



Capital Mobility and Workers: What's the Evidence?

Even though it may seem logical to most that the easier it is for capital to move around internationally, the more difficult it will be for workers to bargain for better wages, benefits, and working conditions, finding evidence for such a shift is very difficult. This is partly because it is often illegal for employers to make direct, unambiguous threats to close down a plant in response to union organizing activity. One exception to this evidence gap can be found in the work of Kate Bronfenbrenner, Director of Labor Education Research at Cornell University.

Through the use of surveys, personal interviews, documentary evidence and electronic databases, Bronfenbrenner and her research team have conducted two large-scale studies on the extent, nature, and impact of plant closings and plant closing threats during union organizing campaigns in the United States.

They found that in the late 1980s, prior to the passage of the [North American Free Trade Agreement](#) (as well as a number of other free trade agreements), employers made plant-closing threats a major focus of their anti-union campaigns in 29% of National Labor Relations Board (NLRB) elections. But by the mid-1990s, after NAFTA first went into

effect, plant closing threats during organizing campaigns had increased to 50% of all union elections. The figure was much higher in internationally mobile industries like manufacturing at 62%, where the threats to move are much more believable than in cases such as health care where doing business depends on being in a particular place.

There is some evidence that the practice of making threats to move or close down is getting worse in more internationally mobile industries. In a follow-up study done during 1998-99, it was found that firms made plant closing threats in 68% of the union organizing drives in mobile industries, compared to 62% in the mid-1990s. The plant closing threat rate was particularly high in manufacturing (71% in 1998-99 versus 64% in the mid-1990s); food processing (78% in 1998-99 versus 21% in the mid-1990s); and communications (100% in 1998-99 versus 11% in the mid-1990s).

Despite the extremely high proportion of employers claiming they would shut down during union organizing campaigns, after the union election, employers followed through on that threat only 3% of the time. It is clear that despite their threats to shut down, very few employers ever had an inten-

**Industrial Sector, Plant Closing Threats, and
Union Election Outcome, 1998-99**

<u>Industrial Sector</u>	<u>Plant Closing Threat Rate</u>	<u>Union Win Rate</u>
Manufacturing	71%	29%
Construction	57%	29%
Warehouse & wholesale distribution	66%	46%
Retail	58%	25%
Transportation	40%	47%
Communications	100%	0%
Services	33%	57%
 <u>Mobility of Industry</u>		
Mobile	68%	34%
Immobile	36%	54%

Source: Bronefenbrenner (2000).

tion of doing so. It is also clear then, that despite what has been an economy characterized by low unemployment and high growth in the United States in recent years, workers increasing sense of insecurity is to some extent based on the enhanced ability of capital to move around the globe, even if the number of corporations that actually move seems too low to warrant such experiences.

Sources:

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