

Section: *LETTERS TO THE EDITOR*

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From Prof Robert M. **Stern** and others.

Sir, The Democratic leadership in the US Congress claimed a victory recently. In exchange for votes, it persuaded the Bush administration to include tighter labour standards in the upcoming trade agreements with Panama and Peru. But for whom is it really a victory?

Certainly, the recently elected Democratic congressmen from districts where employment has ostensibly been hurt by foreign competition now have something they can use to appease their voters. But all Democrats are doing is feeding the myth that competition from poor countries exists because their labour standards are lower and their workers are being exploited.

In reality, wages in poor countries are lower because these countries are relatively labour-abundant - and this gives them a cost advantage in some industries despite the much higher productivity of US workers. The vain, and naive, hope of the new US policy appears to be that, by the inclusion of labour standards in trade agreements, labour costs can be forced up in poor countries, thus lessening competition with US producers.

Can labour conditions in poor countries improve because the US administration is empowered to threaten their governments with trade penalties if labour practices do not conform to specified standards? National labour standards are anchored in the social and economic conditions that countries have attained.

One basic condition for improving international labour standards is economic growth and a rising standard of living. The other is the spread of home-grown movements for social reform. Solid gains in labour standards do not come through a foreign government using the threat of trade penalties.

Would it not be more constructive - and less self-righteous - if the Democrats concentrated on measures that would help US workers adapt to globalisation? Adjustment to economic dislocations is difficult. Universal health insurance, more extensive retraining programmes, wage insurance, and portable pensions could ease the adaptation of workers to a fast-changing world, and lessen antagonism to the cheaper imports that benefit all US consumers.

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