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## **Clinton and NAFTA**

INTERVIEWER: Early in his presidential campaign, Clinton got together with Wall Street Democrats like Robert Rubin, who wanted to push the party in a new direction—free trade, so-called fiscal responsibility. In your view, was this the right course to take?

THEA LEE: I think Clinton was always torn, even early in his administration, between the Wall Street Democrats and his traditional Democratic constituencies—labor, environmental, human rights groups—and it manifested itself in the trade debate to some extent [in] the big push the Clinton administration put through.... I think at the end, Clinton didn't find the right balance at all. He chose to go with the big corporate constituencies on the trade issues, and that was a mistake, and I think his presidency suffered for it.

INTERVIEWER: In what way?

THEA LEE: Well, I think that he splintered the democratic constituencies, and in the end the business communities never really trusted Clinton, and they never really gave him the kind of support or credit that he wanted for pushing as hard as he did on the trade issues. So they were always critical, and they were always complaining [that] he didn't do enough and he didn't do it hard enough. And I think if Clinton had done the principled thing and stood up for workers and for the environment, even in the context of the trade deals, that in the end he would have had both better trade policy and broader support, and he would have built a stronger Democratic party.

INTERVIEWER: What exactly should he have done, in your view?

THEA LEE: Well, certainly in the context of the North American Free Trade Agreement, that agreement was already finished by the time Clinton came into office. [President George H.W.] Bush had signed the deal before he left, and Clinton tacked on some weak labor and

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environmental side agreements, but I think Clinton could have done much more. [He] could have really insisted that those labor [and] environmental measures be meaningful and really go change the core of that agreement. And that, I think, would have been a better course of action.

INTERVIEWER: Do you feel that he sold out his traditional blue-collar supporters?

THEA LEE: I think Clinton did sell out his traditional blue-collar supporters on issue after issue, and a lot of people haven't forgiven him for that.

INTERVIEWER: What was organized labor's position on NAFTA at the time?

THEA LEE: Now, organized labor opposed NAFTA, but they also supported an alternative to NAFTA, a different process of social and economic integration with Mexico and Canada. And we worked very closely. We had a labor movement, and we had environmental groups and unions, both in Mexico and in Canada, to put forward a vision of economic integration that would have been supportive of workers and workers' rights and would have built stronger democracies and protected the environment. And so while we were very critical of NAFTA and totally opposed NAFTA, we also had a vision of a different path of economic integration.

INTERVIEWER: But are you saying that you were, in principle, not opposed to some kind of an economic union?

THEA LEE: That's correct. The AFL-CIO, the labor movement in the United States, opposed NAFTA as it stood, because we saw that as a corporate-dominated trade and investment agreement, one that served the interests of multinational corporations, that improved their flexibility, their mobility, their clout over governments, over unions, over environmentalists. But we don't oppose the concept of trade or investment or ties, economic ties, between the three North American countries at all. In fact, we're very supportive of that.

INTERVIEWER: And how loose would you want those ties to be? How open would you want that common market to be?

THEA LEE: I think if we could protect workers' rights and environmental standards so we could write rules for the economic integration that addressed the concerns of working families and family farmers and environmentalists, we could have supported free trade.

INTERVIEWER: But just really boil that down to mom-and-pop issues. Okay, so we're talking about a working family in Chicago or somewhere—what difference did it make, as you see it? How did actual, concrete ordinary people suffer from NAFTA?

THEA LEE: What the North American Free Trade Agreement did was to accelerate and formalize and put into concrete some trends that were already in place. There was already trade between the United States, Mexico, and Canada. There was already investment that was crossing borders. But what NAFTA did was to lock in rules for investors, protections for investors, to make it easier, more convenient, and more lucrative to move production across borders than it had been, so that corporations had more rights than they had ever had before under NAFTA. NAFTA limited the ability of governments, the three North American governments, to regulate foreign investors, to put any kind of conditions on foreign investors that might be socially responsible kinds of conditions. And at the same time, NAFTA did nothing to protect the rights of workers to form unions, to bargain collectively and to really raise their voices in the political system so that workers could be [a] formidable countervailing power to multinational corporations.

So a worker in Chicago, for example, who was working in, let's say, a manufacturing facility found after NAFTA, that his or her boss was now more aggressive in threatening to move production to Mexico. And so let's say that worker tried to organize a union. Didn't have one today, but wanted to organize a union, talk to his or her fellow workers and try to get support for the union. The company, in many cases, would come back and say: "If you succeed in forming a union, we're going to move the factory to Mexico. And because NAFTA's in place, we feel very confident that the trade barriers are going to stay low and that the Mexican government is not going to regulate us in a way that we don't like." And therefore the threat of moving production to Mexico became more credible, once NAFTA was in place. And we did find that employers tripled the rate at which they actually moved production when a union formed, or threatened to form, or tried to sign a first contract in the years after NAFTA compared to the years before.

## **General Principles for Trade Agreements That Uphold Labor Standards**

INTERVIEWER: What if AFL-CIO had drafted the treaty? How would you have protected the workers? What kind of a treaty would you have been behind?

THEA LEE: When we talk about protecting workers' rights in the context of a trade agreement, we're talking about protecting the core workers' rights, and these are freedom of association, the right to organize and bargain collectively, and prohibitions on child labor, forced labor, and discrimination in employment. And what we say is that any government or any company that violates these core workers' rights shouldn't get the market access, the preferential market access in the trade agreement. And therefore, you build in an economic incentive both for the governments to uphold these core workers' rights and for companies to uphold the workers' rights. And they know that their market access might be jeopardized if they are, in fact, trying to make a profit by violating workers' rights.

And so really, the concept of incorporating workers' rights into trade agreements is the idea of saying that competing through repression of fundamental human rights of workers is unacceptable and will not be rewarded with market access or investment benefits. And that's really what we're trying [to] say. Every trade agreement needs to protect workers' rights, and what that does, it's not a way of saying that every country needs to have the same labor standards; it's not a way of saying every country needs to have the same wages, but just to say that competition through repression of workers' human rights is unacceptable.

INTERVIEWER: Have the fears we had turned out to be true? What has the effect been on the U.S. economy of NAFTA?

THEA LEE: It's hard to separate out the precise impact of NAFTA and to say what the world have looked like with or without NAFTA, because of course a lot of things happened in the U.S. economy [and] the Mexican and Canadian economies that were separate from NAFTA. But overall we would say that our fears have proven justified, that NAFTA has been a disaster for working families in all three North American countries. And it's interesting, because obviously trade has increased; investment has increased. And if the only metric you use to measure whether NAFTA has been a success or not is the volume of trade, then NAFTA is tremendously successful. And yet most normal working people, most normal citizens, don't watch the

volume of trade. They're thinking more about their lives, their living standard, their job, their interactions with their government, and so on. In that standard we see that in Mexico, for example, which is supposed to be the big beneficiary of NAFTA, real wages have actually fallen since NAFTA was implemented in 1994. Real wages are lower today in Mexico.

So even though there's been economic growth, [and] there's been trade, there's been huge investment in the export assembly zones, workers, the average worker in Mexico is earning less today than before NAFTA, and that's a pretty serious indictment of this as a trade and development agreement. Here in the United States, we have seen certainly, as I said, that companies have been more aggressive in threatening to move production to Mexico. They've succeeded in bargaining down wages and opposing unions by threatening to move production to Mexico or to Canada, and that threat is more credible today. And so that's had an impact. We've seen that the Labor Department has certified over 300,000 American workers [who] have lost their jobs due to NAFTA directly. We think there are probably a lot of other workers who didn't get jobs because a new factory was built in Mexico or in Canada so that's sort of a bare minimum.

And overall, I think even more important in terms of the investment climate or the regulatory climate, we've seen that NAFTA has been used by corporations to bully governments into weakening regulations, environmental or public health regulations. They've used some of the provisions in the NAFTA investment chapter that allowed corporations to sue governments to actually weaken or threaten or remove environmental or public health laws that they don't like. And so on a lot of different fronts we think that NAFTA has shifted the balance of bargaining power in the continent of North America towards multinational corporations. It has increased the polarization of income so that we have more poor and more rich and more of a division between the poor and the rich in the three North American countries, and a more imbalance of power in government in terms of activists and workers, and environmentalists trying to lobby their governments.

INTERVIEWER: You talk about the 300,000 jobs that were lost as a direct result of NAFTA. What's happened to those 300,000 workers? Have they found other jobs?

THEA LEE: Most of them have found other jobs because the economy's been strong, and there's been a lot of job growth overall. So for most of those workers, what's happened is that they have taken jobs at much lower pay. And so you've seen a lot of workers who have had jobs in the manufacturing sector find new jobs in the service sector at dramatically lower pay, sometimes with fewer benefits, sometimes with less job security than they had before, and often in less unionized sectors.

INTERVIEWER: And you made a big claim about Mexico. You said overall wages have gone down. It's hard to know. What's the source of that statistic?

THEA LEE: Actually, [the] United States Bureau of Labor Statistics keeps statistics on manufacturing wages and a lot of different countries, and they actually correct them for overall compensation, so bonuses and fringe benefits and so on are included in that figure. That's a Bureau of Labor Statistics number, and the Mexican government has other numbers. There are a lot of different measures of Mexican wages, and I think by all of them Mexican wages have fallen.

INTERVIEWER: And is it?

THEA LEE: Per capita income has increased somewhat in Mexico.

INTERVIEWER: That's what I was going to say. I mean, it's kind of hard to disentangle that. I mean, if you're saying the wages have gone up, is that a direct result of NAFTA? You'd argue it is.

THEA LEE: I would argue that it is, partly. You know, you've seen tremendous job growth in the maquiladora zone, which is the export-assembly zone along the border between Mexico and the United States. And the number of workers in the maquiladoras is more than doubled, and yet the wages are stagnant in those areas, and so a lot of the big multinational corporations that are moving production to Mexico are continuing to pay very low wages. And we see still a problem in Mexico with workers' ability to form independent unions and to bargain effectively for their members, because there is still a struggle, particularly in the

maquiladora zone, over the formation of independent trade unions. So [the] workers' voice in their workplace I think is weak.

INTERVIEWER: Well, if you go [there], I mean, it's sort of a boomtown, at least for the local people. And though of course their wages are nothing like U.S. levels, workers there say to us that well, you know, "Thank you very much—we're doing fine." What do you say to that?

THEA LEE: Of course any worker who has a job is happy to have that job. That's why they're in the job. And the question is not so much is a worker in a maquiladora or in a sweatshop better off with that job than with no job. That really isn't the question we should be asking. The question is, are those workers being allowed their fundamental human rights? Are they being allowed to form unions if they choose to do so? Are they being allowed to organize and bargain collectively, free of government or company influence, and are we having protections against child labor, forced labor, and discrimination in employment? And many of those companies are American or multinational companies that are paying workers in Mexico much less than American workers to do the same job with the same levels of productivity. And so the question is not so much, is this job better than nothing? Of course it is. The question is, is this job as good as it could be, and are these companies behaving in a socially responsible way? Are they in fact allowing their workers to exercise their human rights, to form unions, and so on?

So what we say is that these companies have an obligation to respect the rights of their workers to form unions, and the governments have an obligation to see that those companies are living up to their rights, and that's just the fundamental point. Nobody's saying that these factories shouldn't exist. Nobody's saying that the jobs shouldn't be there for Mexicans. They're saying that the Mexicans who are in those jobs deserve to be treated like human beings with dignity and respect, and that it's the government's job and the company's job to see that they are. And we ought to be using trade agreements to help enforce those rights and to help ensure that those workers can exercise their voice at the workplace and in the political system.

**Free Trade, Economic Growth, and Labor Rights**

INTERVIEWER: So the general claim that free marketers would make is, I suppose, that yes, there's going to be a certain amount of shakeout, but in the long term the free market leads to greater economic growth and everybody's going to benefit in the long run. Do you buy that argument?

THEA LEE: Economic growth often leads to good things, but the path through which economic growth protects rights of workers or the environment or human rights or democracy is quite variable. And so I don't think it's enough just to say, "Let's sit back and allow free trade and economic growth to happen, and all good things will naturally and inevitably follow." We see in some cases that it does work that way; that you have trade, growth, and workers' rights, human rights, democracy and environmental protection. We see in some other cases that governments are growing, governments are trading, they're attracting foreign investment; and yet they are viciously repressing workers' rights, human rights, democracy, and trashing the environment. And so our idea is if we're going to be part of this global economy, we need to use the economic leverage in the global economy to ensure that that path is different; that those workers' rights and human rights and environmental protections are in place at an earlier stage. It doesn't have to stop economic growth from happening. It doesn't have to stop trade from happening or investment from happening, but it does shape the path of economic growth, trade, and investment, and say we're going to tie these necessary improvements to the economic growth and trade and investment that's already happening.

**Responding to Critics**

INTERVIEWER: One of the arguments that governments in Third World countries would sometimes say is that, you know, what you're saying is really protectionism dressed up as principle.

THEA LEE: The charge of protectionism is often levied against those of us who are arguing to protect workers' rights and environmental standards in trade agreements. But I think nothing could be more wrong in the sense that ... we're not looking for more excuses to shut markets to developing countries. What we're looking for is ways to empower workers and activists and democracy proponents in developing countries so that their voices can be heard. And many times their governments have succeeded by repressing democracy by repressing critics of

their government, and these are sometimes governments with whom the United States has a very important trade relationship. The United States uses the leverage of its marketplace to change the ways developing countries manage their economies in about a thousand different ways, but in our view they're almost all ways that are important to multinational corporations. They aren't necessarily important for development, for workers for building a middle class, for building strong democracies and we think that the United States could use the leverage of its marketplace in a very different way, in favor of development. We think that when you look at the results of the global economy, if you look around and you see the growing polarization, the growing inequality between rich and poor countries and the growing inequality within some countries, that we could be doing a whole lot better than we are, and that simply empowering corporations and setting up rules of the global economy that make the world more comfortable and more lucrative for multinational corporations has failed.

INTERVIEWER: But you just said that, in essence, the U.S. government is using its leverage to help big corporations. Give me a specific example of the way in which the present system helps corporations but not workers.

THEA LEE: Well, certainly, many of the trade agreements that the United States is party to now, like the North American Free Trade Agreement or the World Trade Organization, go to great lengths to protect intellectual property rights. That's copyrights and patents. These are main big huge multinational corporations, certainly in the pharmaceutical area where the goal is to get developing countries to improve their patent protection, their copyright protection, to lengthen copyrights, basically to raise the prices of goods for poor consumers. And we've used the leverage of our trade agreements to insist that developing countries harmonize their intellectual property rights, protections with American protections. And this is really trampling on the sovereignty of those countries in the same way that it's often argued labor rights protection would trample on sovereignty. And this is something which basically redistributes income from consumers in poor countries to some of the wealthiest corporations in the United States. So we believe that the kinds of protections for intellectual property rights that the United States has insisted belong in trade agreements have mainly benefited huge corporations at the expense of consumers in poor countries and sometimes even here in the United States.

INTERVIEWER: In Quebec City, 30 democratically elected leaders talked about expanding free trade in the Western Hemisphere. Is that a good thing or a bad thing?

THEA LEE: At the Summit of the Americas in Quebec, elected leaders from all over the hemisphere, excluding Cuba, came together to talk about democracy and poverty and education and all sorts of issues. But they were also there to talk about the free-trade area of the Americas. And certainly it's a good thing, I think, for the leaders to come together and figure out how to strengthen democracy and improve educational opportunities and reduce poverty. But the Summit of Americas in our view is a trade agreement that would not address the real development concerns of most of the Western Hemisphere and would certainly not be good for the United States, for working people, family farmers, or environmental advocates here in the United States. So we think this is a failed model of trade and development policy, and that's why there were maybe 50,000 peaceful protestors out on the streets of Quebec trying to communicate with their own governments and with the trade negotiators that this an unacceptable model of the regional economic integration.

INTERVIEWER: And you mentioned family farmers in the U.S. And of course if you talked to a family farmer in India, he would say that's an extremely unfair system, that the U.S. bolsters up its agricultural business with billions and excludes the Indian farmers' product. I mean, whose side are you on there?

THEA LEE: I don't have a big position on the agricultural [issues]. I don't have a lot of expertise on the agricultural area, and I don't follow it all that closely. What we've certainly said, in the joint statements that the AFL-CIO has signed, is that food security is an important principle and that countries have the right to take measures to protect food security. I think that exactly how the rich countries and the poor countries choose to do that has been something that is very problematic and very controversial, but not something that we have an official position on.

## **China's Entry into the WTO**

INTERVIEWER: Let's take China as a case in point. What is the AFL-CIO's view of China's proposed entry into the WTO? Do you welcome it?

THEA LEE: We have opposed China's entry into the WTO at this time. We think that the human rights, workers' rights, democracy, [and] environmental problems in China are very severe and need to be addressed before China comes into the WTO as a full partner. The United States-China bilateral trade relationship is an extremely important relationship to both countries. In the year 2000, the United States ran an \$80 billion trade deficit with China. The United States is China's most important export market, and we think it's important in the context of China's entry into the WTO that the United States government make clear to China that the current policies of repression of human rights and workers rights and democracy are totally unacceptable. And our view is that our government failed to make that case to the Chinese government; that in the context of WTO entry, the United States government bargained for China to change almost everything about its economy except its human rights, workers rights, and democracy problems, and that that was the wrong message for the United States government to send to the Chinese government.

Once China comes into the WTO, we know that there are no protections for workers rights, human rights, or the environment written into WTO rules. That's one of the issues that we've criticized the WTO over. So we use the leverage. The United States will lose the leverage to bring trade actions against China over human rights and workers' rights violations once China is a full partner in the WTO.

INTERVIEWER: Why do the lack of human rights and labor rights in China affect members of your unions?

THEA LEE: The repression of workers' rights in China directly affects American workers because our workers are in direct competition with workers in China for the same jobs, for manufacturing jobs, and to the extent that workers in China are denied the right to form an independent union to bargain for themselves, that they have no voice in the political process to stand up for stronger labor laws, or better minimum wage or health and safety regulations. American companies or multinational companies can make a lot of money by closing down a factory in the United States, where they have unionized workers, where they have strong health and safety and environmental regulations, and moving to China and [taking] advantage of the fact that Chinese workers are vulnerable, that they're not represented in the political system and they're not represented by independent trade unions. And so that changes the

nature of competition that American workers face. It's one thing to lose jobs overseas. We can't control whether every single job stays in the United States or not, but it's another thing to lose jobs to workers who are being denied their fundamental human rights, who are being jailed or fired or maybe even tortured for trying to organize into an independent union. That to us is a bottom-line problem, where American workers don't want to be in competition with slave labor, with child labor, or workers who are denied the right to form a union.

### **The Case of the Huffy Bike Company**

INTERVIEWER: The AFL-CIO criticized Huffy Bikes, the Huffy Bike factory in China. Specifically, what are those criticisms?

THEA LEE: Huffy Bike closed down its factory in Ohio, fired almost all 950 of the workers and moved that production to China. But when the National Labor Committee investigated what the conditions are in China, it found out Huffy Bike is paying extremely low wages and working workers very long hours, sometimes in violation of Chinese labor laws, and that they are in fact treating their workers very badly and running sweatshops in China, and so certainly we'd like to see Huffy Bike live up to a higher standard than that and not simply fire American workers, take those jobs out of American communities where they've been for many years, and then engage in really outrageously bad employment practices in China as they have.

INTERVIEWER: You say that they should treat the workers better. How much better should they treat them?

THEA LEE: Well, China is a problem, because in all cases, we would say that workers should have the rights of freedom of association, the right to bargain collectively. It's almost impossible for a single company operating in China to assure that its workers have the right to form a union, because the government doesn't allow it, so the workers maybe could have the right to form a union inside the factory, but they have to walk out the factory door at the end of the day, and they might be subject to arrest for even advocating for an independent labor union in China. And so our view is, at this time, that companies that are operating in China are not able to protect their workers' rights. They aren't able to assure that workers have the right to form independent unions if they choose to do so, and that's a serious problem. And I don't think any of the companies operating in China today have addressed that.

INTERVIEWER: I think the workers at Huffy Bikes are earning something like 47 cents an hour or something like that. If you talk to them, many would say that, you know, "Yes, it's hard work, but it's better than I get back in my home village."

THEA LEE: I think there's still a question of exploitation of the workers. These are bicycles that are for the most part being sold in the American market. I haven't noticed that Huffy Bikes has lowered the price of bicycles that it's selling. So it's just lowered the price of labor dramatically by moving from the United States to China, and yet it hasn't passed on those cost savings to consumers. So Huffy Bike is pocketing the difference. They're making a huge windfall profit, and they're really taking advantage of the fact that the workers in China can't organize a union and can't speak out politically, and I think that is exploitative. And it's a little bit different. A lot of times people talk about poor countries having lower wages, or lower standards. And it's certainly true that there are legitimate differences in wages and living standards between countries of different levels of development. But it's also true that when a multinational company is selling goods to rich consumers in rich countries, they have an obligation I think to pay a decent wage, a living wage to the workers who are producing those goods, and they have an obligation to see that those workers rights are not trampled on. And many of these companies have fallen short of that goal.

INTERVIEWER: But then I suppose what if a rival global company is paying even lower wages and has a cost advantage and can undercut Huffy Bikes, or whoever? What are they supposed to do then?

THEA LEE: That's precisely why the labor movement and a lot of other critics of current globalization rules have argued that we need enforceable rules in the global trading system that apply to all companies and all countries. It doesn't make sense to have different rules in different countries, and different companies living up to different standards. We think there should be a minimum set of labor rights that are protected by all companies trading in the global system. That way, you take out that kind of competition between companies and the competition between governments to see who can violate more labor standards, who can drag wages down to a lower level, who can trash the environment faster. That kind of competition

is not good for the global economy. It's not efficient, and it's certainly creating the kind of global economy that that people are rejecting all over the world.

People in developing countries and people in developed countries are saying, "Let's not have global competition that results in widespread violation of workers' rights and widespread degradation of the environment." And we think we can do better. We think we could write a set of rules for the global economy that would ensure that corporations had to live up to a minimum standard.

## **The Sweatshop Economy**

INTERVIEWER: So the general argument would be that the sweatshop economy is just a stage a developing country has to go through. After all, the U.S. went through that stage not so long ago. It's only in the 1930s that they abolished child labor here. What's your answer to that?

THEA LEE: In fact, the United States still hasn't completely solved the problem of child labor. The United States has problems with freedom of association and the right to bargain collectively. And our view is not so much that any country is above criticism—certainly not the United States—but that the struggle for workers' rights is one that goes on every day in every country and that our job, as members of the labor movement, the international labor movement, is to make sure that those rights are protected wherever they are. You know, here in the United States we had a bloody struggle to protect workers' rights to organize into unions. We had a bloody struggle over the eight-hour day, the minimum wage, over child labor. And I don't mean bloody necessarily in a literal sense, but certainly a divisive, contentious political battle over how best to do it. And we're part of that battle all over the world. I don't think any country, any developing country, really wants to stand up and say, "We demand the right to repress workers' rights, to form a union, and we demand the right to use child labor." I think what countries are saying is, "We don't want to be disadvantaged because we're poor." And I think that's right. No country should be disadvantaged, should be punished, just for being poor. But the core workers' rights of freedom of association, right to bargain collectively, and prohibitions in child labor, forced labor, and discrimination in employment—these are the core workers' rights.

The International Labor Organization, which is the UN agency [of] about 175 different nations, representation by workers, employers, and governments in all of these countries, has agreed that these core workers' rights are every worker's birthright; that they aren't rights that are only for rich countries or only for rich workers. They're for every single worker, and so what we're saying to developing countries is that they've already agreed to protect these rights. We simply want to give more economic leverage to developing countries that try to stand up for workers' rights so that developing countries don't find themselves in an impossible competition with their next-door neighbor over violating rights and keeping wages low in order to attract investment. We'd like to see that the competition between developing countries be based on providing the most educated workers and the best infrastructure and cleanest environment as opposed to the most exploitable vulnerable workers.

**Did Seattle Matter?**

INTERVIEWER: Just going back a little in time, was Seattle a turning point? Did it change the debate?

THEA LEE: I think the demonstrations in Seattle against the World Trade Organization were an important turning point, because people came together from all over the world in Seattle to say that the rules of the current global economy, as embodied in the World Trade Organization, are unfair; they're bad for developing countries, they're bad for workers, and they're bad for the environment. And there was a tremendous coalition out on the streets of Seattle of environmental groups, workers, family farmers, people of faith, people calling for debt relief, and there were people from all over the world. We in the labor movement had representatives from over 100 different countries there with us, speaking at our demonstration and at our conference that we held on workers' rights. And so the unity was really tremendous in Seattle, and I think it also brought these issues to the public attention for the first time in a way that that hadn't happened before. There was a lot of press in Seattle and a lot of international press, and so there was, I think, a more visceral understanding on the part of both the American public and the people around the world of what people were angry about, and who was angry about the current rules of the global economy.

**What Is the Right Development Model?**

INTERVIEWER: But, but the basic question is this: What is the right development model?

THEA LEE: The right development model is what the people in that country want, but I think one of the issues that we have in the global economy is how [to] strengthen democratic forces. How do we build a more vibrant democracy and support it, and how do we talk about [it]? We've talked about the labor movement is democratic, equitable, and sustainable development, not just economic growth. It's not enough to have economic growth, of course, in the developing country. We have to think a lot about how that growth is distributed. Who's benefiting? And in too many cases, we've seen that working people and the poor have been left out of the economic growth that's taken place. We certainly see that there's a key role for labor unions in any kind of democratic model, that labor unions build a political voice for workers into the mix, and that the government and the corporations find that they need to contend with [the] workers' voice in the political system. And at their best, unions represent their members, but they also represent working people more broadly. And Brazil, for example, the unions have formed an alliance with [Brazilian] peasants to say that their interests can rule with each other. Here in the United States, the AFL-CIO has always fought for a better minimum wage, even though our workers don't earn a minimum wage, because we think it's good for working people in general to have a stronger minimum wage. So I think the importance of labor unions in building a strong democracy, the importance of a strong democracy in distributing income more fairly, and certainly in taking into account some of the environmental issues but at the end of the day, the question is really about how to empower people, to raise their voices in an effective way so that they can choose the development model for themselves.

And I think what we've seen in the past, certainly in the 1990s, is the very strong role of the International Monetary Fund and the World Bank in imposing development models on countries of forcing a model of privatization, fiscal austerity, deregulation in trade, and capital-market liberalization which has not succeeded, which has not delivered the democratic, equitable, and sustainable development that we think these countries deserve and should have.

### **The Retreat of Government from Market Regulation**

INTERVIEWER: Why do you think there's been such a big shift towards markets and the great retreat of governments away from control of the marketplace?

THEA LEE: Certainly it's the case that as you have the polarization of income, you have the polarization of economic power and that the multinational corporations here in the United States are very powerful politically. Their voices have dominated the trade debate for the past 20 years, and I think if you look at the actual trade agreement and the investment agreements and the U.S. interaction with the international financial institutions, you see a very clear role of the multinational corporations. And right now, I think the labor movement, the environmentalists, people of faith, and so on are struggling to insert ourselves into a debate that we have been left out of, where our voices haven't been heard. And yet these trade policies affect our members, and they affect the environment, but we have to fight even to have our voices heard, or our point of view heard in the trade debate.

INTERVIEWER: What's driving the corporations? This endless need for more profit and moving their factories around the world—what's causing that to happen?

THEA LEE: I think you have a natural process of competition where companies want more profits. That's what their job is. The job of governments and the job of international institutions is to set appropriate limits on their drive for profits. I don't think we can fairly expect the companies to adopt perfect environmental or labor market regulations on their own, voluntarily. Certainly they're subject to consumer pressures. They don't want to be the subject of exposés of terrible working conditions. On the other hand, their job is to deliver profits to their stockholders, and that's why we believe it's important both for national governments and for the international institutions to tell the corporations what are the limits, what kinds of competition are acceptable in the global economy, and what kinds of competition are unacceptable. We need rules; we need enforceable rules at the international level to say that certain kinds of competition, like repression of poor workers' rights or trashing of the environment, are not acceptable and won't be rewarded.

### **Clinton's Speech at Seattle**

INTERVIEWER: Did the AFL-CIO welcome President Clinton's speech at Seattle?

THEA LEE: In Seattle, President Clinton did make one remark that he thought eventually labor and environmental standards could be protected through trade sanctions, and that remark set

off a firestorm of opposition and criticism and so on. This is certainly an issue we had talked about with the Clinton administration and with Congress for many years, and in some ways I don't think the firestorm is entirely justified, because it wasn't an entirely new point that [Clinton] was making. He'd certainly talked about the importance of protecting labor in environmental standards, in trade agreements, many times before. He'd done so at the WTO, in Geneva in '98. He'd done so at the ILO [International Labor Organization] the year before, but somehow in the very charged, the supercharged atmosphere of Seattle, those remarks fell like a stone. We did welcome them, because we thought he said the right thing and he didn't say anything particularly controversial. He said we want to work towards a time when we can build consensus to protect workers' rights in environmental standards with the same vigor that we protect corporate concerns. And I don't think there's anything wrong with that.

### **The Role of the Anti-WTO Protestors**

INTERVIEWER: One point that some elected leaders make from Third World countries is, in essence, that we want more world trade, but we want it to be on equal terms. And who are these anti-WTO demonstrators, who aren't elected by anybody to set the rules?

THEA LEE: Well, I don't think the anti-WTO demonstrators are setting any rules, but what we're doing is communicating with our own governments and with the institutions—the WTO, the IMF, and the World Bank—what some of our concerns are. And many of the developing-country governments that were in Seattle were ignoring their own labor movements, their own environmental groups; that there were labor unions for many developing countries present in Seattle who were echoing the same issues, saying the WTO must address workers' rights. We must figure out how to protect workers' rights through the world trading system. And some of these unions are politically weak in their own countries, and so the governments are not particularly responsive, and so we join together the labor movements of the world to say we want to pressure our governments in a coordinated way to address these issues.

And you know, I think some of the developing-country governments are simply fearful of change, of something new. And [they] are putting new obligations on top of all the obligations they already have in the trading system, and I have sympathy for that. And I think the idea is not to take workers' rights and tack it on top of a system which is fundamentally unfair, but to think about how to change, to transform the institutions so that the voices of developing-

country governments are more effectively heard, and also to transform it so that voices of a much broader sector of society, not just corporate voices, but in labor, environment, and other groups, can be heard within this context, because the truth is that the business community has very good access to the international institutions and to their own governments. And we, the labor and the environmental and the family farm and the religious groups, we hit the streets in Seattle or in Quebec because we feel that we have a hard time getting our government to listen or that our governments are unresponsive to the concerns that we've raised.

And so that's what some of the imbalance is. I think the people who are outside on the streets with the picket signs are the people who feel that their governments haven't given adequate weight to their concerns, and they want to make an impression on their governments. They want to make them listen. And I think we all have struggles to improve the democratic quality of our governments here in the United States as well as in developing countries. And we all feel that we struggle with the domination of either corporate concerns or big-money concerns. And so that's really what some of the imbalance in the globalization debate reflects that democratic imbalance.

### **The AFL-CIO and Globalization**

INTERVIEWER: The AFL-CIO is often seen as being, when all said and done, anti-free trade and anti-globalization.

THEA LEE: The AFL-CIO is not opposed to globalization, and I don't think most of the critics of globalization think we should freeze the world in its current state and stop trading and stop investment. We want to change the rules; we want a voice in how the rules and the institutions of the global economy are made. And I think that's a perfectly reasonable point of view. The choice isn't between trading and not trading, investing and not investing. It's simply a question of the conditions we attach to trade and investment flows that are going to happen, and whether those conditions are purely corporate-dominated or whether they reflect the concerns and the interests of working people and environmentalists as well. And it drives me crazy when people say that the AFL-CIO is anti-globalization, because the truth is that the business community has a lot of concerns about the rules of the global economy. They've simply been more successful in making sure that those concerns have been addressed in the

context of trade agreements. And here in the United States, the business community often opposes trade agreements that don't meet their needs.

And an example is this Jordan free-trade agreement that the United States and Jordan signed in the fall of 2000. This has enforceable workers' rights and environmental standards in it. The AFL-CIO has been supportive of the Jordan agreement, as was the Jordanian trade union movement and the Jordanian business community.

And yet the U.S. Chamber of Commerce has opposed this agreement if the labor and environmental standards cannot be removed from it. And so is that anti-globalization, and is the AFL-CIO pro-globalization in this particular context? The truth of the matter is that both labor and business, environmentalists, are looking for particular rules that protect certain constituencies or not certain constituencies in the global economy, and we will oppose trade agreements that fall short, as will the business community. So none of us are anti- or pro-globalization. We're all concerned with the rules and the details of how the global economy works.

INTERVIEWER: But you have this funny little rule that you can't park a foreign car outside this building. What signal is that sending off?

THEA LEE: The signal is that we're protecting American workers, and we believe in buying American and supporting American union workers, and certainly those who are making automobiles.

INTERVIEWER: But if I rent a Volvo, which I think is owned by Ford and 78 percent manufactured here, do I park it or don't I?

THEA LEE: (laughs) You don't. You don't.

INTERVIEWER: But why not?

THEA LEE: Because our members are UAW [United Auto Workers] members here in the United States, and they make the cars that are made here in the United States. We're supporting our members who pay our dues, who pay our salaries.

INTERVIEWER: And is that because the union members are not working in, say, Nissan factories... I see your point. Just to sum up, your point is that because your union guys wouldn't be making those particular hybrid foreign cars, is that it; that they've been [made in] non-union factories?

THEA LEE: The Volvo. Are they made in Sweden, or are they made...

INTERVIEWER: Here.

THEA LEE: They're made here.

INTERVIEWER: Well, they're assembled in parts. I don't know. But for example, Nissan cars have been made from non-union labor....

THEA LEE: Right. Non-union labor would not be good enough.

INTERVIEWER: All right.

THEA LEE: But a Mazda 626, which is also joint-owned by Ford, is made by UAW members, and we are allowed to park that car here. So it's about the union members.

## **The Evolving Role of Unions**

INTERVIEWER: One last question. Silicon Valley is built on free movement of labor, flexible work habits. It's based on the individual, isn't it, not being loyal to a company or a union. It's like a model for the business of the future, the high-tech business. Is there a place for organized labor in that world?

THEA LEE: I think organized labor needs to adapt itself to the needs of different kinds of businesses, different kinds of workforces. And actually in Silicon Valley, we've been very successful in building a different kind of labor movement that recognizes that workers are going to change jobs fairly often, and to provide different kinds of services and training and health benefits to workers.

So the labor movement needs to adapt to the changing economy. But it's also true that workers in all different kinds of jobs—managerial positions, high-tech positions—need a voice at work, and only labor unions can give them that voice at work. So we don't think that the labor movement will ever be obsolete. It's simply a question of adapting to a change in economy, and a changing work force.

The labor movement faces tremendous challenges all over the world to be able to grow in strength. I think the first challenge is that we need to grow in numbers, we need to grow in strength, we need to make workers' voices more effective politically all over the world, and I think we've joined together and that workers all over the world have met to try to figure out how to face this challenge together, so that we're not all isolated in our own little countries trying to face our struggles by ourselves, but the International Confederation of Free Trade unions, which the AFL-CIO belongs to, represents about 140 million workers all over the world. About two-thirds of them [are] in developing countries, and we feel that the global economy is one important piece of how unions have been undermined by our own national governments. But it's only one piece. We all have a tremendous struggle to do a better job, organizing domestically, organizing politically and making our voices more effective and more loud, in our own governments as well as in the international institutions.