

Göte Hansson

International Labour Standards – A Conference Report

A summary of the discussions at the Conference on International Labour Standards: Issues, Theories and Policy Options, arranged by the Swedish Ministry for Foreign Affairs and the Expert Group on Development Issues (EGDI), Stockholm, 23–24 August 2001

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List of Acronyms

COSATU	Congress of South African Trade Unions
CRC	Convention on the Rights of the Child
CUTS	Consumer Unity Trust Society
GSP	Generalised System of Preferences
ILO	International Labour Organisation
IPEC	International Programme for the Elimination of Child Labour
LO	Swedish Trade Union Confederation (Landsorganisationen)
MNC	Multinational Corporations
MTUC	Malaysian Trade Union Congress
OECD	Organisation for Economic Co-operation and Development
PROGRESA	Program for Education, Health, and Nutrition
WTO	World Trade Organisation

Preface

This study of the old and ever topical issue of international labour standards presents a summary of the debate at the Conference on International Labour Standards arranged by the Swedish Ministry for Foreign Affairs and the Expert Group on Development Issues (EGDI) in Stockholm in August 2001.

The concern for upholding international minimum labour standards can be traced back at least as far back as to the eighteenth century. Ever since, the debate on this issue has been with us in various international organisations, although with little ostensible success in practical international policy so far. The debate has emphasised various aspects of working life such as night work for women, child labour, hours of work, wages, safety and health aspects of the working environment, and basic trade union rights. However, during the past decade particular attention has been devoted to the issue of child labour.

In her introduction to the conference, Ms Gun-Britt Andersson, State Secretary for Development Cooperation, Migration and Asylum Policy, Swedish Ministry for Foreign Affairs, made reference to the long, lively, and frequently also highly polarised debate on the issue of international agreements on labour standards. Will such international standards be positive for the living and working conditions of the poor groups in less developed countries or will they be counter-productive in these respects?

Throughout the entire history of international labour standards, demands for linking such standards to trade policy and international trade agreements have been advanced. Ms Andersson noted that 'global markets and global market governance have developed more quickly than global social governance' (Appendix p. 24). In particular, the situation of children in the developing countries has long been heavily emphasised in the debate on and demands for international labour standards in international trade agreements. Therefore, gaining a better understanding of the factors behind, and potential solutions to the problems of child labour is an important challenge for development researchers and researchers in international political economy. As will be clear from the following brief summary, a major part of the Stockholm Conference was occupied with this challenge, but a number of other issues within the large topic of international labour standards were also addressed.

Professor Kaushik Basu of Cornell University, gave a brief introductory address in which he pointed out how the problem of international labour standards was complicated by the fact that it provided a common platform for those genuinely concerned about the well-being of workers and those wanting to exploit this concern to enhance their own agenda. This is what gives rise to the need for research and objective inquiry. He hoped that this conference would contribute towards this, shedding light on the issues and paving the way for crafting effective policy.

Blackwell Publishing has published some of the papers from the conference in a book, *International Labor Standards: History, Theories and Policy Options* (2003)¹. The present study should thus be seen as a complement to that volume and will include brief summaries of the comments that were delivered in writing and in oral discussions at the Stockholm Conference. The study is based on the notes taken by members of the EGDI secretariat at the Ministry for Foreign Affairs and the written comments that some of the participants delivered at the conference. However, although some of the papers and comments presented at the conference have been revised before publication by Blackwell, it should be noted that the present study is based on the original preliminary papers and the discussions that followed at the Stockholm Conference.

In addition to the papers published in the volume by Blackwell Publishing, a number of interesting presentations were made at the Stockholm Conference. In the Appendix to this conference report, some of these more extensive written comments are presented in full text as they are quite interesting per se and deserve to be spread to a wider audience.

This study should thus be seen as a report that in combination with the book provides some information about the process of conference communication that has led to the Blackwell publication. When page references are given to contributions included in the volume published by Blackwell, two page references are given. The first one relates to the original seminar version of the paper², and the second one, denoted in italics, relates to the edited and published version of the same paper. For references to the comments included in the Appendix to this conference report, the page number refers to the page in the Appendix.

I am grateful to the members of EGDI, who offered me this opportunity to summarise the debate that took place at the conference. I am particularly indebted to Dr Lisa Román and Mr Torgny Holmgren, who provided me with the notes from the conference and commented upon different drafts of the report. However, I am solely responsible for the interpretations and transformation of these notes into the present report.

Lund, May 2003
Göte Hansson

¹ Basu, K. , H. Horn, L. Román, and J. Shapiro, eds., 2003, *International Labor Standards: History Theory and Policy Options*, Blackwell Publishing, Malden, USA

² A list of the papers presented at the seminar appears in the Appendix.

The History and Political Economy of International Labour Standards

In “The History and Political Economy of International Labour Standards”, Professor *Stanley L. Engerman*, University of Rochester, analyses the history of labour standards. National labour standards are traced back to the fourteenth century when, as a consequence of the Black Death, the British government introduced maximum wages and constraints on migration and settlement. Engerman also notes that, in general, labour standards have been proposed in order to protect ‘certain individuals, who are, either legally or economically, too weak to be properly treated within the market economy, or else who lack the political voice to be able themselves to influence legislation’ (p.4, p.11). He notes that national labour standards legislation can be used as national trade policies (p.5, p.22).

Engerman identifies both moral and economic arguments for introducing labour standards. The moral aspect relates to the objective of helping those groups that have no voice economically and/or politically.

From an economic point of view, arguments in favour of labour standards legislation are frequently based on the existence of market imperfections. Thus, labour standards are thought to improve a society’s economic efficiency.

Right from the beginning of its history, the focus of labour standards has been on the situation of women and children, while male workers have been thought to have sufficient rights and thus have power to directly affect their situation at work. Furthermore, in their early history, labour standards were determined and enforced at the national level by sovereign nations (p.14, p.31).

Ever since demands for labour standards were first presented, these demands have been met with arguments based on concerns about increased production costs and thus lower profitability, and consequently also negative employment effects. Therefore, from quite early days, the debate included an international dimension and one important issue ever since has been whether standards should be the same in all countries or whether they should differ and depend on the level of economic development (p.9–10, p.30). Today, the issue of international labour standards mainly focuses on the differences in working conditions between industrial and less developed countries while in the early years of international labour standards, the focus was on differences among relatively similar countries in, for instance, the level of development, climate, etc. (p.14, p.30).

Although trade sanctions, in principle, can be imposed on a country if there is any violation of labour standards anywhere in the economy, when international standards are agreed upon and linked to trade policy, this normally only covers products that are traded internationally. Thus, as a rule such standards do not apply to working conditions in domestic sectors. Other

important issues discussed by Engerman concern the problems of defining relevant standards and their implementation, including the institutional set up and the necessary inspection of the actual situation.

The establishment of the International Labour Organisation (ILO) in 1919 focused on the above issues but it did not include any trade policy sanctions. Instead, this organisation concentrated on publishing information about poor standards and non-compliance with regard to agreed ILO conventions and recommendations.

More recent history of labour standards has seen the focus shift from specific working conditions such as wages, hours of work and workplace environment to standards related to basic human rights such as child labour, trade union rights and labour market discrimination. This change has meant less obvious and less politically acceptable claims that the inclusion of labour standards in trade policy should be seen mainly as protectionist measures, that is, as measures that are not uniquely positive for people in less developed countries.

In the debate, Engerman's historical survey was largely appreciated. However, even at this early stage of the conference, the main comments on Engerman's paper and presentation concerned the overall motives and thus the legitimacy of linking labour standards to trade policy rather than the history of such standards *per se*.

In her comment on Engerman's paper, the first discussant, Professor *Jane Humphries*, University of Oxford, noted that Engerman's paper demonstrates the obvious parallels between the present and the past as regards motives in favour of and against labour standards. However, it is interesting to note her references to the feminist perspectives and interpretation of the demands for labour standards. According to Professor Humphries, in order to promote shorter hours for all:

Adult males thus campaigned for a shorter working day "from behind the women's petticoats", strategically using Victorian middle class sex-role standards to achieve their own ends. Some feminist historians have gone so far as to argue that male-dominated trade unions' support for protective labour legislation was a thinly disguised strategy to exclude women from better paid jobs (p.3, p.86).

Professor Humphries also pointed to the role of patriarchal rhetoric as an important factor in the arguments for gendered labour standards (p.4, p.86).

Much of the history of labour standards focuses on the situation of children at work. This is so also in the current debate on trade-related international labour standards. Professor Humphries noted:

Like today's development economists, eighteenth-century commentators recognized that there were worse things in the world than child labour (child starvation for example) and feared that labour standards by exacer-

bating family poverty could leave children worse off. They saw too that if standards were sector specific, the likely effect would be an exodus of children into unregulated employment where their experiences may be even worse (p.5–6, p.88).

In relation to the issue of child labour, Jane Humphries concluded that:

The apprenticeship, a now under-valued institution, played a key role in the ability to combine education and work for generations of nineteenth century European children. Perhaps it is time to look again at this and other institutional manifestations of the need to combine work and education (p.13, p.94).

The second discussant, Professor *Karl-Ove Moene*, University of Oslo, commented on Professor Engerman's paper, focusing on the role of labour unions in the process of labour standards. He did so by referring to the Scandinavian experience of the development of labour legislation and poverty reduction. Moene stated that current labour standards in the Nordic countries are the result of 'a long process of piecemeal reforms with continual adjustments and modifications that were politically expedient. The essence of the political strategy in Scandinavia centred on the cumulative nature of political mobilization and legislative reforms that started long before social democrats obtained governmental power' (pp.1–2, p.100).

The development and progress of labour standards in the Scandinavian countries, according to Moene, was the result of a process 'from political rights to social rights, and from social rights to economic rights'(p.2, p.100). Thus, in Scandinavia the role of legislation on minimum labour standards played and still plays a far less important role, and instead labour unions seem to have been a substitute for minimum standards legislation.

According to Moene 'the single most important union policy for higher labour standards in Scandinavia was solidaristic wage bargaining'(p.2, p.101). In the light of the present debate on labour standards and international trade, Moene underlined that it is important to note that this largely centralised trade union policy was not associated with protectionism but rather the opposite. It was a way to adjust, in an orderly manner, the industrial sector so that competitive strength in export markets could be maintained. The policy resulted in 'productivity enhancing creative destruction via an egalitarian wage policy' (p.3, p.101). Moene also pointed to the links between, or consequences of, the solidaristic wage policy, the development of the welfare state and thus the improvement in schooling and the reduction of poverty (p.4, pp.102–103).

Moene concluded by stating that 'it is difficult to see how one can solve the problems, as Engerman points out, of control and enforcement of international labor standards, if not poor countries have interest organisations that have a self-interest in performing these tasks' (p5, p.103). Therefore,

Moene expresses disappointment with the World Trade Organisation's (WTO) unwillingness to include basic trade union rights such as freedom of association and the right to collective wage bargaining in the rules of the organisation.

In the ensuing discussion, Mr *Gösta Edgren*, former Swedish Ambassador to Vietnam and also a former ILO representative, pointed to the superiority of a gradual approach over the legislative approach to the challenges of improving labour conditions. Edgren made explicit reference to the large and quite important informal sector in the developing countries. He stated that:

A normative approach would make it impossible to work in the informal sector, since its very existence is an antithesis of regulation and standards. The approach from the legal side has been to ask for its abolition, while the developmental side has approached it by trying to help improve the productivity and the working conditions in the sector so as to bring them closer to the standards. What is important here is that if one ignores the informal sector, it will eventually undermine the formal sector and its legal framework, which will be more harmful to labour standards than if you choose a gradualist approach. (Appendix, p. 28)

Mr *G. Rajasekaran*, the Malaysian Trade Union Congress (MTUC), presented in his comment a trade union perspective on the history of international labour standards. He noted that the more than 200 years of history does not contain much progress in the field but quite the opposite: that opposition to such standards is still strong, and that 'governments and corporations who fail to act on this important aspect ought to be ashamed. Large MNCs that originate from industrialised countries ought to be even more ashamed of opposing labour standards observed in their own country.'

Furthermore, as far as ILO standards exist, Mr Rajasekaran noted that governments always have the right to abstain from ratifying the standards and when they actually have ratified norms they 'continue to violate them'.

The present debate on international labour standards has increasingly come to focus on *core labour standards* but such standards do not include standards on minimum wage levels. One reason, according to Mr Rajasekaran, is that 'it is not possible or practicable to impose an international minimum wage'. This is not the case with safety standards for the workplace, where Mr Rajasekaran thinks it is possible and proper to set international standards. In his recommendations on how to move forward in the field of working conditions, he noted that many of the problems lay in the structure of voting strength in the ILO, where governments have 50 per cent, employers 25 per cent and workers 25 per cent of the votes. This means, according to Mr Rajasekaran, that workers have problems in getting their resolutions adopted and even when they succeed, the ILO cannot enforce them. Therefore, he stated that the international trade union movement 'feels that we

need to link these standards to trade – like the GSP – and include observation of labour standards as a conditionality for aid’. According to Mr Rajasekaran, if this is not done the increased pressure to sacrifice standards in the name of globalisation and competition will mean that in terms of working conditions ‘we will be going backwards and not forward, resulting in greater insecurity’.

Professor T.N. Srinivasan, Yale University, raised a warning against emphasising the role of ratification or non-ratification too strongly, since some countries that neither sign nor ratify ILO conventions on standards might in fact have higher standards and others that do ratify might not enforce them. He also noted that even if international aid organisations like the World Bank conditioned their assistance by putting increased pressure on the actual labour standards situation in the aid-receiving country, it may not bring about sustainable improvements if there is no domestic political support.

In the debate on linking labour standards to trade, many economists opposed establishing such links. However, Professor Kaushik Basu noted that companies go to countries where they can apply lower labour standards and this creates a need for coordination of policy across developing countries. This led Mr Martin Wolf, the Financial Times, to raise the question as to whether the purpose of labour standards is to defend the ‘labour aristocracy’ and unprofitable activities. The labour aristocracy argument for international labour standards was strongly opposed by Mr Rajasekaran, who stated that ‘Labour hasn’t become aristocracy!’ Furthermore, Mr Edgren noted that there is no evidence that standards have affected growth and employment negatively. Professor Alan B. Krueger, Princeton University, referred to the experiences from the trade policy debate in the US, noting that support for linking labour standards to trade sanctions seems to be based more on moral than on protectionist arguments.

The Impact of International Labour Standards: A Survey of Economic Theory

In "The Impact of International Labour Standards: A Survey of Economic Theory" Professor *Nirvikar Singh*, University of California, Santa Cruz, presents a survey of the theoretical literature on international labour standards. His basic question is whether international labour standards would be beneficial for less developed countries and, in particular, the poor in these countries. Professor Singh emphasises the importance of making a clear declaration about the value judgements underlying arguments in favour of and against international labour standards, respectively. He also discusses the problems related to institutional arrangements when implementing such standards. Singh's conclusion is that 'there is no obvious theoretical case in which imposing labor standards on poorer countries will help their long-run growth' (p.82, p.109). Therefore, he does not see international labour standards linked to trade agreements as an efficient means of improving the situation of the poor. Instead, the conclusion is that labour standards 'ought to be incorporated into a broader perspective on well-being, and a package of policies that can promote the well-being of the poor' (p.1, p.107).

Professor *T.N. Srinivasan*, Yale University, the first discussant of Singh's paper, concluded that there are no arguments founded on economic theory that can be advanced as arguments in favour of trade-linked international labour standards. Singh's paper, although well-written and interesting, according to Professor Srinivasan, does not present any new theoretical arguments. Instead he finds that the surveyed theory 'amounts to pouring the not so new wine of labour standards in very old bottles of externalities, market failures, public goods, multiple equilibria, second best and so on' (p.1, p.182).

One of the themes of Professor Singh's paper is a discussion of labour standards as rights or as consequences of realities. Srinivasan questioned the use of rights as philosophical terms and concluded that rights 'without grounding them in a social and temporal context are not particularly useful' (p.4, p.183). In line with this reasoning he criticised the 'sweeping claim of universality and eternity' made by President Clinton's Council of Economic Advisors for a particular set of "core" labour standards, with the assertion that they represent 'fundamental human and democratic rights in the work place, rights that should prevail in *all societies whatever their level of development*' (p.5, p.184). If this view were to be universally accepted, according to Srinivasan, 'any diversity in the content and scope of core labour standards would be deemed a violation of fundamental human and democratic rights and illegitimate' (p.5, p.184). This would mean problems for the USA since there are other countries that have gone much further than that country in ratifying conventions on various rights beyond the core standards.

Another critical remark made by Srinivasan was that he had difficulty in seeing how the theories presented could be empirically estimated and

tested (p.1, p.182). He also noted that the presented theories seem to have a weak, if any, basis in the labour market characteristics of developing countries. This is because these theories overlook the fact that most labour in less developed countries is self-employed or non-wage employed (p.2, p.182).

Professor Srinivasan identified poverty as the main explanation for poor working conditions and child labour in particular. Therefore, by noting that the theoretical models presented lack a discussion of economic growth, one important conclusion drawn by Srinivasan was that 'models with no dynamics of growth are deficient for analysing labour standards' (p.2, p.183).

Srinivasan questioned the advocacy of international labour standards as a means of improving the living standards of the poor. Instead he sees the demands for such standards as a way of protecting workers in the industrialised countries (compare with the above discussion about labour aristocrats).

Professor Srinivasan concluded his comment on Singh's paper by stating that the current debate on labour standards concerns the 'desirability of using trade sanctions for enforcing them. On this the answer is very clear to most economists. It is emphatically that it is not' (p.11, p.186).

The second discussant, Professor *Tore Ellingsen*, Stockholm School of Economics, expressed an appreciation of the fact that Professor Singh in his paper does not take welfarism for granted. According to Ellingsen 'there is considerable evidence that people care about processes as well as outcomes' (p.1, p.187). Ellingsen noted that 'Economists have been all too willing to ignore arguments that are not based on concern for final outcomes, and for this reason our analysis of rights has tended to be much too narrow' (p.1, p.187). In fact, a bad outcome may well be accepted if the process leading up to the outcome is deemed fair. From the point of view of economic theory, Professor Ellingsen pointed to the fact that, until recently, economists have assumed that people can easily make agreements on complete contracts. However, new theoretical approaches, e.g. game theory, make it possible to analyse the more realistic situation of incomplete contracts. One important conclusion of such an approach is that

giving rights to workers may well enhance overall efficiency as well as the well-being of the workers concerned. Basically, the idea is that workers with no rights will be afraid of exploitation in the future and hence be unwilling to invest in any form of firm-specific human capital (p.2, p.188).

Given this conclusion, Ellingsen argued that we should expect that firms in new industries and firms where firm-specific human capital is an important source of the firm's competitiveness and development may, or even must, show a more positive attitude towards labour rights than is the case in industries and firms in old, well-established sectors where firm-specific human capital investments are less important (p.2, p.188).

On the issue of regulating working conditions, Professor Ellingsen concluded that ‘if workers can bargain effectively over working conditions as well as wages, it seems dangerous to regulate working conditions politically, because of the risk that workers lose more from cuts in pay than they gain from the improvement in labour standards’ (p.2, p.189). There is however a case for regulation when working conditions cannot be negotiated or implemented at the firm level. If in such cases, there is no regulation, the resulting mix of various labour conditions tends to be sub-optimal. Ellingsen concluded that:

overly ambitious labour standards will tend to harm the workers, either through lower wages or through unemployment. This is a strong reason for not demanding similar working conditions all over the globe, letting instead these conditions improve in tandem with economic growth – as they have in the first world (p.3, p.190).

In the discussion on Singh’s paper and the comments by Srinivasan and Ellingsen, Professor Singh responded that the aim of his paper ‘was to present a critique of the existing theories in a way that was accessible to general readers’ and not to write a theory paper for readers such as Professor Srinivasan. He also noted, as Professor Ellingsen indirectly acknowledged, that his ‘formal treatment of the rights perspective in this topic represents a theoretical advance, and allows more integrated discussion of widely differing views on international labour standards.’ Furthermore, Professor Singh argued that his ‘discussion of the labour market foundations of the case for standards was also deeper than previous surveys.’

In the discussion Mr *Pradeep Mehta*, the Consumer Unity Trust Society (CUTS), emphasised the importance of analysing the implementation of laws on working conditions. In line with what has been said above on processes and rights, he argued that many laws are not implemented or followed because people think they are wrong.

Mr *Ebrahim Patel*, the South African Clothing and Textiles Workers Union, noted that there are some standards – the core labour standards – that, like the abolition of racism, should be universal. He also argued that some standards should be universal irrespective of level of development and that international labour standards should be linked to trade and be enforced through processes where trade unions are key actors.

In another comment Mr Rajasekaran, the Malaysian Trade Union Congress, emphasised that individual rights should not be sacrificed in collective bargaining. Referring to the case of the struggle against apartheid in South Africa he concluded that sanctions might be useful in efforts to promote improved working conditions. The relevance of this reference to the struggle against apartheid when discussing labour standards was questioned by Mr *Mehta*, who stated that the issue is not about labour standards *per se* but

whether labour standards should be linked to trade policies, which according to Mr Pradeep Metha is something opposed by all trade unions in India. However, according to Mr Ebrahim Patel, most of the unions in the South support linking labour standards and trade. Professor Srinivasan underlined that trade policy is not the most efficient instrument in the field of improving labour standards. Labour standards, according to Srinivasan, should be seen mainly as a domestic policy issue.

That the individual worker may be in a difficult position regarding action at the work place was emphasised by Mr Ulf Edström, the Swedish Trade Union Confederation (LO), who stated that the worker frequently has to choose between having a job and staying outside trade unions and being active in union work and remaining or becoming unemployed.

Professors Kaushik Basu, and Judith Shapiro, New Economic School in Moscow, in their respective comments referred to the individual consumer's willingness to pay for labour standards abroad. Professor Basu referred to the moral preferences of consumers and questioned whether the market is the right forum for the expression and control of moral standards while Professor Shapiro referred to the field of development assistance which she sees as a test of peoples' preparedness to pay for labour standards improvements in less developed countries through the tax bill for foreign aid.

Child Labour: Theory, Evidence and Policy

One of the most topical issues in the debate on international labour standards and the linking of such standards to trade policy concerns the use of children in production. More or less all contributions, written or verbally delivered at the Stockholm Conference, included a discussion of child labour. In their contributions, Professors *Drusilla Brown*, Tufts University and *Alan V. Deardorff* and *Robert M. Stern*, University of Michigan, presented a thorough analysis and discussion of the theoretical and empirical background to the issue of child labour. They also discussed how child labour can be reduced by various policy measures, including threatening producers using children in their production with trade sanctions.

Based on a number of theoretical and empirical studies from various less developed countries the following factors are concluded to play a crucial role for the existence of child labour (pp. 10–26, pp.201–206).

Parental education seems to be more important and has a more negative correlation with child labour than the negative impact of family income (p.22, p.214). Although there is a strong negative cross-country correlation between child labour and per capita income, according to Professors Brown, Deardorff and Stern, the impact of family income on the frequency of child labour is not conclusive but needs further study (p.23, p.214). From the point of view of policy, it is interesting to note that theoretical analyses indicate that educating a single generation of parents will have a fairly positive effect on investments in education for coming generations.

Another crucial factor in the determination of child labour is the *quality of available schools* (p.23, p.215).

The *availability of household assets* also plays an important role but does not have a clear-cut determinate effect on a household's "child labour – child work" decision. On the one hand, assets 'provide the household with the ability to manage uncertainty, and as a consequence, child labour is not required for this purpose' (p.25, p.216). Furthermore, due to better access to capital in the credit market, families with assets can more easily transfer household income over time. Therefore, it is easier for these families to fund the education of their children themselves by obtaining loans in the market. On the other hand, there are assets that require a complementary input of labour, an input that may well come from children. Thus, according to Brown, Deardorff and Stern, 'a strategy of increasing access to capital markets may not always lower child labour, at least in the short run' (p.24, p.216). To this should be added, however, that there is evidence of the 'possibility that incomplete credit markets give rise to inefficiently high levels of child labour' (p.24, p.216).

The *age of the child* is also relevant; the older the child, the higher the opportunity cost of going to school and thus there is a stronger tendency to work instead of investing in education (p.25, p.217).

Finally, and this is most important as regards the ongoing trade policy debate on labour standards and child labour, there is 'little evidence that child labour is driven by the needs of industry. Children are far more likely to be working in a rural setting rather than an urban setting where factories are located.' (p.26, p.217)

In order to reduce child labour, the survey of evidence presented by Brown, Deardorff and Stern indicates that 'A package of school-based incentives, remedial education, income-generating activities for families and awareness training for parents is more effective than any one of these components individually' (p.44, p.233). Based on evidence of the income forgone when children go to school, Brown, Deardorff and Stern also conclude that school-lunch programmes are not sufficient incentives for encouraging households to choose to put their children into schools instead of letting them contribute through work (p.44, p.233). They further conclude that 'programs that provided apprenticeships, school-work combinations or "safe work" alternatives and other informal education were particularly effective in helping children leave dangerous or onerous occupations' (p.45, p.234). According to Brown, Deardorff and Stern, results from empirical studies about the situation in Bangladesh and Thailand, point more to 'school quality, an under-appreciation of the value of education, or direct school costs as the most important deterrents to schooling, rather than poverty and child labour' (p.47, p.235).

Brown, Deardorff and Stern finally discuss the central issue of linking trade policy to child labour. They make a useful division of the existing arguments for such a link into two categories: (i) protection of wages in the industrialized countries and (ii) humanitarian concern for "exploited" children (p.49, p.237). As regards the first argument, they find only little support based on empirical evidence of the effects of child labour on export performance. Brown, Deardorff and Stern conclude that:

Overall, the link from low labour standards in low-income countries to the wage of unskilled workers in industrialized countries is not especially strong. Child labour practices in developing countries are, at best, a secondary factor in determining comparative advantage and trade performance (p.51, p.239).

Furthermore, turning to humanitarian concerns for working children in less developed countries, Brown, Deardorff and Stern seem to find little support for trade policy actions. 'In fact, trade sanctions in the face of weak child protection are as likely or even more likely to harm children as they are to improve conditions' (p.52, p.239).

The first discussant of the paper by Brown, Deardorff and Stern, Professor *Alan B. Krueger*, Princeton University, recommended more empirical studies and underlined the need for the international community to obtain more data on the existence of child labour. One should, for instance, inves-

tigate the links between child labour and the level of economic development. Are there countries where child labour has not decreased when the country has experienced economic growth? Furthermore, Professor Krueger asked for more attention to be given to the political economy aspects of child labour. He recommended that research should consider situations where employers and governments collude in the exploitation of children through apprenticeships and by not providing adequate access to schools. More attention should also be paid to the political economy aspects of the potential roles of market subsidies to education. Professor T.N. Srinivasan also emphasised the superior role of education compared to trade sanctions in the fight against child labour.

The role of social interaction was emphasised by the second discussant, Professor *Luis F. López-Calva*, El Colegio de México and Universidad de las Americas-Puebla in Mexico, who stated, for instance, that if a family's neighbours send their children to school, the tendency for the family to do so also seems to be stronger (p.267). Furthermore, he noted that the likelihood for child labour seems to be lower in families where the head of the household is unemployed. In connection with this argument, Mr Ulf Edström noted that the same factors that have made the head of the family unemployed may also have made the child unemployed and thus reduced the demand for child labour. In the discussion, both Ms Judy Walker, Department for International Development, London and Professor Jane Humphries asked for more econometric work on the role of siblings and the absence of a father as determinants of child labour.

Mr Ulf Edström also required analyses of government policies for promoting education compared to the promotion of defence and other government activities. He went on to request political economy analyses of the interest of the ruling classes in providing good education for the "working classes". He asked, for example whether there were any studies on the class perspective of education in developing countries? According to Mr Rajasekaran there are groups, such as owners of tea plantations in Mexico, who have an interest in keeping children away from schools in order to have a reserve of child labour. Mr Rajasekaran also wondered why there was no discussion of bonded labour in the paper by Brown, Deardorff and Stern.

Ms *Sarah Bachman*, Stanford University, asked for references to empirical studies of the African situation. Furthermore, she recommended that economists make better use of research on child labour undertaken by other social scientists.

On the issue of child labour and international trade, Professor Krueger stated that most child workers in less developed countries do not work in direct competition with unskilled workers in the industrialised countries (pp.250-255). According to Krueger, one thus cannot be sure that the rich countries' concern for child labour is veiled protectionism, concern may

will have a moral base and be rooted in a genuine concern for children in developing countries.

Professor Krueger also asked for a closer discussion of the definition of child labour. Ms Sarah Bachman and other commentators to the Brown, Deardorff and Stern paper also expressed this demand. The term child labour should be defined and classified in order to make the analysis meaningful and relevant for policy analysis so that a distinction can be made between harmful full-time child labour on the one hand and the types of work that children do during vacations, on the other. Here the ILO conventions and definitions could be one point of departure.

Furthermore, most child labour can be found in the informal sector, the heavy focus on child labour in the formal sectors should be reconsidered. This is important because, as Ms Bachman stated in relation to child labour in these sectors: '... legal bans on the use of "child labour" are at best ineffective and at worst simply push children's work further underground' (Appendix, p.32). Furthermore, Sarah Bachman criticised the paper by Brown, Deardorff and Stern for largely overlooking the use of child labour in activities less often talked about. She particularly opposed the argument that child labour in export industries on an aggregated level constitutes a minor proportion of the total number of working children. Here it is important to note, as stressed by several commentators, that child labour should not be seen as a uniquely last resort for children. Professor Deborah Levison, University of Minnesota, for instance, referred to the fact that there are a variety of reasons for child labour and that child work may not always be negative for the child. A combination of work and schooling may well be better than no work at all, given the availability of schools and the opportunity costs of sending children to school. Here local variations among countries and sectors should be considered more than has been the case so far.

One issue in the Brown, Deardorff and Stern paper that created debate concerned the role of the International Labour Organisation, the ILO, in standard setting on child labour. Mr *Kari Tapiola*, Executive Director at the ILO, expressed this criticism quite clearly:

I am actually rather astonished, not at what I have heard but rather at what I have not heard today. The International Programme for the Elimination of Child Labour (IPEC) has become the largest technical cooperation programme of the ILO, and this in less than ten years of its commencement.

...

Conceptually, the IPEC programme and the Worst Forms of Child Labour Convention No 182 of 1999 have significantly contributed to our understanding of the process and the ways of dealing with it. Yet the authors of the paper have not taken this on board. (Appendix, p.40)

Mr Tapiola recommended that the optimal attitude towards child labour should not be to ban this type of work but rather to work to eliminate it

(Appendix, p.40). By simply removing the visible child labour through a 'strict ban – and doing nothing else will only shift the problem, and it will become aggravated' (pp.40–41). According to Tapiola: 'The ILO often says to individual employers who engage in programmes for eliminating child labour that they should not unilaterally start on their own throwing children out into the street before alternatives are in place' (p.41). Thus, Kari Tapiola sees a significant role for the ILO in work on child labour elimination 'as social justice is not guaranteed by the new global market as it functions now' (p.43).

Mr Tapiola stated that he was 'somewhat intrigued, at the repeated calls for recognising that labour standards should not be used for protectionist purposes and for denying the comparative advantage of developing countries' (ibid.). According to Tapiola, there is already a general acceptance of this non-protectionist attitude of labour standards both in the WTO and the ILO.

The International Organisation and Enforcement of Labour Standards

Should international labour standards really be introduced and efficiently implemented, the international institutional set up will be of crucial importance. In relation to “The International Organisation and Enforcement of Labour Standards” Professor *Robert W. Staiger*, University of Wisconsin, analyses these practical aspects of labour standards by analysing the respective roles of the International Labour Organisation (ILO) and the World Trade Organisation (WTO). Staiger does not argue for a change from the status quo operations of these two organisations but investigates how such changes should be designed *if* changes are to be made.

Based on a theoretical analysis, Professor Staiger makes a distinction between various types of international externalities, (i) pecuniary externalities that affect market access and (ii) non-pecuniary externalities related to humanitarian and political concerns that do not affect market access at all.

Staiger’s analysis arrives at the following conclusions:

First, the ILO should tighten its focus to cover only labour issues that arise as a result of international humanitarian or political concerns, and should set aside race-to-the-bottom/regulatory-chill concerns associated with national labour standards choices. Second, the WTO should take on labour standards issues as they relate to race-to-the-bottom/regulatory-chill concerns, but should address these new responsibilities by strengthening the renegotiation and non-violation nullification-or-impairment provisions already present in existing WTO rules, not by initiating direct negotiations over labour standards between its member governments. And third, no explicit links between the WTO and the ILO should be established for enforcement purposes, but the enforcement links already implicit between these two organizations – as embodied in the non-violation nullification-or-impairment and renegotiation provisions of the WTO – should be encouraged (p.41, pp.304–305).

The first discussant, Professor *L. Alan Winters*, University of Sussex, summarised his valuation of Staiger’s contribution in the following way: ‘In summary, a great paper, but a potentially dangerous one. If ever there were a slippery slope in commercial policy, I fear that this is it’ (p.5, p.313).

Professor Winters also raised doubts about the appropriateness of Staiger’s recommendations mainly by arguing that although Staiger had made a correct economic analysis and ranking of the various ‘alternative ways of linking trade and labour standards, he had under-estimated the problems of his proposal absolutely’ (p.1, p.309).

In relation to the various externalities on which Staiger builds his analysis and recommendations, Winters argued that with regard to pecuniary externalities ‘much of the popular debate is instinctively protectionist in nature

rather than 'economistic' (p.2, p.310). Consequently, Winters worried that 'theoretically correct solutions to problems might get captured and abused' (ibid.).

Also with regard to political externality (the spread of civil strife) Winters raised a warning and argued that one needs 'to protect carefully against the abuse in everyday life of measures designed to deal with extreme circumstances. If contagion is the problem, let us be very clear that it is rare and that 'solutions' should be similarly rare' (p.3, p.311).

Furthermore, the moral externality identified by Staiger should, according to Winters, be seen as a "two way street" (p.4, p.311). If the rich world's concern for working conditions in less developed countries is considered legitimate, why should it not be seen as legitimate that people in those latter countries feel concerned about the current moral degradation in the richer countries shown in the form of increased drug abuse and other changes in family structures (ibid.).

Winters criticised Staiger's analysis of the political and the moral externality for being 'a bit too US-centric and a bit too ready to justify the right of one nation to interfere in another' (ibid.). In relation to the issue of national sovereignty versus international interference in various policy fields, Winters made a clear declaration by stating that: 'Indeed, as economists who preach the pre-eminence of individual objectives, I believe we should be very clear about the benefits before sanctioning interference in other countries' affairs. As economists, we must also recognise the trade-offs – is the solution of one problem worth the possible creation of another?' (p.4, p.312).

Finally, Winters raised doubts about the suggested role of the WTO. By taking on a more active role in the field of implementing international labour standards, the organisation risks losing legitimacy and the pace of progress in other important fields of international trade relations and policies (p.4, p.312).

Professor Staiger's conclusions about the institutional organisation of international labour standards give the WTO an important role in enforcing labour standards that are motivated from a market access perspective and have been negotiated and agreed upon in the ILO. This conclusion was thoroughly discussed in the comment by the second discussant Professor *Petros C. Mavroidis*, University of Neuchâtel. Mavroidis concludes his analysis of the WTO contract and its suitability for dealing with international labour standards by stating: 'the WTO law (that is, both the primary law – the WTO contract – and the secondary law – the WTO case-law) as it now stands, definitely allows WTO Members to address pecuniary externalities stemming from labour standards' (p.3, p.312).

Furthermore, in relation to non-pecuniary externalities, Professor Mavroidis concluded that even in this case, although not as clear in case-law as in the previous case, the WTO Members can address such externalities by

invoking their domestic legislation (p.3, p.315). Finally, he concluded that it is 'even less clear to what extent they can do the same by invoking an international agreement concluded outside the WTO and which acknowledges their right to counteract non-pecuniary externalities stemming from (weak) labour standards' (ibid.). So far, there is no precedent in WTO case-law for this type of implementation. This last point was made with reference to a demand from individual WTO members to achieve respect for their public order in their international trade relations.

Professor Mavroidis also raised objections to the suggestion that the WTO should be the negotiation forum for labour standards agreements. One objection relates to the fact that labour standards 'only tangentially have a trade component' (p.4, p.315).

If action were to be taken unilaterally in the case of labour standards, according to Mavroidis, a sales ban rather than an import ban should be chosen in order not to run into conflict with the WTO agreement.

In his comment, Mavroidis also asked a crucial question that has long been at the centre of the international debate on labour standards, namely whether there really is a need for an international agreement in this field (pp. 16–19, pp.315–320). As shown in recent history, even in the current situation without an international labour standards agreement, there are an increasing number of actual cases of linking labour standards to trade and trade policy. The reference to public-order based trade policy actions is not without problems. Where and how should limits be defined? The role of nationally-defined public order as a basis of trade policy formation can, as noted by Mavroidis, question or come into conflict with, for example, the EU process which 'more and more relies on divergence among its constituents?' (p.17, p.323). Thus, according to Mavroidis 'There is a need for WTO Members to micro-manage their public order' (ibid.).

Professor Mavroidis went on to point to the fact that the diversity of size and actual trade power makes it difficult for an economically efficient implementation of labour standards agreements. Proponents of such agreements

should keep in mind that to a large extent, by linking trade to labour in this way, they proclaim the United States and the European Union to be policemen of this world. And the incentive structure of either the United States or the European Union does not necessarily coincide with that of a world-policeman. So even a minimal link (agreements are concluded in the ILO, they are enforced at the WTO) should be viewed with scepticism (p.19, p.324).

Mr *Francis Maupain*, the ILO, in his comments on Staiger's paper questioned the validity of the pecuniary externality or market access argument as an argument for increasing the role of the WTO and reducing the role of the ILO as regards the implementation and surveillance of international

labour standards. According to Maupain, Staiger overlooks the fact that membership of the ILO, through the Declaration on Fundamental Principles and Rights at Work, gives employees and employers an individual and collective role in determining conditions at work. These rights, Maupain underlines, are “enabling rights” meaning that the result of the use of the rights in the field of social protection are based on the preferences of the parties but also on the possibilities in the respective country at “an appropriate level” (Appendix, p.45). Therefore, according to Maupain, it is ‘virtually impossible for ILO members to “manipulate” or distort as they wish the conditions of work for market access purposes, at least to a very large extent’ (ibid.). Furthermore, given that the ILO at present has a ‘constitutional potential to prevent the effects of the “regulatory chill” through ratification of relevant conventions’, the ILO should also be the most appropriate organisation to deal with market access issues in the light of ratification of relevant conventions (ibid.).

Mr Maupain also raised the issue of whether the market access arguments behind the demands for trade policy actions in the field of labour standards could also logically apply to a conclusion that developing countries, whose market access is frequently hampered by the developed countries’ technological superiority, could demand tariff renegotiation on this basis (Appendix p.46). It may also, according to Maupain, apply to the case of the international migration of labour. If the richer countries, exemplified by the USA in Maupain’s comment, really care about the humanitarian aspects of the “chill” effect of developing countries’ ambitions to increase their market access, why should not the richer countries open up their labour markets to immigration from less developed countries (ibid.).

Finally, Maupain questioned whether the impairment-nullification provisions are easier to use within an institutional set up with the WTO as a central international organisation in the surveillance of labour standards rather than letting the ILO have this role. To change the balance of their respective roles would be unlikely from a political point of view (ibid., p.47).

Notwithstanding his criticism of Professor Staiger’s proposals, Mr Maupain supports the economic and socially integrated approach of which Staiger’s analysis is an example. In relation to the respective roles of the WTO and the ILO, Mr Maupain emphasised that these organisations should remain as two separate organisations in their work on international labour standards (ibid.).

Mr *Ulf Edström*, the Swedish Trade Union Confederation (LO), referred to his organisation’s demands for the incorporation of a “social clause” into the WTO already from the outset of this organisation in 1994. So far these demands have not been met. According to Mr Edström, the trade union movement will continue to advance the argument for a social clause on core labour standards:

I repeat: We call for universal respect of these fundamental human rights at work, as these human rights are internationally recognized as universal human rights that should and could be respected independent of level of development (Appendix, p.49).

This meant that Edström opposed Staiger's analysis of a potential trade-off between tariffs and labour standards. He also protested against those who argues that there are no links between trade and core labour standards:

I sometimes get the impression that they want us to believe that we live in separate worlds – the WTO in the world of trade with one set of Member States and member governments, and the ILO in the world of work with its Member States and its member governments (Appendix, p.50).

However, according to Edström, the member states of these organisations are largely one and the same and he stressed that these states and governments must respect fundamental human rights at work and that the WTO should work in support of and not against universal respect for such rights (ibid.).

Although Edström found Staiger's analysis and suggestions on the role of the WTO interesting and, by dealing with labour standards in general and not just core labour standards, going 'even further than we demand from the trade union side', he disagreed with Staiger's proposal that the ILO just should deal with the humanitarian/political concerns of international labour standards (ibid., p.51).

In the debate on the institutional aspects of international labour standards, Professor Srinivasan argued that the change from the GATT's political to WTO's legal dispute settlement system is a backward step. Professor Kaushik Basu added that there are countries among the less developed countries that have no enforcement institutions and that today cannot afford to have representatives in Geneva and thus cannot be expected to have resources for taking part in a greater number of negotiations. Mr Pradeep Metha stated that if labour standards were linked to trade through the WTO, there would be no end to the further harmonisation of policies. Professor Nirvikar Singh asked where the line should be drawn and Ms Kristina Hedlund-Thulin from the Swedish Ministry for Foreign Affairs asked for clarification as regards the definition of labour standards in the papers and the debate. Professor Staiger responded that he had stated in his paper that the standards that affect trade, and should thus be dealt with by the WTO are not core standards, the latter should be dealt with by the ILO. Furthermore, according to Staiger, the line should be drawn in relation to the market access implication of the labour standard in question. He underlined that he was not arguing for a universal social clause.

Professor Judith Shapiro disagreed with the views presented by Mr Edström both as regards the potentials of exporting morals and also empha-

sising that the labour standards competition is not mainly a competition between North and South but rather a South-South competition. From the floor, a question was also raised as to why unions should not block exports to countries that violate labour standards. On this, Edström answered that he also wanted such action against exports.

International Labour Standards: What have we learnt?

The Stockholm Conference on International Labour Standards can be seen as a continuation of the debate on working conditions and international competition and trade policy that can be traced back at least to the eighteenth century.

During the conference several interesting discussions took place on the history, theory and policies in the field. Discussions tended to highlight the diverging views of politicians, trade union representatives, officers of international organisations, and academic economists. One, and possibly the most important, contribution of the conference was the possibility for representatives of academia, the trade union movement, and professional politicians and civil servants to meet and discuss the topic of international labour standards and their role in the global society.

Ms Gun-Britt Andersson, State Secretary at the Swedish Ministry for Foreign Affairs, emphasised that labour standards have to be improved as an important part of efforts to reduce poverty. Labour standards should be classified as a development and human rights issue, and not as an important trade policy issue even though labour standards issues are related to trade.

The conference clearly demonstrated that issues on labour standards and trade, and how to deal with these issues in an international policy perspective, have long been and still are most topical and also quite controversial in the policy debate.

One thing that there seemed to be a general agreement about at the conference was the need for more precise definitions of labour standards. This was particularly the case with the definition of child labour. Not all types of child labour should be classified as negative but some types may well be seen as natural and positive in the personal development of children.

Furthermore, there seemed to be a general agreement at the conference that the ILO has an important, but so far quite under-utilised, role to play in the process of formulating and enforcing international labour standards.

Finally, there seemed to be a relatively broad agreement among the participants that labour standards and trade barriers should not be linked to each other. Trade is positive for economic growth and because poverty is a major reason for the existence of child labour and other poor working conditions, trade barriers tend to counteract the objectives of improving working conditions and living standards in developing countries.

However, the relatively negative attitude towards linking labour standards to trade barriers does not mean that the WTO should be passive on the matter. Several speakers stated that co-operation on labour standards among international organisations like the ILO and the WTO should be stimulated. This is particularly the case for core labour standards, for which there seems to be a fairly wide acceptance. Ongoing and far-reaching eco-

conomic globalisation should be turned into a process of social globalisation. Ms Lotta Fogde, State Secretary for International Trade at the Ministry for Foreign Affairs in Sweden, stated that co-ordination of Swedish activities in the ILO and the WTO was necessary. Furthermore, she argued that the WTO should gain from the improved social image of the organisation that could result from work on labour standards. However, as WTO agreements are binding, Ms Fogde underlined the risk of a wider scope of the organisation such as this hampering trade liberalisation. However, so long as progress in the development of working conditions was so slow, putting labour standards on the WTO agenda could be one strategy for complementing the efforts of the ILO.

On one of the major issues of the conference, the linking of trade policy to labour standards, Professor Richard Blackhurst, Graduate Institute of International Studies in Geneva and a former WTO official, was quite determined that trade sanctions should not be used in this field and that there was therefore no reason for including labour standards in the WTO, which would just be "cosmetics". Furthermore, Blackhurst could not envisage any real possibility of getting such standards included in the WTO. The great majority of member countries are developing countries. Given the current procedures and distributions of votes within the organisation, Blackhurst predicted that the WTO would never take this issue on board.

However, as was underlined by several participants, it is yet to be investigated how the efficient implementation of labour standards could be implemented and also how international organisations like the ILO and the WTO could contribute to this.

Instead of linking labour standards to trade policy, Professor Alan B. Krueger found that labelling could be an attractive alternative, where the preferences of consumers become central.

State secretary Gun-Britt Andersson concluded by noting that given the changing nature of the international system, there is a need for better coherence and more consensus on what should be meant by good development and how to achieve such development. She also emphasised the importance of further research on the question of international labour standards and their implementation.

APPENDIX

Some unpublished papers and comments delivered at the Stockholm Conference on International Labour Standards, 23–24 August 2001

Opening Note

Gun-Britt Andersson

State Secretary, Swedish Ministry for Foreign Affairs and Chairperson of the EGDI

Most welcome to this seminar on international labour standards, organised by the Expert Group on Development Issues (EGDI) and the Swedish Ministry for Foreign Affairs.

On EGDI

Since its formation in 1995, the EGDI has initiated studies on topics of relevance for the international development debate. The group consists of a number of internationally renowned experts on development from various academic fields, as well as Swedish policy-makers.

The EGDI has its secretariat at the Ministry for Foreign Affairs and is governed by the Expert Group. The members of the EGDI decide on relevant themes for studies, and review and control the quality of the publications commissioned by the group.

Professor Kaushik Basu, an EGDI member, has a solid reputation in the field of development and particularly on the issue of child labour and labour standards. It was his initiative to focus an EGDI project on this topic, and it is his devoted efforts together with the other members of the reference group that have brought us here today.

On the international debate

The debate concerning the role of international agreements on labour standards is lively and often highly polarised. Proponents claim that such agreements are crucial for improving living and working conditions for the poor in developing countries. Opponents fear that they will not have the perceived effects and may even have important negative side-effects. Of particular concern is the difficulty of addressing the interaction between trade and social issues that takes into consideration the interests of all parties. The greatest concern is, of course, that the link could be abused for protectionist purposes.

There is indeed a complex interface between globalisation and the promotion of core labour standards. Existing international economic and social roles and structures are unbalanced at the global level. Global markets and global market governance have developed more quickly than global *social* governance.

This debate is part of the globalisation debate. We recognise today that globalisation brings opportunities for higher economic growth and improved living conditions. Aspirations, norms and values are also globalising. But globalisation also brings volatility and adjustment processes are often associated with increased poverty and social disintegration. Thus concern for equity and social development is a necessary component of any policy for sustainable development.

Of particular importance is the issue of child labour. Globalisation has brought about an awareness of the condition of child labour in different nations, both because of the marketing of goods produced by child labour and also because of increased information exchange.

Of two hundred and fifty million children working, one-quarter of them are engaged in severely hazardous and unhygienic work. There is general agreement that such work must disappear.

But there is also a need to understand the mechanisms behind children working under less physically harmful conditions, but still implying that they are prevented from attending school, and prevented from being children and developing through play and interaction with others. The problem is multidimensional, and it requires multidimensional solutions. The role of the international community also in this respect needs to be better understood.

A clear recommendation that underlies many of the studies is that the issue of child labour needs to be tackled much more as a developmental issue than as an issue of trade. Key is to make access to education a reality. This is fully in line with the international development objectives, where the world community has agreed to ensure that all children have access to education by the year 2015.

On current initiatives

In 1994, the ILO formed its Working Party on the Social Dimension of Globalisation. This was an attempt to better understand the effects of globalisation, to develop means to achieve the ILO social objectives and about activities in other organisations, in order to create more of a mutual platform.

Since the 1995 World Summit for Social Development, many initiatives and parallel processes have emerged. Work towards codes of conduct and towards corporate social responsibility has been reinforced through ILO Declarations, OECD Guidelines for Multinational Enterprises and the UN Global Compact. These initiatives serve to strengthen responsible corporate citizenship and the social pillars of globalisation.

Within the EU, most recently the Nice Council of Ministers endorse a social policy agenda promoting the concept of quality – in employment, in industrial relations and in working conditions. The promotion of these so-

cial dimensions is particularly central in the light of the current EU process towards including the labour markets of the candidate countries, which have so far been characterised by lower labour standards than those prevailing in the current EU member states.

All these initiatives are a recognition of social development as a necessary component of sustainable development. At the same time, the difficulty of addressing the interaction between trade and social issues remains important and unresolved.

In the trade context, the links between trade and working conditions have been on the agenda, for example in connection with the WTO Ministerial Conferences in Singapore in 1996 and in Seattle in 1999. The results of these conferences confirm the great sensitivity of the issue for virtually all developing countries, but also indicate the need for increased dialogue between all parties in order to find a way forward.

The papers to be discussed at this seminar demonstrate that labour standards are a general developmental and rights issue. They influence trade and are affected by it, but the causalities are complex.

On available instruments and initiatives

What instruments are there then, to push for improved labour conditions from the part of the international community? The instruments available to the ILO include supervision of ratified ILO conventions, reporting of core labour principles and rights by non-ratifying countries, and technical assistance.

The ILO enforcement mechanism, limited to ratified conventions, has limited effectiveness. However, it is the position of Sweden and of the EU that the ILO is, and must remain, the organisation competent to set and deal with labour standards. A re-balancing of the global system should seek to strengthen the social pillar by taking its starting point in the ILO mechanisms.

Work is currently under way to reinforce the effectiveness of these instruments, for instance through better publicity (the often effective name-and-shame-method), new incentive mechanisms to promote respect for core labour standards, and increased support to technical assistance.

The EU is strongly supporting these efforts. In the OECD Guidelines for Multinational Enterprises, all OECD countries have committed themselves to handling complaints against their companies on, for example, core labour rights. Complaints may come from anybody, anywhere.

In addition, the EU has been seeking to launch a regular international dialogue on trade and social development, including core labour standards. The process should be inter-institutional and build on the results already achieved at international conferences. The ILO would have a key role in such a dialogue.

On the need for further knowledge and debate

Central to an international dialogue in this area is to understand the mechanisms driving labour conditions under various circumstances. Instruments to promote improved working conditions and better social development in general can only be developed and elaborated on the basis of an understanding of the context in which they work.

There are many elements at play. The OECD study on International Trade and Core Labour Standards of 2000 noted among other interesting findings, that the existence of democratic institutions including respect for core labour standards is associated with more open trade regimes with less adverse effects than countries where such institutions are lacking.

One way to improve our thinking and policies on these matters is through an open discussion on the basic issues at stake. This is the ambition of today's seminar and I very much look forward to what new insights this discussion may bring.

Concluding points

Finally, a word about why EGDI and the Swedish Ministry for Foreign Affairs think that it is important to bring up the issue of labour standards from a development perspective. The fight against poverty means improving the living conditions of the many who have been deprived of a decent income, respect and dignity. Economic growth is central to improvement but from our own experience and the emerging development consensus we also know that social issues have to be addressed straight on, by political action. We must develop the political will for change and in this we should also make full use of the consensus we have reached by now on human rights, including core labour standards. We hope the book that eventually results from this project will deepen understanding and foster and inform our political will.

We are very pleased to have managed to gather together such a well-qualified and important group of people here today. Again, I wish you all most welcome to this event. We hope for a clear, constructive and open discussion on these difficult matters.

Comments on Stanley L. Engerman: “The History and Political Economy of International Labour Standards”

Gösta Edgren

Ambassador, Former Head of Comprehensive Employment Policy at the ILO and Director of the ILO Asian Employment Programme

1. While it is true that the origins of international labour standards were based on considerations of fair trade, it is also clear that human rights considerations have become increasingly important in recent times. The ILO's standards have gone into working conditions for the non-tradeable sectors like hospitals, road-building and the rural sectors. More important, to the trade union movement, are the rights to organise and to negotiate without risks of victimisation, which are the most important, and those are human rights, not market access rights.

2. To the unions, labour standards is an important instrument in counterbalancing globalised capital. To avoid being outsmarted by the global coverage of capital, unions can counter employers in many different ways – by co-operating with unions in other countries, through consumer action or at political levels and through bargaining. In this case, support for labour standards is in their self-interest, but a very legitimate self-interest.

3. There is a very sharp difference between a normative approach to standards and a development and gradualist approach. It is like the difference between a policeman and a social worker. This difference is found in every organisation, including the ILO where it has separated the legal people from the development people since development services began to develop in the 1960s. A good illustration of this problem is the informal sector, where most of the non-agricultural labour force finds its livelihoods. A normative approach would make it impossible to work in the informal sector, since its very existence is an antithesis of regulation and standards. The approach from the legal side has been to ask for its abolition, while the developmental side has approached it by trying to help improve the productivity and the working conditions in the sector so as to bring them closer to the standards. What is important here is that if one ignores the informal sector, it will eventually undermine the formal sector and its legal framework, which will be more harmful to labour standards than if you choose a gradualist approach.

Comments on Brown, Deardorff and Stern: "Child Labour: Theory, Evidence and Policy"

Sarah Bachman

Visiting Scholar, Asia/Pacific Research Center, Stanford University

The Brown, Deardorff and Stern paper does some important things rather well. First, it reiterates that policies to address child labour³ should help children. (By contrast, many policies are designed to fulfil adult agendas, and the welfare of children is a secondary concern.)

Second, the paper points out that there are important local variations to overall patterns. For instance, generally speaking, families with more children and a given level of income and resource endowments will have fewer resources to spend on those children than do families with a smaller number of children but the same level of income and resource endowments. And yet, this pattern does not hold universally. In some African countries, children in large families are more likely to attend school. In another departure from the general pattern, in Paraguay, the number of siblings has no apparent impact on the likelihood that a child will attend school.⁴

Third, the paper points out that reducing children's options may hurt rather than improve their welfare.

Finally, the paper also usefully brings economists' tools to a field that has until now received little attention from economists.

This observation offers a bridge to ways of improving the paper. Although economists are just now beginning to look at child labour seriously, other academic disciplines are well ahead in both investigating the problem, and developing insights into what works and what doesn't work to reduce and even eliminate the most egregious forms of children's work.

Some of these other insights were explored at a conference in Victoria, Canada a few days before the EGDI group and invited guests – academic economists, trade union economists, and others – met in Stockholm. The Victoria meeting included, for instance, educators, activists, anthropologists and sociologists. Much of the discussion was about child labour and human rights. Significantly, the Victoria conference included few economists.

Thus two strands of debate – on one side, economists, bankers, and others in finance; and on the other, activists and social scientists – appear to be moving ahead on parallel tracks. They would do well to come together. Non-economists and others know that they should communicate more with

³ The British spelling of 'labour' has been used throughout this paper, even when the original uses the American spelling. Books and papers published in the United States use the American spelling 'labor' in the original titles and texts.

⁴ Brown, Deardorff, Stern EGDI paper, pp. 4–5.

economists. They know that they should learn the economists' language, as it were, in order to better articulate their own observations and insights in terms that would make sense to economists. Economists also should learn from these other groups. All people involved are, after all, working on behalf of the same children.

Some of the insights developed by the social sciences track are explored in the excellent literature reviews published recently.⁵

The final part of the Brown, Deardorff, Stern EGDI paper dealing with best practice interventions might benefit from a review of best practices in programs and policies recently published by the International Labour Organisation: Haspels, N, and Jankanish, M. (2000) *Action Against Child Labour* (Geneva: ILO). It should be noted that the Haspels and Jankanish review is written from the point of view of an activist organisation, not a disinterested analyst. Thus, the best practices section does not include an encyclopaedic review. Specifically, it contains nothing about children's unions. Children's unions are controversial but some social activists believe can help children better their own lives. The Haspels and Jankanish book also says almost nothing about child labour and economics. That was part of what lay behind my comment that it's good to see economists bringing their analytical tools to bear on this issue.

I also would like to raise some points about more specific details of expression and analysis in the Brown, Deardorff and Stern EGDI paper:

1. Definition of "child labour", "child", and "labour":

The definition of the term "child labour" is problematic. That was recognized by Brown, Deardorff, and Stern in a 1999 paper.⁶ I hope that the EGDI paper will include a similar discussion of this controversy, taking into account some of the developments that have occurred since 1999. They include:

a. The ILO's Convention 182, adopted in June 1999, put forward a four-part definition of the "worst" forms of child labour, and called for immediate action to reduce and eliminate them. These four categories have at once clarified and confused the definition of "child labour." On the one hand, some of the "worst" forms of child labour are now spelled out with greater specificity than previously, and (judging from the unanimous adoption of

⁵ One that explores child labour generally is Boyden, J., Ling, B., and Myers, W.E., (1998), *What Works for Working Children*, Unicef & Rädda Barnen. One that explores the economics of child labour is U.S. Dept. of Labour (written by Swinnerton, K. et al) (2000) *By the Sweat and Toil of Children, Vol. VI: An Economic Consideration of Child Labour* (Washington: Dept. of Labour).

⁶ Brown, Drusilla K., Alan V. Deardorff, and Robert M. Stern, "U.S. Trade and Other Policy Options and Programs to Deter Foreign Exploitation of Child Labour", February 19, 1999. In Magnus Blomström and Linda S. Goldberg, eds., (2001) *Topics in Empirical International Economics: A Festschrift in Honor of Robert E. Lipsey*, University of Chicago Press.

CI82 by ILO General Assembly members) reflect widespread agreement across governments and cultures. On the other hand, as Prof. Deardorff mentioned in the discussion, three out of the four categories name activities that are almost universally illegal (e.g. prostitution, slavery and bonded labour).⁷ The inclusion of child soldiering (“forced or compulsory recruitment of children for use in armed conflict”) has added a new, and at times confusing, element to the old discussions of the child labour problem.

b. The Convention on the Rights of the Child (CRC), which the United Nations General Assembly adopted in 1989, has both clarified and confused discussions about child labour. There is enormous debate around the rights defined by the CRC. Some of the most controversial rights have sparked a new international discourse about child labour in the context of children’s rights. For instance, the CRC’s Article 12 declares that children with an ability to form opinions have a right to participate in decisions that will affect their futures.⁸ This has made it incumbent upon the state to consult children who are “capable of forming his or her own views” on changes in policy.

In practice, on an anecdotal level, adults who have followed through and asked children about their lives and their work have sometimes found that economic theory about excluding children from work is less helpful than practical changes in local patterns of economy or behaviour that have the effect of lightening children’s work burden, and thus reducing the kind of work they do that should be classified as objectionable “child labour.” Children may be able to offer adult policy makers and regulators unique insights into why they work, or how necessary or unavoidable work could be made less onerous.

In addition, the CRC’s provisions with regard to education have fundamentally changed international discussion about children and education. The international discussion has changed from a welfare discourse to a rights discourse. Education used to be something that society should supply. Education is now a service that children may demand as one of their fundamen-

⁷ ILO Convention 182’s Article 3 reads: “For the purposes of this Convention, the term *the worst forms of child labour* comprises:

- (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;
- (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

Downloaded from www.ilo.org on March 3, 2003.

⁸ Article 12 reads as follows: “States Parties shall assure to the child who is capable of forming his or her own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child. ” Downloaded from www.unicef.org/crc/fulltext.htm on March 3, 2003.

tal rights.⁹ The rights discourse places greater obligations on the state to provide education that most states promise, but many do not deliver.

The shift in this discourse may be difficult to incorporate into economic theory, but it should at least be noted. Many societies (not least the USA) cannot afford to or, for whatever reason, have failed to mobilize the resources to supply accessible, affordable and appropriate education for all children. And yet, a government's task is now not simply to do its best. A government's task is now to meet the needs of *all* children.

c. Popular use of the term "child labour" reflects both the above confusions, and others as well. "Child labour" is used to mean, for instance, all work for children under the age of 15; work that impedes school attendance; hazardous work; etc. Each of these definitions reflects a set of assumptions. They also call for different policy responses, some of which clash. For instance: As was obvious in the discussion here in Stockholm, a great deal of the policy discussion among trade unions concerns "child labour" in the formal sector. And yet, the vast majority of people in many developing economies work in the informal sector, where legal bans on the use of "child labour" are at best ineffective and at worst simply push children's work further underground. William E. Myers has published extensively on the varying definitions and the public policy outcomes resulting from these definitions.¹⁰

2. Prevalence of child labour

Because the EGDI discussion was about trade and child labour, the paper should point out that child workers in the export sector are at best a tiny percentage of the total number of child labourers.¹¹ Not all of the children who work in the export sector – in fact, as Brown, Dearnorff and Stern correctly point out, probably an even tinier proportion of the total – are in the most talked-about sectors.

One of the most talked-about sectors is ready-made garments. A case could be made that children in garment factories in developing countries are do-

⁹ *The World Education Report 2000*, UNESCO, p. 26, quoted in Braslavsky, Cecilia, "Measuring the Right to Education: some questions regarding new trends and challenges," IBE-UNESCO, monograph 2000.

¹⁰ In my opinion, one of his best papers is Myers, W. E. (2001) "Appreciating Diverse Approaches to Child Labour," available on <http://www.childrightseducation.org/english/myersarticle.html>. Others include: Myers, W. E. (2001), "The Right Rights? Child Labor in a Globalizing World", *The Annals of the American Academy of Political and Social Science*, May 2001, pp. 38ff. Myers, W. E. (1999), "Considering child labour: Changing terms, issues and actors at the international level," in *Childhood*, pp. 13–26, SAGE Publications. Another detailed analysis of the definitional issues involved with the term "child labor" is in the introduction of Boyden, J. et al, (1998) pp. 9–26. My own views on this are spelled out in a forthcoming article on child labor, health and human rights, co-authored by David L. Parker. The article has been printed in "Health & Human Rights," Vol. 5, No. 2.

¹¹ Anker, R., "Conceptual and research frameworks for the economics of child labour and its elimination," ILO/IPEC Working Paper, 2000, p.32, including footnote. <http://www.ilo.org/public/english/standards/ippec/publ/policy/papers/brasil/anker.pdf>.

ing exactly the same jobs that, if companies had not moved jobs away from developed countries, adults in developed countries would be performing at higher wages, with better benefits, and under safer working conditions.

This is also true of less talked-about cases. For example, children working in cotton fields in Egypt are helping to control against an insect infestation of the country's major cash crop.¹² And yet, although Egyptian cotton competes with cotton grown in the United States, the displacement of US workers by cheap labour in Egypt is probably minimal.

The Brown, Deardorff, Stern paper dismisses this line of argument even more readily than I normally do. And yet there are specific cases – such as hand-made carpets in South Asia – in which the use of child labour to maintain low costs is well documented. If one is making a case against trade sanctions, it is valid to argue that the carpet example is minor, and can be dealt with via a targeted intervention.¹³ However, ignoring these cases or dismissing them out of hand with a reference to the small statistical total of children working in export industries leaves an important question on the table: In cases in which children are involved in making goods for export, why are those children involved and why are they involved in making those goods? The US Dept. of Labor's first report in the "By the Sweat & Toil of Children" series lists a large number of traded items made by children. These could have been summarized in a table, and the nature of each type of work categorized.

The EGDI paper correctly and helpfully points out (citing Basu, 1998) that child labour has diminished since 1950. The ILO, however, uses different statistics to describe distribution of child labour around the world: 61 % in Asia, 32% in Africa; and 7% in Latin America.¹⁴

3. Child labour and economic growth

The EGDI paper asserts, "It is widely accepted that child labour declines as per capita income rises."¹⁵ It is true that this generalization is widely accepted. And yet, this generalization also is coming under increasing fire.

The World Bank has plotted child labour ("percent of workers who are children") against GDP per capita (in 1997 USD).¹⁶ The bank concluded that child labour declines rapidly up to the point at which countries are generating USD500 to USD1000 per capita, but less rapidly or dependably thereafter.

¹² Egypt: Underage and Unprotected - Child Labour in Egypt's Cotton Fields, Human Rights Watch, Jan. 2001, Vol. 13, No. 1 <http://www.hrw.org/reports/2001/egypt/>

¹³ See Haspels & Jankanish, 2000.

¹⁴ International Labour Organisation (1998), "Child Labour: Targeting the Intolerable", Geneva, p.7

¹⁵ EGDI paper, p. 2.

¹⁶ "Child Labor: Issues and Directions for the World Bank," 1998, p. 3.

As mentioned in discussion at the EGDI meeting, it is becoming more widely accepted that child labour falls not only as per capita income rises, but also as the benefits of growth are distributed to children. These benefits can be distributed in many forms, including in the form of free, government-provided education, and other social safety net programs. These do not guarantee that children will work less, or rather, work less at occupations that are hazardous or could lead to lasting harm. Economic growth is usually (although not always) necessary for greater spending on education and health. My point is simply economic growth alone is not sufficient.¹⁷

US Department of Labor (2000) contains a useful survey of the data on these points. Although it does not take a comprehensive view of macroeconomics and child labour, it does relate an array of social attitudes and conditions to a “poverty of opportunity” that in turn translates into economic poverty. It also summarizes the available data on the links between economic growth and education, and observes that these links are not clearly understood.

When Unicef plotted child labour rate (“percent of children 5–14 years working”) against school attendance (“Net primary school attendance –%”) for about 30 countries, the points on the resulting graph were so scattered that no clear relationship emerged.¹⁸

4. Local variations on general trends, and complexity of individual cases

Child labour rates and forms vary considerably according to region, culture, etc. (ILO 1998) This point would seem to contradict, or at least undermine, the generalization that child labour declines as economies grow, if growth is measured by per capita GDP. The failure of GDP per capita to adequately show the nature and extent of child labour is in part attributable to the definitions and measurements used in determining the incidence and volume of child labour.¹⁹

Part of the problem, however, is the failure of the macro-economist’s tools to capture, acknowledge or incorporate insights from the micro picture, or from other fields of inquiry. I mentioned this previously, but allow me to elaborate. GDP per capita figures for India, or Brazil, or any other country smooth over radically different situations in individual regions, or industries.

While Brown, Deardoff and Stern acknowledge the importance of local

¹⁷ One of many who argue this is de Vylder, S. (2000) “Macroeconomic Policies and Children’s Rights” (Stockholm: Rädda Barnen), pp. 15ff.

¹⁸ Mary Joy Pigozzi, Unicef presentation, Univ. of Victoria conf. on child rights & education, Aug. 18-22, 2001. The graph can be obtained from mjpigozzi@unicef.org, but also it may be included in the Secretary General’s report to the U.N. Special Session on Children.

¹⁹ Anker, R. (2000) gives an economist’s view of the difficulty of measuring “child labour” using the standard definition of “labour”.

and specific variations on the norm in their EGDI paper and also in their 1999 paper, this point should be strengthened by reference to other reviews of the literature, including those mentioned above.²⁰

5. Is child labour the last, worst choice for all children?

As Deborah Levison pointed out in her comments from the floor, child labour is not a last, worst choice for all children. Children work for a variety of reasons. Solving any given child's problematic reasons for working may call for interventions at a variety of levels. Although this observation has been made repeatedly at the anecdotal level it has recently been acknowledged at a broader level by Unicef. The fact that many working children fall into several categories of vulnerability (e.g. poverty and ethnic minority status, and female gender) is on a list of "lessons" that Unicef has learned from the last 10 years. This list was presented at the conference at the University of Victoria, which I mentioned earlier.²¹

Deborah Levison's research on children in Brazil shows that many children go in and out of the job market as they or their families or as local labour demand requires. This pattern would suggest that economic models must take into account the dynamic nature of child labour supply and demand, and steer away from absolute thresholds of supply or non-supply of child labour.

Under what circumstances would a child work, part-time or full-time?

- **Work provides a clearer path toward a job, a career, and a future.** In part, this is reflected in the greater numbers of older children and teens in the work force.

- **The nearest school is not more attractive than work.** Schools can be less attractive than work for many reasons. Some are physically too far away for daily attendance. Others offer poor instruction. In others, teaching methods include severe corporal punishment.²²

²⁰ Bequele, A., Boyden, J., (1988) *Combating Child Labour*, (Geneva: ILO) -case studies of industrial and anti-child labour efforts from Egypt, Colombia, Peru, Philippines, India, Brazil, Kenya, Hong Kong; Bourdillon, M. ed., (2000) *Earning a Life: Working Children in Zimbabwe* (Harare: Weaver Press.); Boyden, et al (1998). Many others are summarized in the U.S. Dept. of Labor series "Sweat and Toil of Children."

²¹ Presentation by Mary Joy Pigozzi, Senior Education Adviser, UNICEF, at Univ. of Victoria conference on child rights and education, August 1998.

²² Reports on violent corporal punishment include: Kenya: Spare the Child -Corporal Punishment in Kenyan Schools, Human Rights Watch, Sept. 1999, Vol. 11, No. 6. <http://www.hrw.org/reports/1999/kenya/index.htm>. Discussions of the relationship between child labour and education can be found in: Boyden, J. (1994) "The Relationship between Education and Child Work," Occasional Paper 9. Florence: Unicef International Child Development Center.; Boyden et al (1998) contains a long discussion about child labour and school; Salazar, M., Glasinovich, W.A., eds. (1998) *Child Work and Education: Five Case Studies from Latin America* (Aldershot, England: Ashgate Publishing); Myers, William, E. (2001) "Can Children's Education and Work be Reconciled?", *International Journal of Educational Policy, Research and Practice*, Vol. 2, No. 3, 2001, pp. 307-330.

– **Children, acting as economic actors in their own right, decide to work, or are compelled to do so.** New research is showing that more children than previously believed combine work and education.²³ Although limited work can actually enhance a student's school achievement, part-time work can also exhaust children enough to lead to poor achievement. Some children simply drop out. The question of whether to allow or encourage part-time work, part-time school is one of the most controversial issues in discussions about education and child work.²⁴

Working children's unions are becoming increasingly important actors. Although far from universally welcomed, they have important points to make – such as the point that children can help solve many social problems, including their own, if they are involved in decision making or at the very least, discussion.²⁵

There are other discrepancies: Studies by anthropologists suggest that for many children, work is far more important to, and integrated in, daily life than economic models suggest.²⁶ Anthropologists and other observers note that parental abuse leads an unknown but perhaps significant percentage of children into the workforce. Economic models consistently assume that parents have the best interests of their own children at heart when they make decisions, as mentioned earlier. But to call parental abuse, or “selfishness” an outlier is to dismiss some percentage of the population without any clear idea of what that percentage might be.²⁷ Anecdotal stories from street children living independently of their parents suggest that many run away from home to escape abuse. The research of Benedito dos Santos, a Berkeley PhD candidate in anthropology, indicates that street youths in New York City and Sao Paulo share extremely similar histories of abuse at the hands of their families.²⁸

²³ Verbal communication from W. E. Myers, 2001.

²⁴ These and other ways in which children are economic actors are explored in: Levison, D. and J. Boyden. (1999). “Children as Economic and Social Actors in the Development Process.” Prepared for the Ministry of Foreign Affairs, Government of Sweden, Stockholm. Levison, D. (2000). “Children as Economic Agents.” *Feminist Economics* 6(1):125–134.

²⁵ Bachman, S.L. (2000) “Underage Unions: Child laborers speak up”, *Mother Jones*, Nov./Dec. http://www.motherjones.com/mother_jones/ND00/underage.html. Also, Swift, A. (1999) *Working Children Get Organized An Introduction to Working Children's Organizations*. (London: Save the Children.)

²⁶ Three classics in the anthropological literature about children and work are: Blanchet, T. (1996) *Lost Innocence, Stolen Childhood* (Dhaka: UPL, <http://www.uplbooks.com/home/>); Nieuwenhuys, O. (1994) *Children's Lifeworlds: Gender, Welfare and Labor in the Developing World* (London: Routledge); Reynolds, P. (1991) *Dance Civet Cat: Child Labor in the Zambezi Valley* (London: Zed Books).

²⁷ Brown, Deardorff and Stern EGDI paper p. 5.

²⁸ Benedito dos Santos presented a summary of his research in Victoria, B.C., during a conference on children's rights & education, Aug. 18–22, 2001.

6. Micro-credit and child labour

My comment about micro-credit programs and the relationship to child labour was a reaction to the discussion on pages 5 and 8–9 of the EGDI paper. Anecdotally: M. Yunus, founder of the Grameen Bank, the internationally known micro-credit bank in Bangladesh, has said that the first thing that women do when they make some money from their micro-credit schemes is to bring their daughters home from the homes where they had been placed as domestic servants. Yunus has admitted that this is an anecdotal observation. If it is true, this would represent a way in which micro-credit that allows a family to build a home business can lead to a reduction in child labour and a benefit for most children.

Other studies have documented a pattern in which micro-credit schemes increase family demand for labour. Most families will meet that need with the (“free”) labour of their children, often leading to less schooling and more work for the family’s children. This is consistent with the much-noted pattern of greater employment of children among families with a modicum of land or with home-based businesses. I have found few sources of information about how families decide when, if ever, to moderate a child’s participation in the home-based enterprise.

7. The need for a broader view of macroeconomics and child labour

Any trade-focused review of theory, evidence and policy on child labour should take into account the well-documented observations that:

a) in 1997, mass unemployment, bankruptcies, etc. in the wake of the Asian currency crisis led thousands of families to remove their children from schools. Generalizations should be avoided, as a surprising number of families in every country did their utmost to keep their children in schools despite the crisis. Some countries, notably Indonesia, had policies in place or were able to quickly put them into place, that offered scholarships or other assistance to children to remain in school.

b) inflation and monetary policies designed to foster trade also have an effect on families that can encourage or discourage full-time work for children.

c) structural adjustment policies, which demand that states reduce spending on schools and health care, can encourage or discourage full-time work for children.²⁹

²⁹ The arguments over structural adjustment policies are, I’m fully aware, large and complex and perhaps beyond the scope of this paper. However, to the extent that SAPs are designed to encourage inward investment and outward trade, they may be – and often have been – linked to conditions that encourage or tolerate work for children, as observed by Stefan de Vylder, one of the guests at the Stockholm meeting, in “Macroeconomic Policies and Children’s Rights” (Rädda Barnen, Stockholm, revised edition, 1999).

Macro-economic analyses of trade typically use a Ricardian comparative advantage argument showing that trade's winners, measured by broad benefits from lower prices of imported goods, outnumber or outweigh trade's inevitable losers. While I am sympathetic to this as a matter of logical argument – which puts me on the side of most mainstream economists since Adam Smith – I find it unsatisfying as an explanation for the links between trade and child labour. Child labour is a more complex phenomenon, as I have tried to argue above, than can be described, or dismissed, by using a Ricardian argument concerning trade's inevitable winners and losers.

8. What policies, changes, or processes have proven effective in the past in reducing child labour?

As was obvious from the discussion of Prof. Engerman's paper, no one has a lock on the answer to this.

Cunningham and Viazzo (1996) argue that a combination of economic and social factors led to the reduction in child labour over the stated time period.³⁰

Nardinelli (1990)³¹ argues that rising economic returns to education were critical, but these returns accompanied technological advances that reduced demand for children's labour. A third and equally important factor was the push by trade unions to get children out of jobs that adult males could fill – a push that increased in strength as industrial jobs became more lucrative. (Feminist economics has explored the idea, brought up during the Stockholm seminar by Jane Humphries, that adult males pushed women and children out of the labour force in order to strengthen male power economically, and within the patriarchal family structure.)

Weiner, M. (1991)³² in what has become a classic argument, claims that compulsory education did more than anything else to reduce child labour in developed nations.

Trattner, Walter I., (1970)³³ attributes the reduction in child labour in the United States at the end of the 19th and beginning of the 20th century almost wholly to social actions by trade unions and others. Trattner makes almost no mention of the broad economic changes that occurred at the time, nor of social attitudes toward children.

³⁰ Cunningham, H., and Viazzo, P.P (1996) *Child Labour in Historical Perspective 1800–1985: Case Studies from Europe, Japan and Columbia* (Florence: Unicef Innocenti Center).

³¹ *Child Labour and the Industrial Revolution* (Bloomington: Indiana University Press).

³² *The Child and the State in India: Child Labour and Education Policy in Comparative Perspective* (Princeton: Princeton University Press).

³³ *Crusade for the Children: A History of the National Child Labor Committee and Child Labor Reform in America*. (Chicago: Quadrangle Books).

Boyden, J. et al (1998) argues that the idea that children's work and adult work are substitutable is hoary but untested, and in many cases has been observed anecdotally to be only partly true.

Zelizer, V.A. (1985)³⁴ argues that changing attitudes towards children played a critical role in the reduction of child labour in the United States.

This is only a sampling, meant to be representative but not exhaustive. Jane Humphries probably has her own list, and perhaps Stanley Engerman has one as well. What the list suggests, however, is that a purely economic analysis of the decline of child labour in today's industrialized countries misses many other elements that played important roles, but are less easily measured or quantified than is economic change.

9. Best practices: programs and other interventions

The comparative lists of best practices in the EGDI paper are thoughtful, but would have been strengthened if they had explored an even wider range of interventions and their links to broader economic trends.³⁵

The discussion of incentives, scholarships and the like missed a couple of important points. One is that better child nutrition, health, and well-being (e.g. in areas of Mexico served by PROGRESA) may be well worth the program expense whether or not they affect measured child work activity. Another is that the details of implementation of such programs can make all the difference between success and failure. Targeting assistance to child workers can backfire if not done well. By contrast, PROGRESA is not targeted at child workers, but at poor families generally.

An example of an implementation problem: In Bangladesh, children who were fired for being underage workers in garment factories received subsidies to attend new schools. That made neighbors jealous, especially those who had been scraping together their coins to pay school fees and had not sent their children to work. Some of the latter group of families then removed their children from school and demanded a subsidy for sending their children to school. In their eyes, the rich outsiders were paying the former garment workers to go to school, but all parents deserved the same payment.

³⁴ *Pricing The Priceless Child: The Changing Social Value of Children* (New York: Basic Books)

³⁵ Some are mentioned in Boyden et al (1998), and many are in Haspels & Jankanish (2000).

Summary of Comments on Brown, Deardorff and Stern: “Child Labour: Theory, Evidence and Policy”

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1. Comments on the paper on child labour

I am actually rather astonished, not at what I have heard but rather at what I have not heard today. The International Programme for the Elimination of Child Labour (IPEC) has become the largest technical co-operation programme of the ILO, and this in less than ten years of its commencement. The ILO works with governments, employers' and workers' organisations, non-governmental organisations and different community groups, and other international organisations concerned with the position of children.

The International Labour Conference adopted in June 1999 a Convention for immediate action against the worst forms of child labour. This Convention has now 93 registered ratifications, and many other countries have already approved it or are in the process of doing so.

Conceptually, the IPEC programme and the Worst Forms of Child Labour Convention No. 182 of 1999 have significantly contributed to our understanding of the process and the ways of dealing with it. Yet the authors of the paper have not taken this on board.

The authors could also have looked more at the availability of schooling among the supply factors. The cost of schooling is mentioned, but the paper generally seems to presume that families can make rational choices. What we get as a message is that the schools are not there, or if they are, the families cannot afford books, travel, or school uniforms; and sometimes, particularly in AIDS-ravaged countries, the parents increasingly no longer are there.

There have been many references to “banning” child labour. Maybe we should note that “banning” child labour is not the same thing as “eliminating” it.

Simply banning child labour is a crude way of going about a complex matter. The minimum age standards of the ILO are not about banning anything. They are about regulating and creating the conditions for ensuring that children can develop their competencies, leading into working life. They also aim at eliminating abuse. While you might be able to give the economic rationale for child prostitution or even putting five-year olds into match or firework factories, hardly anyone would argue that we should tolerate this because of economic reasons.

When we speak about eliminating child labour, we have to discuss how this can be done in a sustainable way. Simply removing the visible – for instance through a strict ban – and doing nothing else will only shift the

problem, and it will become aggravated. It will be more difficult to locate and end child labour in the less visible sectors where it would most probably move. Instead we need to create viable alternatives. The ILO often says to individual employers who engage in programmes for eliminating child labour that they should not unilaterally start on their own throwing children out into the street before alternatives are in place.

The IPEC experience builds on the logic of minimum age standards which the ILO has adopted since 1919. Their logic is, first school, then transition into active working life.

Convention No. 182 (The Worst Forms of Child Labour Convention, 1999) is important because it makes operational the debate, and lessons learned in the 1990s. It accepts that not all child labour can be eliminated at once. Our focus is increasingly on time-bound programmes, which naturally imply that until the targets are achieved, there will be a certain level of child labour. Convention No. 182 retains the aim of complete elimination of child labour but focuses action on urgent elimination of the real abuses.

Still in the early 1990s the most comprehensive minimum age standard, Convention No. 138 from 1973, was considered by many to be too rigid. We had some rather stupid discussion on newspaper boys, artistic performances, and children's work at home, in agriculture, and family establishments. I would say that there has been a significant process of demystification, and the flexibility offered by the Minimum Age Convention is now much better understood. The rate of ratification of Convention No. 138 has doubled, reaching now beyond 100 countries.

One could also say that particularly the Worst Forms of Child Labour Convention focuses on the process and not on an immediate prohibition. It aims at promoting national action. The existence of child labour, even in its worst forms, is not by itself a violation of the Convention. But if a country which has ratified it does not urgently start to do something about it, then the Convention clearly is violated.

I suppose that one of the fundamental problems is that there is not sufficient clarity on the concept of child labour, particularly on what is not acceptable. ILO standards do not say that no child should work any time, anywhere, under any conditions. A distinction has to be made between unacceptable child labour and the work of young persons; the latter needs regulation to ensure a decent level of protection but certainly no outright ban. Work by children at home, on farms or in family establishments, may be perfectly acceptable, if it does not harm the health and morals of children and deny or hamper their education. There are stages where work experience is useful, even necessary, and our standards also foresee this. After all, children have to learn to work.

It is the unacceptable – which is so bad that it cannot even be justified by poverty or lack of educational opportunities – that we need to target as a priority.

When the IPEC programme started nearly ten years ago, some countries were afraid that they would be exposed to criticism and even boycotts or sanctions if they openly admitted that they had child labour. Today, one could argue that participating in a technical co-operation programme for the elimination of child labour is actually a safeguard for countries against the threat of sanctions. Engaging in the process, which also promotes domestic policies and institutions, is a sign that a country is seriously trying to address the question of abuses and shortcomings. This is probably also the reason why there is currently less talk than earlier about sanctions in connection with child labour.

2. Final panel discussion

The discussion on the economic dimensions of core labour standards is a very important one. I can refer to something that a labour minister of an African country said to me after the ratification of most of the fundamental ILO Conventions. He asked for the economic arguments that he could use in internal Cabinet meetings with his colleagues in charge of the ministries of finance and economics.

We need to have the economic rationale for good labour standards. We have not explored enough the mechanisms through which the respect for fundamental rights at work improve productivity. Maybe we should explain better how violations of fundamental rights at work are actually market distortions. Forced labour, the exploitation of children, denial of freedom of association, and discrimination are interventions that hamper the proper functioning of the market mechanism. (We discussed this in one group over lunch, and it was actually Doug Lippold of the OECD who hit upon this formulation.)

In addition, it is useful to remember that we are not only talking about “workers’ rights” but that rights at work cover employers, too. A case in point is the old Communist system, where the complete denial of employers’ rights was not only a violation of the principle of freedom of association but also a fatal flaw of the economic system.

The logic of recent developments since the end of the Cold War, points out to an increasingly developmental approach to promoting core labour standards. Technical co-operation in this field has increased remarkably, and currently is about a half of all of the ILO’s technical co-operation activities. This is not limited to the elimination of child labour alone.

Why have we come to this situation?

After the Cold War, there was a rather simplistic belief that free markets plus democratisation would cure all our woes. Instead, we are starting to understand that things will not change on their own. The invisible hand is still hampered, there are still serious market imperfections, and in the new

transparent global community, abuses are more visible than at the time of walls and economic and political blocs.

There is a significant role for the ILO, as social justice is not guaranteed by the new global market as it functions now.

This also underlies the ILO Declaration on Fundamental Principles and Rights and its follow-up mechanism (adopted by the International Labour Conference in June 1998). Building on the 1995 Copenhagen Social Summit, this Declaration contains the consensus on the contents of core labour standards. We are beyond the point of discussing which standards are fundamental. This has already been agreed upon, and consequently we have avoided the danger of having a different set of standards for different organisations. If the WTO, the ILO, the OECD and the EU all would have their own interpretation of what core labour standards are, the result would be chaos.

I am somewhat intrigued at the repeated calls for recognising that labour standards should not be used for protectionist purposes and for denying the comparative advantage of developing countries. This, too, has already been generally accepted. It is specifically written into the Declaration on Fundamental Principles and Rights at Work, which faithfully repeats the relevant part of the 1996 WTO Ministerial Declaration of Singapore. Given the tripartite nature of the ILO, this consensus also covers employers' and workers' organisations.

The experience of the IPEC programme on child labour shows that we can treat core labour standards problems through technical co-operation. In addition, this is not in contradiction with the development, adoption and application of standards. The IPEC experience has contributed to a significant rise in ratifications of the Minimum Age Convention No. 138 (1973), and has almost provoked the adoption of the Worst Forms of Child Labour Convention No. 182 (1999).

Last year, the ILO adopted its first technical co-operation programme on freedom of association and the right to collective bargaining. We are now preparing a programme on forced labour. The IPEC programme is continuing and is refining its methods. Two years from now, we shall prepare a technical co-operation programme on discrimination. Then we shall have a technical co-operation facility for each of the four categories of core labour standards.

To what extent is this a solution? It would be a considerable part of the solution if we could assume that the political will to eliminate abuses would be there. Progress presupposes political commitment and transparency; and the latter is ensured through the ILO reporting systems. The real challenge might be to find both the arguments and the methods to ensure that the necessary political will is there.

Comments on Prof. R. Staiger: “The international Organisation and Enforcement of Labour Standards”

Francis Maupain

International Labour Organisation

It is not without some trepidation that I venture comments on this paper. First, the paper is written by an economist and I am not an economist but, if anything, a lawyer. Second this paper touches on very sensitive subjects and I am not an academic but an ILO official.

These comments are therefore made in a personal capacity as an individual who happens to know the ILO from within but who does not in any way commit the Organisation. They are loosely organised around two main aspects: the intrinsic merits and consistency of the argument, then its institutional viability (granted, that obviously the two aspects are, to a large extent, interdependent).

1. Intrinsic merits and consistency of the argument

The argument in the paper is to entrust all standards which imply a “pecuniary externality” to the WTO since it is best equipped to deal with market access issues. I shall limit myself to pinpointing what seem to me to be the most questionable assumption of this argument.³⁶

The first remark relates to the distinction between standards which involve “pecuniary externalities” and those which involve “political, humanitarian externalities”. This distinction seems a bit inadequate as it does not take into account the fact that the so-called category of humanitarian standards includes fundamental rights which have a special significance in terms of market access because even if they do not directly involve “pecuniary externalities” they are “enabling rights”.

This over-simplification has very serious repercussions on the validity of the rest of the argument. The argument is indeed that labour standards which

³⁶ There are, of course, other aspects; for instance there seems to be *non sequitur* in the argument, as the paper at the same time recognizes that the WTO has no special capacity to develop labour standards as indeed it is purely intergovernmental. Also, the paper seems keen to protect the capacity of member States to make “regulatory choices” and thus seems (contrary to some of the other papers) to assume, much in conformity with the ILO philosophy, that “regulation” is an efficient tool to achieve social objectives. However it is clear on closer reading that the “efficiency” or inefficiency of national regulatory decisions in the field of labour standards is considered exclusively under the very narrow angle of market access. It ignores more generally the fact that labour standards, and in particular core labour standards, may have broader implications on the size of the market as well as on economic efficiency.

imply “pecuniary externality” may unilaterally (and arbitrarily) be manipulated by governments to improve their competitive situation in foreign or national markets. This assumption is the basis for the proposal to reallocate responsibilities to the WTO. But this assumption overlooks two essential features of ILO membership which is the common condition of practically all States.

- the first feature is that membership in the ILO means that workers and employers have an individual and collective say in the determination of their conditions of employment. This is indeed the object of the Declaration on Fundamental Principles and Rights at Work which aims at guaranteeing individual and collective freedom of the workers to decide on their terms of employment. As previously noted, these rights are “enabling rights” in the sense that they are the necessary condition for the establishment of a level of social protection which both takes into account the preferences and the possibilities in each country at an appropriate level. It is obvious that the existence of these rights, and in particular freedom of association and collective bargaining, makes it virtually impossible for ILO members to “manipulate” or distort as they wish the conditions of work for market access purposes, at least to a very large extent.

Admittedly there may be a problem with export processing zones. But these anomalies can be dealt with under ILO procedures, as well as, arguably, under the WTO’s relevant instruments.

- the second feature is that membership in the ILO also provides some “constitutional breaks” to the temptations of States to arbitrarily reduce standards to improve their market access. States are under a legal obligation to continue to apply standards inherent to the conventions they have ratified, as long as they have not denounced them. But, if the ILO has the constitutional potential to prevent the effects of the “regulatory chill” through ratification of relevant conventions, would it not be argued, under the very logic of the paper, that the ILO be the appropriate forum to negotiate market access against ratification of relevant conventions?³⁷

³⁷ This remark seems equally relevant to the symmetrical hypothesis of a country which wishes to improve its standards but whose good will is “chilled” by market access considerations. The suggestion is made that the country could renegotiate its tariffs against the increased market access the improvement of standards may represent. Leaving aside the enormous practical complications inherent in such a “balkanisation” of trade-labour negotiations, this suggestion begs the question of what would constitute an improvement on labour standards justifying such a negotiation. It would seem essential to have an objective yardstick of the improvement. The most obvious ratification of ILO standards could be such an objective yardstick. This would also avoid the striking anomalies in the argument in pages 36–37 (*pp.* 301–302) in Prof. Staiger’s paper which implies first that a country which has not itself ratified an ILO convention could seek renegotiation for the violation of an ILO standard by a country which has ratified; and second, that a country which has ratified could thus be penalized for failure to fulfil its obligations whereas there would be no such penalty for those who choose not to assume any obligation.

A second observation concerns what I could call the extensibility/reversibility of the argument.

The argument begs the question of the parameters other than labour standards which may have as important or more important “externalities” on market access and on which governments have a much greater discretion than in the field of labour standards. This would seem to be the case in particular as regards the capacity to develop new technology which may have considerable direct and indirect incidence on market access and which itself depends on education and training choices of the authorities. The question is whether the logic of the argument should not lead to the conclusion that developing countries whose market access to certain goods or services is made easier through the technology used for the production of the said goods and services should also renegotiate their tariffs. Intuitively this seems totally contrary to the logic of trade liberalisation.

This extensibility aspect is even more relevant as regards immigration policy on which governments have full control (and which represent a possible answer both to the “humanitarian” and pecuniary externalities). If the USA is concerned about possible humanitarian/political consequences of the “chill” effect of Indian efforts to improve its market position in the USA, would it not be consistent with the argument to consider opening its labour market to Indian workers? As everybody knows, this is indeed a point that India had started to argue already at the time of the Marrakech Conference.

2. Institutional viability

Leaving aside the problems that one may have about the intrinsic coherence of the argument, the conclusion has to be examined from the viewpoint of its legal political viability. This viability involves questions which mainly relate to the interpretation or modification of WTO instruments and I shall limit myself to very brief remarks.

The first observation: “market access” is in a way presented as the essence of trade liberalisation if not as an end in itself. (The reference to “property rights” is significant in this respect.) This presentation seems to overlook the historical and institutional context of market access which perhaps can be seen as “the by-product” of a certain institutional legal framework which has been carefully negotiated in a specific legal context.

More specifically, assuming that the argument that governments, by agreeing to bind their tariffs may have an incentive to “withdraw market access” through a change in their labour standards or to “distort [their] choice of standard for competitive effect” is correct, it must have been correct already at the time Multilateral Trade Negotiations started. Indeed it was to some extent reflected in the provisions of Article 7 of the Havana Charter. But the point is however that – paradoxically because of US non-ratification – it was not accepted. And the same happened with subsequent attempts at

using the “impairment and nullification” clause to compensate for differences in levels of social protection.³⁸

Against this historical institutional background, the question is whether the new perspective brought by the paper could make it easier/more acceptable or compelling to use the impairment-nullification provisions. The author claims that his conception of strengthening the renegotiations and nullification provisions fits better with the logic of WTO mechanisms than other internationally negotiated solutions as it would be “voluntary” and would not cross the line of national sovereignty. Personally, I am not convinced, but it is obviously for our colleagues from the WTO to provide a more authoritative answer. On the one hand, previous attempts to use the nullification clause did not necessarily imply an “international negotiation” on labour standards; on the other hand, contrary to previous attempts, the solution proposed in the paper would now imply, as the author honestly recognises, not just some interpretation of existing provisions but “a new agreement”. And of course such a new agreement requires not only a convincing economic and logical demonstration but a political consensus.

Conclusions

First the merit and interest of the paper, despite the many questions it raises, is that it points towards the need for an integrated approach to economic and social progress. It is certainly wrong to deal with the issue of labour standards exclusively from the angle of market access; but it would be equally wrong to ignore it. The need for an integrated approach is indeed the reason for the Director-General’s proposal to have an authoritative report, probably prepared by an international commission.

Second, beyond the substance merits of the argument, or the lack thereof, the general conclusion, which is indeed intuitively clear from the outset, is that it is unlikely that the redistribution of competence between the WTO and the ILO could be agreed and achieved by the strength of any economic demonstration alone.

This does not mean that nothing can be done and that in the words of Brian Langille, the WTO and the ILO have to remain as “two solitudes”. But it is certainly more realistic to try and achieve a better articulation without waiting for a problematic change in the institutional framework of the two organisations.

³⁸ In 1953 the USA claimed that the existence of unfair conditions of work, in particular in export industries, should be considered as a situation justifying the use of art. XXIII (250) aimed at protecting the balance of interest negotiated by contracting Parties rather than their rights properly so-called. Since not a right, the interest affected must be sufficiently serious to justify counter measures. Argument reintroduced in a different form in 1986 with something which seems like a plausible case: the denial of workers’ rights was argued to be against the objective of the raising of the standards of living which is the aim of the preamble.

Irrespective of any formal or informal institutional developments between the two organisations, it must be recognised that the debate on trade and labour standards has generated an interesting and positive dialectic between the two organisations and indirectly has contributed to important and more efficient exploitation of the ILO potential in the context of globalisation. Three developments, unfortunately not taken into account in the paper, seem at least to deserve a brief mention.

- The Declaration of Fundamental Rights which, along with promotional efforts, has been instrumental in obtaining a sharp increase in ratifications;

- The action taken in the case of Myanmar which has shown that once a country has ratified, the ILO has “teeth”;

- Finally, the “integrated approach” of standards which, together with technical co-operation, may play a role in actually ensuring that, beyond ratification, standards actually have a verifiable impact on the policies and practices followed by member States.

Comments on Robert W. Staiger: “The International Organisation and Enforcement of Labour Standards”

Ulf Edström

LO, Sweden (Swedish Trade Union Confederation)

We in the international trade union movement took the initiative in early 1994, when the WTO was to be set up, to re-launch the request for the introduction of a “social clause” in the world trade agreements, including the possibility of taking sanctions as the last resort if everything else failed. Undoubtedly some progress has been accomplished since then – but so far mainly outside the WTO itself.

Mr Staiger has produced an impressive study, which contains a number of thoughtful arguments and proposals for dealing with labour standards in the WTO context. His idea of using the non-violation nullification and impairment provisions of the WTO is interesting and merits full consideration.

I must nevertheless point out first of all that there seems to be some disagreement between us of what the subject is really about. Mr Staiger’s argumentation deals with labour standards in general – like minimum wages, working hours etc. We in the trade unions have instead argued for a social clause based only on the *core* international labour standards – which are the fundamental ILO conventions on human rights at work, on freedom of association, forced labour and child labour and discrimination in employment. These core labour standards (which have been voluntarily ratified by a majority of the countries in the world) are also part of the UN Universal Declaration on Human Rights and the two UN Covenants. They have also been reaffirmed by the UN Social Summit in Copenhagen in 1995 (more than 100 heads-of-state participated), by the WTO ministerial meeting in Singapore in 1996 and by the ILO Declaration on Fundamental Principles and Rights at Work adopted in 1998.

I repeat: We call for universal respect of these fundamental human rights at work, as these human rights are internationally recognised as universal human rights that should and could be respected independent of level of development. Why do I stress this point? The fundamental reason is that in our opinion you cannot make a trade-off where severe violations of fundamental human rights would become “acceptable” because additional measures are taken in relation to market access.

Would it be acceptable to the international community if a country like China would continue to deny its workers freedom of association including its system of “re-education through labour” – camps – if only China agreed to lower its tariffs? Well, at least for us in the international trade union

movement, the answer is definitely No! In addition, would not the proposed “retaliatory compensation” rather flow to the countries injured by market access difficulties and not to the workers whose fundamental rights were violated? Maybe the Burmese military dictatorship’s use of forced labour is not primarily aimed at securing a competitive advantage internationally – but rather for the military regime to control and enrich themselves on their oppressed people. If so, would the proposed “retaliatory compensation” be effective?

Listening to people arguing that there are no links between trade and core labour standards, I sometimes get the impression that they want us to believe that we live in separate worlds – the WTO in the world of trade with one set of Member States and member governments, and the ILO in the world of work with its Member States and its member governments. But in fact the Member States and the member governments are the same! In our view, all these States and governments must merit their commitment to respect these fundamental human rights at work. In addition, international organisations like the WTO must adopt policies that are supportive – and not counteractive – to this end.

Let me give you one example. At the end of the paper, Mr Staiger draws attention to article XX(e) allowing member governments to raise discriminatory barriers against imports of the products of prison labour. But what about forced labour as such? In November last year, the ILO, with its 175 Member States, took a unique decision to call for sanctions against Burma (Myanmar) because of the persistent use of forced labour in the country. Governments, employers and workers’ organisations in all ILO Member States were called upon to act as well as all relevant international organisations including the WTO. The trade unions in Sweden have, among other things, requested that the Swedish Government and the EU ban all imports from Burma. This has not happened and our Government argues that any future measure taken must be in accordance with WTO rules. It is my understanding (which has been more or less confirmed unofficially by the Ministry) that the present WTO rules do not allow a ban on imports from Burma! No wonder then that the reputation of the WTO is at stake if it actually awards protection to the horrible military regime in Burma – a regime that also violently suppresses any attempt by workers to exercise freedom of association in the country. My view is that all the core labour standards and not only prison labour need to be incorporated in the policies of the WTO in the future.

Nevertheless, the fierce resistance against our social clause proposal and successful false accusations claiming that it was only disguised protectionism (to impose western standards), have actually caused the trade union movement to modify its original proposal. As an example of these false accusations, I would like to quote from a paper from the Consumer Unity Trust Society (CUTS), India – which I found outside this meeting room:

“The debate over the social clause has often been a very peculiar one. On one side have been the outright protectionists who have argued that employers paying wages below those being paid in the industrialised countries are guilty of social dumping. On the other side lie the ideological neo-liberals who have argued that there is no link between trade and labour standards.” This statement is not correct and to my knowledge, the only example of a global minimum wage is the one that has been agreed between employers and workers’ organisations in the International Maritime Organisation (IMO) concerning seafarers.

Our proposal put forward to the WTO Ministerial meeting in Singapore 1996 and following meetings has been limited to asking for an open and transparent WTO working party co-operating closely with the ILO on a wide range of issues related to trade and labour standards. The ILO could assist the WTO in performing an audit or review of the social implications of trade agreements and trade policies based on the ILO’s experience in the world of work and the jurisprudence accumulated by its excellent supervisory bodies – and where the ILO’s unique tripartite structure would ensure its credibility and support consensus-building between affected partners. The existing Trade Policy Review Mechanism should also be a natural forum for such activities. Both organisations could also jointly develop rules and policies to ensure that the benefits of trade liberalisation are shared by the greatest number of people and especially to the world’s poor.

Returning to Mr Staiger’s proposal, as I said I find it interesting. In reality, it goes even further than we demand from the trade union side. It might work under certain circumstances – but, in my view, not in relation to core labour standards and I doubt that we would go for it even in relation to more technical international labour standards. I agree with Mr Staiger that the WTO must take on labour standards issues and that some type of work division must be made between the various international organisations and here I want to state that the ILO should continue to set and supervise international labour standards. But I disagree with Mr Staiger when he proposes that the ILO should restrict itself to strictly humanitarian/political concerns and when he argues against more developed links between the WTO and the ILO.

When the Swedish trade unions took sympathy action against the military junta in Chile many years ago, the reason was mainly to put pressure on that government to restore trade union rights and freedom – and not to protect jobs in Sweden. In Mr Staiger’s terminology, such actions would be out of humanitarian/political concerns – but, at the same time, would not such action have pecuniary effects and market access effects?

Clearly, the social partners and civil society want to be part of the solution, which can also be seen for instance when we negotiate codes of conduct or elaborate social labelling schemes.

Yesterday I made the remark that international labour standards are the

standards elaborated on a tripartite basis in the ILO (and these standards usually contain flexibility clauses). It is necessary here to make a distinction between those and, for instance, labour standards adopted in the European Union (which are of a regional character) or domestic standards in various countries (examples from yesterday were the USA and India). I hope that future economic research will actually concentrate on truly international labour standards.

As a colleague of mine expressed yesterday, I also believe that the competition is rather between South – South and not North – South. I would also like to mention that a minority group of governments made a shameful attempt to stop the adoption of the ILO Declaration in 1998 – but fortunately failed. Among these 18 governments was Qatar – host to the next WTO Ministerial meeting in November – a country that does not allow its workers to organise in free trade unions or to bargain collectively.

Let me end by saying that I believe that multilateral solutions are to be preferred to bilateral ones, where major countries may impose conditions on smaller, weaker countries.

List of Papers Presented at the Conference

Drafts, unpublished papers and comments delivered at the Stockholm Conference on International Labour Standards

The papers, except those marked with *, also appear in revised versions in the book “International Labor Standards: History, Theory, and Policy Options” by Kaushik Basu, Henrik Horn, Lisa Román and Judith Shapiro (eds.), Blackwell Publishing, 2003.

Stanley Engerman

The History and Political Economy of International Labour Standards

Jane Humphries

Comment on “The History and Political Economy of International Labour Standards” by Stanley L. Engerman

Karl-Ove Moene

Comments on Stanley L. Engerman: “The History and Political Economy of International Labour Standards”

*Gösta Edgren**

Comments on Stanley L. Engerman: “The History and Political Economy of International Labour Standards”

Nirvikar Singh

The Impact of International Labour Standards: A Survey of Economic Theory

T.N. Srinivasan

Comments on Nirvikar Singh, “The Impact of International Labour Standards: A Survey of Economic Theory”

Tore Ellingsen

Comments on Nirvikar Singh, “The Impact of International Labour Standards: A Survey of Economic Theory”

Drusilla Brown, Alan Deardorff, and Robert Stern

Child Labour: Theory, Evidence and Policy

*Sarah Bachman**

Comments on Brown, Deardorff and Stern: “Child Labor: Theory, Evidence and Policy”

*Kari Tapiola**

Summary of Comments on Brown, Deardorff and Stern: “Child Labor: Theory, Evidence and Policy”

Robert Staiger

The International Organisation and Enforcement of Labour Standards

L. Alan Winters

Comment on R. Staiger, "The International Organisation and Enforcement of Labour Standards"

Petros Mavroidis

The Need To Micro-manage Regulatory Diversity (A Comment on Robert W. Staiger, 2001, The International Organisation and Enforcement of Labour Standards)

*Francis Maupain**

Comments on Prof. R. Staiger, "The International Organisation and Enforcement of Labour Standards"

*Ulf Edström**

Comments on Robert W. Staiger, "The International Organisation and Enforcement of Labour Standards"

Conference Programme

Thursday, August 23, 2001

12.30–13.15 *Registration*

13.15–13.30 *Opening notes*

Gun-Britt Andersson, State Secretary for Development Cooperation, Migration and Asylum Policy, Swedish Ministry for Foreign Affairs, Chairperson of the EGDI
Kaushik Basu, Cornell University, Member of the EGDI

13.30–15.30 *Presentation and discussion of Study 1*

Chairperson:

Judith Shapiro, New Economic School, Moscow

13.30–14.00

Presentation:

The History and Political Economy of International Labour Standards

Stanley Engerman, University of Rochester

14.00–14.30

Discussants:

Jane Humphries, University of Oxford

Karl-Ove Moene, Oslo University

14.30–15.30

General discussion

Initial comments:

G. Rajasekaran, Secretary General of the Malaysian Trade Union Congress

Gösta Edgren, former Swedish Ambassador to Vietnam

15.30–16.00

Coffee

16.00–18.00

Presentation and discussion of Study 2

Chairperson:

Göte Hansson, Lund University

16.00–16.30

Presentation:

The Impact of International Labour Standards: A Survey of Economic Theory

Nirvikar Singh, University of California

16.30–17.00

Discussants:

T.N. Srinivasan, Yale University

Tore Ellingsen, Stockholm School of Economics

17.00–18.00 *General discussion*
Initial comments:
Pradeep S Mehta, Secretary-General, Consumer Unity
and Trust Society, India
Ebrahim Patel, Cosatu, General Secretary, South African
Clothing and Textiles Workers Union, South Africa

19.00 *Dinner*

Friday, August 24, 2001

9.00–11.00 Presentation and discussion of Study 3
Chairperson:
Kaushik Basu, Cornell University

9.00–9.30 *Presentation:*
Child Labour: Theory, Evidence and Policy,
(Drusilla Brown, Tufts University)
Alan Deardorff, University of Michigan
Robert Stern, University of Michigan

9.30–10.00 *Discussants:*
Alan Krueger, Princeton University
Luis-Felipe López-Calva, El Colegio de Mexico

10.00–11.00 *General discussion*
Initial comments:
Kari Tapiola, Executive Director, Fundamental Principles
and Rights, International Labour Organisation
Sarah Bachman, Visiting Scholar, Asia/Pacific Research
Center, Stanford University

11.00–11.30 *Coffee*

11.30–13.30 *Presentation and discussion of Study 4*
Chairperson:
Arne Bigsten, Göteborg University

11.30–12.00 *Presentation:*
***The International Organisation and Enforcement of La-
bour Standards***
Robert Staiger, University of Wisconsin

- 12.00–12.30 *Discussants:*
L. Alan Winters, University of Sussex
Petros Mavroidis, University of Neuchâtel
- 12.30–13.30 *General discussion*
Initial comments:
Francis Maupain, International Labour Organisation
Ulf Edström, Swedish Trade Union Confederation
- 13.30–15.00 *Lunch*
- 15.00–17.00 *Panel discussion*
Chairperson:
Gun-Britt Andersson, State Secretary, Swedish Ministry for Foreign Affairs, Chairperson of the EGDI
Panelists:
Lotta Fogde, State Secretary for International Trade, Policy and Strategic Export Control, Swedish Ministry for Foreign Affairs
Richard Blackhurst, Graduate Institute of International Studies, Geneva (previous Director, Economic Research and Analysis Division, WTO)
Alan Krueger, Princeton University
Francis Maupain, Special Advisor to the Director-General, International Labour Organisation
Ebrahim Patel, Cosatu, General Secretary, South African Clothing and Textiles Workers Union, South Africa
Kari Tapiola, Executive Director, Fundamental Principles and Rights, International Labour Organisation

List of Registered Participants

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Anne Bavre de Saint-Clair	Ministry for Foreign Affairs
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Patrick K. Asea	UN Economic Commission for Africa
Inger Axell	Swedish International Development Cooperation Agency
Sarah Bachman	Stanford University
Kaushik Basu	Cornell University
Arne Bigsten	Göteborg University
Richard Blackhurst	Graduate Institute of International Studies
Alan Dearnodff	University of Michigan
Gösta Edgren	Economic Consultant
Per-Anders Edin	Uppsala University
Ulf Edström	Swedish Trade Union Confederation
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Marianne Jönsson	National Board of Trade
Alan Kreuger	Princeton University
Deborah Levison	University of Minnesota and ILO
Bengt Lidal	Stockholm University
Douglas Lippoldt	OECD
Luis-Felipe Lopez Calva	El Colegio de Mexico
Andreas Madestam	Stockholm School of Economics
Francis Maupin	ILO
Petros Mavroidis	University of Neuchâtel
Pradeep Metha	Consumer Unity Trust Society, India
Karl-Ove Moene	Oslo University
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Susanne Sonesson	Ministry for Foreign Affairs
T.N. Srinivasan	Yale University
Robert Staiger	University of Wisconsin
Ulrika Stavlöt	Stockholm University
Robert Stern	University of Michigan
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Martin Wolf	Financial Times
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