

INTRODUCTION

The selection of articles in this issue of the *Review* spans a variety of topics, two of which are concerns of increasing import in the particular context of globalization. The first of these is the oft-assumed link between trade liberalization and growing international inequality. The other, stemming from the internationalization of employment relationships, is the applicability of national labour law to international contracts of employment. Also examined in this issue are developments in Japan's labour management practices and, to begin with, the measurement and elimination of child labour.

The opening article by *Richard Anker* articulates the numerous reasons for our concern with child labour, children's welfare and the protection and development of the child, as well as the macro impacts on the labour market and the economy. This means that the elimination of child labour can be justified in several different ways (which can at times conflict), and that a wide range of actors and institutions would be affected by the elimination of child labour.

The article points to limitations and difficulties in estimating child labour by relying on only one quantitative measure. For instance, owing to the variety of forms of child labour, separate estimates are needed in order to distinguish at least between non-hazardous and hazardous and other worst forms of child labour, which are the focus of the ILO's recent Worst Forms of Child Labour Convention, 1999 (No. 182) —especially since the latter are often concentrated by industry, occupation or geographical area.

Selected measurement issues are then examined, including work and labour-force activity; hazardous work; school, learning and work; combining school and work; and employment status and housework.

The author suggests a two-pronged approach to the elimination of child labour. Elimination of hazardous and other worst forms of child labour should be addressed within a separate child labour programme, while activities to eliminate unacceptable non-hazardous child labour should mostly be integrated into the regular work programmes of international organizations and national ministries.

In order to be effective, however, even programmes targeting hazardous child labour need to take account of: poverty and poor children's income; the availability of quality schools; the demand for hazardous and other worst forms of child labour; the need for improved information on hazardous and other worst forms of child labour.

Anker suggests that activities to eliminate unacceptable non-hazardous child labour should, for the most part, be integrated—i.e. mainstreamed—into normal, ongoing programmes of national governments and international organizations. Such activities should take into account the following issues: the magnitude of the problem is such that it cannot be addressed effectively through a separate child labour programme; non-hazardous child labour can sometimes be good for children and their development without affecting school performance; human capital formation and education are critically important for promoting economic development and democracy and for reducing poverty and social exclusion; and the elimination of non-hazardous child labour should be approached from a life-course perspective and be at the centre of an anti-poverty orientation to development.

Trade liberalization,¹ an essential component of the process of globalization, is often uncritically assumed to be responsible for growing international economic inequality,² the adverse trends in employment and wages of low-skilled workers in industrialized countries and for the deterioration of global labour standards in both industrialized and developing countries.

Ajit K. Ghose examines the available time-series statistical evidence at the global level to conclude that the growth of international inequality has not been caused by trade liberalization but by other factors, such as non-liberalization of trade in agricultural products and a lack of the basic human and physical capital which has left many developing countries dependent on the export of primary commodities.

Using data on employment and trade in manufactures between two industrialized countries (Japan and the United States) and six large developing countries (China, India, Indonesia, Malaysia, the Philippines and Taiwan (China)), the study finds that the growth of trade between these two groups of countries had a small adverse effect on the employment of unskilled workers in the manufacturing sector of the two industrialized countries. The analysis of the evidence also suggests that this growth of trade in manufacturing between these two groups of countries is unlikely to have been responsible for the growing wage-gap between skilled and unskilled workers in the two industrialized countries.

The study notes an asymmetry in the employment effects of trade in these two groups of countries. Trade hurts, to a small extent, employment in import-competing industries of industrialized countries but stimulates employment growth of both skilled and unskilled workers in all branches of

¹ Trade liberalization, intended to increase the trade-GDP ratio, essentially refers to two policy measures implemented by most countries since the mid-1980s: the progressive replacement of quantitative restrictions on trade by tariffs and the progressive reduction of tariff rates. Supplementary measures include exchange rate alignment and currency convertibility on the current account.

² International economic inequality is interpreted as the gap in per capita income between the richest and the poorest countries.

manufacturing in developing countries. As a result, the global net effect of international trade on overall employment is positive and substantial.

The empirical evidence shows that, in general, trade has raised labour standards in developing countries.³ Labour standards may have deteriorated in the marginalized poorer developing countries but this can be attributed more to a lack of growth in trade than to their integration with the world economy through increased trade.

In the case of the two industrialized countries the article considers, there were factors other than the growth of trade with developing economies which negatively influenced employment and wages and hence labour standards. Such factors include technological change, a general process of deindustrialization (and the rapid expansion of the services sector) and labour market policies resulting in the cheapening of unskilled labour.⁴

Finally, the article makes a contribution to the ongoing international debate on vital issues related to the process of global economic integration.

Susumu Watanabe critically reviews the current status of Japanese labour management practices, notably the lifetime employment system (LES) and the seniority-based wage system (SWS) by examining both industry-wide and individual firm-based production systems. He first describes the development of the Japan model of production built on the pillars of the LES, SWS and company-based trade unions and confirms the essential role played by the multi-skilled and experienced workers (*Tanôkô*) in building up teamwork and the transfer of know-how through in-house training.

Looking at the trends in LES (using as a proxy the proportion of firms with a retirement system), he argues that practices such as the use of temporary workers, secondment (whereby the worker remains on the sending firm's payroll) and interfirm transfers, and early retirement with a premium bonus are *not* signs of the decline of LES. On the contrary, such practices are considered by the author to be integral to LES, as they represent ways of reducing the cost of LES to the employer and facilitating its survival through changing business conditions. Moreover, the significance of *Tanôkô*, in-house training (the *Kogai* system), loyalty, and peaceful and cooperative industrial relations is found to be increasing.

In contrast to the modifications to the LES, the author considers the Japanese wage system to be undergoing marked changes, with a general move towards multiple wage systems, some growth in work-based elements in wages, and a decline in the concept of the age-based living wage (though with important differences between large and small firms).

³ In the absence of country case studies, trends in employment and wages have been used by this study as a proxy for the trends in overall labour standards.

⁴ Labour market policies could cheapen unskilled labour for employers through various forms of wage subsidies, the reform of social security and unemployment benefit systems, and the flexibilization of labour markets.

Marie-Agnès Sabirau-Pérez takes up a subject that has seldom, if ever, been addressed in the pages of the *International Labour Review*, namely, private international law. Drawing primarily on French judicial and jurisprudential sources but also on constructive judgements of the European Court of Justice, her deeply insightful analysis examines how jurisdiction is determined in litigation involving a conflict of laws applicable to an international contract of employment. Such conflict, triggered by a change of applicable law, may arise either because the parties, at some point in the performance of their contract, expressed or demonstrated a choice of law other than that which previously governed their relationship, or because the place where the employee habitually worked in performance of the contract was relocated abroad. Such situations raise complex legal issues, not least because of the particular nature of a contract of employment.

The 1980 Rome Convention on the law applicable to contractual obligations, the author argues, provides a flexible framework for dealing with them. In keeping with the principle of freedom of contract, the Convention gives priority to the parties' own choice of law. In the absence of a valid choice—which can be expressed or implied—it is the law of the place of performance that applies—the *lex loci executionis*. But the Convention also provides the courts with the possibility of making the contract subject to “the law of the country with which it is most closely connected”, a device that may be used to overrule the application of objective law in favour of alternative legislation offering better protection to the employee. Such protection may also be strengthened by mandatory rules of the *lex loci*, which apply irrespective of the law of the contract or any change thereof.

An important issue Sabirau-Pérez examines in the course of her discussion is that of legal subordination to an employer and its possible implications for the validity of the employee's acceptance of a change of law. Another is the temporal dimension of a change of law consequent upon relocation, involving determination of whether relocation is temporary or lasting and the question of transitional law, which the Convention does not provide for. And there are many others. As employee protection is a central concern of French judicial reasoning, she finally suggests that a distinction may be emerging between the general law of contract and a more specific law of contracts of employment in this area.

The *Books* section reviews two books having globalization as their principal theme. The first addresses some increasingly important aspects of human resource management for successful competition in the context of globalization. The second book reviewed deals with globalization and unemployment, basically by examining the experience of OECD countries, including the theories of employment and unemployment developed on both sides of the Atlantic. The first of the two book notes takes a stand against those who theorize that the end of work and of the proletariat is imminent. The second book provides a timely but gloomy picture of the formulation of the European Union's social policy. *New ILO publications* include books on

international recommendations on labour statistics; the strengthening of social dialogue in the countries of the Andean region; the evolution of labour costs in selected Latin American countries; labour-management relations in small and medium-sized enterprises; the application of modern management practices in the cooperative context; guidelines for Latin American trade unions to defend human and labour rights and freedom of association more effectively; gender, poverty and employment (a reader's kit and a facilitator's kit, both in modular form); the relationship between demographic movements, poverty levels and patterns of employment in four Latin American countries; social dialogue in central and eastern European countries; sustainable agriculture in a globalized economy; and termination of employment.

