

**Robert J. Flanagan and William B. Gould IV, eds.**  
**International Labour Standards: Globalization, Trade, and Public Policy.**

Stanford University Press, 2003, 288 pp.

\$US 49.50 hardcover (0-8047-4690-7)

In 1900 British textile employers, concerned about an ever shrinking market share, invited their continental counterparts to tour Lancashire and to see for themselves the superior working conditions in British factories. Underlying the invitation was the belief that since British working hours were about 20 percent below continental hours, Lancashire employers were at a competitive disadvantage. British employers were hopeful that as a result of the tour textile employers of the world would unite to fix working hours across countries – if not British workers would have to forsake their leisure time in a race to the bottom. The British plan backfired. Upon visiting Lancashire factories, foreign employers observed a higher proportion of women and children at work than in Europe. They would agree to a cut in worktime only if the British hired more men. The proposition was of course rejected.

In the last ten years or so, sparked by some celebrated cases of child labour and poor working conditions in developing countries and in the Canadian context the signing of a free trade agreement with Mexico, debates about international labour standards have taken on new urgency. But the central issues have not changed much since 1900. There is a concern shared by employers and workers in industrialized countries that their labour standards and safety nets are under attack and that international agreements are necessary to stave off a race to the bottom. Developing countries respond that this is a form of protectionism. If the rich countries sincerely want to do more for their poorer neighbours, they would increase trade with them and not threaten to reduce it. And although there exists universal concern about child labour, as in Lancashire, definitions of labor standards vary considerably across countries, making it difficult to fix them.

These issues are tackled in *International Labor Standards*, a collection of seven essays extracted from a recent conference held at the Stanford law school. The contributions are of two sorts: the first group of essays are motivated by theoretical perspectives drawing on the sociology and law tradition; the second are unabashedly empirical. The former are eclectic, ranging from critiques of the protectionist claims of developing countries (Gary S. Fields and William B. Gould IV) to a plea to use American courts to impose standards elsewhere (Sarah Cleveland). These essays, as well as that of Virginia Leary, suggest that standards set by multinational organizations, such as the WTO and the ILO, fall into two types: those that regulate outcomes (like working hours) and those that fix processes (such as the right to legislate child labour and the right to organize). How in fact this distinction can be made operational remains unclear, although Michael Posner and Justine Nolan argue in their chapter for increased monitoring of multinationals by stakeholders.

The second group of essays are more successful and two in particular are worthy of note. Robert Flanagan's own essay will become the gold standard in research on labour and trade, replacing the well-cited but more limited study by Dani Rodrik. Based on an analysis of labour codes and trade for about 80 countries between 1980 and 1999, and using standard econometric techniques, Flanagan

finds that standards have very little to no effect on trade and foreign investment. Trade flows depend on technology and productivity. Forcing Mexico to adopt Canadian standards will not save Canadian jobs. It will improve working conditions, but how this should be achieved should be left to Mexicans themselves to fit their own needs. After all, Flanagan finds diversity in standards even among members of the European Union. The implication is that over time countries have set their own standards and they have become unchangeable, as Bertil Ohlin the great trade economist wrote, like the weather.

The Mexican experience with free trade and its impact on working conditions is examined in more detail by Enrique de la Garza Toledo. He points out that Mexico cut tariff barriers some years prior to the signing of the NAFTA accord. Overall, the impact of NAFTA is mixed, which is certainly better than what we heard from many quarters. While conditions may not have improved across the board, de la Garza reports they did not deteriorate either. Holding out little hope for the role of the ILO in fixing standards, labour's precarious position in Mexico has as much to do with domestic policies concerning the distribution of income as it does with international exposure.

Both the essays by Flanagan and de la Garza suggest that trade deals ought not to be tied to labour accords. Labour codes are for the most part domestically fixed, determined by among other factors historical trends in income and its distribution. Trade arises because of productivity differences between countries, a hard lesson British textile employers and workers in 1900 would inevitably learn.

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January 2004

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