

Steering the Global Economy

By David Dyssegaard Kallick

Progressives are struggling to come to grips with today's global economy. Yet we're missing two key things: a map of where we're going and the power to steer this country in the right direction.

We know the direction we don't want to go. Seattle crystallized opposition to the ravages of globalization. But progressives haven't been able to agree on an alternative. More and more activists seem to recognize that what we must counter isn't globalization itself, but the neoliberal conception of globalization. We should be fighting not to stop trade across borders, but to ensure that democracy, workers rights and the environment are improved by a global economy—not eroded by it.

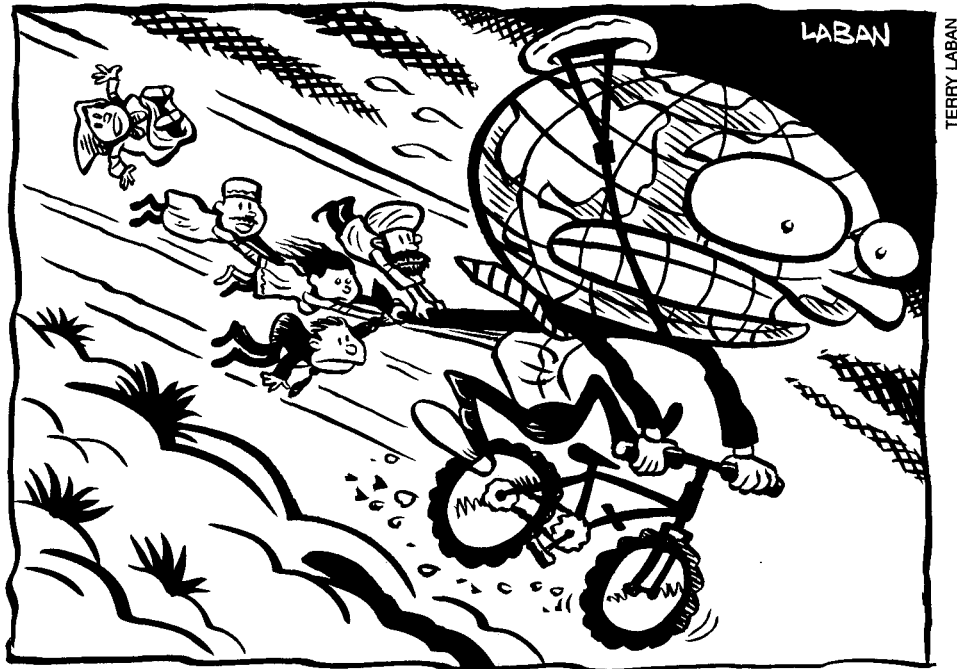
Progressives are far from the levers of power that matter most. Over the past 25 years, transnational corporations—with the blessings of successive administrations—have used quick transfers of capital and production as a way to avoid government and unions, the traditional counterbalances to corporate power.

Do progressives have an agenda that both incorporates a long-term economic vision and pulls the right levers to control capitalism in an era of globalization? Yes and no. We are still grappling with day-to-day struggles and working in relative isolation. But the pieces are starting to fit together—in theory if not yet in practice.

The following is a survey of progressive efforts to shape the global economy. A dynamic combination of approaches—used vigorously, flexibly and to mutually reinforcing effect—will have the greatest impact. The key will be expanding these efforts and finding the right mix.

The Rules

The neoliberal conception of globalization is enforced by a nexus of international institutions and agreements: the WTO, IMF, World Bank, U.S. Treasury, Federal Reserve, Deutsche Bank, NAFTA, MAI, etc. Robert Stumberg, a professor at Georgetown Law School and attorney for the Free Burma Coalition, warns that addressing these institutions and agreements must be part of any progressive strategy, since many of the most common tactics could be challenged under their provisions. Even boycotts or voluntary codes of conduct, for example, could be held to be in violation of the WTO's "technical barriers to trade."



Progressives can deal with the international institutions in three ways: playing by the rules, working to change the rules, or simply ignoring the rules.

Playing by the rules means scrambling to define the accepted common practice of an industry. "Industry will try to win the race to set its own standards—and then they'll claim that's the accepted international standard," Stumberg says. "Then they'll say the ecological or social standard is a local standard and is therefore not acceptable." Playing by the rules can yield results: President Clinton recently signed an International Labor Organization (ILO) agreement prohibiting indentured service for children, child prostitution and use of children in hazardous work. (Well, it's a start.)

Working to change the rules involves trying to influence the major institutional players. "The original conception of the international financial institutions is that they appropriately serve as a controlling influence over market forces," says Tom Schlesinger, director of the Financial Markets Center. "There's a lot of baby that shouldn't be thrown out with the bath water." In other words, we don't want to replace poorly regulated markets with unregulated ones.

Part of working to change the rules is contesting which institution's rules and regulations should take priority. If a WTO rule conflicts with an ILO rule, which should apply? Rather than accept WTO or NAFTA stipulations, activists can try to pick a better forum and make a case for its primacy. For example, Stumberg argues that it would be a violation of the First Amendment for the United States to prohibit

non-governmental organizations or state governments from giving products "union-made" or "organically certified" labels. This kind of argument pits the Constitution against the WTO—a battle the Constitution could win.

Ignoring the WTO may seem an ostrich-like strategy. But for the U.S. government, it may not be so absurd. "Frankly, anything the United States wants to do it can do," Stumberg says. "Under the recent Helms/Burton controversy, we simply refused to go to the hearing."

National governments still matter, and the U.S. government matters most. "The nation state is not completely eroded," says Clarence Lusane, author of *Race in the Global Era*. "It's still a fundamental entity in international politics. And capital is still state based, even though it functions globally."

While progressives should recognize the changing economic landscape, we'd be foolish to overstate the degree of change. Our biggest problem with the power of the national government is not how much it is eroding, but how far we are from it.

Local Motion

What can be done locally to combat globalization? Regulation is hard to do below the national level. But a variety of economic players—a city council, a business, a foundation, a church—are able to stipulate who they want to do business with under what conditions. The most visible example of this kind of stipulation is the flurry of living wage laws passed in recent years. The laws say, in effect, anyone carrying out government contracts must pay workers well above the minimum wage.

Of course, when contractual links demand too much, corporations will walk away. Municipal governments know this. But, they also are becoming increasingly smart about how to demand enough so that the contract is worthwhile for the companies and also pays off for the community. It takes a keen understanding of the economic realities to be able to call a corporation's bluff.

In Mississippi, where the training and community development organization Southern Echo operates, leaders are testing the bounds of what communities can demand. Co-director Leroy Johnson explains that under global capitalism, Mississippi has become "just a short stopping ground" for companies "as they moved further south to Mexico and Guatemala."

Yet the trick is not just to attract more corporations or to stop them from coming, Johnson argues, but to extract a fair deal for workers and communities while they're in town. "We're not living under a cloud of stupidity," he says. "We don't expect these companies to stay for a long time. We expect them to stay here five or 10 years. But during that time, we expect them to pay a living wage."

Contractual agreements aren't as strong as regulations: They can't set industry-wide standards. But they are more supple, and they can give incentives for businesses to achieve higher than minimum levels of compliance. Fred Azcarate, executive direc-

tor of Jobs with Justice, is enthusiastic about the potential of living wage campaigns to mobilize constituencies. "But our own self-criticism would be: At the end of the day, how many workers are covered? So far, at least, the numbers are not very high."

While transnational corporations can slip the ties to national government, they have a harder time slipping their ties to the public. Consider the apparel industry: Clothes production is easy work to move. And it's difficult for U.S. regulators to do much about labor standards internationally—even if they were inclined to try. But consumers can win battles if they choose their targets wisely. People of Faith Network and the National Labor Committee, for instance, pressed The Gap to adopt a code of conduct. Such tactics have since become a common way to rein in abuse of subcontracted labor. United Students Against Sweatshops picked up the battle over Third World working conditions and has taken it to nearly 150 campuses in the United States and Canada.

Likewise, publicly held corporations can't afford to ignore pressure from their shareholders. Organizing investors was instrumental in isolating South Africa during the days of apartheid, and it's a significant factor in today's anti-sweatshop campaigns. The Boston-based United for a Fair Economy has introduced 14 resolutions at shareholder meetings this year—including at Citigroup, GE, AT&T and Disney. Resolutions include reporting requirements for "corporate welfare," campaign contributions and lobbying expenses; proposals to broaden stock ownership among employees; and formulas to set a ratio between the pay of average employees and CEOs. You don't have to win the vote to change policy, stresses director Chuck Collins. "If resolutions get 8 or 9 percent of the vote," he says, "that starts to rock the boat a little bit."

Public pressure is a strategy that's well suited to today's

economy: It cuts through national borders and networks of loose accountability. When strongly asserted, it also establishes a sense of public accountability for corporate behavior. Public pressure is a tactic that could be made stronger if governments established better monitoring and rules for access to corporate information. Yet even at its best, public pressure has its limits. For starters, corporations that don't rely on public image or sell consumer products are basically immune to outside pressure.

Developing Alternatives

We are against sweatshops, polarization of income and underinvestment in workers and equipment. But what are we for? "You've got to close off the low road, but you also have to help pave the high road," says Joel Rogers, co-author of *What Workers Want*. Activists must build a viable alternative vision of how to sustain high-wage, good-quality jobs.

Rogers has been instrumental in setting up the Wisconsin Regional Training Partnership, a consortium of companies and unions trying to develop skills among workers and

increase capital investments among companies so that the region's manufacturers can break into the "virtuous circle" of high-wage jobs with high-productivity workers.

The difficulty within the American system, Rogers suggests, is that it's in no single company's best interest to invest in workers. Once they can command higher wages, workers can look for a job with another firm at better pay. Regional training partnerships are designed to generalize the benefit—all employers within a region contribute, and all workers and employers benefit.

Some critics charge that Rogers paints a rosy, "win/win" world. He replies that while there has to be profit for the private sector, companies also can be forced to accept fair terms for workers. "You need to make capital an offer," Rogers says, "but it also has to be an offer it can't refuse."

This progressive vision has attractive elements, but it's not enough for Errol Louis, co-founder of the Central Brooklyn Federal Credit Union and a longtime veteran of battles for community economic development in New York. "Real families need real jobs and real consumer choices," he says. "The seductive part about globalization is that these companies can fit the bill. They can deliver."

Until Louis sees a concrete and large-scale plan, he's focusing on how to get the most out of what's happening on the ground. "Where I see globalization in my face is a place like 125th Street," he says. "It's very different than when I lived there as a boy. Until a few months ago, there were failing shops, mom-and-pop stores, lack of consumer choice. There was just enough to keep people at subsistence level or just above. And there was a lot of money flowing out."

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Now even if you were trying to ignore globalization, you can't miss it: "The Disney mouse is there, The Gap is there, Body Shop is there, it's all happening at the Magic Johnson Theater," he says. "There's not much in it for small-scale entrepreneurs. But big boxes are always helpful for entry-level and low-wage jobs. It's not ideal, but let's face it, low-wage jobs is part of what we need."

David Imbroscio, author of *Reconstructing City Politics*, is not as skeptical as Louis of the existing progressive economic alternatives. Community development corporations and banks, credit unions, worker ownership, municipal ownership, community land trusts, co-ops—these are all moves in the right direction, he says. The problem is, each of these has been tried on such a small scale that it exists in a vacuum. What's needed is not only to expand and replicate the individual efforts, but to create a rich and dynamic climate in which the different types of initiatives reinforce each other.

Once these types of initiatives expand, Imbroscio argues, they'll begin to change the structure of the local economy. Then as these initiatives begin to comprise a substantial portion of the local economy, they also begin to build a local power base—and command the attention of local politicians who otherwise spend their time scrambling to give tax breaks to large corporations. "The question is: Are we dedicating enough resources to these institutions?" he asks. "If you can put all these together and bring them up to scale, I really think that they have a lot of potential."

Imbroscio is aware of some of the problems of each model—all can be diverted from their primary purpose, or controlled by corporate interests, or function undemocratically. But, he maintains, they are also our best hope for building the foundation of an economy constructed in opposition to neoliberal free-market principles. This is an alternative economic structure that is viable in a globalized world.

We Are the World

What about the rest of the world? The most damaging—and wrongheaded—argument against introducing labor and environmental sanctions to the WTO is that they will hurt developing countries. Activists in the United States need to be clear that the goal is not to protect jobs here, but to improve standards everywhere. As Jeremy Brecher, co-author of *Global Village or Global Pillage*, puts it: "If your program is that we're going to get more of those jobs here, I don't think that's adequate. I think it has to be that we're going to improve jobs here, and we're going to complain like hell about the IMF and U.S. Treasury approach that's dismantling the education system in Mexico."

For unions, the idea of cross-border solidarity is old—that's why so many of them are called "international brotherhoods." Indeed, there was a time when unions, not nation-states, were envisioned as the primary counterbalance to corporate power. But beginning in the '50s, when industry started moving work overseas, unions halted at the U.S. border. Corporations began to press their advantage, and used low-wage workers in other countries to whipsaw U.S. workers and unions, putting a constant downward pressure on wages.

Unions like UNITE have realized that they must ignore borders and follow the work. According to Alan Howard,

assistant to the president of UNITE, the union's cross-border strategy is beginning to show some limited results. In the Dominican Republic, there has been a steady trickle of plants organized after a breakthrough campaign in 1994. And UNITE now is working in coordination with local unions to move up from the plant level to negotiate a contract covering all workers in an industrial park in the Bonao free-trade zone. "There are 200,000 workers [in the free-trade zones] in the Dominican Republic," Howard says. "When we went there [in 1994], there was not a single collective bargaining agreement." Roughly 5,000 workers are now covered; the ongoing negotiation would add another few thousand.

International solidarity is also a key component of the movement to cancel enormous amounts of foreign debt in poor, developing countries. "For years, we'd been working on other ways to aid developing countries, from tuberculosis control to micro-credit lending programs," says Joanne Carter of Results, a Washington-based international anti-poverty organization. "But it just gets clearer and clearer that if we don't address the underlying structural issues—debt burden, the way it puts them in a position that they are controlled by foreign institutions—you can make incremental progress on other issues, and that can be wiped away."

The problem is the crippling conditions that the enforcers of global capitalism—the IMF, the World Bank, central banks and private lenders—impose on lending or development assistance. Following a rigid neoliberal program, global capital always prescribes the same basic strategy: develop an economy that favors exports over domestic production, scrap social programs, privatize industry, and don't even think about cooperative or other models of economic development. In short, it's a recipe for disaster.

Debt relief clearly would give developing countries some much-needed breathing space, but it's just a step along the way. "Too many groups have tended to say the problem is debt, when that's not really the problem," Carter says. "The problem is neoliberalism—the economic philosophy that's being pushed on these countries—and the control by unaccountable institutions."

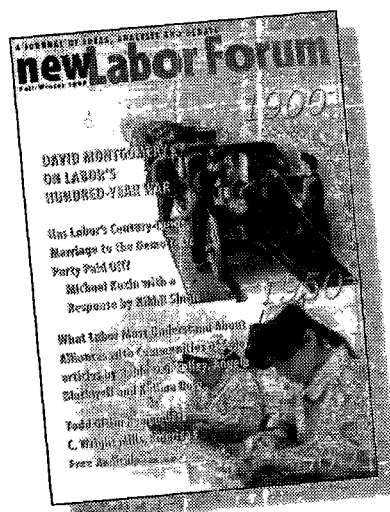
to bring a concern for global equity and sustainability to local economic development strategies. And they need to bring a concern for local and transnational perspectives to national politics."

The WTO protests in Seattle showed our capacity to mobilize a constituency large, broad and angry enough to put a critique of globalization on the national agenda. Now we need to expand the base of an already fractious movement; walk the line between outrage with the system and a belief it can change; and forge a forceful and coherent alternative vision. ■

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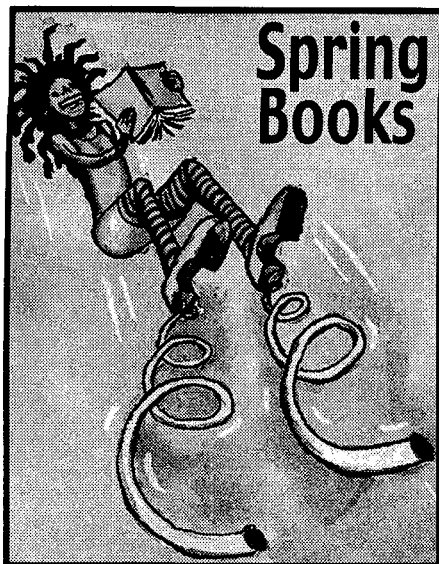
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What's Next?

Can the fragmented strategies we now have emerge as a viable and coherent political approach? Will they ever have the power to balance corporations we expected government to have? These are essential questions for the early part of this century.

"There's an important role for seasoned radicals in the coming months," says Allen Hunter of New York University. "They need



Mother Night

By Laura Secor

comfort she must have felt as she listened to the survivors' tales and attempted to transpose them into a readable form.

None of this book's characters are named, nor are the Bosnian towns from which they hail. Instead Drakulic gives us S. and E. from the village of B. Why did she make such a choice? The publisher's press release indicates that the protagonist is meant to be a Balkan "everywoman." Drakulic may have supposed that a nameless, faceless protagonist would invite closer identification, but many readers will find that this device has the opposite effect: It is alienating, opaque and uncomfortably consonant with the soldiers' view of the women as interchangeable. But this consonance is not uninteresting, since it no doubt reflects a psychological reality: Uprooted, brutalized and numb, S. has become estranged from herself, as though she has internalized the anonymity forced on her by her captors.

Half Serb and half Muslim, S. is a young school teacher who grew up in Sarajevo and lives in a Muslim village at the outbreak of war. One morning, soldiers round up the townspeople in the school gymnasium, separating men from women and busing the women to a warehouse in the Bosnian woods. There the inmates

she is abducted to another part of the camp, where she is gang raped and beaten unconscious. S. and the other inmates in the "women's room" have been selected to "entertain" Serbian soldiers and camp guards, many of whom terrorize their victims with cigarette burns, death threats and beatings. A 13-year-old inmate dies of knife wounds at the hands of a paramilitary who had once been a friend of her brother. S., to her great relief, is summoned by the camp commander to serve as his mistress. She is no longer available to the other soldiers, and once a week she has a hot meal. Still, she knows that her fellow inmates envy and resent her; S. is "the only real prostitute among them, and that is how she feels, too ... she cannot conceal from herself the fact that she is sleeping with a murderer."

One night, the women's room is pervaded by dense and putrid smoke. N., the women's kindly warden who has kept them supplied with food and soap, tells her charges to go back to sleep—the smell is only garbage burning. But the women soon discover that in the courtyard, the soldiers are burning bodies. For as horrible as camp life is for the women, the men in the adjoining camp are sentenced to certain death. The women, livid with anger and disgust, turn their fury on N. But S. recognizes in their hatred the potential for cruelty, and in an attempt to resist its pull, she says, "N. is not to blame." Now the other women are furious with S. One of them asks, "Am I to blame?"

Much later, when S. has fled to Sweden, five months pregnant and a stranger to herself, this exchange recurs. A childhood acquaintance shelters her and helps her navigate the Swedish government bureaucracy. S. tells her friend that she does not want to keep the child she is carrying, and the friend expresses disapproval. "The child is not to blame," she admonishes. S. says nothing, but she is privately indignant: "Is maybe she to blame? And what is she to blame for?" she asks herself. In these parallel moments Drakulic closes the circle of violence: Its victims have

When the Croatian writer Slavenka Drakulic interviewed female victims of the Bosnian war, she thought she was compiling a work of nonfiction. But it is not hard to imagine the journalist's dismay as she collected survivors' tales of unimaginable suffering, and their experiences remained, exactly, unimaginable. The

S.: A Novel about the Balkans
By Slavenka Drakulic
Viking
201 pages, \$22.95

witnesses no doubt spoke in the evacuated monotone of trauma, devoid of poetry and of pathos. Drakulic's desire to forge an empathic connection with these women, we can imagine her realizing, was itself a luxury: Most of the survivors wanted nothing more than to disengage from what they had been through.

Rather than present, unmediated, the testimony she heard, Drakulic pressed the women's stories into a single narrative of one woman's passage through the nightmare of war. In prose that evokes the flat, dissociated voice of a trauma victim, *S.: A Novel about the Balkans* tells the story of a Bosnian woman who has just given birth to a child of rape. The book is not exactly a novel; nor is it reportage; nor is it memoir. It is an awkward hybrid of truth and fiction, of evocative detail and flatfooted homily. The book's power, in the end, derives from this tension—an uneasiness that expresses the horror Drakulic documents and also, perhaps unwittingly, the dis-

A schoolteacher is rounded up one morning and "reduced ... to brute existence."

sleep on a concrete floor; they eat little, they work in the fields, and they are forced to defecate in plain view. "In a single day," S. remembers later, "we had all been reduced to the lowest possible denominator, to brute existence."

It is not long before S.'s fate worsens. Along with eight other young women,