

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the William J. Clinton
Presidential Library Staff.**

Collection/Record Group: Clinton Presidential Records
Subgroup/Office of Origin: National Economic Council
Series/Staff Member: Laura D'Andrea Tyson
Subseries:

OA/ID Number: 8463
FolderID:

Folder Title:
AFL-CIO

Stack:	Row:	Section:	Shelf:	Position:
S	18	3	8	3

October 31, 1996

MEMORANDUM FOR DISTRIBUTION

FROM: Thomas P. O'Donnell

SUBJECT: Monthly NEC AFL-CIO Meeting

Attached is an agenda for today's NEC meeting with the Executive Officers of the AFL-CIO. Also attached are copies of two recent speeches by AFL-CIO President John Sweeney.

The meeting will take place at 2:00pm in Room 231 of the Old Executive Office Building.

Thank you.

NEC MEETING WITH THE AFL-CIO
Room 231 of the OEOB
Thursday, October 31, 1996

AGENDA

1. General discussion of the election. (Sweeney)
2. Economic Issues Ahead (Tarullo/Shea)

**John J. Sweeney
President, AFL-CIO
Business for Social Responsibility
New York, N.Y.
October 25, 1996**

Thank you, Arnold Hiatt, for that thoughtful introduction.

Long before anyone used the phrase "corporate responsibility," Arnold Hiatt built a company as friendly to its employees and their families as it was profitable to its owners.

I see Arnold's wisdom and decency reflected in his nephew, Jon Hiatt, who serves as general counsel of the AFL-CIO.

And I see his vision and values at work in Business for Social Responsibility. We are allies in so many fights for social justice -- from protecting civil rights to preserving the natural environment.

We have a lot in common. You represent a new spirit in the business community. And I represent a new spirit in the labor movement.

Tonight, I want to talk about what more we must do together to promote a new spirit of responsibility in all of corporate America. And I ask you to see our new, revitalized labor movement as an ally in everything that you do and dream. Because, together, we can build more successful companies for you -- and build a better America for all of us.

Just one year ago today, I was elected president of the AFL-CIO in the first contested election in its history. And we elected our youngest secretary-treasurer, our first executive officer who is a woman of color, and our most diverse executive council.

Your new business movement and our new labor movement both understand that the world is changing, and so must we. That is why we in the new labor movement recognize our responsibility to represent workers in the new economy, not reminisce about the wonders of the old economy.

That is why we are organizing at an unprecedented pace, from asbestos workers here in New York, to state government workers in Maryland, hotel workers in Nevada, and strawberry workers in California.

That is why we are improving our own education and training programs.

And that is why we are seeking a new voice in corporate decisionmaking and a new partnership with corporate America. Today's Americans earn their livings in an unforgiving global economy. And we want to help them learn new skills, work with new technologies, and improve the quality of their goods and services.

On my first anniversary as president of the AFL-CIO, let me tell you as clearly as I can:

American labor no longer takes the position that quality, productivity, and profits are not our business. They are our business. They are our jobs. And, indeed, they are our very livelihoods.

We want to increase productivity. We want to help American business compete in the world and create new wealth for your shareholders and your employees. We want to work with you to bake a larger pie which all Americans can share -- and not just argue with you about how to divide the existing pie. It is time for business and labor to see each other as natural allies, not natural enemies.

In that spirit, I am here tonight to ask you to help corporate America to change as well.

As a schoolboy in the Bronx, I read the famous poem by Robert Frost about a man who reaches a turning point in his life and takes "the road less traveled." As business people in the new economy, you see two roads stretching before you -- and I honor you for taking "the road less traveled."

There is a low road. It means competing by cutting costs and cutting corners. It means ruthlessly downsizing your workforce. It means slashing wages and benefits for those who remain. It means polluting the environment and polarizing our society between the very rich and the very poor. It means making all Americans pay for those problems -- from toxic wastes to throw-away workers. And it means looking no further than tomorrow's stock prices and the next quarter's profit statement.

Most of you are trying to take another, better road -- the high road. The road you have chosen means competing on quality, service, and delivery. It means treating the skill and commitment of your employees as an invaluable asset, and not just another cost to be cut. And it means that you respect the social fabric and the delicate balance of nature because you intend to build an enterprise that will endure and prosper for generations to come.

As you travel the high road, you must feel terribly lonely. As the leader of the labor federation representing more than 13 million working Americans, I can tell you that most corporations have decided to compete by driving down our living standards.

That is why it seems that everything is going up, except the earnings of working women and men. Yes, the stock market has reached record heights. Yes, corporate profits increased by 205 percent between 1980 and 1995. And, yes, executive salaries have soared by almost 500 percent. But family incomes have declined by almost 15%, and, even after two years of growth, have not even climbed back to 1989 levels.

Here's what that means for working Americans: They're getting up earlier in the morning. They're getting home later at night. They're working overtime and taking second jobs. But still they're living from paycheck to paycheck. They're wondering whether they have the time to raise their children right. And they're worrying about what kind of America they will pass along to them.

And that is why, to put it bluntly, corporate America is about to reap a whirlwind of rage and resentment. At the new AFL-CIO, we are conducting surveys, discussion groups, and public hearings with working Americans.

Eighty-three percent of all Americans -- union and non-union -- told us they believe that corporations care more about profits than about being fair and loyal to their employees. Listen to this retired laborer in Philadelphia:

"There is no longer the relationship that once did exist between company and employee, where there was a bond, a family type of feeling. Today, it's a 'me' feeling. What's the bottom line? What am I going to get out of it? And we become expendable. I think that situation is ugly, not only for us as workers but for us as a country."

That's how working Americans feel. So let me speak frankly among friends:

Our economy resembles a lawless jungle more than a civilized marketplace. Our labor laws don't protect workers' rights to organize and bargain for better wages and working conditions.

Our trade agreements say very little and do even less about sweatshops, child labor, prison labor, and even slave labor overseas. And our tax code actually encourages companies to ship our jobs to countries where workers have low wages and no rights.

In short, our economy encourages your competitors to take the low road. And it punishes your companies for taking the high road.

I admire everything you are doing in Business for Social Responsibility to encourage business to be more ethical. Yet we have to do more than improve business ethics, one company at a time. Voluntary virtue cannot build a just society.

Our real challenge is to raise the standards of competition, so that companies are rewarded for taking the high road and punished for taking the low road. And I ask you to join me in the fight to make new rules that set tough standards for corporate behavior.

We need more than the power of persuasion. We need the persuasion of power.

The standards of corporate behavior are much too low because corporate America has too much power, and the rest of us have too little. Unchecked corporate power distorts our entire society.

I am here to say to you that a stronger movement of working Americans can help to correct the imbalance of power between corporate America and the rest of us. And make no mistake about it: I intend to build the power of working Americans.

Our new labor movement is going to restore the power of working women in their companies, their communities, and their country. And, as we rebuild the power of working Americans, you should see our power as an asset, not an obstacle. As I said one year ago, when I accepted the presidency of the AFL-CIO: If American business is wise, labor's victories can be your victories, too.

When working people have more power on the job, we can help you tap the knowledge which only your employees possess. With that know-how, we can help you make better products and offer better services.

And, when working people have more power in our society, we can help American business bring out the best in itself. Too many business people want to take the high road but have been forced to take the low road by cut-throat competition at home and abroad. Together, we can replace the law of the jungle with the rule of reason.

So as a representative of the new labor movement, let me offer four challenges to the new business movement. These aren't easy. But they are the right thing -- and the smart thing -- for all of us to do:

First, keep doing what you're doing. And, just as we are, make a major commitment to organizing others to join with you.

Challenge the "Chain Saw" Dunlaps. At Scott Paper, he cut 11,000 jobs, and, then, he received \$100 million in pay and stock profits and other perks when he merged the company with Kimberly Clark.

Now, he's written a book, entitled "Mean Business." Tell America that "Chain Saw" is wrong. Running a company doesn't have to be "a mean business." Building a business should be a noble endeavor.

And honor the decent businesspeople. Aaron Feuerstein spoke to you yesterday. He became a national hero when his textile mill burned down -- and he rebuilt the plant and paid his workers. And he has the grace to say: "I haven't really done anything. I don't deserve credit. Corporate America has made it so that, when you behave the way I did, it's abnormal."

As respected business people, you will be heard. And, when you fail to speak out, your silence is deafening -- and destructive.

Where were the responsible business leaders during the crucial, final moments of the debate on health care reform? You cover your employees, and you pay for the costs of employees who aren't covered by your competitors. Some of you spoke out, but where were the rest of you?

And where were the responsible business leaders during the debate on the minimum wage? You pay decent wages. You're up against cut-throat competition. And you depend upon an American market that can afford your goods and services. Many of you spoke out. But where were the rest of you?

That leads to my second challenge: Respect the rights of working Americans to organize and speak for themselves.

Of every right Americans enjoy, the right to join a union is the riskiest. In just 11 days, Americans will have the right to vote as we choose. Tomorrow morning, Sunday morning, or any day, we will have the right to worship as we choose. But, every day in America, someone is fired just for signing a union card, wearing a union button, or attending a union meeting. According to Harvard Law School Professor Paul Weiler, ten thousand workers lose their jobs each year, just for trying to organize unions.

I saw this happen just a few weeks ago at a curtain factory in Everett, Massachusetts. I walked a picket line with working women, most of them immigrants, who had lost their jobs because they tried to organize.

We mobilized the entire community. And they got their jobs back. The next time there's a similar injustice, I ask you to join us in demanding justice.

Most of all, you should speak out for those it's easy to overlook. And some of them work for you.

It's easy not to notice the women and men who empty your trash and scrub your floors. Too many of these women and men work for poverty wages. Too many can't afford to take their children to the doctor. Yes, they work for cleaning contractors. But the cleaning contractors work for you.

I ask you to insist that those contractors maintain the same standards that you set in your own companies. Insist that they recognize workers' rights. Make sure they pay a living wage.

My home union, the Service Employees, says it all in three simple words -- justice for janitors. I ask you to settle for nothing less than justice for your own janitors.

If you are in the food industry, it's easy to forget the workers who harvest the crops. Americans honor the memory of Cesar Chavez. If he were with us now, he would be proud that his union, the United Farm Workers, is organizing the workers in California who harvest strawberries.

They work for 10, 11, even 12 hours a day. Their fields are treated with dangerous chemicals. The women are sexually harassed. This is wrong, and we all must put an end to it. I ask you to ask your suppliers to do right by the strawberry workers.

And, if you are in the clothing industry, it is too easy to forget the workers in the sweatshops, here in this country and throughout the world. I ask you to join the effort by the Labor Department and responsible leaders in the garment industry to insist on decent labor standards in all your suppliers. Let's make sure that sweatshops are out of fashion.

My third challenge is to form partnerships with workers and their unions.

In companies all across this country, unionized workers are proving that they can add value and improve productivity. Working people are eager to contribute their knowledge and imagination. But, first, their companies must convince them that their contributions will be used to improve their lives, not to destroy their livelihoods. And, for workers to enjoy that sense of security, their companies need to work with unions, not against them.

This is happening at Levi-Strauss. The company and the union are working together as partners. At the corporate level, union and management officials meet regularly to discuss companywide issues and set strategies for competing on the world market. In the plants, managers and workers meet regularly to plan the pace of work, award bonuses for outstanding employees, and design training programs so each employee knows how to do several jobs.

More power for workers means higher quality products for Levi-Strauss. It means increased competitiveness for Harley-Davidson, Magma Copper, and USX. And it can work for your company, too, if you treat workers and their unions with respect.

And here is my fourth and final challenge: Work with us on the national scene, as well as in the workplace.

Together, we can raise the standards of competition, so that you can take the high road with confidence.

When we raise the minimum wage, when we expand health coverage, and when we insist on labor and environmental standards in all our trade agreements, we reward companies like yours that try to do their best. And we discourage your competitors from joining the race to the bottom.

You know as well as anyone: In the race to the bottom, there are no winners. But, when we compete by raising standards of quality and decency, we all prosper.

I ask you to join with me to fight for an America with more Aaron Feuersteins and fewer "Chain Saw" Dunlaps. An America with more economic patriots and fewer corporate pirates. An America where every business is encouraged to be a business for social responsibility.

We can do it if we join together in a spirit of mutual respect. And we can build an America that honors our noblest values and our bravest dreams. That is our responsibility to our children and our children's children.

Thank you all so much for this opportunity to speak with you.

-end-

**John J. Sweeney
President, AFL-CIO
United States Council for International Business
New York, N.Y.
October 21, 1996**

Thank you, Frank Doyle, for that nice introduction. And thank you, Abe Katz, for this opportunity to speak with all of you on behalf of working Americans.

Abe, I appreciate your fine work with the International Labor Organization. We haven't always agreed, but I respect your commitment to the mission of the ILO. And I appreciate the support for the ILO by the United States Council for International Business. You understand that it is important for business, labor, and government -- in this country and throughout the world -- to meet together in a spirit of respect for each other's rights and aspirations.

Frank, you are not only a personal friend and a man of great decency and integrity. You are a representative of what is best in the business community.

You and the man with whom you have worked so closely, Jack Welch, have always understood that the issues of concern to working Americans must also be of concern to American corporations and to our entire society.

I am here tonight to talk about issues of the greatest concern to working Americans. For the past 20 years or more, most working Americans have seen their living standards decline or stagnate. This has happened for a host of reasons. But, because these 20 years have been the time when America plunged into the new global economy, there is a growing backlash against international trade and investment and against all our nation's political and economic involvements in the world.

Unless we offer working Americans hope and help -- with policies that lift living standards here at home and a serious commitment to labor standards throughout the world -- there will be consequences that none of us will welcome. That is why I hope you will hear and heed my words tonight. It will be far better for us to address these concerns now than to address their consequences later.

We meet tonight at a time of change for business, labor, government, and the entire American community.

I stand before you as President of the AFL-CIO because American labor understands that we must change. We can no longer concentrate on the narrowest definition of the short-term interests of our existing members. We must devote our energies to a larger vision of the longterm interests of all working Americans -- union and non-union. That is how we intend to grow -- by fighting for the future of working Americans.

We understand that the world and the workplace have changed, and so must we. Before they grow old, today's Americans can expect to work at several jobs and perhaps for several companies and even in several industries. Working Americans will need to learn new skills, to work with new technologies, and to seek new markets for their goods and services. And the role of our labor movement is not to reminisce about the old economy but to represent working Americans in the new economy.

That is why American labor will no longer take the position that quality, productivity, and profits are not our business. They are our business. They are our jobs. And indeed they are our very livelihoods. We intend to give voice to working people's yearnings to make better products and provide better services. We see it as our responsibility to increase productivity and help American business compete in the world economy and create new wealth for their shareholders and their employees. And we will fight more aggressively than ever for an America where working people can share in the gains of a growing economy.

I am here tonight to offer you this respectful challenge: Just as American labor is recognizing new realities and assuming new responsibilities, so must American business.

I know that all, or almost all, of your companies do business throughout the world. But I trust that your hearts, not just your headquarters, will remain here in the United States of America.

In 1989, a corporate chief executive officer [Gilbert Williamson of NCR] said -- and I quote:

"I was asked the other day about United States competitiveness, and I replied that I don't think about it at all. We ... think of ourselves as a globally competitive company that happens to be headquartered in the United States."

I have faith that all of you have higher standards of corporate citizenship and that you recognize your responsibilities to your employees, your communities, and your country. I believe that we all can be better citizens of the world by being better citizens of our own country.

That is why, before I talk to you about international trade and investment, I want to talk to you about the condition of working Americans.

I trust that you agree that America makes the most progress -- in our endeavors at home and abroad -- when we prosper together. But, during the past two decades, Americans have not prospered together. Yes, the stock market has reached record heights. Yes, corporate profits increased by 205 percent between 1980 and 1995. And, yes, executive salaries have soared by almost 500 percent.

These milestones were set, in no small measure, because working Americans rose to the challenge of global competition. They increased productivity by 24 percent. They restored our industrial leadership in market after market, and they pioneered new technologies not even dreamed of in 1970. But they have not shared in the wealth they have produced, for family incomes have

declined by almost 15%, and, even after two years of growth, have not even climbed back to 1989 levels.

I do not begrudge you or your companies your good fortune. But I am concerned that so many working Americans have not shared in it. That is why -- in every speech I give and in a book I recently wrote -- I make this simple point: America needs a raise.

That is the context in which I want to make two important points about international trade and investment:

First: Discussions and decisions about international trade and investment must consider the condition of working people, here in the United States and throughout the world.

Second: Unless we address the pain, the anxiety, and the basic needs of working people, there will be a backlash against international trade and investment. And that backlash will generate protectionism, isolationism, and destructive discord, here in the United States and throughout the world.

I often remind people that trade is not an end in itself. Its purpose is to promote the well being of ordinary people -- producers and consumers, buyers and sellers, here and abroad.

Unfortunately, public discussion of trade is too often characterized as a debate between backward "protectionists" on one side and enlightened "free traders" on the other.

The leaders of the backlash that you and I should strive to avoid -- people like Pat Buchanan and Ross Perot -- are perfect foils for those who would avoid serious discussion about the problems working Americans face in the global economy.

Let me be clear: Working people don't want to build an economic wall around America. We do want to build a framework of rules that are fair to American workers, American companies, and American consumers.

We do want to lower the barriers to the export of American products and services. A growing number of our jobs and paychecks depend on American exports.

And by no means are we opposed to any and all trade agreements. But we do want agreements that reflect American interests and American values.

Most importantly, trade agreements must reflect and promote the fundamental human dignity of working men and women, wherever they may live and labor.

We want corporations, governments, and trade agreements to show the same concern for people as for property. At their best moments, administrations of both parties, from William

McKinley and Woodrow Wilson to Ronald Reagan and George Bush, have accepted this idea. And I applaud the Clinton Administration for calling for an examination of worker rights by the World Trade Organization.

Despite this history, there are those who still say that workers' rights and labor standards have no place in trade negotiations. They are wrong.

But many of those same leaders insist that intellectual property and capital investment must be protected by new rules. We must not and cannot have it both ways.

I believe we must defend Michael Jackson's right to enjoy royalties for his songs and Bill Gates' right to enjoy royalties on his software. But we must also defend the rights of the women and men who manufacture Michael Jackson's compact disks and Bill Gates' computer disks to enjoy simple human dignity for their labor.

There are those who say that most economies on earth cannot afford this. I suggest that we look at this issue more closely and more carefully.

You may have noticed that I have used two different phrases, "workers' rights" and "labor standards." That is because they refer to two different, if closely related, concepts.

By workers' rights, I mean fundamental human rights that every woman and man should enjoy: the right to free speech, the right to freedom of association, and the right to organize and bargain collectively.

These rights do not depend on a nation's level of economic development. There is no nation on earth so poor in material things that it cannot afford free speech and freedom of association for its citizens.

But labor standards do depend upon how developed and how wealthy a nation is. While there is no country too poor to afford freedom of association, there are economies that cannot afford, as our economy can, a minimum wage of five dollars and fifteen cents an hour.

It should be our policy to push for workers' rights, as we push for human rights of all kinds throughout the world. And we should promote policies that, in a reasonable and workable way, have the effect of harmonizing labor standards upward and not downward.

That is how we can begin to make sure that the global economy will lift up working people throughout the world, rather than drive them down. That is how we can begin to make sure that your companies will have dedicated employees and loyal consumers, here in this country and in every country where you do business. And that is how we can begin to make sure that there will not be a protectionist, nativist, know-nothing backlash that will produce social conflict at home and trade wars everywhere.

You don't have to take my word for it. Listen to some of the wisest students of international affairs. The Council on Foreign Relations is convening a study group -- in which the AFL-CIO will participate -- on the issue of "global trade and wages." They understand that, as long as living standards for working Americans decline, so will public support for international trade.

And, in an insightful article in a recent issue of **Foreign Affairs**, Ethan Kapstein, who is director of studies at the Council on Foreign Relations, wrote -- and I quote:

"The global economy is leaving millions of disaffected workers in its train...The failure of today's advanced global capitalism to keep spreading the wealth poses a challenge not just to policymakers...If the post-World War II social contract with workers -- of full employment and comprehensive social welfare -- is to be broken, political support for the burgeoning global economy could easily collapse."

American business doesn't want that to happen. And I assure you: neither does American labor. That is why I issue four challenges to you tonight and to the entire business community. These aren't easy. But they are the right thing -- and the smart thing -- for all of us to do:

My first challenge recognizes your support not only for the ILO but for fundamental American values.

I ask you to join with the government of the United States and with the American labor movement to support a fundamental principle on which all Americans should agree.

I am speaking of ILO Convention 111 [one-eleven]. As you know, it calls upon each country to accept the principle that there must be no discrimination in employment by race, color, sex, religion, political opinion, national extraction, or social origin.

It is a principle that our country honors in our own laws and which you honor in your own companies. It is a fundamental value which we all hold dear in our own hearts.

I ask this organization -- and I ask the American business community -- to support submitting Convention 111 to the U.S. Senate without further delay. If technical problems remain, they can and should be resolved easily and quickly. There must be no more doubt or delay about where our nation stands on the issues addressed by Convention 111.

My second challenge is for you to support the United States government in its efforts to have the World Trade Organization adopt an examination of the linkage between trade and internationally recognized human rights.

I ask you -- and I ask the entire business community -- to support our government on this issue.

Who can deny that it is important to consider the impact of international trade on the liberties and livelihoods of working people? Who can disagree that it would be beneficial for representatives of countries throughout the world to address this issue? As our discussion here tonight should remind us, it is always a good thing for people to meet and reason together.

And here is my third challenge: Perhaps business and labor can find some issues on which we can agree to set a standard for the rights of working people throughout the global economy.

An area on which we should agree is child labor. Throughout the world, an estimated two hundred million children are at work -- and too many of them work under conditions that should move us to shame, to anger, and to action.

Let me be clear: I'm not talking about young people who work after school. And I'm not talking about young people who work alongside their parents, on farms, or in stores, or family businesses. I am talking about children working in the fields and factories, in the mines and mills -- sometimes even in bondage or in brothels.

Under the leadership of President Clinton and Labor Secretary Reich, the U.S. government is taking action against sweatshops and child labor in our own country. Our government is pressing for action in international arenas, such as the ILO Ministerial Conference, which I attended in June. And our government is beginning to hold U.S. companies accountable for the actions of their contractors at home and abroad.

I ask American business to support and join in these efforts. If we can agree on nothing else, can we agree that children belong in schools, not sweatshops?

Fourth and finally, I ask you to join with us in ensuring that, as trade increases, so do the fortunes of working people everywhere.

If we cannot meet this challenge, the gains of recent years and the promise of the new century will be swept away by an angry backlash.

I ask the business community to join with us to create the conditions that will allow working Americans to face the future with confidence and see the new global economy as an opportunity, not a threat. If we succeed, we will fulfill our responsibilities at this urgent moment of history. And I say to you tonight: we dare not fail.

Thank you for this opportunity to speak with you.



MEMO

GERALD M. SHEA

October 29, 1996

Tom:

The attached texts are from two speeches President Sweeney gave last week, which are his latest statements on the corporate responsibility issue. And while this may not be a direct topic for the NEC meeting on Thursday, I thought the participants in that meeting may be interested in seeing these in advance.

Thanks.

**John J. Sweeney
President, AFL-CIO
United States Council for International Business
New York, N.Y.
October 21, 1996**

Thank you, Frank Doyle, for that nice introduction. And thank you, Abe Katz, for this opportunity to speak with all of you on behalf of working Americans.

Abe, I appreciate your fine work with the International Labor Organization. We haven't always agreed, but I respect your commitment to the mission of the ILO. And I appreciate the support for the ILO by the United States Council for International Business. You understand that it is important for business, labor, and government -- in this country and throughout the world -- to meet together in a spirit of respect for each other's rights and aspirations.

Frank, you are not only a personal friend and a man of great decency and integrity. You are a representative of what is best in the business community.

You and the man with whom you have worked so closely, Jack Welch, have always understood that the issues of concern to working Americans must also be of concern to American corporations and to our entire society.

I am here tonight to talk about issues of the greatest concern to working Americans. For the past 20 years or more, most working Americans have seen their living standards decline or stagnate. This has happened for a host of reasons. But, because these 20 years have been the time when America plunged into the new global economy, there is a growing backlash against international trade and investment and against all our nation's political and economic involvements in the world.

Unless we offer working Americans hope and help -- with policies that lift living standards here at home and a serious commitment to labor standards throughout the world -- there will be consequences that none of us will welcome. That is why I hope you will hear and heed my words tonight. It will be far better for us to address these concerns now than to address their consequences later.

We meet tonight at a time of change for business, labor, government, and the entire American community.

I stand before you as President of the AFL-CIO because American labor understands that we must change. We can no longer concentrate on the narrowest definition of the short-term interests of our existing members. We must devote our energies to a larger vision of the longterm interests of all working Americans -- union and non-union. That is how we intend to grow -- by fighting for the future of working Americans.

We understand that the world and the workplace have changed, and so must we. Before they grow old, today's Americans can expect to work at several jobs and perhaps for several companies and even in several industries. Working Americans will need to learn new skills, to work with new technologies, and to seek new markets for their goods and services. And the role of our labor movement is not to reminisce about the old economy but to represent working Americans in the new economy.

That is why American labor will no longer take the position that quality, productivity, and profits are not our business. They are our business. They are our jobs. And indeed they are our very livelihoods. We intend to give voice to working people's yearnings to make better products and provide better services. We see it as our responsibility to increase productivity and help American business compete in the world economy and create new wealth for their shareholders and their employees. And we will fight more aggressively than ever for an America where working people can share in the gains of a growing economy.

I am here tonight to offer you this respectful challenge: Just as American labor is recognizing new realities and assuming new responsibilities, so must American business.

I know that all, or almost all, of your companies do business throughout the world. But I trust that your hearts, not just your headquarters, will remain here in the United States of America.

In 1989, a corporate chief executive officer [Gilbert Williamson of NCR] said -- and I quote:

"I was asked the other day about United States competitiveness, and I replied that I don't think about it at all. We ... think of ourselves as a globally competitive company that happens to be headquartered in the United States."

I have faith that all of you have higher standards of corporate citizenship and that you recognize your responsibilities to your employees, your communities, and your country. I believe that we all can be better citizens of the world by being better citizens of our own country.

That is why, before I talk to you about international trade and investment, I want to talk to you about the condition of working Americans.

I trust that you agree that America makes the most progress -- in our endeavors at home and abroad -- when we prosper together. But, during the past two decades, Americans have not prospered together. Yes, the stock market has reached record heights. Yes, corporate profits increased by 205 percent between 1980 and 1995. And, yes, executive salaries have soared by almost 500 percent.

These milestones were set, in no small measure, because working Americans rose to the challenge of global competition. They increased productivity by 24 percent. They restored our industrial leadership in market after market, and they pioneered new technologies not even dreamed of in 1970. But they have not shared in the wealth they have produced, for family incomes have

declined by almost 15%, and, even after two years of growth, have not even climbed back to 1989 levels.

I do not begrudge you or your companies your good fortune. But I am concerned that so many working Americans have not shared in it. That is why -- in every speech I give and in a book I recently wrote -- I make this simple point: America needs a raise.

That is the context in which I want to make two important points about international trade and investment:

First: Discussions and decisions about international trade and investment must consider the condition of working people, here in the United States and throughout the world.

Second: Unless we address the pain, the anxiety, and the basic needs of working people, there will be a backlash against international trade and investment. And that backlash will generate protectionism, isolationism, and destructive discord, here in the United States and throughout the world.

I often remind people that trade is not an end in itself. Its purpose is to promote the well being of ordinary people -- producers and consumers, buyers and sellers, here and abroad.

Unfortunately, public discussion of trade is too often characterized as a debate between backward "protectionists" on one side and enlightened "free traders" on the other.

The leaders of the backlash that you and I should strive to avoid -- people like Pat Buchanan and Ross Perot -- are perfect foils for those who would avoid serious discussion about the problems working Americans face in the global economy.

Let me be clear: Working people don't want to build an economic wall around America. We do want to build a framework of rules that are fair to American workers, American companies, and American consumers.

We do want to lower the barriers to the export of American products and services. A growing number of our jobs and paychecks depend on American exports.

And by no means are we opposed to any and all trade agreements. But we do want agreements that reflect American interests and American values.

Most importantly, trade agreements must reflect and promote the fundamental human dignity of working men and women, wherever they may live and labor.

We want corporations, governments, and trade agreements to show the same concern for people as for property. At their best moments, administrations of both parties, from William

McKinley and Woodrow Wilson to Ronald Reagan and George Bush, have accepted this idea. And I applaud the Clinton Administration for calling for an examination of worker rights by the World Trade Organization.

Despite this history, there are those who still say that workers' rights and labor standards have no place in trade negotiations. They are wrong.

But many of those same leaders insist that intellectual property and capital investment must be protected by new rules. We must not and cannot have it both ways.

I believe we must defend Michael Jackson's right to enjoy royalties for his songs and Bill Gates' right to enjoy royalties on his software. But we must also defend the rights of the women and men who manufacture Michael Jackson's compact disks and Bill Gates' computer disks to enjoy simple human dignity for their labor.

There are those who say that most economies on earth cannot afford this. I suggest that we look at this issue more closely and more carefully.

You may have noticed that I have used two different phrases, "workers' rights" and "labor standards." That is because they refer to two different, if closely related, concepts.

By workers' rights, I mean fundamental human rights that every woman and man should enjoy: the right to free speech, the right to freedom of association, and the right to organize and bargain collectively.

These rights do not depend on a nation's level of economic development. There is no nation on earth so poor in material things that it cannot afford free speech and freedom of association for its citizens.

But labor standards do depend upon how developed and how wealthy a nation is. While there is no country too poor to afford freedom of association, there are economies that cannot afford, as our economy can, a minimum wage of five dollars and fifteen cents an hour.

It should be our policy to push for workers' rights, as we push for human rights of all kinds throughout the world. And we should promote policies that, in a reasonable and workable way, have the effect of harmonizing labor standards upward and not downward.

That is how we can begin to make sure that the global economy will lift up working people throughout the world, rather than drive them down. That is how we can begin to make sure that your companies will have dedicated employees and loyal consumers, here in this country and in every country where you do business. And that is how we can begin to make sure that there will not be a protectionist, nativist, know-nothing backlash that will produce social conflict at home and trade wars everywhere.

You don't have to take my word for it. Listen to some of the wisest students of international affairs. The Council on Foreign Relations is convening a study group -- in which the AFL-CIO will participate -- on the issue of "global trade and wages." They understand that, as long as living standards for working Americans decline, so will public support for international trade.

And, in an insightful article in a recent issue of **Foreign Affairs**, Ethan Kapstein, who is director of studies at the Council on Foreign Relations, wrote -- and I quote:

"The global economy is leaving millions of disaffected workers in its train...The failure of today's advanced global capitalism to keep spreading the wealth poses a challenge not just to policymakers...If the post-World War II social contract with workers -- of full employment and comprehensive social welfare -- is to be broken, political support for the burgeoning global economy could easily collapse."

American business doesn't want that to happen. And I assure you: neither does American labor. That is why I issue four challenges to you tonight and to the entire business community. These aren't easy. But they are the right thing -- and the smart thing -- for all of us to do:

My first challenge recognizes your support not only for the ILO but for fundamental American values.

I ask you to join with the government of the United States and with the American labor movement to support a fundamental principle on which all Americans should agree.

I am speaking of ILO Convention 111 [one-eleven]. As you know, it calls upon each country to accept the principle that there must be no discrimination in employment by race, color, sex, religion, political opinion, national extraction, or social origin.

It is a principle that our country honors in our own laws and which you honor in your own companies. It is a fundamental value which we all hold dear in our own hearts.

I ask this organization -- and I ask the American business community -- to support submitting Convention 111 to the U.S. Senate without further delay. If technical problems remain, they can and should be resolved easily and quickly. There must be no more doubt or delay about where our nation stands on the issues addressed by Convention 111.

My second challenge is for you to support the United States government in its efforts to have the World Trade Organization adopt an examination of the linkage between trade and internationally recognized human rights.

I ask you -- and I ask the entire business community -- to support our government on this issue.

Who can deny that it is important to consider the impact of international trade on the liberties and livelihoods of working people? Who can disagree that it would be beneficial for representatives of countries throughout the world to address this issue? As our discussion here tonight should remind us, it is always a good thing for people to meet and reason together.

And here is my third challenge: Perhaps business and labor can find some issues on which we can agree to set a standard for the rights of working people throughout the global economy.

An area on which we should agree is child labor. Throughout the world, an estimated two hundred million children are at work -- and too many of them work under conditions that should move us to shame, to anger, and to action.

Let me be clear: I'm not talking about young people who work after school. And I'm not talking about young people who work alongside their parents, on farms, or in stores, or family businesses. I am talking about children working in the fields and factories, in the mines and mills -- sometimes even in bondage or in brothels.

Under the leadership of President Clinton and Labor Secretary Reich, the U.S. government is taking action against sweatshops and child labor in our own country. Our government is pressing for action in international arenas, such as the ILO Ministerial Conference, which I attended in June. And our government is beginning to hold U.S. companies accountable for the actions of their contractors at home and abroad.

I ask American business to support and join in these efforts. If we can agree on nothing else, can we agree that children belong in schools, not sweatshops?

Fourth and finally, I ask you to join with us in ensuring that, as trade increases, so do the fortunes of working people everywhere.

If we cannot meet this challenge, the gains of recent years and the promise of the new century will be swept away by an angry backlash.

I ask the business community to join with us to create the conditions that will allow working Americans to face the future with confidence and see the new global economy as an opportunity, not a threat. If we succeed, we will fulfill our responsibilities at this urgent moment of history. And I say to you tonight: we dare not fail.

Thank you for this opportunity to speak with you.

**John J. Sweeney
President, AFL-CIO
Business for Social Responsibility
New York, N.Y.
October 25, 1996**

Thank you, Arnold Hiatt, for that thoughtful introduction.

Long before anyone used the phrase "corporate responsibility," Arnold Hiatt built a company as friendly to its employees and their families as it was profitable to its owners.

I see Arnold's wisdom and decency reflected in his nephew, Jon Hiatt, who serves as general counsel of the AFL-CIO.

And I see his vision and values at work in Business for Social Responsibility. We are allies in so many fights for social justice -- from protecting civil rights to preserving the natural environment.

We have a lot in common. You represent a new spirit in the business community. And I represent a new spirit in the labor movement.

Tonight, I want to talk about what more we must do together to promote a new spirit of responsibility in all of corporate America. And I ask you to see our new, revitalized labor movement as an ally in everything that you do and dream. Because, together, we can build more successful companies for you -- and build a better America for all of us.

Just one year ago today, I was elected president of the AFL-CIO in the first contested election in its history. And we elected our youngest secretary-treasurer, our first executive officer who is a woman of color, and our most diverse executive council.

Your new business movement and our new labor movement both understand that the world is changing, and so must we. That is why we in the new labor movement recognize our responsibility to represent workers in the new economy, not reminisce about the wonders of the old economy.

That is why we are organizing at an unprecedented pace, from asbestos workers here in New York, to state government workers in Maryland, hotel workers in Nevada, and strawberry workers in California.

That is why we are improving our own education and training programs.

And that is why we are seeking a new voice in corporate decisionmaking and a new partnership with corporate America. Today's Americans earn their livings in an unforgiving global economy. And we want to help them learn new skills, work with new technologies, and improve the quality of their goods and services.

On my first anniversary as president of the AFL-CIO, let me tell you as clearly as I can:

American labor no longer takes the position that quality, productivity, and profits are not our business. They are our business. They are our jobs. And, indeed, they are our very livelihoods.

We want to increase productivity. We want to help American business compete in the world and create new wealth for your shareholders and your employees. We want to work with you to bake a larger pie which all Americans can share -- and not just argue with you about how to divide the existing pie. It is time for business and labor to see each other as natural allies, not natural enemies.

In that spirit, I am here tonight to ask you to help corporate America to change as well.

As a schoolboy in the Bronx, I read the famous poem by Robert Frost about a man who reaches a turning point in his life and takes "the road less traveled." As business people in the new economy, you see two roads stretching before you -- and I honor you for taking "the road less traveled."

There is a low road. It means competing by cutting costs and cutting corners. It means ruthlessly downsizing your workforce. It means slashing wages and benefits for those who remain. It means polluting the environment and polarizing our society between the very rich and the very poor. It means making all Americans pay for those problems -- from toxic wastes to throw-away workers. And it means looking no further than tomorrow's stock prices and the next quarter's profit statement.

Most of you are trying to take another, better road -- the high road. The road you have chosen means competing on quality, service, and delivery. It means treating the skill and commitment of your employees as an invaluable asset, and not just another cost to be cut. And it means that you respect the social fabric and the delicate balance of nature because you intend to build an enterprise that will endure and prosper for generations to come.

As you travel the high road, you must feel terribly lonely. As the leader of the labor federation representing more than 13 million working Americans, I can tell you that most corporations have decided to compete by driving down our living standards.

That is why it seems that everything is going up, except the earnings of working women and men. Yes, the stock market has reached record heights. Yes, corporate profits increased by 205 percent between 1980 and 1995. And, yes, executive salaries have soared by almost 500 percent. But family incomes have declined by almost 15%, and, even after two years of growth, have not even climbed back to 1989 levels.

Here's what that means for working Americans: They're getting up earlier in the morning. They're getting home later at night. They're working overtime and taking second jobs. But still they're living from paycheck to paycheck. They're wondering whether they have the time to raise their children right. And they're worrying about what kind of America they will pass along to them.

And that is why, to put it bluntly, corporate America is about to reap a whirlwind of rage and resentment. At the new AFL-CIO, we are conducting surveys, discussion groups, and public hearings with working Americans.

Eighty-three percent of all Americans -- union and non-union -- told us they believe that corporations care more about profits than about being fair and loyal to their employees. Listen to this retired laborer in Philadelphia:

"There is no longer the relationship that once did exist between company and employee, where there was a bond, a family type of feeling. Today, it's a 'me' feeling. What's the bottom line? What am I going to get out of it? And we become expendable. I think that situation is ugly, not only for us as workers but for us as a country."

That's how working Americans feel. So let me speak frankly among friends:

Our economy resembles a lawless jungle more than a civilized marketplace. Our labor laws don't protect workers' rights to organize and bargain for better wages and working conditions.

Our trade agreements say very little and do even less about sweatshops, child labor, prison labor, and even slave labor overseas. And our tax code actually encourages companies to ship our jobs to countries where workers have low wages and no rights.

In short, our economy encourages your competitors to take the low road. And it punishes your companies for taking the high road.

I admire everything you are doing in Business for Social Responsibility to encourage business to be more ethical. Yet we have to do more than improve business ethics, one company at a time. Voluntary virtue cannot build a just society.

Our real challenge is to raise the standards of competition, so that companies are rewarded for taking the high road and punished for taking the low road. And I ask you to join me in the fight to make new rules that set tough standards for corporate behavior.

We need more than the power of persuasion. We need the persuasion of power.

The standards of corporate behavior are much too low because corporate America has too much power, and the rest of us have too little. Unchecked corporate power distorts our entire society.

I am here to say to you that a stronger movement of working Americans can help to correct the imbalance of power between corporate America and the rest of us. And make no mistake about it: I intend to build the power of working Americans.

Our new labor movement is going to restore the power of working women in their companies, their communities, and their country. And, as we rebuild the power of working Americans, you should see our power as an asset, not an obstacle. As I said one year ago, when I accepted the presidency of the AFL-CIO: If American business is wise, labor's victories can be your victories, too.

When working people have more power on the job, we can help you tap the knowledge which only your employees possess. With that know-how, we can help you make better products and offer better services.

And, when working people have more power in our society, we can help American business bring out the best in itself. Too many business people want to take the high road but have been forced to take the low road by cut-throat competition at home and abroad. Together, we can replace the law of the jungle with the rule of reason.

So as a representative of the new labor movement, let me offer four challenges to the new business movement. These aren't easy. But they are the right thing -- and the smart thing -- for all of us to do:

First, keep doing what you're doing. And, just as we are, make a major commitment to organizing others to join with you.

Challenge the "Chain Saw" Dunlaps. At Scott Paper, he cut 11,000 jobs, and, then, he received \$100 million in pay and stock profits and other perks when he merged the company with Kimberly Clark.

Now, he's written a book, entitled "Mean Business." Tell America that "Chain Saw" is wrong. Running a company doesn't have to be "a mean business." Building a business should be a noble endeavor.

And honor the decent businesspeople. Aaron Feuerstein spoke to you yesterday. He became a national hero when his textile mill burned down -- and he rebuilt the plant and paid his workers. And he has the grace to say: "I haven't really done anything. I don't deserve credit. Corporate America has made it so that, when you behave the way I did, it's abnormal."

As respected business people, you will be heard. And, when you fail to speak out, your silence is deafening -- and destructive.

Where were the responsible business leaders during the crucial, final moments of the debate on health care reform? You cover your employees, and you pay for the costs of employees who aren't covered by your competitors. Some of you spoke out, but where were the rest of you?

And where were the responsible business leaders during the debate on the minimum wage? You pay decent wages. You're up against cut-throat competition. And you depend upon an American market that can afford your goods and services. Many of you spoke out. But where were the rest of you?

That leads to my second challenge: Respect the rights of working Americans to organize and speak for themselves.

Of every right Americans enjoy, the right to join a union is the riskiest. In just 11 days, Americans will have the right to vote as we choose. Tomorrow morning, Sunday morning, or any day, we will have the right to worship as we choose. But, every day in America, someone is fired just for signing a union card, wearing a union button, or attending a union meeting. According to Harvard Law School Professor Paul Weiler, ten thousand workers lose their jobs each year, just for trying to organize unions.

I saw this happen just a few weeks ago at a curtain factory in Everett, Massachusetts. I walked a picket line with working women, most of them immigrants, who had lost their jobs because they tried to organize.

We mobilized the entire community. And they got their jobs back. The next time there's a similar injustice, I ask you to join us in demanding justice.

Most of all, you should speak out for those it's easy to overlook. And some of them work for you.

It's easy not to notice the women and men who empty your trash and scrub your floors. Too many of these women and men work for poverty wages. Too many can't afford to take their children to the doctor. Yes, they work for cleaning contractors. But the cleaning contractors work for you.

I ask you to insist that those contractors maintain the same standards that you set in your own companies. Insist that they recognize workers' rights. Make sure they pay a living wage.

My home union, the Service Employees, says it all in three simple words -- justice for janitors. I ask you to settle for nothing less than justice for your own janitors.

If you are in the food industry, it's easy to forget the workers who harvest the crops. Americans honor the memory of Cesar Chavez. If he were with us now, he would be proud that his union, the United Farm Workers, is organizing the workers in California who harvest strawberries.

They work for 10, 11, even 12 hours a day. Their fields are treated with dangerous chemicals. The women are sexually harassed. This is wrong, and we all must put an end to it. I ask you to ask your suppliers to do right by the strawberry workers.

And, if you are in the clothing industry, it is too easy to forget the workers in the sweatshops, here in this country and throughout the world. I ask you to join the effort by the Labor Department and responsible leaders in the garment industry to insist on decent labor standards in all your suppliers. Let's make sure that sweatshops are out of fashion.

My third challenge is to form partnerships with workers and their unions.

In companies all across this country, unionized workers are proving that they can add value and improve productivity. Working people are eager to contribute their knowledge and imagination. But, first, their companies must convince them that their contributions will be used to improve their lives, not to destroy their livelihoods. And, for workers to enjoy that sense of security, their companies need to work with unions, not against them.

This is happening at Levi-Strauss. The company and the union are working together as partners. At the corporate level, union and management officials meet regularly to discuss companywide issues and set strategies for competing on the world market. In the plants, managers and workers meet regularly to plan the pace of work, award bonuses for outstanding employees, and design training programs so each employee knows how to do several jobs.

More power for workers means higher quality products for Levi-Strauss. It means increased competitiveness for Harley-Davidson, Magma Copper, and USX. And it can work for your company, too, if you treat workers and their unions with respect.

And here is my fourth and final challenge: Work with us on the national scene, as well as in the workplace.

Together, we can raise the standards of competition, so that you can take the high road with confidence.

When we raise the minimum wage, when we expand health coverage, and when we insist on labor and environmental standards in all our trade agreements, we reward companies like yours that try to do their best. And we discourage your competitors from joining the race to the bottom.

You know as well as anyone: In the race to the bottom, there are no winners. But, when we compete by raising standards of quality and decency, we all prosper.

I ask you to join with me to fight for an America with more Aaron Feuersteins and fewer "Chain Saw" Dunlaps. An America with more economic patriots and fewer corporate pirates. An America where every business is encouraged to be a business for social responsibility.

We can do it if we join together in a spirit of mutual respect. And we can build an America that honors our noblest values and our bravest dreams. That is our responsibility to our children and our children's children.

Thank you all so much for this opportunity to speak with you.

-end-