

Infusion of Social Clauses into Global Trade Agreements: How Necessary Are They?

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This article examines whether social clauses should be instilled into global trade agreements so as to develop labour standards in exporting countries, i.e. developing countries from the South. Social clauses attempt to improve labour conditions in exporting countries which allows for sanctions to be taken against exporters failing to observe minimum labour standards. The deplorable labour conditions workers are exposed to in the developing countries are a matter of great concern that needs to be addressed uncompromisingly. It raises questions regarding sustainability that triggers some moral questions whether such workers should be afforded further protection i.e. by importing countries via imposing sanctions or other measures using 'social clauses' in global trade agreements. The article further discusses work-related social issues that mostly focus on the labour standards and working conditions.

Introduction

In the context of international trade social clauses issues arise due to the trade-labour linkage. The operation of trade-labour linkage in the form of inclusion of clauses that pay attention to work-related social issues, i.e. freedom of association and the right to collective bargaining, abolition of forced labour, abolition of child labour, abolition of discrimination in employment, sound working conditions, minimum wage, limited working hours, occupational health and safety of workers among others, are common in unilateral, bilateral and regional trade agreements. There has been a call from the Global North, predominantly the US and member states of the European Union to include social clause in global trade agreements such as the World Trade Organisation (WTO) Agreements to ensure work-related social issues are noted with concern.² However, attempt to include social clauses was fiercely rejected by the Global South which mostly included Asian countries wherein Japan took a lead in the resistance.

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² Anita Chan and Robert JS Ross, 'Racing to the Bottom: international trade without a social clause', *Third World Quarterly* 24, no. 6 (2003): 1012.

The definition of a social clause can be enunciated in the following terms "a social clause aims at improving labour conditions in exporting countries by allowing sanctions to be taken against exporters who fail to observe minimum standards."³ According to Hansson, producers "that do not comply with the minimum requirements must choose between a change in working conditions or run the risk of being confronted with increased trade barriers in their export markets."⁴ In other words, the signatory states to the International Labour Organisation (ILO) Conventions, in general, must respect the ILO core labour standards. Proponents of social clause argue that if a country allows its labour force to work under deplorable labour standards with poor working conditions and miserable wages, this would allow for the country to gain competitive advantage over its competitors by exporting products at a cheaper price.⁵ But there are many instances that indicate that such competitive advantage is attained at the expense of grave violations of human rights as far as workers in those deplorable working conditions are concerned, i.e. the Rana Plaza tragedy⁶ and fire at Tazreen Fashions⁷ together snatched more than twelve hundred lives and severely injured nearly three thousand workers in Bangladesh.

Historically there have been several arguments on which the trade-labour linkage has been based. These arguments can be divided mainly into four categories: common sense arguments, economic arguments, pragmatic arguments and lastly, moral and human rights arguments.⁸ First, the common sense argument⁹ implies that since trade and labour issues are interconnected, there is no good reason to deny the linkage between them. Second, economic arguments¹⁰ suggest that the inclusion of social clause in trade agreements would prevent developed countries from being exposed to unfair competition. Third, pragmatic arguments¹¹ are that

³ Gijsbert V Liemt, 'The Multilateral Social Clause in 1994', *International Coalition for Development Action Discussion Paper*, August 1994.

⁴ Hansson G, *Social Clauses and International Trade* (New York, St Martin's Press, 1983).

⁵ Jean M Servais, 'The Social Clause in Trade Agreements: Wishful Thinking or an Instrument of Social Progress?', *International Labour Review* 128 (1989): 423.

⁶ BBC, 'Bangladesh Tazreen factory fire: Police charge owners', BBC, 22 December 2013, accessed 14 July 2015, <http://www.bbc.co.uk/news/world-asia-25483685>.

⁷ Jason Burke and Saad Hammadi, 'Bangladesh textile factory fire leaves more than 100 dead', *The Guardian*, 25 November 2012, accessed 23 July 2015, <http://www.theguardian.com/world/2012/nov/25/bangladesh-textile-factory-fire>.

⁸ Jose MS Xirinachs, 'Should There Be Enforceable Labour Standards: The Perspective of Developing Countries', (comments at the Fifth Annual Conference on Public Service and the Law, Virginia, February 28, 2004).

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

the breaches of the social clauses in trade agreements must be subject to sanctions unlike the current ILO "toothless" regime. Finally, the moral and human rights arguments¹² suggest that insertion of social clause would improve the domestic working conditions of the developing countries.

In this article, the arguments and justifications that have so far been put forward in favour of inclusion of social clause in trade agreements would be explored. This article will analyse (a) whether inclusion of social clause can help improve the labour standards such as working conditions, wages and other work-related social issues in the developing countries; (b) whether social clause would affect the job market of the developed countries for real or is it only an unfounded accusation. Moreover, it would be argued that the inclusion of social clauses in global trade agreements would not be a good idea and that such an inclusion could lead to adverse effects. Furthermore, the enforcement and advancement of labour standards should be the exclusive responsibility of the ILO and the WTO should be free from this responsibility.

Social Clauses: From a Historical, Political and Economic Context

The links between international trade and labour standards may be as old as the standards themselves.¹³ The trade-labour linkage may be traced back to the famous comment made by Jacques Necker in 1788, Louis XVI regime's finance minister and banker, "if a country were to abolish the weekly day of rest, it would undoubtedly gain an advantage, provided it was the only one to do so; if others acted likewise the situation would be as before."¹⁴

Proponents of social clauses might also derive support from the ILO's preamble to the Constitution which states, "failure of any nation to adopt humane conditions of labour is an obstacle in the way that other nations which desire to improve the conditions in their own countries."¹⁵

After the World War II, the European Common Market was established and tariff and customs were eliminated. This gave rise to the fear that the cost of labour might once again become an important factor in determination of the final price of products. As such, arguments for inclusion of social clauses in trade agreements

¹² Ibid.

¹³ Servais, above n. 4, at p. 424.

¹⁴ Ibid.

¹⁵ Ibid.

were revived. The Treaty of Rome devoted Articles 112-117 to social policy considerations whereupon the European Union Member States agreed to "the need to promote improved working conditions and an improved standard of living for workers, so as to make possible their harmonisation."¹⁶ Furthermore, the Brandt Committee recommended agreeing to fair labour standards internationally "in order to prevent unfair competition and facilitate trade liberalisation".¹⁷ Initiatives from the US at the same time could be seen in the form of US legislation allowing for grants to exporting countries that respect minimum labour standards.¹⁸ During the General Agreements on Tariffs and Trade (GATT) negotiations held in Uruguay in 1986, the US proposed the insertion of social clauses in GATT and this proposal attained support from the European parliament, but the idea was not followed up¹⁹ due to the reluctance and resistance from the Global South.

It would therefore appear that the idea of a social clause in global trade agreement is not new. However, its universal application in the form of inclusion in WTO agreements was fiercely opposed by developing countries²⁰ who accused the Global North of attempting to obsequiously use social clause as a disguise for protectionism. The current application of the social clauses span between unilateral, bilateral and regional agreements.

Post World War II, the industrialised countries took drastic steps toward trade liberalisation using GATT as a vehicle. The industrialised countries from the Global North were experiencing the trade boom at the time.²¹ Meanwhile, the developing countries from the Global South, at the same time, were pursuing import substitution policies and insisting for a new international economic order to attain remedy for the unfair treatment these countries were subjected to at the international economic system.²² During that time the industrialised countries

¹⁶ Ibid, p. 425.

¹⁷ Erika de Wet, 'Labour standards in the Globalised economy: The inclusion of a social clause in the General Agreements on Tariffs and Trade/World Trade Organisation', Discussion Paper Series No. 76 (International Labour Organisation, 1994), accessed 10 December 2014, <http://www.ggt.uqam.ca/IMG/pdf/dp7694.pdf>.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Jean M Servais, *International Labour Law*(The Hague, 2005), p. 43.

²¹ 'Are International Labour Standards Needed to Prevent Social Dumping?', *International Monetary Fund*, accessed 19 May 2015, <https://www.imf.org/external/pubs/ft/fandd/1997/12/pdf/golub.pdf>.

²² Ibid.

were the main players at the GATT, whereas the developing countries were made to sit on the side-lines.²³

However, import competition has led to decline in employment in the manufacturing sectors of the North due to cheaper imports and outsourcing such as the US apparel industry.²⁴ This essentially led to the fall in demand for such types of manufactured products produced in the developed countries i.e. due to higher product price driven by high labour and other associated costs. This caused high unemployment rate in Western Europe and stagnant wages of unskilled workers in the US, referred to as social dumping,²⁵ caused by the orders for products such as ready-made garment being outsourced to developing countries like Bangladesh as opposed to manufacturing them in the USA, UK and so on. Engaging in WTO negotiations, the successor to GATT, increased trade liberalisation in favour of developing countries and transition economies with the rise of the "East Asian miracle countries" and the collapse of communism.²⁶ The developing countries rejected the proposition of social clause and termed it a disguise for protectionism.²⁷ The developing countries further criticised the attempts to include a social clause in WTO agreements on the basis that it would be hypocritical of the developed countries' to call for sanctions to be imposed on the developing countries for practices that defeats provisions of conventions which the developed countries failed to ratify themselves?²⁸

Historical Arguments for the Justification of Social Clause

The arguments historically put forward to justify the use of social clauses can be divided into four categories as aforementioned: common sense arguments, economic arguments, pragmatic arguments and finally, moral and human rights arguments.²⁹

Common Sense Arguments

The common sense argument is that trade and labour are closely interconnected and there is no reason to oppose the linkage. These common sense arguments are

²³ Ibid.

²⁴ Chan and Ross, above n. 1, at p. 1015.

²⁵ See above n. 20.

²⁶ Ibid.

²⁷ Chan and Ross, above n. 1, at p. 1012.

²⁸ Servais, above n. 19, at p. 36.

²⁹ Xirinachs, above n. 7.

widely used in political dialogues and by trade unions, in particular. The argument may seem attractive but it lacks adequate reasons to support it. Servais argues that there may be a link between trade and income distribution³⁰ but does it take one to the point that an income distribution clause should be included in trade agreements? The answer to this question would inevitably be no. It would therefore negate any suggestion that attempts to justify the finding of trade labour-linkage to trigger an inclusion of a social clause in global trade agreements.

Economic Arguments

The main economic arguments in favour of inclusion of social clauses in trade agreements are:³¹

To avoid race to the bottom

Competition based on low wage is unfair

To facilitate wage dispersion and income distribution in the developed countries

Job dislocation and displacement

The above sub-categories of economic arguments are discussed below.

To avoid race to the bottom

Race to the bottom refers to the competition that cheapens labour and deprives workers of the fruits of economic growth.³² This would allow for developing countries to attain competitive advantage over its competitors by further cheapening labour.³³ Bernard and Deakin argue, the flexibility that transnational corporations (TNCs) have with regard to incorporation and reincorporation in different jurisdictions within regional arrangements allows them to avoid certain social and labour rights issues. In such a case, developing countries might reduce mandatory rules to retain or attract TNCs. This view is in agreement with the suggestion that TNCs have an inclination to ignore national laws.³⁴

Nevertheless, there is no clear evidence to support this argument. Instead, there are reports which indicate to the contrary. A study by The Organisation for

³⁰ Servais, above n. 19.

³¹ Xirinachs, above n. 7.

³² Chan and Ross, above n. 1, at p. 1012.

³³ Xirinachs, above n. 7.

³⁴ Gordon Anderson, 'Labour Law in a Globalising World', *The Modern Law Review* 66 (2003): 646.

Economic Co-operation and Development (OECD) in 1996 on export performance found no evidence in favour of a country with low labour standards enjoying a better export performance than a country with high labour standards.³⁵ There is conflicting evidence which suggests, generally the export processing zones tend to have higher wages compared to the rest of the industrial or economic zones in a country. Different research concludes that there is no correlation between countries with low labour standards and their attracting TNCs.³⁶ The race to the bottom argument is therefore not well founded.

Competition based on low wage is unfair

It has been argued by the proponents of social clauses that violations of labour standards in the developing countries are the cause of increased competitiveness in the developed countries.³⁷ Hence, they argue that competitive advantage based on low wage is unfair and illegitimate.³⁸

It may be contended, social clauses are not in fact designed to protect the developed countries' industries. It is only a camouflage of a measure aimed at protectionism since the developing and the developed countries hardly ever compete in the same field of industry. Developing countries, goods are mostly labour intensive and unskilled in nature. This would negate any notion of unfair advantage, as aforementioned, since the developed countries' goods and services are mostly highly skilled knowledge and technology based. Such an argument would only be valid to the extent that another competing developing country is involved. Besides, the European Commission rejects any notion which questions the comparative advantage that a developing country may have attained due to its low-wage level.³⁹

To facilitate wage dispersion and income distribution in the developed countries

It is argued that increased trade with low wage countries from the developing countries in the South have the effect of both wage dispersion and income inequality in the North. In particular, it affects the unskilled workers of the

³⁵ Xirinachs, above n. 7.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Ibid.

developed countries.⁴⁰ Since the 1980s, in the US, the real wages of unskilled workers have decreased compared to skilled workers.

According to Feenstra, a large amount of research has been conducted in the past decades to determine the actual cause of decrease in real wages of unskilled workers compared to skilled workers. The studies have found that it is the skill-based technological change that has triggered the decrease in real wages of unskilled workers rather than competition from the low-wage countries.⁴¹ Recent studies conducted on the links between low labour standards in the developing countries and the low wage of unskilled workers in the US found no strong positive correlation between them.⁴² As a result, it would appear that the instant argument in favour of social clause is also fragile.

Job Dislocation and Displacement

Trade and competitive advantage can have the effect of job dislocation and displacement.⁴³ It is often the case that multinational corporations (MNCs) are in search of regimes with flexible regulations, good infrastructure, economic and political stability, and low wages amongst others. Their finding the presence of above mentioned factors in a country could well cause a move from for e.g. UK to China or Germany to Bangladesh. But then again, sole attribution to low labour standards for such a move would be utterly misleading. An appropriate response to this problem would not be the inclusion of protectionist measures but the facilitation of trade adjustment measures such as workers' retraining, workers' relocation, income support and so on, per Schumpeter.⁴⁴

Pragmatic Arguments

Social clause supporters argue that the ILO has no teeth in the sense that it has no authority to impose sanctions of any kind, whether civil or criminal. This is the case even though a country has violated the conventions it has previously ratified. On the other hand, WTO has the authority to impose sanctions for breach of trade

⁴⁰ Jose MS Xirinachs, 'Trade, Labor Standards and Global Governance: A Developing Country's Perspective', (Paper presented at Conference on International Economic Governance and Non-Economic Concerns: Transparency, Legitimacy and International Economic Law, Vienna, December 2001).

⁴¹ Ibid.

⁴² Drusilla K Brown, 'Labour Standards: Where Do They Belong in the International trade Agenda', *Journal of Economic Perspectives* 15, no. 3 (2001): 99.

⁴³ Xirinachs, above n. 39.

⁴⁴ Ibid.

agreements. That is why social clause advocates call for its infusion in WTO agreements.⁴⁵

When discussions are made regarding the ILO, it should be borne in mind that the ILO resorts to soft law approach. It relies on arrangements such as voluntary participation, tripartite social dialogue, capacity building⁴⁶ amongst others. This is where the ILO is unique. The ILO should not be confused with a sanction based organisation such as the WTO, which has a different purpose and reach. Charnovitz contends, the WTO may have the best dispute settlement system installed among the international organisations but it is coercive state-centric and consequently the states are not as compliant with the WTO. Charnovitz further asserts, it may be necessary for the WTO to pull some of its teeth and replace them with soft law approach so as to make parties to agreement more compliant.⁴⁷ As such, it would be apparent that the instant argument for social clause is also insubstantial.

Moral and Human Rights Arguments

As social clause supporters contend, its inclusion in trade agreements would protect the workers from working under deplorable conditions, improve domestic working conditions and correct abusive practices in the developing countries, such as. Bangladesh.⁴⁸ Since the ILO lacks a strong enforcement mechanism, the infusion of minimum labour standards in trade agreements would ensure that they are complied with.

From the above, an impression is made to a certain extent that social clauses are primarily attempted to be included in trade agreements not because workers are exploited or that there is an ethical or legal urge to guarantee those rights. Instead these attempts are made because of economic reasons, with one country taking advantage over another with cheaper labour. If such is the case, then the morale of this argument is at best weak and at worse misleading. It would create doubts in one's mind and lead one to be convinced by the argument of the Global South that social clauses are a disguise only intended to serve protectionist purposes rather than enhance labour rights.

⁴⁵ Xirinachs, above n. 7.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid.

Moreover imposition of sanctions on developing countries would not help improve their labour standards but only hurt their economic aspirations. If the sanctions imposed for breach of a social clause cost workers their jobs, what positive difference does the social clause make? It should be borne in mind that these workers have dependent family members. Workers' losing their jobs would not only harm them but also their dependents. If this happens at a mass level, it could have unscrupulous implications and repercussions for the whole economy. In consequence, it might elicit an increase in crimes in the developing country concerned. Given the above arguments, social clause would only make a bad situation worse.

The Effectiveness of Social Clause Mechanism

To assess the effectiveness of the social clause mechanism in ensuring work related social issues in global trade agreements of the 21st century, it is imperative to begin with identifying what the work related social issues actually are.

The ILO's addressing work-related social issues

The ILO has noted work-related social issues in its 86th session in Geneva in June 1998, when it made its "Declaration on Fundamental Principles and Rights at Work." Member states of the ILO are obliged to adhere to the principles concerning fundamental rights which are subject of those Conventions:⁴⁹

- (a) Freedom of association and the effective recognition of the right to collective bargaining;⁵⁰
- (b) The elimination of all forms of forced labour;⁵¹
- (c) The effective abolition of child labour;⁵² and
- (d) The elimination of discrimination in respect of employment and occupation.⁵³

The Declaration requires all Members, in good faith, to respect, promote, these principles in accordance with the Conventions, whether or not the Member State has ratified the particular Convention in question.

⁴⁹ 'ILO Declaration on Fundamental Principles and Rights at Work'. International Labour Organisation, accessed 16 December 2016, <http://www.ilo.org/public/english/standards/relm/ilc/ilc86/com-dtxt.htm>.

⁵⁰ Article 2(a), ILO Declaration on Fundamental Principles and Rights at Work 1998 (adopted 19 June 1998).

⁵¹ Ibid, Article 2(b).

⁵² Ibid, Article 2(c).

⁵³ Ibid, Article 2(d).

The effectiveness of the social clause mechanism in trade agreements to ensure work related social issues are taken into account in the 21st century

It has already been stated that social clauses are currently being used in the unilateral,⁵⁴ bilateral⁵⁵ and regional⁵⁶ trade agreements to ensure work-related social issues are taken into account. As regards to regional trade agreements, first the EU and then the NAFTA trade agreements are considered in this article.

European Union

Article 50 of the Cotonou Agreement⁵⁷ included a clause on trade and labour standards to uphold the relevant core labour standards of the ILO and to work in co-operation in this area.⁵⁸ Article 50 requires that labour standards should not be used as a tool to achieve protectionist objectives.⁵⁹ Apart from the ILO core labour standards, other standards are matters for co-operation and non-compliance with them does not allow the other party to impose sanctions. This is due to the European Council's awareness of the sensitivity of these measures against the developing nations and their argument of protectionism is apparent from Article 50(3). Henceforth, the European approach has been focusing on capacity building and increasing co-operation among States instead of resorting to sanctions. In promotion of the core labour standards, a Council resolution was passed in 2003 which supported all forms of incentives.⁶⁰

The EU's approach could be cited as far reaching and forward looking. However, if these measures are simply levied and labour standards are expected to be adhered to and improved without having regard to the economic development of the country, it would yield no good results if the commitment to collaboration remains only on paper. The deluded labour standards that do not take account of the development level of the exporting country would exacerbate unsustainable

⁵⁴ Servais, above n. 19, at p. 41.

⁵⁵ *Ibid.* p. 42.

⁵⁶ *Ibid.*

⁵⁷ It is the most comprehensive partnership agreement between developing countries and the EU. Since 2000, it has been the framework for EU's relations with 79 countries from Africa, the Caribbean and the Pacific (ACP), accessed 18 December 2014, http://ec.europa.eu/europeaid/regions/african-caribbean-and-pacific-acp-region/cotonou-agreement_en.

⁵⁸ Bob Hepple, *Labour Laws and Global Trade* (Oxford: OUP 2005), p. 124.

⁵⁹ *Ibid.*

⁶⁰ *Ibid.*, p. 126.

production and consumption patterns, thus aggravating the existing situation.⁶¹ Another argument against the inclusion of social clauses in global trade agreements in the form of minimum labour standards can be said to be "one size does not fit all" similar to the approach that is applied in corporate governance system of comply or explain in the UK and other parts of the world to allow flexibility and avoid rigidity.

NAFTA

As Bob Hepple puts it, the very first trade agreement to link trade and labour rights was recognised by the North American Agreement on Labour Cooperation (NAALC). The NAALC is a side agreement to North American Free Trade Agreement (NAFTA).⁶² The fundamental characteristic of NAALC is that it does not require the enforcement of international labour standards but the enforcement of national labour laws by the parties involved.⁶³ A dispute resolution procedure is available to the countries which act in violation of their own labour legislation and collective agreements.⁶⁴

Critics outline that the majority of the issues raised against US, Canada and Mexico concerned collective labour law issues. In these cases, complainants typically were the unions which was limited to ministerial consultation as a method of enforcement. Weiss argues that the rarity of child labour and injury complaints may be traced back to the lack of institutional bodies that they may belong to.⁶⁵

It could be argued that the NAALC core feature is flawed and unnecessary in the sense that a country is generally obliged to take into account the violations of its own laws and national labour law enforcement is no different. As a result, there is no need for NAALC to tell a state that they should uphold their own labour standards. Moreover the NAALC enforcement mechanism is also very fragile.

Should social clauses be infused into global trade agreements - namely the WTO agreements?

From the above examples of the EU and NAALC, it is obvious how critical and controversial the role of social clauses can be. Those who argue that social clauses be infused in the WTO agreements are devoid of reality and have an inclination to

⁶¹ 'The Social Clause and Sustainable Development', International Centre for Trade and Sustainable Development, accessed 7 January 2015, <http://www.ictsd.org/downloads/2008/06/scpaper.pdf>.

⁶² Hepple, above n. 57, at p. 107.

⁶³ Ibid, p. 108.

⁶⁴ Ibid, p. 109.

⁶⁵ Ibid, p. 121.

place an effective international organisation in jeopardy. If the WTO were to watch over labour standards, then its focus would be diverted from its primary objective-setting standards and settling disputes in international trade. Such an inclusion would cause the WTO to fail in achieving its primary goals. It is submitted that the ILO is the appropriate body to deal with labour standards and relevant issues. Needless to say, the WTO should not be involved in the process.

Servais suggests that the ILO standard setting mechanism should be called on to rectify and implement certain ILO conventions and the call should be made to both the industrialised and developing countries. The ILO, in this mechanism, would have to play a vital role in achieving this feat at various stages of the process such as in making the choice of instruments and in supervising observance of the standards.⁶⁶ Servais contends, the ILO's role as a mediator in the social clause issue would lead to flexibility and pragmatism in this contentious area.⁶⁷ Any questions or disputes regarding social clause or labour standards would, at any point of time, be better explained by the ILO than the WTO. This is because the ILO is the most expert and appropriate entity in this arena. If some consider the ILO's enforcement mechanism to be weak, then why do not they call for more enforcement powers for the ILO rather than attempting to bring in the WTO in this matter?

Conclusion

The historical background of social clauses has been revisited in this article and it is evident that the concept is not new. It has been observed that the changing political and economic circumstances have led to resuscitation of the concept in the modern era.

The article also assessed the arguments for and against social clauses in much detail. Effecting social clauses in trade agreements would mean that any breach of minimum labour standards by developing countries would bar them from accessing the 'free' markets of the developed countries. However, the developed countries would always have access to the markets of the developing countries. If this is not hypocrisy then what is? How can competition based on low wage be termed unfair if this is the only advantage that the developing countries have? Should the developed countries' capitalists and champions of 'free market economy' not respect the wage level in the developing countries that has been determined by market mechanisms in the latter? Then why interfere with the developing countries as regards some of their industries where they may have a competitive advantage over

⁶⁶ Servais, above n. 4, at p. 429.

⁶⁷ *Ibid.*, p. 430.

the industries of the developed countries? Is it that the capitalist social clause advocates from the North believe in the maxim "might is always right?" May be this is the case and so they are reluctant to let countries from the South outperform them in any aspect. Perhaps, the arguments for the inclusion of social clauses in trade agreements are designed for no purpose other than to hinder the growth and development of developing countries which have a competitive advantage over developed countries in certain sectors.

It would be ill-advised to involve the WTO in labour issues. It goes without saying that the ILO is the appropriate body to deal with such matters. The WTO involvement would deviate it from its trade objectives and would make labour related enforcement mechanism harsh and stringent. It would wipe away the achievement of the ILO's soft law approach. Only imposing sanctions for breaches of labour standards would not improve the working conditions of the developing countries' industries. Any such improvement in working conditions and enhancement of labour standards would require tripartite consultation, financing workers' training and development programmes. Most importantly, the economic and social development level of the country must always be taken into account.

As an alternative to infusing social clauses in global trade agreements, in pursuit of effective elimination of deplorable working conditions in the developing countries from the Global South, it would be a moral obligation on the developed countries from the Global North to help the former develop their infrastructure, education system and increase awareness among workers of their rights at work. Educating the population, in general, and the workforce, in particular, can eliminate poverty and enhance the labour standards of a country. The more educated a workforce, the more highly skilled and better trained they ought to be. Meaning such a workforce would be getting more remuneration for their improved skills than those who do not possess such skills and so it would work to alleviate poverty of the workforce.

The ILO should resort to a naming and shaming strategy against a country that fails to meet the minimum labour standards stipulated by itself. Since the TNCs are so influential in the global economy, they ought to play a role in the development of the labour standards of developing countries, for instance by specifying conditions to the government before investing in a country to ensure compulsory education for children at work and amending national labour laws to the extent that it harmonises with the core labour standards of the ILO. In reality, labour standards would not necessarily improve unless efforts are made to convince the governments of developing nations that it would bring benefits to their country so that they would be encouraged and the government concerned take steps to improve national labour standards.