Working Paper 319

The Impact of Global Labour Standards on Export Performance

Kuntala Bandyopadhyay

May 2016

INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC RELATIONS

Table of Contents

List of abbreviations ..... **i**

Abstract ..... **ii**

1 Introduction **1**

2 Emerging Economies and Global Standards **1**

2.1 Changes via production *3*

2.2 Changes via shifts in demand *4*

2.3 Changes via civil society and state *4*

3 Empirical analysis **5**

3.1 Description of Data *5*

4 Results **8**

5 Conclusion **13**

References **14**

List of Tables

Table1: Core conventions of ILO 6

Table 2: Summary statistic of the variables 8

Table 3: Results from the regression estimating the effect of labour standards on the export of manufacturing goods 9

Table 4: Effect of ILO Ratifications on export of manufacturing goods 10

Table 5: Effect of Labour rights index –Uno on export of manufacturing goods 11

Table 6: Effect of labour Injury on export of manufacturing goods 11

Table 7: Effect of labour Strikes export of manufacturing goods 12

Table 8: Effect of Trade Union density on export of manufacturing goods 12

Table 9: Effect of Average hours worked export of manufacturing goods 13

List of abbreviations

MINTS	Mexico, Indonesia, Nigeria, Turkey, South Africa
CIVETS	Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa
EU	European Union
GVCs	Global Value Chains
HDI	Human Development Index
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organization
NGO	Non Governmental Organization
NIE	Newly industrialized economies
OECD	Organization for Economic Co-operation and Development
USA	United States of America
WTO	World Trade Organization

Abstract

The issue of global labour standards has been at the forefront of both regional and multilateral trade negotiations over the past two decades, and will likely remain high on the agenda of future trade talks as North-South trade flows continue to increase. Labour interests in high-standards countries argue that low labour standards are an unfair source of comparative advantage, and that increasing imports from low-standards countries will have an adverse impact on wages and working conditions in high-standards countries, thus leading to a race to the bottom of standards. For low-standards countries, there is the fear that the imposition of high labour standards upon them is just a form of disguised protectionism and is equally unfair since it will erode their competitiveness, which is largely based on labour costs. The objective of this paper is to discuss the ways the emerging economies and the public and private sectors within them, likely to emerge as setters of standards that affect producers and consumers across the world. The second part of the paper investigates empirically the effects of labour standards on export performance of a country cross-country regression with country fixed effects using a panel dataset over the year 1980-2014. If the popular views on the issue of trade and labour standards are correct, one should expect low-standards countries to enjoy a better export performance, ceteris paribus. We found that although no definite relation comes out between labour rights and export, the result could depend on whether it's a poor or rich country.

Key words: *labour standards, export performance, cross-country regression, panel data*

JEL Classification: *J80, J88.*

Author's Email: *kbandyopadhyay@icrier.res.in, callkuntala@gmail.com*

The impact of Global Labour Standards on Export Performance

Kuntala Bandyopadhyay

1 Introduction

The issue of global labour standards has been at the forefront of both regional and multilateral trade negotiations over the past two decades, and will likely remain high on the agenda of future trade talks as North-South trade flows continue to increase. Labour interests in high-standards countries argue that low labour standards are an unfair source of comparative advantage, and that increasing imports from low-standards countries will have an adverse impact on wages and working conditions in high-standards countries, thus leading to a race to the bottom of standards. For low-standards countries, there is the fear that the imposition of high labour standards upon them is just a form of disguised protectionism and is equally unfair since it will erode their competitiveness, which is largely based on labour costs. There is an extensive literature on the potential impact of standards on trade (Stephenson 1997, Sengenberger and Campbell 1994, OECD 1995, 1996, Krueger 1996, Maskus 1997, Mah 1996, Srinivasan 1996, White 1996, Dion et. al 1997, Anderson 1996).

The objective of this paper is to discuss the ways the emerging economies and the public and private sectors within them, likely to emerge as setters of standards that affect producers and consumers across the world. In the second part of the paper we wish to investigate empirically the effects of labour standards on export performance of a country. If the popular views on the issue of trade and labour standards are correct, one should expect low-standards countries to enjoy a better export performance, ceteris paribus.

In the next section we discuss the ways through which emerging economies can become important players in the global standards setting game. Section 3 and 4 discusses the data, empirical analysis and results. Section 5 concludes.

2 Emerging Economies and Global Standards

In their 2006 book Thomas Weiss and Ramesh Thakur defined global governance as “the complex of formal and informal institutions, mechanisms, relationships, and processes between and among states, markets, citizens and organizations, both inter- and non-governmental, through which collective interests on the global plane are articulated, Duties, obligations and privileges are established, and differences are mediated through educated professionals.” In other words Global governance can be identified as a movement towards political integration of transnational actors aimed at negotiating responses to problems that affect more than one state or region. With economic liberalization, as the world becomes more interdependent, global governance is increasingly relevant for achieving sustainable development. Global standards are the tools for this governance. They aim to develop a set of common principles and standards for property, integrity and transparency in international business and finance.

There is a growing recognition that the rise of emerging economies will change the contours of global governance. Many commentators suggest that this is a transformative moment in global history and these economies will bring about tectonic movements in global production, trade and aid relationships (Henderson, 2008; Kaplinsky & Messner, 2008; Brautigam, 2009; Yeung, 2009; Power et al., 2012). There is considerable curiosity among commentators how these new players will influence the rules of the game, particularly pertaining to the processes of setting global standards associated with labour conditions and environmental impacts

A core question that arises is how these countries might influence the "rules of the game" that pertain to international trade, particularly those relating to process standards associated with labour conditions and environmental impacts. The fundamental questions are, as Nadvi (2014) puts it, "(i) are the Rising Powers moving from being "standard-takers" to becoming "standard-makers"? and (ii) if so, what kinds of standards are being shaped by the Rising Powers and what are the implications of that for the overall trajectory of global labour and environmental standards?"

Before we start looking for answers of the above questions it is beneficial to identify the Rising Powers, sometimes also called emerging economies. There are various definitions of the emerging economies and these definitions are continually evolving. Initially in the early 1980s, the fast growing and export oriented Asian and Latin American economies were named the "newly industrializing countries". But by the 1990s most developing countries adopted globalization/ liberalization; therefore a broader term "emerging market economies" was initiated. These economies included countries from Africa and Middle East along with Asian and Latin American countries. In the beginning of the 2000s, BRICs (Brazil, Russia, India and China) were identified as the new drivers of global economic growth (O'Neil, 2001). But since other large economies have embarked on a similar growth path, some other terminologies have been coined to include these countries, e.g., MINTS (Mexico, Indonesia, Nigeria, Turkey, South Africa), Next Eleven (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey, and Vietnam), CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa). There are no common criteria for classification of these countries. Different sources list different countries in their list of emerging economies. Some authors tried to provide a pragmatic definition of such powers using criteria of growth, intermediate income, Institutional transformations and economic opening. Nadvi (2014) has identified six factors that make the rising powers different from other developing countries.

- strong economic growth since the 1990s
- significant participation in global trade
- a large domestic market
- strong state involvement in the economy
- availability of local private and public capital for investment
- growing space for civil society in public-private discourse

How these emerging economies will affect the global standard making process will depend mainly on two issues: preferences and capabilities. Preferences are crucial. What are the preferences of the emerging powers, or how they wish to (if they wish at all) to leave an imprint on the process. The second and equally crucial point is whether they have the capacity to influence the global standards making process. To do that, increasing economic weight may not be enough. Appropriate strategy may prove equally important.

There are mainly four processes and vectors through which the rising powers can engage with the global standards setting process.

2.1 Changes via production

The first and foremost way the rising powers can impact the global standard making process is via shifts in production. Two most important phenomena of the global economy in the past two decades have been the shift in geography of global production and the increasing fragmentation of production across borders. The presence of emerging economies in the global value chains are rising (Gereffi et al. 2015). The production of goods and services is increasingly carried out wherever the necessary skills and materials are available at competitive cost and quality (OECD, 2013). The share of richer countries in total value added that was generated in all manufacturing Global Value Chains (GVCs) declined from 74 per cent in 1995 to 56 per cent in 2008, the share of Japan and East Indian newly Industrialized economies (NIEs) dropped from 21 to11 per cent, emerging economies' share of value added in manufacturing increased by 18 per cent. Half of this increase can be accrued to China. China's global share rose from 4 to 13 per cent. Brazil, Russia, India and Mexico also increased their global share. During this period 42 million manufacturing jobs were added in China, 20 million in India, 6 million in Brazil and 2 million in Mexico (Timmer et al., 2014, p.112). This shifting pattern was exacerbated by the 2008-2009 global recession. The major brunt of this recession was borne by the developed countries, whereas large emerging economies such as China, India and Brazil suffered relatively lesser. In 2005-2010, the merchandise imports of the European Union and the USA increased only by 27 and 14 per cent, respectively, while emerging economies expanded their merchandise imports much faster: Brazil (147 per cent), India (129 per cent), China (111 per cent) and South Africa (51 per cent) (WTO, 2011). The import growth in emerging economies is also driven by rising demand for intermediate goods and raw materials because manufacturing GVCs are concentrated in those economies, as discussed above (Kaplinsky et al., 2011).

This phenomenon is already having important implications for trade and investment patterns and policies. It has also triggered concerns about standards. In a world dominated by GVCs, the need to protect final consumers through appropriate quality standards and on the supply side to protect the interests of the labourers, to establish and enforce occupational, health, safety. The richer countries have already faced challenges over the governance of labour and environmental standards. The insertion of emerging economies in the global value chains is expected to change the standard making game. But to exactly predict the change will happen more empirical research is required. The emerging economies are not only suppliers in these value chains. They are becoming organizers and value chain leading firms in their own right.

Now it remains to be seen if the emerging economy firms face the same pressure that western brands have been facing for some time to address the labour and environmental standards and if so, how they tackle it.

2.2 Changes via shifts in demand

With increasing incomes, the rising powers have emerged as major consumers in the global market. During the recent global recession, the markets have shifted from Europe and North America towards the East and the Global South. The emerging global middle class, a significant proportion of which is located in the emerging economies will have consequences on the global governance pattern and on the process of global standards Guarin and Knorringa (2013). The nature of these implications will depend upon the global consumers' behaviour. Western consumers have already shown their sensitivity towards conditions under which the products are produced, i.e. the health and safety criteria, quality of labour and environmental conditions. Will the emerging economies' consumers behave in the same way? As Alden et al. (1999) has put it, will we see a convergence towards a "global consumer culture"?

It remains to be seen if the consumers in the emerging market remain concerned only with the price and quality of the goods or do they attach value on the social and environmental impacts of their consumption decisions? That will definitely impact the global labour standards scenario. As Elliott & Freeman (2001) puts it,

The sine qua non of activist efforts to improve labor standards around the world is that consumers care about the conditions of the workers who make the items they consume. If consumers do not care or do not associate the conditions with their consumption, human rights vigilantes could not pressure firms to improve working conditions.

There is evidence that this has happened in the developed world. Organized consumer pressure and effective state action have been able to improve working conditions of labourers (Trumbull, 2006). But Knorringa and Guarin (2013) claim that none of these conditions can be assumed for the emerging economies for various reasons. First, organized consumer mobilization is still relatively weak in those countries and the presence of NGO and other civil societies are not significant. Kaplinsky & Farooki (2010) share a similar perspective. The fact that developing and emerging economies have relatively low incomes and weak state institutions will prevent them to develop private standards. They will continue to demand cheap undifferentiated commodities.

2.3 Changes via civil society and state

The third and fourth vectors are actors rather than processes through which labour norms can impact an economy's performance: civil society bodies and state. Studies like Bartley (2007) and O'Rourke (2008) found that civil society has emerged as a primary stakeholder in negotiating labour, health and safety, and environmental standards. Particularly in western developed countries, these societies have been proved to be some of the most effective

proponents of strengthening labour and environmental norms. But it is still not certain whether the same thing will happen in the rising economies. But to what extent civil societies in the emerging economies will be able to perform active role is something to be seen.

Last but not the least, while much of the recent agenda on labour, environmental and social standards in production has been driven by private actors (private firms and NGOs), the importance of state in global governance is increasing. The state provides the regulatory framework, promulgating laws and ensuring their judicial enforcement, under which labour and environmental considerations are structured. It will be interesting to see how the governments of these emerging economies address these issues.

3 Empirical analysis

3.1 Description of Data

For our Econometric analysis we look at the effect of labour standards on the export of manufacturing goods. The intention is to see if there is any significant effect of stricter labour standards on exports and also to check if this effect is different across countries at different levels of economic growth.

Following the specifications in Deheija & Samy (2008), our dependent variable in all specifications is *lexm*, which is log of exports of manufacturing goods as a percentage of merchandise export. Along with *lexm*, data on population and size of country, secondary school enrollment, per capita GDP were taken from the World development indicators of the World Bank.

In our econometric specification, we have taken *lpop* and *lenroll* as my control variables. The *lpop* variable is the log of working age population to land ratio of a country. The *lenroll* variable is a proxy of the human capital stock in a country. Although average years of education as computed by Barro-Lee are a better measure of human capital, their data set is on a five yearly basis. A yearly estimate of average years of education is available Only for EU countries. Since for our purpose we require yearly data, we have used the log of gross enrollment in secondary education lagged based on secondary education duration in each country. The purpose of taking lagged measure of this variable is that any change in gross enrollment in secondary education will have impact on the stock of human capital only after the cohort passes out at the end of secondary education. There are some obvious problems with using this measure for ex. It does not take into account that many students will actually not complete their secondary education. Despite its problem it has been used previously in the literature as proxy of human capital. Both *lpop* and *lenroll* are proxy for the determinants of comparative advantage and they are expected to have a positive relation with *lexm*.

To measure labour standards we have first looked at whether ILO labour conventions have been ratified or not. There are 8 basic labour conventions. The variable of interest is "fundamental" which is an index measuring how many of these conventions have been ratified or not. If a country has not ratified any of these convention its score is 0, while if all

is ratified it becomes 8. However ratification does not mean that labour standard has actually been made stricter. As a result we look at variables and indices that measure actual condition of labour rights.

Table1: Core conventions of ILO

Freedom of association		Forced labour		Discrimination		Child labour	
C087	C098	C029	C105	C100	C111	C138	C182
Freedom of Association and Protection of the Right to Organize Convention, 1948	Right to Organize and Collective Bargaining Convention, 1949	Forced labour Convention, 1973	Abolition of Forced Labour Convention, 1957	Equal Remuneration Convention, 1951	Discrimination (Employment and Occupation, 1958)	Minimum Age Convention, 1973	Worst Forms of Child Labour Convention, 1999

For labor standards we looked at different sources and use different types of measurements. The first set of variables describe whether the countries have ratified the 8 core ILO conventions namely "C87 - Freedom of Association and Protection of the Right to Organize Convention, 1948"," C98 - Right to Organize and Collective Bargaining Convention, 1949", "C100 Equal Remuneration Convention, 1951", "C111 Discrimination (Employment and Occupation) Convention, 1958", "C29 Forced Labour Convention, 1930", "C105 Abolition of Forced Labour Convention, 1957", "C138 Minimum Age Convention, 1973", "C182 Worst Forms of Child Labour Convention, 1999". This data is collected from ILOLEX dataset, ILO. We first created 4 variables namely free_asso, disc, forced_lab and child_lab. If any of the core conventions is ratified in a country it takes value 1 in that country and otherwise 0. free_asso is C87+C98 and measures out of 2 core conventions regarding free association of labour how many have been ratified. It can take values 0, 1 or 2. If none of C87 or C98 is ratified *free_asso* is 0 and if both ratified then *free_asso* is 2. If only 1 of the 2 ratified then *free_asso* is 1. Similarly *disc* = C100+C111, forced_lab=C29+C105 and *child_lab*=C138+C182. Then there is another variable which is *fundamental* and it measures how many of all 8 fundamental labour conventions have been ratified by a country. It takes value from 0 to 8 and it is the sum of *free_asso, disc, forced_lab and child_lab*.

Besides using these variables measuring how many of the labour conventions have been ratified we also look at actual measures of labour standard. The primary reason being ratification of a labour convention does not imply that actually it is implemented. The variables that we look at are *linj*, *lstrike*, lunion and *lhou*. These variables have been constructed following Dehija-Samy and the source is ILO database LABORSTA. The *linj* variable is the log of the number of fatal injuries in the manufacturing sector per 100000 employees. It is an indicator of the safety of labour at the workplace. The *lstrike* variable measures the number of strikes and lockouts in the manufacturing sector in a year. While the lunion variable is the log of trade union density in the manufacturing sector of a country. Both these variables expresses the extent to which labourers are free to associate and organize themselves and to what extent they are able to express their concerns and opinions. The *lhou*

variable that we use is the log of average hours actually worked in a week for the manufacturing sector. The *lhou* variable is a proxy of the extent to which labourers have rights and are not overworked and exploited.

Along with these variables which gives indication of the actual condition of labourers in a country we use another index of labour rights called *labuno*. The index is taken from the Mosley Uno dataset that they use in their "Globalization and Collective Labor Rights Racing to the Bottom or Climbing to the Top? Economic Globalisation and collective Labour rights", Comparative Political Studies 2007. They created the dataset "*which consists of annual observations from 1985 to 2002, focuses on the legal rights of workers to freedom of association and collective bargaining, key elements of core labor standards, and respect for these rights (when present) in practice.*"

Following Kucera's (2002) template, they record 37 types of violations of labour rights in 6 categories. If there is at least one violation of any particular type out of the 37, the country is given a score of 1 for that year, otherwise 0. Then that score is multiplied by a weighting factor, before adding all 37 together. They also then reversed the index so that lower values of the index mean higher labour standards. This makes interpretation of results easy. Theoretically their index can range from 0 to 76.5. The collect the data on labour rights violation from the following sources "*U.S. State Department Annual Reports on Human Rights Practices; International Labor Organization Committee of Experts on the Applications of Conventions and Recommendations, and Committee on Freedom of Association reports; and the International Confederation of Free Trade Unions (ICFTU) Annual Survey of Violations of Trade Union Rights (on ICFTU reports, Weisband & Colvin, 2000).*"

We have used this index calling it *labuno* as an alternative measure of the condition of labour rights. The *labuno* variable is available for the period from 1985-2002.

The table below is the summary statistic for the variables we have used in our empirical analysis.

Table 2: Summary statistic of the variables

variable	N	mean	p50	sd	min	max
lexm	4424	-1.387063	-.9064129	1.473896	-15.95403	-.0085644
lpop	4270	3.650069	3.781378	1.522887	-.1453724	9.656001
lenroll	3289	4.035252	4.304307	.713328	-.9469046	5.079032
free_asso	4178	1.56989	2	.72377	0	2
forced_lab	4178	1.707516	2	.6084915	0	2
disc	4178	1.637626	2	.7042001	0	2
child_lab	4178	.9497367	1	.8857995	0	2
fundamental	4178	5.864768	6	2.21561	0	8
linj	533	-2.557212	-2.488915	1.291608	-9.21034	.3074847
lstrike	724	3.146752	2.995732	1.929084	0	7.578146
lunion	590	3.409772	3.355152	.8228831	.2623642	5.630495
lhou	441	3.731084	3.74242	.138508	3.104587	4.05889
labuno	1416	3.032452	3.157	.4600937	-.2876821	3.540959

4 Results

For the econometric analysis, we have done a cross-country regression with country fixed effects using a panel dataset over the year 1980-2014, adjusted for cluster robust standard errors. Since we have used different specifications the number of countries and number of years were different in different equations based on data availability. The maximum number of countries considered is 163. Another point to remember is that the panel is unbalanced. The time period under consideration also varies under different specifications.

Our general specification is

$$Y_{it} = f(X_{it}, L_{it})$$

Where Y_{it} is manufactured exports (lexm) of country i at time t as a fraction of country i's merchandise exports at time t, X_{it} refers to a vector of control variables that proxy for the natural determinants of comparative advantage and L_{it} refers to any of the proxies for labour standards outlined in the previous section.

The functional form of the above specification is a log linear form. In this form all variables are measured in natural logarithms:

$$\ln Y_{it} = \beta_0 + \beta_1 \ln X_{it} + \beta_2 ln L_{it} + \mu_i + \varepsilon_{it}$$

μ_i is the country fixed effect and ε_{it} is the normal disturbance term. We use the fixed effect model because it takes into account time-invariant unobservable country heterogeneity, which could be correlated with the dependent variable, *lexm*. Furthermore, fixed effect model is usually recommended when the number of groups (countries) is less than the number of time periods (years).

Also to capture if the effect of labour rights on export is different at different level of economic growth we divide the countries into 4 categories based on their Human development index in the year 1990. Then we look at the effect of labour rights on export for each category of country and see if the effect is different at different levels of income for the country.

The results are given below.

Table 3: Results from the regression estimating the effect of labour standards on the export of manufacturing goods

	(1) lexm	(2) lexm	(3) lexm	(4) lexm	(5) lexm	(6) lexm
lpop	0.492	0.904	-0.0408	2.048**	0.685*	0.920
	(.2416104)	(.1290921)	(.9727083)	(.0010722)	(.0477405)	(.0761128)
lenroll	0.207	0.114	0.142	0.529	-0.00728	0.555
	(.1424265)	(.6862259)	(.6672377)	(.4459242)	(.9747039)	(.2008024)
linc	0.127	-0.225	0.0992	-0.266*	-0.412***	0.464
	(.2455045)	(.4206177)	(.5059766)	(.0253164)	(.0004154)	(.4886492)
fundamental	0.201*					
	(.0321075)					
fundamenta~c	-0.0264*					
	(.0275752)					
labuno		-0.518				
		(.3556718)				
labuno_inc		0.0736				
		(.2455463)				
linj			-0.218			
			(.265599)			
linj_inc			0.0270			
			(.2422162)			
lstrike				-0.192		
				(.3325993)		
lstrike_inc				0.0210		
				(.2475672)		
lunion					-0.304**	
					(.0015474)	
lunion_inc					0.107**	
					(.0027951)	
lhou						1.127
						(.463707)
lhou_inc						-0.145
						(.4811288)
_cons	-5.453***	-3.682	-2.137	-9.055***	-0.00991	-10.48
	(2.82e-06)	(.0998928)	(.4952651)	(7.28e-08)	(.9909202)	(.1562472)
N	3141	998	413	584	481	364

p-values in parentheses
* p<0.05, ** p<0.01, *** p<0.001

The interaction term between fundamental and income is negative and significant. This means that if a richer country ratifies more labour conventions its effects on exports will be less positive than what will happen if a comparatively poorer country ratifies the conventions. This is different from our conventional wisdom. Next we look at the labor rights index by Uno. The coefficients are insignificant. Next the four equations run regression of different metrices of actual condition of labour rights and their interaction with income. Out of all the metrices only the interaction term between *lunion* and income is significant. For all other metrices, the coefficients are insignificant. In *lunion* the interaction term is positive. This result says that as for lower income countries the negative effect of greater unionization on export is greater than richer countries. However if we look at other metrices we can find no such relation being significant. Although no definite relation comes out between labour rights and export, we can see that the result could depend on whether it's a poor or rich country.

Next tables are regressions done by categorizing countries in 3 groups based on their 1990 HDI index high, medium and low. The last equation in each table is including all countries together.

Table 4: Effect of ILO Ratifications on export of manufacturing goods

	(1) lexm	(2) lexm	(3) lexm	(4) lexm
lpop	-0.541	1.035**	1.400*	0.565
	(.4264395)	(.0076558)	(.0113318)	(.1417195)
lenroll	0.948*	0.0952	0.129	0.343
	(.0463016)	(.7217355)	(.644562)	(.1013199)
free_asso	0.147	0.274	0.120	0.343
	(.2096109)	(.1698795)	(.3417939)	(.0604514)
forced_lab	-0.251	-0.171	-0.228	-0.198
	(.1700512)	(.0570621)	(.1842495)	(.12476)
disc	-0.0347	-0.0445	-0.150	0.0350
	(.7353269)	(.7886814)	(.2763615)	(.6731997)
child_lab	-0.0713	-0.127*	-0.0173	-0.0734
	(.2148912)	(.0185727)	(.8720494)	(.1593923)
_cons	-2.539	-5.040***	-6.680***	-4.938***
	(.420775)	(7.35e-09)	(1.72e-06)	(6.27e-06)
N	1230	919	701	3191

p-values in parentheses
* p<0.05, ** p<0.01, *** p<0.001

Table 5: Effect of Labour rights index –Uno on export of manufacturing goods

	(1) lexm	(2) lexm	(3) lexm	(4) lexm
lpop	-0.228	0.579	1.666**	0.895
	(.9090648)	(.3887561)	(.0022265)	(.0906229)
lenroll	1.216	0.544	-0.354	0.107
	(.140168)	(.244441)	(.1229523)	(.7022585)
labuno	0.378	-0.0720	0.0849	0.00535
	(.1074672)	(.2523863)	(.3181808)	(.9297625)
_cons	-7.077	-5.199***	-6.677***	-5.226***
	(.4572772)	(5.38e-06)	(.0009374)	(.0002958)
N	121	413	334	1010

Table 6: Effect of labour Injury on export of manufacturing goods

	(1) lexm	(2) lexm	(3) lexm	(4) lexm
lpop	-2.016***	-0.369	1.940***	-0.0525
	(.0000175)	(.6863297)	(.0002723)	(.9623101)
lenroll	0.653**	1.326	-0.283	0.176
	(.0011231)	(.1203402)	(.0639346)	(.607672)
linj	-0.0362*	0.0106	-0.0532	-0.000900
	(.024114)	(.8798574)	(.3860048)	(.9732771)
_cons	5.490***	-5.357***	-8.061***	-1.434
	(.0001001)	(4.48e-06)	(.0001462)	(.6677647)
N	225	81	118	434

Table 7: Effect of labour Strikes export of manufacturing goods

	(1) lexm	(2) lexm	(3) lexm	(4) lexm
lpop	0.0941	3.982**	1.508	1.697**
	(.7796465)	(.0030866)	(.115254)	(.0098739)
lenroll	0.0615	-0.965	0.256	0.537
	(.6150207)	(.248108)	(.7843358)	(.4589703)
lstrike	-0.0207	-0.0221	-0.0325	-0.00961
	(.1962182)	(.5195374)	(.7565194)	(.710336)
_cons	-1.012	-13.41***	-8.237***	-9.850***
	(.3401406)	(.0000147)	(.0004447)	(7.32e-08)
N	303	144	121	586

Table 8: Effect of Trade Union density on export of manufacturing goods

	(1) lexm	(2) lexm	(3) lexm	(4) lexm
lpop	-0.282	0.419	2.172	0.381
	(.3305051)	(.4678411)	(.1035732)	(.3448108)
lenroll	0.124	0.0478	-0.740	0.0617
	(.2668958)	(.8597926)	(.077984)	(.7343684)
lunion	0.0296	-0.0686	0.162	0.0351
	(.7253037)	(.3110582)	(.25111)	(.6735284)
_cons	-0.186	-2.343	-8.562	-2.410*
	(.8701864)	(.2105973)	(.0895013)	(.0249517)
N	328	101	52	481

Table 9: Effect of Average hours worked export of manufacturing goods

	(1) lexm	(2) lexm	(3) lexm	(4) lexm
lpop	0.478	2.472	0.400	0.730
	(.2449212)	(.1569097)	(.5545235)	(.0584)
lenroll	0.455	0.218	0.124	0.494
	(.1829141)	(.8919357)	(.7684215)	(.3268562)
lhou	0.566	-1.175	0.0426	0.0723
	(.1471442)	(.3084337)	(.9370185)	(.8672028)
_cons	-6.781*	-5.421	-3.350	-6.148*
	(.0328725)	(.3456334)	(.3484128)	(.0297518)
N	221	84	54	364

5 Conclusion

This paper has examined the effects of labour standards on export performance of countries. We have tried to test the conventional wisdom and belief that low labour standards gives a country some advantages in the form of export competitiveness. We also tested if the effect of labour rights on export is different at different level of economic growth. We found that although no definite relation comes out between labour rights and export, the result could depend on whether it's a poor or rich country. Specifically, if a richer country ratifies more labour conventions its effects on exports will be less positive than what will happen if a comparatively poorer country ratifies the conventions.

References

Alden, D., Steenkamp, J. E. & Batra, R. (1999) Brand positioning through advertising in Asia, North America, and Europe: the role of global consumer culture, Journal of Marketing, 63, pp. 75–87.

Auger, P., Devinney, T. M., Louviere, J. J. & Burke, P. F. (2010) The importance of social product attributes in consumer purchasing decisions: a multi-country comparative study, International Business Review, 19(2), pp. 140–159.

Brautigam, D. (2009) The Dragon's Gift: The Real Story of China in Africa (Oxford: Oxford University Press).

Calicchio, N., Francis, T. & Ramsay, A. (2007) How big retailers can serve Brazil's mass-market shoppers, McKinsey Quarterly, 2, pp. 51–57.

Drezner, D. W. (2002, August). Who rules? the regulation of globalization. In*annual meeting of the American Political Science Association, Boston Marriott Copley Place, Sheraton Boston & Hynes Convention Center, Boston, Massachusetts*.

Elliott, K. & Freeman, R. B. (2001) White Hats or Don Quixotes? Human Rights Vigilantes in the Global Economy (Cambridge: National Bureau of Economic Research).

Lee, J., & Gereffi, G. Global Value Chains, Rising Power Firms and Economic and Social Upgrading.

Guarín, A., & Knorringa, P. (2014) New middle-class consumers in rising powers: Responsible consumption and private standards. *Oxford development studies*.

Hansakul, S. (2010) Understanding China's Consumers (Frankfurt: Deutsche Bank Research).

Henderson, J. (2008) China and global development: towards a global-Asian Era? Contemporary Politics, 14(4), pp. 375–392.

Kaplinsky, R. & Farooki, M. (2010) What Are the Implications for Global Value Chains when the Market Shifts from the North to the South? Working Paper No. 5205 (Washington, DC: World Bank).

Kaplinsky, R. & Messner, D. (2008) Introduction: the impact of Asian drivers on the developing world, World Development, 36(2), pp. 197–209.

Kaplinsky, R., Terheggen, A. and Tijaja, J. (2011), "China as a final market: the Gabon timber and Thai cassava value chains", World Development, Vol. 39 No. 7, pp. 1177-1190.

Martı́nez-Alier, J. (2005) The Environmentalism of the Poor: A Study of Ecological Conflicts and Valuation. (New Delhi: Oxford University Press).

Nadvi, K. (2014). "Rising Powers" and Labour and Environmental Standards.*Oxford Development Studies*, *42*(2), 137-150.

OECD, W. UNCTAD. Implications of Global Value Chains for Trade, Investment, Development and Jobs. Prepared for the G-20 Leaders Summit, Saint Petersburg (Russian Federation), September 2013.

O'Neill, J. (2001) Building better global economic BRICs, Goldman Sachs Global Economics Papers No. 66, November (London: Goldman Sachs).

Power, M., Giles, M. & Tan-Mullins, M. (2012) China's Resource Diplomacy in Africa: Powering Development? (London: Palgrave Macmillan).

Timmer, M.P., Erumban, A.A., Los, B., Stehrer, R. and de Vries, G.J. (2014), "Slicing up global value chains", Journal of Economic Perspectives, Vol. 28 No. 2, pp. 99-118.

Trumbull, G. (2006) Consumer Capitalism: Politics, Product Markets, and Firm Strategy in France and Germany (Ithaca, NY: Cornell University Press).

Yeung, H. W.-C. (2009) Regional development and the competitive dynamics of global production networks: an East Asian perspective, Regional Studies, 43(3), pp. 325–351.

WTO (2011) International Trade Statistics 2011, World Trade Organization, Geneva.

Weiss, T. G., & Thakur, R. (2006) The UN and Global Governance: An Idea and Its Prospects.

LATEST ICRIER'S WORKING PAPERS

NO.	TITLE	AUTHOR	YEAR
318	FACILITATING INDIA-PAKISTAN TRADE THROUGH THE LAND ROUTE	NISHA TANEJA ISHA DAYAL SAMRIDHI BIMAL	MAY 2016
317	ESTABLISHING INDIA'S NATIONAL TRADE FACILITATION COMMITTEE- A PROPOSAL	NISHA TANEJA SHRAVANI PRAKASH SAMRIDHI BIMAL	MARCH 2016
316	AN ANALYSIS OF NEPAL'S TRANSIT THROUGH INDIA	NISHA TANEJA SAMRIDHI BIMAL ISHA DAYAL	MARCH 2016
315	EFFECTS OF GOVERNMENT INVESTMENT SHOCKS ON PRIVATE INVESTMENT AND INCOME IN INDIA	JAGANNATH MALLICK	FEBRUARY 2016
314	IMPOSITION OF MAT ON SEZS: CONCERNS AND THE WAY FORWARD	ARPITA MUKHERJEE BHAVOOK BHARDWAJ	FEBRUARY 2016
313	TECHNOLOGY, JOBS AND INEQUALITY EVIDENCE FROM INDIA'S MANUFACTURING SECTOR	RADHICKA KAPOOR	FEBRUARY 2016
312	DIVERSIFYING INDIA'S SERVICES EXPORTS THROUGH SEZS: STATUS, ISSUES AND THE WAY FORWARD	ARPITA MUKHERJEE SAUBHIK DEB SHREYA DEORA TANU M. GOYAL BHAVOOK BHARDWAJ	DECEMBER 2015
311	TRENDS AND ECONOMIC DYNAMICS OF GUAR IN INDIA	DURGESH K. RAI	OCTOBER 2015
310	DRUG QUALITY AND SAFETY ISSUES IN INDIA	MAULIK CHOKSHI RAHUL MONGIA VASUDHA WATTAL	SEPTEMBER 2015
309	ADMINISTRATIVE STRUCTURE AND FUNCTIONS OF DRUG REGULATORY AUTHORITIES IN INDIA	NUPUR CHOWDHURY PALLAVI JOSHI ARPITA PATNAIK BEENA SARASWATHY	SEPTEMBER 2015
308	HUMAN CAPITAL POTENTIAL OF INDIA'S FUTURE WORKFORCE	ALI MEHDI DIVYA CHAUDHRY	SEPTEMBER 2015
307	RATIONALISING FERTILISER SUBSIDY IN INDIA: KEY ISSUES AND POLICY OPTIONS	ASHOK GULATI PRITHA BANERJEE	AUGUST 2015

About ICRIER

Established in August 1981, ICRIER is an autonomous, policy-oriented, not-for-profit, economic policy think tank. ICRIER's main focus is to enhance the knowledge content of policy making by undertaking analytical research that is targeted at informing India's policy makers and also at improving the interface with the global economy. ICRIER's office is located in the institutional complex of India Habitat Centre, New Delhi.

ICRIER's Board of Governors includes leading academicians, policymakers, and representatives from the private sector. Dr. Isher Ahluwalia is ICRIER's chairperson. Dr. Rajat Kathuria is Director and Chief Executive.

ICRIER conducts thematic research in the following eight thrust areas:

- Macro Management Financial Liberalization and Regulation
- Global Competitiveness of the Indian Economy
- Multilateral Trade Negotiations and FTAs
- Challenges and Opportunities of Urbanization
- Climate Change and Sustainable Development
- Physical Infrastructure including Telecom, Transport and Energy
- Asian Economic Integration with focus on South Asia
- Promoting Entrepreneurship and Skill Development

To effectively disseminate research findings, ICRIER organises workshops, seminars and conferences to bring together academicians, policymakers, representatives from industry and media to create a more informed understanding on issues of major policy interest. ICRIER routinely invites distinguished scholars and policymakers from around the world to deliver public lectures and give seminars on economic themes of interest to contemporary India.