Lecture 20

Workers of the World
(Unite!)
Workers of the World

I. Global Labor Markets
II. Global Labor Migration
III. Global Labor Competition
IV. Worldwide Struggles
I. Global Labor Markets

A. •National Labor Markets

B. National Labor Systems

C. International Labor
National labor markets

- National territory
  - Most labor does not cross borders (95%)

- Internal leveling
  - National job searches
  - Internal migration
  - Firm competition
  - National standards
National standards

- National standards of living
  - Historic wages & costs

- National labor laws
  - & labor standards

- National unions
  - & demonstration effects
National wages

- Capital weighs national wage differences
I. Global Labor Markets

A. National Labor Markets

B. National Labor Systems

C. International Labor
National labor systems

- More than wages & labor markets
  - Social orders of employment & work
  - Part of national capitalisms (*lec. 5*)
  - Stylized comparisons
    - Usually only core labor
    - Variations *within* countries
    - Change over time
      - Labor’s power weakening everywhere (Section IV)

Richard Biernacki, *The Fabrication of Labor: Germany and Britain, 1640-1914.*
US labor system

- Hire and fire
- Personal independence & middle class dreams
- High wages, low benefits
- Little vacation, long work year
- Union power curbed (Taft-Hartley Act)
- State labor laws
- Low union density
- High militancy if angered
Americans have the stingiest vacation allowance in the industrialized world—and it's getting smaller

Pack your bags, honey, we're taking a guilt trip

The Washington Post

Americans have the stingiest vacation allowance in the industrialized world—and it's getting smaller

Pack your bags, honey, we're taking a guilt trip

The message is clear: It would be a burden on the firm to take paid leave

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"I really didn't enjoy working five days a week, fifty weeks a year for forty years, but I needed the money."
French labor system

- Strong core unions
  - Low union density
- Use of strikes
- National labor laws
- Moderate wages
- High social benefits
- High vacation time
- Socialist Party & Left Parties

![Average holiday entitlement](image)
The French on vacation
Japanese labor system

- Nenko (lifetime employment)
- Strong company unions & culture
- Labor participation & work teams
- Moderate wages & social benefits
- Annual strikes (formalized)
- Long working year
Japanese at work
I. Global Labor Markets

A. National Labor Markets

B. National Labor Systems

C. International Labor
When national labor is not enough...

- Immigration
  - Demand attracts new workers

- Long-term circuits of migration
Labor across borders

- New global migration
  - South-North, South-South

- When national labor supply is not enough
  - Demand pull

- Search for better life
  - Supply push

Table 1: Top ten countries for total immigration (2005)

<table>
<thead>
<tr>
<th>Country</th>
<th>Net number of immigrants (millions)</th>
<th>As percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>38.4</td>
<td>20.2</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>12.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Germany</td>
<td>10.1</td>
<td>5.3</td>
</tr>
<tr>
<td>Ukraine</td>
<td>6.8</td>
<td>3.6</td>
</tr>
<tr>
<td>France</td>
<td>6.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>6.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Canada</td>
<td>6.1</td>
<td>3.2</td>
</tr>
<tr>
<td>India</td>
<td>5.7</td>
<td>3.0</td>
</tr>
<tr>
<td>UK</td>
<td>5.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Spain</td>
<td>4.8</td>
<td>2.5</td>
</tr>
</tbody>
</table>
International labor markets

CONTEMPORARY POPULATION MOVEMENTS

Note:

- Population flows are not definitively quantifiable as precise data is unavailable.
- The difference between politically and economically motivated emigration is difficult to determine.
- Although infra-regional flows may occasionally be more significant in terms of volume than inter-regional flows, this map represents only the later.

Area where workers move regularly
Main flows of Economic Migration (Skilled and Non-Skilled Labour)
Main area of economic migration
Area affected by post-Cold War economic migration
Migration flows of highly skilled workers ("brain drain")
Post-Cold War Migration flows

Zones of Conflict where significant numbers of Refugees flow into bordering States
Main areas of political emigration
Areas where Refugees from the Former Eastern Bloc are found
Filipinos – of the world

- 8 million workers abroad
  - Middle East, India
    - Also Europe & US
- Women/domestics
  - Seamen, laborers

HONG KONG: Domestic Workers rally against cuts to their minimum average wage. In 1999, the Hong Kong government cut their minimum wage to HK$3,670 per month. This was followed by a second wage cut in 2003, bringing wages down to HK$3,270 per month.

Photo: “The Sunday Examiner (Hong Kong)” http://sundayex.catholic.org.hk/
Europe, US & Japan

- US immigration tradition & porosity
- EU surge & fortress Europe
- Japanese insularity
Workers of the World

I. Global Labor Markets
II. •Global Labor Migration
III. Global Labor Competition
IV. Worldwide Struggles
II. Global Labor Migration

A. • Rural Transformations

B. The Labor Siphon

C. Waves of Migration
Migration & decline of agriculture

- Pre-industrial agriculture = 95%
- Capitalism & agrarian revolution » agricultural decline
- Rural displacement
  - ‘Primitive accumulation’
  - Dispossession of labor
    - Debt, bankruptcy
  - Surplus labor
    - Large families, non-inheritance, poverty
  - Violent expulsions
    - Wars, banditry
Rural exodus—modernity’s biggest story

- Expanding rings of displacement
  - Europe
  - Latin America
  - Africa
  - Middle East
  - China (150 million)
  - India?!

Source: OECD
Most labor migration is internal

- Rural to urban
  - Rise of great cities
  - Capitalism & urbanism

- Today’s megacities
Beware Malthusian myths

- Fear of foreign hordes
- False: migration is all supply push
II. Global Labor Migration

A. Rural Transformations

B. The Labor Siphon

C. Waves of Migration
The pull of labor demand

- Labor demand
  - Growing areas & industries
    - Exceed local supply
  - Industry under pressure
    - Wants cheaper labor

- Labor supply
  - Labor supply ‘sticky’
  - Few move for ‘wage differential’
    - Need rural displacement
Recruitment methods

- **Direct**
  - Adverts, flyers, agents, campus visits, etc.

- **Merchants of labor**
  - Contractors, Websites, temp agencies, unions, etc.

- **Word of mouth**
  - Workers recruit their family & friends

- **Governments**
  - International deals, local farm labor bureaus, student aid, etc.

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At this time we are hiring for our new store that is opening at the Westfield Main Place Mall in Santa Ana.

We are looking for people who can handle detailed product orders from customers, are comfortable using a cash register, are willing to be very flexible with their hours, and individuals who have outgoing personalities, as this job includes commissions from sales in addition to a salary.

The holidays are one of the most exciting times of the year, and this is the perfect opportunity to come join our team!

This experience will be rewarding to you, and it will make use of your outgoing nature to help you earn extra money! So if you are enthusiastic, motivated, and ready to work in a wonderful and fun environment, please contact our offices at: 1-800-767-2489.

"Delicious"

Popcornopolis
Migration Streams

- Continuing flows of labor
  - generate momentum

- Chains of migration
  - Social networks
  - Support systems

- Very specific
  - By employer, industry, place
The Labor Siphon

- Labor pipeline
  - Connects places across long distances

- Shifting sources of supply
  - Exhaust one, then move on

- Shifting area of high demand
  - Industrial expansion & shifts
II. Global Labor Migration

A. Rural Transformations

B. The Labor Siphon

c. Waves of Migration
Waves of Migration

- 15-25 year cycles
  - longer than business cycles

- Cases
  - Europe to US
  - Growth of California
Dynamics of waves

- Demand-led upswings
  - Waves of capital accumulation
- Labor supply momentum
  - Success pulls more migrants
- Migration feeds growth
  - Controls wages
- Supply overshoot
  - Lagged response, oversupply
Economic effects

Displacing local workers
- Industry search for cheaper labor
- Racial preferences & personal networks

Non-displacement
- Growth & aggregate labor demand
- Migrant job niches
- Super-profits
- Multiplier effects

David Card's research shows no difference among US cities in low-wage pay despite vast differences in % of immigrants in the workforce.
Social effects

- Social make-up
  - New customs
  - New ‘races’
- Nativist backlash
  - Origin & racial myths
Workers of the World

I. Global Labor Markets
II. Global Labor Migration
III. Global Labor Competition
IV. Worldwide Struggles
III. Global Labor Competition

A. • By Trade
B. By Offshoring
C. By Upgrading
D. Geo-Dynamics
Competition by trade

- Goods are the biggest ‘Immigrant threat’
- Biggest competitors are still in global north
- Global south just coming on...

Competition by national labor systems
- Wage rates
- Skill & productivity
- Employment relations
Competition by immigration

- Taking advantage of globalized labor
  - Unskilled workers
    - US & EU mass production workers
    - California!
  - Skilled workers
    - US vs. UK c. 1800
    - Silicon Valley!
II. Global Labor Competition

A. By Trade
B. •By Offshoring
C. By Upgrading
D. Geo-Dynamics
Competition by offshoring

- Industry search across labor markets
  - Now at global scale

- Three forms of offshoring
  1. Relocation (FDI)
  2. Subcontracting (supply chain)
  3. Labor contracting
Pressure of global labor supply

- Globalized labor system
  - Workers in Global North feeling the pinch

- Leveling downward
  - US automakers “China Benchmark” for parts

- What else has suppressed wages?
  - Recall lectures 18 & 19
Why global labor is cheap

- Newly displaced from agriculture
  - Rural wages/COL much lower
  - Patriarchy (female & child labor)

- Lower level of national development
  - ‘lower standards of living’

- Draconian labor regimes
  - Suppression of unions
  - Political repression
Beware of cheap arguments

- ‘Cheap labor’ depends on...
  - Labor productivity
  - Which depends on....
    - Adequate capital
    - Skills, education & experience
    - Firm competence

- Recall early lectures
Non-labor reasons for offshoring

- Industry change & decline
  - Why aren’t US automakers competitive?

- Economic crisis & national decline
  - Short-term pressures
  - Long-term decline in investment
  - Health costs (GM!)
  - Attraction to growing markets

- Place competition
  - Catch the wave of growth elsewhere
  - State incentives to attract industry
Not to mention irrationality…

- Why the sudden rush to go abroad?
  - Class struggle at home
    - Punishing domestic workers (lecture 18)
  - False evaluations
    - “Those hard-working, docile Chinese….”
  - Herd effects
    - Everyone else is doing it!
  - Cheap labor fetish
    - *Should have upgraded*...
II. Global Labor Competition

A. By Trade
B. By Offshoring
C. •By Upgrading (or not)
D. Geo-dynamics
Competition by upgrade

- Concentrate on advantages
  - Developed countries have the upper hand
    - *Weep not for the US & EU & Japan*

- Upgrading labor skills
  - Better education & training
  - Japan & Germany
Competition by innovation

- Better technology
  - More scientific research
  - Better engineering
  - Moving to higher tech sectors

- Strategies
  - Research grants
  - Industrial policy
  - Technopoles
II. Global Labor Competition

A. By Trade
B. By Offshoring
C. By Upgrading
D. Geo-Dynamics
Capitalist expansion & globalization

- Capitalism expands
  - Industry spreads outward
  - Global labor force grows

- Not a static competition
  - Ongoing cheap labor challenge
    • Developed countries were once NICs

- At leading edge, capital gets all
  - Low wages + high productivity
Six "cheap labor" challenges to US

1. Postwar Europe of 1950s and 60s
   - massive labor surplus from war

2. Japan's Rising Sun of 1960s & 70s
   - Reinvestment, labor management, exports to US

3. Gang of Four in 1970s and 80s
   - Emulating Japan, labor repression, exports

4. Southeast Asia in the 80s & early 90s
   - Japanese investment, pegged currencies

5. Mexico in 80s and 90s
   - Maquiladoras, re-export to US, falling wages

6. China in the 1990s & 2000s
   - Asian investment & subcontracting, export & internal market, massive labor surplus,
Wage convergence?

- Job & wage losses in North
  - Hits low end workers the hardest

- Job & wage gains in South
  - Not always: Labor glut & political repression

- Lower global average wage?
  - Recall the first Industrial Revolution
  - Effects of China’s size
Is global capitalism rational?

- Why is there a glut of labor?
- Excess supply: rural disintegration rate
  - Global market penetration
    - E.g., US corn and Mexico
- Global capital's poor performance?
  - Back to the long slowdown (lecture 3)
    R. Walker, Putting capital in its place
Workers of the World

I. Global Labor Markets
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IV. •Worldwide Struggles
IV. Global Struggles

A. •ILO
B. Europe in Question
C. Latin Left
D. Organizing in Asia
International Labor Organization

- Labor’s own international body
  - Part of United Nations
  - Sets labor standards
  - Does studies of labor conditions

- Cf. Trade agreements
  - NO labor standards in WTO, NAFTA
  - Only EU
IV. Global Struggles

A. ILO
B. Europe in Question
C. Latin Left
D. Organizing in Asia
Downward pressures on labor

- Slow growth & high unemployment
  - Youth & immigrants
- Rising government expenses
  - Aging populace
- US model – rapid job gains in 1990s
  - Not so golden in 2000s~!
- Eastern Europe & the Social Compact
  - Weak integration of the East
- Evasive action & flexible employment
  - Manpower’s biggest market is France, because French labor regulations mean short-term workers are preferred for many jobs. World’s largest temp firm is Adecco -- a merger of Adia (Switz.) & Ecco (France) 1996.
- Victories on the Right
  - Berlusconi, Sarkozy, Merkel – and Blair...
IV. Global Struggles

A. ILO
B. Europe in Question
C. Latin Left
D. Organizing in Asia
Latin rebels

- Economic revival since 1980s
- Political liberation
  - End of dictators, PRI
- Workers in politics
  - Brazil’s PT & Lula
- Mobilizing the poor
  - Chavez’ ‘Bolivarian revolution’
IV. Global Struggles

A. ILO
B. Europe in Question
C. Latin Left
D. •Organizing in Asia
Asian progress

- Labor rising?
  - Wages up, even in China
  - Korean workers’ movement 1980s
  - But few independent unions

- Democratic breakthrough
  - Taiwan & Korea – mass movements
  - Indonesia & Philippines - fallen dictators
  - Japan - LDP monopoly broken

- Obstacles
  - CCP, Thai King, Mahathir, etc.
  - The long road to liberty
The ris(ings) of the working class

Figure 4.3. Labor unrest, colonial and semi-colonial world, 1870–1996.