

Globalisation and its discontents

The impact on the American worker

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JUST as the Depression, Cold War Era, the Space Age and the Roaring Twenties are the terms used to describe particular periods earlier in history, so, too, globalisation describes the political, economic and cultural atmosphere or milieu of our time. Indeed, a day does not go by that an article does not appear in Bangladeshi newspapers about some aspect of globalisation.

Globalisation is much more than a synonym for international business, but its business and economic impact has generated perhaps the most controversy. We have read about and seen on TV the strong protests by those who oppose globalisation. Even US President Clinton conceded during his term of office that "global economic competition...has really complicated our lives."

The champions of economic globalisation are well known, powerful and influential leaders in business and society, and their message has sounded like a mantra. They argue very powerfully and eloquently that the influence of globalisation has been overwhelmingly good.

Globalisation of world trade and the opening up of markets has increased global output, productivity and efficiency, while creating millions of jobs as investors pour billions of dollars into developing countries, such as Bangladesh and other countries in South Asia. As economist Peter Sutherland, a strong supporter of globalisation, explained, "This trade and investment is raising living standards in some countries faster than many thought possible. (For example) until recently, it took at least two generations for living standards to double, but in China, living standards now double every ten years."

Globalisation's proponents assure us that the growth of globalisation and of the US multinational corporations that are steering its course will lead to better lives not just for workers in developing countries like Bangladesh, but for American workers as well. The future, they guarantee, will be one in which the US economy and an increasingly "freer" market will create plenty of better paying jobs in the US to replace those being lost through globalisation. In other words, what has been good for General Motors will continue to be good for US workers.

But the facts of US economic development during the era of globalisation suggest otherwise. Studies are showing that as the world moves towards greater integration, more and more Americans are gaining little from globalisation. The reality is that millions of Americans are finding it harder and harder to achieve and build a better life for themselves and their families. For them, the American Dream is becoming more of a myth than a reality.

Historically for Americans, the

American Dream has been synonymous with opportunity. As former US President Bill Clinton has said: "The American way of life is to offer opportunity and to challenge people to make the most of it."

The American Dream came to fruition in the economic boom of the post World War II period. The period from the 1950s to the 1970s was hardly one of full-fledged democracy, but the interests Americans and the companies they worked for coincided in many ways. Many American workers were organised into strong unions that protected their interests, and they were able to gain from companies' big wages and generous benefits that included decent pensions to support them when they retired from work and health care coverage to protect them against high medical costs. Companies passed on the cost of this partnership to consumers in terms of higher prices for goods and

myth for many Americans. I see it happening everyday in the region where I live. The region is still a centre of textile production, and many local residents work in-- or have worked in-- the manufacturing jobs found in the textile factories. Many have been laid off or fired. The fact is manufacturing jobs in the US have been in decline for two decades, and the decline has swiftly accelerated since the beginning of 2000. Since then, more than 1.9 million factory jobs have disappeared, a figure that represents about ten percent of the sector's workforce.

Last fall, *The Charlotte Observer*, one of the local newspapers in the area of the US where I live, published an interesting series of articles on the plight of these workers. The newspaper's findings showed that the workers made less in the new jobs they found. Specifically, the newspaper found that 68 percent of the textile workers laid

century during the age of the so called robber barons (John D. Rockefeller, J.P. Morgan, Andrew Carnegie) that is accompanied by the polarisation of our politics."

It's no wonder then that many American workers feel like they are getting poorer. One poll reported that 40 percent of the US population does not feel that they earn enough money and only one-third think their financial fortunes will improve. This is a revealing survey given that one of the central tenants of the American Dream is that parents expect their children will have better lives than they had.

Contributing to the growing economic divide in the US are the corporate policies and actions that are feeding the distrust and insecurity of the American worker. An American Management Association study, which was based on interviews with corporate executives, revealed that the strategy of

that there is growing inequality in America, powerful forces have made an effort to convince us otherwise. According to Klugman, "Denial of this evidence is a sizeable, well-funded industry. Conservative think tanks have produced scores of studies that try to discredit the data, the methodology, not the least the motives of those who report the obvious. Studies that appear to refute the obvious claims of increasing inequality, receive prominent endorsements on editorial pages and are eagerly cited by right-leaning government officials."

Globalisation proponents are sensitive to the criticism that the benefits of globalisation do not extend to the working class in the US. We see it at the highest levels of the US government. Last fall, President George Bush, took time off from his relentless pursuit of Saddam Hussein, to announce that he would move to end taxes on corporate dividends to its shareholders. The Democrats quickly jumped on Bush's announcement, charging that Bush's move would benefit the very wealthy in America, while ignoring the needs and concerns of middle-income families. In trying to head off the criticism of his plan, Bush told the press: "Some would like to turn this into class warfare. That's not how I think."

While President Bush fends off the criticism that his policies favour the rich at the same time he proposes policies that have made the American dream a little more insecure for 830,000 Americans who work for Uncle Sam by proposing to privatise US government jobs. Bobby Harnage, Sr., President of the American Federation of Government Employees Union representing 600,000 federal employees said the move showed that Bush "declared all out war on federal employees." Harnage elaborated: "This administration is selling out the federal government at bargain prices to their corporate friends who then make campaign contributions back. This is not about saving money. It's about moving money to the private sector."

cutting back on the payroll is a permanent strategy for American companies. The job cutting executives tend to be rewarded well regardless of how their company performs. Richard J. Barnett pointed out, "As technology eliminated all kinds of routine jobs, the number of 'Superstar' or winner take all jobs", as some economists have called the top level corporate jobs, have jumped spectacularly, even though they make a tiny fraction of the workforce."

Almost every major company in the US has chiseled or is chiseling away at company benefits. They are slashing health benefits, cutting pay raises and reducing pensions and vacation time. One worker recently told *US Today*, the US's largest circulating newspaper, that the workplace has become

off in 1997 and 1998 made less in their new jobs than they had made two years later. For those laid off in 1999, 77 percent made less in salary. Michael Walden, a North Carolina University economics professor, told the newspaper, "These people may be, as long as they work, made permanently worse off by the restructuring in the economy."

Other studies show that, many American workers have failed to see any economic benefits from globalisation during the last two decades. For example, in the period from 1983 to 1992, multinational corporations increased jobs by 345,000, but they eliminated 783,000. Another study showed that during the year of NAFTA, the free trade organisation's exports increased to Mexico by \$635 billion, creating 127,000 jobs. That, of course, is good news. But there is bad news, too, for the American worker -- imports from Mexico, which pays much lower wages than US companies, increased \$6.85 billion and this cost US workers 137,000 jobs. That is a net loss to American workers of 10,000 jobs. According to the study, which was published by the Joint Economic Committee of Congress, high paying manufacturing jobs have been eliminated in many industries by the growth in exports from Mexico.

But for many critics of globalisation's impact on the American workforce, it's not the jobs being lost through globalisation, but rather the types of jobs that globalisation is creating. One study by the US Department of Labour showed that 26 million jobs were created in the US economy between 1995 and 2002, but very few of them provided decent wages for the average worker. In fact, most of the jobs were at the bottom of the economic rung, and by US standards, they provided lower wages. These lower wage jobs were created in such occupations as retail sales, janitors, nurse's aides, waiters and waitresses, cashiers and food preparation workers.

In their 1995 study, "The Underbelly of the US Economy," David Dembo and Ward Morehouse of the Council on International and Public Affairs noted that since 1989 the retail trade sector -- the poorest paying sector of the US economy -- accounted for more jobs than the better paying manufacturing sector. The authors call this trend "the pauperisation of the US work force." US companies, moreover, are hiring more and more temporary workers and this trend seems to be irreversible. One US employee told *Time* magazine, in reference to US workers, "I want them exactly when I want them, as many as I need, and when I don't need them, I don't want them here."

Consider that a company in Milwaukee, Wisconsin, named Manpower Inc., which finds jobs for part-time and temporary workers, is the biggest private employer in the US with 560,000 workers. Another 34 million Americans are involved with other types of part-time work. In 1988 part-time employment made up 25 percent of the US workforce. Today, they make up close to 50 percent. It's no wonder then that in recent years 18 percent of American workers earn poverty level wages, as economist Richard J. Barnett reported in his essay, "Stateless Corporations: Lords of the Global Economy."

And while the wage scale of the American worker declines, the gap between the well paid and poorly paid continues to grow. Thirty years ago, the top CEOs were paid no more than 40 times what the workers at the bottom of the economic pay scale were receiving. Today, that ratio is nearly 500 to one. In an interesting essay in an issue of the *New York Times Magazine* last October, prominent American economist Paul Krugman noted that "the increasing concentration of wealth at the top of the US hierarchy together with the shrinkage of the American middle class has all but destroyed the American Dream of equality and created a new Guided Age much like was seen in the late 19th

very different. She explained: "I pay for coffee; it used to be free. I walk to the store because the company kitchen isn't stored with free soda... Things aren't the way they use to be, but you're working just as hard as when you got the perks." Critics of this corporate downsizing say that it is threatening to make employees more skeptical, less loyal and more demoralised than ever before.

According to Paul Klugman, "The concentration of wealth at the top is a key reason that the United States, for all its economists' achievements, has more poverty and lower life expectancy than any other advanced nation. Above all, the growing concentration of wealth has realigned our political system. It is at the root of a general shift to the right and an increasing polarisation of our politics."

Increasingly, the American political system reflects this growing divide between the rich and the rest of Americans. In a survey after last Fall's US elections, the Associated Press reported that close to half of the incoming members of Congress who had won election were millionaires as compared to one percent of the American public. Of course, there is nothing wrong in being rich and running for political office, but these politicians will be voting on issues affecting their financial holdings. For example, many of the incoming legislators have significant financial holdings in the pharmaceutical industries. This year, the US Congress will consider legislation to help senior citizens buy prescription medicines. Will the Congressmen with a vested interest in the pharmaceutical industry be more apt to support their financial interests rather than the best interests of their constituents?

Many consumer advocacy groups believe so. "Only richer people tend to win office," said Gary Ruskin, Director of the Congressional Accountability Project. "It's those very people who tend to hold lots of stock. They have conflict of interest in respect to their voting when they come to office."

But despite the solid evidence

Lest we forget

Khuda Buksh

Life Insurance was his mission

OBAIDUR RAHIM and SHUVA RAHIM

KHUDA Buksh spent most of his 62 years in life insurance in three countries. He started knocking on doors when he entered a business many discredited. But Buksh became the region's most celebrated insurance salesman. "He is the one figure among Bengali Muslims who popularized life insurance among people," Dhaka Rotary News said after his death. "His name itself is an institution and in his own life time he became a legendary figure."

Khuda Buksh was born in Damodya Faridpur. After passing the Entrance examination in First Division he attended Calcutta's Presidency College, but was too ill to finish. Inspired by Atahar Ali, Buksh became the first Muslim in Oriental Government Security Life Assurance Company's field force in 1935. Many couldn't afford insurance, which mullahs viewed as "un-Islamic." Buksh entered the business anyway, even though friends and relatives thought him crazy. "...he took a great risk and a bold decision...probably it was due to his challenging attitude and mentality," said Haruner Rashid, United Insurance Company's director and consultant.

"The message of life insurance should be preached to every home in the country," Buksh said. He lived by his words, knocking on doors and convincing people insurance was essential, like food and shelter. "There was no streets and lanes in Calcutta unknown to Khuda Buksh," one friend said. He even did business with fellow tram passengers: "In order to avoid purchasing an insurance policy from me, people did not even offer me a seat even. They were so much afraid of insurance! But I was not a

man to be easily disheartened. I had indomitable spirit."

He became East Pakistan's life manager in 1952 for Eastern Federal Union (EFU) Insurance Company, Karachi. Few Muslims then joined insurance because of the bad economy; many soon quit out of frustration. Buksh changed that through recruiting and training. "He was totally committed to his



KHUDA BUKSH (1 February 1912 - 13 May 1974)

profession," said Dr. Tajuddin Manji, Senior Executive EFU Group, Life Insurance Company, Pakistan. "Any time of the day and night, any time from morning till evening, any time in the house or in the office, the man did not talk anything about but life insurance."

There were few books and no college courses about insurance. Buksh offered classes and facilitated training for field agents and inspectors. He made AFM Saifullah training director and invited Calcutta educators to train workers, an effort that helped many Bangladeshi salesmen. Buksh also set annual business targets and inspired his staff. "Be proud of your job, let it be written in letters of gold in the pages of your mind that it is your honourable duty as a life insurance salesman... Keep your watchful eyes ever vigilant so that no breadwinner of your area of activities dies leaving his family uncared for. Fight out like Hercules the colossal uncertainty off by offering life insurance protection."

He offered salaries and expanded EFU district offices. He issued insurance policies from East Pakistan, instead of just Karachi, as he hired people and opened a London office. "He has perhaps given employment to more Bangladeshis in insurance than anybody else," the Bangladesh Observer noted after his death. Moslehuddin Ahmed, Additional MD of BGIC, and ABM Nurul Haque, a managing director, Islamia Insurance, Bangladesh, attributed their success to Buksh. In eight years Buksh increased EFU's New Life Business from 25 lacs to 7.7 crores. He traveled

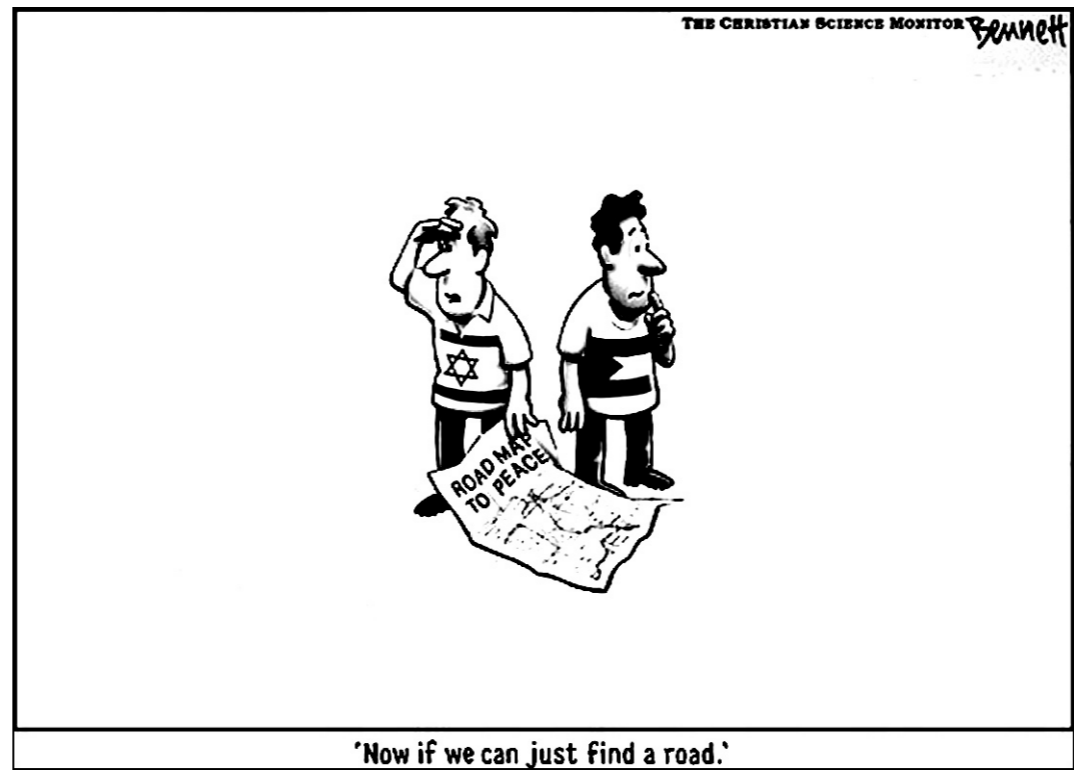
Pakistan thoroughly from 1960-69 as Life Manager, Deputy General Manager and General Manager. "I have satisfaction of motivating countless insurance workers who are carrying the message of insurance from Peshawar to Chittagong." In 17 years EFU became Pakistan's largest insurance company with 43.1 crores. EFU and Buksh became synonymous. But he remained humble and credited others. "I spent the best part of my life in the Eastern Federal and I am not aware whether I have been able to make reasonable contributions for the progress of the Company," Buksh wrote to EFU in 1969. In 1970, he became Pakistan Insurance Association's vice president.

Buksh's positive attitude, openness and kindness earned him contacts in government, business, and the arts. Each Bengali New Year he hosted journalists for lunch. He sent personal reminder letters to policyholders. He authorized translating insurance papers from English to Bengali and personally delivered life insurance benefit checks, often before funerals. Buksh joined many organisations, including Rotary and Dhaka clubs. Dacca Rotary described Buksh as "jewel of the club." He opened his home to strangers, treated them like family, and helped many through school.

Since investment in East Pakistan was difficult, Buksh bought property in Dilkusha commercial area, approved construction of a 20-story building and helped in its planning and design. But conflict with EFU management about its investment policy led to his retirement. Buksh did not attend the building's foundation ceremony and later founded Federal Life Assurance Co. Ltd. "The day I associated myself with EFU I never thought I would disassociate myself," he wrote to colleague R.A. Bhimjee. Buksh publicly never blamed his boss or politicised the conflict.

Insurance companies were nationalised after independence. Buksh became the first managing director of Bangladesh Insurance Corporation in 1973. But Bangladesh's economy stumbled and workers made economic demands. Buksh fell victim to one group's demands, but didn't yield to them. The job he loved became hard to enjoy. "After working all my life in insurance, I have to leave my job like this," Buksh told Muidul Islam, who later headed Jiban Bima Corporation. EFU Life became a public limited company in 1992 and remains Pakistan's largest employer. Here at home the present Jiban Bima Tower is a symbol of Buksh's dream.

This memoir, which marks Buksh's 29th death anniversary, precedes a biography about his life by his family that is to be published this year.



'Now if we can just find a road.'

These comments by members of the governing and worker classes in America graphically highlight the current tensions arising from the advent of the era of globalisation. Moreover, they highlight striking similarities with developments in another seminal era the dawn of industrialisation in the 18th century. At that time the invention of the spinning wheel led to the reorganisation of work, dramatic increases in productivity and the displacement of masses of workers by the machine. So too in the era of globalisation, computers have made companies more efficient and improved their bottomlines while displacing millions of workers. One of the consequences of the dismal economic conditions for many workers was the development of class antagonisms and the hatred of owners who felt repressed and exploited. We see the same thing happening in the US today?

Globalisation has been described as an inexorable force in history, one that will shape the international community in the 21st century. That journey, however, will not be smooth or certain unless its proponents begin to address the big downside of the trend -- namely, the growing gap between haves and have-nots in not just the international community but also in the US.

So does that mean that, in the future the American Dream will become more of a myth than a reality? I believe the answer is open ended. As wages decline, we are seeing the erosion of the middle class lifestyle. Ironically, this trend comes at a time when studies show that the American worker is more productive than at any times in its history. The fact is the average American worker today is not being rewarded for his contribution to the building of the American economy. While the challenge to build a better life is still present, the opportunity to do so is fading. But this trend will have to be reversed. America's future will depend on it.

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