



Picture: Popperfoto/Reuters

I What is globalisation?

"I realise why people protest against globalisation. We feel powerless, as if we were now pushed to and fro by forces far beyond our control... The demonstrators are right to say there's injustice, poverty, environmental degradation.

But globalisation is a fact and, by and large, it is driven by people.

Not just in finance, but in communication, in technology, increasingly in culture, in recreation. In the world of the internet, information technology and TV, there will be globalisation. And in trade, the problem is not that there's too much of it; on the contrary there's too little of it.

The issue is not how to stop globalisation. The issue is how we use the power of community to combine it with justice. If globalisation works only for the benefit of the few, then it will fail and will deserve to fail. But if we follow the principles that have served us so well at home - that power, wealth and opportunity must be in the hands of the many, not the few - if we make that our guiding light for the global economy, then it will be a force for good and an international movement that we should take pride in leading.

Because the alternative to globalisation is isolation".

Rt Hon. Tony Blair MP, Prime Minister's Speech, 3rd October 2001

The first chapter in this manual will look at the different ways that we understand globalisation. It is clear that it presents us all with a challenge. As trade union members we may have seen our colleagues, or our own jobs, disappearing overseas. On the other hand our partners in developing countries may be gaining access to employment opportunities which offer increased wealth and a more hopeful future for their children. Globalisation has led to a series of global agreements and treaties on issues as diverse as human rights and the environment. This chapter will also look at the link between poverty and globalisation as well as trying to identify the winners and losers. But what is globalisation?

What is Globalisation?

Airline bookings made from America, processed in Jamaica, with accounts handled in India. Cars with alternators made in Japan, steering columns from Brazil and wheels manufactured in Canada. Satellite communication. Internet shopping. E-mail...

Globalisation describes the way that world trade, culture and technologies have become rapidly integrated over the last 20 years, as geographic distance and cultural difference no longer pose an obstacle to trade. Transnational Corporations (TNCs) are key to this process. New technologies have increased the ease of global communication, allowing money to change hands in the blink of an eye. International bodies such as the World Trade Organisation (WTO) have been created to help reduce barriers to trade and investment.

The processes involved in globalisation are not new. International trade, foreign investment and technological innovation have all existed for centuries. It is the sheer pace of change that has made globalisation a distinct process.

In economic terms, globalisation involves:

- the opening up of trade which allows goods and services to travel across the world more freely;

- the growing power and influence of big business – 40,000 TNCs account for three-quarters of all international trade;
- an increase in foreign investment – companies investing overseas by building plants, contracting subsidiaries or buying stock in foreign countries;
- the opening up of capital markets which increases the flow of money across the world;
- improved access to communication – from the development of new technology like the internet to cheaper plane tickets;
- employment opportunities and the prospect of a higher than average wage for the poorest people.

There are those who argue that the effects of globalisation have been overwhelmingly good. The effects of rapid "liberalisation" of markets has led to a formidable expansion in world trade which in turn has encouraged a wave of productivity and efficiency that has resulted in the creation of millions of jobs. In 1998, Peter Sutherland noted the increase in investment that meant that developing countries saw an extensive building programme of roads, airports and factories. "In the 1990s alone, foreign investors have poured \$1 trillion into developing economies. This trade and investment is raising living standards in some countries faster than many thought possible. Until recently it took at least two generations for living standards to double, but in China, living standards now double every ten years".²

In social terms, globalisation affects people everywhere. In the so-called developed countries, it affects our jobs, our education,

our food, and our hobbies. It affects where we go on holiday, the price we pay for clothes and the films we watch on television. Globalisation also shows us how much we have in common with people across the world. We are affected by a corporation's decision to make more of its products on the other side of the world - in terms both of the prices we pay and the employment market in the west.

If that's globalisation, what's the problem?

Anti-capitalists demonstrate in London, Seattle, Genoa, Gothenburg, Prague. Decisions to close British car factories are taken in Germany and America. Marks and Spencer abandons the British manufacturing it used to boast of. Nike makes running shoes in Indonesian sweatshops, where trade unions have been persecuted, leaders imprisoned, and workers toil for a pittance in outrageous conditions.

These events are also aspects of the growth of the 'global village', the growth of multinational companies and the internationalisation of trade and commerce. The last 20 years have been dominated by a neo-liberal model of economic thinking. This means that globalisation has often been accompanied by policies such as privatisation, reductions in public spending and lower direct taxes, as well as attacks on the rights of trade unions, and a decline in the living and working conditions of many.

The World Bank, the IMF, and the WTO play a major role in the promotion of globalisation (and in all of them the UK government is a key player). These institutions set an agenda for the free movement of capital around the world. It is assumed that free markets will deliver universal growth to all the peoples of the world, and that any attempts to restrain

² Peter Sutherland, Chairman of the Overseas Development Council, Chairman and Managing Director of Goldman Sachs International and Chairman of British Petroleum, in Time Magazine, February 1998

the markets will cause disruption and prevent this economic growth. Developing countries desperately needed the financial assistance of the developed countries (the so-called Northern countries). The IMF and the World Bank agreed to provide loans but placed heavy conditions on the repayment programmes, such as the liberalisation of markets. These supposedly reforming conditions included the mass privatisation of public services (services which would be bought by Northern corporations – corporations which had been lobbying the IMF all along) and labour law reform to create a flexible workforce for the new privately-run schools, hospitals, power and water companies.

The power of the big corporations and the strength of the institutions governing trade and finance have disempowered many national governments of developing countries. Peter Sutherland acknowledged that the "globalisation of trade and investment has in some ways weakened the independence of national governments..." But he goes on to argue that "... those who would erect barriers to trade and investment ... confuse the cause and effect of globalisation".²

Global parallels

Marks and Spencer – a company which took great pride in its sourcing from British textile plants – has recently witnessed falling

profits. To make up for these shortfalls the company has been gradually phasing out production in the UK and outsourcing in cheaper areas, for example, North Africa.

Just as Vauxhall closures were being announced in the UK due to 'global overproduction', its parent company General Motors was putting forward a tentative bid for the Daewoo plant in South Korea, where workers had also received notice of mass dismissals and redundancies, and where the Korean riot police had just hospitalised 48 strikers in one of the most brutal attacks against a peaceful workers' demonstration in recent years (KCTU Action Alert: April 13, 2001).

The growth of the transnational corporation has been most evident in traditionally private sector areas such as the garment and electronics industries. As these companies become larger they become super-powerful - they can absorb factory closures and re-opening costs on a massive scale. They have no real ties to any location. Often they cease to own any manufacturing plants and simply place orders with different suppliers. The free-trade agenda facilitates their growth by removing more and more barriers to their movements which are (on paper) just movements of capital.

Globalisation – an Agenda for Gender

There is one group of people who are affected disproportionately by globalisation – women.

The debate about gender and development and the implications of globalisation on women in particular is wide-ranging and occupies many academic texts. This manual cannot go into the whole debate, but the reader should be aware that the gender implications of globalisation are felt not just economically but socially and politically too. On the one hand, women can be disempowered and marginalised by the negative impacts of globalisation, whilst on the other, they can find security in a new economic wealth and have a greater say in society.

However, Rubina Jamil, Chairperson of the All Pakistan Trade Union Federation highlighted in a recent article an inescapable fact which lies at the centre of any debate about globalisation, that is, that much of the world's cheap labour is female. She goes on to say "In the case of Asia, much of the export-led economic boom of the past decade has literally been on the backs of women. Recent research by Diane Elson and others suggests that countries such as Pakistan – where women have been less able to enter the workforce – have been less able to seize growth opportunities presented by trade liberalisation than have those such as Bangladesh – where thousands of women have entered factories producing garments for export. This rapid growth has provided many new jobs for women. They are badly

paid, working conditions are not good and there are few, if any, benefits and rights for workers, but at least it is better than existing alternatives, and, undoubtedly, life has been better for many Asian women and their families as a result of rapid growth. However, women's hold on these jobs can be short lived as capital moves on when ever it needs to in order to find even cheaper labor and to maximize profits".³

The recent Asian financial crisis is an unintended impact of globalisation. While the financial consequences of the crisis have been the subject of much analysis, little has been said about the social and gender impacts of it. In the global market place, at times of financial crisis, it is women who are the first to lose their jobs. In part this is because they work in industries particularly sensitive to shifts in the global market (e.g., garments), but also because women tend not to be unionised and are therefore easier to sack.

It is women who bear the responsibility for feeding the family and keeping them healthy. Rubina Jamil argues that "loss of income [as a result of the Asian financial crisis], combined with price increases led to widespread panic and social unrest in the region, and women - who have primary responsibility for balancing household budgets – have been the ones most directly affected by the changes. Women and girls are also more likely to go short of food than are men and boys". In addition families may no longer able to afford to send girls to school.

What are women's responses to globalisation?

"Some of the measures being suggested by the IMF and other international bodies are as likely to aggravate the social situation as they are to improve it. For example, the suggested solution of cuts in public expenditure on things such as health services would bring even more hardships, especially for women who have primary responsibility for care of the family. In addition, some governments are considering introducing measures which would cut the

3 Rubina Jamil, The Gender Implications of Globalisation, International Union Rights, Vol 8.1, 2001

power of the unions even further so that wages can be driven even lower in an attempt to attract new foreign investment. In the current circumstances, this is unlikely to prove a viable solution.

"That women are anxious to take a lead in doing something about the [Asian financial] crisis has been evident from their leadership role in the various initiatives throughout [Asia] to surrender personal stocks of gold and foreign exchange to try to protect local currencies. But what else are women doing – or hoping to do – that would enable them to contribute to overcoming the worst effects of the Asian crisis; and – in the longer term – what is their role in guarding against the disadvantages of globalization and of seizing the opportunities involved?

"Over the years, as companies have attempted to cut costs by sub-contracting work, the number of home-based workers in the region has increased by leaps and bounds. Most of these home-based workers are women, and many have now formed themselves into national associations in an attempt to bargain for better wages and working conditions. ...Initial responses from the associations indicate that many garment and footwear factories have closed as a result of rising prices of imported inputs. As a consequence, the amount of subcontracting has decreased and many home-based workers are without work and have no income. In an attempt to earn some income, many women are trying to diversify into alternative forms of self-employment such as horticulture, but they often lack the necessary technical skills to do so and have great difficulty in getting access to training or to credit. Many therefore are forced to settle for easy entry activities such as vending, but this generates very little return indeed. There is reported to be a great need to increase the access of women to credit and to generate ideas on what products women could diversify into in order to reach emerging markets. In schemes, which are introduced to cope with the crisis, there will need to be careful attention given to enabling women to have equal access with men to opportunities provided in terms of credit, training, and market information.

"...Many of the national associations of home-based workers have federated themselves into regional associations. More recently, an international association – HomeNet – has been established. This international network - which grows out of the work of the Self Employed Women's Association (Gujarat, India) has strong branches in South and South East Asia, in Europe and in Canada, and is now seeking to build its membership in Latin America and Africa. At the moment, it is organized along geographic lines, but is now also seeking to organize around trades, so that eventually there will be global alliances of embroiderers, football makers, etc. The purpose of these alliances is: a) to increase the visibility of otherwise invisible workers and to thus increase the understanding of how large their numbers are; and b) to give an organized platform from which workers can bargain internationally for their rights.

"The issue of size and visibility is becoming more important as the numbers of home-based workers are expanding with increased globalization. No one knows exactly how many home-based workers there are in the world, but estimates include 40 million in China, 30 million in India and 15 million in Pakistan. In other words, the numbers are large – too large to be ignored – and they are growing. Through the ILO, a Convention on Home-based Workers – the first ever Convention for workers outside of the formal sector – has been drawn up. This

is a major victory and one which bodes well for action by informal sector workers on the international front. Following on this success, other alliances of informal sector workers are now being formed. These include the International Alliance of Street Vendors, which again has a predominately female membership. These are the Trade Unions of the future and are what promise to hold the transnational corporations accountable for their conduct."

Rubina Jamil, *The Gender Implications of Globalisation, International Union Rights, Vol 8.1, 2001*

Globalisation and Poverty

"Everyone has the right to a standard of living adequate for the health and well being of himself and his family, including food, clothing, housing and medical care."

Universal Declaration of Human Rights, 1948

If globalisation is such a success, why do nearly three billion people still live in poverty?

Poverty means hunger, disease and homelessness. But it also means lack of access to health-care, to education, to employment. It means a life of degradation, humiliation, purposelessness and total absence of control over life and everything that affects life. It means being denied rights we see as most fundamental – rights it would be unimaginable to be without – the right to eat, drink, learn, be treated for illness – the right to live.

The effects of globalisation on poverty are widely disputed. Proponents of globalisation claim that the liberalisation of trade and investment allows capital to flow into the developing world, to develop trade and investment which will in turn reduce poverty. Opponents claim that poverty is on the rise owing to the concentration of money and power in the hands of the few. Statistics are used to back the arguments of both sides.

It is clear that the distribution of wealth, which globalisation has undoubtedly

created is key to eradicating poverty. Information technology is often cited as a means to better distribution of resources, and to better communications between the poor. Yet when most people are without electricity, this technology only underlines the distinction between the 'haves' and the 'have-nots'. Whilst globalisation brings opportunities for the majority to get richer, if not distributed properly, it can actually make the poor poorer. Critics of the policies and practices of the international financial institutions argue that they perpetuate poverty and sustain dependence. In response, the World Bank, the IMF and the WTO have all launched initiatives to prove they are serious about poverty eradication.

In 1995 at the World Summit for Social Development (WSSD) the international community promised to halve world poverty by 2015, to reduce child mortality by two-thirds, reduce maternal mortality by three-quarters, guarantee universal primary education, and improve primary health care. In 1991 most OECD countries adopted 0.7% of GNP as the target for development aid, but only Scandinavian countries have thus far reached this target

and in recent years the aid flows in real terms actually fell.

There is much to do in the war on want, but self-organisation is the starting point. By struggling for the right to organise for everyone, as a basic human right, space can

be created whereby people directly facing poverty have the means to fight that poverty. The ability to join and participate in a trade union can lead to the type of progress which has been made in the west since the Industrial Revolution being shared by all the world.

"Poverty is pain; it feels like a disease. It attacks a person not only materially but also morally. It eats away one's dignity and drives one into total despair."

"Poverty is like living in jail, living under bondage, waiting to be free."

"Poverty is much more than income alone. Wellbeing is peace of mind; it is good health; it is belonging to a community; it is safety; it is freedom of choice and action; it is a dependable livelihood and a steady source of income; it is food."

"Poverty is lack of freedom, enslaved by crushing daily burden, by depression and fear of what the future will bring."

**"Voices of the Poor",
Participatory Research Initiative,
World Bank 2000/01**

Measuring poverty

- Half the world – nearly three billion people – live on less than \$2 a day (World Development Report, World Bank).
- The GDP (Gross Domestic Product) of the poorest 48 nations (i.e., a quarter of the world's countries) is less than the wealth of the world's three richest people combined (Human Development Report, UNDP).
- Between 1960 and 1997 the gap between the poorest fifth and the richest fifth of the world's population more than doubled (ChristianAid, 2001).

Any deprivation of what is necessary in order to live as a normal individual in society constitutes a level of poverty, but there are also regular attempts to define "absolute poverty" – the level at which our most fundamental rights are infringed. Where exactly this level lies is controversial, and various measurements have been drawn up. Like all statistics, different measurements are used to support different arguments.

The poverty of countries is often measured by means of their GDP – the total output of an economy. But this can hide the fact that whilst there are a few who are very rich, the majority remain poor. The World Bank uses two standards to measure the success of the fight against poverty: those living on the equivalent of \$1 and \$2 a day. In 1998 1.2 billion people worldwide had consumption levels below \$1 a day – 24% of the world's population – and 2.8 billion lived on less than \$2 a day (World Bank, 1998).

Most commentators compare average private consumption to the amount people need to live in a specified society. Of course income does not represent the whole picture - poverty also exists in countries like the UK, and a higher income may be necessitated by the fact that we live in a society in which nothing is free. And finally

we need to bear in mind that the population of the world is growing. So that although the *proportion* of those living in poverty globally is decreasing, the *number* is increasing. Although this may seem academic, the way in which we measure poverty is vitally important if we are to build a world without want.

"At first glance, statistics give cause for optimism. In the last 50 years poverty has fallen more than in the previous 500. Over the century some three to four billion of the world's people will have experienced substantial improvements in their quality of life. Since 1960, child death-rates in developing countries have been halved and malnutrition has declined by more than a third.

"However, such figures hide the fact that the absolute number of poor people is increasing as the world's population rises. The number of people with incomes of less than a dollar a day rose by almost 100 million between 1987 and 1993. By next year more than half the people in sub-Saharan Africa will not have enough to live on, and the global economic crisis means that over one billion people will suffer a fall in their already meagre living standards.

"And yet the cost of eradicating poverty has been estimated at a mere one per cent of global income. That's about \$80 billion. In 1995 the world spent \$800 billion – ten times that amount – on the military alone. The amount of aid given to poor countries fell from \$55.43 billion in 1996 to \$47.58 billion in 1997."

Nikki van der Gaag, 'Poverty: challenging the myths' in the New Internationalist quoting from the 'Human Development Report 1997' (UNDP)

Poverty and International Development

International development is the term used to describe long-term attempts to eradicate poverty by building the capacity of developing countries – in other words, a hand up not a hand out. It goes beyond emergency aid, and looks to assist developing countries in the creation of on-going wealth. Much international development work has been promoted and carried out by non-governmental organisations (NGOs) – not-for-profit institutions supposedly free of governmental interference (see Chapter 9).

War on Want believes that, whilst NGOs play a vital role, there is no substitute for self-organisation – people collectively

speaking on their own behalf. We also believe that poverty can be attacked by dealing with the underlying root causes. This means much more than giving to a disaster appeal when something terrible happens. It means recognising the effects of poverty on everything we fight for as trade unionists. Whilst poverty inhibits participation, participation is the only long-term assurance against poverty.

Poverty is not an Accident

In a world with enough food for everyone to eat, millions go hungry. In a world with sufficient scientific knowledge to treat complex diseases, children still die of the most basic conditions. Much world poverty still has its roots in colonial exploitation. It is clear that poverty is all too often man-

made and that poverty impacts on other issues of social justice: of inequality, democracy and the right to organisation. Poverty prevents participation in normal social activity, and lack of participation ensures the continuation of poverty and inequality. It becomes a dangerous spiral downwards. Poverty is at the root of many social evils which concern trade unionists in the west – the existence of child labour and discrimination against women. For these reasons, War on Want has always believed that poverty is political – it

impacts on our basic rights, and has been used throughout history as a means of disempowering people. We therefore believe that international development can only work properly if those in poverty are at the forefront of the struggle against it. Only through the empowerment of ordinary men and women facing poverty, and the organisation of those same people in the developed and developing world, will the majority be sufficiently empowered to participate in society and ensure a fairer world.

Global Winners and Losers

Did you know...

- the top three billionaires have assets greater than the combined GNP of the 600 million people who live in the world's 48 least developed countries?
- Tanzania spends nine times more on repaying debts than it does on healthcare, and four times more than it does on education?
- the income gap between the richest and poorest fifth of the world's population was 74 to 1 in 1997, up from 30 to 1 in 1960?
- 20% of the world's people living in the highest income countries control 86% of world wealth, while the poorest 20% only control 1%?

Many politicians promised that globalisation would fight global poverty by creating economic growth throughout the world. But in the last 20 years the gap between rich countries and poor countries has increased, as has the income gap within countries. Average income in sub-Saharan Africa has actually gone down in the last 20

years and 40% of people still remain below the poverty line. Some companies now possess more wealth than many countries combined. On the global money markets, a tiny number of traders change \$1.5 trillion every day, making a fast buck at the expense of desperately poor countries. International competition in the workplace threatens jobs almost everywhere.

The wealth of corporations in the global economy

Country or Corporation	GDP or annual total sales (US\$ billions)
General Motors	164
Thailand	154
Ford Motor Company	147
Saudi Arabia	140
Mitsubishi	140
Poland	136
South Africa	129
Royal Dutch/Shell Group	128
Greece	123
Malaysia	98
Wal-Mart Stores	105

Source: UNDP

Resisting the "Race to the Bottom"

"There are many examples of companies ... moving from country to country and leaving thousands of women unemployed... there are startling statistics such as that of Nike, which pays Michael Jordan more to advertise its products than it pays its entire South East Asian workforce in one year."

**Rubina Jamil, Chairperson All Pakistan Trade Union Federation, Pakistan.
International Union Rights, Vol. 8.1, 2001**

It is not just people in the west who are affected. In the developing world, one of the main concerns which workers have is that they will lose their jobs to those countries where people are paid even less than they are. Globalisation means that the workers are involved unwittingly in a "race to the bottom", where the desire for profits mean that companies search the world for cheaper labour costs and fewer restrictions on terms and conditions for those who work for them. This means that workers are quite often denied fundamental human rights such as the right to freedom of association.

If we are to share in the benefits of globalisation, we need to realise what it is that we have in common with others across the world and join together, starting in our workplaces.

Catherine Matheson, former Director at War on Want in the report "The Race to the Bottom", stated that if trade and investment are to deliver sustainable development, then workers should have at the very least basic minimum rights in

order that the benefits of globalisation should be felt by all. These rights have been formulated by the International Labour Organisation (ILO) which recognises certain core labour standards. (These are discussed in more detail in Chapter 6.)

One approach is to fight for improvements in our laws that protect jobs in the developed world. It is an approach which trade unionists have always fought for and will continue to fight for. But any prospect of real change will begin only when the trade unions recognise that globalisation is not going away - and that we have to confront it at a global level. There may come a point at which strengthening British labour law will be counterproductive and companies will begin to relocate en masse to Asia and South America. To fight globalisation realistically we must internationalise our organisations. We need to be in constant dialogue with our fellow workers at all levels and in all countries, and by doing this we can formulate strategies to halt the race to the bottom for terms and conditions.

Conclusions

One thing that is certain is that globalisation is not an "it" but a "process". The rapid changes associated with globalisation have created uncertainty and anxiety amongst millions of people across the world. Ordinary people across the world are concerned about the impact of globalisation on culture, the environment, inequality within and between countries, and the effect on many of the poorest people in the world.

As the British Government have argued "managed wisely, the new wealth being

created by globalisation creates the opportunity to lift millions of the world's poorest people out of their poverty. Managed badly and it could lead to their further marginalisation and impoverishment. Neither outcome is predetermined; it depends on the policy choices adopted by, amongst others, governments and international institutions".⁴

Rubina Jamil lays out the rules of the game more starkly: "Competing with globalization of markets and the economy will require the globalization of labor".

4 White Paper: Eliminating World Poverty – making globalisation work for the poor. 2000

Case Study I: NAFTA & Maquiladoras

The North American Free Trade Agreement (NAFTA)

In the last two decades, the standard of living enjoyed by Mexican workers has declined. The Mexican government has taken advantage of the low wages to lure in foreign investors.

NAFTA promised to revitalise the Mexican economy and bring a wave of investment which would create jobs and raise living standards. NAFTA also promised benefits to people in the USA and Canada. The agreement came into force in 1994.

The immediate effects of NAFTA came as no surprise to NGOs and trade unions. When NAFTA brought trade barriers down, the farmers in Mexico's agricultural economy were forced to compete with imported foodstuffs from the high technology industrialised farming of their northern neighbour. The farmers were introduced to intense competition and, of course, there was no way they could produce cheaper foods – even by drastically cutting labour standards, driving out unions and turning a blind eye to the growing prevalence of cheap child labour in the farms.

Maquiladoras – the Mexican 'boomtown' of free trade

Maquiladoras (a literal translation meaning "assembled by machine") are low-wage assembly plants located just inside the Mexican border.

With agricultural and subsistence economies under attack, Mexican workers headed for the border region – where maquiladora factories were springing up. These assembly line plants were relocated from the US, and could operate at a fraction of former costs. The factories save a proportion of this money by running with minimal safety standards and appalling working conditions. The factory owners and gangs of hired thugs kick out independent trade unions, and without the assistance of the organisers and the support of their unions maquila workers can do little to bring about change.

The view across the border from the maquiladora factories and the polluted shanty towns which surround them is depressing. While there is free movement of capital both in and out of Mexico, labour (that is, the people) is kept firmly locked in. With the 'land of the free' so tantalisingly close it is inevitable that a great many Mexican workers cross illegally to search for work.

For those workers who succeed in their midnight dash across the desert and arrive in the USA, the real tragedy is that here too they will face a lifetime of exploitation, harassment, anti-union actions and racism. Illegal immigrant workers live in perpetual fear of deportation and so they are unable to play an active role in union organising – such activity would soon have them singled out for the attentions of their employer and the officers of the immigration services.

Focus: The Marks and Spencer Story

In January 2001, GMB Scotland issued a press release expressing their dismay at the loss of 261 jobs from the Daks Simpson plant in Polbeth, suppliers to the retail giant Marks and Spencer. The company was not able to compete with "low wage economies". The job losses came as a particularly heavy blow; at the same time Marks and Spencer announced a yearly profit of £500 million.

Ian King, GMB Scotland's senior organiser for Clothing and Textiles, said: "GMB members who helped to build Marks and Spencer into the retail giant it is are losing their jobs. We have to conclude that those at the top of Marks and Spencer are just seeking to please City Fat Cats and their shareholders at the expense of ordinary hardworking men and women".

This was one more blow to the UK clothing industry. In 1999, Ruby Murray, a worker from William Bairds, Grangemouth in Fife was one of 6,000 workers facing the sack in early 2000 due to Marks & Spencer's decision to end their supply contract with twenty clothing factories in Scotland, and source their garments from overseas. In a GMB briefing to their members she said:

"Marks and Spencer have told my union, the GMB that you – their customers – do not care where your clothes are made. Clothing workers in countries like China and Indonesia are only paid 4p for every £1.00 paid to myself and my 6,000 fellow workers here.

"This means Marks and Spencer can get a cheaper garment from such places. However, you don't get to buy it cheaper.

Marks and Spencer pocket the difference and it shows up in their profits. In 1998 they announced profits of £1,155 million – a profit margin of 14p in the pound. Earlier this year, when they announced profits of only £546 million – a profit margin of 7p in the pound – the city of London said there was a crisis at Marks and Spencer. In fact margins of 14p in the pound are unsustainable in a competitive marketplace. Even 7p in the pound is good by UK, EU and US standards.... To save £100 million pounds to boost profits, 6,000 of us face the sack, and our jobs are being transferred to exploited workers abroad. In effect, Marks and Spencer are aiming for "pie in the sky" profit levels. To destroy a loyal, efficient clothing supply chain in the UK with a track record for quality in pursuit of such an aim is an unforgivable act of managerial vandalism".

What do Marks and Spencer say?

On their corporate website, Marks and Spencer acknowledge that they outsource production of their garments. However, they are also careful to state that quality and value is not achieved through exploitation of workers in the companies who supply them directly.

They also make it clear that "our technologists regularly visit suppliers and where we want extra assurance about our standards on child labour, safety, pay, terms of employment, and working hours we use 'ethical audits'. Many of these audits are conducted as part of our participation in the Ethical Trading Initiative which brings together groups representing government, business, trade unions and human rights groups".

Marks and Spencer Statement on Global Sourcing Principles

"For many years Marks & Spencer has sought to ensure that our goods are produced in good working conditions. This supports our core principles of providing our own workforce with meaningful jobs and providing customers with high quality products. We and our suppliers have found from experience that when people are treated with respect, in decent working conditions and fair rates of pay, then both they and their companies benefit from increased commitment and productivity. Customers benefit too from goods offering better quality and value.

"Achieving this objective has come through the development of agreed standards between ourselves and suppliers, a regular pattern of visits and a policy of continual improvement - backed up by strict sanctions when standards are not met. Increasing global expansion and international competition have brought new challenges. As a major retailer selling diverse product ranges under our own exclusive brand in more than thirty countries, Marks & Spencer now works with many different suppliers from around the world.

"Most of our suppliers have suppliers of their own, who in turn may themselves be supplied by others. It would be impossible for us to control the working conditions of each of the vast number of people who contribute in some way to what eventually becomes a Marks & Spencer product. However, we are determined to do what we can to ensure adherence to the principles that we believe in. We have therefore published our company-wide Global Sourcing Principles. These principles clearly require all our direct suppliers – i.e., those with whom we directly contract for both goods and services - to ensure their facilities accord with what we believe to be acceptable standards, and to be continually improving. We enforce these principles firmly among direct suppliers and encourage their implementation further down the supply chain.

"Marks & Spencer takes great care in choosing the companies who supply us directly with goods and services and with whom we aim to build long-term partnerships. From the start we require each supplier to implement our Global Sourcing Principles, which establish a minimum acceptable entry standard. But as our business relationship develops, we expect the supplier steadily to raise standards and improve working conditions, taking account of internationally recognised standards."

Globalisation – the difficulties for the trade unions

The Marks & Spencer story highlights a growing problem for the UK trade union movement. In a recent press release announcing the opening of a Clothing & Textile Sector conference, Des Farrell from the GMB said

"Over the last few years, tens of thousands of jobs have been lost in the clothing and textile industry. The GMB believes that for the UK taxpayer, best value is supporting the evolution of the clothing and textile industry at home. ...those who are carrying out the public purchasing [need] to be reminded that in many cases value for money does not mean the lowest unit price".

Trade unions in the developed countries must protect their members' interests, and in the clothing and textile sector that is perhaps clearer than in any other. But how can the unions protect their own members interests as well as the interests of those who are inevitably perceived by some as "taking our jobs"?

As well as working with NGOs such as War on Want, the GMB is addressing this conundrum by working closely with the International Textile, Garment and Leather Workers Federation which undertakes

solidarity action in support of unions in the sector whose trade union rights are being denied or violated.

The ITGLWF also runs education programmes to assist unions in developing countries in organising workers and educating their members to play an active role in their union, as well as lobbying intergovernmental organisations and other relevant institutions to ensure that the interests of workers in the sector are taken into account in decisions made at international level.

Jobs are moving round the world rapidly as companies seek to lower their costs. With the growth of production in China, a largely unregulated market about which little is known regarding the treatment of workers, jobs could easily disappear from other impoverished countries where labour standards are already abysmal (indeed contracts are already moving from Haiti - the poorest country in the western hemisphere - to China). Without a global approach from the unions, the conditions that people endure around the world in order to secure contracts from major retail companies either directly or indirectly, will never improve and the race to the bottom will not be stopped.

