

7. SOME CONCLUSIONS AND OBSERVATIONS

The growing interdependence and integration of the world's economies requires governments to give greater recognition to the global economy's implications for labour policies. Globalization and trade liberalization do not imply governments should take a laissez-faire approach. Rather, strategic refocussing is called for. With increased competition, and restrictions on the use of traditional instruments to ease adjustment, governments have an increasingly important role in promoting human skill development.

The major conclusions and observations to be drawn from this paper are:

- In respect of labour rights and standards, "social dumping" and "social countervail" should be approached very cautiously. Given the lack of evidence on the effects of labour rights on wage costs, productivity differentials, and the risk of expanding the definition of a subsidy to include almost any differences in economic or social policies, Canada should oppose the introduction of such trade remedy mechanisms.
- If no workable multilateral understanding on trade-labour linkages is reached, however, there is a risk that unilateral trade measures will be used. In particular, it appears that the political climate in the U.S. is such that the U.S. could be prone to use unilateral measures if a multilateral mechanism were not available. As with its traditional approach to subsidization and other "unfair" trade practices, the U.S. is likely to be much more concerned with the "level" of its trading partners' labour laws and practices, rather than its own, such as "right to work" legislation in over 20 U.S. States.
- Canada should support further work internationally on labour rights and standards and their link to trade, primarily for three reasons: 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; 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 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.