

Varieties of Labor Organization

The Caribbean and Central America Compared

By Steve Charnovitz

The Caribbean Basin Initiative encompasses two very different regions with distinct language, cultural and governmental traditions—Central America and the Caribbean. The six Spanish-speaking Central American countries have a collective population of about 25 million. They have a history of dictatorship and oligarchic rule (except in Costa Rica since 1948). In contrast, the English-speaking Caribbean islands plus Guyana and Belize have a population of about five million. Their tradition is one of democracy and legal justice. The two regions also differ in the composition of their labor forces, resulting in disparate courses of trade unionism.

The designers of the CBI were certainly mindful of this economic, political and cultural diversity. The US Department of Labor (DOL) knew that the regions had dissimilar problems, but it also knew that they shared many of the same problems: high unemployment, high underemployment and inadequate investment. Because of the linkages of Caribbean basin economies to the United States, the administration believed that opening our market to duty-free imports would stimulate those economies. The CBI has, in fact, generated some new US and third-country investment in the region during its first year.

The development model underlying the CBI implies outward-looking investment led by the private sector. The CBI law lists 18 criteria that the president must consider before including a country in the program. The purpose of these criteria is to assure that the countries are amenable to private investment and follow the principles of fair commerce. For example, there are provisions to exclude communist countries and those that have expropriated American property without compensation. Other criteria relate to whether a country follows the accepted rules of international trade, whether it honors intellectual property rights, and whether it permits free trade

unions and collective bargaining, and has "reasonable workplace conditions."

The criterion on labor has not always been clearly understood. The administration's commitment to a free-enterprise system refers not just to government restrictions on business but also to restrictions on labor. The US sees free trade unions as important vehicles for helping workers achieve their economic goals and as significant participatory institutions conducive to more democratic political systems. The labor criterion can be viewed as analogous to the other criteria relating to fair trade (such as following GATT rules and not subsidizing exports). Just as the extension of duty-free treatment can be withheld from a country that uses unfair trade practices to gain a disproportionate share of the American market, CBI preferences can be withheld from a country that gains its comparative advantage from prohibiting free trade unions or allowing child labor.

DOL's objective in implementing the labor criterion was to press for improvements in labor rights and working conditions. This approach was dictated by the fact that the criterion was discretionary and by the realities of foreign government sensitivity to interference in their internal affairs. As expected, the labor issue was a contentious one in many countries. The United States was often told that the best way to help workers was to grant them CBI benefits. Even some of the trade union leaders in countries where labor rights were not well respected made the point that they would be worse off if the labor criterion were used to withhold the CBI from their countries.

The importance of free trade unions in Central America was also noted by the National Bipartisan Commission on Central America, the so-called Kissinger Commission. It recommended that the United States channel a portion of its economic assistance through a Central American Development Organization, which would include representation from each country's labor movement, business community and government.

While the inclusion of worker rights in US trade legislation is new, strengthening dem-

ocratic institutions such as free trade unions has been a longtime goal of US development policy. Since the early 1960s, the American Institute for Free Labor Development (AIFLD) has conducted a wide range of union development and educational programs throughout the Caribbean and Latin America, financed primarily by USAID funds.

Contrasting Styles

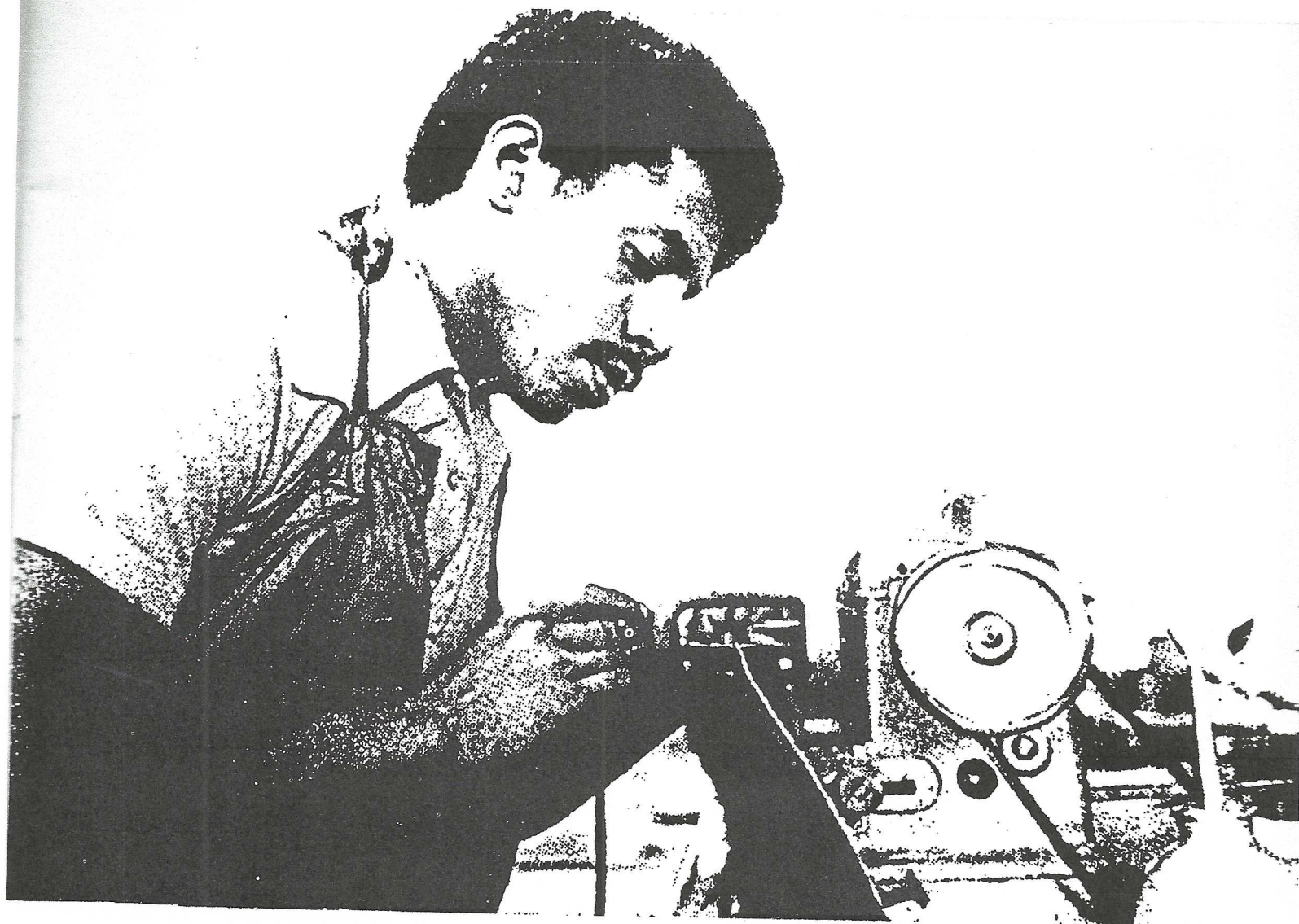
The trade unions of the Caribbean and Central America are complex both ideologically and institutionally. In this comparison of the Caribbean with Central America, the Caribbean will include the English-speaking islands plus Belize and Guyana, but not Haiti or the Dominican Republic; Central America will include the Dominican Republic.

Labor laws differ markedly between Caribbean and Central American countries. Caribbean law is based on British precedents, which means that there is a minimal reliance upon laws pertaining to labor-management relationships. While the constitutions of most Caribbean nations grant trade unions the right to organize, the laws are generally silent on questions such as recognition of unions and unfair labor practices. Instead of extensive legal regulation, labor relations are predicated upon "custom and practice" or good will. Typically, the government's role is limited to offering conciliation to parties in disputes and conducting polls on questions of union recognition.

By contrast, Central American countries rely heavily upon law to regulate all aspects of labor policy. Spanish or Latin law usually covers matters such as union recognition, registration with government, internal union procedures, collective bargaining, and health and safety. Rather than neutrality, the laws take a paternalistic attitude toward unions by dictating working conditions and protection for union organizers.

Within these generalizations, there is a wide variation in the labor laws of particular countries. Jamaica has a comprehensive labor code. The labor code of Belize has nothing on union recognition. Under a recent law in Guyana, the government has frozen

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wages and invalidated past collective bargaining agreements for public-sector employees. Among the Spanish countries, the labor code in Panama favors workers, with protection against dismissal and lowering of wages. The Dominican Republic operates under a labor code written by Trujillo; the law makes it easy for employers to dismiss workers and grants very little protection for agricultural employees.

Any analysis of labor laws, however, also needs to discuss the effectiveness of the laws' implementation. In general, the Caribbean governments adhere to their labor laws. In Central America, on the other hand, a government's interpretation and enforcement of its labor laws often depends upon the political outlook of the regime holding power.

The trade unions of the Caribbean have generally had a close relationship with the area's governments. In fact, the unions provided the political leadership for many of these countries as they approached and obtained independence. For example, Alexander Bustamante in Jamaica, Grantley Adams in Barbados, Vere Bird in Antigua, Eric Gairy in Grenada, Forbes Burnham in Guyana and John Compton in St. Lucia were all trade union leaders who became prime ministers (or the equivalent execu-

tive) of their countries. The trade unions are in most cases aligned with political parties (often labor parties), although in some cases the unions have actually been dominated by political parties.

By contrast, trade union leaders in Central America have not, by and large, been part of those countries' power structures. Some of them have been politically influential, but they are generally on the fringes of real political power. The one conspicuous exception is Luis Alberto Monge Alvarez, the current president of Costa Rica, who was a trade union leader and later general secretary of the Inter-American Regional Organization of Workers (ORIT), the regional organization of the Western Hemisphere of the International Confederation of Free Trade Unions. Some labor federations are associated with political parties, but their ties are far looser than occurs in many South American countries.

The turbulent history of trade unions in Central America has alternated between periods of tolerance and repression, but even in the countries where unions have fared relatively well (such as Honduras, Costa Rica and Panama), the unions in most cases have not been very powerful. The most extreme cases of repression and control have taken place in Cuba under Batista and Cas-

tro, the Dominican Republic under Trujillo, and Haiti under François Duvalier. The worst situation in Central America today may be in Nicaragua, where the government controls five of the seven labor federations.

Labor-management relations in the Caribbean are carried out in an atmosphere of mutual respect. Management generally will recognize and bargain with unions if the majority of the work force want a union. Unions generally show a cooperative attitude toward management; this comity often precludes long strikes. While strikes are more frequent now than they were ten years ago, they are not occasions for violence.

In Central America, on the other hand, employers are generally more hostile toward unions, which are regularly accused of being communist even when they are democratic. There is little sense of labor and management being in the same economic boat and having a mutual interest in cooperation. But there are some interesting variations. In Panama, the major labor negotiations are carried out through a tripartite national commission. In Costa Rica, there is a growing labor philosophy called *solidarismo*, which is a church-oriented movement stressing labor harmony and opposing confrontation. The ORIT-affiliated

labor leaders consider this a false union movement.

Unions in the Caribbean generally follow the British model and seek to cooperate within a trade union congress (TUC). These organizations, however, are far from unified, as the unions may be aligned with different political parties and are often factionalized. In Central America there is a complex set of umbrella organizations. The democratic federations are fairly stable while the communist federations change with new governments and ideological winds. The unions in Central America are more loosely aligned with political parties than in the Caribbean (unions in Guatemala are prohibited by law from having party affiliations) and even more factionalized. It is also common for federations to try to steal union affiliates from each other or to disaffiliate from national centers.

In the Caribbean, trade unions tend to be self-supporting from dues-checkoff arrangements, and have knowledgeable leaders working with a highly literate membership. In Central America, the unions tend to be financially weak and, while their leaders are usually well educated, their members are frequently not. Although neither area has the industrial base to support strong unions such as exist in some South American countries, there are large agricultural and public-employee unions in Central America, and large tourism and public-employee unions in the Caribbean.

Another difference between unions in the two regions is that Caribbean unions usually include a greater percentage of the labor force than Central American unions do (see table). The major exception to this is Nicaragua, where trade unions comprise about 39 percent of the work force. This figure has gone up considerably (from about 8 percent) since the Sandinista revolution and includes workers in government-organized trade unions. The trend in Nicaragua appears to be for all workers to become members of trade unions because of FSLN sponsorship.

Union Ideology

Despite the "class struggle" rhetoric that is sometimes heard, there are very few communist trade unionists in the Caribbean. By contrast, there are relatively large communist unions in a few of the Spanish-speaking countries. One reason the communist unions do better in Central America may be the long history of economic deprivation and nondemocratic rule there. Another reason may be that these countries are poor, and the communist unions have external funding sources that give them a stronger base than unions which have to rely upon dues from workers earning meagre wages. (Noncommunist unions also receive external funding, but do not depend on it as much.)

Percent of Labor Force Organized

Caribbean (English)

Guyana	34
Jamaica	33
Barbados	32
Trinidad	30
Bahamas	25
Dominica	25
St. Lucia	20
Belize	8

Central America (Spanish)

Nicaragua	39
Honduras	28
Panama	15
Costa Rica	12
Dominican Republic	12
Guatemala	10
El Salvador	8

Other

Suriname	33
Haiti	less than 1

Source: US Dept. of Labor

Trade union ideology is a complex issue because of its various permutations. The easiest way to understand ideological differences is to identify unions and federations by their international affiliations. Basically, there are three international labor bodies. The International Confederation of Free Trade Unions (ICFTU) is composed of noncommunist or "democratic" national unions or federations. The ICFTU accepts as members bona fide labor organizations which are independent of outside domination, derive their authority from their members, and have free elections. Latin American labor organizations which are members of the ICFTU are typically affiliated with its Inter-American Regional Organization of Workers, headquartered in Mexico City, or with the Caribbean Congress of Labor, headquartered in Barbados. For Central America, there is a Confederation of Central American Workers, also with headquarters in Mexico City.

There is a broad band of ideology among ICFTU affiliates, ranging from democratic socialism to capitalism. All of these unions are staunch defenders of democracy, however, and firmly anti-communist. They stress "bread-and-butter" issues in collective bargaining, but often pursue general improvements for workers through relations with political parties. There are democratic unions in all of the Caribbean basin countries, with the exception of some of the very small islands such as Turks and Caicos.

Some of the labor organizations receive assistance (for erecting national union centers, for example) from American trade unions and AIFLD. Union groups also re-

ceive assistance from the West German Friedrich Ebert Foundation (associated with the Social Democratic Party) and from some of the international trade secretariats, (e.g., the International Federation of Commercial, Clerical and Technical Employees).

The World Confederation of Labor (WCL) changed its name in 1968 from the International Federation of Christian Trade Unions. Unions affiliated with the WCL, also called "Christian" unions, pursue a doctrine of a "real socialist society" as an alternative to Marxist socialism and capitalism. (The Christian unions have deemphasized the "confessional" aspect of their ideology and are no longer religiously oriented.) These unions are sometimes associated with Christian Democratic parties. In Latin America they tend to be affiliated with the Latin American Workers Central (CLAT), the regional organization of the WCL, which is headquartered in Caracas. Some of these unions receive assistance from the West German Konrad Adenauer Foundation, associated with the Christian Democratic party.

In comparison with the ICFTU unions, the WCL unions are more aggressive in their criticism of multinational corporations, and are strong advocates of social revolution and government ownership. They often make political attacks on the United States. Christian unions are anti-communist, but in the past they have allegedly collaborated with communist unions.

The largest Christian unions are in the Dominican Republic, El Salvador and Honduras. Smaller ones exist in Guatemala, Nicaragua, Panama and Suriname. There is no significant Christian activity in the English-speaking Caribbean, although there appears to be some organizing in Aruba and St. Lucia.

The third international labor body is the communist-controlled World Federation of Trade Unions (WFTU). WFTU unions are always associated with communist or Marxist parties and pursue a revolutionary doctrine of communism. In Latin America, many of the communist unions are affiliated with the Permanent Congress of Trade Union Unity in Latin America (CPCUSTAL), headquartered in Mexico City. Unlike the other unions, the communist unions are not run democratically. Because their goals are fundamentally political rather than economic, these union leaders maintain tight control and discipline over their rank and file. Paradoxically, the communist unions tend to have the best relationships with employers, often negotiating "sweetheart" contracts.

The economic disparities in Central America have made it a fertile ground for communist unions. These tend to expand when not repressed by government, and thus are relatively stronger in the more re-

publican countries of Costa Rica and the Dominican Republic. The communist unions seem the most susceptible to manipulation by political leaders, as happened under Trujillo, Duvalier (Papa Doc) and Castro. The strongest communist unions today, of course, are in Nicaragua, but there are also significant movements in Costa Rica, where about half the organized workers are communist (mostly banana workers) and the Dominican Republic, with about 30 percent. There is very little communist activity in the English-speaking Caribbean.

Political Environment

Another way of explaining the dynamics of Caribbean basin trade unionism is by the political environment existing in the particular country. Although the union movements differ in each country and are constantly evolving, one can divide the countries into four different groups for purposes of rough illustration: (1) countries with a tradition of free union activity, (2) countries with an improving political climate for unions, (3) countries where trade union rights are in transition, and (4) countries that seek to repress or dominate trade unions.

All of the English-speaking Caribbean islands fit into the first group. An example is St. Lucia, where a general strike by five unions in 1982 led to a downfall in the government. The new prime minister, John Compton, was aided by the strong support he received from the seamen's and waterfront union. Another good example is Jamaica, where the two main unions are each aligned with one of the two major political parties.

An example of the second group is the Dominican Republic, where there is an active, but not strong, trade union movement that did not exist 20 years ago. Although the Trujillo labor code is still in effect, the labor ministry has been known to interpret the code loosely in order to aid trade unions. When the US government reviewed the Dominican Republic for CBI designation, the Dominican administration agreed to ask their congress to reform the labor code, particularly with regard to protection for union organizers. Another country with an improving labor environment is El Salvador, where the new constitution grants legal recognition to *campesino* unions.

The third group, where unions are in transition, is best represented by Haiti. Before the CBI, Haiti had nine unions and no labor federation. After the United States discussed this problem with the Haitian government, it agreed to announce the right of unions to form federations and affiliate with international union organizations. In addition, the Haitian government sent a letter announcing these policies to the AFL-CIO, ORIT, the ICFTU and the ILO. It also made several amendments in its labor code to

remove restrictions on unions. Today there may be the beginning of a real trade union federation in Haiti, the first recognized by that government in over 25 years. This federation, called the Federation of Union Workers, sent its president to the 1984 ILO Conference to participate as the worker delegate.

Another country with its trade union movement in transition is Guyana, where the TUC recently elected leadership from outside of the government-affiliated unions for the first time in decades. The non-government-affiliated unions have been challenged, however, by a new Guyanese

Unions want to be recognized as part of the private sector.

law that freezes wages and gives the TUC, rather than each individual union, the right to bargain with the government. At least 80 percent of the labor force is employed by the government in this highly socialized economy.

The fourth group, where governments are repressing unions, is illustrated most easily by Nicaragua, where the government has created five communist federations and attempts to restrict the activities of the two democratic federations.

When companies consider new investments, they look for both a stable political climate and a stable economic climate. Although companies do not look for countries with strong unions, it often turns out that those with a political climate amenable to unions also have the stable political climate that prospective investors seek. Notwithstanding the usual portrayal, unions can foster a stable economic climate. Despite some cases where trade union activism could have impeded investment, democratic unions generally can reach an accommodation with employers so that both will know what to expect of the other. Free trade unions are also the strongest bulwark against communist unions which, while they may not be disruptive in the workplace, will aggravate the political climate at the first opportunity. Thus, for both political and economic reasons, foreign investors are going to Trinidad and Barbados, but not to Suriname and Guyana, despite the fact that all four countries have strong union movements.

Investment Constraints

About a year before the CBI went into effect, the US Department of Labor conducted a study of potential labor-related investment constraints that could weaken the CBI. The study had four main findings. First, con-

trary to the popular conception that many CBI countries had inefficient labor laws which impeded investment, the team found that most of the labor laws were workable and evenhanded. One exception was in Panama, where the legal provision against lowering wages makes it difficult to grant one-time performance bonuses since these bonuses are built into the base and cannot be reduced.

A second finding was that the CBI countries had poorly trained work forces that could constrict economic gains coming from the CBI. The cause of this problem invariably was the weakness of training institutes, often government-run, which use outmoded techniques and do not meet the needs of employers. The "training gap" was particularly apparent at the technical supervisory level. The team recommended that USAID improve vocational training as part of its overall human resource development programs, but so far little has been done.

A third finding was that many of the countries had serious labor-management relations problems. The team concluded that these problems did not usually arise from untoward demands from labor or management, but rather from the inability of both sides to settle disputes and, more importantly, from the inability of the governments to provide competent mediation assistance. The team recommended that specialized training in mediation techniques be given to government officials.

The fourth finding was that the labor ministries in these countries were very weak. This means that important programs such as manpower planning, statistics collection and labor inspection are carried out incompletely or not at all. For example, employment data are notoriously unreliable. A company contemplating investment in a country would have difficulty determining whether skilled workers would be available or what wage would have to be paid.

Although DOL had hoped to follow up this study with technical cooperation programs in the Caribbean basin countries, funding cuts from other US agencies eliminated its ability to carry out labor visitor exchanges and overseas assistance seminars. DOL has proposed several manpower training initiatives in conjunction with the CBI, but has been unable to secure financing for them.

Union Attitudes

The democratic trade unions in the region have generally been strongly supportive of the CBI and in favor of the increased foreign investment and jobs that it will bring. In fact some Caribbean basin labor leaders lobbied for passage of the administration's CBI bill, which the AFL-CIO opposed on the ground that CBI imports would hurt Ameri-

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can workers. From my discussions with these leaders over the past few years, several points can be made. First, the unions want to be recognized as part of the private sector. Too often, US government officials and American businessmen mean "employers" when they say private sector. The trade unions feel they are the labor half (and the important half) of the private sector and should be allowed to participate in the planning of CBI investment by government and industry. An example of this problem occurred during the US CBI designation team visit to Costa Rica, when a luncheon meeting of several hundred business and government leaders turned away the half-dozen invited labor leaders because the luncheon was oversubscribed. The situation was defused when a few members of the US team held a separate luncheon with the labor leaders, but the brush-off left ill will.

Another concern of labor leaders, particularly those in the Caribbean, is that new foreign investors will attempt to undercut labor standards. Union leaders are worried that new investors will not follow the prac-

tice of recognizing unions with a majority of the workers, will not pay prevailing wages or meet prevailing working conditions, or will agitate local employers to adopt a tougher stance on unions. One Jamaican labor leader argues that potential investors who visit Caribbean islands but do not call on labor leaders, may get a misleading picture of labor standards, and may invest thinking they can keep the union out. This leader suggests that although he wants new investment to provide more jobs, he would rather forego the investment and the jobs if the new employer will try to disrupt labor practices.

The democratic union leaders want to cooperate with employers to make the CBI work. It is the employers, especially in Central America, who often prevent increased labor-management cooperation by harassing union organizers and accusing union leaders of being communist. While there are class differences that make labor-management cooperation difficult in Central America, the absence of such cooperation can only enhance the stature of the more radical elements. One positive practice in Honduras has been regular meetings between the government's economic cabinet and the democratic confederation. The unions in some of the other countries would also be interested in such an arrangement.

Finally, the unions are concerned about

the growth of export processing zones, or free trade zones, that are accused of employing a docile population (usually women) at less than prevailing standards. The United States discussed this problem with the various Caribbean basin governments in terms of the CBI labor criterion, and obtained a statement from El Salvador, Honduras, Panama and the Dominican Republic that their free trade zones did not prohibit unions and did not exempt employers from meeting the labor laws applying to the rest of the country. The local labor leaders were asked to report any problems they have in exercising their legal rights in these zones.

The desire by trade unions for participation and consultation raises the question of what trade unions can offer investors. Trade unions provide management with a regularized procedure for the adjudication of worker grievances and concerns. While unions and management will always have disagreements, management gains when these problems can be handled without recourse to wildcat strikes. Trade unions can also assist in the training and education of workers to make them more productive. While this role for unions has not reached its potential, the assistance by AIFLD in worker education has been very useful. Furthermore, free trade unions are the best defense against communism. □

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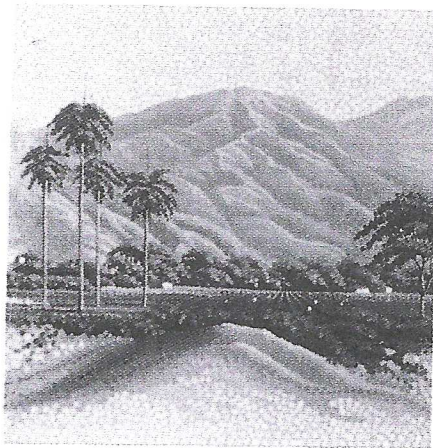
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Hacienda Venezolana by Cuban artist Alberto Cruz (acrylic on canvas, 48 x 36 inches). The painting is on exhibit at the De Armas Gallery in Miami, Florida.

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