

Trade Policy Analyses

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The Cordell Hull Institute held a one-day Trade Policy Roundtable on December 4, 2001 to discuss strengthening the ILO's role in promoting core labor standards.

The meeting was held at Arnold & Porter, attorneysat-law in Washington, DC. Pictured above is the well of the firms building.



Reproduced opposite is the text of a paper prepared for the meeting in December written by Jagdish Bhagwati (above).

#### **About the Author**

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# Enforceable Labor Standards-What's Wrong with the Idea?

# Jagdish Bhagwati

WITH THE LAUNCH of a new round of multilateral trade negotiations at the fourth Ministerial Conference of the World Trade Organization (WTO), held in Doha last month, the focus in the United States has returned to the terms of the President's tradenegotiating mandate, but the "trade and labor standards" issue is still a major stumbling block.<sup>1</sup> The traditional bipartisan approach to trade policy on Capitol Hill broke down in 1994 with the first effort to secure agreement on the renewal of "fast track" tradenegotiating authority. It broke down over President W.J. Clinton's demand to include in the authority a mandate to press for labor and environmental standards in the WTO system, with trade sanctions to enforce them, notwithstanding the opposition of nearly all member countries – which now number 140 odd.<sup>2</sup> The persistent demands for enforceable labor standards in the multilateral trading system have emanated almost entirely from the United States - in the 1950s, 1970s and 1990s.

In Doha, however, the ministers reaffirmed the negotiated position adopted on the labor-standards issue at the first WTO Ministerial Conference, held in December 1996. The relevant passage in the Singapore Ministerial Declaration read:

"We renew our commitment to the observance of internationally recognized core labor standards. The International Labor Organization is the competent body to set out and deal with these standards and we affirm our support for its work in promoting them. We believe that economic growth and development, fostered by increased trade and further trade liberalization, contribute to the promotion of these standards. We reject the use of labor standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put in question. In this regard,

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#### **About the Meeting**

In November 2001, the International Labor Organization approved the establishment of a World Commission on the Social Dimension of Globalization, but its Director-General was requested to consult further on the Commission's parameters, terms of reference and membership.

To discuss the trade-related aspects of the ILO initiative, the Cordell Hull Institute convened in Washington on December 4 a roundtable meeting of specialists on trade, labor and development. Thirty five participated in the meeting where several presentations were made on the question of enforceable labor standards in trade agreements.

#### Other Speakers

In addition to Dr Bhagwati, other speakers included: Daniel W. Drezner, assistant professor of political science, University of Chicago, Illinois; William D. Rogers, Partner, Arnold & Porter, and Vice Chairman, Kissinger Associates, Washington, DC; Jeffrey Lang, Partner, Wilmer Cutler & Pickering, Washington, DC, former Deputy U.S. Trade Representative; Herwig SchlogI, Deputy Secretary-General of the OECD, Paris, France.

Other speakers were **Gary N. Horlick**, Partner,

we note that the WTO and the ILO secretariats will continue their existing collaboration."

Sander Levin, the only member of the U.S. House of Representatives to attend the Doha ministerial, expressed disappointment over the Doha outcome on the trade and labor standards issue, saying that ministers did not even agree to the creation of a WTO working group.<sup>3</sup> Representative Levin, from the auto-making state of Michigan, is the principal author of the current Democratsponsored trade bill in the House.

Within days of the reaffirmation of the WTO position on labor standards, Charles Rangel, the ranking Democrat on the House Committee on Ways and Means, explained the thrust of the Democrat trade bill in an article in the *Financial Times*. "Rather than calling for labor standards in the WTO negotiations, our bill calls for the establishment of a 'working group' on trade and labor issues," he said. "The U.S. would show poor countries that implementing core labor standards is not a disguised barrier to trade with them, but is essential to better living standards for all." The bill, Representative Rangel said, would ensure such standards are included in regional free trade agreements, such as the proposed Free Trade Area of the Americas. In the U.S. the issue of enforceable labor standards in trade agreements has not been defused.

On the question of a working group, the annual meeting of the OECD Ministerial Council in May concluded that trade and labor issues "must be addressed through dialogue that takes into account the expertise of all relevant international institutions, including the WTO". The ILO already has a working party on "the social dimension of globalization" that, among other things, is addressing trade and labor issues. In June, however, the ILO's Director-General, Juan Somavia, proposed an international commission of eminent personalities that would set out to engage a wider range of views on the whole subject.

Last month the ILO Governing Body, meeting in Geneva, approved the proposal for a World Commission on the Social Dimension of Globalization.<sup>5</sup> It is envisaged that the commission should

- (a) take full account of the developmental and equity aspects of globalization;
- (b) consider the impact of international trade, foreign direct investment and other aspects of globalization on employment and poverty reduction;
- (c) examine the structure and functioning of the international economic system in the light of its impact on poverty reduction, labor and employment, including the impact of the volatility and the unpredictability of the financial system on social stability and developmental goals;

O'Melveny & Myers, and Georgetown University, Washington, DC; Gerard Depayre, Deputy Head of Mission, Delegation of the European Commission, former Deputy Director-General of External Relations, European Commission; John M. Weekes, Chairman, Global Trade Practice, APCO Worldwide, Geneva, former Canadian Ambassador to the WTO, and Chairman of the WTO General Council.

#### **Trade Policy Roundtable**

The Cordell Hull Institute's Trade Policy Roundtable is sponsored by seven international law firms in Washington, DC: Akin Gump Strauss Hauer & Feld, Arnold & Porter, Hogan & Hartson, O'Melveny & Myers, Sidley Austin Brown & Wood, Steptoe & Johnson and Wilmer Cutler & Pickering.

- (d) study questions of domestic infrastructure, the transfer of technology, official development assistance, developing-country debt and human resources as factors that affect the capacity of economies and enterprises to take advantage of the opportunities of globalization;
- (e) take into account the Declaration on Fundamental Principles and Rights at Work, the UN Secretary-General's Global Compact and the contribution of social dialogue; and
- (f) explore how to strengthen the capacity of developing countries to fully integrate into the global economy, including better understanding the consequences of integration and non-integration.

The commission's parameters, terms of reference and composition – whether it should include "all relevant international institutions" in some way – have still to be settled.

#### POLITICS OF LABOUR STANDARDS

The major developing countries refuse to compromise on the trade and labor issue. In fact, after President Clinton's gaffe during the Seattle talks in endorsing trade sanctions to enforce labor [and environmental] standards, the position of the developing countries hardened considerably. These countries pressed that any involvement of the WTO in labor questions, in any shape or form, is ruled out. At the same time, many Democrats in the U.S. Congress, reflecting the politics of AFL-CIO support, have hardened in the opposite direction. Representative Richard Gephardt, the Minority Leader in the House, asserted just before the autumn recess that the renewal of fast-track trade-negotiating authority, renamed trade-promotion authority by the Bush Administration, is contingent on making labor rights "central to U.S. trade agreements".<sup>6</sup>

In Washington the politics of this issue is clear. The Democratic leadership considers any rejection of the linkage of trade and labor issues to be a morally defective affliction of Republicans and "free trade ideologues". This sounds so plausible to the untutored that in the rich countries very few understand the opposition of poor countries to the "linkage" of trade and labor standards, often dismissing it, self-servingly, as reflective of their governments' indifference to the interests of their workers. But one must ask this question. Why does a thoroughly democratic country like India, with all its labor unions, and a membership of over 7 million, adamantly oppose linkage – regardless of their political orientation? Are they wrong?

No. In fact, if the case for their opposition were presented fairly and without political obfuscation by lobbies in the policy arena, it would be found to be compelling. It is best seen by distinguishing

sharply, and refuting, the two main arguments for linkage that are invariably confused in the politically charged debate.

One argument reflects "egoistical" or self-interested motives reflecting fears that, in the absence of linkage, the real wages and labor standards of workers in rich countries will collapse.

The other argument arises from "altruistic" concerns about real wages and labor standards elsewhere. Linkage with trade is seen as necessary to spread better standards abroad.

Neither contention is valid. The fears that one's wages and standards are at risk with freer trade are not compelling. And linkage is an inefficient, even a counter-productive, way of advancing labor standards worldwide.

# "Egoistical" Arguments

First consider the "egoistical" reasons. Labor unions dread freer trade with poor countries for two reasons. One, they fear that it will reduce the real wages of their workers. Two, they are also certain that, as capital moves to poor countries with lower standards, their hard-won standards will be reduced.

1. The **fear over real wages** has had political salience since the 1980s when real wages stagnated, and possibly declined, interrupting their rising trend in the post-World War II period. It seems "obvious" that competition through freer trade with poor countries must be creating more and more poor in rich countries by reducing the real wages of unskilled workers. But probe deeper and the fear vanishes.

If it were justified, the mechanism would result in falling (relative) prices of labor-intensive goods (such as textiles and shoes) in world trade. Through the 1980s, however, these prices appear to have risen! There is a false presumption that over time poor countries will become larger suppliers of such goods in world trade and hence lower their prices. But poor countries, as they get richer, withdraw from labor-intensive exports and move into skills-intensive and capital-intensive activities, "absorbing" the new suppliers' exports.

The Australian economist Ross Garnaut, a former ambassador to China, has shown that China's dramatic increase in labor-intensive exports in the 1980s was almost totally offset by the withdrawal of East Asian economies from those activities. The latter economies had entered these markets in the 1970s as Japan had shifted away from them. Most trade economists have concluded that trade with poor countries is not the main driver of pressure on rich-country wages. In fact, trade with poor countries may well have moderated the decline that results from technical change, which continually reduces the need for unskilled workers.

2. As for the race-to-the-bottom argument, it has become a matter of faith that corporations will force lower standards at home by threatening to move to poor countries with lower labor standards. When one looks for evidence, however, there is little beyond occasional anecdotes. Daniel W. Drezner, a political scientist at the University of Chicago, who has carefully examined the question, has concluded that the race-to-the-bottom rhetoric is little more than that. Indeed, even in the highly competitive apparel industry, where many firms have moved to poor countries, sweatshops have not broken out in the rich countries. Sweatshops in the United States reflect domestic factors such as reliance on illegal immigrants and the abysmal level of enforcement of the country's own labor standards.

Thus the demand for trade-and-labor linkage that reflects these unsupported concerns can be legitimately interpreted as "protectionist". If competition gets rough, you can either restrict imports through conventional import protection or, alternatively, you can try to raise the cost of your rivals' production and thereby reduce their competitiveness through what might be called "export" protectionism. Linkage aimed at raising labor standards abroad, including demands for a "living wage", is clearly that beast.

Indeed, it is the common surrender to these fears that has led many labor unions and Democrats to support the demands to raise foreign labor standards with a view to raising the cost of production abroad in many labor-intensive industries, such as textiles, where the U.S. competitive advantage has by-and-large disappeared and where American producers face intense competitive pressures from low-wage developing countries.

Arguing for outright protection is no longer kosher. No more can anybody admit to being protectionist. So why not try to raise production costs abroad by citing lower standards, the absence of a "living wage" and the like and arguing that foreign competition and trade are "unfair"? That is a form of "export protectionism" (i.e. getting the exporter to become uncompetitive) as against conventional "import protectionism" (i.e. raising import barriers). Alternatively, if import barriers are a form of "isolationism", the raising of foreigner's costs of production is a form of "intrusionism". Neither makes good sense as public policy.

# "Altruistic" Arguments

The problem with the "altruistic" demand for a trade-and-labor linkage, however, is not so much the protectionism it reflects, but more that in the form of a "social clause" in the WTO it would not do the job. By making market access conditional on satisfaction of labor standards, the demand creates two problems. First, it makes the use of trade sanctions the way to advance standards; and, secondly, it makes the WTO the international institution charged with the job.

Complex problems such as child-intensive manufacturing cannot be solved through trade sanctions. They need a great deal of heavy lifting, which means working with local non-governmental organizations (NGOs), with supportive governments, with parents, with schools. Trade sanctions can flag the issue. They cannot flog it. The ILO's Program for the Eradication of Child Intensive Manufacturing sets about doing what is necessary.

In addition, when people like the former U.S. Secretary of Labor, Robert Reich, and the U.S. labor unions claim that the WTO has teeth (meaning it can impose trade remedies), but the ILO has none, I respond by saying, "God gave us not just teeth but also a tongue". Today a good tongue-lashing based on credible documen-tation by impartial and competent bodies – such as a restructured ILO – can unleash shame, embarrassment and guilt to push societies towards greater progress on social and moral agendas. I call this the Dracula Effect. Expose evil to sunlight and it will shrivel up and die. True, Dracula returns from time to time, but the Dracula Effect captures reality pretty well.

#### TEMPLATE FOR LABOR STANDARDS

UNABLE TO SECURE, in Congressional trade-negotiating authority, a mandate to press for enforceable labor standards in trade agreements, the previous Administration negotiated a free trade agreement with Jordan. It proponents' purpose was not to do something for Jordan, but to do something for themselves, having in mind a much broader and more ambitious agenda. They wanted a template for future trade agreements – as Charlene Barshefsky, President Clinton's U.S. Trade Representative, has admitted quite explicitly – when it comes to incorporating labor and environmental provisions in trade agreements. In this regard, there was an important change from the North American Free Trade Agreement (NAFTA), where labor and environmental provisions were put in "side agreements", whereas in the Jordan Free Trade Agreement they were put in the text.

What, then, was the game plan with the Jordan Free Trade Agreement, now a part of American law? There have been three possibilities.

- 1. A modest one was to see the shift from side agreements to inthe-text provisions as an end in itself. From a labor and Democrat viewpoint, it set a precedent that makes it easier to demand similar provisions in future free trade agreements, say with Chile and Singapore.
- 2. An ambitious goal has been to cite the precedent as grounds for a "social clause" in the WTO where it would imply the use of trade sanctions. Such a clause would provide political legitimacy for the use of sanctions to advance specified labor and environmental standards or objectives abroad.

3. An equally ambitious goal has been to pave the way in the United States for the inclusion of such provisions in fast-track trade-negotiating authority.

All three game plans are fraught with adverse consequences for the United States. Let me explain why.

## 1. Establishing a Precedent

Even if the template is for future agreements, its would bring harm to the United States because, in a world of proliferating bilateral and regional free trade agreement (about which Washington does not plan to do anything), the United States will find itself in adverse competition with other countries who will not impose such provisions on prospective "free trade" partners.

This would become evident, for example, in the free trade agreement that some have proposed between India, a lucrative market that is rapidly opening, and the United States. India opposes the incorporation of labor and environmental standards in trade agreement, but the European Union and Japan do not require them, at least not currently. So the danger would be that India, faced with the need to create her own preferential trading system, would join with the European Union and Japan – a proposal that has already surfaced – rather than with the United States. That would eventually work against American interests in the Indian market, with preferences going, instead, to the European Union and Japan. Trade diversion would strike at the United States as a non-member country.

As of now, to take another example, Brazil is also a strong opponent of the incorporation of labor and environmental standards in trade agreements. What does that do to the prospects for a Free Trade Area of the Americas, which may be off the table for the time being with Argentina in so much economic difficulty, but the idea is dear to President Bush and many others? The Jordan template would have drive a stake through the heart of that project, for Brazil remains the dominant economy in South America and actively opposes American hegemony (one consequence of which has been the longstanding tension between Mercosur and NAFTA).

# 2. Promotion of a Social Clause

Of far greater consequence would be the game plan to exploit the Jordan precedent to promote the insertion of a "social clause" in the WTO system. Some of the arguments have been addressed earlier.

*First*, any likelihood that the issue might be sidelined by creating a working group on the question, either in the WTO or with WTO participation, would be remote. Such a proposal was advanced by

the United States and the European Union at the third WTO Ministerial Conference, held in Seattle at the end of 1999, and was said to be innocuous. But it was summarily rejected by the major developing countries as a foot-in-the-door measure, the thin end of a wedge, craftily devised by U.S. labor unions and certain NGOs. The suspicion was proved right by President Clinton's gaffe on the eve of the Seattle ministerial (December 1) when he said in an interview with the Seattle *Post-Intelligencer* and repeated in addresses:

"What we ought to do first of all is adopt the United States' position on having a working group on labor within the WTO. Then that group should develop these core labor standards. And then they ought to be part of every trade agreement in which sanctions would come for violating any provision of a trade agreement."

Second, a social clause in the WTO would give dangerous credibility to the false doctrine that trade agreements must address labor issues because trade liberalization is a significant cause of (i) the fall in the wages of workers in industrialized countries, due to competition with the low-wage developing countries, and (ii) the decline in labor standards in those countries, due to a race to the bottom. As discussed above, there is little, if any, evidence for these fears and assertions.

Third, the proponents of a social clause who are looking for trade sanctions as a way of spreading better labor and environmental standards abroad, often assert that the issue belongs to the WTO because its trade sanctions imply that the "WTO has teeth". The alternatives proposed by many by intellectuals, NGOs and some labor unions in developing countries, such as putting the ILO to greater use, make no sense because the ILO has no teeth. The points made earlier apply here with equal force.

But this is an argument that, while apparently compelling too many people in the United States, is totally wrong in my view. It presumes that trade sanctions are productive and efficient relative to non-trade-sanctions in promoting a social agenda. But that is not so. Let me give some of the reasons:

- (a) When trade sanctions were threatened under the proposed Senator Harkin's Child Labor Deterrence legislation, several children in Bangladesh were fired and wound up in prostitution, according to a widely cited Oxfam study. What is often overlooked, too, is that children often work in Bangladesh factories to help a mother or father. So when they are laid off, so is the mother or father.
- (b) Complex issues like child labor, where over 100 million children work in the poor countries principally owing to poverty, cannot be solved meaningfully via trade policy.

Only 5 percent of the output where children work is exported, for instance. If children are bumped out of exporting industries or firms, they will probably end up working elsewhere, even if not in prostitution.

(c) Addressing the blight of child labor effectively requires "heavy lifting", which means working with local NGOs in pressing for schools to be built, in ensuring that children taken from work are put into schools and in helping poor parents who might starve if children's income is removed, all measures requiring the provision of foreign aid. This is what the ILO's International Program for the Eradication of Child Labor is concerned with. It is the appropriate course to be taking. Trade sanctions have no role in this endeavor.

Fourth, it is in any case wrong to imagine that the use of alternative techniques for promoting labor standards, other than trade sanctions, is ineffective for most of the social agenda one may wish to advance. With the development of the internet, as many NGOs have shown, the power of moral suasion is far greater than the time when teeth were considered necessary. Indeed, the longheld view in the ILO itself is that adherence to core labor standards has to be voluntary, not the consequence of other countries imposing or threatening to impose sanctions. After all, the Pope has no troops, only the power that proceeds from his moral stature. We no longer use the rack to convert non-believers. Centuries ago the Inquisition showed that the use of teeth is ineffective in the long run. The Jews who could not take the torture pretended to convert, but continued to practice Judaism and, when the Inquisition passed, came out of the closet and declared themselves.

In addition, there are reasons to think that "appropriate governance" requires that issues be addressed through inter-national agencies designed to address them. Labor standards, or workers' rights as they are now characterized, are better addressed at the ILO; environmental standards, through the United Nations Environmental Program (UNEP); and children's rights, through the United Nations Children's Education Fund (UNICEF). And I have long written that a World Migration Organization must be created to address migrants' issues.

### 3. Jeopardizing Trade-negotiating Authority

The plan to use the Jordan Free Trade Agreement to prepare the way for fast-track trade-negotiating authority, making it contingent on accepting an integral linkage between trade liberalization and labor standards, has also been deeply flawed. The points made earlier apply here with equal force. So when we

(a) reject the notion that WTO must address these issues because trade creates a downside for wages and standards,

(b) rule out the rationale that because the WTO provides trade remedies (seen as sanctions) and must therefore deal with these standards,

we are left with no reason to have the WTO involved in any way whatsoever in these matters. On top of that, though, there are practical reasons for having second thoughts.

First, bear in mind that the WTO Secretariat is relatively small, with an annual budget of \$100 million – of which the United States pays 15 percent – and a staff of only 500 or so. It is already far too lean, suffering from highly inadequate resources, compared with the huge amounts of funds that are available to the World Bank. (The WTO Secretariat has less than ten economists in its research division!) So it makes no sense not only to deny the WTO more funding but to add to its burden the management of a social clause that, given its current funding, would probably allow one person to cope with the complex questions involved.

Do the Quadrilateral Group of countries – the United States, the European Union, Japan and Canada – that continue to deny the WTO adequate funding, and concentrate cynically on the Bretton Woods institutions (where they have weighted votes) for their financial largesse, seriously believe that these complex social issues can be handled by a secretariat barely able to manage conventional trade analysis? Do they really interested in advancing labor standards or are they simply surrendering to the demands of their labor-union constituencies, throwing them a bone that, in practice, would be a bone down the gullets of poor countries?

Second, the WTO could all too easily be destroyed by the introduction of a social clause, for there would be unintended consequences. Proponents assume that the defend-ants would be developing countries, whose standards they fear and deplore, with the United States and other developed countries as the plaintiffs. But the United States, and other developed countries, could well be among the defendants. Core labor standards covered by the social clause include broad declarations that could imperil American exports.

For instance, they include the right to associate freely, which refers to labor unions. But that is a very broad right. Human Rights Watch recently issued a report on this right in the United States. The report concluded that "millions of workers" are denied that right, largely – but by no means exclusively – because the right to strike effectively is crippled by legislation that allows replacement workers and discourages sympathy strikes. The steadily falling membership of U.S. labor unions, down to around 12 percent of the labor force, is a sure-fire symptom – although evidently not proof in itself – of this documented denial of the core workers' right to unionize.



The **mockingbird** is the state bird of Tennessee.

Cordell Hull represented a district of Tennessee in the Congress of the United States, and was elected a senator from there, before becoming U.S. Secretary of State (1933-44).

#### Trade Policy Analyses

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Permission is granted to quote from the paper, but it would be appreciated if the source could be acknowledged in the usual way. If the right to unionize was covered by a WTO social clause, the United States could face the prospect of being taken to the WTO dispute-settlement process for violating it in virtually all export industries. Which way would the WTO rule? If it ruled against the United States, several Congressmen could be expected to march down the steps of Capitol Hill in condemnation. If it ruled for the United States, the labor movement, many NGOs and intellectuals could be expected to take to the streets and mount yet more effective attacks on the WTO system, with unforeseeable consequences. Is that what the proponents of labor standards in trade agreements really want?

By contrast, if the ILO were to find against U.S. practices on these core rights, no trade sanctions follow. Impartial findings would enable the labor unions, NGOs and politicians to argue more convincingly for reforms that advance better conformity to these rights nationally. That could produce good results without senselessly wrecking an international institution necessary to the development of the world economy.

Finally, continuing to press for a social clause in the WTO system could jeopardize the newly launched Doha Development Round before it even gets down to business, for it is not just economists and lawyers familiar with trade policy, law and negotiations – many Democrats among them – and several Republicans in the U.S. Congress who reject such a clause. The major developing countries reject a social clause just as passionately, seeing it as a witting or unwitting expression of protectionism. By going this route, at the insistence of labor union lobbies, the United States would create a North-South divide that would accentuate the difficulties to be addressed in the newly launched WTO negotiations, a matter of great importance today.

The bottom line is that, with freer trade and labor issues linked by neither legitimate fears nor legitimate aspirations, it is simply wrong to insist that the WTO must address labor issues in any form. Not for the first time, the leading rich countries have got it wrong, albeit for reasons that are not widely understood – not even in the media of public opinion. So the issues still have to be explored, discussed and clarified. Here the World Commission on the Social Dimension of Globalization could make a significant contribution.

<sup>&</sup>lt;sup>1</sup> There is also a problem over environmental standards and a desire, on the part of many, for greater Congressional control over the Administration's part in trade negotiations.

<sup>&</sup>lt;sup>2</sup> This chapter draws *inter alia* on my article "Trade and Labour Standards", *Financial Times*, London and New York, August 29, 2001, as well as other writings.

<sup>&</sup>lt;sup>3</sup> See, for example, Representative Levin's address to the Washington International Trade Assoc-iation on November 28, 2001, reported in the *Washington Trade Daily* (November 29, 2001).

- <sup>4</sup> Charles Rangel, "The Wrong Approach to Trade", *Financial Times*, London and New York, November 15, 2001.
- <sup>5</sup> The proposal was set out in "Enhancing the Action of the Working Party on the Social Dimension of Globalization: Next Steps", GB.282WP/SDG/1, for the session of the ILO Governing Body, Geneva, on November 1-16, 2001.
- $^{\rm 6}$  Address to the Carnegie Endowment for International Peace, Washington, DC, August 2, 2001.
- <sup>7</sup> See the below chapter by Daniel W. Drezner, "Fears of a 'Race to the Bottom'. Why Aren't They Justified". Also see his article, "Bottom Feeders", *Foreign Policy*, Washington, DC, November-December 2000, pp. 64-70, and more generally his recent book on *The Sanctions Paradox: Economic Statecraft and International Relations* (Cambridge and New York: Cambridge University Press, 1999).
- <sup>8</sup> This section is based on my testimony in the hearings on the United States-Jordan Free Trade Agreement conducted by the Committee on Finance, U.S. Senate, on March 20, 2001.
- <sup>9</sup> Michael Paulson, "Clinton Says he will Support Trade Sanctions for Worker Abuse", *Post-Intelligencer*, Seattle, December 1, 1999.