

CORE LABOUR STANDARDS: DEBATES LIKE MOST OTHERS

ZÁKLADNÍ PRACOVNÍ STANDARDY:
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World's societies, along with their economies, have experienced immense changes over the last few decades. Many of these shifts involve opening up of previously closed markets, involving labour migrations, economic integration at various scales and corresponding (de)industrialization trends, among others. Needless to say, the above developments have generated many heated debates concerning the environment, sovereignty, democracy, or the social aspects of globalization, among others. This contribution will engage one of such debates centering on the need for unqualified enforcement of minimum labour standards around the world. In this debate, the supporters claim the core set of labour standard must be enforced globally to ensure the basic protections for all workers and to prevent the race-to-the-bottom among the competitive nations of the global South. Detractors, on the other hand, assert that enforcing standards would put undue pressures on workers in the South while stifling economic growth and development. The goal of this paper is to examine both sides of the argument and supply an analysis highlighting that such debates are precisely those common to all major social-political issues of global relevance.

Keywords: labor standards, globalization, labor migration, econonomic integration

Abstrakt

Společnosti po celém světě spolu se svými ekonomikami zažily v posledních několika desetiletích obrovské změny. Mnohé z těchto posunů zahrnují otevírání dříve uzavřených trhů, migrace pracovní síly, ekonomickou integraci na různých úrovních a související trendy (de)industrializace, mezi jinými. Nepochybně tyto události vyvolaly mnoho vášnivých debat ohledně životního prostředí, suverenity, demokracie či sociálních aspektů globalizace, mezi dalšími. Tento příspěvek se bude zabývat jedním z těchto sporů, který se točí kolem potřeby nezpochybnitelného prosazování minimálních pracovních standardů po celém světě. Stoupenci tohoto názoru tvrdí, že základní soubor pracovních norem musí být prosazován globálně, aby byla zajištěna základní ochrana všech pracovníků a zabránilo se soutěži o nejnižší standardy mezi konkurenčními národy globálního Jihu. Oponenti naopak tvrdí, že prosazování standardů by vyvíjelo neopodstatněný tlak na pracovníky na Jihu, zatímco by brzdilo ekonomický růst a rozvoj. Cílem tohoto článku je zkoumat obě strany argumentu a poskytnout analýzu zdůrazňující, že takové debaty jsou přesně ty, které jsou společné všem hlavním sociálně-politickým otázkám globální relevance.

Klíčová slova: pracovní normy, globalizace, migrace pracovní síly, ekonomická integrace

Introduction

The recent decades have witnessed immense economic, social, and political changes around the world. The collapse of the Soviet empire has freed its constituent countries to choose their path to a new economic future. Many have succeeded in their transition to democratic capitalism and gained membership in the largest trading block in the world, the European Union. This expansion resulted in some of the biggest labour migrations in European history, allowing the Western European countries to tap huge worker reserves of various skill levels from the periphery. On the other side of the world, the East Asian governments, famously cautious and deliberate in their developmental policies, have achieved massive rates of growth. These events, amplified by the steady drive toward economic *liberalization*, have resulted in profound shifts around the world.

The traditional supply chains are being transformed in many cases entirely, shifting production of manufactured goods of increasing complexity from the global North to the global South. Masses of workers have been employed in the newly created industrial hubs by global companies seeking stable, low cost, pliable, and increasingly skilled supply of labour. In parallel, the *deindustrializing* global North has experienced losses of well-paid manufacturing jobs, erosion of middle class, and rising precarity common to the new economy. The unions have been in retreat in the North and especially the United States, while the ability of workers to organize has been stymied in the newly industrializing countries of the South. This, in particular, has been seen as a major factor in the welfare of the workforce, which increasingly has to rely on the state for subsidies and any legal protections.

Needless to say, the above developments have generated many heated debates concerning the environment, sovereignty, democracy, or the social aspects of globalization, among others. This contribution will engage one of such debates centering on the need for unqualified enforcement of minimum labour standards around the world. In this debate, the supporters claim the core set of labour standard must be enforced globally to ensure the basic protections for all workers and to prevent the race-to-the-bottom among the competitive nations of the global South. Detractors, on the other hand, assert that enforcing standards would put undue pressures on workers in the South while stifling economic growth and development. This text examines both sides of the argument and provides an analysis whose goal, in the end, is to better understand and approach other global social-

political issues. To do so, the paper will first detail the fundamental, or “core,” labour standards as defined by the International Labour Organization. Next, it will probe both the supporters' and the detractors' lines or argument. Finally, the work will supply an analysis along with thoughts on any future developments in this and related domains.

The International Labour Organization and Its Standards

The International Labour Organization (ILO) should be included in any discussion of international labour rights. This is not just because it maintains a set of labour standards and possesses an extensive expertise in labour issues, but because of its central role in promoting social progress, freedoms, and justice for workers around the world. Let us review its authoritative definition of labour standards in general, and the fundamental standards in particular, and obtain its position on the benefits, recommendations, and processes behind the formulation of such standards.

The ILO (2016a) defines international labour standards as “international conventions and recommendations drawn up by representatives of governments, employers and workers from around the world covering all matters related to work” (cf. ILO 2016a:1). The concept of international standards dates back to ILO's establishment in 1919, when national, labour, and business representatives have agreed that economic development must include social progress. Overtime, the ILO standards have evolved to address existing and emerging issues that have been amplified by the enormous changes in economies on national and, in time, global levels. Nevertheless, work remains in ensuring at least the four fundamental¹ principles are respected *globally*. Such principles are at the center of the debate engaged in this analysis and are introduced next in no particular order.

The first, the *Effective abolition of child labour*, strives to remove workers 5–17 years of age from the worst classes of employment, including hazardous work. Despite the progress (global child labour has been reduced by 30% since the year 2000), an estimated 168 million children remain working with more than half in hazardous conditions (ILO 2016c: 1).

The second is the *Elimination of all forms of forced or compulsory labour*. The principle recognizes that despite the universal denouncement of “work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily,” it remains a serious global labour issue involving

1 The four core labour standards are a subset of eight principles formalized in the ILO's Declaration of Fundamental Principles and Rights at Work in 1998.

upwards of 20 million people (ILO 2016b: 1). There exist many types of this coercive labour including debt bondage and trafficking, disproportionately affecting women and migrants. Because forced labour is present across all regions, the solutions involve concerted efforts of governments, non-governmental organizations (NGOs), and supranational organizations.

The third standard, the *Freedom of association and right to collective bargaining*, consists of two goals: to secure workers' right to establish and participate in organizations freely and openly; and to ensure the workers can negotiate collectively with their employers to reach agreements concerning their wages, safety, training, and working time, among others.

Finally, the fourth principle is the *Elimination of discrimination in respect of employment and occupation*. The goal here is to promote inclusiveness and equality of opportunity in employment, which has positive economic as well as social implications. Although the most discussed is gender discrimination, there are many other forms of discrimination, including one on the basis of union status.

The ILO has a manifold rationale for international labour standards. The organization's underlying assumption is that *economic development has a purpose*: it is not to benefit a few, but must improve the lives and dignity of all. Because the modern economy is global and indeed much governance in trade and finance is supranational (through the World Trade Organization, International Monetary Fund, or the World Bank), progress in labour related issues (including the agreement on international labour standards) equally requires action at the international level. The ILO believes that internationally agreed-upon social standards ensure "a level playing field." That is, global social standards preclude nations from the race-to-the-bottom, in which countries gradually lower their standards in order to obtain a comparative advantage. The ILO (2016a) explains:

Because international labour standards are minimum standards adopted by governments and the social partners, it is in everyone's interest to see these rules applied across the board, so that those who do not put them into practice do not undermine the efforts of those who do. (cf. ILO 2016a: 1)

Further, the ILO asserts there are positive economic ramifications to the implementation of and compliance with international labour

standards. Better wages and improved working conditions within an inclusive work environment lead to productivity increases and lower turnover. The ability to resolve issues through collective action prevents costly conflicts and is socially stabilizing². And despite the fact that many disadvantaged workers are participants of shadow economies common to developing nations, ILO believes the inclusive application of the labour standards leads not only to improvements of all workers' conditions, but to the expansion of legitimate, or formal, economy and reduction of poverty.

Finally, the ILO's international standards are the result of a consensus among a variety of experts, organizations, governments, and employers internationally and are designed to be incorporated into legal frameworks and policies at the public and private levels alike.

While there have been 1,200 ratifications of the core labour standards out of the possible 1,488³ (ILO 2016d: 1), meaning that national governments have officially committed themselves to incorporating these into their national laws and practice, issues remain on the *enforcement* side. Since the ILO does not have enforcement powers⁴ beyond the ability to issue a "complaint procedure," any hopes for an effective enforcement then lie in bilateral trade pacts containing frequently contested fair labour stipulations and remediation procedures. This situation is the source of an ongoing debate about whether and how international standards should be operationalized. This will be addressed in the following section.

The Debate

As hinted above, there has been an ongoing discussion between NGOs, activists, international agencies, politicians and the public involving labour standards. The discord has been heated, and at times aggressive⁵, attesting to its seriousness. Let us review both of sides of the debate along with the corresponding arguments in turn.

On one side is the unusual coalition of labour activists, protectionists, and politicians interested in protecting *local* jobs, joined by union representatives and activists, focused on human rights and fair labour abroad. On the other side stand government representatives, policymakers, and NGOs in developing countries concerned with employment participation and economic growth, joined by various supporters of economic

2 Going beyond the core standards, according to the ILO: worker training can improve overall workforce quality and employment levels; safety standards protect workers' health and lead to lower medical costs; and employment and social protections encourage innovation, support employer competitiveness, and make liberalization tolerable.

3 Since each standard is ratified separately, there are up to 4 ratifications in each of the 186 participating countries. Many were ratified as part of the ILO campaign beginning in 1995 striving for full ratification.

4 Furthermore, ILO has a limited monitoring capacity.

5 As, for example, during the 2001 Conference of the Americas in Quebec.

liberalization, arguing for less barriers to trade. The debate is very extensive, ranging from national ramifications (Huberman 2005: 1–2) to varieties of prescriptive measures (Freeman 1994: 90). Here, we focus on the discussion specifically around the above described core standards.

First, there has been much debate about the abolition of child labour. There are those pushing for universal enforcement of the standard often presenting images of small children toiling under dangerous conditions. The opponents claim it is not practical to ban child labour completely, given that it is frequently integral to their household survival. Each camp can find support in the very mixed findings of economists. Some economic studies find prohibiting child labour in certain cases⁶ resulted in an equilibrium shift and thus higher wages for adults. Others suggest that banning goods manufactured using child labour in an attempt to enforce the standard exacerbates poverty by forcing children from the export to the informal sector of the economy (OECD 2000).

The next standard, the elimination of forced labour, poses virtually no disagreement (Brown 2001: 94; Freeman, Elliott 2003: 12). Most concur that forced labour in its various forms is an issue present around the globe and must be addressed.

On the other hand, the most heatedly debated standard is the freedom of association and right to collective bargaining. Predictably, the most visible proponents of labour standards are American unionists (Luce 2005: 9) aiming to prevent the race-to-the-bottom and ultimately protect their jobs. The logic is based on the understanding there is a mutually beneficial and reinforcing relationship between workers' groups internationally. Specifically, while there might be a disparity in their relative strength and immediate interests, what happens in one area of the world has economic implications elsewhere. Furthermore, as Freeman and Elliott (2003) aptly observe, supporting the enforcement of the freedom of association and collective bargaining and thus:

- giving workers a mechanism for raising and negotiating solutions to workplace problems,
- this freedom actually becomes the foundation for addressing all other labour standards. This is particularly true in LDCs [less developed countries], whose governments often lack the resources to enforce their own labour codes. (cf. Freeman, Elliott 2003: 12).

Yet, some opponents view the unions in LDCs as monopolistic, elite-serving, corrupt associations that have detrimental effect on workers and growth (Brown 2001: 96; Freeman, Elliott 2003: 12) and supporting their existence through standards then becomes unproductive. Others assert that

the convention's text was formulated to meet the needs of workers in large factories of industrialized countries, but is ill-equipped to have a positive effect in countries with large informal and agricultural sectors. In this view, there is a role for government intervention in negotiations to encourage cooperation, to fill the institutional gaps, or to ensure balance in power. The argument then is to revise the standard to accommodate the needs of a broader mix of workers in LDCs and recognize the positive role of government in these environments (Singh, Zammit 2004: 96).

The fourth standard, the elimination of discrimination, is seemingly innocuous. While there are some that clearly point to the positive effects of banning discrimination by increasing the supply of suitable workers (Freeman, Elliott 2003: 12) to the economy, there are others that caution against vehemently rejecting exclusionary practices. Brown, for example, highlights the work of Dani Rodrik on successful, albeit unconventional, path to economic development in Mauritius (Brown 2001: 96). Rodrik points to a set of political decisions taken in a very tenuous cultural and social environment in order to obtain support for establishment of an Export Processing Zone (EPZ). The support relied on the industrialists operating import substitution industries and their male employees. Hence the government had to placate these groups by maintaining such industries and their prevailing wage levels while opening lower-wage EPZ with mostly female workers. Rodrik (2000) explains:

The creation of the EPZ generated new opportunities of trade and of employment, without taking protection away from the import-substituting groups and from the male workers who dominated the established industries. The segmentation of labor markets early on between male and female workers—with the latter predominantly employed in the EPZ—was particularly crucial, as it prevented the expansion of the EPZ from driving wages up in the rest of the economy, thereby disadvantaging import-substituting industries. New profit opportunities were created at the margin, while leaving old opportunities undisturbed. (cf. Rodrik 2000: 20).

This approach was counter to the ideas promoted by economic liberals as well as the advocates of labour standards (namely those dealing with discrimination). Rodrik likens these developments in Mauritius to those in China and further asserts that such solution was beneficial to all. Furthermore, taking this path was, in his view, essential to Mauritius' ensuing economic successes.

We detailed some key positions of both camps in the debate over the four fundamental labour standards, and now turn to an analysis.

6 In economies with higher labour productivity.

Conclusion

The term *labour standards* is encompassing and evokes a variety of conceptions. Some may think of minimum wage requirements, child labour, or discrimination, while others may imagine training, and social protections. The focus of this text was the four core labour standards – *Effective abolition of child labour*, *Elimination of all forms of forced or compulsory labour*, *Freedom of association and right to collective bargaining*, and *Elimination of discrimination in respect of employment and occupation* – and specifically the debate surrounding their enforcement internationally. That is not to say any other standards are less important, but rather that the above have been accepted as the *foundation*, the prerequisites, to fair global economic development.

As mentioned, there is a broad agreement on eradicating forced or compulsory labour. But this is not the case with the three remaining standards. The supporters as well as the detractors each possess elaborate research supporting their line of argument around two overarching questions:

Do low labour standards offer comparative advantage and lead to economic growth?

Does absence of standards' enforcement lead to race-to-the-bottom?

Mathias Busse (2002) set out to provide his own empirical assessment. His research diverges from the preceding studies⁷ linking labour standards with exports or with comparative advantage. Busse uses a different empirical approach and demonstrates there is a negative correlation between child labour standards and comparative advantage, but shows the reverse to be true with female discrimination. Busse (2002) closes with a critical observation: labour standards are *assumed* to be determined on the national level (are set exogenously), but core labour standards may be endogenous to the local environment, just like working conditions (1928–1929). In other words, any research conclusions should be taken with caution. Race-to-the-bottom may happen internally (and yield comparative advantage) despite any formal standards apparent to an outside observer.

Then, which side of the debate makes a more convincing case? The argument against the worst types of child labour is clearly strong. Thus, perhaps unsurprisingly, an agreement is building around the plan to eradicate the worst of child labour such as bonded and forced labour, illicit labour, and labour posing threat to health and safety (Freeman, Elliot 2003: 12). On the other hand, the economics of child labour (along with its very broad age definition of 5–17 years) and the fact that this labour may be transient as a country moves along the economic development continuum, will continue to be potent arguments for allowing certain forms of child labour. In terms of the freedom of association and the ability to bargain, Freeman and Elliott's position is very compelling. In their view, this is a *foundational* freedom through which workers may contest and address *all* their labour issues. Recognizing this debate centers on worker power, a sensitive topic for some in the age of neo-liberalism, most rebukes depend on the less credible North-South compatibility and the LDC union trustworthiness arguments. Finally, the elimination of discrimination is mostly uncontested. However, Dani Rodrik's research presented above makes an important point. As countries strive to develop, they are faced with difficult political choices. Rodrik argues that such choices may include tolerating discrimination; yet choices reflecting the *cultural* traditions and social realities made while exercising the national sovereignty are those, in his view, we should enable and support.

Nevertheless, most of the debates may be missing the point: Is it even feasible to *enforce* labour standards? Currently, most enforcement takes place on the buyer's side in the form of ban on imports of products manufactured out of compliance with the agreed standards. The challenge is, of course, finding effective monitoring of non-compliance as well as consistent and fair application of the enforcement instrument. As mentioned above, the labour standards may be set endogenously. In the age of the fragmented commodity chains amplified by customized labour-code-offerings or the practices formally developed by the management (Taylor 2011: 454) designed to evade monitors, discovering non-compliance may be very difficult. Yet, if discovered, banning imports may be viewed as suboptimal (OECD 2000: 4) given it has disproportionate effect on *labourers* who end up moving to work elsewhere under similar or worse conditions. Providing education and family subsidies (conditional cash-transfers) is seen as a more constructive of a tool⁸ (OECD 2000: 4) for progress.

Hence, Luce's insight that labour standards themselves are not as productive as the joint processes behind their establishment and enforcement seem relevant. Such activities, she claims, lead to North-South cooperation and solidarity (Luce 2005: 26–27). However, the Singh and Zammitt take an opposite

7 Studies that were, in Busse's view, deficient given they did not use fitting labour standards and control variables for regression.

8 Richard Freeman also goes above the common debate on labour standards as requirements difficult to enforce, disconnected from everyday experience, and possibly of uncertain effectiveness and argues that they should be viewed as a consumer good (Freeman 1994: 90).

stand: the standards' objectives are desirable, it is their coercive promotion that is counterproductive (Singh, Zammitt 2004: 102). But this is a beginning of yet another debate, better left for another time.

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