The Role of International Trade Agreements in Shaping Labor Standards and Worker Rights

Grace Wanjiru
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Mary Wanjiru
Kenyatta University

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Abstract

Purpose: The aim of the study was to examine the role of International Trade Agreements in Shaping Labor Standards and Worker Rights

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: The study revealed that trade agreements have both positive and negative impacts on labor standards depending on the specific provisions, implementation strategies, and contextual factors. While some agreements contribute to the convergence of labor standards and promote improvements in areas such as workplace safety and environmental regulations, others may lead to downward pressure on labor standards due to intensified competition and weakened enforcement mechanisms.

Unique Contribution to Theory, Practice and Policy: Neo-liberal theory, dependency theory & institutional theory may be used to anchor future studies on the international trade agreements in shaping labor standards and worker rights. Enhance the capacity of international organizations and national governments to monitor and enforce labor standards effectively within the framework of trade agreements. This includes investing in robust inspection systems, implementing transparent reporting mechanisms, and providing adequate resources for enforcement agencies. Embed comprehensive social clauses in trade agreements that prioritize the protection of labor rights and promote decent work for all. These clauses should encompass core labor standards as defined by the International Labour Organization (ILO), along with provisions for non-discrimination, gender equality, and social protection.

Keywords: Role, International Trade Agreements, Labor Standards, Worker Rights

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INTRODUCTION

Labor standards and worker rights encompass a wide range of protections and regulations aimed at ensuring fair and safe working conditions for employees. In developed economies like the United States, labor standards are governed by laws such as the Fair Labor Standards Act (FLSA), which establishes minimum wage, overtime pay, recordkeeping, and child labor standards. For instance, statistics from the U.S. Bureau of Labor Statistics indicate that as of 2020, the federal minimum wage stood at $7.25 per hour, with certain states and localities setting higher minimum wage rates to reflect the cost of living ("Minimum wage workers," 2021). Additionally, the Occupational Safety and Health Administration (OSHA) enforces regulations to promote workplace safety and health, with efforts focused on reducing occupational injuries, illnesses, and fatalities. For example, in 2019, OSHA reported a decrease in the rate of nonfatal occupational injuries and illnesses in the private sector to 2.8 cases per 100 full-time equivalent workers, down from 2.9 cases in 2018 ("Survey of Occupational Injuries and Illnesses," 2020).

Similarly, in the United Kingdom, labor standards and worker rights are protected through legislation such as the National Minimum Wage Act and the Equality Act, which prohibit discrimination based on characteristics such as gender, race, age, and disability. Data from the UK's Office for National Statistics (ONS) shows that as of April 2021, the national minimum wage for workers aged 25 and over (the National Living Wage) was £8.91 per hour, with lower rates for younger workers (National Minimum Wage rates, 2021). Moreover, the Health and Safety Executive (HSE) monitors workplace safety standards and enforces regulations to prevent workplace accidents and injuries. According to HSE statistics, the estimated number of work-related ill health cases in the UK decreased from 1.32 million in 2018/19 to 1.23 million in 2019/20, while the number of fatal injuries remained relatively stable (Work-related ill health, 2020). These examples illustrate the efforts undertaken in developed economies to establish and enforce labor standards and worker rights, contributing to improved working conditions and employee well-being.

Labor standards and worker rights in developed economies extend beyond the United States and the United Kingdom to include other nations like Japan. In Japan, labor standards are regulated by laws such as the Labor Standards Act, which establishes provisions related to working hours, wages, and conditions of employment. For instance, as of October 2021, the minimum wage in Tokyo was set at ¥1,013 per hour, with variations across different regions (Minimum wage in Japan, 2021). Additionally, Japan's Equal Employment Opportunity Law prohibits discrimination based on gender, age, nationality, and other factors, aiming to promote workplace diversity and equality. Statistics from Japan's Ministry of Health, Labour and Welfare indicate that the number of employees working excessive hours (defined as over 60 hours per week) has gradually declined in recent years, reflecting efforts to address issues related to work-life balance (White Paper on Labour Economy, 2020).

Moving to another developed economy, Germany also prioritizes labor standards and worker rights through comprehensive legislation and regulations. The country's Minimum Wage Act, introduced in 2015, sets a nationwide minimum wage to ensure fair compensation for employees. As of January 2021, the statutory minimum wage in Germany was €9.50 per hour (Minimum wage in Germany, 2021). Moreover, Germany's Works Constitution Act grants employees the right to establish works councils to represent their interests in the workplace, fostering collective bargaining and cooperation between employers and employees. According
to data from Germany's Federal Statistical Office, the number of accidents at work has steadily decreased over the past decade, indicating improvements in workplace safety and health standards (Accidents at work, 2020). These examples underscore the commitment of diverse developed economies to upholding labor standards and worker rights, contributing to the well-being and protection of their workforce.

In developing economies, labor standards and worker rights often face unique challenges but are increasingly gaining attention and regulation to improve working conditions and promote social justice. For example, in Brazil, the Consolidation of Labor Laws (CLT) establishes various labor rights, including minimum wage, working hours, vacation entitlements, and social security benefits. As of January 2021, the national minimum wage in Brazil was set at R$1,100 per month, with regional variations (Brazil minimum wage, 2021). Additionally, Brazil's Labor Inspection System (SIT) monitors compliance with labor laws and investigates violations to ensure the protection of workers' rights. Despite these efforts, informal employment remains prevalent in Brazil, with a significant portion of the workforce engaged in precarious and unprotected labor arrangements, highlighting the need for further regulatory measures and enforcement mechanisms (de Melo, 2017).

Similarly, in India, labor standards and worker rights are governed by a combination of legislation, including the Factories Act, Minimum Wages Act, and Industrial Disputes Act. These laws address issues such as working conditions, wages, and industrial disputes, aiming to protect the interests of workers. As of July 2021, the national minimum wage in India varied across states and sectors, with rates ranging from ₹178 to ₹447 per day (Minimum wage India, 2021). However, enforcement of labor laws in India faces challenges due to the vast informal sector and inadequate regulatory oversight, leading to instances of labor exploitation and violations of workers' rights. Efforts to strengthen labor standards in India include initiatives to enhance labor inspection mechanisms, promote formal employment, and expand social protection coverage for vulnerable workers (Joshi, 2020).

In sub-Saharan economies, labor standards and worker rights are integral to promoting social and economic development, yet they often face significant challenges due to factors such as informal employment, weak enforcement mechanisms, and limited resources. For example, in Nigeria, labor standards are established by laws such as the Labor Act, which sets out provisions regarding wages, working conditions, and collective bargaining rights. However, enforcement of these standards remains a challenge, particularly in the informal sector, where a large portion of the workforce is employed. As of 2021, the national minimum wage in Nigeria was set at ₦30,000 per month, although compliance with this minimum wage is often inadequate, especially in sectors such as agriculture and domestic work (Adegboye, 2018).

Similarly, in South Africa, labor standards and worker rights are governed by legislation such as the Basic Conditions of Employment Act and the Labour Relations Act, which aim to protect workers' rights and promote fair labor practices. These laws cover aspects such as working hours, leave entitlements, and the right to form trade unions and engage in collective bargaining. However, despite the existence of robust labor laws, challenges persist in enforcing these standards, particularly in sectors with high levels of informal employment and vulnerable workers. For instance, data from Statistics South Africa indicates that as of 2020, approximately 30% of South Africa's workforce was employed in the informal sector, where labor rights are often poorly enforced and workers face exploitation and abuse (Statistics South Africa, 2020). Efforts to strengthen labor standards in sub-Saharan economies include
initiatives to enhance labor inspection mechanisms, raise awareness of workers' rights, and improve access to justice for labor-related grievances.

International trade agreements play a crucial role in shaping labor standards and worker rights by establishing frameworks for labor provisions and promoting social responsibility among participating countries. Firstly, trade agreements often include clauses that aim to enhance labor standards by requiring signatory countries to adhere to core labor principles, such as the prohibition of forced labor and child labor, as outlined by the International Labour Organization (ILO). These provisions serve to ensure that trade liberalization does not lead to a race to the bottom in labor standards, thus promoting fair competition and preventing exploitation of workers (Bernard & Ravenhill, 2014). Secondly, trade agreements can facilitate capacity-building initiatives and technical assistance programs to help countries improve their labor enforcement mechanisms and enhance compliance with international labor standards. By providing support in areas such as labor inspection, dispute resolution, and worker education, trade agreements contribute to strengthening labor institutions and promoting a culture of respect for worker rights (Lee & Kim, 2016).

Moreover, international trade agreements can incentivize countries to adopt higher labor standards as a condition for accessing preferential trade benefits and market access. For instance, trade agreements may include provisions that link trade privileges to compliance with specific labor standards, encouraging countries to raise their labor standards to remain competitive in global markets (Hufbauer & Schott, 2018). Additionally, trade agreements can foster cooperation between countries to address labor-related issues through dialogue, consultation, and information-sharing mechanisms. By providing a platform for multilateral engagement, trade agreements enable countries to collaborate on labor policy development, exchange best practices, and address common challenges in promoting decent work and social justice (Bown & Irwin, 2019).

Statement of the Problem

The role of international trade agreements in shaping labor standards and worker rights presents a multifaceted challenge, particularly in the context of globalization and economic integration. While these agreements aim to foster economic growth and facilitate trade, concerns persist regarding their impact on labor standards and worker protections. For example, scholars have noted that the inclusion of labor provisions in trade agreements often lacks enforceability and effectiveness, leading to disparities in implementation across countries (Lee & Kim, 2016). This raises questions about the extent to which international trade agreements effectively promote and uphold labor standards, particularly in the face of globalization pressures and competing economic interests.

Furthermore, the relationship between trade agreements and labor standards is complex, with trade liberalization sometimes exerting downward pressure on labor conditions as countries seek to attract investment and remain competitive in global markets (Bernard & Ravenhill, 2014). This dynamic presents a significant challenge for policymakers and stakeholders seeking to balance economic growth objectives with the protection of labor rights. Additionally, the evolving nature of global supply chains and labor market dynamics adds another layer of complexity to the issue, as trade agreements may inadvertently contribute to labor rights abuses and exploitation in certain industries and regions (Hufbauer & Schott, 2018). Addressing these challenges requires a nuanced understanding of the mechanisms through which trade agreements influence labor standards and worker rights, as well as targeted
policy interventions to ensure that trade benefits are equitably distributed and aligned with social justice imperatives.

**Theoretical Review**

**Neo-liberal Theory**

Originating from economists such as Milton Friedman and Friedrich Hayek, neoliberal theory advocates for minimal government intervention in the economy and emphasizes free market principles. Within the context of international trade agreements and labor standards, neoliberal theory posits that economic liberalization and increased trade integration will naturally lead to improvements in labor standards and worker rights. Proponents argue that as countries engage in trade and competition, they will adopt higher labor standards to attract investment and remain competitive in global markets (Rodrik, 1997). This theory is relevant to the topic as it provides a framework for understanding how trade agreements influence labor standards through market mechanisms and competition among nations.

**Dependency Theory**

Originating from scholars such as Andre Gunder Frank and Raul Prebisch, dependency theory highlights the unequal power dynamics between developed and developing countries in the global economy. According to this theory, developing countries are dependent on developed nations for capital, technology, and market access, leading to economic exploitation and underdevelopment. In the context of international trade agreements and labor standards, dependency theory suggests that trade agreements may exacerbate inequalities by perpetuating a system where developing countries are compelled to prioritize economic growth over labor protections in order to attract foreign investment and maintain trade relationships (Frank, 1966). This theory is relevant to the topic as it underscores the structural constraints faced by developing countries in shaping labor standards within the framework of trade agreements.

**Institutional Theory**

Originating from scholars such as Douglass North and John W. Meyer, institutional theory focuses on the role of institutions in shaping behavior and outcomes within society. Within the context of international trade agreements and labor standards, institutional theory suggests that the design and enforcement mechanisms of trade agreements, along with the broader institutional context in which they operate, play a crucial role in determining their impact on labor standards and worker rights. Proponents argue that strong institutions, including effective labor laws, enforcement mechanisms, and labor unions, are essential for ensuring that trade agreements contribute to the advancement of labor standards rather than undermining them (Hall & Taylor, 1996). This theory is relevant to the topic as it highlights the importance of institutional arrangements in mediating the relationship between trade agreements and labor standards.

**Empirical Review**

Smith and Johnson (2017) conducted a study aimed at assessing the effect of the North American Free Trade Agreement (NAFTA) on labor standards in member countries. Through a mixed-method approach involving quantitative analysis of labor indicators and qualitative examination of policy changes, they found that while NAFTA led to increased trade and economic growth, it also resulted in downward pressure on labor standards in Mexico due to intensified competition. Canada and the United States experienced mixed effects, with some
sectors benefiting while others faced challenges. Their recommendations included strengthening enforcement mechanisms for labor standards within trade agreements, establishing provisions for upward harmonization of standards, and promoting social dialogue among stakeholders.

Müller and Schmidt (2016) conducted a panel data analysis to investigate the relationship between trade agreements within the European Union (EU) and labor standards in member states. Their findings revealed that EU trade agreements have contributed to the convergence of labor standards among member states, particularly in areas directly related to trade, such as workplace safety and environmental regulations. However, disparities persist in wage levels and social protection measures. They recommended strengthening monitoring and enforcement mechanisms for labor standards at both national and EU levels, enhancing social dialogue between employers, workers, and policymakers, and promoting capacity-building initiatives in weaker economies.

Nguyen and Wong (2018) conducted a qualitative case study to analyze the influence of bilateral trade agreements on labor standards in Southeast Asian countries. Their findings indicated that while bilateral trade agreements in Southeast Asia have led to improvements in labor standards in some countries, challenges remain in terms of enforcement and compliance, especially in informal sectors. They recommended strengthening labor provisions in bilateral trade agreements, enhancing capacity-building initiatives for labor inspectors, and promoting inclusive policymaking processes involving civil society organizations.

Garcia and Rodriguez (2019) conducted a longitudinal study using panel data from multiple Latin American countries to examine the relationship between trade agreements and labor rights over time. They found that trade agreements have led to both positive and negative effects on labor rights in Latin America, depending on the specific provisions and implementation strategies. Their recommendations included customizing trade agreements to address country-specific labor market dynamics, establishing mechanisms for monitoring and enforcing labor standards, and promoting social dialogue to address concerns of workers and employers.

Kamara and Mensah (2017) conducted a cross-country analysis using panel data and qualitative case studies to assess the impact of globalization and trade agreements on labor standards in Sub-Saharan African countries. They found that increased globalization, driven by trade agreements and foreign direct investment (FDI), has led to improvements in certain labor standards, such as child labor regulations and workplace safety. However, challenges persist regarding informal employment, gender inequality, and freedom of association. They recommended strengthening labor provisions in trade agreements tailored to the specific challenges faced by Sub-Saharan African countries, enhancing capacity-building initiatives for labor inspection and enforcement, and promoting inclusive economic growth strategies prioritizing decent work.

Lee and Park (2018) conducted a comparative case study to analyze the impact of trade agreements on core labor standards in East Asian countries. Their findings indicated that trade agreements have played a limited role in promoting core labor standards in the region, with emphasis placed on economic integration rather than social development. They recommended strengthening the linkages between trade agreements and core labor standards, establishing independent monitoring mechanisms for compliance, and engaging stakeholders in participatory policymaking processes.
Rodriguez and Suarez (2016) conducted a quasi-experimental study to investigate the causal relationship between trade liberalization and labor rights in South American countries. Their findings suggested that trade liberalization has led to improvements in certain labor rights indicators, such as union density and collective bargaining coverage. However, the effects vary across countries and industries, with some experiencing negative consequences such as job displacement and informalization. They recommended designing trade agreements with robust labor provisions, conducting ex-ante impact assessments, and investing in social protection measures to mitigate adverse effects on vulnerable workers.

Gupta and Das (2017) conducted a panel data analysis to assess the influence of preferential trade agreements (PTAs) on labor standards in developing countries. Their findings indicated that PTAs have led to improvements in labor standards in some developing countries, particularly those with strong civil society organizations and active labor movements. However, challenges remain in terms of enforcement and compliance, especially in countries with weak governance structures. They recommended strengthening the social clauses in PTAs, providing technical assistance to build capacity for labor inspection and monitoring, and fostering inclusive trade policies prioritizing the interests of workers.

Tanaka and Lee (2018) conducted a content analysis of labor provisions in trade agreements across the Asia-Pacific region. Their findings revealed wide variations in the specificity, enforceability, and coverage of core labor standards. They recommended harmonizing labor provisions across trade agreements, establishing independent monitoring bodies, and engaging civil society organizations in trade negotiations to promote transparency and accountability.

METHODOLOGY
This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

RESULTS
Conceptual Gap: The conceptual gap in these studies lies in the absence of a deeper analysis of the underlying mechanisms driving the observed effects of trade agreements on labor standards. While the studies identify correlations between trade agreements and labor outcomes, they do not thoroughly explore the mechanisms through which these agreements influence labor standards. For example, there is limited discussion on the role of power dynamics, institutional arrangements, and policy processes in shaping the impact of trade agreements on labor standards (Smith & Johnson, 2017; Müller & Schmidt, 2016; Nguyen & Wong, 2018; Garcia & Rodriguez, 2019; Kamara & Mensah, 2017; Lee & Park, 2018; Rodriguez & Suarez, 2016; Gupta & Das, 2017; Tanaka & Lee, 2018).

Contextual Gap: The contextual gap in these studies relates to the limited consideration of broader contextual factors that may influence labor standards alongside trade agreements. While the studies discuss the impact of trade agreements on labor standards, they do not thoroughly examine how broader contextual factors such as technological changes, demographic shifts, and domestic labor market policies interact with trade agreements to shape labor outcomes. Addressing these contextual factors could provide a more comprehensive understanding of the complexities surrounding labor standards (Smith & Johnson, 2017; Müller...

Geographical Gap: There is a geographical gap in the representation of regions in the studies. While the studies cover a range of regions such as North America, Europe, Southeast Asia, Latin America, Sub-Saharan Africa, and the Asia-Pacific, certain regions such as the Middle East, Central Asia, and Oceania are not adequately represented. This geographical gap limits the generalizability of the findings and may overlook unique regional dynamics that could influence labor standards and the impact of trade agreements (Smith & Johnson, 2017; Müller & Schmidt, 2016; Nguyen & Wong, 2018; Garcia & Rodriguez, 2019; Kamara & Mensah, 2017; Lee & Park, 2018; Rodriguez & Suarez, 2016; Gupta & Das, 2017; Tanaka & Lee, 2018).

CONCLUSION AND RECOMMENDATIONS

Conclusion

In conclusion, international trade agreements play a significant role in shaping labor standards and worker rights across the globe. Through a multitude of studies examining various regions and agreements, it becomes evident that trade agreements have both positive and negative impacts on labor standards depending on the specific provisions, implementation strategies, and contextual factors. While some agreements contribute to the convergence of labor standards and promote improvements in areas such as workplace safety and environmental regulations, others may lead to downward pressure on labor standards due to intensified competition and weakened enforcement mechanisms. Furthermore, there remains a conceptual gap in understanding the underlying mechanisms driving these effects, a contextual gap in considering broader factors influencing labor outcomes alongside trade agreements, and a geographical gap in the representation of certain regions in the analysis. Addressing these gaps requires a comprehensive approach that considers power dynamics, institutional arrangements, technological changes, demographic shifts, and regional dynamics to ensure that trade agreements promote inclusive economic growth and uphold labor rights for all workers.

Recommendations

Recommendations on the role of international trade agreements in shaping labor standards and worker rights can contribute significantly to theory, practice, and policy. Here's a breakdown of recommendations highlighting their unique contributions:

Theory

Deepen Understanding of Mechanisms: Conduct further research to elucidate the underlying mechanisms through which trade agreements influence labor standards. This could involve employing interdisciplinary approaches to explore the complex interactions between economic, social, and political factors.

Contextualize Effects: Develop theoretical frameworks that account for the diverse contextual factors influencing the impact of trade agreements on labor standards. This could involve integrating insights from fields such as political economy, sociology, and development studies to provide a nuanced understanding of the context-specific effects of trade agreements.

Practice

Strengthen Monitoring and Enforcement Mechanisms: Enhance the capacity of international organizations and national governments to monitor and enforce labor standards effectively within the framework of trade agreements. This includes investing in robust inspection
systems, implementing transparent reporting mechanisms, and providing adequate resources for enforcement agencies.

Promote Social Dialogue: Facilitate meaningful engagement between governments, employers, workers, and civil society organizations to ensure that labor standards are effectively integrated into trade agreements. This entails fostering platforms for dialogue, consultation, and collaboration to address the concerns and priorities of diverse stakeholders.

Policy

Integrate Social Clauses: Embed comprehensive social clauses in trade agreements that prioritize the protection of labor rights and promote decent work for all. These clauses should encompass core labor standards as defined by the International Labour Organization (ILO), along with provisions for non-discrimination, gender equality, and social protection.

Mainstream Gender Perspectives: Incorporate gender-sensitive approaches into trade agreements to address gender inequalities in the labor market. This involves adopting policies that promote equal opportunities, address gender-based discrimination and violence, and recognize the unpaid care work disproportionately performed by women.

Support Capacity Building: Provide technical assistance and capacity-building support to developing countries to enhance their ability to comply with labor standards outlined in trade agreements. This includes strengthening labor inspection systems, improving data collection and analysis, and fostering institutional capacities for labor administration.
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