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You Won't Have Your Sweatshop Employers to Kick Around Any More

Kevin Carson

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Chris Dillow at Stumbling and Mumbling cites a call for “the development of strong democratic labour unions in the emerging low-wage industries of the developing world as a way of responding to the exploitation of workers in these countries.”

Dillow asks:

This seems sensible and humane. Or does it?

Put it this way. Capital flows to low-wage countries are small, despite their cost advantage. One reason for this is that companies are scared to invest in poor countries because they regard property rights as insecure. They fear profits will be low or negative, despite low wages, because they'll lose money to higher taxes, riots disrupting production, the need to pay bribes, or even outright revolution.

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The danger is that the emergence of strong trades unions could add to these fears. Companies might regard a strong union movement as a precursor to redistributive politics. It might, therefore, deter them from investing and so reduce growth and jobs.

Well, arguably the capital that *does* flow to the Third World from the West skews its economic development toward centralized, capital-intensive, export-oriented corporate industry, when a better model for their development might be small-scale, more labor-intensive industrial production for local markets. And if this is so, perhaps the mobilization of investment funds from the small properties of the domestic populations of Third World countries (this assumes that their property isn't expropriated by ruling oligarchies of crony capitalists and landlords, and that previously expropriated property is returned), a la Hernando de Soto (or Proudhon). Third World governments ought to be promoting rural land reform and regularization of urban squatters' land titles, and at the same time promoting bottom-up finance centered on things like microlending, cooperative banking, LETS, and the like.

The best path to Third World prosperity might be the distributive ownership of subsistence farms, using the most productive modern techniques of labor-intensive cultivation, with income from surplus production used to introduce intermediate scale technology into the village economy. And the best path to a consumer goods industry might be that described by Jane Jacobs in the case of the Japanese bicycle industry (and Jesse Walker in a comment on Emilia Romagna): starting out with small local repair/recycling centers for the goods made by Western-owned companies, progressing to the small-scale machining of replacement parts, and gradually evolving into small-scale manufacture of competing goods for the local economy. One big obstacle to this approach is

global intellectual property law, which stifles the emergence of competition through such adaptation of Western firms' designs for local production.

In the comments, dearieme argues that

But strong labour unions are bad anyway, since they are just licensed monopolies whose purpose is the short term enrichment of their members by the impoverishment of their non-members, achieved, usually, by violence or coercion, and without redeeming virtues.

Well (again) arguably, the most potent form of labor struggle is not the enforcement of a union monopoly against scabs during conventional strikes, but the practice of on-the-job direct action. The model of unions focused mainly on conventional strikes and the exclusion of replacement workers is largely the creation of corporate liberalism. And the central purpose of corporate liberal labor policy, embodied in the Wagner Act, was to promote such a focus by the organized labor establishment *instead of* direct action on the job. Bosses, for obvious reasons, prefer unions that organize against non-members to unions that organize against bosses. But big labor's New Deal with the devil was a bad one; unions that have lost conventional strikes have sometimes proceeded to force concessions from the bosses through the "deliberate withdrawal of efficiency" while *on the job*.

And in an economy characterized by state-enforced special privileges for the propertied classes, and reduced bargaining power of labor, the main benefit of union activity is not the enforcement of monopoly privileges against those not in unions; rather, it's the increase of the workers' bargaining power against the owners. To the extent that profits are inflated because of the artificially weakened bargaining power of labor, successful labor militancy can shift some of the monopoly profit to wages.