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214 Massachusetts Avenue N.E.

Washington, D.C. 20002

(202)546-4400

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MAKING ROMANIA PAY FOR VIOLATING WORKERS' RIGHTS

(Updating "Why Romania No Longer Deserves to Be a Most Favored Nation," Heritage Backgrounder No. 441, June 26, 1985.)

The United States extends a special trading privilege, called the Generalized System of Preferences, to many developing nations. GSP allows these countries to send their goods to the U.S. duty-free. Since 1976, Romania has enjoyed GSP privilege. Last year, of the \$928 million in Romanian goods exported to the U.S., \$139 million were duty-free. In exchange for its GSP status, as mandated by the Trade Act of 1974 and reaffirmed in 1984 by P.L. 98-573, Romania must abide by "internationally recognized worker rights." This means respecting the right of association, the right to organize and bargain collectively, a minimum age for the employment of children, acceptable conditions of work with respect to minimum wages, hours of work, occupational safety and health, and prohibition on the use of forced labor.

The sad fact is that Romania consistently violates the conditions set for the GSP. As such, Romania should lose its GSP privilege. This could happen by January 4, 1987, when Ronald Reagan is required to report to Congress whether Romania deserves to continue benefiting from GSP. His report will have to deal with the issue of workers' rights. According to pages 1080-81 of the State Department Country Reports on Human Rights Practices for 1985, "workers [in Romania] do not have the right to organize or bargain collectively." Romania's labor code is basically silent on the right to strike. And the government's reaction to actual strikes, or to advocacy of the workers' right to strike, has been harsh repression.

Example: In 1977, there were widespread strikes in the Jiu Valley coal mines; thousands of workers were fired or sent back to their native villages. The leaders were arrested. Example: An attempt in 1979 to form a Free Trade Union of Romanian Workers was quickly

quashed. According to Amnesty International, two leaders of the movement were confined to psychiatric institutions while a third was sentenced to eighteen months imprisonment.

These actions prompted an investigation in 1980 by the International Labor Organization. Four years later, the ILO found that Romania's response to allegations made against it, and to charges that its constitution in fact violated international labor standards, was inadequate. The ILO requested that Romania accept a fact-finding mission. Romania refused not only such a mission but also to respond before the ILO to further charges about its labor policies.

A new decree, moreover, now places those entering the labor force in what amounts to indentured servitude. All are forced to remain at their first assigned jobs for at least five years or forfeit half of the wages. Students are forced to work. In summer 1984, for instance, three million young people were sent into the countryside to help with the harvesting--at no pay. And authorities continue to make calls regularly for days of "patriotic labor," during which workers are not paid for their labor.

The "worker rights" provision was written into the GSP legislation partly because of the insistence of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) to ensure the promotion of trade unions in developing countries. U.S. labor unions thus should demand that the White House take into account the status of labor in Romania when it comes to assessing Romania's trade status.

In view of Romania's consistent violation of the conditions of the GSP, the Reagan Administration should end Romania's right to export goods to the U.S. duty-free. The President should tell Congress on January 4, 1987, that Romania has failed to comply with the legal requirements for the GSP. This should be followed by a prompt proclamation, whose effect would be to remove Romania from the list of countries eligible for the GSP. The U.S. Customs Service will then enforce the decision.

By withdrawing GSP from Romania, the President can make a powerful statement of U.S. support for human rights in general and workers' rights in particular.

Juliana Geran Pilon, Ph.D.
Senior Policy Analyst