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*The WTO and Labor and Employment. Critical Perspectives on the Global Trading System and the WTO, No. 14*

Cheltenham, UK and Northampton, MA, USA: Edward Elgar – An Elgar Reference Collection, 2008, 647 pages, hardback. ISBN 978 1 84376 353 6

In the context of the current heated debate about the risk of protectionism in response to the deep economic crisis and the various measures used to protect national corporations and workforces, this 'reader' is a most welcome reference collection for a broad range of stakeholders – governments, employers' organisations, trade unions, international organisations and academics. Containing some 30 academic papers by well-known scholars published between 1996 and 2006, it provides a comprehensive coverage of the issues at stake.

The book consists of 19 chapters divided into five parts. Part I offers a detailed introduction and overview, which is very helpful given the breadth and length of coverage. Part II looks at the historical evidence and contemporary experience in the area of trade, wages and labour markets. Entries include a historical perspective of trade, industrialisation and distribution since ... 1500; a survey of trade and wages along the process of globalising production and growing inequality; the impact of globalisation on gender discrimination; how child labour evolved in the context of international trade; and the impact of globalisation on compliance with labour standards.

Part III looks at the highly debated relationship between international trade and

the 'race to the bottom' in labour protection. Entries examine the implications of core labour standards for competitiveness and global trade policy, how they may affect the comparative advantage of developing countries and foreign direct investment; the positive correlation between economies more open to international trade and the bigger size of their governments; and the early emergence, between 1850 and 1913, of 'compacts' of labour market regulations and social insurance programmes in Europe in response to the growing wages and employment instability resulting from trade expansion. A chapter is devoted to the theoretical analysis of international labour standards and trade.

Part IV focuses on labour protection in international trade negotiations. One chapter (13) analyses the arguments concerning the value of coordinating labour standards internationally, the arena in which international labour standards ought to be established and the instruments that can be used to bring about compliance. It concludes that trade was not the primary factor that caused stagnation of low-skilled workers' wages and that harmonising labour standards is not likely to improve income distribution in industrialised countries. It points out that trade sanctions against poor labour

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practices in low-income countries may hurt the very workers they intend to protect. And in a world with strong political lobbies it is doubtful whether trade sanctions to enforce labour standards will strengthen either trade or labour standards. Another chapter (14) describes the history and political economy of international labour standards, highlighting many similarities between past and present debates on labour standards; namely, on who should be covered and in which industries, whether there should be different standards for different countries, whether enhanced standards would reduce the advancement potential of less-developed countries, how individual and national welfare is influenced by income, leisure and good working conditions, what should be the objectives of policy-makers when they wish to improve the conditions of the labour force, should advocacy and enforcement rely on domestic organisations or be handled by trading partners or regional and international organisations created for this purpose, and how national sovereignty and international aims can be reconciled.

This reviewer could not resist highlighting the interesting historical perspective, which goes back to the 16th and 17th century regulations regarding ... the treatment of slaves in the New World colonies of European countries, public health measures and passenger regulations. Arguably, these predecessors are not labour standards. Also, while they did benefit workers, their primary intent was different. The author of chapter 14 recalls that the story of modern labour standards started with the factory laws in England in 1802 with an attempt to offset the social

costs that accompanied industrialisation. These were followed by a broad range of national factory laws introduced by European countries in the 19th century (for which there is a very useful and detailed table), an analysis of the way the nature of enforcement control has evolved, the different types of legislation adopted, and the positive impact they had on the workers' well-being (though difficult to assess precisely). The first international agreements on labour issues also date back to the early 19th century Europe. They were based on *'the moral claim that the same benefits should be provided to individuals in all nations, as a basic human right. There was an understanding that uniformity across nations would be necessary to make it possible for any one nation to impose domestically based acceptable standards, given the fear that introducing standards in one country would result in a loss in its competitive position.'* (p. 465) Bilateral and international agreements on labour issues started in the early 20th century (including on emigration of contract labour and Chinese migration!), which culminated in the creation in 1919 of the International Labour Organization (ILO) and its role in developing and promoting international labour standards. The author, however, concludes that while progress has been made by labour, it is by no means clear whether this results from imposed standards, collective bargaining or market forces.

Chapter 15 considers the tensions between domestic policies and national sovereignty, on the one hand, and international economic institutions (GATT and WTO) on the other, which are at the centre of the debate over the future role of the

WTO in the realm of labour and environmental standards. The authors point out that in a global trading environment, governments weighing the costs and benefits will not choose efficient labour standards. They consider that the market access focus of current WTO rules is well equipped to handle problems associated with choices over such standards. They argue that with relatively modest changes that grant governments more sovereignty, these rules could deliver globally efficient outcomes. They therefore feel that labour standards should be brought into the WTO, though not through the complex direct negotiation of labour standards, but rather by requiring that any change in domestic policy that reduces market access to foreign suppliers be offset by further tariff reductions that restore market access. This preserves domestic autonomy over labour standard-setting without countries using standards to achieve strategic gains in international trade.

Chapter 16 notes that in trade policy agreements, trade concessions are increasingly made conditional on cooperation in non-trade issues, referred to as 'linkages'. Such linkages exist in multilateral, bilateral and regional trade agreements (for example, multilateral compliance with intellectual property rights is enforced through the threat of import barriers sanctioned by WTO). Despite the prominence of linkage in policy debates, the authors find that there is little theoretical support for it in terms of its impact on enforcement. The majority of research in this area focuses on static standard trade models examining the impact of harmonising labour or environmental standards on factor and goods prices or welfare for

different countries and economic agents. The authors argue that the important policy issue behind the linkage is whether the threat of tariffs is effective in enforcing more cooperation in another agreement and vice versa. One of the concerns of trade economists about this issue of linkage in international trade is that some enforcement power will be redirected from trade issues to labour issues. Meaning that in the pursuit of closer cooperation on labour issues there would be a weaker cooperation on trade barriers. This concern is confirmed by the authors, who conclude that enforcement power may be reallocated between issues when negotiations of trade and non-trade issues are linked, though this is not inevitable. Reallocation will take place when governments consider labour and trade issues independently and find it more difficult to enforce a labour agreement than a trade agreement. The simultaneous negotiations of both issues will produce stricter labour standards but less trade liberalisation than would have resulted from two separate negotiations over trade and labour standards.

Chapter 17 investigates whether policy linkage is justified within a setting of perfect information where countries are large and their policy choices affect the world price of the goods. In such a setting, cooperation aims at eliminating 'beggar-thy-neighbour' terms-of-trade incentives from the national policy choices. It looks at the discussion about the extent to which trade policy and domestic policy on environment or labour standards should be explicitly linked in traditional trade agreements. The issue is whether the WTO should enforce domestic policy obligations with

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the threat of the suspension of trade concessions. Arguing that each country only cares about its trade partner's labour practices in as much as these practices affect the terms of trade, the author concludes that there are no other cross-border external effects that arise from labour-standards setting behaviour. Hence the benefits of such policy linkage may be lower than is commonly thought.

Part V concerns market-based mechanisms for protecting labour rights. Given the limitations of using WTO international trade negotiations to deal with humanitarian issues arising from labour practices in trading partners, Chapter 18 deals with other channels that can be used to identify products that are produced under decent working conditions. Several NGOs and certification agencies monitor such conditions in production sites across Asia and Latin America, militating for better standards and stimulate consumers' awareness of better standards in the production of the products they buy. The authors call these human rights activists *vigilantes* and *verifiers* and the chapter describes their anti-sweatshop campaigns, suggesting guidelines for such campaigns. It also describes the development of codes of conduct adopted by corporations to stave-off criticisms of poor working conditions in their plants and the emergence of diverse monitoring agencies of compliance with the codes, including 'independent' audit firms hired by companies and NGO-appointed verifiers such as the Worldwide Responsible Apparel Production (WRAP), Workers' Rights Consortium (WRC), Social Accountability International (SAI) and Fair Labor Association (FLA).

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The FLA grew out of the Apparel Industry Partnership set up in 1996 following US Secretary of Labor, Robert Reich's initiative of a domestically focused 'No Sweat Campaign'. The partnership brought together apparel manufacturers and retailer-importers, trade unions and NGOs to develop an industry-wide code and monitoring mechanism. The Partnership's draft code and monitoring principles met with some criticisms among activists, which led some of them to withdraw from the newly created monitoring agency FLA (1998). The author highlights the various sources of difficulties for such agencies to develop, but shows also the progress achieved in improving working conditions and transparency and getting increasing acceptance, though pointing to the still missing voice of workers in developing countries.

Chapter 19 assesses the multi-stakeholder systems for promoting labour standards and monitoring compliance with codes of conduct by NGOs. It discusses their underlying model of regulation and proposes a set of criteria for evaluating their effectiveness, legitimacy, accountability and complementarity. It raises critical issues about transparency of existing initiatives, independence of monitors, convergence of standards and limits of non-governmental regulation. Indeed, the new non-governmental regulatory systems have a potential of strengthening regulatory systems and bringing new voices and mechanisms for improving working conditions in supply chains. However, they harbour the peril of privatising regulation – closing off democratic forms of regulation and by-passing local governance. Can these new forms of regulation be designed to

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complement and support the existing regulatory process and directly benefit workers and poor communities around the world? The author notes that there is some convergence underway in codes and monitoring regimes, though initiatives differ on issues such as the roles of workers and advocacy groups, transparency of results and remediation strategies. He concedes that 'there is no guarantee that voluntary initiatives naturally converge on more democratic and comprehensive systems of regulation. But coordinated efforts and strategic policies could move non-governmental regulation towards more credible, transparent and accountable systems. Efforts to create complementarity and interoperability among the different initiatives could help overcome the challenges of access, scope

and credibility. The author concludes by stating that several of these initiatives are already working together in this direction.

This voluminous book contains a treasure of knowledge that could help all stakeholders in industrialised and developing economies to devise better policies related to a more socially acceptable globalisation and improve the understanding of the underpinnings and roles of the ILO and the WTO.

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*Restructuring Work and Employment in Europe.  
Managing Change in an Era of Globalisation*

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Restructuring of work in Europe in the context of globalisation has become a permanent process and an object of fear for employees. Immobile labour (as the authors characterise its nature in Europe) faces mobile capital and integrated markets with massive consequences for the security of employment. The authors of this publication seek innovative approaches to managing change, drawing upon national case studies of the European research project 'Monitoring Innovative

Restructuring in Europe' (MIRE). Excluding the Introduction and the Conclusion, the book consists of 15 chapters which can be grouped into three parts: the first part consists of three thematic chapters setting the scene for the general analysis of restructuring processes; the second part consists of five country case studies; and the third part consists of seven thematic chapters approaching the issue of managing employment under restructuring from various perspectives.