

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

