

Labor

- **General overview U.S**
- **Labor aspects in Honduras**

Labor and the corporate world have a very long and complicated history together, being both very strong and relevant branches of law it is expected. Unions play a very vital role in how nowadays the M&A ecosystem interact with labor laws, this being that usually companies in this sphere are industries that employ an incredibly large amount of people often in several parts of the world.

Since trade unions and corporations grew slightly at the same pace, there are four fundamental changes since they started to protect their rights vis a vis. 1. The enormous growth scale in the employing enterprises; 2. The growing division of labor, breaking down traditional craft jobs into mechanized sub-components that could be performed repetitively by employees trained in that one task; 3. The demographic change as first and second-generation immigrants filled those positions; and 4. The supplanting of the personal relationship between employer/employee.

The Sherman Act declared among many things, “every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations are punishable”. (“The Sherman Antitrust Act (1890)”)

The Clayton Act gradually developed during the late 19th century, despite the hostile attitude of the courts and the opposition of employers. After a sort of tug of war between parties, there was a solution which is the antitrust act of 1914.

A very important factor in both sides of the comparison that has to be made is the collective agreements. In Honduras, it is an enormous source of the work done in the M&A world, albeit being based in completely different principles. Labor law in Central America value the written agreement between employer and union in a similar way.

The Supreme Court held in some cases in the early 20th century that made it possible to utilize antitrust laws against techniques utilized by unions, as means of combating their actions. This of course, can result in one side gaining an unfair advantage, which is not beneficial to anyone.

The antitrust laws were designed to encourage manufacturers to compete for public favor at least in part through lower prices; this generated pressure on manufacturers to minimize the costs incurred for the factors of production, among which was labor.

A strict application of antitrust policy would induce employers, through individualized bargaining, constantly to bid down the cost of labor (i.e., wages paid) and to secure a competent workforce at the lowest wage that the market would allow. The national labor laws, on the other hand, were based on the congressional judgment that just such individual bargaining and subsistence working conditions caused industrial strife and interruptions in the flow of interstate commerce. Congress's remedy was to foster collective bargaining, which was "anti-competitive" in at least two aspects. First, wage demands were thus stabilized within a single plant, geographic area or industry; competition was removed from the labor market. Second, and as a result, competition in pricing was restricted in the product market, to the extent that product prices among competitors were determined by the costs incurred by the manufacturers in purchasing labor.

Honduran labor issues are a big problem when interacting with outside capital. There are many reasons to explain why, the main being that foreign capital is a source of employment and a big

opportunity to the communities where the operation is grounded (regardless of the industry). Since countries like these are sought for due to cheap labor and lenient regulations, the burden often goes to these parties, while the American counterpart usually just considers the numbers behind it and is more preoccupied with other federal or state regulations.

Latin American countries and this case Honduras has had a very difficult issue to tackle, which concerns the private sector more. There has been a sort of abuse from governmental authorities to the companies in many areas such as tax or labor. We have seen the struggle and history of American unions and how they together with the government have developed a strong network of systems on which that are reliable. In the Honduran case, there is no figure, the private sector is given the burden and task to take care of basically all the welfare issues, which limits the actions greatly whilst also having the necessity to be lenient in regulating.

Labor law has a complicated history in both legislations. The history behind unionization played a vital role in defining how the corporate world reacts to the necessary labor in all the industries. Even with this rich history, the struggle seems to be the only simile that can be drawn, since the consequences regarding labor law.