

**Comments for OECD Forum
The Social Dimension of Trade and Investment**

Fateful Choice: Bold Action or Harsh Reaction
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I am pleased to join this important OECD Forum.

The distinction of my colleagues pays tribute to the importance of our topic.

And I am particularly pleased to join Senora Cardoza of Brazil. Senora Cardoza and I are honored to serve together as Commissioners on the ILO World Commission on the Social Dimension of Globalization.

As we meet here in Paris this afternoon, the global economy is stalked by stagnation and staggered by successive blows.

Cooperation and coordination among the industrial nations at the upcoming G-8 Summit will be vital, even as tensions between the US and allies reach new heights. Business as usual is not acceptable.

In fact, it is barely possible.

Together, we have an enormous responsibility to take bold collective action or we are likely to reap a harsh and destructive reaction.

Consider the “Social Dimension of Trade, Investment and Global Economy” as they appear to working families in my own country.

The recession that began in 2001 has still not ended. Two million workers have lost their jobs since the recovery was proclaimed.

Wages are once more stagnating; poverty and inequality are on the rise.

The lowest interest rates in a generation and the abrupt turn of US fiscal policy from record surplus to record deficits have thus far failed to get the economy moving.

One reason is that the US is still suffering the aftershocks of the largest stock market collapse in our history.

A staggering \$7 trillion in wealth has vanished from the US stock market.

At the AFL-CIO, we estimate that a trillion dollars has been lost from workers' pension funds in the companies that failed as result of corporate abuse.

Millions of working people have lost the savings that were their lifeline to a secure retirement.

At the center of the collapse is the worst corporate crime wave in a century.

Over one thousand companies have restated their financial reports.

Corporate executives are caught literally plundering their own companies for personal profit, even as their workers are stripped of their jobs, their savings and their dreams.

The breakdown of accountability was total – directors, auditors, bankers, executives, lawyers.

The US, long the vital engine of global growth, is now burdened by the largest trade deficits on record.

We must import \$1.3 billion in capital a day to cover the difference between what we sell and what we purchase.

Our net national foreign debt is now at 25% of GDP and rising rapidly.

These deficits, as Fed Chair Alan Greenspan warns, cannot be sustained.

And Americans have been scarred by the worst act of terror in our history.

September 11th remains crime without justification.

But one that cannot be isolated from a global economy that fosters growing inequality within and between countries.

Poverty, corruption and desperation are the breeding grounds from which terrorists can recruit

And now global stagnation worsens that desperation.

The ILO reports 20 million more unemployed across the world in the past two years.

The developing world is still so indebted that it is a net exporter of capital.

Proud nations continue to be driven to their knees.

It is imperative for us to come together, to take bold action to address these overlapping crises.

If this global system is to be preserved, if it is not to be shut down by the desperate or the irate, it must be made to work for working people.

Yet what we witness is a growing abyss between analysis and action, between acknowledgement - on what should be done - and agreement - to get it done.

After years of dialogue, discussion and debate the World Bank has finally surveyed more than a thousand studies on the economic effects of unions and collective bargaining.

High unionization rates, it reports, lead to more equal distribution of income, reduction of poverty, decreased wage discrimination against women and minorities, and improved economic performance.

Economies work best when the benefits of productivity are widely shared.

The author of the report, concludes that core labor standards must be the concern of the entire international community, not just individual governments.

And yet, at the country level, the technocrats still continue to advise that collective bargaining and unionization are impediments to “flexible labor markets.”

A stark contrast exists between the analysis and the action.

Or consider the position of free trade advocates who scorn enforcing core labor standards in trade accords.

All pay tribute to the ILO as the proper forum.

The current US administration echoed the sentiment, but introduced a budget that tried to eliminate support for international labor rights through the ILO.

The gulf between what we know - should be done - and - what we do - is telling.

We need to move beyond the paralysis and into action.

This will require international cooperation and coordination.

Our first priority must be coordinated, sustained and bold efforts by Japan, Europe and the US to get the global economy going.

Even if the US were to return to a more normal rate of growth, it cannot no longer be the sole engine of global expansion.

To restore confidence, reforms must go forward on corporate governance and accountability.

The US experience serves not as a model, but as a caution for bolstering the laws and institutions that hold corporations accountable not only to their shareholders, but to their stakeholders and the global community.

While global growth is essential, it alone is not sufficient.

The repeated commitment to address poverty and desperation in the global South must finally be turned to action, both as a matter of basic decency and of global security.

With private capital flows slowed to a trickle, it is vital that the developed countries fulfill the pledge to devote seven-tenths of one percent of their national income to develop aid.

It is time to stop promising and to start delivering real and significant debt relief.

And finally, we need coordinated efforts to build a more just and sustainable global trading regime.

Across the globe, negotiations are stalled amid rising popular and governmental opposition.

Progress on trade and investment agreements can take place if – and only if – the negotiations lead to a more just and sustainable global economy.

Enforcing the rights of workers to organize and bargain collectively is central to the effort to challenge a corporate defined global regime that continues to leave most of the world's people behind.

One thing should be perfectly clear.

The current course cannot be sustained.

The cascading catastrophes have crushed its credibility and sapped its vitality.

During the civil rights struggle for economic and political justice in my own country, Dr. Martin Luther King spoke passionately for action.

“We are confronted with the fierce urgency of now” he said,

“ In this unfolding conundrum of life and history there is such a thing as being too late.”

Tomorrow is today.

We must come together - and - we must act together - now.