

- Attempt to influence the cost of doing business in foreign countries through international organizing, the further extension of international labour standards, and multinational bargaining to help to ensure the enforcement of those standards.
- Accept the mobility of capital, and deal with the adjustment side through domestic labour market policies, particularly in light of differing levels of productivity.

With globalization, the first option faces strong opposition, on both political and economic grounds. It will not be considered further in this Paper as a viable option. The remaining two options are more feasible and practical options. For governments, the two options may be characterized as policy responses in the domestic and international arenas, and this will be explored further.

## 6.1 The International Arena: The GATT, and the Need for an International Dialogue

The GATT defines the rights and obligations of contracting parties with respect to trade. There is very little in the GATT related to labour standards or labour rights. The single reference to labour is in Article XX, which states that import restrictions may be used against imports of products produced by prison labour. There may, however, be a basis for considering trade and labour linkages in the GATT. Article XXIX of the GATT obliges contracting parties to undertake to observe the general principles of certain chapters of the (stillborn) International Trade Organization, i.e., the Havana Charter. Article 7 of Chapter II of the Havana Charter includes the general principle that unfair labour conditions should be discouraged in member countries.<sup>53</sup> The article provides that:

"The Members recognize that measures relating to employment must take fully into account the rights of workers under inter-governmental declarations, conventions and agreements. They recognize that all countries have a common interest in the achievement and maintenance of fair labour standards related to productivity, and thus in the improvement of wages and working conditions as productivity may permit. The Members recognize that unfair labour conditions, particularly in production for export, create difficulties in international trade, and, accordingly each member shall take whatever action may be appropriate and feasible to eliminate such conditions within its territory."<sup>54</sup>

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<sup>53</sup> GATT, L/6243, 28 October 1987.

<sup>54</sup> J.F. Perez-Lopez, "Conditioning Trade on Foreign Labour Law: The U.S. Approach", Comparative Labour Law Journal, Vol.9, Number 2, 1988, p.256.