

Statement of Sandra Polaski
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Introduction

Chairman Sherman, Chairman Carnahan, Ranking Member Royce, Ranking Member Rohrabacher, and distinguished members of the Subcommittees, on behalf of the Department of Labor and Secretary Hilda L. Solis, thank you for the opportunity to discuss the role of labor issues and workers' rights in the Administration's global agenda.

Let me begin by putting the topic of this hearing in its current context. As you know, the global economy is slowly recovering from a financial crisis that led to a severe recession, which in turn generated a worldwide jobs crisis. The Administration worked swiftly to address the financial crisis with the Congress and our global partners, including the members of the Group of 20 (G20) countries with the largest economies in the world. We need to redouble these efforts to address the jobs crisis. As the President said in his State of the Union address in January, "jobs must be our number-one focus in 2010."

We need sustained job creation, both here at home and abroad; U.S. households cannot continue to be the "consumer of last resort." Our economy cannot become healthy with sustainable growth without a sound and balanced world economy. A very important part of achieving that balance lies in improving the incomes of working households in low and middle income countries around the world, so that they can consume more of what they produce—and more of what we produce.

The Administration is working to help foster this international, broad-based growth in incomes through several channels. It is working to coordinate macroeconomic policies with other leading economies like those of the G20 so that we get multiplier effects at the global level. We are also working to promote good employment policies through our work with international counterparts, including the G20 Labor and Employment Ministers and the United Nations' International Labor Organization (ILO).

We also promote this broad-based growth in incomes through our efforts to ensure that workers in other countries have acceptable conditions of work and are able to exercise their internationally recognized worker rights, including the rights of freedom of

association and collective bargaining, freedom from employment discrimination, elimination of compulsory labor and elimination of the worst forms of child labor.

It is the vision of Secretary Solis that the Department of Labor works to create “Good Jobs for Everyone.” Fostering fair working conditions in the global marketplace is one of the Department’s five key goals, because Secretary Solis recognizes that if workers around the globe are not able to share in the benefits of economic growth, then our own future prosperity will be jeopardized by an unbalanced global economy. If workers in developing countries don’t earn sustainable wages, they can’t buy what they produce or what we produce. If they are not able to enjoy their rights, care for their families, and keep their children in school, the economic risks and instability of the old system will remain. These economic risks have the potential to feed political and economic instability.

Today I would like to share with you some of the highlights of how the Department of Labor is working to foster fair working conditions in the global marketplace. We work through three main channels.

I. Trade Framework to Promote Labor Rights

First, the Department of Labor, through the Bureau of International Labor Affairs (ILAB), addresses international labor rights in the context of trade. The United States has gradually built a framework for promoting labor rights and improved livelihoods through our trade preference programs and free trade agreements (FTAs). Since 1984, the laws governing our trade preference programs have required that developing countries take steps to ensure respect for internationally recognized worker rights. Today we provide special market access for approximately 140 developing countries through trade preference programs that include such protections for labor rights. Beginning with NAFTA, and in all free trade agreements since, we have included protection of workers’ rights as an enforceable part of those agreements, although the list of protected rights and the rigor of enforcement procedures vary. The United States now has FTAs that include labor provisions with 16 countries.

The rights protected by our most recent trade agreements include:

- Freedom of association.
- Effective recognition of the right to collective bargaining.
- Effective abolition of child labor and a prohibition on the worst forms of child labor.
- Elimination of all forms of compulsory or forced labor.
- Elimination of discrimination in respect of employment and occupation.
- “Acceptable conditions of work” with respect to minimum wages, hours of work, and occupational safety and health.

Protecting these basic rights of workers in our trading partner countries is a reflection of our values as a society and it also promotes our own economic prosperity. When workers

in trading partners can enjoy their rights at work, they can enjoy increasing standards of living and become consumers in mutually beneficial trading relationships. This also creates incentives for employers and workers to upgrade skills, rather than encouraging cost-cutting at the expense of fundamental worker rights and livelihoods.

As the economies of our trading partners expand and the living standards of the workers in those countries rise, it helps our own economy grow and create good jobs through exports. And as workers abroad are able to exercise their rights, our workers are able to compete in a global marketplace based on skills and productivity, without having their wages undercut by exploited labor.

Building on this framework of labor rights provisions in trade agreements, we are now working to significantly improve how we ensure that our trading partners are meeting their obligations. Unfortunately, the focus on monitoring and enforcing the labor provisions has varied over time. In order to achieve the full potential of these provisions, ILAB, in coordination with the Office of the U.S. Trade Representative, is increasing its monitoring and analysis of compliance with workers' rights in countries that benefit from U.S. trade agreements and trade preference programs. We are stepping up our engagement with foreign governments and, when necessary, will invoke the consultation and dispute settlement procedures in FTAs and consider the removal of benefits under preference programs.

We are pursuing a two-track strategy of more robust monitoring and enforcement while at the same time extending the offer of deeper engagement and more assistance to those countries that demonstrate the political will to protect their workers' rights and improve their living standards.

II. ILAB's Technical Assistance Programs

The second channel through which we work is the development and deployment of innovative technical assistance programs. We have many trade partner countries that have the political will to improve the rights and incomes of their workers but may lack the technical knowledge or the human or financial resources to address these challenges. With these countries, we are forging partnerships to deliver technical assistance that will help them devise sustainable policies, laws and programs to improve working conditions and labor rights and to protect vulnerable groups like children from labor exploitation.

ILAB must be very strategic in how we leverage our strengths to make the most of the United States' influence and assistance for labor programs abroad. Let me briefly explain some of the key ways that we are doing that.

We have partnered with the ILO to replicate a program called *Better Work*, a model of how to effectively align the incentives faced by factory owners, buyers, governments and workers to improve rights and livelihoods. It is a transparent factory monitoring program that is conducted by a credible monitor (i.e. the ILO). Better Work makes the results of the factory inspections public, enabling international buyers to direct their orders to

factories that are making improvements on worker rights and working conditions. As orders shift based on this information, the good factories expand, better jobs are created, and buyers are able protect their reputations. Originally started in Cambodia, ILAB is now funding new *Better Work* programs in Haiti and Lesotho and is exploring the possibility of launching such a program in Central America. Our strategy is to design and test innovative approaches that, if successful, we can then share with a wide network of donors and recipient countries to replicate on a much broader scale than we can accomplish alone.

We are also improving our efforts to reduce exploitative child labor. ILAB has been a leader in the worldwide effort to eliminate the worst forms of child labor. Congress has made this work possible by appropriating approximately \$780 million for this purpose since 1995. In the Obama Administration, we are placing a much greater emphasis on addressing the root causes of child labor, including the poverty of the families and households of the children who face labor exploitation, and lack viable education opportunities. For example, we are exploring new strategies with developing countries that assess the services and support that those governments need to be able to effectively address the problems of exploitative child labor.

III. Sharing Policy and Learning from Experience

A third channel through which ILAB works is to collaborate with other governments to exchange information on labor policies, analyze the results of those policies and practices, and coordinate efforts to improve employment creation and the quality of jobs. In the Obama Administration we are significantly expanding our efforts on this third front.

An excellent example is the upcoming meeting of the G20 Labor and Employment Ministers, which Secretary Solis will host at the Department of Labor in April. When President Obama met with his G20 counterparts in Pittsburgh last September, he urged them to focus more intensively on the issue of employment in response to the jobs crisis. He proposed, and they accepted, that Secretary Solis should host the first ever meeting of these Ministers, who together represent the workers in 85% of the global economy. The goal of the April meeting is to compare the experiences of the 20 countries, to learn from each other's policy innovations and their impact, and to explore ways to coordinate activities to the benefit of the overall global economy. We recognize that combined efforts have the potential to lift the global economy and create more jobs in all of our countries.

I cannot overemphasize the potential and importance of this coordination of labor policies at the global level. While our trade agreements and technical assistance programs can improve the working conditions, labor rights and livelihoods for millions of workers and vulnerable people globally, better global labor and employment policies can affect hundreds of millions of workers and their households.

To achieve this, we are working within the Administration to ensure that workers' interests are represented in developing and implementing U.S. global economic policy. We work collaboratively with U.S. firms, labor unions, and non-governmental organizations to align efforts and accomplish what each of these entities can do best. And we work closely with international organizations such as the ILO, as well as in bilateral relations with foreign governments, to develop and promote effective policies.

Conclusion

Let me conclude by noting that the Administration and, I am certain, the Members of the Subcommittees clearly recognize the need for more jobs, and good jobs, here in the United States. But I think you will agree with me that the need for more and better jobs at the global level is also an imperative for us because of our values and because of our own interests in terms of economic growth, stability, and security. Our vision is to help build a new foundation for a sustained recovery of the global economy, a more balanced pattern of global trade in the future, and respect for the rights of workers—everywhere in the world.

Thank you again for inviting me to participate in this hearing, Chairman Sherman, Chairman Carnahan, Ranking Member Royce, Ranking Member Rohrabacher, and distinguished members of the Subcommittees. I am happy to answer any questions you may have.