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**International Worker Rights, U.S. Foreign Policy and the International
Economy**

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and the Subcommittee on International Organizations, Human Rights and Oversight
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Introduction

Labor sector issues are of integral importance to achieving progress in major foreign policy objectives, including respect for the rule of law and human rights, promotion of democracy, and economic growth and prosperity. For more than 50 years, the U.S. Agency for International Development (USAID) has supported international labor programs which seek to promote core international labor standards, including freedom of association and collective bargaining. Our efforts have yielded considerable results that stretch across a wide spectrum of development areas, including democracy and governance, but also economic growth, health, gender, and the environment.

Since 2007, our Global Labor Analytic Initiative has performed cutting-edge research to establish the technical foundation of labor programming and development practitioner tools necessary to plan and evaluate results from labor sector investments. This cross-disciplinary framework views the labor sector - that is, the legal foundation, government institutions, labor organizations, and labor markets - as a multidimensional system that requires multiple and integrated interventions. With the world's economy in a downturn, this interconnectedness allows USAID to promote the voice of workers in democratic processes and economic growth as more important than ever.

The Importance of Labor and International Worker Rights

USAID's research reveals that the worksite is an ideal place to encourage individual responsibility, strategic thinking, and equitable social policies. This includes, but is not limited to, forming unions, increasing the visibility and power of women in the workplace, disseminating information on important health issues, preventing trafficking in persons, and fostering democratic values and behaviors. Yet the importance of investing in decent work for people in impoverished nations goes well beyond issues of paychecks or a company's bottom line. A person's work forms a microcosm of the economy as a whole, and to the extent that workers are allowed to voice their opinions, freely associate with whom they choose, and feel safe and secure in their financial and physical well being, they will reflect those benefits onto society as a whole. Addressing these issues also builds human capacity in crucial areas such as negotiation and leadership

accountability, which in turn can contribute to the peaceful resolution of differences and disputes in labor and industrial relations provide critical incentives for more transparent governance.

The Role of the Labor Sector in Development

Labor rights organizations are integral to many development and diplomacy objectives. Through their funding, we can build the capacity of free and independent labor unions around the globe to advocate effectively on behalf of their members for their rights and decent conditions at work, especially those core labor standards which have been recognized by many international bodies. Labor programming also allows for the strengthening of crucial institutions, both governmental and extra-governmental, that administer programs in support of the labor sector. These efforts can, in turn, promote economic growth with an enabling environment that encourages job formation, strengthens industrial relations between employers and workers, and addresses the needs of the workforce alongside the needs of employers.

From a development perspective, failure to address the labor sector in assistance programming increases a country's vulnerability to pressures of workplace unrest and unemployed and disaffected youth. A country's long-term competitiveness can also be weakened through failure to respect labor standards, an inability to address workforce development needs, and an unsustainable reliance on social welfare programs. These factors, in turn, may discourage both domestic and international investment, which may exacerbate a downward economic spiral, reducing aid effectiveness in a wide variety of sectors.

USAID's Current Global Labor Strengthening Program

USAID's efforts to increase democracy in the work place have been largely implemented by our partner, the Solidarity Center. Together, we have focused primarily-though not exclusively-on promoting core international labor standards, encouraging freedom of association and collective bargaining, and strengthening the capacity of democratic labor unions to represent workers' interests and concerns both in the workplace and in public policy.

Under a current grant with the Solidarity Center, which was awarded in 2002, USAID's Office of Democracy and Governance provides \$7.25 million annually in support to Solidarity Center programs in 20 countries, including: Bangladesh, Brazil, Bolivia, Dominican Republic, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Indonesia, Kenya, Mexico, Nicaragua, Nigeria, Paraguay, Peru, Philippines, South Africa, Sri Lanka, and Thailand. These programs worked to:

- Strengthen the observance of internationally recognized labor standards and promoting effective enforcement once adopted;
- Support the development and strengthening of free and independent labor unions and other labor-related organizations in their efforts to support and enhance democratization, equitable economic development and a democratic political culture through encouraging effective citizen participation (especially among marginalized populations and vulnerable groups);
- Develop and strengthen national and local union leadership and programmatic capacity, with particular emphasis on providing leadership opportunities for women; and
- Improve and enhance the institutional and financial capacity of labor unions and labor civil society organizations and help them develop means of financial support, both internal and external, that will result in the reduction and eventual elimination of the need for donor funding.

Support for labor-enabling environments also includes emphasis on rule of law, human rights; freedom of association to form worker and employer organizations; promotion of competitive and well-regulated market systems; and support from government institutions.

More recently, we have undertaken a systematic review of our labor programming in the form of a Global Labor Analytical Initiative (GLAI). The findings of these reports establish the technical foundation and development practitioner tools necessary to demonstrate that investments in the labor sector produce tangible results. Initiated in mid-2007, the GLA establishes a cross-sectoral and cross-disciplinary framework for understanding the labor sector and its contributions to U.S. foreign assistance goals, including promotion of civic participation, broad based economic growth, and political accountability (as well as many other mentioned at the end of this testimony). These findings have been shared with the Department of Labor

(DOL) and the State Department's Bureau for Democracy, Human Rights, and Labor (State/DRL), as well as other stakeholders.

Analytical Findings: The Labor Sector in Development

Under our Global Labor Assessment initiative, USAID has found that a strong and sustainable labor sector which promotes core labor rights and standards, enforces workers' rights and ability to organize, strengthens the rule of law and provides access to justice for society's most vulnerable, contributes to broad-based economic growth, and promotes decent work and access to employment and livelihood opportunities for all requires:

- An established legal foundation that promotes labor rights;
- Worker and employer organizations that bargain collectively on wages and working conditions at the firm or industry level, and advocate for their interests in labor matters, and all types of nongovernmental organizations that provide services and engage in advocacy efforts in the labor sector;
- A competitive and well-regulated labor market that allows for the smooth allocation of appropriately educated and skilled labor in response to the private sector's needs in agriculture, industry, and service sectors of an economy; and
- Support from government institutions (including executive, legislative, and judicial) for a progressively improving set of labor laws and policies, their implementation and continuous improvement, and effective systems of adjudication and dispute resolution.

Best Practices in Programming

From our research, a clearer picture has emerged of the work that needs to be done to ensure that our scarce resources are employed for maximum impact. Whether dealing with the miners of South Africa, the factory workers of Latin America, or the health workers of Eastern Europe, we have found that labor sector programming is most effective when, first and foremost, strategic objectives are country-specific. Also, it is crucial that programs integrate activities in new and innovative ways that respond to emerging global issues. In Bangladesh, for instance, the sudden lift of a ban on labor unions allowed for 8 new factories to become unionized last year, and some 10,000 workers were trained on conducting worker rights campaigns. Moreover, despite wide-spread outbreaks of violence around the country, there were no incidents reported at the newly unionized factories.

The labor sector must also be ready to adapt and to change, while engaging in activities that ensure long-term prosperity for individuals. In Mexico, where corporatist unions have a large foothold in the economy, independent unions have had trouble making headway with companies eager to maintain the status quo. Workers, meanwhile, are often fired by their employer, including at the request of a corporatist union, for attempting to assert their rights, and have limited recourse in the event of unfair labor practices. For all these reasons, Mexican workers have been slow to trust labor rights actors as they push for greater democracy in the work place. To overcome these structural disadvantages, some partners have begun public pressure campaigns to encourage companies to voluntarily increase their tax rate, so as to provide much needed amenities to townspeople, including running water, better schools, and stronger infrastructure. Having succeeded in this regard, our partners have used this good will to push for stronger democratic reforms at the workplace, and in this way it is hoped that truly independent, worker-based unions will soon be able to thrive.

Third, conceptualizing the labor sector using a systemic approach offers new advantages that can render labor sector programming more nuanced and able to contribute to a broader set of objectives than has been the case in the past. Time and again we see that the workplace can be an ideal setting for a wide variety of programming interventions. Whether combating trafficking in persons where such practices are common, dispersing health advice in areas of concentrated disease outbreaks, or simply encouraging civic participation in countries not accustomed to democracy, labor needs to be considered in a cross-sectoral way to maximize impact.

Fourth, it is also important to consider how the various labor sector components are mutually reinforcing and interdependent. For example, the effective functioning of the legal enabling environment requires strong and transparent government institutions, labor sector organizations need to have enough capacity to feed evidence-based analysis and demands into the system, and markets have to function well enough that most people have work of one sort or another which the legal framework can regulate and adjudicate.

Finally, good labor laws must be accompanied by good workplace inspection systems to ensure that the laws are upheld on the job. To this end, programs may be designed to improve the labor ministry's organizational capacity for inspection, train inspectors, and improve the transparency of labor inspection activities. In some instances, programs may be developed around alternative or parallel "independent monitoring" systems that provide trained, certified, third-party monitors who carry out similar functions and report their compliance findings to interested stakeholders.

Labor As A Cross-Sectoral Development Objective

The positive contribution to the functioning of a community by labor sector programming goes well beyond the workers who it affects most directly. Investments in global labor strengthening can also have positive effects in many sectors, including:

Freedom of Association: Freedom of association serves as a foundation for all other labor rights because it means that workers have the right and the authority to join together to decide for themselves what their interests are and how to defend them.

Rule of Law: Labor sector organizations educate workers on rule of law issues, advocate for changes in laws and practices consistent with the fundamental principles of labor rights, represent their members' interests in bargaining, and promote improvements in democracy, governance, and economy policy that often serve public interest. They may also play key roles in representing or assisting workers in defending their "individual" rights as, in many cases, workers have neither the resources nor the knowledge of the legal processes and their rights to protect themselves.

Political Processes: In the process of organizing for collective bargaining, worker organizations must bring together, forge consensus and mobilize action among individuals and groups differing in race, religion, ethnicity, national origin, and other characteristics. Their efforts to promote broad based economic growth often link well with efforts to promote political justice in the electoral realm.

Civil Society: The labor sector is a key arena in which to build the culture of compromise that is a key to the functioning of democratic institutions, the formation of interest-based party systems, the sustainable and demand-driven development of an accountable justice system, and a strong and sustainable civil society. Worker organizations are a special subset of civil society organizations because, when properly understood, worker organizations can be engaged in ways to promote democracy-building, good governance, and economic growth as well as other labor sector issues

Governance: Worker organizations, employer organizations and nongovernmental organizations may find common ground in promoting good governance. They often have acted on their common interests in promoting predictable rights- and rules-based systems. For example, there is a role for labor to play in anti-corruption efforts. Workers in the public sector are often losers in corruption: Public funding may be diverted from teacher salaries and school books to a minister's offshore account, or from supporting law enforcement training to pay a drug cartel. Public sector unions have strong institutional reasons for fighting corruption.

Economic Growth: A properly functioning labor sector is important to the development of a liberal democracy and favorable to market-driven economic growth. Economic growth strategies that are truly broad-based must directly incorporate labor considerations in order to ensure that workers can access the education and skills, assets, rights, mobility, and livelihood and employment opportunities they need in order to benefit from the new opportunities that economic growth should stimulate. The promotion of decent wages helps to distribute the gains from trade, expand domestic demand, increase domestic savings and investment, and reduce poverty (Polaski 2003). Some studies have also shown that more equal income distribution is, in and of itself, strongly correlated with improved economic performance (Alesina and Rodrik 1994) which can also promote political and economic stability (Palley 1999).

HIV/AIDS: Because HIV/AIDS is a common concern for employers, workers, and government, it presents an opportunity for promoting tripartite cooperation. Labor sector organizations address health issues, particularly HIV/AIDS, where transmission and infections may occur at work, for example, in hospitals and clinics. The labor sector dimension in health programming includes the protection of rights, especially the labor rights of vulnerable groups.

Trafficking In Persons and Forced Labor: The International Labor Organization estimates there are 12.3 million people in forced labor, bonded labor, forced child labor, and sexual servitude at any given time. The 2008 U.S. State Department's Trafficking in Persons Report notes that approximately 800,000 people are

trafficked across international borders each year. About 80 percent of these are women and girls, and up to 50 percent are minors. Trafficking and other criminal or exploitative activities are most likely to occur when people are desperate for work and willing to undertake great risk or pay sums of money to find employment. Unions and labor programming can play an important role in preventing trafficking in persons.

Conflict States: Labor sector issues directly affect the potential for conflict in two principal ways. First, labor unrest can occur and can affect relations between specific groups of workers, government, and often business. Secondly, as states gradually shift the onus for the provision of public goods to the labor market at the same time that the need for international competitiveness has a downward push on compensation, there is a greater likelihood that workers will contribute to broader manifestations of political unrest as citizens are challenged to take care of their basic needs. In the face of such instability, people need to resume earning a living either at home or in a new place of residence, or they will either starve or remain dependent on humanitarian assistance.

In closing, I will restate the importance that USAID places on labor rights and the labor sector as a cross-cutting development issue. USAID's goal is a strong and sustainable labor sector that promotes core labor rights and standards, enforces workers' rights and ability to organize, provides access to justice for society's most vulnerable, contributes to broad-based economic growth, and promotes decent work and livelihood opportunities for all.