

Southern Regional Model United Nations XVIII
Fostering a Culture of Peace for International Development
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Atlanta, GA
Email: ilo@srmun.org



Dear Delegates,

I would like to welcome you to Southern Regional National Model United Nations Conference (SRMUN) XVIII and to the International Labor Organization (ILO). My name is Reggie Thomas and it is a pleasure to serve as your Director. This year marks my first year as a SRMUN staff member. However, I have actively participated in thirteen Model United Nations (MUN) conferences in the last four years. Currently, I am a senior at Pace University in New York City, pursuing a double major in political science and economics. Joining me is Ross Friedman who will serve as our Assistant Director. Ross is a sophomore at Emory University double majoring in Political Science and Music. He has been involved in MUN for seven years attending conferences in Atlanta, Boston and Berkeley.

The ILO became the first specialized UN Agency in 1946 and was founded on the principle that “universal and lasting peace can be established only if it is based on social justice.”¹ Within this international framework, solutions to address the improvement of working conditions are not levied on individual states alone. The ILO is a unique forum because it brings together government representatives, employers and workers to discuss and develop solutions to various labor issues. The topics to be addressed by our committee for this conference are:

- I. The Role of Entrepreneurship in Economic Sustainability
- II. Eradication of Forced Labor
- III. Trade Liberalization and Labor Markets

This background guide will provide you with a foundation for your research. However, it is by no means exhaustive of the information available to you for each topic. I should remind you that thorough preparation of each topic is expected from every delegate in order to ensure the success of our committee. This background guide will provide an initial step in your research, but you will need to do research beyond the material presented in this background guide.

Each delegation is required to submit a position paper for consideration. It should be no longer than two pages in length (single spaced) and demonstrate your country’s position, policies and recommendations on each of the three topics. For more information regarding the position papers please visit the SRMUN website at <http://www.srmun.org>. Position papers must be submitted to ILO@srmun.org no later than Midnight, EST on Friday, October 26th. Late or improperly formatted papers will not be considered for awards.

Ross and I wish you the best as you prepare for the 2007 SRMUN Conference. If you have any questions please feel free to contact us at any time. Best of luck!

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¹ “Beginning of the International Labour Organization.” International Labor Organization.
<http://www.ilo.org/public/english/bureau/inf/download/leaflet/pdf/leaflet2001.pdf>

History of the International Labor Organization

The International Labor Organization (ILO) is founded on the principle that “universal and lasting peace can be established only if it is based on social justice.”² Within this international framework, solutions to address the improvement of working conditions are not levied on individual states alone. The ILO strategic objectives encompass four major areas, which include promoting fundamental principles of rights at work, creating greater opportunities to secure decent employment, enhancing coverage and protection for social protection and strengthening tripartism and social dialogue.³

The founding ideas of the International Labor Organization (ILO) were rooted in the early nineteenth century, as the daunting physical effects of manual labor became increasingly apparent. In the late nineteenth century, organized labor unions became a norm, where the rights and working conditions of working people were at the forefront of debate. The motivations for the creation of the ILO were humanitarian, political and economic.⁴ With these growing numbers of workers without a safe working environment, there were widespread concerns of civil unrest and possible revolution.⁵ Further, with international trade increasing, the cost of production due to social reforms would increase. As a result, an organization was needed that would assist in keeping a fair playing field amongst nations so that the adoption of humane working conditions would not serve as a detriment.⁶ In 1941, the International Labor Conference, held in Philadelphia, PA, adopted the Declaration of Philadelphia, which declared the aims, purposes and principles of the ILO. The Declaration reaffirms that “labor is not a commodity, freedom of expression and of association are essential to sustained progress, poverty anywhere constitutes a danger to prosperity everywhere.”⁷ Further, the Declaration of Philadelphia created a broader scope for which the ILO could address inevitable postwar growth and technical cooperation needed for the developing world.⁸

The ILO is unique among the various bodies of the United Nations, as it takes on a tripartite structure where both employers’ and workers’ organizations have equal voices with governments in determining international labor policy.⁹ Each of the 177 Member States of the ILO sends a total four delegates: two from the government, one representing workers, and one representing employers.¹⁰ Each of these delegates speaks and votes independently of one another. In June of every year, the International Labor Conference meets to discuss international labor standards and social concerns. Every two years, the Conference adopts the ILO biennial work program and the budget, which is financed by the Member States.¹¹ The 28 members of the Governing Body lead the ILO. This Governing Body is comprised of 28 government members, and 14 worker and 14 employer members.¹² The duties of this body include taking decisions on actions regarding ILO policy, preparing the draft program and creating a budget. Further, this Executive Council has the duty to elect the Director-General for 5-year renewable terms.¹³ Of the government seats, 10 are permanent members which hold significant industrial importance: Brazil, China, France, Germany, India, Italy, Japan, Russian Federation, United Kingdom, United States.¹⁴

The ILO frequently establishes working relationships with member state governments in order to have labor-related complaints addressed. The ILO has recently announced that an “Understanding with the Government of Myanmar”

² “Beginning of the International Labour Organization.” International Labor Organization.
<http://www.ilo.org/public/english/bureau/inf/download/leaflet/pdf/leaflet2001.pdf>

³ Ibid.

⁴ “An ILO History: Labor is not a commodity.” International Labor Organization.
http://www.ilo.org/public/english/bureau/inf/download/brochure/pdf/broch_0904.pdf

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ “Origins of the International Labor Organization.” International Labor Organization.
<http://www.ilo.org/public/english/bureau/inf/download/leaflet/pdf/leaflet2001.pdf>

⁹ “The ILO tripartite structure.” International Labor Organization.
http://www.ilo.org/public/english/bureau/inf/download/brochure/pdf/broch_0904.pdf

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

has been established concerning the continued practice of forced labor.¹⁵ Under this agreement, victims have the ability to seek redress by submitting complaints to the ILO Liaison Officer in Yangon.¹⁶ Because of this important agreement the ILO undertook, this Understanding underscores that no retaliatory action will be taken against complainants.¹⁷

The ILO is in partnership with many UN agencies on topics of mutual benefit. Most recently, the ILO collaborated with the Secretariat of the World Trade Organization (WTO) in formulating policy research on “trade and employment.”¹⁸ Through this partnership, connections were established between trade, employment, labor and social policies.¹⁹ However, policy research is not the sole focus of partnerships with UN Agencies. As a follow-up to the 2006 UN Economic and Social Council Ministerial Declaration on decent work, the United Nations Development Program (UNDP) and the ILO signed a joint agreement that will utilize each agency’s specialties to strengthen training programs and advancing the Decent Work Agenda.²⁰

Current members of the International Labor Organization are:

AFGHANISTAN, ALBANIA, ALGERIA, ANGOLA, ANTIGUA AND BARBUDA, ARGENTINA, ARMENIA, AUSTRALIA, AUSTRIA, AZERBAIJAN, THE BAHAMAS, BAHRAIN, BANGLADESH, BARBADOS, BELARUS, BELGIUM, BELIZE, BENIN, BOLIVIA, BOSNIA AND HERZEGOVINA, BOTSWANA, BRAZIL, BRUNEI DARUSSALAM, BULGARIA, BURKINA FASO, BURUNDI, CAMBODIA, CAMEROON, CANADA, CAPE VERDE, CHAD, CHILE, CHINA, COLUMBIA, THE COMOROS, THE CONGO, COSTA RICA, COTE D’IVOIRE, CROATIA, CUBA, CYPRESS, THE CZECH REPUBLIC, THE DEMOCRATIC REPUBLIC OF CONGO, DENMARK, DJIBOUTI, DOMINICA, THE DOMINICAN REPUBLIC, ECUADOR, EGYPT, EL SALVADOR, EQUATORIAL GUINEA, ERITREA, ESTONIA, ETHIOPIA, FIJI, FINLAND, FRANCE, GABON, THE GAMBIA, GEORGIA, GERMANY, GHANA, GREECE, GRENADA, GUATEMALA, GUINEA, GUINEA-BISSAU, GUYANA, HAITI, HONDURAS, HUNGARY, ICELAND, INDIA, INDONESIA, IRAN, IRAQ, IRELAND, ISRAEL, ITALY, JAMAICA, JAPAN, JORDAN, KAZAKHSTAN, KENYA, KIRIBATI, THE REPUBLIC OF KOREA, KUWAIT, KYRGYZSTAN, THE LAO PEOPLE’S DEMOCRATIC REPUBLIC, LATVIA, LEBANON, LESOTHO, LIBERIA, THE LIBYAN ARAB JAMAHIRIYA, LITHUANIA, LUXEMBOURG, MADAGASCAR, MALAWI, MALAYSIA, MALI, MALTA, MAURITANIA, MAURITIUS, MEXICO, THE REPUBLIC OF MOLDOVA, MONGOLIA, MONTENEGRO, MOROCCO, MOZAMBIQUE, MYANMAR, NAMIBIA, NEPAL, THE NETHERLANDS, NEW ZEALAND, NICARAGUA, THE NIGER, NIGERIA, NORWAY, OMAN, PAKISTAN, PANAMA, PAPUA NEW GUINEA, PARAGUAY, PERU, THE PHILIPPINES, POLAND, PORTUGAL, QATAR, ROMANIA, THE RUSSIAN FEDERATION, RWANDA, SAINT KITTS AND NEVIS, SAINT LUCIA, SAINT VINCENT AND THE GRENADINES, SAMOA, SAN MARINO, SAO TOME AND PRINCIPE, SAUDI ARABIA, SENEGAL, SERBIA, SEYCHELLES, SIERRA LEONE, SINGAPORE, SLOVAKIA, SLOVENIA, SOLOMON ISLANDS, SOMALIA, SOUTH AFRICA, SPAIN, SRI LANKA, THE SUDAN, SURINAME, SWAZILAND, SWEDEN, SWITZERLAND, THE SYRIAN ARAB REPUBLIC, TAJIKISTAN, THE UNITED REPUBLIC OF TANZANIA, THAILAND, THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA, TIMORE-LESTE, TOGO, TRINIDAD AND TOBAGO, TUNISIA, TURKEY, TURKMENISTAN, UGANDA, UKRAINE, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM, THE UNITED STATES, URUGUAY, UZBEKISTAN, VANUATU, VENEZUALA, VIETNAM, YEMEN, ZAMBIA, ZIMBABWE.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

I. The Role of Entrepreneurship in Economic Sustainability

“[There is an] unprecedented global jobs crisis of mammoth proportions... If we choose to continue along the present path, the world risks becoming more fragmented, protectionist and confrontational...It is time to revisit the commitments made by the global community to promote social inclusion and jobs as the basis of poverty reduction, and respect for fundamental...rights at work.”²¹

Introduction

One of the most important issues facing the international community today is unemployment. Unemployment and its role in global poverty is a major hindrance towards social development and economic stability.²² It is estimated that 195 million people worldwide are unemployed.²³ If current economic conditions continue, this number is expected to rise to over 250 million unemployed by 2015.²⁴ The populations affected most by unemployment are youth and women, which account for more than two-thirds of all unemployed persons.²⁵ Coupled with unemployment is the issue of growth being concentrated in capital-intensive areas such as agriculture?²⁶ Agriculture, which employs most people in developing countries, is characterized by low productivity growth, and thus has not provided enough real employment and income security, particularly in rural areas.²⁷ Unemployment and the lack of income security are major concerns throughout the international community because they lead to increased poverty and in turn reduces a country’s economic stability and social progress. Specifically, employment offers financial stability for families, provides food to children in a world where 300 million children go to bed hungry every day, makes health care more affordable, and offers the possibilities of education to break the viscous cycle of poverty affecting half the globe.²⁸

One way to mitigate the adverse impacts of unemployment is to promote entrepreneurial activities. The earliest forms of entrepreneurship date back to the eighteenth century where individuals would buy goods at certain prices and sell at unexpected prices.²⁹ Since that time, an entrepreneur has developed into “an individual - one who brings other people together in order to build a single productive organism.”³⁰ The act of creating employment opportunities is at the heart of the role of entrepreneurship in alleviating poverty.³¹ Not only does entrepreneurship offer employment opportunities, but also it allows an individual to create employment that best utilizes their unique skill set.³² Many international scholars strongly believe that entrepreneurship will help the international community to achieve the Millennium Development Goals (MDGs) - in particular goals, one and eight which calls for the eradication of extreme poverty and hunger, as well as the development of a global partnership for development.³³

Obstacles in Data, Information and Research

Even with the peaked interest in the area of the impact of entrepreneurship on poverty, there is a shortage of statistical evidence to help support further research.³⁴ Definitions of terms such as “small business” and “women

²¹ “ILO Director-General Warns of Unprecedented Jobs Crisis.” International Labor Organization.

<http://www.ilocarib.org.tt/oldwww/news/2006/job-crisis.htm>

²² “Global Unemployment Remains at Historic High Despite Strong Economic Growth.” United Nations. January 25, 2007.

<http://www.un.org/apps/news/story.asp?NewsID=21335&Cr=unemployment&Cr1>

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ “Fast Facts: The Faces of Poverty.” United Nations Millennium Project.

<http://www.unmillenniumproject.org/documents/3-MP-PovertyFacts-E.pdf>

²⁹ Paul Di-Masi. “Defining Entrepreneurship.” <http://www.gdrc.org/icm/micro/define-micro.html>

³⁰ David Burnett. “The Supply of Entrepreneurship and Economic Development.” Technopreneurial.com.

<http://www.technopreneurial.com/articles/history.asp>

³¹ Ibid.

³² Ibid.

³³ “UN Millennium Development Goals.” United Nations. 2005. <http://www.un.org/millenniumgoals/goals.html#>.

³⁴ Ibid. p. 7.

entrepreneur” provide hardships for researchers. For example, the United States defines small business as employing less than 500 people, whereas many European countries define it as less than 250 employees.³⁵ Where data is present, the information is not uniform and even inconsistent. For example, different nations focus on different aspects of women’s employment such as participation in the small business sector rather than women owner-managers.³⁶ These differences in collecting and analyzing statistical data make it difficult to provide accurate global data. What causes the biggest dilemma of researchers is the policy of Member States prohibits statistics on an individual, which makes the data gathering impossible for the ILO.³⁷ In order to further explore the issue of entrepreneurship, Member States should promote installing uniform standards and transparency within reporting to ensure proper policy recommendations. Therefore, please note that the data on this topic may seem inconsistent or not comprehensive due to the relatively new research available.

The Role of the ILO in Promoting Entrepreneurship

The ILO has embraced entrepreneurship as a significant source of job creation.³⁸ The strategy of the ILO is based on the statement, “Viable start-ups and well functioning enterprises creates more and better jobs.”³⁹ The Enterprise Department of the ILO has developed a four stage-training program that has shown to be successful in a number of Member States. The foundations of this program within Member States include a request from a national government, translation of materials, ILO trainers working with teachers and lecturers, followed by pilot testing and assessment.⁴⁰

The first stage titled, “Know About Business” (KAB) focuses on creating an enterprise culture and promoting entrepreneurship opportunities.⁴¹ KAB has been implemented or tested in over 20 Member States in Africa, Asia and Latin America.⁴² “Start Your Business” (SYB) facilitates a business plan for interested entrepreneurs.⁴³ This training program consists of “five days of classroom-based training” as well as a counseling session.⁴⁴ This counseling session connects the entrepreneur with contacts and resources to improve success.⁴⁵ This stage of training has been established in 90 countries with start-up rates after training ranging from 14 percent-54 percent.⁴⁶ It has also been estimated that 2.4 to 3.4 jobs were created after each business was started.⁴⁷

“Improve Your Business” (IYB) is aimed at improving management of basic businesses.⁴⁸ It is aimed at enabling “standardized buying, stock control, record keeping, costing, financial forecasting and marketing processes.”⁴⁹ Assessment has shown an increase in profits ranging from 45 percent to 64 percent as well as 0.6 new jobs created for each business owner that went through training.⁵⁰ Finally, the “Expand Your Business” (EYB) stage aims at enabling business institutions to spread these modules in an efficient manner as well as allowing businesses to increase performance. The impact results of this module are tremendous. After training, 80 percent of businesses showed growth along with half of businesses improving profits by 25 percent within 6 months of training.⁵¹ It has been shown through the work of the ILO that training-intensive support to entrepreneurs demonstrates stability within firms, thus allowing them to provide employment opportunities.⁵²

³⁵ Ibid. p. 27.

³⁶ Ibid. p. 27.

³⁷ Ibid. p. 27.

³⁸ Klaus Haftendorn. “Promotion of Entrepreneurship for Income Generation.” International Labor Organization. p. 3. http://www.diwec.org/Downloads/PRESENTATION_percent20Klaus_percent20Haftendorn.pdf

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid. p. 4.

⁴⁹ Ibid.

⁵⁰ Ibid.

Promoting Women's Entrepreneurship

According to the Global Employment Trends for Women Brief 2007 (GETWB), the number of women in the work force is at an all time high: 1.2 billion employed of the 2.9 billion population.⁵³ Although commendable, there still remain 81.8 million women unemployed. Entrepreneurship is an essential tool for the development of the international community and can be used to meet the ILO Decent Work Program, as well as the United Nations Millennium Development Goals. According to ILO Director-General Juan Somavia, "The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity."⁵⁴ Throughout the last 10 years entrepreneurship has shown to play a major role in the economic sustainability of women.⁵⁵ Female entrepreneurs have the ability to create opportunities of employment for themselves, their families, and for countless others. Even with this trend, women remain a minority of the entrepreneurial field.⁵⁶ Studies have shown various reasons for this trend, including market discrimination in a woman's ability to contribute as an entrepreneur.⁵⁷ Another major contribution to this trend is that women generally enter different industries such as retail, education, and service industries.⁵⁸ Society does not have a strong belief in economic growth in these fields compared to technology and manufacturing – industries that are dominated by men.⁵⁹ From the report regarding Small and Medium-Sized Enterprises (SMEs) by the Organization for Economic Co-Operation and Development, major findings include a series of obstacles for women in entrepreneurship, such as "type of education, lack of role models in entrepreneurship, weak social status, competing times on demand, and access to finance."⁶⁰

According to the GETWB, more women than before are "stuck in low productivity jobs in agriculture and services or receiving less money for doing the same jobs as men."⁶¹ The report emphasizes that women must be given the opportunity to ascertain employment opportunities "in conditions of freedom, security and human dignity."⁶² The sustained work of women in agriculture poses a significant obstacle in the achievement of this. Women in agriculture have more difficulty than their male counterparts in attaining land credit, and having access to equipment and resources, which ultimately leads to greater responsibilities for women in support of a household.⁶³

Evidence has shown that there are major differences present between the level of women's entrepreneurship in transitional and developing countries, as opposed to developed nations.⁶⁴ In Eastern Europe there is currently a transition to a market economy. Prior to this change, men and women were living under a communist regime in which they were theoretically considered equal members of society.⁶⁵ However, after the fall of communism and the shift into the market economy began, the inequalities between the two became more apparent. In developing nations, poverty and lack of education play a significant part of the minority level of women's entrepreneurship.⁶⁶ However, in developed nations, even though economic status and education may be at par with men, a gap in equality still exists and is closing at an extremely slow pace.⁶⁷

⁵¹ Ibid.

⁵² Ibid

⁵³ "ILO Warns on the Feminization of Working Poverty." International Labor Organization. March 7, 2007. http://www.ilo.org/public/english/region/ampro/cinterfor/temas/gender/news/gl_tren.htm

⁵⁴ "Decent Work: The Heart of Social Progress." International Labor Organization. <http://www.ilo.org/public/english/decent.htm>

⁵⁵ "Women's Entrepreneurship: Issues and Policies." Organization for Economic Co-Operation and Development. 2004, p. 4. <http://www.oecd.org/dataoecd/6/13/31919215.pdf>

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Ibid. p. 7.

⁶¹ Ibid.

⁶² Ibid.

⁶³ "Global Employment Trends for Women – Brief, March 2007." International Labor Office. March 2007, p. 8. <http://www.ilo.org/public/english/employment/strat/download/getw07.pdf>

⁶⁴ "Women's Entrepreneurship: Issues and Policies." Organization for Economic Co-Operation and Development. 2004, pp. 9-10. <http://www.oecd.org/dataoecd/6/13/31919215.pdf>

⁶⁵ Ibid. p. 9.

⁶⁶ Ibid. p. 10.

⁶⁷ Ibid.

The concept of women's entrepreneurship incorporates the role of women and the role of entrepreneurship in society. Although these two have been researched extensively, there has not been a wealth of research in the specific area of women's entrepreneurship.⁶⁸ The foundation for research in this field was not due to an initiative by the research community, but rather through inquiries by organizations such as the International Labor Organization in need of information to provide support for women entrepreneurs.⁶⁹ It was through this initial inquiry that there has been widespread recognition of the role gender plays in entrepreneurship and economic growth.⁷⁰

Promoting Entrepreneurship in India

Although two-thirds of India's 1.1 billion population live in rural villages, a majority of the economic growth has occurred for the urban middle class.⁷¹ The trend is slowly changing through entrepreneurship endeavors by both the government and civil sectors.⁷² In 2004, the government of India introduced the Providing Urban Amenities to Rural Areas program (PURA).⁷³ PURA includes four areas of providing quality roads and transport, electronic connectivity, knowledge through education, and entrepreneurship programs for farmers, artisans and craftsmen.⁷⁴ Through PURA, the Indian Government has provided business plan training and capacity building for rural entrepreneurs to create business plans with infrastructural support from transportation services, banks and governmental rural development programs.⁷⁵

The corporate sector too has also assisted in capacity building for rural entrepreneurs. The shift in focus to the rural villages has not only generated significant revenue for companies looking for a new brand of consumers but also for many low income citizens of India.⁷⁶ Hindustan Lever, a subsidiary of the Dutch company Unilever, launched an initiative that enlisted 20,000 of India's poor to sell various products such as soap and toothpaste into 80,000 of India's rural villages.⁷⁷ The entrepreneurs earn between \$16 and \$22 per month, which in multiple cases doubled the monthly household income.⁷⁸ Through the partnership of the both the private and public sector, a countless number of people are given the capacity to become their own entrepreneurs, charting out their own financial stability.

The Youth Employment Network

The ILO estimated that there are currently 88.2 million young people unemployed in the world, accounting for 47 percent of unemployment worldwide.⁷⁹ It is also estimated that there are 59 million young men and women between the ages of 16 and 17 that are engaged in hazardous forms of work.⁸⁰ These youth are two to three times more likely to be unemployed than prior generations.⁸¹

⁶⁸ Ibid. p. 30.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ John Lancaster. "Building Wealth by the Penny." *The Washington Post*. March 14, 2006. p. A13.

http://www.washingtonpost.com/wp-dyn/content/article/2006/03/13/AR2006031301685.html?nav=rss_world

⁷² Ibid.

⁷³ Ibid.

⁷⁴ APJ Abdul Kalam. "Empowering Rural India." *The Financial Express*. August 14, 2005.

http://www.financialexpress.com/fe_full_story.php?content_id=99278

⁷⁵ "Encourage Entrepreneurship: Kalam." *The Hindu*. January 8, 2004.

<http://www.hindu.com/2004/01/08/stories/2004010806551200.htm>

⁷⁶ John Lancaster. "Building Wealth by the Penny." *The Washington Post*. March 14, 2006. p. A13.

http://www.washingtonpost.com/wp-dyn/content/article/2006/03/13/AR2006031301685.html?nav=rss_world

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ "The Global Challenge." International Labor Organization. April 6, 2006.

<http://www.ilo.org/public/english/employment/strat/yen/challenge/index.htm>

⁸⁰ Ibid.

⁸¹ Ibid.

At the United Nations Millennium Summit of 2000, a commitment was made to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work.”⁸² From this summit, the Youth Employment Network (YEN) was created to address the global challenge of youth unemployment.⁸³ This high-level policy network, formed by Secretary-General Kofi Annan, conducted a series of high-level panel meetings with experts in various technical and financial fields to study the issue and make recommendations.⁸⁴ The General Assembly acted in Resolution A/RES/57/165, recognizing the need for such a network and the collaboration between the World Bank and ILO in providing support for its implementation.⁸⁵ From the YEN four key areas were established as priorities: employability, equal opportunities, entrepreneurship, and employment creation. A series of recommendations were made by this high-level panel in the area of entrepreneurship.⁸⁶ It was recommended that governments at both the national and local level develop a culture where personal and widespread initiative to start small enterprises can be fostered.⁸⁷ Furthermore, governments were requested to examine and reorient the legal framework for starting a business to ensure that young entrepreneurs were not stifled by bureaucracies.⁸⁸ Currently the YEN is undertaking an array of projects in developing nations such as Indonesia, the Philippines, and Vietnam aimed at implementing practical interventions for improving employment, connecting local businesses with young entrepreneurs, as well as developing and monitoring action plans to support young workers in the informal sector.⁸⁹ The YEN has set a strong foundation for the international community in addressing the daunting task of ensuring employment for the world’s youth.

Conclusion

The development of entrepreneurship within the fabric of international business culture is still in its infant stages. Only now have developed states incorporated entrepreneurship as a means for financial stability while many developing nations are still struggling to support this new trend. As with many global issues, we see that entrepreneurship as a means for economic sustainability has a social dimension that at times discriminates by gender, age and socio-economic class. More work must be done to allow researchers to ascertain all the information and data needed to support policy makers. International action should be taken on these specific issues to support the future of entrepreneurship. Although there are continued struggles in promoting entrepreneurship, there is hope. Innovation has allowed new channels of entrepreneurship to occur even in the remote rural villages of India. Giving global citizens an opportunity to become an entrepreneur assures their own economic capability along with the viability of others.

Committee Directive

As entrepreneurship has taken many forms over the past two centuries, it is essential for delegates to have a grasp of the basic concepts of free enterprise. As the topic of entrepreneurship and economic sustainability has a wide cross-section of themes, it is important for delegates to identify which areas its nation is a world leader in and which areas it may need to improve. Delegates are expected to have a strong grasp of *The Global Unemployment Trends 2007* report of the ILO as well as their nation’s policies on promoting entrepreneurship. Further, it will be useful for delegates to research case studies exemplifying entrepreneurial activities that lead to financial stability. To provide starting points for discussion, ask yourself in what ways can the international community ensure that analysts are able to continue to research women’s entrepreneurship to ensure data is uniform, accurate, and transparent? What social inequalities between men and women in the entrepreneurial field exist and how can they be addressed while respecting cultural differences? Remember, the ILO is formed through a tri-partite structure

⁸² “Speech by Mr. Allan Larsson.” Asian Summit on Youth and Employment. October 29-30, 2003.

<http://www.bystonline.org/asiansummit/speeches/allanlarsson.htm>

⁸³ “YEN Objectives.” International Labor Organization. April 6, 2006.

<http://www.ilo.org/public/english/employment/strat/yen/object/index.htm>

⁸⁴ Ibid.

⁸⁵ A/RES/57/165. *Promoting Youth Employment*. United Nations General Assembly. January 16, 2003.

<http://www.ilo.org/public/english/employment/strat/yen/download/a57165.pdf>

⁸⁶ “A Global Alliance for Youth Employment: Recommendations of the High-Level Panel on Youth Employment.” International Labor Organization. May 27, 2004. <http://www.ilo.org/public/english/employment/strat/yen/publ/recomm.htm#3.3>

⁸⁷ Ibid.

⁸⁸ Ibid.

⁸⁹ “Projects.” International Labor Organization. May 27, 2004.

<http://www.ilo.org/public/english/employment/strat/yen/projects/index.htm>

where government, employers and employees all join together to offer solutions and strategies to today's global questions. How can we as the ILO leverage our structure and our different areas of membership to support a culture of entrepreneurship? What mechanisms and strategies are currently in place within your own country in ensuring economic viability through entrepreneurship? Do youth across the globe have adequate opportunities for employment in free enterprise? What areas and projects of the YEN can be replicated elsewhere in the world? How can entrepreneurship be fully utilized in promoting sustainable economic and social development?

II. Eradication of Forced Labor

Introduction

The issue of forced labor has always been a major concern to the international community. Forced labor is defined by the International Labor Organization (ILO) Convention No. 29 as "all work or service, which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily."⁹⁰ An alarming 12.3 million people are victims of forced labor.⁹¹ According to most recent estimates, 250 million children between the ages of 5-14 are working throughout the world.⁹² Half of these children are forced to work on a full-time basis.⁹³ These extreme figures are very incomplete, as it is difficult to find accurate and reliable information related to child labor.

The problem of forced labor has existed for centuries. As early as 2575 B.C.E. Egyptians sent expeditions down the Nile River to capture slaves.⁹⁴ Since then, countless acts of slavery, from the Greeks and Romans to modern day slavery have occurred. The largest form of forced labor during the Renaissance was the triangular trade in Africa.⁹⁵ Beginning around 1450, slaves were captured along African coasts and brought to the New World. Slaves were obtained with the cooperation of African kings and merchants in exchange for various forms of merchandise including beads, brandy, guns, textiles, horses and guns.⁹⁶ Between 1650 and 1900, over 10 million slaves were exported from Africa.⁹⁷ These slaves were forced to endure terrible conditions, as well as disease and malnutrition. While forced labor can occur in any region or state, it is more likely to occur in developing countries rather than developed ones.⁹⁸

According to the ILO the two geographic regions with the highest rate of forced labor are Asia and Africa.⁹⁹ Asia possesses approximately 9,490,000 people involved in forced labor.¹⁰⁰ Additionally, Asia has a staggering 61 percent of the world's total child working labor.¹⁰¹ However, in terms of actual numbers, Africa is the highest with two out of every five children working.¹⁰² Also, it is important to note that rural areas experience more child labor issues than urban areas. Most children involved in economic activity begin as early as 5 years old.¹⁰³

⁹⁰ "Convention Concerning Forced or Compulsory Labor." International Labor Organization. May 1, 1932.
<http://www1.umn.edu/humanrts/instree/n0ilo29.htm>

⁹¹ "Forced Labor Statistics." Cornell University 2006.
<http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1019&context=forcedlabor>

⁹² "Statistics on working Children in Hazardous Child Labor Brief." International Labor Organization 1998.
<http://www.ilo.org/public/english/comp/child/stat/stats.htm>.

⁹³ Ibid.

⁹⁴ "Slavery Throughout History." Free the Slaves. <http://www.freetheslaves.net/slavery/timeline/>

⁹⁵ Ibid.

⁹⁶ Alistar Boddy-Evans. "The Transatlantic Slave Trade." <http://africanhistory.about.com/library/weekly/aa080601a.htm>

⁹⁷ Ibid.

⁹⁸ "Statistics on working Children in Hazardous Child Labor Brief." International Labor Organization. 1998.
<http://www.ilo.org/public/english/comp/child/stat/stats.htm>.

⁹⁹ "Forced Labor Statistics." Cornell University 2006.
<http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1019&context=forcedlabor>

¹⁰⁰ Ibid.

¹⁰¹ "Statistics on working Children in Hazardous Child Labor Brief." International Labor Organization. 1998.
<http://www.ilo.org/public/english/comp/child/stat/stats.htm>.

¹⁰² Ibid.

¹⁰³ Ibid.

There are many ways in which children and adults become involved in illegal economic activity. Most children, about 69 percent of those in forced labor, are involved in agricultural labor, which involves long hours in intense heat, exposure to toxic pesticides, hauling heavy crops, and possible injury from sharp knives or other dangerous objects.¹⁰⁴ Despite being the highest percentage, the issue of child labor in agriculture has been widely ignored compared to child labor in industries or in sexual exploitation.¹⁰⁵ Adults are often exposed to forced labor in the same manner as children.

Work in the domestic sector has also been a prevalent place for forced labor. Women and girls that are forced to work in the domestic industry are the most abused.¹⁰⁶ The sort of abuse associated with domestic labor occurs within the home or business, where the public eye is unable to observe it. The long list of abuses in domestic situations include physical, psychological, and sexual abuse; forced confinement in the workplace; non-payment of wages; and exceptionally long hours with no breaks.¹⁰⁷ Bonded labor is perhaps the worst form of forced labor. Essentially, the family receives an advance payment (for as little as \$15 USD) for the child to work.¹⁰⁸ As the child continues working, the child incurs expenses and is unable to pay off the debt. The full extent of bond laboring has yet to be realized. Millions of children work in bond laboring in India alone.¹⁰⁹ Adults are coerced into forced labor in a similar fashion.

Clearly, forced labor is a massive problem within the international community. Efforts must be taken to prevent the problem from growing even further than it already has. Past legislation by the United Nations and the ILO has not had significant effects so new and innovative solutions are required to address this issue.

Forms of Forced Labor

Domestic Labor

Forced domestic labor is comprised mainly of women and children. Domestic labor comprises a large portion of the migrant worker population.¹¹⁰ Over recent years, there has been an increased amount of migration of domestic workers to the Middle East. In the year 2000, around 30 percent of all migrant workers in Saudi Arabia, Bahrain, Qatar, Kuwait, and the United Arab Emirates were domestic workers compared to just over 8 percent in the early 1980's.¹¹¹ There are many possible causes for this sudden increase in foreign domestic workers in the Middle East. The most prominent reason is the oil boom of the 1970's.¹¹² As middle and upper class Arab families became wealthier, domestic workers provide the time for women to engage in social activities. Furthermore, employment of a domestic worker conveys a display of prestige and wealth for these upper middle class families.¹¹³

The ILO performed a study of four Arab nations including Bahrain, Kuwait, Lebanon and the United Arab Emirates to determine some of the most challenging issues that need to be addressed in the issues of domestic work. Domestic laborers were reported to work between 101 and 108 hours per week. There was no additional compensation for overtime. Furthermore, women in the UAE reported having no time off during an average month, while domestic laborers in the other nations reported having between 1 and 2 days off.¹¹⁴

Due to the environment of their work, many domestic laborers are kept from public view. Because of the private nature of their work, there is a propensity for sexual and physical abuse to occur. Over 50 percent of the women interviewed in Kuwait reported some sort of physical, psychological or verbal abuse.¹¹⁵ This sort of abuse is

¹⁰⁴ “Children’s Rights.” Human Rights Watch. <http://hrw.org/children/labor.htm>

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

¹¹⁰ Gloria Moreno-Fontes Chammartin. “Domestic Workers: Little Protection for the Underpaid.” International Labor Organization. 2005. <http://www.migrationinformation.org/Feature/display.cfm?id=300>

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Ibid.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

difficult to prevent because often the people performing these abuses are generally male employers and their sons who sponsor the workers' visa into the nation.¹¹⁶

There are also issues regarding the method in which these domestic workers are recruited. Intermediaries recruit domestic workers in their home countries and arrange for their passage to the nation of their employer. In the process, they overcharge for passport and other related fees. Often, workers must work without compensation to pay off the debts incurred through transport. Because these workers are overcharged and underpaid, domestic workers are forced to work for long periods of time without pay. In some cases, domestic workers are deported and are in debt for long periods of time when employers withhold the worker's salary.¹¹⁷

Domestic workers are supposed to sign a contract in their home county with the recruitment agency before arriving in another nation to work. According to the ILO, in Bahrain, only 44.1 percent of domestic workers confirmed that they had signed a contract prior to arrival.¹¹⁸ In many instances, domestic workers will sign contracts in a language that they cannot read or understand. It has been reported that even the signed contracts do not guarantee protection to domestic laborers. In many cases, the employer withholds money for several months or years or refuses to respect the salary established in the contract.¹¹⁹ If the requirements established within a contract are violated, there is no way for foreign workers to express their grievances. The only mediums to which these workers may turn are either the recruitment agency or sponsor. Neither of these are adequate, and generally many concerns of these workers are ignored.¹²⁰

The laws in these nations do not provide adequate means for these foreign workers to find recourse. In all four nations studied, running away is illegal and a punishable offense by the state. In Bahrain, Kuwait and the UAE, the media publishes photographs of runaway workers and the police search for them.¹²¹ Once found, these workers are imprisoned and eventually deported. In order to be sent back to their home nation, workers must purchase their passport from their employers and are generally not paid any wages that had not already been paid to them.¹²² Generally, workers cannot afford to pay their employer for their passport and cannot be sent back to their home without it. These workers are instead forced to remain in captivity and subject to inhumane treatment.¹²³

Labor laws in many Arab nations do not cover women domestic laborers. Because they work in private homes, they are believed not to be workers and their employers are not considered to be employers.¹²⁴ The relationship between domestic workers and their heads of household is not defined by any Arab legislature, which lends further credence to the fact that they are not considered true employees.¹²⁵ Furthermore, these practices cannot be monitored because the laws of many Arabic nations prohibit work inspectors from entering a private residence.¹²⁶

Bond Labor

With 20 million people being held according to the United Nations Working Group on Contemporary Forms of Slavery in 1999, bond labor is the most prevalent form of forced labor throughout the world.¹²⁷ The ILO defines bond labor as, "a worker who renders service under conditions of bondage arising from economic considerations, notably indebtedness through a loan or service."¹²⁸ Bond labor by definition is not forced labor. A person willingly enters into a working relationship with an employer. It becomes forced labor when a worker is illiterate and does

¹¹⁶ Ibid.

¹¹⁷ Ibid.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ibid.

¹²² Ibid.

¹²³ Ibid.

¹²⁴ Ibid.

¹²⁵ Ibid.

¹²⁶ Ibid.

¹²⁷ Mike Kaye. *Forced Labor in the 21st Century*. ICTFU. Brussels, Belgium. <http://www.icftu.org/www/pdf/forcedEN.pdf>

¹²⁸ "International Labor Standards." U.S. Department of Labor.

<http://www.dol.gov/ilab/webmils/intllaborstandards/forcedlabor.html>

not understand the terms of the bond they enter.¹²⁹ The 1956 Supplementary Convention specifically differentiates between bonded labor and a normal situation in which a worker obtains money on a credit basis.¹³⁰ According to the Convention, for the bonded labor to be legal the repayment terms must be fixed and the capital sums only subject to reasonable interest rates.¹³¹ In many cases of bonded labor, these stipulations do not exist, causing the laborer to work without pay for far longer than one should.

Typically, in bonded labor, employers will deviate from established safeguards regarding interest and capital sums. The employers will add interest, overcharge for food, transportation or other accommodations and make workers work for 7 days a week or very long hours. Workers may even be charged for additional expenses such as funerals, medicine, etc.¹³² The resulting effect of these charges is to create a situation in which a worker is so far indebted to an employer that it is impossible for the worker to make the amount of money required to pay back his or her debt.

India is one of the many nations in which bond labor is an issue. On November 13, 1999 the Volunteers for Social Justice, an Indian human rights group, filed test cases in two villages in the Punjab State in India. In these cases, 11 women became bonded laborers after taking loans between \$70-\$230 USD. When the landlords heard that cases were being filed against them, the women were threatened with death and destruction of property. Those that had not been intimidated still had not been released a year after the cases were filed.¹³³ The experience of these women is not unusual in India. The Volunteers for Social Justice have documented 698 cases in which authorities did not take action against bond laborers.¹³⁴ The problem of bond labor is not unique to women. There are similar problems with bond labor in India's mining industry also.¹³⁵

In order for bond labor to be stopped, it is important for governments to take decisive action within their legal frameworks. Governments must establish what bonded labor is and institute specific penalties for violating the prohibition against it.¹³⁶ Furthermore, nations should implement aspects of Convention 117 of the ILO.¹³⁷ These aspects include fixed minimum wages, wages paid in legal tender, wages paid at a set interval, including food, housing, and other needs in compensation, and a limited to the amount of money a worker may request in advance.¹³⁸ Though these forms are established in Convention 117, it is important for nations to consider ways in which they can be implemented to stop bond laboring.

ILO Initiatives

Preventative actions against forced labor began with the abolishment of slavery by Holy Roman Emperor Joseph II in the Austrian Hapsburg dominions. The first international action to ban forced labor was by the International Labor Organization (ILO), which was founded in 1919 to "establish a code of international labor standards."¹³⁹ On June 29, 1930 the ILO adopted Convention No. 29.¹⁴⁰ Convention No. 29 requires that nations "suppress the use of forced or compulsory labor in all its forms within the shortest possible period."¹⁴¹ Article 2 of Convention No. 29 provides for five exceptions to the ban on forced labor. These exceptions included forced military service, normal civic obligations, prison labor, work in an emergency situation, and minor communal work.¹⁴²

¹²⁹ Ibid.

¹³⁰ Mike Kaye. *Forced Labor in the 21st Century*. ICTFU. Brussels, Belgium. <http://www.icftu.org/www/pdf/forcedEN.pdf>

¹³¹ Ibid.

¹³² Ibid.

¹³³ Ibid.

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ "Convention Concerning Basic Arms and Standards of Social Policy." International Labor Organization. 1962.

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C117>

¹³⁹ Ibid.

¹⁴⁰ "International Program on the Elimination of Child Labor." International Labor Organization.

<http://www.ilo.org/public/english/standards/ipecc/publ/law/ilc/c291930/index.htm>

¹⁴¹ Ibid.

¹⁴² Ibid.

The principles of abolishing forced labor were further bolstered by Convention No. 105 adopted by the ILO on June 25, 1957.¹⁴³ Article 1 of Convention No. 105 expands the authority of Convention No. 29 by banning forms of forced labor for the purposes of political coercion, increasing economic development, discipline, punishment for participating in strikes, and as a means of any form of discrimination.¹⁴⁴

A Global Alliance Against Forced Labor

Published in 2001 gave new awareness to the pervasiveness of global labor throughout the world.¹⁴⁵ This report made researchers aware of the key trends associated with forced labor to give new insight on how it might be stopped. The two most significant findings by this report were that forced labor is present in all regions and all types of economies and that forced labor is facilitated between private agents more often than public ones.¹⁴⁶ These offenses are rarely prosecuted. When they are pursued the punishment of crimes does not match the severity of the breach of law. The report finds that there is neither statistical data nor widespread knowledge about the problems of forced labor in the general populace.¹⁴⁷ It was through the details surrounding these findings that the ILO was able to create an action plan to combat the issue of forced labor.

In response to the global report published in 2001, the ILO has created the Special Action Programme to Combat Forced Labor (SAP-FL).¹⁴⁸ As a result, the ILO has increased its monitoring of forced labor since 2001. The Governing Body mandate of this organization had emphasized recommendations on appropriate legislation, raising awareness of forced labor, research and surveys to better understand forced labor and the true scale of its pervasiveness, prevention techniques, and sustainable support and rehabilitation measures.¹⁴⁹ The SAP-FL has been extremely active since its inception in 2001. There have been programs in every region of the world to raise awareness of forced labor in both the general population and key government officials.¹⁵⁰ Additionally, research in Asia and Latin America has provided vital information in truly understanding the problems and challenges behind forced labor.¹⁵¹ For the first time, information from these research efforts has given officials clear information about what methods to use to eradicate forced labor.¹⁵² Institution building is another method being used by the SAP-FL to eradicate forced labor. Specifically, in Brazil the SAP-FL works with authorities to support the Government's National Action Plan against Slave Labor.¹⁵³

According to the ILO, the only effective means of preventing forced labor is a global alliance. National plans must be instituted in all Member States with strong international support, especially institutions concerned with development and eradication of poverty.¹⁵⁴ Bond labor systems should be the highest priority as they are most directly linked to poverty. Furthermore, all nations need to create laws against forced labor and trafficking.¹⁵⁵ The ILO also states that universities must study and become more familiarized with the issues of forced labor. They must first discuss the more difficult issues where there is currently a lack of consensus on certain definitions. For example, many nations disagree as to whether prison labor is considered forced labor or not.¹⁵⁶ International understanding of this issue is an important element to its resolution.

Case Study: Myanmar

¹⁴³ "Abolition of Forced Labor, International Labor Organization." June 25, 1957. <http://www.unhchr.ch/html/menu3/b/32.htm>

¹⁴⁴ Ibid.

¹⁴⁵ "A Global Alliance Against Forced Labor." The International Labor Organization. Geneva: United Nations. 2005. http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=5059

¹⁴⁶ Ibid.

¹⁴⁷ Ibid.

¹⁴⁸ "A Global Alliance Against Forced Labor." The International Labor Organization. Geneva: United Nations. 2005. http://www.bbc.co.uk/worldservice/trust/docs/forced_labour_report_summary.pdf

¹⁴⁹ Ibid.

¹⁵⁰ Ibid.

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ Ibid.

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.

The current political situation in Myanmar is less than desirable. In 1989, after a rebellion attempt by Aung San Suu Kyi, the Burmese military established direct control and changed the nations name to Myanmar. In 1990, the military called for a general election to legitimize its power. However, San Suu Kyi won with overwhelming popular support.¹⁵⁷ As a result, San Suu Kyi was placed under house arrest and the military continued to wield control over Myanmar.¹⁵⁸

The government resorts to forced labor due to economic mismanagement, widespread poverty and a limited infrastructure.¹⁵⁹ According to paragraph 100 of the Report of the Commission of Inquiry regarding forced labor in Myanmar, the ILO states that forced labor is, “an endemic abuse affecting hundreds of thousands of workers who [are] subjected to the most extreme forms of exploitation.”¹⁶⁰

Portering

Portering, which targets males, is known to be one of the most brutal forms of forced labor practiced by Myanmar.¹⁶¹ Portering is the transport of weapons in mass quantities to frontlines of combat.¹⁶² This form of forced labor, widely used by Myanmar to combat rebels is extremely dangerous. It is important to note that this form of conscript military labor does not fall within the exemptions established in Convention No. 29. Although the Myanmar government claims that portering is voluntary, it is difficult to imagine this form of work being performed by choice due to its high risk and the lack of support that much of the populace of Myanmar feels towards the government.¹⁶³

There are several types of pottering implemented by the government of Myanmar. Operations pottering is used for procedures carried out by the State Peace and Development Council (SPDC), which is the official name for the governing military regime of Myanmar. Operations porters generally work until they die, escape, or until the specific operation ceases. These types of porters are subject to exceptionally difficult manual labor including carrying very heavy loads and working for long periods of time with little food or water.¹⁶⁴ Additionally, the soldiers for whom these operation porters work usually abuse the porters.

Permanent porters are another type of porter found in Myanmar. These porters are required by the government from each village as daily manual laborers for military bases.¹⁶⁵ The amount of people required by the government depends upon how many people reside in each village. Permanent porters work in shifts for several days at a time. When these shifts are over, the permanent porters must be replaced by another set of workers within the village.¹⁶⁶ These porters are treated somewhat better than operations porters, but if a village fails to meet their porter quote, there are serious consequences.¹⁶⁷

Porters of opportunity are porters who happen to be forced into labor if they encounter a soldier that needs a task completed. These porters are required to do whatever manual labor is necessary at the time. Depending upon the situation, these porters are either kept for a short period of time or they are held into forced labor for much longer becoming either operations porters or permanent porters.¹⁶⁸

Paid porters are the only variety of porters that retain any legal status in Myanmar or the international community. These porters are required to perform the same sort of manual labor that other porters are required to perform. However, unlike other types of porters, these porters are actually paid for their services.¹⁶⁹ Although this is a rare type of portering, soldiers often enter villages demanding to be paid for portering fees, which they claim are used to

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

¹⁶¹ Ibid.

¹⁶² “From Prison to Front-Line.” Burma issues. October 2003. <http://www.burmaissues.org/En/reports/porterbodytext.pdf>

¹⁶³ Ibid.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

¹⁶⁶ Ibid.

¹⁶⁷ Ibid.

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

pay porters for their services.¹⁷⁰ This fact highlights the amount of corruption surrounding Myanmar's forced labor issues.

The type of porter used most often is the prison porter. These porters are individuals taken randomly from prisons without regard to their criminal offenses or sentence.¹⁷¹ These individuals are used by the SPDC until they are either killed or escape. Prison porters are a widely popular choice by the SPDC for many reasons. Prisons provide for a steady influx of porters due to severe sentences given to minor crimes.¹⁷² Furthermore, the legal rights of a prisoner are much more ambiguous than a law abiding citizen. Thus, the SPDC may believe that the human rights of these individuals will not be defended as vigorously as civilian porters by Myanmar officials and other external human rights activists.¹⁷³ It is important to note that prison portering constitutes a severe violation of international law and is of the same level of offense as the other illegal portering practices sponsored by the Myanmar government.

¹⁷⁰ Ibid.

¹⁷¹ Ibid.

¹⁷² Ibid.

¹⁷³ Ibid.

Forced Labor in Tourism

Another form of forced labor found in Myanmar is tourism-related projects. Forced labor is used to develop tourist infrastructure and tourist areas as well as improving the appearance along areas in which tourists frequently travel.¹⁷⁴ One example is a project aimed at improving the international airport at Bassein. In this project, there were approximately 200,000 workers subjected to forced labor between 1992 and 1994.¹⁷⁵ This was especially troublesome during the time leading up to “Visit Myanmar Year” in 1996 in which projects were being conceived by military leaders to promote tourism to certain areas.¹⁷⁶ These included building new roads for tourists and developing possible tourist sites. For two years leading up to Visit Myanmar Year, forced labor was used to build a Buddha Museum to attract tourists.¹⁷⁷ Once this museum was built, Myanmar officials began confiscating treasured Buddha artifacts from surrounding temples for inclusion into the museum.¹⁷⁸

The practices of tourism-related projects caused social unrest with one project. In Mandalay, over 20,000 locals were forced into cleaning the moat of the Mandalay Palace in preparation for the tourists in 1996.¹⁷⁹ The people became so dissatisfied with the situation that it made international news. To prevent negative attention from being drawn to the nation, the Myanmar government stopped using local residents for this project. Instead, they enlisted prisoners to finish cleaning the moat and other tasks required to make the Mandalay Palace presentable for tourists.¹⁸⁰ The work performed by the convicts was still forced and unpaid.

Actions by the UN and the ILO

The United Nations has made considerable efforts to rectify the situation in Myanmar. Between 1991 and 2006, the General Assembly passed 15 different resolutions regarding the situation in Myanmar. One of the most significant concerning human rights was passed by the General Assembly on February 25, 1999. A/RES/53/162 urges the military leaders of Myanmar “to ensure full respect for human rights and fundamental freedoms, including...forced labor and forced relocations.” This marks the first of many efforts by the General Assembly to prevent the issue of forced labor in Myanmar.¹⁸¹

The situation in Myanmar did not improve. The General Assembly passed another resolution on February 29, 2000 that specifically deals with the problem of forced labor in Myanmar. A/RES/54/186 discusses the failure of Myanmar’s government to stop exacting forced labor upon its people. Furthermore, this resolution again calls for the cessation of forced labor in Myanmar as established by the Towns Act and Village Act by the Government of Myanmar in 1999.¹⁸²

Due to the lack of effectiveness of these measures, in November 2000, the ILO authorized the use of sanctions by Member States against Myanmar. In this way, Member States would “take appropriate measures to ensure that said Member [Myanmar] cannot take advantage of such relations to perpetuate or extend the system of forced or compulsory labor...”¹⁸³ International cooperation between employers, workers, and governments to curb forced labor in Myanmar is an encouraging step. This is the first time the ILO has invoked this power in the history of its existence.¹⁸⁴

¹⁷⁴ “Summary of Forced Labor in Burma.” Karen Human Rights Group. August 7, 1997.
<http://www.ibiblio.org/freeburma/humanrights/khrg/archive/khrg97/khrg97s1.html>

¹⁷⁵ Ibid.

¹⁷⁶ Ibid.

¹⁷⁷ Ibid.

¹⁷⁸ Ibid.

¹⁷⁹ Ibid.

¹⁸⁰ Ibid.

¹⁸¹ A/RES/53/162. *Situation of Human Rights in Myanmar*. United Nations General Assembly. February 25, 1999.
http://www.unscurma.org/Previous_percent20resolutions/UNGA/Res_percent2053_percent20162.pdf

¹⁸² A/RES/54/186. *Situation of Human Rights in Myanmar*. United Nations General Assembly. February 29, 2000.
http://www.unscurma.org/Previous_percent20resolutions/UNGA/Res_percent2054_percent20186.pdf

¹⁸³ ILO/2000/6-4. *Measures recommended by the Governing Body under article 33 of the Constitution—Implementation of recommendations contained in the report of the Commission of Inquiry entitled Forced Labour in Myanmar*. International Labor Organization. June 15, 2000.
http://www.unscurma.org/Previous_percent20resolutions/ILO/ILO_percent20November_percent202000.pdf

¹⁸⁴ “UN Body Approves Precedent.” Associated Press. June 14, 2000.

Myanmar and its neighbors have contested the action of the ILO. The action by the ILO has left Myanmar officials more open to cooperation with the United Nations, but still not committed to solving the problem of forced labor. They generally continue to maintain that the problem does not exist.¹⁸⁵

Most recently, there have been some improvements to the situation in Myanmar. On March 30, 2007 it was reported that implementation of a system in which victims of forced labor could seek redress had begun.¹⁸⁶ The Governing Body of the ILO requested the assignment of an international staff to aid the ILO Liaison Officer and requested the government of Myanmar to extend the essential cooperation and facilities to maintain this mechanism in the face of the serious forced labor condition.¹⁸⁷

It is clear that while there has been a strong, concerted effort by both the United Nations General Assembly and the ILO, the situation in Myanmar is still in desperate need of improvement. It is important to note that the current regime in power has failed to comply with these resolutions. Thus, the resolutions have been unenforceable and the problem of forced labor still remains in Myanmar.

International prevention Efforts

In response to the global report published in 2001, the ILO has created the Special Action Programme to Combat Forced Labor (SAP-FL).¹⁸⁸ As a result, the ILO has increased its monitoring of forced labor since 2001. The Governing Body mandate of this organization had emphasized recommendations on appropriate legislation, raising awareness of forced labor, research and surveys to better understand forced labor and the true scale of its pervasiveness, prevention techniques, and sustainable support and rehabilitation measures.¹⁸⁹ The SAP-FL has been extremely active since its inception in 2001. There have been programs in every region of the world to raise awareness of forced labor in both the general population and key government officials.¹⁹⁰ Additionally, research in Asia and Latin America has provided vital information in truly understanding the problems and challenges behind forced labor.¹⁹¹ For the first time, information from these research efforts have given officials clear information about what methods to use to eradicate forced labor.¹⁹² Institution building is another method being used by the SAP-FL to eradicate forced labor. Specifically, in Brazil the SAP-FL works with authorities to support the Government's National Action Plan against Slave Labor.¹⁹³ Efforts in South Asia have also been implemented to eradicate bond labor. Beginning as a focus on microfinance, the efforts established by the SAP-FL have aided in tracking bond labor in South Asia and creating new tools including the strengthening of Government agencies and other partners.¹⁹⁴

According to the ILO's Global Alliance Against Forced Labor, these tools prove to be very effective at curbing bonded labor. The ILO's first project to implement this technique included the South Asian sub-region involving Bangladesh, India, Nepal, and Pakistan. In these areas micro-financing services were adapted to special situations of very poor households to prevent them from reverting to bonded labor.¹⁹⁵ This technique is used both for reducing employee dependence on advanced wages from employers and rehabilitating released bond laborers. Micro-

<http://burmalibrary.org/reg.burma/archives/200006/msg00045.html>

¹⁸⁵ Ibid.

¹⁸⁶ "ILO Governing Body concludes 298th Session: Considers ILO budget, Labor situation in Myanmar, Belarus and other countries as well as trade and employment policy." International Labor Organization. March 30, 2007. http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_082317

¹⁸⁷ Ibid.

¹⁸⁸ "A Global Alliance Against Forced Labor." The International Labor Organization. Geneva: United Nations. 2005. http://www.bbc.co.uk/worldservice/trust/docs/forced_labour_report_summary.pdf

¹⁸⁹ Ibid.

¹⁹⁰ Ibid.

¹⁹¹ Ibid.

¹⁹² Ibid.

¹⁹³ Ibid.

¹⁹⁴ Ibid.

¹⁹⁵ "A Global Alliance Against Forced Labor." The International Labor Organization. Geneva: United Nations. 2005. http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=5059

financing institutions agree that it is important to emphasize savings rather than credits from employers.¹⁹⁶

There are four types of financial services that are provided to these areas that have been most effective in preventing bonded labor. The “Contractual” savings project highlights saving and asset building to create a buffer for which the household may rely upon in the event of an emergency.¹⁹⁷ These individuals contract to save a small amount of money on a regular basis. Additionally, they are helped with financial planning in order to be prepared for a specific purpose such as school fees, construction of a house, religious ceremony or some other foreseen expense.¹⁹⁸

Liquid savings, another type of financial service made available, establishes the need for families to store small amounts of surplus cash that will be available for emergencies, but not so available that one can succumb to the temptation to spend.¹⁹⁹ In this scenario, money is deposited at meetings, which occur weekly, or bi-weekly.²⁰⁰

In more desperate situations, a loan may be required. For this purpose many micro-financing institutions provide income-generating loans. The goal of this project is to prevent families from slipping further into debt than they already are. This project experiments with small loans, penalty-free repayment holidays, tailoring repayment schedules to expected cash flow, and allowing individualized loan amounts and terms for each borrower depending upon their financial situation.²⁰¹

Emergency loans are given in the most desperate of situations. Due to the nature of this loan, many second chances are given for repayment as long as it is established that the reason for the lack of repayment stems from an inability to pay rather than unwillingness to pay.²⁰² These loans are generally reserved for worst-case scenario situations.

Additionally, the project includes supporting services such as household planning to identify sources of high expenditure, financial education, awareness raising on the legality of employer and moneylender loans, and skill training to start or expand income-generating activities.²⁰³ Currently, other services such as micro-insurance, debt consolidation loans and land leasing are being tested to determine whether they will bolster attempts to decrease debt bondage.²⁰⁴ In this manner, not only do micro-financing institutions give debtors in poor situations help, but also give them the tools to sustain themselves once help is no longer provided.

The Global Alliance Against Forced Labor published in 2005 by the ILO proposes an action plan to eradicate forced labor. The plan proposes first and foremost a certain set of national programs to be implemented within Member States. These would outline specific targets and goals over a fixed period.²⁰⁵ Each nation would also be expected to address the issue of forced labor within their policy frameworks, which would include poverty reduction strategies, labor market and employment policies, migration policies, and gender equality policies.²⁰⁶ Furthermore, the Global Alliance proposes that a task force be created as early as possible with the involvement of workers and employer groups, which can make a contribution to these efforts. Within nations, it is important that clear laws be established against forced labor. The report suggests that this legislation must arise through discussion between employers and workers and have firm grounding in human rights and international law.²⁰⁷ Laws should specifically address identification, release, protection and rehabilitation of forced labor victims.²⁰⁸ Nations must also ensure that enforcement be strengthened so that the stronger laws against forced labor are actually upheld. The report also discusses the need for implementation of rehabilitation programs regarding forced labor within the affected nations in which affected victims of forced labor are able given social and economic empowerment to rebuild their lives and

¹⁹⁶ Ibid.

¹⁹⁷ Ibid.

¹⁹⁸ Ibid.

¹⁹⁹ Ibid.

²⁰⁰ Ibid.

²⁰¹ Ibid.

²⁰² Ibid.

²⁰³ Ibid.

²⁰⁴ Ibid.

²⁰⁵ Ibid.

²⁰⁶ Ibid.

²⁰⁷ Ibid.

²⁰⁸ Ibid.

develop secure occupations in which they no longer must worry about forced labor.²⁰⁹

In addition to national action, the report discusses various efforts that should be focused in specific regions to tackle forced labor on a regional scale as well. In Africa, work must continue in engaging leaders in discussion about the cultural heritage of slavery, which has already been done in nations such as Nigeria.²¹⁰ These efforts lay the foundation for progress over the entire African continent. In South Asia, a specific focus must continue on bonded labor.²¹¹ Research has indicated that Latin America's indigenous people are most at risk for being contracted into forced labor. It is important for indigenous people organizations to become involved and for higher attention to be given to the development of indigenous people in this region.²¹²

The report also calls for the involvement of academic institutions. It is important for these academic institutions to research and become familiar with forced labor and its concepts. In South Asia, there was more information about forced labor 20 years ago than there is today.²¹³ The problem cannot be combated if there is little awareness of it. This includes not only educating the public but data gathering so that more accurate and recent information is available to combat the problems associated with forced labor.²¹⁴

Conclusion

Forced labor is clearly a very alarming practice, which must be stopped. Many believe the best way to combat this scourge is through international cooperation on multiple levels. It is clear that although much action has already been taken for forced labor, there still remains much to be accomplished. After considerable efforts from the ILO and the United Nations, forced labor is still an issue in Myanmar and many other nations. The eradication of forced labor can only be accomplished through willingness from all governments to acknowledge the problem of forced labor and work both within their nations and within the international community.

Committee Directive

It is important for delegates to become familiar with their own nations' positions on forced labor and how they can ameliorate the situation. Delegates must also consider why the United Nations' action to this point has not been successful in the fight to eradicate forced labor. Why are certain forms of forced labor more widespread than others? What ways can cheap labor be replaced without the expense of others' human rights? What sort of initiatives can be used to educate the general public and ensure that they are aware of the problems of forced labor? Where is the line between maintaining cultural traditions and violating a person's human rights? What sort of initiatives can ensure that women and girls are less susceptible to forced labor? How can the International Labor Organization continue to be a driving force in eradicating forced labor when their resolutions are continually ignored? Furthermore, it is the duty of the delegates to extrapolate possible innovative solutions that could lead to the eradication of forced labor.

²⁰⁹ Ibid.

²¹⁰ Ibid.

²¹¹ Ibid.

²¹² Ibid.

²¹³ Ibid.

²¹⁴ Ibid.

III. Trade Liberalization and Labor Markets

*"The overarching challenge [of our time is] to make globalization mean more than bigger markets."*²¹⁵

- Former Secretary-General Kofi Annan

Introduction

The integration of all Member States into a global economy is at the forefront of issues facing not only the ILO, but also many specialized agencies of the United Nations, the World Trade Organization (WTO) and the International Monetary Fund (IMF). Integration is occurring on a large scale through trade liberalization, which aims to reduce trade barriers and tariffs that in turn will allow for all Member States to be participants in a more globalized economy.²¹⁶ Trade liberalization enables all economies, both growing and developed, to ascertain lower prices for goods there by increasing real income for all.²¹⁷ This occurs through lowering prices of imported goods and "keeping prices of import substitutes low."²¹⁸ Opening up international markets can have tangible quality of life benefits for many. It allows consumers to get the best price for a product, access to technology, and can assist in poverty reduction.²¹⁹ Furthermore, trade liberalization can lead to job creation for many unskilled workers.²²⁰ However, there is a concern that with the creation of policies towards trade liberalization there is a negative impact on labor markets. More specifically, many workers in sectors affected by trade liberalization are faced with significantly increased competition for goods and services.²²¹ As a direct result, both skilled and unskilled laborers within liberalized states are in jeopardy of losing sources of income and control over sectors that traditionally were in control by domestic entities.²²²

According to an ILO report entitled, *A Fair Globalization: Creating Opportunities for All*, "seen through the eyes of the vast majority of men and women around the world, globalization has not met their simple aspiration for decent jobs, livelihoods and a better future for their children".²²³ The World Commission on the Social Dimension of Globalization determined a series of reforms that needed to take place to ensure that those marginalized by trade liberalization were not significantly adversely affected. The report gives a sobering assessment noting: "These rules and policies are the outcome of a system of global governance largely shaped by powerful countries and powerful players. There is a serious democratic deficit at the heart of the system. Most developing countries still have very limited influence in global negotiations on rules and in determining the policies of key financial and economic institutions. Similarly, workers and the poor have little or no voice in this governance process."²²⁴

The effects of trade and employment do not simply come down to a free market principle of supply and demand. As the *UNCTAD/ILO Joint-Study on Trade and Employment* states: "Where trade liberalization affects parts of the labor force negatively, labor and social policies are required in order to redistribute some of the gains to the losers."²²⁵ Although it would be believed that the government sector would have the most influence on the relationship between trade and employment - employers, labor and social institutions all play a significant role.

²¹⁵ "We the Peoples: The Role of the United Nations In the 21st Century Presented to General Assembly By Secretary-General." The United Nations. April 3, 2000. http://www.un.org/News/Press/docs/2000/20000403_ga9704.doc.html

²¹⁶ "Glossary." Washington Council on International Trade. <http://www.wcit.org/tradeis/glossary.htm>.

²¹⁷ Ibid.

²¹⁸ Diana Tussie and Carlos Aggio. "Economic and Social Impacts of Trade Liberalization." United Nations Commission on Trade and Development. P.90. <http://r0.unctad.org/ditc/tab/publications/nama/fullreport-version14nov-p106-119.pdf>

²¹⁹ "The Impact of Trade Liberalization and Poverty." United States Agency for International Development & the Wilson Center. April 15, 2005, p. 5. http://www.wilsoncenter.org/topics/pubs/ImpactofTrade_low.pdf

²²⁰ IMF Staff. "Global Trade Liberalization and the Developing Countries." International Monetary Fund. November 2001. https://www.internationalmonetaryfund.org/external/np/exr/ib/2001/110801.htm#P43_6333

²²¹ Ibid.

²²² Ibid.

²²³ "A Fair Globalization: Creating Opportunities For All." World Commission on the Social Dimension of Globalization. Geneva. February 2004, p. X. <http://www.ilo.org/public/english/airglobalization/report/index.htm>

²²⁴ Ibid, p. XII.

²²⁵ "Trade and Employment: Challenges for Policy Research." The International Labor Organization and the World Trade Organization. Geneva. 2007, p. 2. <http://www.ilo.org/public/english/bureau/inst/download/eddy.pdf>.

History of Trade Liberalization

For centuries, protection of domestic industries was at the forefront of many nations' economic policy.²²⁶ In the twelfth and thirteenth century, England would not allow experienced weavers to leave the country nor allow its citizens to wear certain types of fabric to ensure that the fabric industry would remain competitive within England's borders.²²⁷ Nations such as France provided subsidized capital, allowed for monopolies and promoted direct ownership and subsidies to ensure that its domestic industries were protected from imports.²²⁸ Through subsidies, governments would set the price of goods to ensure that they were cost-palatable to consumers. Governments viewed protectionism as an opportunity to protect jobs and growth by limiting the amount of foreign competitors that firms within their borders faced.²²⁹

Soon after the Second World War, in December 1945, 15 nations began discussions to start a new culture of trade liberalization.²³⁰ As protectionism continued, as early as the 12th century in Europe to the 1930s, nations wanted to "give an early boost to trade liberalization."²³¹ During the early stages of negotiations, nations conceded over 45,000 tariff regulations, which affected \$10 billion of trade, which at the time was approximately 1/5th of the world's total.²³² On October 30, 1947 these concessions were finalized and agreed to by 23 countries. On June 30, 1948 these 23 founding members formed the General Agreement on Tariffs and Trade (GATT).²³³ GATT allowed for a new international framework for fostering multilateral trade between Member States through the reduction of tariffs and trade barriers.²³⁴

With the founding of GATT, two principles of non-discrimination were included within the many rules and regulations it created. General Most-Favored Nation Treatment (MFN) ensured that all members who were apart of the original drafting of GATT would enjoy the same benefits of tariffs and advantages as any other nation. Article I of GATT (1947) states,

"With respect to customs duties and charges of any kind.... any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any...country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties."²³⁵

The second principle of national treatment is founded on the premise that all goods, regardless if they are imported or produced domestically should be treated equally after the goods have entered the market.²³⁶ This has proved to be a contentious point, as there are those who argue that this poses a problem for many small-scale, local firms who cannot compete against the resources and economies of scale that large, foreign, multi-national corporations possess.²³⁷

These founding 23 members attempted to build on the momentum that arose from GATT by exploring the creation of the International Trade Organization (ITO).²³⁸ A conference in Havana, Cuba began on November 21, 1947 to

²²⁶ "Trade Liberalization: Why So Much Controversy?" The World Bank. P. 135.

http://www1.worldbank.org/prem/lessons1990s/chaps/05-Ch05_kl.pdf

²²⁷ Ibid.

²²⁸ Ibid.

²²⁹ Ibid.

²³⁰ "The GATT Years: from Havana to Marrakesh." The World Trade Organization.

http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm

²³¹ Ibid.

²³² Ibid.

²³³ Ibid.

²³⁴ Ibid.

²³⁵ "General Agreement on Tariffs and Trade." United Nations Conference on Trade and Employment. 1947.

http://www.wto.org/English/docs_e/legal_e/gatt47_01_e.htm

²³⁶ "What is the World Trade Organization?" The World Trade Organization.

http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm

²³⁷ Sarah Anderson and John Cavanagh. "World Trade Organization." *Foreign Policy in Focus*. Volume 2 Number 14. January 1997. <http://www.fpif.org/briefs/vol2/v2n14wto.html>

²³⁸ "The GATT Years: from Havana to Marrakesh." The World Trade Organization.

http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm

create the ITO charter. The charter was agreed on in March 1948, however, due to some nations, including the United States refusing to ratify it, the ITO could not be created.²³⁹ As a result, the only institution governing international trade was GATT until the creation of the WTO in 1995.

Between 1948 and the creation of the WTO in 1995, there were a series of negotiations referred to as “trade rounds.” These trade rounds focused on further reducing tariffs, tackling trade barriers and strengthening development. These rounds of negotiations resulted in packages of trade negotiations that included not only economic benefits but political concessions as well.²⁴⁰

Today, with an increasing number of nations emphasizing international trade within their economic policies, the original 23-member agreement has grown to 150 Member States participating in what is now referred to as the WTO.²⁴¹ The WTO was created as a result of the Uruguay Round of negotiations from September 1986 to April 1994. The goal of the WTO is to provide a framework for international trade and commerce.²⁴² This framework is structured as a forum for governments to negotiate trade agreements, settle trade disputes, protect intellectual property and discuss the removal/maintenance of trade barriers.²⁴³ The work of the WTO evolved into many different areas. The first area involves the countless number of signed, negotiated documents that ensure that governments abide by certain trade policies.²⁴⁴ The purpose for these treaties is to “help producers of goods and services, exporters, and importers conduct their business while allowing government to meet social and environmental objectives.”²⁴⁵ The WTO serves as a negotiating forum for Member States who want to lower trade barriers²⁴⁶ along with the addressing today’s challenges such as the current round of the *Doha Declaration* (2001) aimed at development.²⁴⁷ Above all its work, the main goal is to ensure that trade flows as freely as possible and that trade rules and policies are stable, consistent and transparent throughout the world.²⁴⁸

Gravity-Trade Model of International Trade

One of the more advanced theories of international trade that has been relied upon is the gravity trade model. This model developed by Jan Tinbergen in 1962 suggests that international trade flows are affected by social interactions such as migration and tourism.²⁴⁹ It is based on the principles of “Newton’s Law” which proposed that there was a gravitational force between two objects. The gravity trade model uses such factors such as gross domestic product (GDP), distance between two nations, the populations of each country and monetary flow.²⁵⁰ This theory has shown to be crucial in the understanding the relationship between labor and trade. The *UNCTAD/ILO Joint-Study on Trade and Employment* notes that: “the reduction of tariffs and trade barriers lowers transaction costs and therefore makes trade beneficial.” However, when utilizing the gravity trade model, the report notes that other transaction costs from social interactions play a taxing role on whether trade is truly beneficial. The gravity trade model identified these social interactions as additional costs such as increased communication, transporting goods across borders, inspection and certification. Through the use of the gravity trade model, it is apparent that the effects of trade on the labor market are not simply a matter of supply and demand, but that many other variables shown by this model play a role.

Role of Government in Ensuring Equity between Trade and Labor Opportunities

²³⁹ Ibid.

²⁴⁰ Ibid.

²⁴¹ “What is the World Trade Organization?” The World Trade Organization.
http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm

²⁴² Ibid.

²⁴³ Ibid.

²⁴⁴ “Understanding the WTO.” The World Trade Organization. Geneva, Switzerland. 2007. p 10.
http://www.wto.org/English/thewto_e/minist_e/min01_e/mindecl_e.htm

²⁴⁵ Ibid.

²⁴⁶ Ibid.

²⁴⁷ “Ministerial Declaration.” World Trade Organization. 20 November 2001.
http://www.wto.org/English/thewto_e/minist_e/min01_e/mindecl_e.htm

²⁴⁸ “Understanding the WTO.” The World Trade Organization. Geneva, Switzerland. 2007. p. 11.
http://www.wto.org/English/thewto_e/minist_e/min01_e/mindecl_e.htm

²⁴⁹ Keith Head. “Gravity for Beginners.” University of British Columbia. October, 2000, p. 2.

²⁵⁰ Ibid.

It is a common view that the institution of government is primarily there for social and fiscal protection. As a result, when issues of unemployment arise as a result of trade reforms, governments play a role in addressing them. There are generally two types of approaches governments take, passive-income support and active labor market policies.²⁵¹ Passive-income support predominantly involves small amounts of money that the unemployed receive to sustain themselves until they re-enter employment.²⁵² Active labor market policies aim to facilitate re-employment through government assistance in job placement.²⁵³ It is a challenge to introduce social protection policies within developing nations as it is generally centered on the small amount of workers within the formal sector.²⁵⁴ It is noted that the challenges mainly arise from the ability to introduce alternative employment measures to those who fall outside the fiscal system.²⁵⁵ Nations have slowly introduced alternative measures such as self-help initiatives that provide insurance for low-income workers, micro-credit introduction that promote self-employment, as well as offering labor-intensive rural and urban work programs.²⁵⁶ These programs offer possibilities for employment or for sustaining income to combat the negative effects of trade reform.

Article VI of GATT gives the right for countries to implement actions that would ensure that no product could be imported at an export price below its “normal value.”²⁵⁷ This action is referred to as “anti-dumping.”²⁵⁸ Anti dumping is essential for the protection of domestic producers as they will be unable to compete with the heavily reduced prices of imports.²⁵⁹ This in turn ensures that domestic producers will maintain their level of employment within their institutions. In accordance with the WTO Anti-Dumping Agreement, Member States have created legislative and oversight bodies to ensure that nations legally abide by international trade laws, especially anti-dumping.²⁶⁰

The government of Jamaica instituted a policy of taxing imported milk due to high demand.²⁶¹ This gave the Jamaican government additional income while ensuring some protection for local milk producers.²⁶² In 1987, due to reforms, milk production increased and the Jamaican Commodity Trading Company (JCTC) was created as the only importer for skimmed milk powder.²⁶³ The tariff on skimmed milk powder was used to subsidize the price of milk produced by local dairy farmers.²⁶⁴ As a result, milk production swelled from 20 million liters in 1986 to 39 million liters in 1992.²⁶⁵ Due to structural adjustment loans with the World Bank, the JCTC was abolished and as a result, the subsidy for the local dairy farmers disappeared while the price for skimmed milk powder subsequently became low.²⁶⁶ As a result, in 1999, after milk was given away to hospitals, sold at extremely low prices, or fed to animals, more than 650,000 liters were thrown away by local dairy farmers.²⁶⁷ In 1999, the Jamaican government created the Anti-Dumping and Subsidies Commission (ADSC).²⁶⁸ The ADSC is responsible for investigating any applications that identify the dumped goods, which domestic goods are affected, the country of export as well as the normal and export prices of the goods being dumped.²⁶⁹ The ADSC at that point may introduce a government subsidy to ensure that local competitors have an equal ground in price competition with

²⁵¹ *Trade and Employment: Challenges for Policy Research*. The International Labor Organization and the World Trade Organization. Geneva. 2007, p. 7. <http://www.ilo.org/public/english/bureau/inst/download/eddy.pdf>.

²⁵² Ibid.

²⁵³ Ibid.

²⁵⁴ Ibid, p. 62.

²⁵⁵ Ibid.

²⁵⁶ Ibid

²⁵⁷ “Agreement on Implementation of Article VI.” World Trade Organization. http://www.wto.org/english/docs_e/legal_e/ursum_e.htm#fAgreement

²⁵⁸ Ibid.

²⁵⁹ Ibid.

²⁶⁰ Ibid.

²⁶¹ “Dumping in Jamaica.” European Solidarity Towards Equal Participation of People. November 1999. http://eurostep.antenna.nl/detail_pub.phtml?page=pubs_position_coherence_jamaicad

²⁶² Ibid.

²⁶³ Ibid.

²⁶⁴ Ibid.

²⁶⁵ Ibid.

²⁶⁶ Ibid.

²⁶⁷ Ibid.

²⁶⁸ “Role and Functions of ADASC.” Anti Dumping and Subsidies Commission of Jamaica. <http://www.mct.gov.jm/Antidumping.htm>

²⁶⁹ Ibid.

the dumped goods, or a significant tariff may be levied on the dumped good.²⁷⁰ Through government oversight, there is recourse for employers within a liberalized sector to remain competitive while ensuring labor stability within their sector.

Relationship between Labor Unions and Trade Liberalization

Labor unions are organizations formed by employees of a certain firm or sector whose purpose is to protect workers' rights. As a result of the Convention concerning the *Freedom of Association and Protection of the Right to Organize* (1948), the ILO passed universal International Labor Standards (ILS) which highlights the right to form labor unions to achieve collective bargaining.²⁷¹ Although there is near-universal acceptance of this right, there is concern that the full utilization of collective bargaining will have an adverse effect on economic competitiveness through the increase of labor costs and lack of flexibility in employment structure.²⁷² The *UNCTAD/ILO Joint-Study on Trade and Employment* addresses these concerns by citing a number of studies where empirical evidence has not shown a direct link between labor market characteristics such as collective bargaining and trade liberalization.²⁷³

Response to Trade Liberalization by Developing Nations

More than 75 percent of the members of the WTO are classified as developing countries or countries in transition. For developing nations whose economy may not be as strong as other trading members, the WTO has included within many of its agreements provisions that assist both developing and least-developed nations.²⁷⁴ One of the provisions allow for developing countries to be treated more favorably than other developed WTO members.²⁷⁵ Other measures include extra time to fulfill trade agreements, allowing for greater market access, protecting areas of trade that are crucial to the economies of developing states, as well as providing legal assistance by the WTO Secretariat.²⁷⁶

One of the pre-conceived notions regarding trade and employment was that changes in policy regarding trade liberalization affect all sectors of a state's economy. However, the *UNCTAD/ILO Joint-Study on Trade and Employment* revealed that most "employment shuffling" occurred predominantly within specific sectors.²⁷⁷ As a result, new trade models were created that showed the expansion of the most productive suppliers in all sectors.²⁷⁸ These models predicted that jobs are created by those who are globally competitive and jobs are lost by those who are unable to compete.²⁷⁹ Traditional models show that policy-makers should focus on assisting jobs within import-competing sectors. However, recent models show that it is increasingly hard to predict which jobs are at risk and which ones may be in the future.²⁸⁰ There is an increasing challenge from empirical studies in detecting the actual causes for employment changes. These changes are not solely international but can be country-specific, such a new labor market policies or the normal business cycle of recessions and periods of major growth.²⁸¹

According to a presentation on the impact of trade liberalization on poverty by the Wilson Center for International Scholars, "A poor person initially working in a sector that loses protection and shrinks in the face of greater... competition will suffer as a result of trade reform. The evidence... leaves no doubt that trade liberalization creates loses as well as winners... Unskilled workers in many countries face substantial barriers to finding new jobs..."²⁸²

²⁷⁰ Ibid.

²⁷¹ *Freedom of Association and Protection of the Right to Organize*. International Labor Organization. June 17, 1948. <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C087>

²⁷² *Trade and Employment: Challenges for Policy Research*. The International Labor Organization and the World Trade Organization. Geneva. 2007, p. 65. <http://www.ilo.org/public/english/bureau/inst/download/eddy.pdf>.

²⁷³ Ibid, p. 66.

²⁷⁴ "Understanding the WTO: Developing Countries." World Trade Organization. http://www.wto.org/english/thewto_e/whatis_e/tif_e/dev1_e.htm

²⁷⁵ Ibid.

²⁷⁶ Ibid.

²⁷⁷ Ibid, p. 5.

²⁷⁸ Ibid. p. 5

²⁷⁹ Ibid.

²⁸⁰ Ibid. p. 6

²⁸¹ Ibid.

²⁸² "The Impact of Trade Liberalization and Poverty." United States Agency for International Development & The Wilson Center. April 15, 2005. p. 18. http://www.wilsoncenter.org/topics/pubs/ImpactofTrade_low.pdf

Effect of Trade Liberalization on the Brazilian Labor Market

During the 1990s, Brazil introduced an aggressive policy of trade liberalization. In 1991, Brazil entered the Southern Cone Common Market, which aimed to eliminate tariff and non-tariff barriers to trade.²⁸³ This allowed for Brazil to compete on a global scale and increase its soybean export to \$2.7 billion dollars.²⁸⁴ However, this change in policy dramatically hurt many of the rural farmers whose livelihood is dependent on farming. It is estimated that 40 percent of these rural farmers account for 1 percent of the agriculture land, while 20 percent owned 88 percent of the land.²⁸⁵ According to the Landless Workers' Movement, there are 20 million landless people in Brazil.²⁸⁶ A study by the World Bank shows this change in policy has not created a significant amount of jobs and has hurt trade union bargaining power.²⁸⁷ It is believed that there must be a cohesive infrastructure and changes in many policies in order to attain the results Brazil was hoping to achieve. For better economic performances, changes in fiscal and monetary policies must have accompanied the change in trade policy.²⁸⁸ According to this report, "Successful openness has to be preceded or accompanied by investments in infrastructure, human capital and technology, institutional and governance reforms, macro stability and adequate exchange rate policy, and inclusive and targeting policies to protect the poor."²⁸⁹

From 1995 to 1999 Brazil faced a major rise in unemployment with a 4 percent rise in 4 years, peaking at over 10 percent.²⁹⁰ During this time there were significant changes within the product market environment.²⁹¹ Prior to 1994, inflation was high, which meant the dollar amount that employers were paying to laborers were significantly lower.²⁹² However, after price stabilization in 1995, employers could no longer depend on inflation to lower the real wages for their employees.²⁹³ However the most significant change occurred with trade on an international level. From 1989 to 1994, Brazil lowered its protectionist stance on imported goods.²⁹⁴ As a result, the average import tax dropped from 22.5 percent to 12.7 percent, which in turn meant that from 1995 onwards, local producers were faced with severe competition with imported goods.²⁹⁵

Conclusion

Trade liberalization offers countless opportunities for Member States to participate in global trade and in turn, ensures that consumers attain optimal prices for goods and services. Liberalization promotes sustainable economic and social development through the reduction of tariffs and trade barriers. However, with these benefits come the hardships of attempting to stabilize a volatile labor market that can dramatically affect the financial livelihood of many. The introduction of reduced barriers to trade has shown to not only have an effect on the security of Member States but the financial security of those who must compete to sell the fruits of their labor. Brazil has shown the tremendous effect trade policies coupled with simple domestic monetary changes can have on tens of millions of workers. However, the government and private sector along with labor unions can each contribute strategies, resources and advocacy in ensuring a smooth and vigilant transition from a protectionist system to one of liberalization.

Committee Directive

The topic of trade liberalization and the labor market has many complex foundations within economics and can be hard to grasp. It is essential for delegates to be well prepared not solely on international interactions between Member States but to also have a strong understanding of basic theories of international trade such as comparative

²⁸³ Amanda Cassel and Raj Patel. "Agricultural Trade Liberalization and Brazil's Rural Poor: Consolidating Inequality." August 2003. <http://www.globalpolicy.org/globaliz/econ/2003/08agribrazil.htm>

²⁸⁴ Ibid.

²⁸⁵ Ibid.

²⁸⁶ Ibid.

²⁸⁷ Jorge Arbache. "Trade Liberalization and Labor Market in Brazil." World Bank and University of Brasilia. April 24, 2006. http://siteresources.worldbank.org/INTAFROFFCHIECO/Resources/Presentation_Rio_de_Janeiro.ppt

²⁸⁸ Ibid.

²⁸⁹ Ibid.

²⁹⁰ "Brazilian Labor Market Performance 1995-2005." Organization for Economic and Co-operation and Development. March 28, 2007, p.2. <http://www.oecd.org/dataoecd/54/27/38355614.pdf>

²⁹¹ Ibid. p. 9.

²⁹² Ibid.

²⁹³ Ibid.

²⁹⁴ Ibid.

²⁹⁵ Ibid.

advantage and the gravity trade model. Delegates should carefully review the *World Trade Organization/ILO Joint-Study on Trade and Employment* to become acquainted with the technical angles of trade liberalization and its effect on the labor market. The report entitled *A Fair Globalization: Creating Opportunities for All* by the ILO World Commission on the Social Dimension of Globalization gives an excellent analysis of how globalization affects the everyday lives of global citizens. These two major reports will give delegates a complementary view on the effects of trade liberalization.

However, remember that this topic explores trade liberalization and its relationship with the labor market. Review how the labor market within your nation is affected through the import of goods and services. If you are a developed nation, consider how your country's primary exports work within the domestic sector of the importing member state. Does this import/export relationship cause the loss/creation of jobs? Is your government forced to create subsidies to protect domestic competition? You should explore your nation's trade policy and explore whether it incorporates more of a protectionist system or one of liberalization. Delegates should utilize the technical viewpoints of trade liberalization and expand to broader questions of liberalization. What strategies can we as the International Labor Organization create to minimize the negative social impact of trade liberalization on jobs? What mechanisms can be used to strengthen the relationship between the ILO, WTO and the United Nations?