

### Historical

#### Drivers of glob

-leaps in tech, ICT, transportation improvements

#### 3 Principles

-FDI, Trade, Immigration

#### Pros of Glob

- millions lifted out of poverty, MNC presence helps local economies, allows nations to trade and cooperate

#### Cons of Glob

- global warming, some sectors floundered (Steel in G7), new tech brings new dangers, and global inequality crisis worsens (when corporations avoid paying tax)

#### What is different about this situation?

-speed of communication and exchange, complexity n size of networks, volume of trade and interaction, entry of China and India (impact on global labour supply), rapid development in ICT --> uncontrollable n sudden, **changes in org of production, denationalization of comp adv, shift to services, more wild**

#### How nations are affected by new glob

- changed role of distance, finer degree of resolution, denationalized to competitiveness, sudden impact, broken social compact in G7, govt policies require rethinking

### MNCs

Glob of econ activities weakened tradnl bonds of loyalty between home-grown companies and local communities and countries of origin

increase prod --> increase lab D --> increase in E w usual increase in W, **generally pay higher W than other firms in the country**

#### Importance to Emerging Countries

- weakened, not eliminated role of national systems of labour relations, + new institutions and processes for dealing w labour conditions

#### Best Way to Improve Labour Standards is Improving Labour Productivity

-tough to imagine system where policies set standards that improve global labour conditions

### MNCs (cont)

- **setting global standards by having global labour policies would only create intl winners and losers as opposed to a general improvement in lab conditions**

**Alter IR and LO bc drive glob instead of specific nation states**

### Specific Policies

#### Min Wage Policies

- **Pros:** raises living standards for poorest and brings incomes above poverty level, **low impact on unemployment**, ripples thru economy via increased consumption, more govt revenue thru increased payroll taxes, reduce expenditure for social programs --> lowering taxes

- **Cons:** leads to layoffs and slower hiring, capital > labour, accelerates outsourcing, prices lead to inflation, reduced fringe benefits, increased low W sector and informal economy in developing countries

**OHS:** workplace accidents occur bc of charac of work, more risk taking if accidents rare, higher reported injuries in unionized workplace

#### WC: deeply rooted sense of distrust

- workers receive care n benefits (medical and lost W) while employers shielded from litigation

- types of injury and jurisdiction affects amt of consumption

- permanent disability: diff schedule for impairments than for WC, based on impairment model, wage less formula, life worth

**Unemployment Insurance:** replacement rate, benefit duration, measures of active labour policy

- **Pros:** replace lost income, keep people out of poverty, encourage workers to accept economically important jobs, provide additional support to workers during recessions

- **Cons:** lengthen unemployment spells, raise ntnl unemployment rate, doesnt help ppl find better/better paying jobs, unemployed workers might exaggerate job search activity and reap benefits

### Specific Policies (cont)

**ALMPs:** govt programmes that intervene in the labour market to help unemployed find work

- Employment Assistance: public employment services, employment subsidies, start-up incentives

- Training schemes (upskilling): Classes, apprenticeships, help the unemployed improve vocational skills and employability

-Occupation (training)

Types of ALMPS or Activation

- "Universalistic Activation:" nordic countries extensive investment in HC thru training, spend a bigger prop. on training

- "Defensive" or "Negative" Activation: Europe has stronger work incentives, benefit conditionality, use of sanctions

**Pensions:** lifetime payment by a govt, employer, or indiv savings in consideration of past service after retirement

- Objectives: anti-poverty n income replacement

- 1st tier: elderly/old age benefits, 2nd tier: SSI/SSN, 3rd tier: employer sponsored pension plans, 4th tier: individual savings plans

**Winners and losers living in a country w a strong social safety net increases likelihood of seeing glob as something positive**

### Future of Glob

**intl trade, migration, and MNCs gen advanced labour rights and working conditions around the world**

- policy proposals such as trade sanctions that do not adopt IL standards, likely cause worse labor conditions --> should instead favor opp for target groups

- current glob intl migration will not replicate role bc no one wants to reduce barriers

- successful glob will cause both pains and gains --> govt responsible for creating 'faith' in the fight for glob

- govts promote investment in knowledge capital, private sector R+D subsidies, tax breaks, promote investment in HC w policies linked to ed, re/training (like sweden)

### Future of Glob (cont)

Driving forces have changed: used to be steam, now ICT, future may be robots and more tech

#### 'Good Scenario'

- tradeoffs need to be recognized explicitly, development of a "managed form of glob," --> strike a better balance

#### 'Ugly Scenario'

- abrupt end to glob, return to protectionism of the 1930s (seeing it in anti-immigration policies, stricter trades (fair, not free e.g. milk in CAN), walled-up borders, tariffs and sanctions)

- many more barriers to unraveling of the global system

### Trade Policies

Free trade and working conditions affect...

-reallocation of resources to most efficient use, greater economies of scale, increased comp from foreign producers, transfers of tech, knowledge, and learning

#### Overall Impact (Flanagan)

- improves working conditions by indirectly raising per capita income, most direct effect on labour rights (countries w open intl trade policies have superior labour rights), no evidence that those w open trade have poorer working conditions

Free trade --> increase ntl prod --> basis for sustained increase in per capita income --> improve working conditions

### International Migration

#### Trade and Migration

-arrival of immigrants increase size of LBF and creates employment bc immigrants increase demand

**"mass migration, not trade, seems to have played crit glob role in late 19th century)** - O'Rourke & Williamson

- Mass Migration depressed Real Wages in New World and raised in Old World

#### Decision to Migrate

### International Migration (cont)

- **Pull factors** (healthcare, peace, ed, money\*, food, social security, old-age support, sickness benefits)

-countries w lower benefit levels will not be attractive destinations for unskilled migrants

-**Push factors** (climatic disasters, farmers' life, war, poverty)

#### Immigration Policies

-strict reg of migration to protect ntl labmrkts but immigrants only small proportion n rarely displace locals

-**trend of making migration more difficult in OECD** (determine size + composition of legal migration flows, which influence patterns of convergence based on which countries are allowed to send migrants, e.g. Mexico and US 1942-1966)

#### First Wave

-clear evidence of how intl labour mrkt can reduce intl inequality in working conditions, e.g. US W was 4x Sweden's

-incentive was monetary, economic incentives -> **"in the absence of mass migrations, real W dispersion would have increased by 7% rather than decreasing by 28"**

-Migration slows progress of minorities in destination countries

-Intl migration tends to improve labor rights in sending countries but may erode in receiving countries

#### Second Wave (Post War Glob)

-intl migration has not reached levels of migration like seen in 1st

- monetary incentives were larger than 1st wave

#### 21st Migration Policy

- policies have reduced intl lab mrkt as mech for producing a convergence of lab conditions for unskilled

- absolute limits on #immigrants reduced importance of economically motivated intl migration

### Labour Conditions

New Rules of Glob (Ian Bremmer)

-"guarded" (slow-moving, selective, nationalism, n regionalism), rise of state capitalism (China), MNCs (business in emerging mrkt)

#### Conditions in the workplace

-working time, remuneration (gainful employment at comp W), work org, physical conditions, health, safety, work life balance

#### Myths

- Downward pressure on wages (tech is more sig. than glob in low W), Race to Bottom (MNCs dont look for lowers paid laborers, n offered higher labor standards)

#### 4 Core Rights of Labour

1) Freedom of Association (form unions), 2) non discrimination in employment and pay, 3) limiting child labour, 4) abolishing forced labour

#### Working conditions of a country dependent on

- amt of invstmt in ed, health, population, training, health & safety, overall prod (training and ed)

**Countries w high rates of school enrollment, low prices of goods and policies to regulate health conditions have favourable and superior working conditions and labour rights**

Europe & New World had increase in migration & trade w each other --> converging

