



## Global Economic Forces and Individual Labor Rights: An Uneasy Coexistence

By Alice de Jonge



**Workers' Rights as Human Rights** edited by James A. Gross. Ithaca: Cornell University Press, 2003. 272pp.

**International Labor Standards: Globalization, Trade, and Public Policy** edited by Robert J. Flanagan and William B. Gould IV. Palo Alto: Stanford University Press, 2003. 275pp.

Two recent volumes of collected essays on labor rights and standards have emerged from the same path: academic conference to University Press. Both volumes are written from an American viewpoint but examine the same bundle of issues from rather different theoretical perspectives. International Labor Standards: Globalization, Trade, and Public Policy, edited by Robert Flanagan and William Gould, considers the relationships between the economic forces of globalization and labor conditions. The book provides an insight into the debate over whether trade should ever be linked to labor-standards—a debate which is sometimes portrayed as dividing many developed nations purportedly in favor of such linkages, from their developing nation counterparts. In particular, it is sometimes alleged that developing nations have been reluctant to support linking trade preferences to labor standards not, for example, because they lack the resources needed to support workers to the same extent that wealthier nations do, but simply because to do so would detract from the competitive advantage gained from being able to offer a ready supply of cheap labor. In engaging this debate, the Flanagan-Gould book challenges those who would portray opposing points of view in such simplistic terms. It recognizes efforts made by developing nations to support International Labor Organization (ILO) and other trade-labor initiatives, as well as pointing to the wide gap which often exists between developed nation rhetoric and practice on this

topic. The text also offers thoughtful insights into some of the alternative strategies (especially at the individual corporate level) that have been developed to improve global labor conditions.

James Gross' edited collection, Workers' Rights as Human Rights, complements the Flanagan-Gould book. It provides a new and different perspective in the assessment of US labor-relations law by applying those global human rights standards which are fundamental to all nations alike. There is some debate over what core international worker rights are and how they should be interpreted, but the authors generally refer to those rights, embodied in the ILO's Declaration on Fundamental Principles and Rights at Work<sup>1</sup>. In that declaration, all members of the ILO pledged to respect, promote, and realize in good faith principles and rights concerning:

- Freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced or compulsory labor;
- The effective elimination of child labor; and
- The elimination of discrimination in the respect of employment and occupation.

Reading these two American-centered books led me to ponder the history and recent developments in labor-relations in my own country, Australia—the first focus of the rest of the discussion provided here. It also enabled this reader to re-visit the debate over whether the economic forces of global trade and globalization generally have brought about a “race to the bottom” among developing (and to some extent, developed) nations, as each attempts to reduce the costs of local production while improving the competitive attractiveness of the national economy as a provider of cheaper labor for the foreign investor. I was somewhat surprised to find that I did not emerge from this re-visitation with entrenched prejudices and preconceptions reinforced. Rather, I found myself shaken from complacency and able to travel further along the path of developing a more complex understanding of the relationship between globalization and local transitions

### **Recent Changes in Workers' Rights in Australia**

James Gross' volume is an instructive and easy-to-read work that will make a worthy addition to the library of any labor lawyer, or anyone interested in human rights generally. For this reader, it was also a real eye-opener as to just how truly appalling labor rights are in the United States compared to my own country. I also found it somewhat discouraging because, I fear, it provides a glimpse into the labor-relations future toward which Australia appears to be heading rapidly.

As an Australian, I was born into a country which has a proud tradition of strong unionism and where one of the two main political parties actually calls itself “Labor.” Along with New Zealand, Australia's 1904 Conciliation and Arbitration Act established a global “first”—a national-level Conciliation and Arbitration Commission (hereafter, the Commission) with powers to resolve industrial disputes (either of its own motion or at the instigation of a party to an industrial dispute); as well as the power to make and approve national-level industrial awards to regulate wages and labor conditions across industries. While the arbitration power was originally intended to be limited, the Commission quickly began to dominate (either directly or indirectly) wage determination for the

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<sup>1</sup> ILO Declaration on Fundamental Principles and Rights at Work, 86<sup>th</sup> Session, Geneva, June 1998. Full copy of the declaration can be accessed online at <http://www.ilo.org/dyn/declaris/>.

majority of wage earners in Australia. The Commission maintained a series of overlapping industry and occupational awards which specified minimum wages and conditions. These regulations could be adjusted in accordance with a needs-based basic wage determination process. The regular National Wage Case soon became the primary vehicle for determining minimum basic wage levels, pay-rates and working conditions in virtually every type of employment sector.

The arbitration legislation also encouraged the formation of trade unions by providing a system of registration. For unions, registration ensured recognition in law as a legal person able to sue and be sued. Importantly, at one time registered unions had the legal right to force an employer to resolve all disputes through arbitration. However, registration was also designed to place limits on union action. Many employers initially opposed the arbitration system but eventually came to accept it for a number of reasons, including its tendency to take wages out of competition (thus limiting unfair competition based on wage costs) and because industrial tribunals could help contain union industrial militancy in periods of economic buoyancy.<sup>2</sup>

Since the mid-1980s, there has been significant decentralization of the arbitration system as successive governments have sought to respond to competitive pressures from other countries by improving the “flexibility” of the Australian labor market. Much of this decentralization was begun during a social pact between the national “umbrella” organization for all trade unions, the Australian Council of Trade Unions (ACTU), and the Federal Labor-party government. This agreement between unions and government was known as “the Accord,” lasting from 1983 until the Australian Labor Party lost the 1996 election to a conservative coalition government. By 1990, the ACTU, aware of the risks and dangers of union exclusion from policy making, agreed to support the government in promoting enterprise-level bargaining between union and employer within the individual workplace. This form of employee-employer bargaining at the level of the individual enterprise now forms the primary means through which wages and conditions for Australian workers are determined.

The Commission, however, initially responded by rejecting and attempting to place significant limitations on the adoption of workplace-centered enterprise bargaining. In response, the government took steps to codify the principles of enterprise-level bargaining in legislation, and to limit the powers of the Commission. These changes were eventually enshrined in the 1993 Industrial Relations Reform Act, an act resulting in a number of fundamental changes to the Australian industrial relations system. Among other things, the Reform Act:

- downgraded the status of awards so that Commission-determined award conditions would only be relevant as last resort “safety nets” in the absence of satisfactory agreement on pay-rates and conditions within the individual workplace;
- weakened the ability of the Commission to intervene in the terms and conditions of bargains;

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<sup>2</sup> For further discussion of the politics surrounding national-level arbitration in Australia, see Nick Wailes, “Globalisation and National Patterns of Industrial relations: The Case of Australia”, in Roger Blanpain (ed), The Impact of Globalisation on Employment Relations: A Comparison of the Automobile and Banking Industries in Australia and Korea, published in a special edition of the *Bulletin of Labour Relations* 45 (2002). See also D. Plowman, “Forced March: The Employers and Arbitration”, in S. Macintyre and R. Mitchell (eds.), Foundations of Arbitration: The Origins and Effects and State Compulsory Arbitration, 1914-1980. Melbourne/New York: Oxford University Press, 1989.

- began the process of recasting unions' role in bargaining as agency representation on behalf of employees, rather than the traditional role of group representation, and
- introduced for the first time into the federal industrial relations jurisdiction the possibility of legal non union-sanctioned agreements negotiated instead between employer and individual (non-union member) employee(s).<sup>3</sup>

A new Liberal and National Party Coalition government was elected in 1996. Besides overseeing the end of the Accord process of formalized bargains between the ACTU and the government, the new government also made significant changes to the institutions of industrial relations in Australia. One of the first pieces of legislation (after considerable delay and a number of major revisions) was the Workplace Relations Act of 1996 (hereafter, the WR Act). It retained the Commission and the status of awards, but limited awards, and therefore the use of the Commission's arbitral powers, to "20 allowable matters." No longer could Commission-determined award terms cover virtually any aspect of the employer-worker relationship, but only the very basic skeleton of the contract of employment would be provided. Award terms would be limited to the twenty things listed in the legislation and forming the bare essentials of the working relationship: rates of pay generally; ordinary hours of work; rest breaks; and annual leave and other paid and unpaid leave entitlements.<sup>4</sup> The WR Act also set in place a timetable for all existing awards to be stripped back to include no more than the 20 basic aspects of the employment relationship listed in the legislation. Workers seeking anything beyond such a limited set of terms would be left to negotiate their own additional conditions of employment on an individual basis.

Second, the WR Act made the negotiation of non-union collective agreements easier and decreased the power of the Commission to vet individual enterprise agreements, and introduced into the federal jurisdiction legally sanctioned non-union *individual* contracts called Australian Workplace Agreements (AWAs). The Act established a new set of institutions to administer these agreements and set out a mechanism by which employers can now use AWAs to take their employees out of award coverage.

Another feature of the WR Act introduced changes designed to restrain the actions of trade unions. These include provisions which prohibit compulsory union membership and encourage the formation of break-away unions, as well as limiting the access of union officials to workplaces. The WR Act also significantly increased the risks associated with industrial action by increasing sanctions which can be applied if the action is considered "unlawful." Strike pay is now expressly made illegal, and there are significant penalties for those involved in "secondary boycotts" or sympathy strikes.

That national-level award-centered arbitration system has now been all but completely dismantled, and workers' rights have been whittled away. Not only has there been significant change in the structure of bargaining but there has also been a major shift in the content of bargaining. One

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<sup>3</sup> Wailes, "Globalisation," note 2, p. 43.

<sup>4</sup> Section 89A of the WR Act provides that industrial disputes brought before the Commission are to be "normally limited to allowable award matters". . The Commission may prevent or settle such disputes by making or varying an award in relation to one of the matters listed in paragraph (2) of section 89A. . Paragraph 2 then provides a list numbered from (a) to (t) including such matters as those mentioned here. Among the other examples of allowable matters listed in paragraph 2 are: (a) classification of employees; (d) piece rates, tallies and bonuses; (m) redundancy pay; (n) notice of termination, and; (o) superannuation.

particularly notable shift has been in relation to working time. Research by the Australian Centre for Industrial Relations Research and Training into the content of agreements has revealed that changes to working time arrangements have been the most common areas of workplace change introduced through enterprise bargaining. These changes have meant, in practice, that by the mid 1990s nearly 20 percent of the total workforce was working unpaid overtime (Wailes 2002: 33-47).

A further area of major change has been the reduction in the percentage of workers that are represented by a trade union in negotiations with their employer. While unions have, in the past, controlled around 75 percent of the workers; that figure has now declined to less than 30 percent under the economic pressures of rapid change and increasing competitive pressures. Secondary manufacturing in Australia has declined as tariff protection for industrial products has been dismantled. This, in turn, has led to a rapid decline in the number of unskilled industrial jobs typically filled by middle-aged and older males. It was these men who once comprised the bulk of all union membership in Australia. Part-time and casual workers, female employees and younger and more highly skilled workers who can expect to have more than one or two jobs during a single career now make up a much greater percentage of Australia's more service-oriented economy. Such individuals rarely have either the opportunity or the inclination to join a union.

Intimately connected with the fragmentation of the award system and the decline of trade union membership, has been the massive growth of non-standard, or precarious, employment—especially in the number of workers employed on a casual basis. On a conservative estimate, by the late 1990s at least 45 percent of the Australian labor force was employed on a non-standard basis. Of this group, more than half were casual, making casual employment in Australia higher than in any other OECD country (Wailes 2002: 47-48). Since both non-union and casual employees are essentially denied access to any of the usual rights and protections provided by industrial awards, fewer and fewer workers now have access to the protection of such awards. In other words, just as the number of American workers exempt from the minimum wage and hour standards set by the Fair Labor Standards Act has risen considerably, so also have more and more Australian workers been forced outside the protective network of national wage policy and industrial award determination.

The situation regarding legislative protection for labor rights in the U.S., at least as portrayed throughout James Gross' edited collection, would thus appear to be very similar to the situation that many workers in Australia, (and probably other nations as well) now find themselves experiencing. What the Gross volume portrays is a situation where the resolution of workplace issues is more and more left to the unregulated forces of the marketplace. In other words, as Thomas Moorehead describes it, we are led to believe that the U.S. (and, I would argue, also Australia) now has a system of labor laws grounded much more on the principle of individual employee rights to organize and bargain collectively, than on the establishment of institutional rights and privileges for organizations. (Moorehead in Gross: 137).

### **Globalization and its Consequences for Industrial Relations**

At the macroeconomic level, labor law reforms instituted over the past decade or so may indeed serve Australia well—perhaps in the same ways it served the US. These labor reform policies are explicated by Thomas Moorhead in his chapter, “US Labor Law Serves [the United States] Well.” As he points out, it can often be to the benefit of the national economy for a government to develop as much flexibility as possible in the country's working environment. Not only can increased labor-

force flexibility help to boost local business confidence in investing for the future, it can also have a positive impact on the level of foreign direct investment (FDI) an economy is able to attract.

A recent World Bank Policy Research Working Paper supports this latter claim. The study purports to explore the question “Do Foreign Investors Care About Labor Market Regulations?”<sup>5</sup> In fact, however, the authors proceed to answer a somewhat different question: whether labor market flexibility affects foreign direct investment (FDI) flows across 25 Western and Eastern European countries. The level of market flexibility in an economy is defined in terms of employers’ liberty to initiate individual and collective workplace dismissals as well as costs of notice period (costs associated with laws requiring an employer to give a set period of notice before an individual employee can be eliminated from the payroll) and retrenchment payment requirements (additional payments required by law when an employee is dismissed without the required period of notice being provided). The study finds that greater flexibility in the host country’s labor market relative to that in the investor’s home country is positively associated with larger FDI inflows, and this effect is found to be stronger in the case of transition economies.

In Australia, greater “flexibility” of the workforce has been, in many cases, simply another name for increasing employers’ powers over workers’ wages and conditions while reducing—or in some cases, completely eliminating—many of the most important rights and protections for workers. Nor does Australia appear to be unique in this respect. If we accept that greater “flexibility” generally or at least often equates to a degradation of labor rights, then Moorehead’s chapter and the World Bank Policy Paper could conceivably be used to support an argument along the following lines: (1) national governments seeking to raise exports and attract foreign investment commonly do so by reducing labor costs; (2) the easiest way for countries to reduce labor costs is to reduce, eliminate or fail to establish protection for minimum wage levels and otherwise to degrade labor rights, and; (3) this becomes easier when countries refuse to ratify ILO Conventions, even if initially voting in favor of the Convention concerned. In other words, when it comes to making a final commitment, national policy is more likely to determine a country’s approach to final ILO Convention ratification than the other way around. It would be rare, if ever, that national governments would allow national policy to be determined by the terms set down in ILO Conventions.

This line of logic is most often employed by those who believe that economic changes associated with globalization are likely to produce pressures for convergence of national labor practices and standards towards the lowest common denominator. Those who support such a globalization approach<sup>6</sup> for understanding the relationship between international economic change and patterns of industrial relations at the local level argue that globalization has produced significant increases in competitive pressures across national borders in virtually all product and factor markets, while increasing the geographical mobility of capital. This, it is argued, has set in motion similar changes in labor standards as national governments attempt to prevent the loss of productive investment. It is this globalization approach which, at its extreme, predicts a universal “race to the bottom” in terms of labor standards across all economies, and leaves little room for nationally

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<sup>5</sup> For more information go to the World Bank Policy Research Working Paper 3275 (Washington DC: World Bank and CEPR, Development Economics Research Group, April 2004), available online at <http://econ.worldbank.org>.

<sup>6</sup> See eg. H. Katz and O. Darbishire, *Converging Divergences: Worldwide Change in Employment Systems*. Ithaca, NY: ILR Press/ Cornell University Press, 2000.

specific institutional forms of labor market organization that might otherwise provide trade union security or encourage the pursuit of equity as well as efficiency. The globalization approach has been used to explain uniform changes and pressures for change in industrial relations institutions across a broad range of economies.

A second alternative perspective on the relationship between globalization and industrial relations can be called the “institutionalist” approach. As Nick Wailes explains,

*Institutionalist analyses have stressed the importance of national level institutions in mediating and refracting common economic pressures. For institutionalists, the mediating role of national level institutions explains persistent cross-national difference across a range of variables, including patterns of labour market regulation, despite significant common pressures emanating from the international economy. This approach suggests that the relationship between international economic change and the domestic institutions of industrial relations is not as simplistic as implied by the globalisation approach. It also suggests that many important variables that explain differences in national patterns of industrial relations are domestic and institutional rather than international and economic in character (Wailes 2002: 33-35).<sup>7</sup>*

Robert Flanagan’s chapter in the second volume reviewed here, International Labor Standards, attempts to challenge and disprove this “race to the bottom” theory, and supports a more institutionalist view of the globalization-labor rights relationship.

Flanagan presents a series of complex statistical analyses of ILO members’ ratification behaviors in respect to ILO Conventions on the one hand, and labor conditions on the other. His analyses lead him to conclude first, that:

*the adoption of international labor standards does not influence labor rights and conditions, but ratification of ILO standards is instead a function of a country’s existing labor conditions, which improve with economic development. Contrary to claims by some opponents of globalization, the empirical analysis also finds that countries with an open trade policy or a large trade sector do not have inferior labor conditions, given their stage of development. (Flanagan 16)*

Second, Flanagan finds that “free trade is associated with higher, not lower, labor conditions and rights”. Third, and importantly, Flanagan finds that “political labor standards” (eg. Freedom of association and the right to form unions and to strike) do not influence labor costs.

This last conclusion seems to undermine arguments that countries where political labor standards are fewer in number or not enforced attract a higher level of foreign direct investment (FDI) as a result. And, sure enough, Flanagan’s regression analysis of international differences in FDI flows leads him to the final conclusion that there is, “no reliable evidence that high labor standards reduce a country’s share of FDI”. (Flanagan 46).

Not being a statistician or mathematician, I am not qualified to comment on the statistical side of Flanagan’s paper. I do, however, have a serious problem with some of his premises, as well as some of his conclusions. First, Flanagan presents an overly-simplified picture of the globalization approach, and therefore fails to understand some of the more sophisticated arguments made about

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<sup>7</sup> For further explanation and examples of institutionalist analyses, see K. Thelen, S. Steinmo and G. Longstreth (eds.), Structuring Politics: Historical Institutionalism in Comparative Perspective. New York: Cambridge University Press, 1992.

the need for reforms to overcome the more invidious aspects of the relationship between globalization and workers rights.

To understand why so many reputable scholars are concerned about the effects of global economic forces on workers rights, we need first to understand that legal and other loopholes exist in every national system of labor rights protection, regardless of the number of ILO conventions ratified. Furthermore, no matter where a multinational enterprise chooses to locate its various operations, the legal duty of directors and managers is to make decisions only in the interests of the company and its shareholders. A duty to act in the interests of shareholders implies a corresponding duty to maximize profits. And maximizing profits, in turn, implies a duty to cut operating costs to the lowest level consistent with efficiency. Not only do MNCs strive to reduce existing costs, including labor costs, as far as possible, they rarely consider incurring extra costs related to improving labor standards beyond required standards. For example, it is rare that a multinational employer spends money on lobbying the national government to improve labor laws or ratify ILO Conventions, or on refurbishing and improving employees' working environment beyond minimum legal standards. This is not to deny that MNCs are quite willing to incur such costs when they must to meet the requirements of law, or when benefits can be gained by doing so (e.g., attracting a better quality of employee, or additional positive publicity and market exposure for the company). Unfortunately, however, this is rarely the case. Rather, what is more likely to prove most profitable for the investor is to take advantage of every possible loophole existing in the blanket of labor rights protection provided for host country workers. Nor can one blame the investor for this. Rather, the fault lies more with the emphasis placed by Anglo-American company law on the managerial duty to maximize shareholders' profits.

Second, none of the scholars contributing to the two volumes under review here (nor any other serious commentator I have come across), would seriously argue that labor costs and/or labor standards are the *sole* determinant of FDI flows, or vice-versa. So Flanagan gains little by destroying such an assertion. Even those who argue that when countries compete to attract foreign investment it can have a detrimental effect on labor rights can understand that investment decisions are not made on the basis of labor costs alone, but on the basis of many other determinants as well. These other equally, if not more, important determinants of investment decision making include the traditional ones pointed to by Flanagan: market size, market growth, general economic growth rate and degree of "openness" of the economy. In other words, even someone who is sympathetic to the globalization approach over a purely institutionalist analyses of the globalization-labor rights problem can readily accept that host government support for basic labor standards has little or no effect on the attractiveness of an economy for potential foreign investors. It is also readily acceptable that, as Robert Flanagan demonstrates, ratifications of labor standards by a government make no statistically significant difference to labor rights and conditions in that nation. Rather labor rights and conditions in an economy "are improved by free trade policies and economic growth", amongst other things (Flanagan 64).

Flanagan also fails to confront the fact that there is, inevitably, a continuing relationship between FDI and labor standards *after* the initial investment decision has been made, and *after* the relationship between foreign investor and host country has been established. Once this relationship has been established the shared interest of both national government and foreign investor is not necessarily to reduce or degrade labor rights, but at best to simply allow labor rights to "stagnate." Workers find



themselves in a “Catch 22” where they must individually welcome (because it provides a basic livelihood) the very same foreign investment that benefits from labor force flexibilities (such as easier retrenchment or dismissal guidelines) that may tend to detract from the quality of employment security and protection for minimum working conditions.

Nor does Flanagan have any answer to the allegation that foreign direct investors can and do take advantage of limitations and loopholes in the host country’s labor rights regime whenever it is their interest to do so. Finally, he fails to demonstrate any understanding of the policy implications arising from a more complex analysis of the relationship between FDI and labor standards. Policy proposals put forward to avoid the “Catch 22” situation created for workers when large MNCs become major employers in their country include: (1) providing incentives for MNCs to actively promote and support host nation attempts to improve labor standards, and/or; (2) imposing (internationally recognized) obligations on foreign investors to promote and support employee rights and working conditions. Flanagan does not discuss, and has nothing to say about, such proposals.

These criticisms aside, Flanagan’s chapter certainly shows the flaws in simplistic conceptions of the globalization-labor rights relationship, and to that extent provides a very valuable addition to international scholarship on this question. Most of the other chapters in this volume are equally intellectually satisfying. Indeed, some of the chapters in this book include some of the best attempts to seriously grapple with the tricky questions of law and morality raised by proposals to link trade policy and labor standards. To be sure, the editors set out some ambitious aims for themselves, and see to address some very fundamental questions indeed, including:

- What market failures justify government regulation of labor standards?
- In the absence of international regulations, will countries degrade their labor conditions in order to obtain competitive advantages?
- Why should international standards override domestic political processes in determining a country’s level of labor standards?
- What are the most effective forums for the development of international labor standards?
- What evidence is available on the comparative efficacy of increased trade and growth versus labor standards as mechanisms for improving labor standards?

The beauty of the book is that it does not, in general, attempt to answer these questions in any prescriptive fashion *for* the reader. Rather, it provides the reader with at least some of the knowledge and the logical linkages required to answer the questions posed above for herself. For those issues on which reasonable persons can and do often disagree, authors of different chapters present both sides of the debate with clarity and force. There is a genuine and vigorous debate which occurs between the contributors to this volume—one based on mutual respect and the use of evidence, rather than rhetoric—which stands in favorable contrast to the more stridently rhetorical tone of some of the chapters in James Gross’ edited collection.

The Flanagan-Gould edited collection also provides a thoughtfully analytical and practical discussion of the various possible solutions that have been suggested and are being implemented to help alleviate the more destructive aspects of globalization on labor rights and standards. Among these are the levels of effectiveness of treaties, trade agreements, soft law, mandatory codes and

voluntary codes of conduct. For example, Gould's chapter, "Labor Law for a Global Economy," takes a generally positive view of the effects of the North American Free Trade Agreement (NAFTA) Labor Side Agreement on labor rights and standards in Mexico, arguing, *inter alia*, that "it seems clear that Mexico has become more democratic since NAFTA has been in existence" (Gould in Flanagan and Gould: 105). Enrique de la Garza Toledo's closer examination of the Mexico case reveals, however, that the truth is more complex. After a careful look at labor union activity and government labor policies in Mexico, de la Garza Toledo concludes that "decision making power has not been delegated to the workers, wages are low, and labor is high-intensity.... The unilateral employer form still prevails and the possibility of reaching agreements with the unions in the workplace is more rhetoric than real" (de la Garza Toledo in Flanagan and Gould: 253).

One particularly satisfying chapter in this collection is Gary Field's paper discussing "International Labor Standards and Decent Work: Perspectives from the Developing World." Field's chapter sets out in a simple, straightforward fashion what Gould calls "the Uneasy Case for International Labor Standards." Field puts forward the essence of both sides of the debate in an easy-to-read but not overly simplistic manner. It is a style that draws the reader along with it every step of the way towards a carefully reasoned and well-balanced conclusion. The author highlights the strengths and weaknesses of each side of the debate and explains clearly the rationale behind his preferred resolution. This chapter would have made a good first chapter of the book (it actually comes as the third chapter) precisely because it sets out the essence of the problem so beautifully.

Field is an economist; I make this point because I am not an economist and tend to be wary of economic theory used as the basis for discussing social/human rights questions. Yet I found myself persuaded by Field's balanced viewpoint that, "[s]ome kinds of work (slavery, indentured servitude, forced labor, the worst forms of child labor) are an outrage wherever they occur and they should be prohibited.... Certain basic human rights in the workplace should ... be guaranteed to workers – in particular the right to freedom of association and collective bargaining... [but it is not] possible to pass laws or set standards to assure other important and sought after conditions of work [such as] earnings levels and other conditions of employment... [which] can best be achieved through broad-based economic growth..." (Field in Flanagan: 61).

Reading the Flanagan-Gould collection can shake us from any pre-existing prejudices and lead us toward a more complex understanding of how global economic forces and local experiences in the workplace interact with and affect each other. It can help us to break the deadlock which currently exists in the debate about the relationship between international economic changes and national patterns of industrial relations. Both globalization theorists and institutionalists can accept that globalization creates identical economic pressures across all countries. What they disagree about is the extent to which this common pressure is determinant of national patterns of industrial relations. Globalization theorists take evidence of convergence as demonstrating the explanatory significance of international economic change, and the relative unimportance of domestic institutional factors. For institutionalists, continued diversity between countries is taken as evidence of the explanatory significance of institutions and the relative unimportance of economic factors. To break the deadlock in this debate we need to construct a more complex model which combines elements of both the globalization and the institutionalist perspectives on the problem of global

economics and individual workers' rights. A more complex model could, for example, regard national institutions (or even regional institutions), of industrial relations<sup>8</sup> as the product of policy coalitions formed between different states; and between the state, employers and/ or national labor organizations. These coalitions are formed in the context of particular patterns of economic integration in the global economy. This approach seeks to explain the relationship between international economic change and national patterns of employment relations by mapping the impact of international (and regional) changes on the interests of elements of this policy coalition and the stability of the policy coalitions which underpin national institutions. The detailed local economic study of the Mexican case presented by Enrique de la Garza Toledo is particularly instructive in this regards, but so also are the other chapters in the Flanagan-Gould volume, albeit in different contexts and at different levels. For this reader at least, the book has helped to enhance understanding of local developments in Australian labor market law and practice by placing such changes within an international global context.

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<sup>8</sup> An example of a bilateral/multilateral institution of industrial relations would be the National Administrative Offices established in Canada, Mexico and the USA to hear matters arising under the NAFTA Labor-Side Agreement related to enumerated core labor standards including freedom of association, the right to organize and bargain collectively and the right to strike. Another institution established under the same agreement is the Evaluation Committee of Experts which hears matters arising in relation to other core standards such as the prohibition of forced labor and the elimination of employment discrimination.

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