

DR. BRONFENBRENNER: Commissioner Becker, Commission members, thank you for this opportunity to present my findings on the impact of U.S. trade policy on union organizing, collective bargaining and wage stagnation.

I'm the Director of Labor Education Research at Cornell University's School of Industrial and Labor Relations. Starting in 1988 and continuing to the present, I've conducted a series of studies specifically designed to gain greater insights into factors contributing to union success or failure in organizing and collective bargaining.

My recent study, "The Effects of Plant Closing or Threat of Plant Closing on the Right of Workers to Organize," upon which my testimony is based, was commissioned by the Labor Secretary of the North American Commission for Labor Cooperation in September 1996. The study came as an outgrowth of the charges filed under the NAFTA labor side agreements relating to the shutdown of Sprint's Hispanic marketing division, La Conexion Familiar.

As you heard in earlier testimony, there's been a great deal of discussion and debate about the impact of trade policies on job loss and plant closings. But trade agreements and trade deficits have a much broader ripple effect on workers and communities

than simply lost jobs and closed plants. Yes, many Americans are doing better economically than in the recent past and consuming more goods than ever before.

Yet, in the context of corporate mergers, leveraged buyouts, contracting out, and capital flight, there remains a great sense of economic insecurity among American workers today. In the shadow of the economic boom, it is this economic insecurity that has been the driving force between the decline in real wages among hourly workers.

Federal Reserve Chair Alan Greenspan explained in his testimony before the Senate Banking Committee in February 1997, our, "sustainable economic expansion," is thanks to, "atypical restraint on the compensation increases which appears to be mainly the consequence of greater worker insecurity."

What our research found is that free-trade policies have been one of the critical factors fueling this economic insecurity among American workers. Under the cover of NAFTA and other trade agreements, employers use the threat of plant closure and capital flight at the bargaining table, in organizing drives, and in wage negotiations with individual workers. What they say to workers, either directly or indirectly, is if you ask for too much or don't give concessions or try to organize strike or fight for good jobs with good

benefits, we'll close, we'll move across the border just like other plants have done before.

Our research shows that in NLRB certification elections, more than 50 percent of employers made threats to close all or part of the plant during the organizing drive. This is nearly double the 29 percent of employers who made plant closing threats during NLRB campaigns in the late 1980's before NAFTA came into effect. The threat rate is significantly higher, 62 percent, in more mobile industries, such as manufacturing, transportation, warehouse and distribution, where employers can credibly threaten to shut down or move their operations in response to union activity. The win rate in these more mobile industries is only 23 percent in campaigns where employers made plant closing threats compared to a 40 percent win rate overall.

We also found the majority of these threats are a direct component of the employer anti-union campaign and do not result from the company's deteriorating financial condition. Plant closing threats were no less likely to occur in companies in strong financial shape compared to those in poor financial condition. Instead, threats of plant closings tended to occur in the context of other aggressive anti-union behavior, including a combination of threats, interrogation, surveillance, discharges, bribes and

promises. Win rates were as much as ten percent lower in units where plant closing threats were combined with other anti-union tactics.

Given that direct unambiguous threats to close the plant in response to union organizing are clearly in violation of the law, most of the employers chose to make their threats indirectly and verbally. Yet, still 19 percent of election campaigns included unambiguous written threats. These range from attaching shipping labels with Mexican address to equipment throughout the plant, to posting maps of North America with an arrow pointing from the current plant site to Mexico, to a letter stating directly that the company will have to shut down if the union wins the election. In some cases, the plant manager or company official stated clearly in captive audience meetings that if employees voted in favor of union representation, they would lose their jobs.

More than ten percent of the organizers we interviewed reported that the employer directly threatened to move to Mexico if the workers were organized. The most blatant example of this involved the UAW campaign at ITT Automotive in Michigan in March 1995, where overnight, management removed an entire production line, wrapped it in shrink-wrap, set the

equipment on 13 flatbed trucks in front of the plant with hot-pink signs that said, "Mexico Transfer Job."

The use of plant closing threats did not stop after the election was won. Eighteen percent of employers threatened to close the plant rather than bargain during the first contract with the union, and 12 percent of employers followed through on threats made during the organizing campaign and actually shut down all or part of the plant before a contract was reached. Another four percent of employers closed down the plant before a second agreement was reached. This 15 percent shutdown rate within two years of certification victory is triple the rate found by researchers who examined post-election plant closing rates in the late 1980's before NAFTA went into effect.

This research did not include the many organizing campaigns that never even got to the point where a petition is filed because of the chilling effect of aggressive employer opposition. Thus, we do not know how many employers effectively used plant closing threats to stop a fledgling organizing drive before it got off the ground. Nor do we know the chilling effect that plant closings during organizing campaigns have on other workers contemplating bringing a union into their own workplace. Without further research, we do not know how many employers use plant-

closing threats to hold down union wage and benefit demands at every stage of the collective bargaining process.

We learned from our research that one of the most effective component of employer threats were the photos, newspaper clippings, and video footage of plants that shut down in the aftermath of the union campaign. Thus, the impact of plant closings and threats to plant closings during organizing campaigns and bargaining campaigns goes well beyond the individual workers in the unit being organized. We also know that the widespread media coverage of plants and jobs lost to NAFTA have reinforced this climate of fear and insecurity, making both organizing and bargaining an increasingly frightening and difficult experience for American workers.

The ripple effect of public anxiety over job loss and the effects of NAFTA goes far beyond the relatively small number of companies that shut down plants and move operations to Mexico and other countries. Thanks to a combination of employer threats of plant closings, actual plant closings, and media coverage, a climate of insecurity has been fostered which affects every worker, union or non-union, in every industry.

Employers do not grant wage increases simply because their companies are doing well economically. On the contrary, employers grant raises because their employees make demands and have the power in the workplace and the community to enforce these demands. If workers and unions are too afraid to hold out for raises or if workers are too afraid to organize in unions, then gains become increasingly difficult.

As you have heard today, trade agreements and the resultant trade imbalances force down wages, threaten the environment and public safety, and interfere with the freedom of association and the legal right to organize. We are doing a disservice to all our citizens if we do not fight for trade policies that protect both labor and environmental rights and take bold action to quickly and effectively reduce our nation's burgeoning trade deficit. Otherwise, the benefits of our economic success will accrue to fewer and fewer of our citizens, while the economic and social environmental costs to American workers, their families, and their communities will only expand and escalate.

Thank you.

COMMISSIONER BECKER: Thank you.

Sabina Deitrick.