Chapter 7
The Impact of Global Labour Standards on Export Performance

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1 Introduction

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. Low-standards countries 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 low labour costs. There exists extensive literature on the potential impact of labour standards on trade (Anderson, 1996; Brown, 2000; Dion, Lanoie, & Laplante, 1997; Krueger, 1996; Mah, 1997; Maskus, 1997; Sengerberger & Campbell, 1994; Srinivasan, 1998; Stephenson, 1997; White, 1996). The objective of this chapter is to empirically investigate the effects of labour standards on the 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*. This chapter also discusses the ways in which the emerging economies and the public and private sectors within them are likely to emerge as setters of standards that affect producers and consumers across the world. The structure of the chapter is as follows: Sect. 2 is an overview of emerging economies and their participation in global standards setting, Sects. 3 and 4 discuss the data, empirical analysis and results and Sect. 5 concludes.

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2 Emerging Economies and Global Standards

Weiss and Thakur (2006) have 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 move towards the political co-ordination of transnational actors aimed at negotiating responses to transnational issues or problems. With economic liberalization, global governance is increasingly relevant for achieving sustainable development. Global standards are one of the most important tools for this governance. They aim to develop a set of common principles and standards for propriety, integrity and transparency in international business and finance.

There is a growing recognition that the rise of the 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 structural changes in global production, trade and aid relationships (Brautigam, 2009; Henderson, 2008; Kaplinsky & Messner, 2008; Power, Giles, & Tan-Mullins, 2012; Yeung, 2009). 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 will be interesting to observe. The fundamental questions are, as Nadvi (2014) puts it, "(i) are the emerging economies moving from being "standard-takers" to becoming "standard-makers"? and (ii) if so, what kinds of standards will be shaped by the emerging economies and what will be the implications of those standards for the overall trajectory of global labour and environmental standards?"

Before we start looking for answers to the above questions, it will be useful to identify the emerging economies. The definitions of "emerging economies" are multiple and continually evolving. Initially, in the early 1980s, the fast growing and export oriented Asian and Latin American economies were named the "newly industrializing economies" (NIE). But by the 1990s, most developing countries adopted globalization/liberalization; therefore, a broader term "emerging market economies" was introduced. Along with the Asian and Latin American countries, this group included countries from Africa and West Asia. In the beginning of the 2000s, Brazil, Russia, India, China and South Africa (BRICS) were identified as the new drivers of global economic growth (O'Neill, 2001). But since other large economies have embarked on a similar growth path, some other terminologies have been coined to include them, e.g. Mexico, Indonesia, Nigeria, Turkey and South Africa (MINTS), Next Eleven (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey, and Vietnam), Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa (CIVETS). There are no common criteria for the classification of these countries. Different sources list different countries in their list of emerging economies. Some authors have tried to provide a categorization of such

powers using criteria of growth, intermediate income, institutional transformations and economic opening. According to Nadvi (2014), the following six factors make the 'emerging economies' 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 standards making process will depend mainly on two factors: (i) what are their preferences and how they wish to (if they wish at all) to participate in the process. (ii) whether they have the *capacity* to influence the global standards making process. Increasing economic weight may not be enough; appropriate strategy may prove equally important. Nadvi (2014) has identified the main processes and channels through which the emerging economies can engage with the global standards setting process.

2.1 Via Supply-Side Participation

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 the emerging economies in global value chains (GVCs) is rising (Lee & Gereffi, 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 GVCs declined from 74% in 1995 to 56% in 2008; the share of Japan and East Asian NIEs dropped from 21 to 11%; emerging economies' share of value added in manufacturing increased by 18%. Half of this increase can be accrued to China. China's global share rose from 4 to 13%. 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, Erumban, Los, Stehrer, & de Vries, 2014). 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 less. In 2005–2010, the merchandise imports of the European Union and the USA increased only by 27 and 14%, respectively, while emerging economies expanded their merchandise imports much faster: Brazil (147%), India (129%), China (111%) and South Africa (51%) (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, Terheggen, & Tijaja, 2011).

This phenomenon is already impacting trade and investment patterns and policies, and it has also triggered concerns about standards. In a world dominated by GVCs, protecting final consumers through appropriate quality standards and on the supply side protecting the interests of the labourers by enforcing occupational safety and health becomes complicated. 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 standards making process. But to predict exactly how it will change requires more evidence-based research. It has also to be borne in mind that the emerging economies are not only suppliers in these value chains but also they are increasingly becoming organizers and value chain leading firms. Now, it remains to be seen if the emerging economy firms face the same pressure that western firms have been facing to address the issue of labour and environmental standards and if so, how they tackle it.

2.2   *Via Demand-Side Participation*

Not only in the production process but also on the consumption side, the emerging economies have emerged as major consumers in the global market. During the recent global recession, markets shifted from Europe and North America towards the East and the Global South. The fact that a significant proportion of the global middle class is located in the emerging economies will have significant consequence on the process of global standards (Guarín & Knorringa, 2014). The implications of this will depend upon the behaviour patterns of global consumers. Western consumers have already shown their sensitivity towards health and safety criteria, and quality of labour and environmental conditions of the production process. Whether the emerging economies' consumers' behaviour will converge and create a "global consumer culture" where social and environmental impacts, along with price and quality, impact consumption decisions (Alden, Steenkamp, & Batra, 1999), remains to be seen. As Elliott and Freeman (2001) put it:

> The *sine qua non* of activist efforts to improve labour 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. (Elliott & Freeman, 2001, p. 48)

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 Guarín and Knorringa (2014) 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 these countries and the presence of NGO and other civil societies is not significant. Kaplinsky and Farooki (2010) share a similar perspective. The fact that developing and emerging economies have relatively low incomes and weak state institutions will prevent

them from developing private standards and they will continue to demand cheap undifferentiated commodities.

2.3 Via Civil Society and State and Private Actors

The other channels through which emerging economies can impact global standards are state, private actors and civil society bodies. Studies like Bartley (2007) and O'Rourke (2003) found that civil society has emerged as one of the most effective proponents of strong labour and environmental standards. In many western developed economies, these work as a primary stakeholder in negotiating labour, health and safety and environmental standards. But it is still not certain whether the same thing will happen in the emerging economies. To what extent civil societies in the emerging economies will be able to perform an active role is yet to be seen.

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 the emerging economies address these issues.

3 Empirical Analysis

3.1 Description of Data

For the econometric analysis, I estimate 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 Dehejia and Samy (2008), my dependent variable in the econometric analysis is *lexm*, which is log of exports of manufacturing goods as a percentage of merchandise export. The data for *lexm* was collected from the World Development Indicators data set of the World Bank. The control variables of this analysis are *lpop* and *lenroll*. The *lpop* variable is the log of working age population to land ratio of a country. The *lenroll* variable is the lagged measure of log of gross enrolment in secondary education based on secondary education duration in each country. This is considered as 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 my purpose, I require yearly data, I have used the log of gross enrolment 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 enrolment in secondary education will have an 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 as a measure for human capital. It does not take into account that many students will actually not complete their secondary education. Despite this 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*. The data for *lpop* and *lenroll* were collected from the World Development Indicators data set of the World Bank as well. Labour standards are our main dependent variable. To measure labour standards, I have first looked at whether ILO labour conventions have been ratified or not. There are eight basic labour conventions (Table 1). The variable of interest is "fundamental", which is an index measuring the number of conventions that have been ratified or not. If a country has not ratified any of these conventions, its score is 0, while if it has ratified all, its score becomes 8.

For labour standards, I looked at different sources and used different types of measurements. The first set of variables describes whether the countries have ratified the eight 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 the ILOLEX data set of the ILO. I first created four variables, namely free_asso, disc, forced_lab and child_lab. If any of the core conventions are ratified in a country, it takes value 1 in that country and otherwise 0. free_asso is C87 + C98 and measures out of two core conventions regarding free association of labour how many have been ratified. It can take values 0, 1 or 2. If neither C87 nor C98 is ratified, *free_asso* is 0 and if both are ratified, then *free_asso* is 2. If only 1 of the 2 is 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, I also look at actual measures of labour standards. Ratification does not mean that labour standards have actually been made stricter. So I have considered other variables and indices that measure actual condition of labour rights. The primary reason being that ratification of a labour convention does not imply that it is actually being implemented. The other variables that I look at are *linj, lstrike, lunion* and *lhou.*

Table 1 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) Convention, 1958	Minimum Age Convention, 1973	Worst Forms of Child Labour Convention, 1999

Source Author's compilation

These variables have been constructed following Dehejia and Samy (2008) and the source is the ILO database LABORSTA. The *linj* variable is the log of the number of fatal injuries in the manufacturing sector per 100,000 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 express 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 I 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 that indicate the actual condition of labourers in a country, I use another index of labour rights called *labuno*. The index is taken from the Mosley Uno data set that they use in their "Globalization and Collective Labour Rights Racing to the Bottom or Climbing to the Top? Economic Globalization and Collective Labour rights", *Comparative Political Studies* (2007). They created the data set "which consists of annual observations from 1985 to 2002, focusing on the legal rights of workers to freedom of association and collective bargaining, key elements of core labour 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 six 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. They collect the data on labour rights violation from the following sources "U.S. State Department Annual Reports on Human Rights Practices; International Labour 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 (ICFTU reports, Weisband & Colvin, 2000)". I 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 to 2002. Table 2 is the summary statistic for the variables I have used in my empirical analysis.

4   Results

For the econometric analysis, I have done a cross-country regression with country-fixed effects using a panel data set over the year 1980–2014, adjusted for cluster robust standard errors. Since I have used different specifications, the number of countries and the number of years were different in different equations based on data availability. The maximum number of countries considered is 163. Another point to

Table 2 Summary statistic

Variable	N	Mean	P50	Sd	Min	Max
Lexm	4424	−1.387063	−0.9064129	1.473896	−15.95403	−0.0085644
Lpop	4270	3.650069	3.781378	1.522887	−0.1453724	9.656001
Lenroll	3289	4.035252	4.304307	0.713328	−0.9469046	5.079032
free_asso	4178	1.56989	2	0.72377	0	2
forced_lab	4178	1.707516	2	0.6084915	0	2
Disc	4178	1.637626	2	0.7042001	0	2
child_lab	4178	0.9497367	1	0.8857995	0	2
Fundamental	4178	5.864768	6	2.21561	0	8
Linj	533	−2.557212	−2.488915	1.291608	−9.21034	0.3074847
Lstrike	724	3.146752	2.995732	1.929084	0	7.578146
Lunion	590	3.409722	3.355152	0.8228831	0.2623642	5.630495
Lhou	441	3.731084	3.74242	0.138508	3.104587	4.05889
Labuno	1416	3.032452	3.157	0.4600937	−0.2876821	3.540959

Source Author

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. I 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, I divide the countries into four categories based on their human development index (HDI) in the year 1990. Then, I 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 listed in Table 3.

Table 3 Regression results

Variables	(1) Lexm	(2) Lexm	(3) Lexm	(4) Lexm	(5) Lexm	(6) Lexm
Lpop	0.493 (0.2416104)	0.904 (0.1290931)	−0.0408 (0.972708)	2.048** (0.0010723)	0.685* (0.0477405)	0.930 (0.0761128)
Lenroll	0.307 (0.1424265)	0.114 (0.6362259)	0.143 (0.6672277)	0.539 (0.4459242)	−0.00738 (0.9747039)	0.555 (0.2003024)
Linc	0.137 (0.3455045)	−0.225 (0.4206177)	0.0993 (0.5059766)	−0.266* (0.0252164)	−0.412*** (0.0004154)	0.464 (0.4886492)
Fundamental	0.301* (0.0331073)					
fundamental_inc	−0.0364* (0.0275752)					
Labuno		−0.518 (0.3556718)				
labuno_inc		0.0736 (0.3455462)				
Linj			−0.218 (0.265599)			
linj_inc			0.0270 (0.2422162)			
Lstrike				−0.193 (0.3325992)		
lstrike_inc				0.0210 (0.3475672)		
Lunion					−0.804** (0.0015474)	

Table 3 (continued)

Variables	(1) Lexm	(2) Lexm	(3) Lexm	(4) Lexm	(5) Lexm	(6) Lexm
lunion_inc					0.107** (0.0027951)	
Lhou						1.127 (0.462707)
lhou_inc						
_const	−5.453**** (2.32e−06)	−3.632 (0.0998928)	−2.127 (0.4952651)	−9.055*** (7.23e−03)	−0.00991 (0.9909202)	−10.43 (0.1562472)
N	3141	998	413	584	481	364

Source Author

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 occur if a comparatively poorer country ratifies the conventions. This is different from our conventional wisdom. Next, I look at the labour 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 for 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 is a poor or rich country.

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

In Table 4, I use free_asso, disc, forced_lab and child_lab as control variables to count how many of the eight core ILO conventions have been ratified by a country.

Table 4 ILO ratification

Variables	(1) (HDI high) Lexm	(2) (HDI medium) Lexm	(3) (HDI low) Lexm	(4) (All countries) Lexm
Lpop	−0.541 (0.4264395)	1.035** (0.0076558)	1.400* (0.0113318)	0.565 (0.1417195)
Lenroll	0.948* (0.0463016)	0.0952 (0.7217355)	0.129 (0.644562)	0.343 (0.1013199)
free_asso	0.147 (0.2096109)	0.274 (0.1698795)	0.120 (0.3417939)	0.343 (0.0604514)
forced_lab	−0.251 (01700512)	−0.171 (0.0570621)	−0.228 (01842495)	−0.198 (0.12476)
Disc	−0.0347 (0.7353269)	−0.0445 (0.7886814)	−0.150 (0.2763615)	0.0350 (0.6731997)
child_lab	−0.0713 (0.2148912)	−0.127* (0.0185727)	−0.0173 (0.8720494)	−0.0734 (0.1593923)
_const	−2.539 (0.420775)	−5.040*** (7.35e−09)	−6.680*** (1.72e−06)	−4.938*** (6.27e−06)
N	1230	919	701	3191

Note Some countries in our sample did not fit into the classification of high, medium and low HDI countries. Therefore, their aggregate number (Column 1 + Column 2 + Column 3) do not equal all countries (Column 4)
Source Author
p values in parentheses
*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

The only significant result that I find is for middle HDI countries. It shows that if more child labour conventions are ratified, there is a negative effect on exports. Another interesting thing is that free_association has a positive coefficient with exports (although not significant) across all categories of countries, while the rest of the variables capturing ILO core convention ratification like forced labour, discrimination and child_lab has mostly negative coefficient (again not significant).

In Table 5, I use the Labour Rights Index by Uno and check its effect on exports across different categories of countries; no significant effect in any category of country could be found.

In Table 6, using number of fatal injuries per 100,000 employees as the control, I find a significant and negative relation on exports in high HDI countries, i.e. in high

Table 5 Labour rights index-uno

Variables	(1) Lexm	(2) Lexm	(3) Lexm	(4) Lexm
Lpop	−0.228 (0.9090648)	0.579 (0.3887561)	1.666** (0.0022265)	0.895 (0.0906229)
Lenroll	1.216 (0.140168)	0.544 (0.244441)	−0.354 (0.1229523)	0.107 (0.7022585)
Labuno	0.378 (0.1074672)	−0.0720 (0.2523863)	0.0849 (0.3181808)	0.00535 (0.9297625)
Const	−7.077 (0.4572772)	−5.199*** (5.38e−06)	−6.677*** (0.0009374)	−5.226*** (0.0002958)
N	121	413	334	1010

Source Author
p values in parentheses
*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 6 Injury

Variables	(1) Lexm	(2) Lexm	(3) Lexm	(4) Lexm
Lpop	−2.016*** (0.0000175)	−0.369 (0.6863297)	1.940*** (0.0002723)	−0.0525 (0.9623101)
Lenroll	0.653** (0.0011231)	1.326 (0.1203402)	−0.283 (0.0639346)	0.176 (0.607672)
Linj	−0.0362* (0.024114)	0.0106 (0.8798574)	−0.0532 (0.3860048)	−0.000900 (0.9732771)
Const	5.490*** (0.0001001)	−5.357*** (4.48e−06)	−8.061*** (0.0001462)	−1.434 (0.6677647)
N	225	81	118	434

Source Author
p values in parentheses
*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

HDI countries, better labour conditions when measured in terms of actual injuries have a significant positive effect on exports. There is no such significant relation between *linj* and *lexp* for middle and low HDI countries.

Table 7 uses extent of strikes in a country as a control, and I could not find any significant effect on exports in any category of countries.

Tables 8 and 9 use trade union density and average hours worked as controls but in neither case could I find any significant effects on export in any category of countries.

From Tables 4, 5, 6, 7, 8 and 9, one common thing that can be observed is that given small sample size, we do not often get significant results but still it suggests that the effects of labour rights on exports is different in countries at different stages of development.

Table 7 Strikes

Variables	(1) Lexm	(2) Lexm	(3) Lexm	(4) Lexm
Lpop	0.0941 (0.7796465)	0.982** (0.0030866)	1.508 (0.115254)	10697l** (0.0098739)
Lenroll	0.0615 (0.6150207)	−0.965 (0.248108)	0.256 (0.7843356)	0.537 (0.4589703)
Lstrike	−0.0207 (0.1962182)	−0.0221 (0.5195374)	−0.0325 (0.7565194)	−0.00961 (0.710336)
Const	−1.012 (0.3401405)	−13.41*** (0.0000147)	−8.237*** (0.0004447)	−9.850*** (7.32e−08)
N	303	144	121	586

Source Author
p values in parentheses
*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 8 Trade union density

Variables	(1) Lexm	(2) Lexm	(3) Lexm	(4) Lexm
Lpop	−0.282 (0.3305051)	0.419 (0.4678411)	2.172 (0.1035732)	0.361 (0.3448108)
Lenroll	0.124 (0.2668958)	0.0478 (0.8597926)	−0.740 (0.077984)	0.0617 (0.7343584)
Lunion	0.0296 (0.7253037)	−0.0585 (0.3110582)	0.162 (0.25111)	0.0351 (0.6735284)
Const	−0.186 (0.8701854)	−2.343 (0.2105973)	−8.562 (0.0895013)	−2.410* (0.0249517)
N	328	101	52	481

Source Author
p values in parentheses
*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 9 Average hours worked

Variables	(1) Lexm	(2) Lexm	(3) Lexm	(4) Lexm
Lpop	0.478 (0.2449212)	2.472 (0.1569097)	0.400 (0.5545235)	0.730 (0.0584)
Lenroll	0.455 (0.1829141)	0.218 (0.8919357)	0.124 (0.7684215)	0.494 (0.3268562)
Lhou	0.566 (0.1471442)	−1.175 (0.3084337)	0.0426 (0.9370185)	0.0723 (0.8672028)
Const	−5.781* (0.0328725)	−5.421 (0.3456334)	−3.350 (0.3484128)	−5.148* (0.0297518)
N	221	84	54	364

Source Author

p values in parentheses

*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

5 Conclusion

This paper has examined the effects of labour standards on export performance of countries. I have tried to test the conventional wisdom and belief that low labour standards give a country some advantages in the form of export competitiveness. I also tested if the effect of labour rights on export is different at different levels of economic growth. I found that although no definite relation emerges between labour rights and export performance, the result could depend on whether it is 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 occur if a comparatively poorer country ratifies the conventions.

But as mentioned at the end of the previous section, although insignificant, we do see in some cases, some of the proxies of labour standards having a positive impact on export performance. This signifies that countries do have an incentive to strengthen their labour conditions to improve export performance, especially if it is a poorer country. Therefore, we may say that the conventional belief that these countries deliberately engage in a race to the bottom may not be true since that may actually harm their interest.

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