10, 2008).

So we see, ultimately, that the global challenge for the labor movement is how do we stop thinking of ourselves as domestic unions and start thinking of ourselves not just as operating within global alliances, but as global unions focused on multinationals together, one at a time, to win enforceable global union framework agreements that really can make a difference in workers' lives?

I also believe that what we have failed to adequately understand within the progressive movement is that these issues of labor rights, immigration rights (that Fran Ansley will be talking about), labor rights in trade agreements, are all closely linked in developing a public policy about wealth inequality. We have to stand together in terms of analyzing these issues and—as Ron Bloom was saying—truly look to the right of collective bargaining that was reflected in the Universal Declaration of Human Rights (UDHR) of 1948. After World War II we had to figure out how we could achieve security throughout the world after that horrible war. One answer was the UDHR.

Interestingly enough, two of the fundamental rights in the UDHR are the right to form and organize unions and the right to collective bargaining, because they were seen as integral pieces of how people participate in civil society in the debate about the distribution of wealth. We have failed somewhat in the U.S. labor movement by not tying ourselves to those very fundamental human rights in the UDHR as part of a broader human rights movement. Now, as globalization expands, we see the need for this and the need to think about ourselves as global unions, not just domestic unions. Thank you.

*Frances Ansley**: I suspect I was invited to take a role on this panel so that I might bring global news, but global news gathered from a very local perspective. I teach over at the University of Tennessee on the other side of the mountains from here, and since 1988 I have been attempting to report and reflect on what is happening to working people in this one, small corner of the world in East Tennessee, and then to find ways of helping to make that news available to some of my neighbors.

Up on that big screen on the wall beside me is a projection of the menu page of a DVD, including a snapshot of a family from Ciudad Juárez, Mexico. It is up there for two reasons. First, it is my stab at the viral marketing of a new documentary film recently released after almost a decade of work, a decade during which I have had the honor of being an advisor to the project. Second, it is an effort to evoke another presence here, to introduce you to Silvia Perez and to have her and her family with us in the room for just a second. Silvia is a person who lives in Ciudad Juárez, Mexico and who contributes one of the voices and one of the perspectives captured in the film. That documentary project, called "Morristown: In the Air and Sun," is an example of the kind of work I am trying to do, in terms of figuring out how to make these very big, very complicated global economic dynamics more accessible to ordinary people in the United

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States and in the U.S. South in particular.²⁷

In one sense this work started in 1988 with me thinking, "Okay, now that I am a new law professor and legal scholar, I need a research agenda, and I would like it to be something relevant to issues that people and social movements are actually working on." In my part of the world at that moment, there were people coming together to talk about plant closings. "Great," I thought, "I'll write about plant closings."²⁸ In the process of doing that, I hung around a lot with people who were going through factory shut-downs, and I talked with them about the situations they were facing. I began to understand that most of these businesses were not actually going out of operation; they were just moving their operations elsewhere. In our case at that time, most of them were moving to northern Mexico.

I had the opportunity to work with a grassroots plant-closing organization in Tennessee, to start trying to see if we could follow that path of capital flight. Could we try to offer a better angle of vision for those people who were saying things like, "These Mexicans are stealing our jobs"? For a number of years, I participated in exchange trips, where we took factory workers to Mexico—African-American and white factory workers from East Tennessee—and then drove or flew down to Mexico and met with *maquiladora* workers there.²⁹ When we came back from our very first trip in 1991, the debate around NAFTA was in full swing and many of us became very involved in efforts to resist that free trade agreement and the neoliberal agenda it represented.³⁰

In the years that followed, I continued to sit at my vantage point in Knoxville, and lo and behold, pretty soon the flip side of capital flight arrived in Tennessee. We began to see new Latino immigration coming from Mexico. We didn't have to raise any more money from Presbyterian women's groups or sympathetic labor unions in order to fund exchange trips to travel to far-away Mexico. We began to see that to learn about conditions in Mexico, East Tennesseans could simply go hang out in the back of a kitchen in a restaurant off a local strip mall. There they could easily find somebody washing dishes or busing tables who had worked in *maquila* factories in Juarez or Reynosa or Tijuana for several years.

Looking back on this whole experience, I can say it has been a fascinating run. The pace of change, the widening out of a whole new global horizon, that

27. *Morristown* (directed by Anne Lewis, 2007) is available on DVD from Appalshop, www.appalshop.org (last visited Aug. 28, 2008). For more information, see Anne Lewis' website for the film, <http://annelewis.org/morristown.html> (last visited Aug. 28, 2008).

28. Results of that initial study of deindustrialization can be found in Fran Ansley, *Standing Rusty and Rolling Empty: Law, Poverty and America's Eroding Industrial Base*, 81 GEO. L. J. 1757 (1993).

29. Fran Ansley & Susan Williams, *Southern Women and Southern Borders on the Move: Tennessee Workers Explore the New International Division of Labor*, in NEITHER SEPARATE NOR EQUAL: WOMEN, RACE AND CLASS IN THE U.S. SOUTH 207 (Barbara Ellen Smith ed., 1999).

30. For testimony critical of then-current plans for NAFTA by returned Tennessee travelers before the Office of the U.S. Trade Representative, see Fran Ansley, *North American Free Trade Agreement: The Public Debate*, 22 GA. J. INT'L & COMP. L. 329 (1992).

followed from the simple act of trying to look closely at things in the place where I am—all this has been amazing. Time constraints here prevent my telling a lot of this story, but I will say that many of the things other people at this conference and on this panel have already talked about echo very strongly with my experience over these years. In East Tennessee we have witnessed massive deindustrialization of “our” sorts of industry—that is, not so much the heavy stuff, but the consumer electronics, the garments, the textile mills.³¹ The exit of these industries from our communities dealt body blows and sometimes death to many union locals. Workers in these industries in Tennessee had seldom earned wages that even came close to \$20 an hour, but the jobs did provide a stable base for families and communities.

In doing this work, I have spent a lot of time at big, old, moldering union halls that people are rattling around in now because the membership has shrunk so much. Very little new union organizing is actually going on in our area. The loss of union power means many things. Job security is eroding and the alternatives for many people after being laid off are pretty grim. I have conducted interviews with people who lost jobs at places like General Electric and eventually ended up with a cashier’s job at Lowe’s after two years of looking, with their paycheck pegged at \$7-something an hour. My files are full of stories about workers’ benefits being cut, about two-tier wage contracts and the like. Food service workers and janitors at my own university have been contracted out. This whole story has been unfolding before our eyes. As a policy advocate or organizer or scholar, you talk about it for a while, and then the next month or the next year, the story you have been telling becomes even more true, and you think, wow, I wasn’t exaggerating.

So what happens when into this troubled picture come immigrant workers? East Tennessee is a “new destination,” in the parlance of current migration studies: one of those interior locations within the United States, where not that long ago it was extremely unusual to hear any sort of language other than English being spoken on the street. Although demographic changes are not evenly distributed across the state, some areas have seen explosive growth in their Latino populations.³² Folks here from North Carolina will certainly recognize this pattern, since your state is in the forefront of this kind of change.³³

31. It has become clear that the more accurate term would probably be re-industrialization, since many parts of the South are still home to manufacturing concerns, both foreign and domestic, but the nature of those concerns has changed. The plants are more high-tech, production continues to rise, but the number of workers is in decline, with no immediate end in sight. See MATTHEW MURRAY ET AL., U. OF TENNESSEE, LOOKING FOR OPPORTUNITY IN TENNESSEE’S MANUFACTURING SECTOR 13 (2007) available at <http://www.ips.tennessee.edu/userfiles/file/lookingforopportunitystudy.pdf>.

32. For a report on one such hyper-growth locality in the state, see Susan Williams & Barbara Ellen Smith, *Conflict and Community Building in the Appalachian South*, in ACROSS RACES AND NATIONS: BUILDING NEW COMMUNITIES IN THE U.S. SOUTH (Barbara Ellen Smith ed., 2004).

33. See generally NEW DESTINATIONS: MEXICAN IMMIGRATION IN THE UNITED STATES (Victor Zúñiga and Rubén Hernández-León eds., 3rd ed., 2005). On Tennessee in particular, see Anita Drever, *New*

In many new destinations like ours, you find virtually *no* infrastructure of people who understand squat about the reasons behind mass labor migration or the process of immigrant integration into local communities. You find *no* significant population of native-born people who speak any Spanish, and no substantial, functioning middle class or professional class among the new Latino immigrants. Meanwhile, the hospitals, courts, police, schools, the professions, every kind of local institution that is supposed to serve the public, are in serious disarray when it comes to serving or protecting immigrant populations.³⁴ The resources are exceedingly thin.

Meanwhile in relation to the world of work, of labor standards, of union organizing or even union survival, with this sudden upsurge of newcomers we began to see the emergence of what some social scientists have described as “brown-collar niches” and “brown-collar jobs.” These terms refer to sectors and jobs that are populated by a very large percentage of new Latina and Latino arrivals, people who have come to the country within the last five years, and who are working at a job site where they are concentrated or over-represented.³⁵

Watching the pattern of “browning,” it becomes pretty clear: once newly arrived and largely undocumented immigrant workers begin to be concentrated in this way, conditions and pay begin to erode. What some call a “wage penalty” is imposed, first and heaviest on the new arrivals themselves, but spilling over to affect earlier arrivals, lawful permanent residents, naturalized citizens and U.S. born workers in the given sector as well.³⁶ All of these can be clearly seen: the intensity of effort that is expected, the abusiveness of management practices, the appearance of all kinds of illegal employer practices, such as failure to pay overtime, refusal to provide a pay-stub, chiseling or stiffing workers on their pay in other ways and confiscating passports. There is a sorry range of unsavory things that begin to happen in these niches.

Neighbors in Dixie: The Community Impacts of Latino Migration to Tennessee, in *LATINOS IN THE NEW SOUTH: TRANSFORMATIONS OF PLACE* 19 (Heather A. Smith & Owen J. Furuseth eds., 2006); MARCELA MENDOZA ET AL., *LATINO IMMIGRANTS IN MEMPHIS, TENNESSEE: THEIR LOCAL ECONOMIC IMPACT* (Ctr. for Res. on Women, U. of Memphis, Working Paper No. 15, 2001).

34. For some different angles on the kinds of challenges presented to local infrastructures and institutions, see ANDREW WAINER, TOMÁS RIVERA POLICY INSTITUTE, *THE NEW LATINO SOUTH AND THE CHALLENGE TO PUBLIC EDUCATION: STRATEGIES FOR EDUCATORS AND POLICYMAKERS IN EMERGING IMMIGRANT COMMUNITIES* (2004); Deborah M. Weissman, *Between Principles and Practice: The Need for Certified Court Interpreters in North Carolina*, 78 N.C. L. REV. 1899 (2000).

35. See generally Leticia M. Saucedo, *The Browning of the American Workplace: Protecting Workers in Increasingly Latino-ized Occupations*, 80 NOTRE DAME L. REV. 303 (2004); Lisa Catanzarite, *Dynamics of Segregation and Earnings in Brown-Collar Occupations*, 29 WORK AND OCCUPATIONS 300 (2002).

36. See Lisa Catanzarite, *Occupational Context and Wage Competition of New Immigrant Latinos with Minorities and Whites*, 31 REV. BLACK POL. ECON. 77 (2003); LISA CATANZARITE, *WAGE PENALTIES IN BROWN COLLAR OCCUPATIONS* (UCLA Chicano Studies Research Ctr., Latino Policy & Issues Brief No. 8, 2003); Lisa Catanzarite & Michael Bernabé Aguilera, *Working with Co-Ethnics: Earnings Penalties for Latino Immigrants at Latino Jobsites*, 49 SOC. PROBS. 101 (2002).

Workers with better options often leave niches like these, of course. Workers without better alternatives stay, and then there begins this vicious ratcheting-down effect, with the jobs and the immigrants mutually imparting status degradation to each other in the eyes of many native-born observers, and in some cases the jobs themselves begin to be identified as “immigrant jobs.” You begin to see more and more of these vividly, blatantly, unapologetically segregated workforces becoming a feature of normal, everyday life in these certain niches. In East Tennessee, the most obvious and striking example is probably in poultry processing, but the phenomenon is visible in some other sectors, too.

Having offered this description, I want to pause for a moment and observe that it can be problematic. I spend time with, identify with, and am part of the immigrants’ rights movement that has begun to emerge in Tennessee and across the country, and the narrative I have shared about “brown collarization” is not a narrative that many folks in the immigrants’ rights movement like to hear. After all, we have too often heard pieces of this narrative put together with a nativist spin, and fear of that nativism and the potential political mischief its story lines can inflict are absolutely warranted. Are we to understand today’s low-wage migration as a process in which immigrants bring “their” poverty and underdevelopment and dirt and disgustingness with them from alien lands, all to the detriment of our homeland communities? Am I asking you to adopt a narrative in which immigrants are cast as the source of U.S.-born workers’ woes?

I would say absolutely not! Just as my *compadres* in the immigrants’ rights movement are so eager to remind the nation, immigrant workers in the United States bring skills and energy and youth and productivity and verve. They bring cultural and linguistic diversity. They are helping to build civic, faith-based and workplace organizations.

As evidence on the latter point, for instance, I can report on a hearteningly positive episode in the ongoing saga of labor rights and economic justice in East Tennessee. In 2005, we actually had a successful National Labor Relations Board election at a poultry-processing plant just north of Knoxville. The organizing drive attracted support from a range of community, labor and faith-based organizations in our area. The employer would not agree to grant the union a simple card-check type of neutrality agreement, but with very active community support, the campaign was able to secure neutrality *behavior* from management. Freed from the active anti-union campaigning that has unfortunately become standard practice in today’s labor relations environment, the workers at this plant voted to be represented by the United Food and Commercial Workers by an astounding margin of 465 to 18. They went on to another increasingly rare labor victory: they actually succeeded in bargaining and winning a first contract and they were able to announce this milestone to friends at the mass immigrants’ rights march that took place in spring 2006 on the streets of Knoxville, like the

marches that bloomed in so many other new destination cities that season.³⁷

That particular organizing victory at the poultry plant felt like a huge revivification of the labor movement in our part of the country, demonstrating the civic virtue of immigrants and symbolizing the contributions they can bring to our political climate. And yes, of *course* I agree with the immigrants' rights movement that these immigrants are contributing to our communities! Of *course* they are hard-working! Of *course* we depend on their labor! Of *course* they pay taxes! What is more, beyond their contributions here in the U.S., through a river of cross-border remittances, these same low-wage laborers are certainly doing more than foreign direct investment or foreign aid ever thought about doing to keep their home countries afloat and to stabilize the hemisphere.

And no, I do not agree with the nativist conviction that the emergence of brown collar jobs is something that immigrants bring with them. Rather, the phenomenon of degraded brown-collar jobs is something they find here when they come. It is a process that is being invented and energetically imposed upon them by U.S. employers. Of course, conditions of work are partly a function of the constrained options of immigrant workers, their isolation, their vulnerability and their lack of information. But primarily and fundamentally, conditions of work are the responsibility of employers, who have in fact been remarkably quick to grasp the evolving situation and to take full advantage of it.³⁸ They seem to mix a self-serving set of gross stereotypes about what kinds of people make good workers with a canny ability to spot super-exploitability when it presents itself.

For some of these employers, it is as though they just discovered an oil well in their backyard. I have heard many reveries whose subtext goes something like this: "Wow! These people are such good workers! And they are so polite! And they don't give you any lip! And they have such a good work ethic! And there is no absenteeism and no drugs and they don't mind living like this, really, because they are used to it! And really, in a way, to sleep in the barn or to double up in a trailer and work sixty hours a week, it works out well for them too, because after all, they're really not living here, they're sending their money home. Besides . . ." (and surely we have all heard this one ad nauseum), "they are only doing jobs that Americans won't take!" There is a perfect complementarity, don't you see?

37. For pieces of the campaign story, see Kim Cobb, *On Common Ground in a Common Struggle*, HOUSTON CHRON., Oct. 24, 2006, at A1; Press Release, Jobs with Justice of East Tennessee, Poultry Workers Win a Voice on the Job at Koch Foods (Sept. 13, 2005), http://www.jwjet.org/Morristown_After_Vote.html. For a description of the successful contract discussion, see Fran Ansley, *700 Workers at the Koch Foods Poultry Processing Plant Have a Voice on the Job*, http://www.jwjet.org/Morristown_After_Vote.html (last visited Aug. 28, 2008).

38. On ways Latina/o immigrant workers have been used by employers intent on increasing the "flexibility" of work in their enterprises, see David H. Ciscel et al., *Ghosts in the Global Machine: New Immigrants and the Redefinition of Work*, 32 J. ECON. ISSUES 333 (2003). For other analyses that stress employer responsibility, see Leticia M. Saucedo, *The Employer Preference for the Subservient Worker and the Making of the Brown Collar Workplace*, 67 OHIO ST. L.J. 961 (2006); Beth Lyon, *When More "Security" Equals Less Workplace Safety: Reconsidering U.S. Laws that Disadvantage Unauthorized Workers*, 6 U. PA. J. LAB. & EMPL. L. 571 (2004).

Sometimes I think it is like listening to someone rediscover the female gender as it was once supposed to be. "*Vive la différence!*"

Yes, immigrants do "work the line" of the international border to whatever small advantages of subordination they can figure out how to muster. For instance, immigrants can send money home to an economy where it may well go further than it would here, both in terms of material gain and social standing. Likewise, many immigrants' sense of identity is still rooted at home, and their points of reference are at least partly binational. Accordingly, the severe forms of status degradation that a black or white native-born worker who lives exclusively here in the United States would almost certainly experience from working under the conditions that I am describing, may fall less intensely on new immigrants whose U.S. experiences are, at least to some extent, buffered by the foot they keep in another culture and another economy.³⁹ But even granting these points, and recognizing that immigrants find many forms of agency within the strange picture of contemporary migration, these tortured "advantages" are wrung at huge cost in terms of family separation, loneliness, exile, economic hardship and weakening of democratic values in both the sending and receiving communities.⁴⁰ Anyhow, I put it to you: what kind of way is this to run a global economy?

So what do we critics of inequality need to do? First, I would say unions have a key role. They need to welcome, organize and well represent these immigrant workers. Efforts in this inclusive direction have begun to a degree that is truly heartening. Nonetheless, the efforts are not yet enough, and much work remains.

Second, I would say that community groups also need to extend solidarity toward immigrants. Today, especially, now that we are facing the vicious new immigration enforcement environment with the very real threat of raids hanging over any community or job site where there are significant numbers of low-wage immigrant workers, people need to be mobilizing for that eventuality and finding ways of standing in support of those affected by raids.

Third, broad coalitions are needed to push for the enforcement of existing labor standards for all workers. The gutting of the public sector that we heard about yesterday has certainly taken its toll on institutions charged with upholding labor standards in my part of the world, including wage and hour standards, anti-discrimination rules and occupational health and safety protections.

Finally, beyond enforcing existing standards, we need to push for their improvement. Later in this program, for example, we are going to hear about the Employee Free Choice Act, a piece of federal legislation that would help to

39. Jennifer Gordon and R.A. Lenhardt do a particularly fine job of unraveling the complexities of these dynamics in *CONFLICT AND SOLIDARITY BETWEEN AFRICAN AMERICAN AND LATINO IMMIGRANT WORKERS* (Chief Justice Earl Warren Institute on Race, Ethnicity and Diversity, Series on Immigration Working Paper No. 6, 2007) available at <http://www.law.berkeley.edu/centers/ewi/Gordon&LenhardtpaperNov30.pdf>.

40. See JUDITH ADLER HELLMAN, *THE WORLD OF MEXICAN MIGRANTS: THE ROCK AND THE HARD PLACE* (2008).

equalize the radical power imbalance between private-sector workers and their employers in the crucial context of labor organizing. And there are many other ways the right to organize might be strengthened and upheld.

But how are egalitarians to build the alliances that will be necessary in order to achieve such things? That question brings us back to the politics that we were advised yesterday to adopt as our strategic focus.

Yesterday if you recall, we heard several astute observers argue that that the need at this juncture is less for good policy ideas or persuasive arguments and more for powerful organizing and majority-building from below. I agree with that assessment. Absolutely, we should avoid talking only about “the poor” or talking only in a “civil rights way” about immigrants. I agree that egalitarians should speak at least in strong part in broad class-based terms to the very large percent of people in our nation who have a demonstrable interest in a major redistribution of wealth and power.

So in that way, I feel like I am with the program. But I also noticed something else at several points yesterday evening that was more troubling and that I propose we should think twice about. What I noticed was nationalism. I heard for instance, one speaker issue a call for “good jobs for Americans.” Likewise, I heard a speaker articulate the vision that “no American child will be denied a good education,” and that “every American will enjoy decent opportunity.”

Now, I am not saying this kind of nationalism is unusual in policy talk, in social science discourse or in political speech. To the contrary, it is standard practice. Almost without thinking, we assume a national community and national policy instruments all the time. Many of you might well ask what else in the world could I expect or desire, in a context like this conference where many people are trying to come up with powerful frames and resonant demands for anticipated and important *national* debates and *national* elections here in the United States of America, the *national* entity most of us in this room call home.

I recognize all that. Yet I still want to ask that we collectively examine this assumed and normatively nationalist stance with a wary eye. I worry about such a stance because I think it is inadequate to the globally inflected tasks ahead. Much of the present growth in inequality rose directly out of labor market dynamics, out of the fierce drive to cheapen labor costs in a context where, thanks largely to globalization, many of the background rules that once structured employment relations and offered significant protection to workers now have little remaining bite or have ceased to exist at all. The fact is, our relevant labor markets in the U.S. are no longer simply national. They never were entirely so. But certainly today, the labor market of the United States is increasingly and unquestionably extranational, supranational, transnational. To adequately understand such labor markets, we will have to *think* transnationally. To effectively regulate them, we will have to *act* transnationally. To successfully demand their decent regulation, we will have to *organize* transnationally. It seems to me that what we need most

to be about is building internationalist movements that can begin to analyze and organize in this transformed and transnational way.

To build movements with that capacity, those of us based here in the U.S., both in and out of academia, both in and out of the professions, must exert ourselves to talk to Americans, and especially to American workers, in ways that encourage and challenge them to look beyond their national home. We should not be telling people to abandon their foundations, but we should be urging them to look more broadly at the world and their place in it. We have already heard some hints today of ways such things might happen, and I look forward to further discussion as the conference continues.

Catherine Fisk: Thank you, everyone. We have a bit of time to spark a dialogue between you and then I want to be sure to reserve time for questions from the group. So let me see if I can get that going.

It strikes me listening to the five of you that we are witnessing a shift in the United States from a producerist vision of what American well-being is to a more consumerist vision. A producerist vision judges well-being and social status according to the conditions under which people work; we do well when we do important work and are paid and treated well for it. A consumerist vision assesses well-being and social status according to what people can afford to buy. To take an example, when someone like Erin Brown loses his job at GE making things and takes a job at Lowe's selling things, he is forced to adjust his sense of self-worth and his value to his family and community.

One measure of improved well-being is that now any of us can go to a number of very large retailers to buy a lot of cheap stuff made in China. The cost of clothing, consumer electronics, and other things that make our lives easy, has fallen as wages have fallen. This suggests one response to Lou's question, "Why are people not outraged?" We can buy many more things, and much more cheaply, than we could in the past.

The panelists addressed both macro-phenomena—movements of capital from the United States overseas, movements of jobs from the U.S. overseas, movements of workers from even lower-wage economies to the United States—and also their micro-effects, whether it is Erin Brown and Elizabeth Nash trying to figure out a new basis for self-esteem, or Houston janitors and Tennessee manufacturing workers trying to figure out how to organize in response to, or to counteract, these huge global phenomena that we can barely understand.

My question for you is this: what legal change or policy change, at a federal, state, or local level, do you think would best build a sense of empowerment that would enable workers to organize effectively at the local level, because that is where organizing always happens—in your community, very locally—to deal with these phenomena that seem so huge?

A number of you have mentioned it is important to have meaningful core labor rights in trade agreements. What kind of meaningful core labor rights do you think that would be?

Judy Scott mentioned the importance of enforceable agreements. What does “enforceable” mean? What kinds of enforcement?

As you think about that, you could think about the fact that sooner or later, in the next couple of years, there will be some kind of major change in immigration law. What kinds of protections in immigration law, what kinds of protections in a guest-worker program, would facilitate this kind of empowerment of workers? At the capital level, the level of trade agreements, what kind of core labor protections do you think would best provide the leverage that you all are seeking to invoke?

Judy Scott: I would like to speak for a second on the local and state organizing agenda. Since I was originally asked to speak about our global work, I did not have an opportunity to talk about these other developments at SEIU. But it is really an important piece of this overall discussion. Even if we were to improve the National Labor Relations Act as it stands now by giving better organizing rights to the people who are already covered, there would still be a huge sector of people who have no protections. Those people are termed “independent contractors.” Bob Kuttner mentioned this phenomenon yesterday in discussing port drivers. We face this issue in the service sector, particularly with low-wage immigrant workers, women workers and minority workers in the homecare industry (which is one of the fastest-growing occupations in America)⁴¹ and with child care workers.

What we have done at SEIU is to develop statutory and other local and state initiatives—either through executive orders, ballot initiatives in some states or interagency agreements—that establish entities through which these workers have the right to organize and then bargain over their wages and benefits.

It goes like this: in California, for example, over a ten-year period, we finally achieved passage of a state law that allowed counties to establish employer entities that would, for purposes of representation only, allow homecare workers to elect a representative who would then bargain with that entity about their income and benefits. In that case, we had the largest election for representation since back in the early days of the United Auto Workers at Ford’s River Rouge plant in Michigan—74,000 workers in the Los Angeles county system were able to vote for union representation.⁴²

Since that time we have taken this model to a number of states, and now 20,000 workers in Washington state, a large number of workers in Illinois, Oregon and recently Massachusetts, have been able to come together as independent contractors, elect a representative, and then bargain about increasing their wages, and hopefully, acquiring health care coverage and other benefits.⁴³

41. Dohm & Shniper, *supra* note 118.

42. Linda Delp & Katie Quan, *Homecare Worker Organizing in California: An Analysis of a Successful Strategy*, 27 LAB. STUD. J. 1, 2 (2002).

43. See Stu Schneider, *Victories for Home Health Care Workers*, DOLLARS AND SENSE, Sept.-Oct. 2003, at 25, 25-26; DEBORAH CHALFIE ET AL., NAT’L WOMEN’S LAW CTR., GETTING ORGANIZED:

We are doing this in the child care sector as well, where the negotiations will not be over wages per se, they will be over child care reimbursement rates per family. But it allows for a vehicle through which low-wage sector workers are able to access collective action to change their lives. It is a very important model that the Teamsters are trying now to apply in the ports to allow port drivers to have a means through their Port Authority to organize and then bargain.

We have to be creative with our state and local agenda. We have tried to do that in a lot of different ways, but workers still need a massive overhaul of our national labor laws here in the U.S. Until we do that, our society is really cheating workers in a despicable way by holding out a promise of labor rights to workers that just does not exist in reality.

If you have a child who is thinking about organizing at their workplace, the first thing you might warn them is, "Lay low if you want to keep your job because you can get targeted by the employer and discharged." For example, a National Labor Relations Board decision came out in September 2007, *eighteen years after 202 workers were unlawfully terminated in an organizing drive, and their back pay was reduced due to technical defect in their back pay forms*.⁴⁴ The state of our federal labor law is so bad that state and local initiatives, regardless of how creative we get, are not going to be able to offset that problem.

Catherine Fisk: Going from the very local to the somewhat more national, Harley, could you be a little more specific about what really meaningful core labor rights should be included in a trade agreement, particularly looking forward to trade agreements that might be coming down the pike?

Harley Shaiken: It really involves three things. I would emphasize, with all of this, these responses do not resolve the issues raised by globalization, they simply point in a better, more positive direction. It is a small first step, but an increasingly critical one. The first thing that has been largely ignored is when a country enters into a free trade agreement with the U.S., there are generally a whole range of domestic laws that are modified in that country to create what is known as "an investor-friendly climate." That is often done unilaterally but it is meant to meet certain standards.

There is absolutely no analogue when it comes to labor rights. So the first thing is to harmonize broad core labor standards as the price of admission to the trade agreement. This does not mean superimposing U.S. standards on another country—many of us would not want to superimpose U.S. standards on the U.S.! But rather allowing workers the right to form a union, if they so choose, and to bargain collectively if they have a union. It is very minimal but quite critical. That is the first part.

The second part is to ensure, in the trade agreement, that there is realistic and meaningful language that ensures an ability to challenge the lack of compliance.

UNIONIZING HOME-BASED CHILD CARE PROVIDERS, 12-23 (2007); Jeffrey Krasner, *Home Health Assistants Vote to Join Union*, BOSTON GLOBE, Nov. 9, 2007, at C1.

44. *Domsey Trading Corp.*, 351 N.L.R.B. 33 (2007).

Finally, it really does require an administration that is going to enforce this. If you bring all three of these things together, you have forces that are moving in a more positive direction. That is, not our idea of what Mexican workers should be paid but rather Mexican workers' ability to shape their future in terms of the labor market.

The great irony here is this does not diminish trade; it creates the basis for more vibrant and robust trade. Why? Because you build consumer markets! You increase the size of middle classes. You lay a basis, not simply for less inequality, but for more democratic societies. All this is possible as a step in the right direction.

Ron Bloom: Let me add a piece as long as we're dreaming. As crazy as everything Harley says sounds and far beyond where we are, in fact it is not enough. Among at least the liberal elements of the economic elites, there is a recognition that labor standards are an issue that are going to get addressed in trade agreements going forward. They will not be addressed the way we want to have them addressed, but there is an element of the economic elites, I think, who understand that they probably pushed it a little bit too far in that regime and are prepared to pull it back, at least a little bit.

But the reality is development has to be part of this equation, too. We cannot expect to enter into an agreement with Mexico and just let the market take care of this problem, no matter how many rights we grant to Mexican workers. Because given what Mexican workers are paid today, given what U.S. workers are paid today, jobs are going to continue to flood us out, unless we have a very explicit development strategy. If you look at what happened in Europe when they tried to integrate relatively disparate economies, there were very specific programs put in place, structural development programs, because the reality is you cannot have trade that works for those workers without a development strategy as well. We can debate what kind of development strategy there ought to be, but if the strategy is centered on trying to attract multinational corporations to drive your development, you are probably not going to get a good result for Mexican workers or any other group.

The other element in trade that needs to be recognized is that there are really three kinds of models for trade that you need to have. One is trade between countries that are relatively even in their economic standards, their environmental standards and their rules of law. As a proxy, let's call that Europe and Canada.

Second is trade with countries like Mexico, in the south, who have dramatically lower standards of living. If we do not have an explicit development standard to bring those workers up, the corporations are going to continue to exploit those workers for a long enough time that we will not have a middle class left in America.

Finally, you have trade with countries that fundamentally do not have the rule of law. If the government is prepared to exploit its people in a country like China, and to run what I would argue is an authoritarian mercantilist economy, you cannot have trade that works for both sides—meaning workers in both those

countries—under that kind of regime. You can have trade that works quite well for the corporations who choose to take advantage of the exploitation in China, and the rules that are there, and the development model that the people in power have chosen to impose on those workers, but that is not going to be a trade system that can work for American workers.

So the first thing you have to do is to step back from a “one size fits all” model of trade. We live in a very diverse world. We cannot impose our standards on others; that goes without saying. But likewise, we should not act as if everybody is just like us, because they are not.

Louis Uchitelle: This problem goes way beyond strengthening unions and getting the right trade agreements. I agree those are absolutely necessary, but when I look at the damage to people, even someone like Elizabeth Nash who had plenty of money saved, who owned a seventeen-acre spread. Yet, what happened to her, working in Cincinnati for Procter & Gamble—that is like going to Harvard, it was the best employer in the place . . .

Harley Shaiken: You mean Berkeley.

Louis Uchitelle: Sorry, like working for the *New York Times*.

When she found herself forcibly separated from that job, all her friends wondered, “What are you doing leaving; you must have been fired, no one voluntarily leaves P&G.” Her whole sense of herself was undermined until one day Procter & Gamble called her up and said, “Look, we need you for some consulting job. We won’t pay you the \$200 an hour you want; we’ll pay you \$75, but there is something you did that we need.” *You cannot imagine* what that did to her ego. She had only about ten hours of consulting before they dropped her again, but it rekindled her self-esteem.

Here you have these companies that can do this damage, you have the damage that is done to Erin Brown who cannot reconstruct himself. You have to force companies back to what Drucker was saying, to employing the whole man, the whole woman. That is a *social obligation*.

I was thinking that the medical profession and psychiatry should invent a label: “layoffs are damaging to your mental health.” When I asked that of the American Psychiatric Association and the American Psychoanalytic Association, they said, “Yes—but we are not going to do it.”

I do not know how you reconstruct this whole social movement that involves everyone and I think will require re-regulation. In the name of the mental health and the social cohesion of the country, we have to explore some re-regulation with that in mind. We will not do it with just unions and trade agreements. That is an adversarial thing. Somehow or other, companies have to recognize what the public will is and come back to making the best of it and then finding that frankly, they do quite well at it.

Catherine Fisk: We have about fifteen minutes left and I would like to open it up to members of the audience.

*Robert Kuttner**: Thank you. Boy, what a terrific panel. First, thanks to Frances for the corrective on the economic nationalism point—obviously it is both/and, as everybody else on the panel made clear.

On the last point, Lou, and implicitly everybody else, I spent some time studying the Danish flex security system. Denmark has the highest job turnover in Europe, most of it is voluntary, some of it isn't.⁴⁵ They also spend 4.7 percent GDP on labor market policies, *astronomical* by U.S. comparison.⁴⁶ My question is this: given that Denmark is able to do this without gutting its social contract—because you do not have the disparity between service wages and manufacturing wages, all jobs are good jobs in a sense, there is virtually no low-wage sector—Lou, would that be a tolerable second-best for our country, if we could get it, given that in the New Economy an employer can no longer guarantee employment? What if we had a system at the social level where you can guarantee employability, not in a Bob Rubin/Hamilton Project token outlay wage insurance sense, but in a robust sense? Where if a corporation, for reasons completely beyond the control of management, cannot carry the same size workforce that it once did, you as the worker can be reasonably assured that your next job is going to be at least as good as your last job, because of wall-to-wall unionization, a national policy that there shall be no low-wage jobs and the social investment in transitions—not in a public relations sense, but in a real sense.

Relatedly, can you even do this, given the pressures of globalization to lower your tax rate and lower your labor costs? Is Denmark a fantasy that exists in our minds to a greater degree than it actually exists in Denmark? Or is this a model worth pursuing?

Louis Uchitelle: In the Employment Act of 1946, and again in the early debate over the Humphrey-Hawkins Full Employment Act in the mid-1970s, we recognized that the private sector, even with the best will in the world, except at unusual moments, could not employ everybody that wanted to work and was qualified to work at good wages; that public investment would be needed as a supplement, a form of what Bob is saying. We have all sorts of public needs and if we recognize somehow the importance of employment at good wages, and we recognize that the private sector cannot always employ everyone and we set some baselines—you were mentioning last night, high-quality child care, there is all sorts of infrastructure. If we thought of work as something that was a national need, that would be a step in the right direction.

Talking to a lot of CEOs, I find that they are very human. But they are also caught in this process and they are caught in the idea of keeping wages down, and of course, the income inequality just makes it worse. I am being a little vague and

* Co-founder and co-editor, *The American Prospect* and Distinguished Senior Fellow, Dēmos.

45. See Robert Kuttner, *The Copenhagen Consensus*, FOREIGN AFF., March/April 2008, at 78.

46. NEILS WESTERGARD-NIELSEN, DANISH LABOR MARKET POLICY: IS IT WORTH IT? 5 (Centre for Labour Market and Soc. Res. Working Paper No. 01-10, 2001) available at <http://www.cls.dk/workingpapers/docfiles/90.pdf>.

maybe dreaming, but we have to reestablish a national sense of what is important, and one way to go at it is to understand that employment, in some way, is essential, and pride in employment is essential.

Judy Scott: If you look at the polling data about this, this is the first generation that really believes that the next generation—their children—will be worse off than they are.⁴⁷ When we were talking about what Catherine asked—why aren't people outraged?—and what Lou was saying about it, I think people have really lost hope that there are any answers. I agree with Bob Kuttner's point about how it all comes down to politics: whether our political leaders have real answers for these incredibly complex questions and act in a way that people can feel hopeful about.

One of the key issues that we have to deal with is health care. If we have a national health care system, we take that problem off the table in terms of people being afraid to move from one job to another. It would change things in a very concrete way. We all know people who are afraid to move from job to job because any layoff or change in their employment situation can also mean being thrown out on the street with no health care coverage, and being one paycheck away from bankruptcy because of medical debts.

The health care issue is so key. I find it interesting that the president of our union, Andy Stern, was under a bit of criticism for getting onto a platform with the CEO of Wal-Mart in 2007 on the question of national health care. But what was so interesting was that Lee Scott, the Wal-Mart CEO, said, "You know, in Britain and these other countries where we operate, national health care is covered by the government, and it is not an issue of competition between companies. And hey, it works pretty well over there!"

Back in the old debates over national health care, we did not have a global reality where multinationals realized that it is not so bad to take health care off the table between competitors in the U.S. We have to move to that solution because health care and pension coverage are the key ingredients that people fear when they lose a job or change a job. We have to look at the Australian pension model, where there is a national pension fund with lots of different vehicles for investment, but where all employers have to contribute into it through the employer system. Because right now, the need for both of those coverages (health care and pension), make any change in your job a possible disaster, a personal disaster.

Harley Shaiken: The issue Bob raises is a very important one, but ironically the question is not "can the U.S. do it?" but "how in the world does Denmark or Norway do it?" because they are far more vulnerable. The U.S. is over a quarter of global GDP!⁴⁸ There is enormous unexplored leverage within using the power

47. CBS News, *Poll: Americans Say Nation is Off-Track*, July 1, 2007, <http://www.cbsnews.com/stories/2007/06/30/opinion/polls/main3002337.shtml>.

48. WORLD BANK, *WORLD DEVELOPMENT INDICATORS*, 16 tbl.1.1 Size of the Economy (2007). See also Steven Hill, *5 Myths About Sick Old Europe*, WASH. POST, Oct. 7, 2007, at B03, available at

of this market to move in that direction. To do so requires some of the things that Lou pointed out, concerning regulation and also some of the things that Ron mentioned, which I would agree with very strongly.

In particular I would like to briefly tie in the question of immigration. Ron pointed out that you really need a broader development strategy to make economic integration work as the European Union has demonstrated. If you said today, "We want to devote \$8-10 billion to an infrastructure and human capital fund for Mexican development," that would drop like a rock! I use the \$8-10 billion dollar figure because that is a widely used estimate for what a 2,000 mile wall is going to cost.⁴⁹ And that, seemingly, has a lot of political support. If we build the wall, it will at most, if it is 100 percent perfect, stop 50 percent of those immigrants that enter the U.S. without documents. The other 50 percent come here simply by overstaying visas.⁵⁰

So the notion of converting the reality, if we are spending \$8-10 billion, do we want to do it in southern Mexico, where it begins to address development needs *and* the push factors of immigration? Or do we want to do it at the border, where it is *symbolically* very powerful, however negative for all of Latin America it may be, but makes little difference in terms of immigration and ensures that we will continue with widely divergent wage patterns and fierce pressures to immigrate because you cannot survive on the wages in many of the rural areas in Mexico?

Ron Bloom: To amplify or echo the point Harley made, and then take it a little further, the United States is 25 percent of the global economy. It is not *possible* to understate the importance of the American model and what it has done to the broader world stage. We have been running this free market fundamentalism for twenty-five years on the entire global economy, and we are strong enough that we have had a dramatic impact on the entire world. We are driving Europe—they are resisting, but clearly we are the engine that is driving the de-unionization of Europe and the pushback in their social sector.

So for better or for worse, it is late—it's 11:58—but it is not too late and we are still the single most important country in the world. In the world economy, we are still the center of global capitalism. I do not know how much longer we are going to be that, but we are today.

If American politics change, and we regain a sense of the ability of the collective to act, whether that is government or labor unions, if we restore those two fundamental notions to our politics, many things are possible. I doubt we

<http://www.washingtonpost.com/wp-dyn/content/article/2007/10/05/AR2007100501041.html>; *Driving the Global Economy*, EU INSIGHT (Delegation of the European Commission to the United States, Washington, D.C.), Nov. 2006, at 1, available at <http://www.eurunion.org/News/eunewsletters/EUInsight/2006/EUInsightEconomicsNov2006.pdf>.

49. A 2007 study by the Congressional Research Service estimates that the total cost of building and maintaining the fence for its expected life span could be as high as \$49 billion. Tyche Hendricks, *Study: Price for Border Fence Up to \$49 Billion*, SAN FRANCISCO CHRON., Jan. 8, 2007, at B-1.

50. PEW HISPANIC CTR., FACT SHEET, MODES OF ENTRY FOR THE UNAUTHORIZED MIGRANT POPULATION, 1, 3 (2006), available at <http://pewhispanic.org/files/factsheets/19.pdf>.

know what is possible any more. To come back to the point Lou made, the reason people don't revolt is they don't believe it matters. The greatest victory of the right in the last thirty years is to have taken away the sense that collective action can change things. They have stolen our hope. Judy's point about what people believe about the future is dead on to that point. People do not believe their kids are going to be better off, because they do not believe they *can* be better off, and they do not think there is anything they can do about it.

If we can restore that fundamental sense of the core of what made our country great—that through collective action and a government that intervened and private sector institutions like labor unions—people can, in fact, create an American dream. Now this is made geometrically more complicated by globalization. But even so, at the end of the day, not only are we a quarter of the global economy, Europe is another quarter of it!⁵¹ Between the two of us, we *can* dictate the terms if we wanted. Right now, we are, and we are dictating them in a model that is hateful! We can enable another model if we want.

Q: I'm wondering if you can address a series of criticisms that are often leveled against some of the policies you have advocated for today by conservative economic thinkers. One is that the decoupling of productivity from wage growth in the last thirty years has created more aggregate wealth than would have existed had the two remained coupled. And the best outcome is to redistribute the wealth; the fact that we are not doing it is a political issue. A downstream argument from that is that the purchasing power that everyone has acquired as a result of the global economy to some extent makes up for—or perhaps even exceeds, I don't know what the numbers are, perhaps you can address that—the loss in terms of real wage growth?

Ron Bloom: I will say two things quickly. One is the data I see says that we had higher GDP growth from 1945 to 1972 than we had from 1972 to 2007, so I don't know where the good event was from 1972 to 2007.⁵² We had 91 percent marginal tax rates in this country in 1960⁵³ and we had high GDP growth.⁵⁴ I don't think there is evidence that the pie cannot grow when wages are coupled to productivity. At least I don't see where it is.

51. Hill, *supra* note 141.

52. See Alice M. Rivlin & Robert E. Litan, *The Economy and the Internet: What Lies Ahead*, BROOKINGS, Dec. 2000, http://www.brookings.edu/papers/2000/12technology_litan.aspx ("For nearly three decades after World War II, labor productivity grew at roughly 2.5 percent annually, a pace that enabled the standard of living of the average American to double about every 30 years. From 1973 to 1995, annual productivity growth slowed dramatically, to 1.4 percent."). See also *The 1990's Acceleration in Labor Productivity: Causes and Measurement*, MONTHLY LAB. REV., July 2006, at 56, 56; BENN STEIL ET AL., TECHNOLOGICAL INNOVATION AND ECONOMIC PERFORMANCE 60 (2002).

53. See INTERNAL REVENUE SERVICE, tbl.23: U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2006, available at <http://www.irs.ustreas.gov/pub/irs-soi/histaba.pdf> (last visited Aug. 25, 2008).

54. See BUREAU OF ECONOMIC ANALYSIS, GROSS DOMESTIC PRODUCT PERCENT CHANGE FROM PRECEDING PERIOD, <http://www.bea.gov/national/xls/gdpchg.xls> (last visited Aug. 28, 2008).

The second thing that we have done, and here again we are watching it in yet another sector of our economy, is we have created a much more volatile system. We have created a system that is much more prone to potential catastrophe. Now I am not rooting for anything bad to happen, but the reality is we have *no idea* what is hidden inside the financial economy today. The folks who run Citibank haven't a *clue* what the value of one side of their balance sheet is.

I do not think that is a sustainable system. When the Chinese own \$1.4 trillion dollars of our government's debt, I do not think we have created a stable economy.⁵⁵ It is much more unstable than it was in the highly regulated time. I think the reality is—and we see it and can go back and look at the early part of the prior century—these markets are prone to booms and busts, and that up and down exacts tremendous pain on the overall polity.

So not only do I not see the evidence that the growth is superior in this deregulated world, but you cannot underestimate the pain that is caused by the ups and downs—and that is not measured by GDP.

Catherine Fisk: I have us at 10:30, so unless there's a clamor for more questions, I think we will wrap up here. Please join me in thanking our panel.

55. See James Fallows, *The \$1.4 Trillion Dollar Question*, THE ATLANTIC MONTHLY, January/February 2008, at 36, 38, available at <http://www.theatlantic.com/doc/200801/fallows-chinese-dollars>.

