

participated in a broad coalition to defeat Congressional passage of the NAFTA. The clear implication of the NAFTA labour experience is that future bilateral or regional economic arrangements involving the U.S. are likely to require a labour dimension. It also means that there is likely to be increased U.S. political interest in addressing trade and labour issues in a multilateral context.

6.3 An Approach for Multilateral Negotiations

Canada should support further work internationally on labour rights and standards and their link to trade, primarily for three reasons. First, Canadian values favour the promotion of at least certain labour rights, including the prohibition of child or forced labour and the implementation of high work place safety standards. Secondly, the failure to enforce labour rights and standards can have an impact on production costs -although the extent of the impact is not at all clear. And thirdly, the blocking of work internationally that could lead to at least limited negotiations will only encourage the U.S. and the European Union to act unilaterally. There is no consensus, however, on what the objectives of a labour clause in a multilateral trade agreement would look like. It is, however, instructive to think of a labour clause as a clause which aims to improve labour conditions in the Parties to a trade agreement. Such a clause may or may not allow trade sanctions to be taken.

The North American Agreement on Labour Co-operation offers one possible approach to negotiating a labour clause, and it may be a reasonable basis for engaging in a multilateral dialogue. The key feature of the NAALC approach is that there is no requirement to meet an internationally agreed standard. A multilateral application of the NAALC approach would allow each country to enforce its own domestic labour rights and standards as the "lowest" standard. This would act as a moral "ratchet effect" that would discourage countries from lowering their standards, but allow them to move to higher standards in accordance with their economic development. Moreover, lowering a domestic standard that was recognized in a multilateral agreement would likely have an electoral cost for a government.

A more ambitious multilateral approach would be to negotiate minimum labour rights and standards that would apply in all countries. This is distinct from the harmonization of labour rights and standards, which would be an even more ambitious undertaking. With the negotiation of minimum rights and standards, countries would be free to move unilaterally to a higher level. "High" minimum standards, such as on the notification period for layoffs or worker representation on firms' boards, might, however, generate rigidities in countries' economies. Diverse levels of economic development amongst countries also implies that minimum standards would have