Lecture 16

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

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

A. National Labor Markets

B. National Labor Systems

C. International Labor Markets
National labor markets

- National territory/scale
  - 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 Markets
National labor systems

- More than wages
  - Social orders of employment & work
  - Facet of national capitalisms (lec. 6)

- Stylized comparisons
  - Usually only core labor
  - Changing over time


- Competition among national labor systems
  - Also more than wages
US labor system

- Hire and fire
- Personal independence & middle class dreams
- High wages, low benefits
- Long work year
- Union density low, power weak
- Fragmented labor laws
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
Japanese labor system

- Nenko (lifetime employment)
- Company unions & culture
- Labor participation & teams
- Moderate wages & benefits
- Annual strikes (formalized)
- Long working year
I. Global Labor Markets

A. National Labor Markets

B. National Labor Systems

C. International Labor Markets
Crossing Borders

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

- Still only 5% of total labor
  - Most migration is still internal
Europe, US & Japan

- US immigration
  - Latin America & Asia

- EU guestworkers & more
  - Mediterranean & Africa

- Japanese insularity
Filipinos – Workers of the World

- 8 million 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/
Workers of the World

I. Global Labor Markets
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II. Why Migration?

A. Rural Transformations

B. The Labor Siphon

C. Waves of Migration
The Decline of Traditional Agriculture

- Pre-industrial agriculture = 95%
- Capitalism & agrarian revolution » agricultural decline
- Rural displacement as ‘primitive accumulation’
  - Loss of land
  - Surplus people
  - Violent expulsion
Rural Exodus

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

*Source: OECD*
Growth of Cities

- Rural to urban migration
  - Capitalism & urbanism

- Rise of great cities
  - From London to Lagos

*Fig. 4.1. Current world distribution of metropolitan areas with populations greater than 1 million. Source of data: UN, World Urbanization Prospects. New York: United Nations, 1995.*
II. Why Migration?

A. Rural Transformations

B. The Labor Siphon

C. Waves of Migration
Demand Pull

- 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

- 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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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-POP-CITY, that's: 1-800-767-2489.

'Delicious'

Popcornapolis
Migration Streams

- Continuing flows of labor
  - generate momentum

- Chains of migration
  - Social networks
  - Support systems

- Very specific
  - By employer, industry, place

Journey of Hope
Memoirs of a Mexican Girl

Rosalina Rosay
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. Why 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
  - Fills jobs, higher profits, multiplier effects

- Supply overshoot & fall off
  - Lagged response
Beware the Backlash

- Laborist myths
  - They’re taking our jobs
  - See Part III

- Malthusian myths
  - Migration driven by overpopulation

- Nativist myths
  - National purity & foreign contamination
Workers of the World

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

A. •Global Glut
B. On the Cheap
C. Upgrading
D. Geo-Dynamics
Global Labor Expands

- Rapid release from agriculture
  - Populous nations of Asia

- Most of it very low wage
  - Rural standards/wages low
  - Patriarchy (female & child labor)
  - Draconian labor regimes

- Growth of global working class
  - Uptake in mega-cities
  - Has never been bigger
  - Nor has global surplus labor
    • ‘industrial reserve army’
Pressure of Global Labor Glut

- Global north wages
  - Average wage falling
  - Low end workers hit hardest

- Global south wages
  - Rising with industrialization

- Billions still left behind

*The bill from the China shop*
Wages as % of national income, G10 countries*

*Weighted average based on 2000 GDP and PPP exchange rates.
†2005 and Q1 2006 The Economist estimates.
Source: Bank for International Settlements*
II. Global Labor Competition

A. Global Glut
B. • On the Cheap
C. Upgrading
D. Geo-Dynamics
Competition by Trade

- Goods are the biggest ‘Immigrant threat’
- How NICs compete with Global North
  - Low wages as competitive advantage
  - But is that enough?
Competition by Offshoring

- How global north responds
  - Search global labor markets

- Three forms of offshoring
  1. Relocation (FDI/overseas factories)
  2. Subcontracting (supply chains)
  3. Labor contracting (direct employment)
Competition by Immigration

- Importing global labor
  - Helps rich countries compete

- Everyone does it
  - Unskilled workers
    - US & EU factories
    - Japan resists
  - Skilled workers
    - US benefits
    - Silicon Valley!
II. Global Labor Competition

A. Global Glut
B. On the Cheap
C. Upgrading
D. Geo-dynamics
Taking the High Road

- Rich countries have a advantage
  - *Weep not for the global north*

- Better technology
  - More R&D, more science
  - New products, machines & systems

- Upgrading labor skills
  - Improved ways of working
  - Better education & training

- US model vs. Germany & Japan
Beware of Cheap Arguments

- ‘Cheap labor’ depends on...
  - Labor productivity
  - Which depends on:
    - Capital investment
    - Better production methods
    - Firm competence

- No country rests on cheap labor
  - All trying to move up tech ladder

- Fallacy of the race to the bottom
II. Global Labor Competition

A. Global Glut
B. On the Cheap
C. Upgrading
D. Geo-Dynamics
The Larger View

- Capitalism expands
  - Dissolving old agriculture, making its own labor supply
  - Industry spreads outward

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

- At leading edge, capital gets all
  - Low wages + rising 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,
Is global capitalism to blame?

- Why doesn’t world economy absorb new labor fast enough?
  - Global capital's poor performance
  - The long slowdown & Great Recession

- What about national decline?
  - Long-term failure of investment
  - Rising costs of health care, land, etc. (GM!)
  - Capitalists abandoning ship?
    - The grass is greener in China
Workers of the World

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

A. Fighting Back
B. Europe in Question
C. Latin Left
D. Asia on the Move
Wage Convergence?

- Losses in global north
  - Largely on the low end
  - Skilled workers still rising

- Gains in the global south
  - Not always: glut & repression
  - Labor has to get organized
    - Not automatic that capital will share its gains
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. Fighting Back
B. •Europe in Question
C. Latin Left
D. Asia on the Move
Downward Pressures

- Slow growth & high unemployment
- Rising pension costs
- Eastern Europe & the Social Compact
- Evasive action & flexible employment
  - French labor regulations mean short-term workers are preferred for many jobs. World’s largest temp firm is Adecco in France.

- Victories on the Right
  - Berlusconi, Sarkozy, Merkel, Tories
  - Anti-immigrant movement & Fortress Europe

- And yet....
IV. Global Struggles

A. Fighting Back
B. Europe in Question
C. •Latin Left
D. Asia on the Move
Latin Rebels

- Economic revival since 1980s
  - Rising wages since 1990s
- Workers in politics
  - Brazil’s PT & Lula
- Mobilizing the poor
  - Chavez’ ‘Bolivarian revolution’
IV. Global Struggles

A. Fighting Back
B. Europe in Question
C. Latin Left
D. •Asia on the Move
Korean Class Struggles

- Strike wave of 1987-90
  - Joined with students
  - Ended dictatorship

- Neoliberalism strikes back
  - Unions have degenerated
China’s Restless Workers

- Labor strikes of 2010
- Govt. allows more independent unions
- Both want wages to rise
Political Progress

- 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