

LABOURING FOR ADVANTAGE: WORKER STAKES IN A GLOBALIZING ECONOMY¹

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This paper examines the issue of labour standards in a globalizing world. It argues that the consensus that allowed globalization to make progress in the last quarter of the twentieth-century is now under serious threat of breaking down. If globalization trends have to continue into the twenty-first century better labour protection would have to be part of any new international compact. However, progress on labour standards appears to be mired in a North-South debate over how best to proceed. To break the impasse the paper develops an argument for adopting process rather than substantive standards for labour protection. Process standards such as the ILO's core labour standards, corporate codes of conduct and social dialogue, allow each country to retain decentralized control even as they fulfill an international commitment to improve labour standards.

I. Introduction

Globalization is a term used variously to refer to developments such as increasing international trade in goods and services, free flow of capital across national boundaries and a growing international market for talent and ideas. Globalization as a free flow of capital, goods, people and ideas is not a new phenomenon. Such movements have always occurred throughout human history in various parts of the world. What is new about the current wave of globalization is its wide scope and technology-driven economic growth. Changes in product and factor markets, communications across regions and countries of the world, and human migrations are more extensive than at any other time in history. These flows have opened unprecedented avenues for economic activity in both scope and volume. While many benefits of globalization such as growth in communications and transportation, to name only two, are clearly visible, its impact on the majority of world's poor and disadvantaged remains highly controversial. Even within developed economies, the question of whether globalization has benefitted labour, especially low-waged labour, is debatable.

In a pro-market view of these developments, globalization is all about removing barriers to the operation of factor and product markets. Thus, deregulation and freer trade are essential elements of the globalization process. Once markets are freed from these constraints, the theory goes, they will become more efficient and in turn generate a much larger level of economic activity. Larger growth will mean jobs and prosperity for all. In practice, the critics point out, the rules by which globalization has proceeded to-date have largely favoured capital interests to the detriment of labour. The often-violent street protests at the meeting sites of the WTO or the World Bank or the G-8 summits is an extreme expression of a sentiment of anger and frustration shared by a much larger segment of society. The growing divide between the beneficiaries of globalization and those who perceive being left behind is incompatible with the globalization trend. This divide must be addressed and narrowed if the trend towards freer movements of capital, goods and skills is to be sustained (Courchene 2001). If it is left to fester this lack of consensus over future direction may spell the end of globalization as we know it today.

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In this paper, we make an attempt to inform this debate by outlining the key arguments for and against the need for a labour policy to complement other policy initiatives that constitute globalization. Our normative view is that the benefits of globalization could reach many more if a distinct labour policy were developed to accompany other policy initiatives of globalization, namely, monetary, trade and fiscal policies. As things stand at the time of this writing in late 2001, labour policy discussions were not forming any substantive part of trade talks around the globe. A number of writers argue that the current thrust of globalization has lost much of its initial momentum due to voices of the disaffected (Klein 2000; Barlow & Clarke, 2001). In one interpretation of these views, the march towards globalization has brought great harm to its own cause by ignoring social issues (including labour policy). Many of these writers make a similar argument for social involvement that we make in this paper for better labour standards to accompany globalization.

The purpose of this paper is to provide an overview of one key issue facing labour in the wake of globalization, namely, that of improving labour standards. In the next section we outline a brief conceptual framework for understanding the role of labour standards within the context of globalization. This is followed by a section that argues for an international labour regulation regime for two distinct purposes. The last section then outlines the debate around international labour standards followed by an argument for developing process rather than substantive standards as a way to break the current impasse over the best way to proceed.

II. An Economic Framework for Labour Standards

Establishing labor standards constrains the free operation of the labour market in that labour market transactions below a floor or a “minimum” are not allowed to occur even if voluntarily entered into by employees. The idea here is to “protect” the more disadvantaged workers with little bargaining power in the absence of legal limits imposed by public policy. Generally, such workers also lack any significant level of unionization or protection under collective agreements.

Economic theory predicts that the market mechanism will respond by firms trying to shift the costs of higher labor standards “forward” to consumers, or “backward” to the employees who receive the higher standards. It is increasingly difficult, however, to pass the cost increase forward to consumers in the form of higher prices in a world of globally competitive markets, compared to the former situation when local markets were protected by tariffs or local monopolies. Firms may be able to shift part of the cost back to the employees who receive the higher standards, especially because low-wage labor is a relatively immobile factor of production and cannot escape the cost shifting. Higher minimum wages, for example, may lead to more onerous working conditions or to reductions in training opportunities if such opportunities were previously provided in return for workers accepting a lower wage in return for the training. Firms may also be able to shift part of the costs of higher standards in subtle fashions as when employers adjust their straight-time wage portion downwards to offset the impact of an overtime wage premium (Trejo 1991) or when payroll taxes are shifted back to workers in the form of lower compensating wages for the benefits that are financed out of the payroll taxes (Dahlby 1993) or when the cost of “reasonable accommodation” requirements imposed on employers are shifted back to workers in the form of lower wages in such jobs (Gunderson and Hyatt 1996).

Firms may substitute away from using the higher priced labor and into capital if they cannot shift the cost of higher labor standards either forward to customers or backward to workers. Firms may also reduce their output as consumers purchase less of the more costly output, and some firms may even go out of business, or move their business to jurisdictions that do not have such costly labor standards. The substitutions can be subtle, as for example, if firms increase their use of non-standard employment (fixed term contracts, temporary help agencies, subcontracting to the self-

employed) in response to increased regulations in labor markets (Lee 1997, Portes 1990). If termination costs are anticipated at the hiring decision, firms may reduce their hiring of new workers (Lazear 1990) and instead, demand longer working hours from their existing workforce.

It is possible that the real rationale for labor standards may be to protect the jobs of those who already have those standards and whose job security is threatened by those who do not have them. For example, minimum wages and hours of work restrictions were first applied to “protect” women when they first started entering the labor market, albeit the real rationale may have been to protect male jobs from such lower cost labor. Developing countries accuse the developed countries of thinly disguised protectionism when the developed countries try to protect their high-wage jobs by having labor standards requirements imposed on the developing countries as part of trade agreements. Labor standards legislation may protect unionized jobs from the competition of lower cost non-union workers. Alternatively, such legislation may be an alternative to unionization – if the state can provide such protection, there may be little demand for unions to provide it. These examples show that the group that is being “protected” by labor standards laws may not be the disadvantaged groups to which the laws ostensibly apply.

So far we have assumed that adoption of higher labor standards impose net costs on employers. It is possible, however, that some of the labor regulations yield benefits to employers that offset some or all of the costs. For example, requirements for advance notice in the event of a mass layoff or plant closing could enable employees to engage in job search over that period, and this could benefit perspective employers as well as the employees (Kuhn 1992). Workers’ compensation as a “no fault” insurance scheme where injured employees are given compensation in return for giving up the right to sue their employer, may yield considerable savings to employers who would otherwise face the legal costs of the tort liability system. Protection against age discrimination may enable employees to engage in longer term contractual arrangements with organizations involving deferred compensation, and this in turn may have positive implications for employers (Neumark and Stock, 1999). Parental leave programs can improve child health and development outcomes in the early years of child development, and this can save on subsequent costly programs later (Ruhm 1998, 2000). Providing a safety net of protection may reduce employee resistance to technological change, trade liberalization and other efficiency enhancing changes. It is also likely that cost advantages arising from low labor standards may be only temporary, if wages and regulations increase as capital moves in and the demand for labor increases (Verma, 1997, p. 274).

It is also possible that employers would be willing to comply with higher labour standards if it did not create a disadvantage with respect to other employers. In essence, employers may be willing to enter into an agreement whereby they adhere to such standards providing their competitors also adhere to them. That is, they are willing to pay their share of such standards, providing all others also pay their share. In that view, legislated standards are a way of precommitting all employers to such standards. This may be a way of avoiding the prisoner’s dilemma whereby co-operation yields the best outcome, but each player has an incentive to defect and not co-operate (Gunderson 1999).

Thus, labor standards can serve a variety of purposes within the context of globalization. With increased international competition, it is less likely that the costs of labor standards in the developed countries can be shifted forward to customers, and more likely they will be shifted back to employees – unfortunately, employees whose real wages already may be eroded by the import competition from low-wage countries. According to the Heckscher-Ohlin Theorem of economics, countries will export goods that embody factors of production for which they are abundantly endowed, and import goods for which they have scarce factor endowments. Developed economies have an abundance of technology, capital and human capital, and hence have a comparative advantage in capital intensive high-technology production. Less developed countries have an abundance of low-wage labor and natural resources, and hence have a comparative advantage in exporting natural resources and labor intensive exports. Over time, however, they often adapt the new technology and move up the value-added chain.

If such costs as outlined above can not be shifted to the consumer, and if legislated labour standards do not yield offsetting benefits, then employers will reduce their demand for the labor that is subject to the higher standards. This can further exacerbate their employability that is already jeopardized by increased competition from low wage countries. In such circumstances there will be increased pressure to have *international* standards improved so as to inhibit *international* competition on the bases of low standards. The dilemma is that this is incredibly difficult because countries are reluctant to yield any sovereignty to international organizations, and because the appropriate standard for one country may not be appropriate for another – what is a floor for one country may be a ceiling for another. In such circumstances, the more developed countries will try to have higher standards imposed on the less developed countries, perhaps by having them included as part of trade agreements. This will engender the accusation of protectionism from the developing countries – especially as the developed countries found this intense interest in the well being of workers in the less developed countries just at the time that low wage labor in the less developed countries was becoming a threat to the developed countries. Dealing with these issues is a major challenge to industrial relations under globalization.

III. Role and Goals of an International Regime

The contemporary thrust towards globalization has stirred up questions and anxieties about the role of international regimes of governance and a corresponding erosion of national sovereignty. In principle, any transaction binds a party in ways that reduce some autonomy. This is the nature of transactions or trade. But this reduction in autonomy does not necessarily mean that parties are worse off. If the transaction is made voluntarily, giving up some autonomy makes one better off by increasing one's basket of goods and services. Thus, there is no theoretical basis to assume that loss of autonomy in various areas of policy including labour policy, of itself is going to make us worse off (Gunderson and Verma 1999). In fact, if the game is played with the full inclusion of all stakeholders there is reason to believe that an international regulatory regime for labour could make all parties better off.

In considering the question of international labour policy the issue of the goals and role of an international regime of labour regulation needs to be considered. In other words, what can an international regime achieve? Conceptually, we need to find a justification for a mandate for international regulation. On a practical level, what is feasible and realistic for international policy to achieve? There are two possible considerations that merit attention. In its first role, international regulation can be seen as an interim method of regulation in parts of the world where labour standards are either weak or weakly enforced. International labour regimes can be seen as a bridge to the future when more effective national regimes can take over this role. The twin assumptions behind the “bridge to the future” idea are that national labour standards regimes will continue to be important and that they will get stronger over time.

A possible second role for international regulation emanates from the argument of growing complexity under globalization. Globalization allows employers to operate across nations with great flexibility. As operations of firms become more far flung it will be ever harder for any single national labour standards regime to ensure full compliance by a multi-national enterprise. An international regulatory regime will be needed to fill-in the gaps between national regimes of labour regulation. In this view, the international regime complements a vigorous and active set of national regimes.

These two roles can be fulfilled simultaneously. It is not a matter of choosing one over the other. However, both of these roles preclude any approach in which the international regime supplants national ones. These considerations lead to the caution to not promote any system that make national systems irrelevant. If international regimes play a limited but supportive role they will go a long way to fostering better labour standards around the globe.

IV. Labour Standards & Globalization

The current challenge for policymakers is to find ways to improve working conditions for workers all over the world. However, the movement to improve labour standards stands mired in an unfortunate debate between richer and poorer countries over how best to proceed. In the next section, the north-south debate is discussed with a view to finding approaches that might be workable and acceptable to all parties.

The View from the North

In the economically advanced countries most parties including labour, employers, NGOs and the government are united in their call for higher labour standards all over the world. Since their own labour standards are already quite high this amounts to pointing a finger at the developing countries. The most common arguments in favour of these calls are that trade must be “fair” in addition to being “free”. The implication is that countries with low labour standards enjoy an unfair competitive advantage. Further, employers unhappy at losing their competitive edge would want labour standards further lowered in their own countries setting off a “race-to-the-bottom”.

Whether low labour standards create a competitive advantage is a salient debate in the labour standards literature. Specifically, is there evidence that reducing labour standards leads to beneficial outcomes or that higher standards has beneficial outcomes? The classic argument against higher labour standards is that this will lead to increased labour costs and therefore decreased competitiveness of that business, industry or economy. However, there are compelling arguments and evidence that this is not the case. In contrast, it is suggested that higher labour standards may lead to enhanced competitive and economic development, while lower standards may negatively affect both (Bhagwati and Hudec 1996; Krugman 1994, 1997).

As noted by Lee (1997) it is not unambiguously the case that higher labour standards lead to higher labour costs, because much of the cost of higher standards are passed on to workers by way of reduced wages. Further, Freeman (1994, 1998) notes that increased labour standards may come in many flavours, and often the cost of improving particular working conditions is little or nothing. For instance, Freeman points out that many aspects of poor working conditions such as physically abusive supervisors, inadequate bathroom access and dark, crowded, hot, noisy workplaces, may be improved without adding significantly to production costs. To implement the lowest cost standards first, and to require the entire sector to meet these standards would not negatively affect competition.

It has also been argued that labour standards can be viewed as a public good and that there is consumer demand for higher – or adequate – labour standards. Freeman (1998) reports on mini-experiments conducted on the sale of t-shirts at higher prices if they are guaranteed to have been ethically manufactured to demonstrate consumer demand for labour standards. The general finding is that consumers are willing to pay a premium for garments guaranteed to be made under ethical working conditions. This suggests that there is room for increased production costs arising from higher standards to be passed on to consumers. Similarly, it is argued that different countries, regions or economies have different demands for labour standards.

There is no clear evidence that increased globalization has resulted in reduced labour standards in industrialized nations (Lee 1997). The main argument for this assessment lies in the evidence that trade with low-wage countries has had only a limited impact on employment and wages in the industrialized countries. Then it follows that it could not have exerted any downward pressure on labour standards as well.

Further, Lee (1997) counters the common argument that lower standards is linked to higher productivity through lower labour costs in developing countries, by pointing out research findings that have shown that unit labour costs in some developing countries were higher than in the U.S. The low productivity levels of labour in labour-intensive markets often offset the possible advantage of low wages.

An OECD study considers the possible impact of differences in labour standards on international trade and foreign investment, concluding that it is impossible to provide the existence of an empirical link between these standards and global trade performance or foreign investment (OECD 1996). The argument that non-observance of core labour standards gives rise to unfair trading practices cannot be proven empirically. Formal economic theory suggests that, in general, trade would enhance core standards. The classical trade models show that patterns of product specialization depend on relative factor-endowments, technology and economies of scale rather than on relative labour standards. Cumulatively, empirical research suggests that there is no global correlation between growth of real wages and the degree of respect for freedom of association (Torres 1996). During the 1980s, for example, real wages rose faster in those countries which had the most rather than the least respect for core standards. Conversely, there is nothing to show that countries with weak standards have export results that are generally better than those with high standards.

Contrary to the belief of those who subscribe to the theory of unfair competition, failure to observe core labour standards can hamper the economic efficiency of a country and the growth of its exports. This is because the exploitation of child labour, discrimination in employment, slavery and exploitation of labour in general are liable to perpetuate arrangements that are economically inefficient. The exploitation of child labour, for example, hinders the development of human capital and thus retards improvements in productivity; discrimination in employment results in situations in which some workers are not employed in the positions where they would be most productive; the lack of freedom of association undoubtedly makes it more difficult to introduce modern methods of human-resource management and generates an unstable social climate which does not encourage productive investment. It follows, therefore, that countries with low standards can strengthen them without fear of an unwanted impact on their own economic development.

Torres (1996) points to the examples of countries such as Bangladesh, Jamaica, Malaysia and others, which follow a conscious strategy of lowering standards in certain export sectors or export-processing zones, with the object of encouraging foreign investment. He observes that it is far from clear that this policy has had positive results, and that it is possible that its long term effect is to reduce foreign investment in these areas. Investments are not simply attracted by low labour costs, but rather to the overall quality of the domestic institutions (Rodrik 1998). Physical infrastructure, institutional infrastructure, social and political stability, and the quality of the labour force are key determinant of the location of investment. These factors are at risk of failing to develop or of erosion in economies that look to lower labour costs as a strategy to draw investment. In conclusion, it is important to note that both persuasive arguments and empirical evidence suggest that higher labour standards do not necessarily threaten competitiveness; on the contrary, they may indeed contribute to the success and international competitiveness of an economy.

The View from the South

In the developing countries an exact opposite consensus has emerged. All parties including employers, labour unions and the government see any externally developed labour standards as intrusive. They have unanimously opposed them whenever these discussions have taken place in international forums. They take exception to the external nature of these standards arguing that their national sovereignty over labour matters must be respected. It also argued that if there is a competitive advantage to lower standards in labour intensive economies then these countries should be able to use this advantage to grow economically. Lastly, what seems to give their arguments

some weight is that the demands for better labour standards appear to coincide with growing competition from developing countries in world markets. Thus, the move for better standards is perceived to be protectionist rather than viewed as a gesture of concern for worker welfare.

If the developing countries get their way completely on this issue we would end up with very small, incremental improvements in labour standards in the world. This would be unfortunate because the need for improving labour standards is pressing. As shown by the ILO in its 1999 report, *Decent Work*, working conditions for a very large number of workers remain poor. Child labour, forced labour, discrimination in employment and abuses of the right of association remain prevalent. Therefore, it is necessary to dig deeper to examine how valid the objections to improving labour standards may be and if they can be addressed in such a manner that will allow standards to be improved without hurting a country's competitive advantage.

While national sovereignty over matters such as labour standards is legally unquestionable, a more pragmatic stand would be to begin an internal process to examine standards and to find ways to improve them. The world is increasingly interdependent. In areas such as the environment, human rights, and democracy, each nation is more likely to be held accountable today than would have been the case a few decades ago. Moreover, in an interdependent world, the actions of each country affect the others. Thus, it is not possible any more for any nation to completely insulate itself on social issues while enjoying the advantages of economic integration. The question is not whether to respond to these calls for better conditions for workers but on how best to respond without losing control over the process.

Influencing the outcomes on the labour standards debate is another argument for developing countries to respond on this issue. Isolationist and sovereigntist arguments may isolate developing countries to such an extent that they will have no influence on the outcomes of an international process. If the developing countries do not find a way to participate in the debate to make their inputs they would be unable to influence the outcomes of any international consensus on this issue. Thus, it may be in the interest of the developing countries to participate in the debate over labour standards. For developing countries that enjoy pluralist democracies it may not be hard to engage in a process of internal debate over standards. As argued in the next section, the seemingly irreconcilable positions of the developing and developed countries may be bridged if the developing countries were able to create internal debates around labour standards.

Current Approaches and Challenges

The current challenge for policymakers is to strike a balance between the two extremes discussed above. On one hand, there is a danger that little or no progress will be made on labour standards due to objections from large developing countries such as India and China. On the other hand, there is a chance, however small, that some international body (or bodies) such as the WTO would formulate a set of rules imposing a set of labour standards that would prove to be impractical, unenforceable and most importantly, unhelpful to those workers it is designed to help. A balance would be achieved if some principles of making progress are agreed to but whose implementation is left to each nation. The last section develops some proposals along these lines.

At the time of this writing in late 2001, a number of approaches to labour standards within the international context continue to evolve. These are briefly reviewed to show that the cause of international labour standards is a complex challenge. It can not be fully addressed by any single approach. Rather, a number of different approaches would be necessary. The current period is a period of experimentation. It is most important at this stage to examine which approaches yield better results. A number of these approaches can then be combined to create an effective network of labour standards regimes.

ILO's Core Labour Standards. The ILO has led the way by declaring a set of labour standards (CLS) as forming the “core”. These standards comprise of certain conventions that encompass five basic principles: freedom of association and right to collective bargaining, no child labour, no forced labour and an end to discrimination in employment (ILO 1999). These conventions were not promoted and adopted specifically as a response to globalization. They have a longer historical connection to the ILO's advocacy of labour rights since the 1920s. However, their emergence as a set of “core” labour standards in the 1990s appears to have been driven by the need to develop a global basic standard for labour rights and protection. In establishing and promoting these standards, the ILO has set a high moral tone for policy debate and action around the globe. Although the ILO has been crucial in promoting the adoption of these labour conventions, their implementation is left up to each national government. At the global level, the ILO does not have the resources to monitor and enforce standards. This approach requires world-wide action by national governments for it to make an impact on labour standards.

NAFTA and NAALC. Yet another approach to labour standards in the context of growing economic integration across nations can be seen in the labour side agreement accompanying the North American Free Trade Agreement (NAFTA). The North American Agreement on Labor Cooperation (NAALC), the labour side agreement accompanying NAFTA, allows any party (employer or labour) in any of the three countries (Canada, U.S., Mexico) to lodge a complaint of non-compliance with NAALC provisions in either of the two other countries (Verma et al. 1996). In other words, a Canadian employer or union can lodge complaints about violations in the U.S. or Mexico and a Mexican employer or union can lodge complaints about violations in Canada or the U.S. After nearly seven years of the agreement being in effect it is safe to conclude that NAALC has not had a huge impact on labour conditions (Cook et al. 1999). Critics point to its narrow scope and limited powers to argue that this approach while useful in educating the parties and publicizing the violations, is unlikely to make a big impact on a large scale (EPI 2001, Compa 1999).

Corporate Codes of Conduct. Given the lack of internationally accepted labour standards, a number of multinational firms within certain sectors, prodded on by governments and NGOs, have begun to adopt codes of conduct voluntarily (Sabel et al. 2000). The Corporate Codes movement has made some progress on labour standards within a certain niche. Codes were first established in consumer goods sectors such as toys, clothing, shoes and rugs. The U.S.-based Fair Labour Association (FLA), first initiated under the Clinton Administration by the then Secretaries of Labor (Robert Reich) and Commerce (Ron Brown), initially drew its membership largely from the consumer goods industry. Makers of apparel such as Levi and Gap, footwear (Nike) and others have been part of the FLA from the beginning. Similarly, the Ethical Trading Initiative (ETI) is a UK-based group of firms producing consumer goods, that attracted much attention when British Prime Minister Tony Blair gave it his personal and official support. The Clean Clothes Campaign (CCC) is a European initiative also aimed at the apparel producers. This early thrust of Corporate Codes in the consumer goods industry leaves two issues for the corporate code initiative to address: how can these codes reach workers in other sectors not covered by the current initiatives; and, how the codes can possibly overcome the north-south divide on labour standards.

Future Directions

In the current climate it is unlikely that any trade-linked international regime of labour standards would be successfully negotiated and implemented. It is equally unlikely that the *status quo* would continue. In the previous section a number of current approaches were outlined. These initiatives along with others will continue to evolve. Given the complexity and vast scope of the issue it is also unlikely that any single regime would reach all the workers of the world. Even as this process of evolution is under way it is important to steer the development midway between “doing nothing” and trade-linked labour standards. This is the time to recognize that there are limits to what can be achieved by insisting on trade-linked labour standards.

Another lesson that can be learned from past experience is to focus international efforts on process standards rather substantive standards. This distinction between process and substantive procedures is well established in industrial relations theory and practice. Process standards allow the parties to work out rules by mutual agreement as the need arises. It is a more flexible approach in many ways. It allows flexibility in developing solutions as conditions change. For example, technology, markets or other social and political contexts may change without any notice. Process standards would allow the parties to fine tune existing standards or adopt entirely new solutions to suit the situation.

Substantive standards, on the other hand, are much less flexible although they would need to be changed as the economic, technological and economic contexts for labour change. If multiple parties are involved, as would be the case for international labour standards, changing the standards would be a cumbersome and difficult task. Further, substantive standards are usually associated with a greater degree of centralized control. In the international context highly centralized control may be more difficult to sell than a decentralized one. For all of these reasons, it would be important to resist any attempt to develop and impose international substantive standards.

When the distinction of process and substantive standards is applied to the case of international labour standards it becomes clear that there are many advantages to a process

approach. The biggest advantage being that process standards would give every country greater control over their own labour standards. But this would be different from the current situation in which governments have almost exclusive control over compliance with labour standards. Process standards would allow an indigenous, internal process within each country to develop, implement, monitor and enforce labour standards. Such an approach to process standards has the potential to break the impasse in north-south dialogue discussed earlier. At the same time, it addresses the concerns of those who fret about the high level of labour exploitation in developing nations. Adopting process standards is a compromise in which both sides get something but not everything that underlies the current impasse. Developed countries can be satisfied that a process to improve standards is being adopted by all countries. Developing countries would retain control within their own boundaries but would be required to submit to a process to improve standards.

The argument for process standards raises the question of what these standards may look like? To begin with, every nation that is a party to an international compact will commit to a *process* to improve labour standards. An initial phase could simply involve a multi-partite, fact-finding phase in which data are collected over working conditions in a variety of industries, sectors and regions. These findings would be published and widely disseminated over the internet. Each government would be required to sign the ILO's core labour standards. In another phase, the government could initiate a movement to have the largest corporations voluntarily adopt either the UN's *Global Compact* or codes of conduct developed jointly by employers, unions and NGOs. In subsequent phases the codes could be extended to suppliers and other smaller firms. Each nation could also commit itself to a process of social dialogue under which government, employers, unions and NGOs would be required to consult each other periodically over labour standards at several levels including national-, regional-, sectoral-, enterprise- and local levels. This would create a regime in which nations would be bound to pursue higher standards but the level of those standards would be left to a pluralist system within each country to develop and implement.

It should be noted that the vision of process standards laid out above is not without its problems and difficulties. It will not be an easy one to get agreement on. Yet, the alternatives are far less promising in terms of making progress on labour standards. If the objective is to make significant progress then the process route holds out the greatest promise. Since the forward march of globalization itself depends on obtaining better labour protection, the cost of pursuing process standards for working conditions may not be too high when measured against the alternatives.

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LABOURING FOR ADVANTAGE: WORKER STAKES IN A GLOBALIZING ECONOMY

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