

SOCIAL STANDARDS IN INTERNATIONAL TRADE

by Nicola Bullard, Focus on the Global South¹

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Focus on the Global South*
CUSRI, Chulalongkorn University
Phyathai Road, Bangkok, Thailand
Tel: 66 2 218 7363
Fax: 66 2 255 9976
Email: n.bullard@focusweb.org
Website: <http://focusweb.org>

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1. OVERVIEW

The debate about integrating social standards into international trade agreements reflects the growing realisation that the trade and financial liberalisation policies promoted by industrialised countries, the World Trade Organisation, the World Bank and the International Monetary Fund have profoundly unequal effects within and between countries and between workers and capital.

Over the past twenty-five years there has been a divergence of income levels between countries and between people and the incidence of poverty has increased in many regions² while the share of GDP going to wages and the taxation on profits are both at historic lows.³

In developing countries, employment in the organised sector – often seen as the key to raising overall welfare – has lagged behind expansion of the labour market and an "increasing proportion of workers are dependent on low productivity and casual employment in the informal sector."⁴

Developing country governments have a clear material interest in creating full employment and increasing the incomes of their people, if only to extend the tax base, increase domestic savings, reduce dependency on donors, external finance and debt and to increase national stability and productivity.

The real concern of the South is that the present system of globalised capitalism is not creating enough jobs to keep pace with the growing labour force. While creating jobs, raising incomes and securing livelihoods is a primary task for developing countries, trade and financial liberalisation and export-oriented development have not created the hoped-for economic gains in most countries. In fact, the reverse is true. Growth is erratic and tied to the fortunes of industrialised countries, jobs are disappearing, foreign direct investment in "greenfield" projects is being outpaced by mergers and acquisitions, and finance is fleet-footed.⁵

The first section of this report (The Importance of Employment and Secure Livelihoods) gives an orientation to the key issues in the debate on globalisation, labour and social standards.

The next section (The View from the South) summarises developing country perspectives on proposals to link labour standards with trade agreements and the broader question of how to raise social and labour standards in a globalising economy.⁶

Developing countries argue that the ILO is the competent body to deal with labour issues. They categorically reject linking labour standards to WTO agreements and are suspicious of proposals coming out of bodies such as the OECD, the IMF and the World Bank because they believe these institutions do not reflect their interests. Non-binding mechanisms such as codes of conduct and labeling are seen as well intentioned but insufficient to deal with deep-seated structural inequalities.

Significantly, trade negotiators, academics and activists all agree that the present "development" model is flawed. While they may not agree with the solutions, there is a common perspective that the current trajectory of globalisation is unsupportable and unsustainable.

***Policy implications...** Improving social and labour standards must be done in the framework of national and international development strategies that promote growth, job creation and a "fair" international trading system.*

In the next section (Who are the Workers?) we look at the structure of the workforce and employment in the South. We review the impacts of export-oriented development and the present phase of globalised capitalism on patterns of employment and unemployment and examine whether financial and trade liberalisation creates growth, jobs and equity.

We conclude that processes of trade and financial liberalisation do not on their own generate growth (Rodrik 1999) and that they have negative impacts on employment, fragment labour markets and push millions of workers in the non-formal sector (Ghosh 2000, ILO 1999, UNCTAD Trade and Development Report 1997).

***Policy implications...** Slow growth and "jobless" growth and deteriorating conditions for workers is an inevitable outcome of highly concentrated and centralised finance capital. The urgent task is to "curb and contain" the power of large capital.*

This process also creates deeply divided labour markets in the South, characterised by small sectors of relatively well protected workers in the formal sector and large pools of cheap and unskilled workers,

especially in the agricultural and non-formal sectors, who rarely benefit from the social and legal protection of the state.

***Policy implications...** The key to promoting broad-based labour and social standards is to increase incomes in the agricultural and non-formal sectors and to extend the coverage of social and labour protection to all workers.*

We consider the view that poor countries suffer from too little liberalisation as has been argued by prominent officials such as the UK's secretary for development Clare Short and WTO Director General Mike Moore, and media commentators such as Martin Wolf, and popularised as the slogan "trade is good for the poor."

Drawing on the work of Ghosh, Shaikh and Rodrik, amongst others, we conclude that the export-oriented development strategy has reached its economic, social and environmental limits, and that further trade and financial liberalisation will not achieve the levels of growth or employment creation needed to reduce poverty and inequalities.

***Policy implications...** Developing countries must be allowed to “opt-out” of international economic arrangements when national priorities clash with obligations to international institutions.*

Developing countries must be allowed to protect domestic economies through industry policy and through the use of tariffs and quotas. This is especially important in agriculture where – at a bare minimum -- food production for domestic production should be outside the disciplines of the WTO.

In the final section (Beyond Keynes: Deglobalisation) we propose an alternative development strategy which is based on the autonomy of governments and peoples. This alternative approach to development – which we have called "deglobalisation" -- re-orientes development policies and resources to building domestic markets, raising productivity in the agricultural sector, securing broad-based social coverage for all workers via a greatly expanded and progressive tax base, guaranteeing access to land and water, and investing in education and health for all. (Bello 2000)

A reorientation of the national and international development strategy will require significant changes to the international regulatory framework, trade agreements, and the workings of the financial markets. It will also

require a greater commitment on the part of rich countries to provide untied grants and total debt cancellation to the many countries who have suffered the dark-side of globalisation and experienced "reverse" development in the past two decades of neo-liberalism.

In summary, the nature and structure of present day globalised capitalism creates inequalities, drives down the price of labour and does not generate the type and level of growth necessary to achieve decent living and working conditions.

The adoption of "social and labour standards" is useful insofar as it allows governments to measure the success or otherwise of particular policy interventions. However, if the present policies of trade and financial liberalisation were measured in this way they must be judged a dismal failure.

Merely asserting social and labour standards does not address the structural causes of inequality. The more equitable and enduring solution is to re-orient national and international financial and trade policies towards creating jobs, securing livelihoods and ensuring the wide and equitable distribution of the benefits of growth.

Finally, social and labour standards are not absolute and cannot be externally mandated. They are the result of national policy debates and negotiations. As Dani Rodrik claims, it is within the scope of the international community and international institutions to

“...create space for national development efforts that are divergent in their philosophy and content. Forcing all countries into a single, neo-liberal development model would be unwise – in light of the political backlash from national groups – even if there were serious grounds to believe that the model is economically advantageous. It is absurd when the evidence on the model's economic superiority is itself in doubt.”⁷

2. THE IMPORTANCE OF EMPLOYMENT AND SECURE LIVELIHOODS

In the 1948 volume *The Economics of John Maynard Keynes*, Dudley Dillard wrote:

"In a practical sense labour unions are an integral part of modern democratic economies, and welfare legislation such as minimum-wage laws and unemployment insurance are probably here to stay.

Therefore it is bad politics even if it should be considered good economics to object to labour unions

and to liberal labour legislation.... In democratic societies, which both Keynes and Pigou presuppose, labour unions are not likely to be eliminated, minimum wage laws are not likely to be repealed, unemployment compensation is not likely to be lowered, and public opinion as to what constitutes and reasonable living wage is not likely to be revised downwards in the light of the tremendous productivity of modern technology."⁸

A little more than fifty years later the Peruvian ambassador to the WTO, Oswaldo de Rivero, wrote:

“The globalisation gurus are convinced that the prosperity and the development of all countries will be achieved this time, as a result of worldwide competition within a totally unfettered market. Such a belief, with its utopian ingredients, presents globalisation as an unstoppable process, beyond human control... What the globalisation gurus do not mention is that the United States, Europe and Japan would certainly not have managed to develop under this sort of globalisation. During their development process, they protected and promoted their young industries and copied each other's technology. What is not explained, either, is that today's economic arena is not as unfettered as purported.”⁹

Confronted by the failure of “globalisation” or, more precisely, globalised capitalism, to create jobs and generate growth many economists and policy makers, such as Ajit Singh, look back to the "golden age" of post war prosperity for answers and draw the conclusion that the solution to the present crisis is a “global Keynesian regime of managed world trade and controlled global capital movements.” This, according to Singh, is “more likely to benefit both developed and developing countries” and to “deliver both fast growth and high quality growth. Such growth would help bring full employment and rising wages in both groups of countries.”¹⁰

Conditions of full employment obviously provide the most favourable environment for securing labour and social standards and of guaranteeing that workers are free to exercise their rights. In addition, full employment, combined with a progressive tax base, can generate domestic savings and a fiscal base sufficient to ensure higher levels of domestic investment and the equitable and accessible provision of health, education and basic social security.

If the benefits of full employment are so obvious (at least from the worker's and a social welfare perspective) how, then, can this be achieved?

Neoliberal economists regard growth as the vital factor and argue that liberalisation of trade and financial markets is the best way to achieve it. However, the evidence is weak. UNCTAD's Trade and Development Report 1999 found that for developing countries (excluding China) the average trade deficit in the 1990s was higher than in the 1970s by 3 percentage points of GDP while the average growth rate was lower by 2 percentage points. Inappropriate trade liberalisation contributed to this negative phenomenon. "It (trade liberalization) led to a sharp increase in their import propensity, but exports failed to keep pace, particularly where liberalization was a response to the failure to establish competitive industries behind high barriers."¹¹ (see also Rodrik 1999, Rodrik and Rodriguez 1999, Weisbrot and Naiman, 2000, Rodrik).

Further, they argue that the inequalities in the present global economic system can be ameliorated by giving developing countries more access to the markets of rich countries and making them more "attractive" to investment, thus bringing those economies which have been "missed out" on the benefits of trade and financial liberalisation into the global economy.

Growth, however, is not intrinsically benign, and follows the Biblical injunction that you reap what you sow. Selim Jahan, a former editor of the UNDP Human Development Report and now an adviser on employment for poverty reduction,¹² argues that the growth strategy adopted determines the resulting distribution of benefits and the overall relationship between labour and capital. He argues that the global economy, and not only developing countries, needs "employment- lead growth" rather than "growth-lead employment" – the opposite of the neo-liberal view. This requires a strategy of generating employment of a kind which contributes to high levels of sustained growth, to internal redistribution, and to ensuring equity in terms of access and benefits. It also requires a macro policy framework that guarantees better access to productive resources, especially education and health, credit, land and technology.

In this paper we argue that further trade and financial liberalisation will do no more than deepen the existing patterns of inequality, jobless growth, downward pressure on wages and fragmentation of the labour market, creating small islands of privileged workers in an ocean of the unprotected, the unskilled and the unemployed.

We propose a major shift in development strategy, especially in those countries which are still waiting for the “globalisation bus”, away from policies which promote urban based, export-oriented manufacturing to policies which raise productivity and secure livelihoods for small farmers and peasants and which build domestic economies and productive capacities, thus ensuring the security and incomes of the vast majority of people in the developing world and creating upward pressure on the overall price of labour.

A snapshot of globalised capital...

- trends towards monopoly and an increasingly high level of cross-border mergers and acquisitions (UNCATD 2000)
- financial markets which operate independently of the real economy
- highly mobile capital flows which are increasingly speculative and short term (UNCTAD 2000)
- expanding power of the international economic institutions such as the WTO, IMF, World Bank, BIS and OECD, with no commensurate systems of checks and balances
- developing countries struggle to stabilise their own macro-economies yet they exist in a global macro-economy over which they have absolutely no control. For example exchange rate and interest rates differences between the "big three" (EU, US and Japan) have tremendous and often devastating impacts on developing countries
- intense competition between low-wage countries for access to Northern markets and finance (Ghosh 2000)
- declining ODA (UNDP)
- mounting debt, often linked to declining terms of trade and trade liberalisation (UNCTAD 1999)
- highly selective and uneven distribution of foreign direct investment: 90 per cent goes to OECD countries, and of the 10 per cent left, 90 per cent goes to just eleven countries (UNCTAD 2000)
- job losses in the manufacturing sector in both the North and the South (Ghosh 2000)
- declining farm incomes, commodity prices and terms of trade in the South (Kwa 2001)
- growing levels of unemployment and underemployment in the South, while unemployment in the North has been reduced largely through "flexibilisation" of the labour market (Nayyar 2001)
- widening gap between capital and labour: labour has an historically low share of GDP, while profits have historically low levels of tax (Ghosh 2000)
- deeply segmented labour markets in the South, with a large pool of unskilled labour which keeps the overall price of labour very low (Mazumdar 1996)
- highly regulated labour and technology markets (de Rivero 2000)

3. THE VIEW FROM THE SOUTH¹³

"We respect labour and we will deal with these issues in the ILO. If you start linkages, then everything is linked. It is a never-ending story."

"The issue is bigger than that. Do we need global standards on everything? And who sets the standards? What do we want to harmonise and what do we want to diversify? I am very suspicious of setting global standards in everything because the powerful determine the agenda and the results."

"We need to talk about governance before we talk about content. We need to be very careful about who is the judge, who is the jury and who is the victim. And by governance I mean how do we control the powerful? How do we keep a check on what they – the US, the EU, the TNCs – are doing?"

Developing country governments believe that promotion of labour standards is the responsibility first and foremost of national governments and, at the international level, by the International Labour Organisation. Proposals to link the adoption of core labour standards to World Trade Organisation (WTO) agreements are seen as protectionist, insincere, ineffective and a direct attack on the South's comparative advantage in labour costs. They believe that the trading system is already tilted in favour of rich countries and that imposing labour standards would further entrench the interests of the North. Further, they do not believe that the WTO had the competence to deal with these issues.¹⁴

Regardless of their general positions on trade liberalisation¹⁵ all developing countries are unequivocally opposed to bringing core labour standards into the WTO.¹⁶ As one trade delegate said, linking labour rights with trade sanctions would "open a terrible door."

Linking labour standards to trade agreements is seen as a "new form of conditionality and disguised protectionism". Imposing core labour standards is seen as a direct attack on what many countries see as their main (and in some cases only) comparative advantage, that is, the price of labour.

Several trade negotiators remarked that globalisation has a negative effect on workers rights and this has "pushed the North to pursue this agenda because workers in the North are under pressure." In addition, those interviewed generally believe that NGOs and the "anti-globalisation" campaigners have played a good role in "ringing the fire-alarm" on globalisation. "We cannot avoid discussion of the issue. The point is to find out how to do it."

3.1 THE ROLE OF THE WTO

"The WTO is the only way for developing countries to get some crumbs out of the system, and this validates the system."

"The WTO is not a vehicle for global governance and trade is not always the overriding concern."

"The WTO is already too big and if we add labour it will become a monster."

"Bringing labour back into the trade negotiations would be a killer."

"There has always been a gap between the declared objectives and the result of the WTO."

"Each country should have its own investment and trade policies; the WTO's job is to reduce barriers to trade between countries."

"The WTO has no legitimacy and does not represent anyone"

Trade negotiators from developing countries are wary of "loading" the WTO with too many issues, saying that "the WTO is already too big" and adding more issues would "create a monster." They also believe that the WTO neither has the competence nor is it conceptually equipped to handle human rights. "We need to have some 'incoherence' in the system" said one negotiator "because different institutions have different areas of competence. We need some robust competition between institutions."

In their view, sanctions imposed by the WTO for violation of core labour standards would imply attaching an "economic value" to human rights, and this is not desirable. Further, linking human rights to trade assumes some sort of "hierarchy" and, in the current context, they fear that the "laudable human rights impulse" would be subordinated to the narrow logic of trade liberalisation.

Although most of those interviewed say that the issue is off the present WTO agenda, it is a "sleeper". As several delegates pointed out, trade negotiations are going on continuously both inside and outside the WTO and, for example, the FTAA, and some EU and US bilateral agreements already contain side-agreements or clauses on human rights and labour standards. It is possible that labour standards could re-appear in the WTO corridors as a "bargaining" chip.

3.2 THE ROLE OF TRADE UNIONS

"Trade unions need to put their energy back into the ILO – they are selling the ILO short."

Trade unions, in both the North and the South, under the umbrella of the ICFTU support the campaign to bring core labour standards into the WTO. It is not within the scope of this paper to provide a detailed account of the ICFTU proposal, however the basic proposition is that a "worker's rights clause" should be included somewhere in the WTO and that compliance should be monitored (either by the ILO or some other mechanism). Whether this would be routine monitoring as part of regular trade reviews, or continuous monitoring by all members of each other for breaches (and with a view to imposing sanctions?) is not clear.

The ICFTU pulls back from advocating that the WTO would make assessments or judgements on compliance but this is where their proposals becomes ambiguous. One of the key rationales for locating such a clause within the WTO is that the WTO is a rules-based system, with a dispute-settlement mechanism and sanctioning powers. That is, the WTO "has teeth." Presumably, the ICFTU expects the WTO to use its teeth at which point it would be required to make judgements and impose sanctions.

Developing country governments read the campaign in several ways. First, as a (misguided) attempt to reduce the negative effects on workers of trade and financial liberalisation by establishing a minimum platform of workers rights. Second as way of "protecting" Northern jobs at the expense of the South, in which case the unions are seen as playing into the hands of, or in collusion with, the powerful countries. A third view is the international trade unions are "status quo" actors whose main response to globalisation has been to reinforce the present arrangements of power.

Several commented that given the changes wrought by globalisation, trade unions need a "new way of organising" and that "trade unions need to put their energy back into the ILO – they are selling the ILO short."

In addition, several remarked that imposing labour standards would not necessarily improve labour conditions and that forming a union will not solve the problem of labour. Some governments cited situations in their own countries where the relatively privileged unionised workers defend their position against all others.

3.3 THE ROLE OF THE ILO

Most governments underlined their support for human rights and labour standards, saying, "opposing labour standards in the WTO does not mean that we oppose labour standards." They are in favour of worker's rights, but see the achievement and protection of these as a national responsibility. Insofar as any international body should be involved, they strongly support the ILO, and believe in the power of "capacity building, moral suasion and shaming".

In his 2001 report to the International Labour Conference ILO Director General Juan Somavia called the shortage of adequate employment opportunities "the fault line in the world today."¹⁷ The report includes a comprehensive agenda for action, and elevates the ILO as the central institution to assist governments achieve "decent work for all." Under the directorship of Juan Somavia, the ILO has shown great energy in promoting debates about globalisation, development, employment, "decent" work, and engaged in a thorough analysis of the systemic conditions which prevent full employment and the improvement of living and working conditions for all workers.

While most see the ILO as the appropriate body, others say more needs to be done. One experienced Geneva-based ambassador proposed an ILO, UNDP, UNCTAD and WTO joint meeting on labour, however one trade negotiator reported that the WTO is apparently wary of this fearing that it would be obliged to "act" on the outcomes of such a forum.

At the special session of the ILO Governing Body Working Party on the Social Dimensions of Globalisation held in Geneva on 19 June 2001, a broad consensus was established to proceed with discussions on the setting up of a World Commission on the Social Dimensions of Globalisation which would include the WTO, the IMF and the World Bank and several UN agencies.¹⁸ The Director-General Juan Somavia announced that he will proceed with the consultations on the composition and terms of reference, with a final decision to be taken at the November 2001 ILO Governing Body meeting.

3.4 "THERE IS NO GLOBAL DEVELOPMENT STRATEGY"

Most, however, see the lack of growth, unemployment and the declining conditions of workers as a development problem and realise that the solution must go beyond either the ILO or WTO.

In economic terms, they speak of "supply side" constraints on the achievement of labour standards, such as uneven trade agreements, lack of financing for basic development needs such as education, limited market access and unfair competition, lack of technology and capacity, and lack of commitment from the industrialised countries.

Several of those interviewed remarked that it is "impossible to have human rights without development" but that there is "no global development strategy."¹⁹ One former trade negotiator believes that "the whole trading system is not compatible with development and should be scrapped."

And another: "Of course there are links between trade, economic development and labour standards. But development will be constrained so long as there are huge populations in countries who do not benefit from development."

The bitter experience of the South is that when there is a demand for action, the North says no. Developing country governments are tired of being told what to do by the North and, as one expert remarked, "donor fatigue goes in both directions." For them, national autonomy is a priority.

Increase productivity and raise wages: Several see further liberalisation as the key, saying, "The best way to enhance labour standards is to increase affluence. And the best way to do this is through market access' technical assistance and capacity building." Or another: "the best way to raise labour conditions is through trade liberalisation and using comparative advantage."

Those advocating liberalisation, however, do it according to the GATT principle of Special and Differential Treatment rather than "reciprocity". "Liberalisation must be done at our own pace" they say, and point to the gap between the promise of trade liberalisation and the reality. "We need to make the implementation more in synch with a development framework," suggested one trade negotiator, however another lamented that "No one is prepared to look at the content of the WTO agreements, only the rules and governance." One ambassador suggested the need for a "development audit of the impact of trade agreements."

For everyone, national policies and national policy autonomy are essential: "Democracy and development are domestic issues," said one official, while another called for "Good governance. Reduction in military expenditure, better education, better politics."

Liberalising labour markets: Few of those interviewed suggested liberalising labour markets as a solution although, as further proof of uneven agreements in the WTO, several noted that trade and finance are liberalised, while technology and labour are not. Obviously developing country governments realise that this is a "no go zone" given the volatile sensitivities and lurking racism of industrialised countries, but perhaps they also fear, as one commentator remarked, that "liberalisation of the labour market would destroy capitalism."

Regulation of TNCs: Developing countries insist that there must be better regulation of transnational corporations both at the national and international level. They do not accept codes of conduct, or non-binding agreements such as the "Global Compact." As one expert remarked: "In the 1970s, the TNCs were seen as the main violators of rights, now they are held up as the custodians. It is unacceptable to make the TNCs custodians of the norm, because even if they abide by the rules, it will not change the underlying structural problems."

And, as ILO Director-General Juan Somavia told World Bank staff:

"Rethinking development has to be more about compensating losers. We have to design a new policy architecture that makes poverty reduction through the creation of decent jobs a central component of integrated policies for people-oriented globalisation."²⁰

4. WHO ARE THE WORKERS?

There are three billion people in the world aged between 15 and 65: this is the global workforce. Half of these people are employed in the agricultural sector, of which about 1.3 billion are engaged in direct agricultural production.²¹ Between 25 – 30 per cent, or 750 and 900 million, of the world's workers are underemployed, while a further 150 million are unemployed.

The share of the agricultural labour force in the total economically active population is less than 10 per cent in developed countries, but accounts for 59 per cent of workers in the less developed regions, with peaks of 79 per cent in Kenya and 71 per cent in China. By definition agricultural work is carried out in a rural environment where there is no clear-cut distinction between working and living conditions, therefore any improvement in working conditions must also take into account the wider social and environmental setting.

The informal sector workforce is the fastest growing group in most developing countries. Between 1990-94, eighty per cent of new jobs in Latin America were in the informal sector. In the cities and towns of Africa the informal sector employs 61 per cent of the total workforce and generated more than 90 per cent of all new jobs in the 1990s, while in Asia, the informal sector accounts for between 40 and 50 per cent of the urban labour force.²² (This is a pre-1997 figure. It is certainly much higher now.)

The reasons for the massive growth in the informal sector are complex, but two are relevant here: first, it is the result of the general deregulation of labour (often as part of structural adjustment programmes) and second, it is a response to job losses in the formal sector associated with economic restructuring and liberalisation, or declining rural and agricultural incomes which force workers to urban areas.

The industrial sector is generally smaller in developing countries, but has a relatively higher income per worker than either agriculture or services.²³ In some instances this gap is dramatic. In Thailand, for example, about 60 per cent of workers are in agricultural production yet their income share compared to the economy wide GDP per worker is .21. The same figures for Thai industrial workers are 15.5 per cent, and 2.38 -- a quarter of the workforce yet more than ten times the relative income of their country cousins.²⁴

Women are under-represented in industry,²⁵ the sector most likely to benefit from legal protection from the state, but they are over-represented in both agriculture and the informal sector, the same sectors where the majority of working children are to be found.

In both agriculture and the informal sector there is a vast surplus of unskilled, uneducated workers. Their incomes are low and irregular; there is no job security and little access to capital, education and health services, training or technology. Workers are rarely organised -- if at all -- in traditional union structures.

They have limited legal protection from the state, almost no economic bargaining power and little political power.

According to Dipak Mazumdar²⁶ labour markets in developing countries are characterised by "dualism" (segmentation of the labour force into privileged and underprivileged groups), surplus labour and a large informal sector. Mazumdar disputes the classical neo-liberal argument that segmentation is a reflection of labour regulation which "shelters" certain sectors from competition and says that "large formal-informal wage gaps are observed in countries with weak labour legislation or trade unions."²⁷ He also notes that where labour legislation or organised trade unions do exist, they generally only benefit the formal sector and that "intervention is often necessary to correct the inequity and inefficiency resulting from labour market segmentation caused by a variety of factors [including distortions in the allocation of capital] in developing countries."²⁸

4.1 WHERE HAVE ALL THE JOBS GONE?

Trade unions and workers in the North frequently express fears that their jobs are threatened by lower-wage workers in developing countries and believe that the manufacturing jobs which are "disappearing" from industrialised economies are "reappearing" in the South. This fear – when linked to the campaign to link core labour standards to the rules based system of the WTO – naturally raises suspicion of protectionism and self-interest.

However, as Jayati Ghosh contends, the fear that the jobs are 'going South'

"... sits uneasily with the actual experience of the vast majority of developing countries, who have experienced very substantial losses in manufacturing employment through the processes of greater openness and integration of capital markets through finance and goods markets through trade."²⁹

In fact, as Ghosh says,

"... the perception which is more widespread among trade unions, workers and people in general in developing countries, that job opportunities in manufacturing are not keeping pace with the expansion in the labour force and may even be declining in the aggregate, appears closer to the truth even in several of the most 'dynamic' exporting countries."³⁰

Further, the growth in employment is outstripped by the growth in the South's share of manufactured exports, which leads to the conclusion that much of this "growth" has in fact been jobless.

Ghosh provides an important analytical framework for this phenomenon, which forms the basis for much of the following analysis and underpins the key recommendations.

First, she argues that as trade is a two way process the jobs gained through exports are cancelled out by the job losses caused by import penetration.

Second, developing countries quickly ran into the "fallacy of composition" in export expansion: that is, the obvious limitations of all developing countries adopting similar export oriented growth strategies and manufacturing similar goods for the same markets will quickly lead to an oversupply, market saturation and falling prices. This has proved to be as true in manufacturing as in agricultural products.

Finally, in the era of globalised capitalism, intense competition in the global market pushes capital to minimise labour costs in all phases of production. Therefore, technological innovation tends to be increasingly labour-saving in nature and will be used regardless of the actual cost of labour. In addition, as Oswaldo de Rivero notes, "New technologies can erect new and rigid social barriers, especially between the skilled and the great majority of unskilled workers..."³¹ Although his observation applies to the US, it is almost certainly also true for developing countries.

Ghosh's key proposition is that we are witnessing an "accentuated and accelerated" form of capital accumulation, which she calls the "globalisation phase". This is facilitated by rapid technological change and characterised by "some of the strongest and most sweeping waves of concentration of economic activity that we have known historically."³²

This process of concentration effects job creation in the manufacturing sector in four ways. First, high concentration creates intense competition between capital which increases pressure to reduce labour costs. Second, the high concentration of capital means that countries must compete against each other for access to that capital. This often means a winding back of labour standards, increased flexibilisation of the workforce or indeed any other "softeners" necessary to entice investment.

Third, in the process of concentration and centralisation, big capital destroys small capital. Small and medium-sized enterprises, which are typically labour intensive, cannot compete against larger enterprises with their economies of scale and access to technology and finance.

Finally, the dominant role of finance capital in the global economy gives rise to economic stagnation, which in turn limits the ability of national level intervention to shore up domestic demand and redistribute income. This also has a negative effect on employment.

Furthermore, reliance on external financing increases risk, a point made in the *Trade and Development Report 2000*.

"A fundamental lesson of the [Asian] financial crisis is surely that excessive reliance on foreign resources and markets leaves growth prospects vulnerable to external shocks. Policy makers have rightly rejected a retreat into protectionism, but it would be just as wrong to allow global market forces to dictate future growth and development."³³

4.2 THE LIMITS OF LIBERALISATION

What then are developing countries to do, faced with growing unemployment, stagnating or negative growth, declining terms of trade, increased vulnerability to and dependence on unregulated financial markets?

The globalisation true believers would say that developing countries need to liberalise faster and deeper and the market can do the rest. Confronted with evidence to the contrary and a tremendous public backlash, the international institutions and the G7 are – at least at the level of rhetoric – are more prudent, focusing on poverty reduction, social safety nets and "good governance."

Many eminent economists, however, argue that the whole neo-liberal model needs drastic re-thinking. In his critique of free trade theory, Anwar Shaikh argues for an alternative approach to the theory of international trade:

"International organisations such as the IMF, the World Bank and the WTO insist that globalisation is the best route to global prosperity, once international trade is liberalised in accordance with the premises of the dominant theories of international trade. But the results have not been good, and the

growing [gap] between promises and reality have set off a reaction. Part of this is because while developed countries continue to insist on free entry into the developing world, they also continue to protect important markets (and labour conditions) in their own countries. But a greater part is due to the growing suspicion that the basic laissez-faire story itself is deeply flawed or at least disingenuous."

He concludes, "In the long run it may be more important to concentrate on stimulating growth than to rush into opening up free trade zones. All of this would require the most careful planning and coordination within and between countries. None of this can be accomplished by abandoning economic and social policy to the dictates of laissez-faire."³⁴

Dani Rodrik is even more critical. In 1999, he wrote:

"The claims made by boosters of international economic integration are frequently inflated or downright false. Countries that have done well in the postwar period are those that have been able to formulate a domestic investment strategy to kick-start growth and those that have the appropriate institutions to handle adverse external shocks, not those that have relied on reduced barriers to trade and capital flows."³⁵

And again in 2001, "Globalisation" he says, "has become for all intents and purposes a substitute for development strategy."³⁶ Further, he argues, the "globalisation above all" strategy "diverts resources away from key domestic innovations to spur growth" and "crowds out alternatives that are potentially more development friendly."

Jayati Ghosh concludes her analysis of employment in the world economy saying:

"... the pattern of trade and the technology changes that have characterised the globalisation phase of capitalism emanate from (and contribute to) the basic process of concentration of capital that has especially marked this phase. This means that solutions to the problems of disappearing jobs cannot be found in the specifics of trading patterns or even forms of technological innovation, but in the need to curb and contain the power of large capital."³⁷

4.3 RAISING THE PRICE OF LABOUR

According to Mazumdar, export-lead finance-driven growth is unable to keep pace with the increasing supply of labour and argues for an approach based on a realistic assessment of Third World labour markets and which addresses the problem of low incomes at source:

"...except for small open economies, growth in the export sector is unlikely to be a sufficient or even major factor in the increase of labour incomes throughout the country. What is needed are policies that *increase the supply price of labour spilling out of the agricultural sector* – and this can only be achieved by sustained increase in productivity in this sector."³⁸ (emphasis added)

That is, to improve the social and labour conditions for all workers it is essential to raise the price of labour in the agricultural sector through increased productivity.

Further, this cannot be done through continued emphasis on export-oriented agriculture (Kwa, 2001) but requires a new approach which supports small farmers and peasants.

4.4 SMALL FARMERS AND THE MARKET³⁹

Why focus on small farmers? In developing countries, agriculture continues to be the main source of employment, livelihood and income for between 50% - 90% of the population. Of this percentage, small farmers make the up the majority, up to 70 – 95% of the farming population. Small farmers are a significant proportion of the population. They have traditionally survived on subsistence production. Many in the last two decades have experimented with export crops with occasional initial success but many disastrous failures.

The industrialization and export orientation of agriculture has not benefited them. In the globalised market, the small players have been marginalised. Yet economically, they should not be ignored. Policies which have led to their marginalisation has meant the continuation of the vicious cycle of poverty for sectors of society, highly uneven development and hence the inability of many developing countries to attain satisfactory levels of overall development.

Conroy, Murray and Rosset (1996) write about how many developing countries cannot achieve a satisfactory level of development because their small farmers have been sidelined:

"It is our belief, and that of respected economists (Janvry 1981) and Jeffrey Sachs (1987), that the sort of inequity and poverty the peasantry must face actually blocks true development. The rural masses are so poor that they have little purchasing power. They thus do not constitute an important market for domestic industry. This in turn means that domestic markets are too small to stimulate much economic activity, so production is largely directed toward foreign markets and urban elites. Consequently, the level of demand in the economy is too narrow to sustain broad based, effective development. This creates a high degree of dependence on foreign markets and a lack of structural incentives (nationally, that can bring about) better living standards for the poor. In short, poverty becomes a vicious circle that is itself an obstacle to development."⁴⁰

Increased access to the markets of the North is not unimportant. However, under most proposals coming from the North, such as the EU's "Everything but Arms" initiative, putting the emphasis on this can be counterproductive. First, market access is "two way" and the small gains of greater access to Northern markets could be easily offset by the impacts of imports on local economies. Second, there is no supporting proposal to share technology or to allow countries to work their way "up the value chain" and beyond their dependency on agriculture and basic manufactures. In addition, without raising the cost of the price of labour, there will be a continuing decline in the terms of trade in commodities and basic manufactures – the two sectors on which developing countries are most dependent. Third, continued dependency on export markets increases the exposure of small economies to the vicissitudes of the global market. Fourth, and most important, development strategies based on liberalisation of domestic economies and export-lead growth will continue the pattern of uneven and socially and environmentally damaging development which has been witnessed in the past twenty years.

Prior to Bretton Woods and WTO liberalization, many farmers in developing countries were protected through a combination of policies such as tariffs, quantitative restrictions especially on staples, through subsidies which artificially reduced the costs of inputs, or through support prices which increased the price farmers got for their commodities. These policies had the effect of protecting the livelihoods and employment of those in the rural sector.

However, under the existing rules of the Agreement on Agriculture developing country governments have very little scope to protect small farmers, even if they had the resources.

Agricultural policies and trade agreements relating to agriculture need urgent revision. There must be support for production techniques that reduce dependency on high-cost imported inputs and minimise environmental costs, which focus on food production for domestic markets, and on production and distribution methods which maximise the benefits to the producer. Such an approach would link overriding policy objectives of ensuring food security, raising productivity and incomes in the agricultural sector and protecting the environment and bio-diversity.

In addition, developing countries must be able to protect local producers from dumping of products from the heavily subsidised markets of the EU and the US. Most developing countries cannot afford direct subsidies – at least not on the scale of the rich producers – however developing countries should be allowed to erect quota and tariff barriers of equivalent value to the more than \$300 billion worth of total subsidies provided annually to OECD agricultural interests.

In the agricultural sector, the security and living conditions of small farmers would be improved immeasurably by guaranteeing access to health and education, land tenure, community (as opposed to private) control of natural resources, raising productivity (and therefore lifting incomes) through education and training, application of low cost and appropriate technology, developing strong and diverse domestic markets for raw and processed products, based on a national strategy of food security and sustainable agriculture, processing agricultural products for external markets and ensuring access to those markets at fair and predictable prices. Focus on appropriate technology would increase their productivity by building on often-rich indigenous or local knowledge instead of devaluing it. In addition, strong social and redistribution policies to even out welfare gaps between different groups in society are essential to improve the immediate material conditions of workers and poor people.

All of this requires proactive national and international policies. These would include excluding food production for domestic consumption from the Agreement on Agriculture, direct and indirect subsidies to protect certain vulnerable or strategic social and economic sectors, protection from dumped and subsidised agricultural products, the involvement of small farmers in developing national agricultural and trade policies, investments in agriculture which benefit small farmers and agricultural workers engaged in domestic food production rather than export-oriented agribusiness, progressive social and fiscal policies which transfer

resources from the city to the country and from the rich to the poor, intervention in financial markets to ensure proper allocation of capital, the use of commodity boards to address declining terms of trade between the North and South, and technology transfer.

The aim of these policies is not simply to slow the pace of rural to urban migration by raising rural wage levels. It is to make agriculture once more a dynamic part of the economy that anchors community.

This objective requires the sort of national and international policies which are either explicitly disallowed under WTO rules or IMF structural adjustment programmes, or are issues on which the Northern governments show little willingness to make concessions in trade negotiations.

In this context, simply enforcing core labour rights will have little effect unless they are backed by policies which directly improve the material and social conditions of the majority of working people, and that means targeting rural and agricultural development and small farmers.

Labour and social standards cannot be protected and promoted by attaching arbitrary "moral" strings to a system that in its very workings destroys jobs, extracts the maximum out of labour and is without a conscience. Further, the imposition of labour and social standards on developing countries will become just one more burden of imperialism unless they have the policy autonomy, the resources and the "enabling environment" to pursue independent national development strategies.

5. BEYOND KEYNES: DEGLOBALISATION⁴¹

Many in civil society, especially in the South, believe however that we must move beyond a "global Keynesian" solution with its implicit notions of development and modernity. It is of course essential to shift the emphasis back to employment and demand-side economics. It is also important to curb the power of finance and to radically review trade and investment agreements to give Third World countries the policy space to apply "development friendly" alternatives. But these reforms must be constructed within a framework of participatory democracy, gender and race equity, and environmental regeneration and protection.

We disagree with the view that "there is no alternative". In fact, many or most of the basic or broad principles for an alternative order are already with us, and it is really a question of specifying these broad principles to real societies in ways that respect the diversity of societies.

Work on alternatives is a collective past and present effort, one to which many -- North and South -- have contributed.

We have dubbed the key points of this collective effort "deglobalisation." While the following model addresses principally the situation of countries in the South, many points have relevance as well to societies and economies in the North.

What is deglobalisation?

We are *not* talking about withdrawing from the international economy.

We *are* speaking about:

- reorienting our economies from the emphasis on production for export to production for the local market.
- drawing most of our financial resources for development from within rather than becoming dependent on foreign investment and foreign financial markets;
- carrying out the long-postponed measures of income redistribution and land redistribution to create a vibrant internal market that would be the anchor of the economy;
- de-emphasizing growth and maximizing equity in order to radically reduce environmental disequilibrium;
- not leaving strategic economic decisions to the market but making them subject to democratic choice;
- subjecting the private sector and the state to constant monitoring by civil society;
- creating a new production and exchange complex that includes community cooperatives, private enterprises, and state enterprises, and excludes TNCs;
- enshrining the principle of subsidiarity in economic life by encouraging production of goods to take place at the community and national level if it can be done so at reasonable cost in order to preserve community.

We are talking, moreover, about a strategy that consciously subordinates the logic of the market and the pursuit of cost efficiency to the values of security, equity, and social solidarity. We are speaking, to use the language of the great social democratic scholar Karl Polanyi, about re-embedding the economy in society, rather than having society driven by the economy.

6. CONCLUSIONS AND POLICY RECOMMENDATIONS

6.1 Trade and financial liberalisation does not raise social and labour standards

The European Union must stop exerting pressure on developing countries to agree to a "new round" of trade negotiations when there are serious misgivings on the part of developing countries about the new issues that are being raised, especially investment and competition policy and when there is no good evidence that further liberalisation in trade and services will benefit developing countries, create employment or raise living standards for the majority of the world's population.

Trade and development audits

There should be a standstill on further trade negotiations pending national-level "development audits" of all trade agreements to assess costs and benefits of trade liberalisation, including social and environmental costs, and disaggregated to show differential geographic, class and gender impacts. Such a process must include participation from civil society groups, especially formal and informal sector workers, small farmers, women and indigenous peoples. This would allow a more realistic appraisal of who gains and who loses from liberalisation, and greater public participation in economic policy debates.

6.2 Globalisation is not development

Developing countries must be allowed the policy flexibility and the political space to create national development strategies that increase incomes and secure livelihoods. Policies which create employment and raise productivity – especially in the agricultural and informal sector – linked with a progressive taxation system, land reform and equitable access to assets such as education, health, credit and technology, are the best means of raising social and labour standards.

WTO Agreement on Agriculture

At a minimum food security must be removed from the WTO "disciplines." In addition, developing countries must be allowed to erect tariff and quota barriers to protect their markets from heavily subsidised agricultural products from the EU and the US. The value of these protection measures should be at least equivalent to the \$300 billion in total subsidies provided annually to OECD farmers.

Commodity price stabilisation

It is essential to stop the downward trend in terms of trade for commodities and basic manufactures. Privatising the problem through risk insurance is not the answer and it may be useful to go back to earlier proposals coming out of UNCTAD.

6.3 Finance is too powerful

"Globalisation" is characterised by highly concentrated and centralised capital. This leads to the destruction of small (labour intensive) capital, increases competition between countries and between capital thus increasing the quest for labour saving measure and inhibits governments from expansionary expenditure which would increase employment in the system as a whole. The net result is that jobs are disappearing in both the North and the South and that the sharing of benefits between labour and capital is becoming more uneven. *The power of large capital must be curbed and contained.*

Finance

Capital controls must be reinstated as a legitimate and prudent economic policy. Governments must be free to introduce national and – if agreed – regional capital controls on both inward and outward capital flows without being "punished" by the market.

Foreign direct investment

National regulation of foreign direct investment to ensure greater coherence between national development strategies, protection of domestic economies, job creation and environmental protection and investment.

Transnational corporations

- National-level regulation of TNCs backed by international monitoring, public reporting and sanctioning of TNCs by an independent authority reporting to the UN.

- Negotiation of mandatory regional labour codes and regional environmental codes that would prevent TNCs from moving from one country to another to exploit different standards.

6.4 There are no checks and balances in the international system

The international trade and financial institutions are too powerful and there is no commensurate system of checks and balances. Rather than simply re-affirming the legitimacy of the existing institutions, the starting point is to consider what sort of institutions we need to manage a pluralistic, diverse and democratic system of national, regional and international economic relations, and then work backwards. However, as a starting point, we propose:

International institutions

- Downsizing of the World Trade Organisation, International Monetary Fund and the World Bank
- Increased authority for the ILO, UNCTAD and other United Nations agencies to serve as a balance to the WTO and Bretton Woods institutions
- Reform of the ILO, in particular to increase representation of presently under-represented groups such as unemployed, agricultural and non-formal sector workers.
- Removal of all conditions related to capital account liberalisation, trade liberalisation and labour market "restructuring" from IMF, World Bank and regional bank lending programmes, including PRSPs and HIPC.

Regional arrangements

- Establish bottom-up regional approaches to protecting and promoting labour standards to avoid "beggar-thy-neighbour" policies
- Foster regional economic and trade arrangements based on promoting development and integration via complementarity and technological cooperation rather than free trade (with the EEC and the EU providing an important model in this respect).

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¹ The paper attempts to capture the views of developing country governments and civil society and draws on interviews with trade officials and development experts, as well as researchers, policy analysts and activists involved in these debates. While we acknowledge and value the contribution of these intellectuals and officials, we assume full responsibility for the conclusions and recommendations.

² Nayyar, Deepak. The existing system and missing institutions in Deepak Nayyar, editor. Governing Globalisation: Issues and Institutions. Clarendon Press, 2001 (forthcoming).

³ Jayati Ghosh: comment during presentation at the Bangkok Roundtable of Trade Unions, NGOs and Social Movements, 11-13 March 2001

⁴ Nayyar, *ibid*

⁵ See Rodrik (1999), Weisbrot and Naiman (2000), Ghosh (2000), World Investment Report, 2000

⁶ This review is limited to the perspectives from the South. For a comprehensive review of the Northern discourse on social policy taking place in the World Bank, the OECD, the WTO and the IMF, see Deacon, 2000.

⁷ Rodrik, Dani. The New Global Economy and Developing Countries: Making Openness Work. Washington, DC: Overseas Development Council, 1999: 150.

⁸ Dudley Dillard, Dudley. The Economics of John Maynard Keynes: The theory of a monetary economy. London: Crosby, Lockwood and Son. Ltd, 1948: 24-25

⁹ de Rivero, Oswaldo. The Myth of Development: The Non-Viable Economies of the 21st Century. London and New York: Zed Books, 2001: 5 - 6

¹⁰ Singh, Ajit. Global Economic Trends and Social Development. UNRISD Occasional Paper 9; Geneva: UNRISD, 2000: V.

¹¹ Khor, Martin. Statement to the G15, 27 May, 2001, Jakarta Indonesia. Posted on email list.

¹² Personal interview, 7 April, 2001, New York.

¹³ Interviews were conducted with the following experts, officials and diplomats. Comments are not attributed to individuals unless specified.

Selim Jahan
Employment for Poverty Reduction Adviser Social Development Group Bureau for Development Policy
United Nations Development Programme (UNDP), New York

HE Mr Munir Akram
Ambassador
Permanent Mission of Pakistan

Syed Habib Ahmed
Commercial Counsellor
Permanent Mission of Pakistan, Geneva

Mohan Kumar
Counsellor
Permanent Mission of India to WTO, Geneva

Leo Palma
Permanent Mission of the Philippines to the WTO
Geneva

Mourad Ahmia
Executive Secretary South Summit
Office of the Chairman
UN Headquarters, New York

Navid Hanif
Senior Policy Adviser
Division for Sustainable Development
Department of Economic and Social Affairs
United Nations, New York

Yilmaz Akyuz

Chief, Macroeconomic and Development Policies
United Nations Conference on Trade and Development
UNCTAD, Geneva

Sirinart Chaimun
Minister Counsellor
Permanent Mission of Thailand to the World Trade Organization
Geneva

Oscar Hernandez
Minister Counsellor
Permanent Mission of Venezuela to the United Nations Office and other international organizations
Geneva

Amr Ramadan
Permanent Mission of Egypt
Geneva

Ronald Saborio Soto
Ambassador & Permanent Representative
Permanent Mission of Costa Rica to the WTO
Geneva

Chow Wing-hang
Assistant Representative of the Hong Kong
Special Administrative Region of China to the World Trade Organization
Hong Kong Economic & Trade Office, Geneva

Ivan K. B. Lee
Deputy Representative of the Hong Kong
Special Administrative Region of China to the World Trade Organization
Hong Kong Economic & Trade Office, Geneva

Ann Zammit
South Centre, Geneva

Rashid S. Kaukab
South Centre, Geneva

Branislav Gosovic
South Centre, Geneva

¹⁴ Khor, Martin. *Rethinking Globalisation: Critical Issues and Policy Choices*. London: Zed Books, 2000: 38.

¹⁵ Most developing country trade negotiators support the multilateral trading system, but have deep concerns about the imbalances in the trade agreements and the lack of democracy and transparency in WTO decision-making processes. This does not mean that they necessarily support further liberalisation, but rather that they believe they have more to gain than to lose from a rules-based multilateral system. This conclusion is based on interviews with a wide range of trade negotiators, however it is a highly skewed sample because one would expect trade negotiators to believe or at least defend the system in which they operate. In the context of this paper, it is not possible to assess the extent to which this attitude extends to their capitals. Obviously, though, grassroots, trade union and social movement opposition to neo-liberalism in general and to the impacts of agreements such as the FTAA in particular, indicates a wide divergence between the views of Geneva-based trade negotiators and large sections of their populations. This is as true for the North as for the South.

¹⁶ The ICFTU has proposed that binding commitments to core labour standards should be mandated through WTO agreements with the ultimate possibility of sanctions being imposed through the disputes mechanism. The ICFTU proposes that a "worker's rights clause" would include the following core labour standards:

Convention 87: Freedom of Association and Protection of the Right to Organise

Convention 98: The Right to Organise and Collective Bargaining

Convention 100: Equal Remuneration

Convention 111: Discrimination (Employment and Occupation)

Convention 138: Minimum Age for Employment

Convention 29: Forced Labour

Convention 105: Abolition of Forced Labour

¹⁷ International Labour Organisation. *Report of the Director General: Reducing the Decent Work Deficit for the International Labour Conference 89th Session*, Geneva, 2001.

¹⁸ SUNS #4913, 13 June 2001 and internal memo from James Howard, ICFTU, 19 June 2001.

¹⁹ However, as I observed at the 3rd Financing for Development (FFD) preparatory committee meeting (1-8 May 2001) developing countries do not have a development strategy either. They are locked inside the export-oriented growth model, with a few redistributive and good governance 'bolt-ons'. But who can blame the South for losing its zest for new ideas? Looking back on the last three decades of development strategies, policies which require redistribution from rich to poor, or which effect the interests of the powerful or elite have been undermined or ignored – import substitution, commodity stabilisation, the New International Economic Order, debt cancellation, ODA targets, South-South co-operation. See Ghai, Dharam. UN Development Ideas and Policies (unpublished chapter in forthcoming book. Personal copy.)

²⁰ Juan Somavia address to the staff of the World Bank, 2 March, 2000, cited in Heather Gibb. Labour Standards and Poverty reduction: International Strategies Paper prepared for the Workshop on Core Labour Standards and Poverty Reduction, 4-5 December, 2000, Aylmer Canada. This paper provides a concise overview of the role and activities of the ILO and trade unions in promoting core labour standards.

²¹ International Labour Organisation, Report VI (1) Safety and Health in Agriculture prepared for the International Labour Conference 88th Session, Geneva, June 2000. Downloaded from the ILO website.

²² Bureau for Workers Activities. Trade unions and the informal sector: towards a comprehensive strategy. International Labour Organisation: Geneva, 1999: 5-6. Downloaded <http://www.ilo.org/public/english/dialogue/actrav/publ.infsectr.htm>

²³ The informal sector is 'invisible' therefore accurate data does not exist. However, it is reasonable to assume that same is also true in relation to the informal sector.

²⁴ Mazumdar, Dipak. Labour Issues in the World Development Report: A critical assessment in International Monetary and Financial Issues for the 1990s, Vol. VII, Geneva and New York: UNCTAD, 1996: 65, Table 1.

²⁵ Unions are important for women. In industries or firms that are unionised the wage gap between men and women is narrower than in their non-unionised equivalents, see Cagatay, Nilufer. Gender Trade and the WTO. Paper prepared for the ESCAP, UNCTAD, UNDP Meeting of Senior Officials in preparation for the First WTO Ministerial Meeting, 4-6 September 1996: 11.

²⁶ Dipak Mazumdar, (1996) 'Labour Issues in the World Development Report: A critical assessment,' in International Monetary and Financial Issues for the 1990s, Vol. VII, UNCTAD: Geneva and New York: 63-82.

²⁷ Mazumdar, *ibid.* 66.

²⁸ Mazumdar, *ibid.* 81.

²⁹ Ghosh, Jayati. Exporting jobs or watching them disappear? Relocation, employment and accumulation in the world economy. Draft paper for discussion at the IDPAD conference "Globalisation, structural change and income distribution" Chennai, India, 14-17 December 2000: 4.

³⁰ Ghosh, *ibid.* 19.

³¹ de Rivero, *ibid.* 95.

³² Ghosh, *ibid.* 22.

³³ UNCTAD, Trade and Development Report 2000. Geneva & New York: United Nations, 2000: vii.

³⁴ Shaikh, Anwar. An alternative approach to the theory of international trade (tentative title) Paper presented at the SEATINI Expert Meeting on Financing for Development, 10-12 May, Geneva 2001.

³⁵ Rodrik, *ibid.* 1.

³⁶ Rodrik, Dani. Trading in Illusions in Foreign Policy, March-April, 200: 55-62.

³⁷ Ghosh, *ibid.* 24.

³⁸ Mazumdar, *ibid.* 81.

³⁹ Much of the material in this section is taken from Aileen Kwa's paper Agriculture in Developing Countries: Which Way Forward? Occasional Paper 4, Geneva: South Centre, 2001. Aileen Kwa is a research associate with Focus on the Global South.

⁴⁰ Conroy, Murray and Rosset. A Cautionary Tale: Failed Us Development Policy in Central America. London: Reinner Publishers, 1996. Quoted in Aileen Kwa, Agriculture in Developing Countries: Which Way Forward? Occasional Paper 4, Geneva: South Centre, 2001.

⁴¹ This section draws extensively from Walden Bello's paper The Global Conjuncture: Characteristics and Challenges. Keynote speech at the National Convention against Globalization, New Delhi, India, March 21-23, 2001, published in Focus on Trade #60, March 2001, <http://focusweb.org>. Walden Bello is the executive director of Focus on the Global South.