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THE WHITE HOUSE
WASHINGTON

February 13, 1998

File
- Summit
- Labor

MEMORANDUM FOR DISTRIBUTION LIST

FROM: Gay Joshlyn, National Economic Council

SUBJECT: Labor in the Santiago Process

Lael Brainard will chair a meeting to discuss labor in the Santiago process on Tuesday, February 17 at 8:00 am in OEOB Room 239. I have enclosed an agenda for the meeting. Please give me a call at 456-2801 if you need to be cleared into the building or if you have any questions.

Distribution

Andrew Samet, DOL
Mark Schnyder, AID
Peter Allgeier, USTR
Karl Hoffman, NSC
Gare Smith, DOS
Dan Lesmez, WHO

Labor in the Santiago Process Agenda

1. Labor Commitments in Declaration of Principles and Plan of Action
2. Child Labor
3. OAS/IDB Support for Labor Ministries
4. Americas Labor Ministerial -- Timing & Agenda
5. Labor in Trade Agenda



EXECUTIVE DIRECTOR
United States

INTER-AMERICAN DEVELOPMENT BANK
Washington, D.C. 20577

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- Summary
Labor

- ① Nelson
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- ④ Dick

FACSIMILE

(2 pages)

TO: Mack McLarty, Special Counselor to the President

FAX: 456-2215

FROM: L. Ronald Scheman

TEL: 202/623-1031

FAX: 202/623-3612

Subject: The labor issue and the FTAA

The attached note to Secretary Herman will be of interest to you.

Mack, I would like to make a strong suggestion that we do some brainstorming on the labor issue. I believe we have been taking too negative a tack, emphasizing the substandard labor conditions in L.A. Instead, we should play it positively, emphasizing a forward looking approach to raise working conditions, wages, etc. for the well-being of everyone, for building a larger consumer base that will drive domestic production, create more wealth, etc. This type of approach would be the core of a natural alliance with Latin America's left which articulates a similar goal. In positive terms, we could develop some strong arguments that even business may buy.

I believe Secretary Herman is a natural leader for this type of approach.

Mack Have a very happy
holiday - our best to
Donna - R

Banco Interamericano de Desarrollo
Banco Interamericano de Desenvolvimento



Inter-American Development Bank
Banque interaméricaine de développement

Washington, D.C. 20577
CABLE: INTAMBANC

December 19, 1997

The Honorable
Alexis Herman
Secretary
U.S. Department of Labor
Washington, D.C.

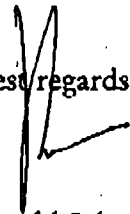
Dear Madam Secretary:

I wanted to inform you that the Bank is currently considering a grant of \$6 million to the labor ministers of Central America. We are looking at providing resources for more detailed studies of the labor market to generate the basis to harmonize labor standards including systems of inspection, procedures for the resolution of conflict, and for the development of minimum safety and health standards.

This is a direct result of your important effort to bring together the labor ministers in conjunction with the Bank in early November.

Thanks to you, it looks like we are well on our way to making substantial progress in this area.

Best regards,


L. Ronald Scheman

cc: Mack McLarty, Special Counselor
Amb. Jeff Davidow, Assistant Secretary
Andrew Sammet, Deputy Secretary
Bill Schuerch, DAS
Mark Schneider, Asst. Administrator

After 4 Years of Nafta, Labor Is Forging Cross-Border Ties

By SAM DILLON

MEXICO CITY, Dec. 19 — Benedicto Martinez Orozco, a veteran labor organizer, rushed to Tijuana this week to celebrate a landmark victory: the replacement of a Government-backed union by the first independent local in any of Mexico's thousands of border assembly plants.

But Mr. Martinez arrived late for the celebration. On Tuesday, the day the new Tijuana local won recognition with the help of trade unionists in the United States who persuaded President Clinton to raise the issue with President Ernesto Zedillo, he was in Connecticut on another cooperative project.

He and his labor colleagues north of the border protested at a stockholders meeting of an auto parts company embroiled in a Mexican labor dispute.

Mr. Martinez's whirlwind week as a transcontinental labor activist underlined the new cooperation emerging among unions from Mexico, the United States and Canada.

The effort is beginning to give Mexican workers important new leverage in a world of globalized production.

Four years after the North American Free Trade Agreement opened borders for freer movement of capital, reshaping the continent's industrial landscape, labor is belatedly forging its own cross-border alliances. And the new ties are changing the way unions on both sides of the border defend their interests.

Union leaders in the United States have been passionate opponents of Nafta and have watched with alarm as businesses moved factories south. But now many have decided to join forces with their Mexican counterparts to strengthen independent unions in Mexico.

The move is part of a broader shift in American labor tactics, which have recently brought new victories in strikes and organizing drives at

Continued on Page A7

Continued From Page 1

home. "We're finding that there's a new vision among trade unionists in the United States," said Mr. Martinez, who has been organizing Mexican workers for nearly four decades. "They're showing more interest in understanding what we're up against in Mexico: the control, the manipulation, the gangster tactics. And we're learning about the problems they face, the firings, the factory shut-downs."

Peter H. Smith, a Latin American studies professor in San Diego, said the trade agreement had made clear not only to labor bureaucrats but to grass-roots unionists all across the continent how working together to improve wages and conditions in Mexico also would benefit workers north of the border by reducing the incentive for corporations to move factories south.

"United States labor has a stake in helping Mexican unions because it leads to protection of their own self-interest," Mr. Smith said. "So now real workers and real union members are beginning to demonstrate and take sides on issues affecting Mexican workers within Mexico. And that is very new."

For decades, Mexico has had an authoritarian labor system in which most unionized workplaces have been controlled by a handful of labor federations tied to the governing Institutional Revolutionary Party, or PRI. Labor experts say the system has served mainly to turn out votes for the PRI on election day and to keep labor cheap.

One common practice has been for employers to sign collective bargaining agreements known as "protection contracts" with PRI-backed union leaders, bypassing entirely the rank and file, who in many cases are not even allowed to see the contract.

The labor boss who controlled the system for five decades, Fidel Velázquez, died in June at age 97. When faced with overtures for cooperation during his long rule, Mr. Velázquez, a nationalist, preferred to keep United States labor at arm's length.

Leonardo Rodriguez Alcaine, Mr. Velázquez's successor as secretary general of the Confederation of Mexican Workers, shares his predecessor's views. He was asked his opinion of the support given by United States unionists to the Tijuana organizing drive, whose target was Han Young, a Korean-owned company that supplies chassis for Hyundai trucks.

"With all due respect, I think that my U.S. labor comrades are mistaken in involving themselves in an affair that doesn't involve their homes, their jobs or their factory," Mr. Rodriguez said.

But the virtual monopoly exerted over Mexican labor by his confederation is eroding, along with the power of the PRI itself. Last month, several major Mexican unions joined forces in a new central labor group that is

already a powerful political rival to the confederation, and the new group has encouraged cross-border labor cooperation.

The possibilities became dramatically clear at the Han Young plant in Tijuana, where about six months ago skilled welders began seeking to oust the PRI-controlled union.

They got help from Mr. Martinez, a coordinator of the new, politically independent group, the Authentic Labor Front, as well as from American unionists and sympathizers.

The Han Young workers in October voted 2 to 1 to decertify the PRI-controlled union and affiliate themselves with Mr. Martinez's Authentic Front, but the Government refused to validate the election.

The Support Committee mounted a United States boycott of Hyundai vehicles, and several American unions contacted Congressional Democrats for support.

When the Clinton Administration was seeking legislative support for fast-track authority for new trade negotiations, Representative David Bonior of Michigan discussed the Han Young case with Vice President Al Gore. Mr. Gore and President Clinton raised the Han Young issue with Mr. Zedillo during his Washington visit last month. Mr. Zedillo's Labor Ministry sent a representative to Tijuana to help mediate, and after workers chose the Authentic Front again in a second election at the plant this week, the Government certified the results.

A union election is also at the heart of another dispute bringing together North American unions. Some workers at the Itapasa brake shoe plant outside Mexico City have been campaigning to decertify the governing party's confederation and affiliate themselves with the Authentic Front, the independent union. Itapasa is a subsidiary of Echlin Inc., based in Branford, Conn.

The night before a Sept. 9 representation vote at the plant, Echlin allowed scores of non-workers into the factory. The Authentic Front says they were thugs armed with steel pipes who slapped workers, warning them against voting against the old union, which won the election by a wide margin.

In a statement this week, Echlin acknowledged that it had allowed 40 confederation "associates" into the plant, but denied that they had been armed and defended the vote as fair.

The United Electrical Workers, Teamsters, Steel Workers and four other United States and Canadian unions have joined with the Authentic Front in an alliance to support the workers at the brake shoe plant.

This week the alliance presented a complaint to the United States Labor Department, calling the Sept. 9 vote unfair. And a delegation including Mr. Martinez protested at Echlin's stockholders meeting on Tuesday.

Labor experts called the Echlin alliance the first joint effort by workers for the same corporation in all three countries of North America.

REMEMBER THE NEEDIEST!

The New York Times

SATURDAY, DECEMBER 20, 1997

W. Nelson

File Labor

File

- Summit

- Labor

McLarty

*W 12/5/11
@ 10:00
D.C.
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32*

Karen Tramontano Memo on Labor Dinner -- Karen and John Podesta held a working dinner with labor and Administration officials before the holidays: John Sweeney (AFL-CIO), Jay Mazur (UNITE), George Becker (Steelworkers), Bob Georgine (Bldg/Construction Trades), Andy Stern (Service Employees), Doug Dority (Food/Commercial Workers), Sandy Feldman (Teachers), Sec. Herman, Sec. Daley, Kitty Higgins, Frank Raines and Gene Sperling attended; the VP dropped by at the start; had 3 1/2-hour discussion on issues like why organized work force has been declining despite 10% income premium enjoyed by union workers; group agreed on importance of organizing; need for wages to reflect productivity gains; benefits to workers of organizing; possibility of greater union support for issues like climate change and fast track in a society where more workers were organized; Karen attaches background info.



FAX COVER SHEET

Date: 1/12/98

To: Nelson Cunningham

Fax Number: 456-2464

Addressee's Phone Number: _____

From: Andrew Samet

Fax Number: (202) 219-5980

Sender's Phone Number: 219-6043

Number of Pages including this cover sheet: _____

If there is any problems receiving this fax please call (202) 219-6043

Remarks : _____

Working for America's Workforce

① Helms Dan - Please
re-view and
② Eric
done
give command
to Nelson.
AC
① Summit
- Labor



U.S. Department of Labor

Deputy Under Secretary for
International Affairs
Washington, D.C. 20210



January 12, 1998

MEMORANDUM FOR AMBASSADOR DAVIDOW

FROM: Andrew J. Samet
Acting Deputy Under Secretary,
International Affairs

SUBJECT: Comments on Chilean Draft of the Santiago Declaration of Principles

Attached are the Department of Labor's comments and suggestions regarding the Chilean Draft Santiago Declaration of Principles.

The main deficiency in the Chilean draft document is that fails to provide any room for dealing with labor issues in the hemispheric integration process. We believe that it is imperative that the Leaders' Declaration emerging from the Santiago Summit be unambiguous in its recognition of the importance of labor issues and establish a clear process for addressing them if the Free Trade Area of the Americas (FTAA) is to be successful. In this regard, we have drafted text (Attachment 1) that could be placed between paragraphs 21 and 22 of the draft Chilean Declaration. Our proposed text would: 1) establish that labor issues are part of the hemispheric integration process; 2) state that Ministries of Labor need to be strengthened to contribute to hemispheric integration; 3) establish a process whereby Ministers of Labor will create a framework to deal with labor issues complementing the FTAA; and 4) call on the OAS, IDB, other regional organizations and the ILO to support the work of Ministries of Labor in pursuit of the integration process. These international organizations are likely to be receptive to a request for assistance to the Ministries of Labor.

In addition to the insertion in Attachment 1, we believe that the Draft Declaration would also be enhanced by making small changes to the first paragraph and inserting language throughout the document that foreshadow some of the labor issues likely to be addressed in the Action Plan under the Democracy, Education and Poverty baskets. These suggestions are given in Attachment 2.

Please, let me know if you have any questions regarding our suggestions.

Attachments

cc Amb. Richard Brown
Bryan Samuel
Nelson Cunningham
Karl Hoffman
Peter Allgeier

DRAFT

Attachment 1

Department of Labor's Comments on
Chilean Draft of the Santiago Declaration of Principles

Add the following between paras. 21 and 22:

Labor

A strong and viable labor sector is vital to the achievement of hemispheric integration and to the equitable distribution of its benefits. Consistent with the Declaration of Buenos Aires of the Tenth Inter-American Conference of Ministers of Labor, held in October 1995 under the auspices of the Organization of American States, we are committed to policies that will foster a healthy, educated, productive and secure workforce, which shares in the benefits of economic growth.

Labor Ministries can and should make a positive contribution to the hemispheric integration process. We recognize the need to strengthen the capacity of Ministries of Labor to more fully support the hemispheric integration process. We direct our Ministries of Labor to work together to exchange information and experiences regarding best practices and to enhance cooperation on innovative labor market policies.

We also recognize the need to establish a framework that addresses the labor dimension of hemispheric integration, complementing the Free Trade Area of the Americas. We direct our Ministers of Labor to meet before the end of 1998 to begin the construction of such a framework and to report to us at the III Summit of the Americas on progress made.

We call on the Organization of American States, the Inter-American Development Bank, other appropriate regional and sub-regional organizations and the International Labor Organization to support the efforts of Ministries of Labor to further the hemispheric integration process.

January 12, 1998

DRAFT

Attachment 2

Department of Labor's Comments on
Chilean Draft of the Santiago Declaration of Principles

1. Amend the first paragraph of the Declaration as follows (addition in bold):

We, the democratically elected Chiefs of State and Governments of the countries of the Americas, meeting in Santiago, Chile, within the framework of the II Summit of the Americas and with the purpose of examining the current situation in the region, of evaluating the hemispheric cooperation and integration process and adopting measures required to give a renewed momentum to this joint effort, so as to better use the capacities of our countries, to contribute to resolve the severe problems still afflicting an important segment of our people, respond to the concerns and demands of our citizens, **raise standards of living, improve the working conditions of people in the Americas and better protect the environment.**

2. Make the following additions to the document to foreshadow labor matters in the Action Plan.

- In the "Democracy and Human Rights" section, amend the second sentence of para 3 to highlight modernization of the state and of ministries of labor.

By modernizing government structures so that they are increasingly more agile and responsive to the needs of our citizens and strengthening judicial systems, we will ensure that important principles of respect for human beings and the full development of their capacities attain the effectiveness they deserve.

- Also in the "Democracy and Human Rights" section, add the following paragraph after para 4:

We reaffirm our commitment to human rights, as stipulated in the Universal Declaration, and to international and interamerican human rights instruments, to which we are parties, respectively. In particular, we recognize the importance of economic, social and cultural rights, and within these we underscore the basic rights of workers, and reaffirm our commitment to ensure compliance with the Constitution and Conventions of the International Labor Organization, as respectively ratified by our governments. [This language was agreed to in the San Jose Declaration of the Leaders.]

- In the "Globalization" section, modify the second sentence of para 10 as follows:

Similarly, we reaffirm that only by means of interdependence founded on the sovereign

equality of States and on common principles and values permitting economic growth based on practices of free trade; on respect for the rights of workers; on a healthy environment; and on policies that ensure that the benefits of economic growth are widely distributed, shall we strengthen the peace and sustained progress in which the Hemisphere lives.

- In the "Education" section, modify the second sentence of para 17 as follows:

These plans should contemplate the development of worker training programs that respond to the needs of the labor market so that the broadest number of workers and employers will have the opportunity to benefit from economic growth.

- In the "Poverty, Social Equity and Preventing Discrimination" section, modify the third sentence of para 20 as follows:

The region as a whole must make an additional effort to finally overcome this situation in the next years, creating the conditions that will generate quality jobs and respect for the rights of workers, and thus achieve the required equilibrium that will permit not only better and more fair living and development conditions for our peoples, but also to reinforce the legitimacy and efficiency of the system. We recognize the positive contributions of an enhanced dialogue between workers and business people and in that regard, encourage greater labor-management cooperation and the adoption of innovative systems of labor-management relations.

January 12, 1998

INTER-AMERICAN DEVELOPMENT BANK

MEMORANDUM

Nelson
Eric
Spivey
D✓
Descalzo

FILE CLASSIFICATION: lip.lab

DATE: January 22, 1998

TO : David Lipton, Under Secretary
Mack McLarty, Special Counselor to the President
Alexis Herman, Secretary, Department of Labor
Amb. Charlene Barshefsky, USTR
Ambassador Jeff Davidow, Assistant Secretary, State
Mark Schneider, Assistant Administrator, USAID

CC : William Schuerch, DAS
Amb. James Dobbins, Special Assistant to the President, NSC
Amb. Richard Brown, Coordinator, Summit
Amb. Victor Marrero, U.S. Representative, OAS

FROM : L. Ronald Scheerman, US EXD

SUBJECT : Labor Program for the Inter-American System

File
-summit
-Labor

Need copy

Following up on my memo of July 29, 1997, regarding a pro-active approach to labor issues in the Americas, President Iglesias invited Secretary of Labor, Alexis Herman, to meet at the Bank on January 8, 1998. The meeting addressed several matters relating to a more comprehensive effort to address labor issues including strengthening labor ministries, research on the economic impact of labor reforms and standards, assisting labor ministries to enforce labor codes, and, in general, promoting a more constructive dialogue regarding a forward-looking labor policy.

In particular, we discussed ways to:

1. Make greater use of the Multilateral Investment Fund (MIF) which, according to the basic agreement establishing the Fund, can apply its special window for human resources development to labor issues. The Bank can design a program that will assist the labor ministries to upgrade their management, enforce labor codes, and to engage labor unions and employers in improving negotiating capabilities.

2. Considering that the Latin American countries have already committed themselves to comply with many ILO standards and rules, it is appropriate to help them design a program to upgrade their domestic laws, administrative practices and enforcement procedures to comply more effectively with these labor codes. The MIF currently has several hundreds of millions of dollars available for programs under this rubric.

3. Organize a tripartite committee among the Bank, OAS and ILO to undertake research and analysis of labor issues, similar to the the tripartite committee formed by the IDB, OAS and CEPAL for trade issues. Since the labor ministries already have an existing mechanism under the OAS, the IDB would seek to collaborate with the OAS to upgrade this function.

President Iglesias also indicated his positive view that a ministers of labor meeting should be held immediately before or after the forthcoming Summit of the Americas in Santiago.