Globalization and Labor

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Does recent globalization promise a trickle-down effect ? Working conditions in developed countries, especially in the U.S. or Japan, are evidently worsening. Wage inequality is rising, working hours are getting longer, and job security is weakening. This degradation of working conditions is caused by management policy, so-called downsizing. Behind the downsizing policy there is a power shift from labor to management through three channels in the globalization of capitalism. The first is an outflow of labor demand by way of foreign direct investment and offshore outsourcing. This outflow makes the labor market less tight. The second is a change in the competition structure between labor and management, which is caused by the global network formed by big business. This global network enables big business to make decisions concerning labor contracts from the global viewpoint. The third is the permeation of neo-liberal policy, brought about by globalization. The power shift from labor to management within globalization made it possible for big business to introduce the downsizing policy.