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Enhancing Knowledge for Renewed Policies against Poverty



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## Regional Trade Agreements and the Spread of International Labour Standards

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# Regional Trade Agreements and the Spread of International Labour Standards\*

Jean-Marc Siroën<sup>†</sup> & David Andrade<sup>‡</sup>

**Abstract:** In the last two decades, international trade agreements have driven growing economic integration increasingly inclusive of social and labour provisions. This article investigates the link between labour clauses in trade agreements and national labour standards, comparing their effects on the ratification of ILO conventions and worker rights practices. An empirical estimation using panel data for 141 countries from 1980 to 2013 suggests that labour provisions have not played a significant role in the improvement of labour practices, and that their effect has been limited to the ratification of ILO conventions. This gap highlights the importance of mechanisms that guarantee the enforceability of labour clauses included in trade agreements.

**Keywords:** International Labour Organization, Labour Standards, Regional Trade Agreements

JEL: F15, F16, F53, F66, J51, J8

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# 1. Introduction

The Organization for Economic Cooperation and Development –OECD– (1996) defines labour standards as the “norms and rules that govern working conditions and industrial relations.” Formally, these standards are established by national labour laws and regulations, which need to be in line with the international treaties ratified by the country.

International Labour Standards, as promoted by the International Labour Organization (ILO), are intended to “promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity.” They must ensure “that the growth of the global economy provides benefits to all”(ILO, n.d.). These legal instruments, widely considered an international reference for acceptable working conditions, establish minimum standards presented within conventions and recommendations for adoption by governments. Conventions are “legally binding international treaties that may be ratified by member states,” whereas recommendations are non-binding guidelines and may supplement the convention.<sup>1</sup>

Member states that ratify an ILO convention must incorporate its principles into national labour legislation and are required to submit reports to the ILO on their compliance. However, ILO has no real enforcement tools or sanctions for non-compliant countries and has to rely on soft enforcement mechanisms such as a supervisory system (Flanagan, 2003). Actually Peksen and Blanton (2016) find that the ratification of core ILO conventions is negatively associated with the level of respect for worker rights.

The effect of trade on labour rights is a source of controversy in both public opinion and the academic literature. On the one hand, trade is said to promote a “race to the bottom” where lower labour standards give exporting countries an unfair competitive advantage. In an environment of global production networks, multinational firms reportedly locate some labour-intensive production tasks in low-wage countries that do not comply with fundamental labour rights. In turn, this pressure on competitiveness is said to drive other countries to lower their labour standards (see Collingsworth, Goold, & Harvey (1994), and Brown, Deardorff, & Stern (1993)). Issue is frequently taken with labour practices in export processing zones (ILO, 2014).

In some countries, such as the United States and Canada, civil society (NGOs and trade unions) has rallied to demand the inclusion of labour standards in trade agreements, as required by US trade legislation. The inclusion of labour provisions in

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<sup>1</sup> ILO website “Conventions and Recommendations” at <http://ilo.org/global/standards/introduction-to-international-labour-standards/lang--en/index.htm>

trade agreements is actually a condition laid down by Democrat members of Congress for the ratification of trade agreements.

On the other hand, trade integration is in itself assumed to improve working conditions. In this case, the inclusion of labour standards in trade agreements would not reflect a real concern for working conditions but a protectionist move to undermine the comparative advantage of developing countries.

Greenhill et al. (2009) report on three main arguments defending a positive link between trade and labour standards. First, trade liberalization is associated with growth and economic development, which in turn are related to higher levels of worker rights protection. Second, closer interaction between countries based on trade facilitates the transmission of worker rights norms and standards. Lastly, foreign direct investors tend to invest in regions with high levels of human capital, which is positively correlated with the protection of workers' rights. Where Potrafke (2013) finds that globalization does not induce labour market deregulation, at least in the short run, Luinstra (2004) argues that labour reallocation affects national labour conditions in keeping with the labour standards prevalent in the growing sector. However, it is not clear why exporting industries would want to enforce higher standards. At national level, some research suggests that multinational and exporting firms have higher standards than others (Harrison & Scorse, 2003), which does not necessarily mean compliance with labour standards and decent working conditions. Other case studies suggest that workers in exporting industries with higher foreign direct investment indices enjoy higher wages and better working conditions (Robertson et al., 2009).

Although there is an extensive body of literature exploring the link between labour rights and trade, the impact of bilateral and multilateral trade agreements containing labour provisions has not been widely studied. The main obstacles are the scarcity of reliable data on labour conditions and endogeneity issues surrounding the relationship between labour conditions and preferential trade agreements (PTAs).

Greenhill et al. (2009) suggest that trade with developed nations helps developing countries to scale up their labour rights, because international trade gives producers incentives to meet the standards of their export markets. This so-called California Effect may only occur when the signals sent by the importer country are strong enough for the exporter country to feel pressure to upgrade its labour laws. The inclusion of labour standards in trade agreements might be one of the channels used in this case.

The first WTO Ministerial Conference, held in Singapore in 1996, declared that only the International Labour Organization (ILO) could legitimately deal with labour issues. Consequently, labour standards have not been included on the Doha agenda.

In response to the Singapore Ministerial Conference, the ILO established the Declaration on Fundamental Principles and Rights at Work that have to be respected

by all members, even when the relevant conventions have not been ratified. The eight Fundamental Conventions are grouped into four categories:

- Freedom of association: Freedom of Association and Protection of the Right to Organise Convention (C087); Right to Organise and Collective Bargaining Convention, 1949 (C098);
- Forced labour: Forced Labour Convention (C029); Abolition of Forced Labour Convention (C105);
- Discrimination: Equal Remuneration Convention (C100); Discrimination (Employment and Occupation) Convention (C111);
- Child labour: Minimum Age Convention (C138); Worst Forms of Child Labour Convention (C182).

Some developed countries, such as the United States, have only ratified two of these conventions, while some developing countries, where practices are frequently assumed to be below standard, seem less reluctant to ratify most of them. This paradox may be explained by a gap between labour standard rules and practices (Greenhill, Mosley, & Prakash, 2009). The ratification of core conventions does not always imply their enforcement and there are actually low levels of compliance with the reporting requirements (Salem & Razental, 2012). Although there are complaint procedures, there may be accuracy issues with the information reported. The adoption of international labour standards may be a symbolic or political act without any real impact on labour rights and working conditions (Flanagan, 2003). Since 1998, the number of Regional Trade Agreements (RTAs) has shot up from 22 trade agreements ratified in 1990 to 281 in June 2016.<sup>2</sup> At the same time, this growing economic integration among countries has come about with the increasing introduction of social issues, such as labour rights, into trade agreements. Following the inclusion of labour provisions in NAFTA (1994), some countries, including the USA, have systematically included social provisions in their trade agreements (Siroën, 2013). As of December 2015, 76 trade agreements involving covering 135 countries, did include labour provisions, nearly half of which came into existence after 2008. (ILO, 2016). Moreover, non-reciprocal agreements covered by the General System of Preferences also include labour provisions with possible sanctions in the event of non-compliance.

Despite the growing inclusion of labour provisions in trade agreements, few studies examine how these commitments affect workers' rights. Salem and Rozental (2012)

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<sup>2</sup> The WTO defines regional trade agreements as agreements that are, "Reciprocal trade agreements between two or more partners, and include free trade agreements and customs unions." Preferential trade arrangements (PTAs), however, are defined as, "Unilateral trade preferences, including Generalized System of Preferences schemes (under which developed countries grant preferential tariffs to imports from developing countries), as well as other non-reciprocal preferential schemes." (WTO, 2015).

underline that there is a lack of qualitative or quantitative studies assessing the effects of labour provisions in trade agreements on working rights. ILO (2016) only finds that labour provisions are associated with higher labour force participation rates, particularly, for the females. This article discusses whether regional and bilateral trade agreements (RTAs) with labour clauses (as opposed to RTAs without labour clauses) affect the number of ILO conventions ratified and compliance with workers' rights.

The authors evaluate preferential trade agreements (PTAs) with strong and soft human rights clauses.<sup>3</sup> They conclude that strong PTA clauses have a significant impact on the spread of labour legislation, but no impact on labour practices (see also Hafner-Burton, 2005). 'Soft' clauses, on the other hand, are estimated to have no impact on labour legislation and a negative impact on labour practices. Such a finding, however, may be due to a selection bias where countries with weak labour rights protection prefer to subscribe to agreements without enforceable human rights clauses.

Kamata (2014) classifies more than 200 Regional Trade Agreements (RTA) according to the nature and extent of their labour provisions and tests their effect on a set of labour quality variables. Kamata's main finding is that trade with a partner signatory to an RTA with labour clauses has a positive impact on labour earnings mainly in middle-income countries. However, labour clauses might reduce the trade-promoting effect of RTAs for middle-income countries especially when the partner is a high-income country.

In a case study, Brown, Deardoff and Stern (2011) find that the US-Cambodia Bilateral Textile Trade Agreement, which includes labour provisions with "positive" sanctions, has contributed to a positive, albeit modest, improvement in labour conditions in Cambodia. Van Roosendaal (2015), however, argues that the effects of the inclusion of labour standards in the CAFTA-DR have been limited.

Kim (2012) highlights the effectiveness of labour standards in US trade agreements based on data from 1982 to 2005. He argues that labour rights are improved by an *ex ante* due diligence mechanism: countries improve their labour standards before signing the RTA with the United States knowing that this will increase their attractiveness as potential RTA partners. Postnikov & Bastiaens (2014), however, find that improvements in labour rights in countries that have signed RTAs with the EU are *ex post* rather than *ex ante*. They attribute this difference to the different design of labour provisions in EU agreements. In contrast with US trade agreements, EU PTAs do not comprise strong sanctions for non-compliance. Rather than coercion, EU agreements rely on dialogue with trading partners. Therefore, the effects on labour

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<sup>3</sup> Strong clauses are defined as those that condition market access to labour conditions.

rights are expected to be positive, but much more gradual due to civil society activity and learning.

Although we highlight the importance of differences among PTA designs, the focus here is not on a specific PTA but on the entire population of PTAs. Whereas a significant part of the existing literature considers human rights clauses, we put forward our findings focusing specifically on labour rights provisions.

ILO conventions belong to the legislative dimension of workers' rights. It is less expensive for countries to ratify certain conventions than to actually protect workers' rights in practice. In addition, the inclusion of labour clauses makes the agreement more politically acceptable (Kim, 2012), although this does not directly improve labour rights. In keeping with the existing literature, we expect the impact of PTAs comprising labour clauses to be positive on ILO convention ratification and stronger than on labour rights practices.

In section 2, we present the data and methodology used to develop the empirical model. Section 3 provides and comments on empirical evidence for the relation between RTAs and both ratification and workers' rights. Section 4 examines the sensitivity and robustness of the results. Lastly, section 5 concludes and discusses some remaining questions.

## **2. Data and method**

We explore the link between regional trade agreements with labour clauses and national working conditions taking the number of the eight "core" ILO conventions ratified by each country in a given year (Normlex database).

Figure 1 presents the average number of conventions ratified by developed and developing countries, as well as the number of trade agreements in force with and without labour clauses. The sharp increase in ratification from 1998 to 2002 may have been driven by the 1998 introduction of the new core convention on the worst forms of child labour. However, it also coincides with a period where the number of trade agreements including labour clauses started to increase. In addition, although developed countries have ratified more conventions, recent decades have seen a clear tendency towards convergence between both groups.

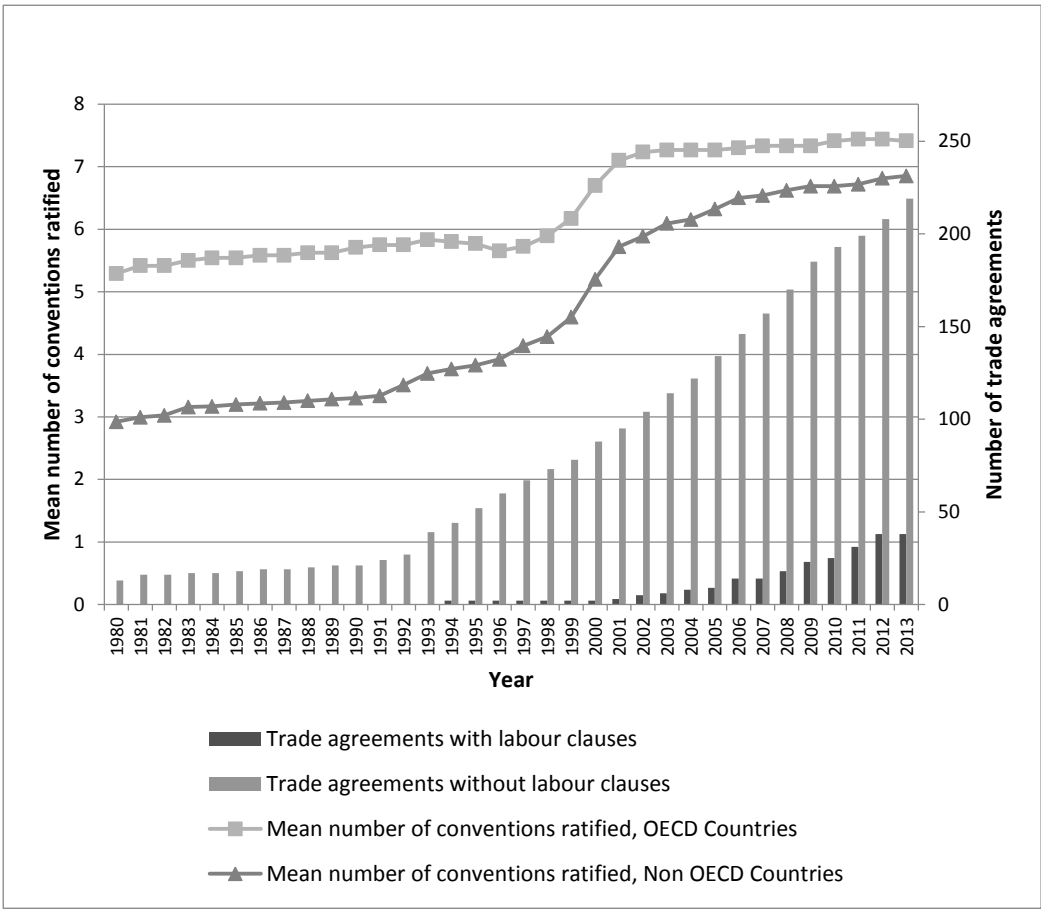
In a second step, given the limitations of ILO convention ratification as a proxy for workers' rights, we use data from the CIRI Human Rights Data Project to assess the effect of PTAs with labour clauses on workers' rights at a more practical level. The definition of workers' rights here is the extent to which workers, "have the freedom of association at their workplace and right to bargain collectively with their employers ... and other internationally recognized rights at work, including a prohibition on the use of any form of forced or compulsory labour; a minimum age for the employment of children; and acceptable conditions of work with respect to minimum wages, hours of work, and occupation safety and health." Their data is



coded primarily from reports on human rights practices around the world from the US Department of State and Amnesty International, and thus better reflects the actual level of labour rights on the ground.

This variable takes values of 0, 1 and 2. A score of 0 indicates that workers’ rights are severely restricted; a score of 1 indicates that workers’ rights are somewhat restricted; and a score of 2 indicates that workers’ rights are fully protected in the year in question. Although this variable captures the practical application of labour standards, it is restricted due to its discrete character. Consequently, the results obtained by the empirical estimation are to be interpreted with caution.

Figure 1: ILO convention ratification and trade agreements. 1980-2013  
 Number of conventions ratified in main axis and number of PTAs on secondary axis



Data source: Normlex, WTO & Kamata (2014).

A clear tendency towards ratification is found when comparing the three years shown. Although less than 15% of the countries had ratified the seven existing core conventions in 1990, almost 70% of them had ratified all eight ILO conventions by 2010. However, it can be seen that although most of the countries display partial protection of workers’ rights, the percentage of countries fully guaranteeing their protection appears to decline over time.

We model the relationship between ILO convention ratification and labour clauses included in trade agreements using data for 194 countries covering the period from 1980 to 2013 for the number of conventions ratified and from 1981 to 2011 for the CIRI index of workers' rights. However, data availability is such that most of the estimates only cover 141 countries. We adopt the Kamata (2015) classification presented in Table 7 of the Appendix. Kamata (2015) takes all RTAs notified to the WTO and, following a careful examination of the texts of these agreements, classes them into six groups according to the scope, depth and strength of their labour-related provisions. We consider that RTAs with labour clauses are those included in groups 1 to 3, given that these agreements are those that require or urge domestic labour laws to be consistent with the ILO guidelines or mention the members' commitment to the ILO standards without requiring labour laws to match. The main estimation can be represented by the following equation:

$$L_{it} = \alpha + \theta L_{it-1} + \beta_1 TradeRTA_{it-n}^{LC} + \beta_2 TradeRTA_{it-n}^{NC} + \gamma X_{it-n} + \delta T_t + \epsilon_{it} \quad (1)$$

Where  $L_{it}$  is the endogenous variable for country  $i$ , year  $t$ : the number of ratified conventions or the CIRI index for workers' rights.

The nature of endogenous variables is such that we expect them to depend on their previous levels: the number of ratified ILO conventions is constant or increasing, and labour conditions in year  $t$  affect labour conditions in  $t+1$ . We therefore also include the lagged dependent variable  $L_{it-1}$  among the exogenous variables, which mitigates the problem of serial correlation.

Given that exporting countries' labour standards can be expected to change over an extended period of time, we calculate the model for both ILO conventions and the CIRI index using time lags  $n$  (one, two and three years) for all independent variables.

The exogenous variable of interest is the relative intensity of trade the country has with labour-clause-inclusive RTA partners.

$$TradeRTA_{it}^{LC} = RTA_{it}^{LC} \left( \frac{\sum exports_{ijt}}{total\ exports_{it}} \right) \quad (2)$$

Where  $RTA_{it}^{LC}$  is a dummy taking the value of 1 if the country has a trade agreement with labour clauses and 0 otherwise, and  $\sum exports_{ijt}$  is the sum of exports of country  $i$  to all countries  $j$  with which it has an RTA with labour clauses in year  $t$ . The reference date for a country to be considered as having an RTA is the year of the agreement's entry in force. The value of  $TradeRTA_{it}^{LC}$  is between 0 (no RTA with labour provisions) and 1 (all trade is governed by RTAs with labour standards).

The interest of weighting  $RTA_{it}^{LC}$  is to take into account the importance of trade agreements to the country. Accordingly, agreements representing a larger proportion of total exports are expected to have a stronger effect. Likewise, we also include

$TradeRTA_{it}^{NC}$  which takes a value of 0 if the country has no trade agreements without labour clauses in a given year, and 1 if all trade is with countries signatories to the same trade agreement ranked in groups 4, 5 or 6 of Kamata's classification. Then, the reference case is the share of bilateral trade not governed by an RTA. Trade data used for  $TradeRTA_{it}^{LC}$  and  $TradeRTA_{it}^{NC}$  is obtained from the UN-Comtrade database.<sup>4</sup>

In equation 1,  $X_{it}$  is a vector representing the set of control variables. These include  $\ln(GDPpc)_{it}$ , which is the logarithm of per capita GDP in purchasing power parity (PPP)<sup>5</sup> at constant 2005 international US dollars. We expect to find a positive relationship with labour rights;  $Population_{it}$  has sometimes been found to display a significant negative relationship with human rights outcomes. We assume that RTAs usually play a more significant role in foreign subsidiaries and the manufacturing sector. At the same time, these sectors might exert more pressure for higher labour standards due mainly to the presence of trade unions.<sup>6</sup> We then introduce the amount of new foreign direct investment  $FDI_{it}$ , received in a given year expressed as a percentage of GDP, and  $IndustryVA_{it}$  measuring industry value-added to reflect the influence that industry might have on ratification.<sup>7</sup>

Lastly, to control for the institutional environment, we take  $Political Rights_{it}$  and  $Civil Liberties_{it}$  from the Freedom Houses indices with their values from 1 to 7. Scores from 1 to 2.5 stand for a "free country", values of 3 to 5.5 indicate a "partly free country" and scores from 5.5 to 7 point to a "not free country". Coefficients for this variable should be interpreted taking the inverse sign.<sup>8</sup> In addition, in some federal countries, such as Canada and the USA, states or provinces are responsible for certain aspects of labour legislation, making it hard to ratify some conventions at national level. The  $Federalism_{it}$  variable is a dummy variable taking the value of 1 if the country is a federal country and 0 if not.<sup>9</sup> The inclusion of fixed year effects  $T_t$  controls for a general trend toward more ratification, independently of RTAs. Table 1 summarizes the descriptive statistics for the variables included in the analyses.

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<sup>4</sup> <http://comtrade.un.org/>

<sup>5</sup> World Bank Databank <http://databank.worldbank.org/data/home.aspx>

<sup>6</sup> Violation of workers' rights are frequently found by surveys of agriculture, mining and domestic work.

<sup>7</sup> Data for the three variables are obtained from World Bank's *World Development Indicators* <http://databank.worldbank.org/data/home.aspx>

<sup>8</sup> Both Political Rights and Civil Liberties data are obtained from the Freedom House *Freedom in the World Country Ratings*: <http://www.freedomhouse.org>

<sup>9</sup> The list of the world federal countries is available from the Forum of Federations, the global network of federalism and devolved governance: <http://www.forumfed.org/en/federalism>

Table 1: Summary statistics

	Variables	All Countries		OECD Countries		Non-OECD Countries	
		Mean	SD	Mean	SD	Mean	SD
1980-2012	Nb. Conventions	4.893132	2.826571	6.4164	1.697291	4.635644	2.897435
	CIRI Index	1.936511	.7613958	2.650531	.5485391	1.781202	.7109261
	TradeRTAlc	.0621551	.1903056	.291978	.3492432	.0238657	.1080815
	TradeRTAnc	.1393592	.2373011	.3500046	.3213136	.093562	.1854321
	Log of GDP p.c.	8.556166	1.259949	10.1016	.3853843	8.245224	1.140059
	FDI	3.660823	9.092811	3.386104	15.58414	3.715144	7.14381
	Population	3.00e+07	1.16e+08	3.70e+07	5.56e+07	2.88e+07	1.24e+08
	Industry V.A.	29.33228	12.58875	29.54747	5.547407	29.29586	13.41983
	Political Rights	3.667869	2.227058	1.268935	.9828814	4.113058	2.105909
	Civil Liberties	3.666323	1.931282	1.508233	1.092275	4.066816	1.782149
	Federalism	.105482	.3071971	.2832801	.4508314	.0754275	.2641037

SD: Standard deviation

### 3. Empirical evidence

Table 2 reports on the results of our analysis of ILO conventions using a Tobit regression with a random effects model. We base our analysis essentially on the Tobit model for two main reasons. First, the number of conventions ratified is a non-negative censored variable, given that it can only take values of 0 to 8 (there are no more than eight core conventions to ratify). A Tobit model is suitable in this case, precisely because it takes into account the endogenous variable's censored nature. Second, we have unbalanced panel data for 141 countries and 34 years, so we can control for time-invariant individual country characteristics not accounted for by including random effects in the Tobit estimation.

In the case of the CIRI index for workers' rights in Table 3, which only takes values 0, 1 and 2, we are dealing with an ordered variable. In keeping with Postnikov & Bastiaens (2014), we transform the CIRI index to take the values of 1, 2 and 3, and use an ordered probit model that includes random effects.

In line with Greenhill, Mosley & Prakash (2009), we calculate robust standard errors clustered by country.

Table 2 shows that the inclusion of labour clauses in RTAs has a positive and highly significant effect on ratification. Yet trade under PTAs without labour clauses is never significant.

Our results suggest that a one percentage point increase in trade intensity with labour-clause-inclusive RTA partners raises the predicted value of the ratified ILO conventions by almost 0.3 point. This effect falls to 0.274 and 0.237 point two years and three years after the entry in force of the treaty. The coefficients for the year dummies (not shown in Table 2) are significant for most years, particularly from 1980 to 2002, and present a positive trend.

With respect to the control variables,  $\ln(GDPpc)_{it}$  has a negative and significant coefficient, which may be surprising. However, some high-income countries, such as the US, Canada, Korea, Singapore and New Zealand, have not ratified all ILO core conventions.  $Population_{it}$  also has a significant and negative coefficient, which could be due to the fact that countries with a large population might find it harder to control working conditions and adapt national legislation due to their social, ethnic and cultural heterogeneity.

Other variables are not very significant and only for some years.  $IndustryVA_{it}$  has a positive and significant effect on ratification two years only after the treaty.  $Civil Liberties$  have a significant effect one year later and  $Federalism_{it}$  a negative effect three years later.

Table 3 shows the results obtained for the ordered probit model with the CIRI Index of Workers' Rights as dependent variable. If the negative link between ratification and workers' rights identified by Peksen and Blanton (2016) is correct, the incentive effect of RTAs on ratification might also deteriorate labour rights. It is striking to see that previous evidence is inversed: trade agreements with labour clauses do not have a significant effect on labour practices, while RTAs without labour clauses display a significant and positive coefficient.<sup>10</sup> Year dummies (not included in the table) are significant for most of the years, although without a trend.

A possible interpretation for this has to do with a selection effect. Countries ratifying RTAs without labour clauses include many countries that already have acceptable levels of worker rights protection. So there is less political pressure to include labour provisions in agreements.<sup>11</sup> In countries that have not ratified all ILO conventions

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<sup>10</sup> Our results could be sensitive to the trade agreement classification. In this paper, we use the classification of RTAs presented by Kamata (2015). However, a previous classification (Kamata; 2014) presents differences such as the exclusion of the European Community as part of the group of agreements including labour clauses. The results change slightly when we estimate the model using this different classification, although the main conclusions remain valid.

<sup>11</sup> With respect to human rights clauses in general, Greenhill et al. (2009) find that RTAs with 'soft' human rights provisions are negatively related with labour practices and have no significant relationship with labour legislation, whereas membership of RTAs with 'hard' human rights provisions has no significant impact on labour practices, but a positive relationship with labour legislation. Countries with poor human rights records would be less reluctant to sign a PTA with human rights conditions where compliance is ultimately unenforceable (see Hafner-Burton & Tsutsui (2005); Hathaway(2002)).

and display violations of workers' rights, it is less costly politically to ratify new conventions than to enforce these labour provisions especially since the RTA's provisions present a low level of enforceability. Countries then restrict their actions to symbolic ones, such as the ratification of ILO Conventions.

Table 2: Effects of RTAs on the Number of Conventions Ratified. Tobit Model with Individual Random Effects and Year Fixed Effect.

<i>Number of ratified ILO Conventions</i>	One-year lag	Two-year lag	Three-year lag
<i>Conventions Ratified in (t-1)</i>	1.025*** (0.01)	1.001*** (0.01)	1.041*** (0.01)
<i>TradeRTA1c (t-n)</i>	0.259*** (0.07)	0.331*** (0.10)	0.257*** (0.07)
<i>TradeRTAnc (t-n)</i>	0.071 (0.06)	0.025 (0.09)	0.041 (0.06)
<i>logGDP p.c. (t-n)</i>	-0.063*** (0.01)	-0.079*** (0.02)	-0.057*** (0.01)
<i>FDI (t-n)</i>	0.001 (0.00)	0.004 (0.00)	0.004 (0.00)
<i>Population (t-n)</i>	-0.002*** (0.00)	-0.004* (0.00)	-0.002* (0.00)
<i>IndustryVA (t-n)</i>	0.003* (0.00)	0.003 (0.00)	0.002 (0.00)
<i>Political Rights (t-n)</i>	-0.003 (0.01)	-0.000 (0.02)	0.007 (0.01)
<i>Civil Liberties (t-n)</i>	-0.021 (0.02)	-0.044* (0.02)	-0.023 (0.02)
<i>Federalism_(t-n)</i>	-0.043 (0.03)	-0.028 (0.07)	-0.071* (0.03)
Constant	0.817*** (0.17)	1.193*** (0.26)	0.564*** (0.16)
sigma_u_cons	0.000** (0.00)	0.222*** (0.03)	0.000*** (0.00)
sigma_e_cons	0.554*** (0.01)	0.547*** (0.01)	0.531*** (0.01)
N	3078	2994	2902
Time Fixed Effects	Yes	Yes	Yes
Country Effects	Random	Random	Random

Notes: Standard errors are shown in parentheses.

Coefficients for time-fixed effects are not reported in the table

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

A higher share of industry value-added has a negative and statistically significant impact on workers' rights for only three years following the signature of the treaty. A high level of protection of civil liberties has a positive and significant effect. Other control variables do not seem to have a significant effect on workers' rights.

Table 3: Effects of RTAs on the CIRI Index for Workers' Rights. Ordered Probit Model with Country Random Effects and Year Fixed Effect.

CIRI Index for Workers' Rights	One-year lag	Two-year lag	Three-year lag
CIRI Index in (t-1)	1.193*** (0.08)	1.240*** (0.09)	1.261*** (0.09)
TradeRTAlc (t-n)	0.314 (0.16)	0.235 (0.16)	0.196 (0.16)
TradeRTAnc (t-n)	0.565** (0.17)	0.536** (0.18)	0.531** (0.17)
logGDP p.c. (t-n)	-0.064 (0.05)	-0.073 (0.05)	-0.018 (0.05)
FDI (t-n)	0.005* (0.00)	0.006 (0.01)	0.005 (0.00)
Population (t-n)	-0.005 (0.01)	-0.005 (0.01)	-0.005 (0.01)
IndustryVA (t-n)	-0.007 (0.00)	-0.008 (0.00)	-0.012** (0.00)
Political Rights (t-n)	-0.079 (0.04)	-0.032 (0.04)	-0.046 (0.04)
Civil Liberties (t-n)	-0.312*** (0.05)	-0.379*** (0.05)	-0.305*** (0.06)
Federalism_(t-n)	-0.059 (0.12)	-0.044 (0.12)	-0.097 (0.13)
Cut 1 constant	-0.185 (0.47)	-0.319 (0.45)	0.211 (0.47)
Cut 2 constant	2.250*** (0.46)	2.171*** (0.46)	2.703*** (0.48)
sigma2_u_cons	0.141*** (0.04)	0.128** (0.04)	0.119** (0.04)
N	2646	2625	2540
Time Fixed Effects	Yes	Yes	Yes
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses ;  
Coefficients for time-fixed effects are not reported in the table  
Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001

Table 8 (in the appendix) reports on the results for the models with no year dummies. Trade agreements have a positive effect on ratification, regardless of the inclusion or exclusion of labour provisions. However, Table 9 (in the appendix) indicates that, without year dummies, trade agreements, with and without labour clauses, do not have a significant effect on labour rights practices. Only institutional variables like civil rights and political liberties have a positive and significant effect.

In evaluating the effects of labour clauses in the EU's RTAs, Postnikov & Bastiaens (2014) find that the effect of the number of ILO conventions ratified is significantly negative in predicting workers' rights, measured by the same CIRI index. Similarly,

Hathaway (2002) provides additional empirical support for this result as she finds that non-compliance with human rights treaties is frequent as they are weakly monitored and enforced. Postnikov & Bastiaens (2014) conclude, however, that this result ultimately highlights the importance of including labour provisions in other international agreements that can be more effectively monitored and enforced such as Preferential Trade Agreements (PTAs) and the Generalized System of Preferences (GSP) or Lomé-Cotonou agreement.

#### **4. Sensitivity and Robustness Checks**

A key issue to be considered in order to assess the previous results is that RTAs with labour clauses may have a different effect on different groups of countries. As mentioned before, developing countries frequently tend to have a lower level of labour rights protection than developed countries. Logically, developed countries, which have no upgrading costs, put the pressure on to include labour provisions.

Furthermore, two other issues should be tested when it comes specifically to the ILO conventions. Firstly, Convention c182 – on the worst forms of child labour – was only approved and initiated in 1998 so it needs to be treated differently. To assess whether this convention drives our results, we test the model across just 1998 to 2012. Secondly, it would be useful to know if RTAs with labour clauses have a different impact not only on the number of ratified conventions, but also on each ILO convention.

Table 4 presents the results of the model with a one-year lag estimated for all countries, both developed and developing countries. We use OECD membership as our developed country marker, deeming the other countries to be developing countries.<sup>12</sup> Our results confirm that the effect of labour-clause-inclusive RTA-related trade on ratification is significantly greater for developing countries, although it is still significant for OECD countries. Interestingly, once we differentiate between developed and developing countries, trade under RTAs without labour clauses has a significant effect on expected ratification. Yet although this effect is positive for developed countries, it is negative for developing countries. As with the model including all countries, similar results are obtained when the model is estimated without fixed year effects (Table 10 in the appendix).

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<sup>12</sup> The model is also estimated for developed countries excluding the transition economies of Eastern and Central Europe on the basis that their labour conditions may be influenced by more specific dynamics. However, the results obtained do not differ substantially from the finding we obtain for non-OECD countries.



Table 4: Effects of RTAs on the Number of ILO Conventions Ratified in Different Groups of Countries. One-year Lag Model. Tobit Model with Individual Random Effects and Year Fixed Effects.

Number of ILO Conventions Ratified	All Countries	OECD	Non OECD
Conventions Ratified in (t-1)	1.025*** (0.01)	0.931*** (0.02)	1.006*** (0.01)
TradeRTAlc (t-n)	0.259*** (0.07)	0.217** (0.07)	0.778*** (0.21)
TradeRTAnc (t-n)	0.071 (0.06)	0.401*** (0.08)	-0.299** (0.11)
logGDP p.c. (t-n)	-0.063*** (0.01)	-0.007 (0.09)	-0.078** (0.03)
FDI (t-n)	0.001 (0.00)	0.001 (0.00)	-0.003 (0.00)
Population (t-n)	-0.002*** (0.00)	-0.027*** (0.01)	-0.004* (0.00)
IndustryVA (t-n)	0.003* (0.00)	0.009 (0.01)	0.001 (0.00)
Political Rights (t-n)	-0.003 (0.01)	-0.027 (0.05)	-0.009 (0.02)
Civil Liberties (t-n)	-0.021 (0.02)	0.038 (0.04)	-0.023 (0.02)
Federalism_(t-n)	-0.043 (0.03)	-0.102* (0.04)	0.098 (0.08)
Constant	0.817*** (0.17)	0.481 (0.95)	1.285*** (0.29)
sigma_u_cons	0.000* (0.00)	0.000 (0.00)	0.217*** (0.03)
sigma_e_cons	0.554*** (0.01)	0.347*** (0.01)	0.569*** (0.01)
N	3078	2994	2902
Time Fixed Effects	Yes	Yes	Yes
Country Effects	Random	Random	Random

Notes: Standard errors are shown in parentheses.

Coefficients for time-fixed effects are not reported in the table

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

Table 5 shows that coefficients for trade under RTAs with and without labour clauses are not statistically significant for workers' rights in both groups of countries when we treat them separately. When year fixed effects are excluded (Table 11), RTAs without clauses no longer significantly influence practices.

Table 5: Effects of Regressing the CIRI Index for Workers' Rights for Different Groups of Countries. One-Year Lag Model. Ordered Probit Model with Individual Random Effects and Year Fixed Effect.

CIRI Index for Workers' Rights	All Countries	OECD	Non OECD
CIRI Index in (t-1)	1.193*** (0.08)	1.757*** (0.23)	1.123*** (0.08)
TradeRTAlc (t-n)	0.314 (0.16)	0.184 (0.23)	0.195 (0.26)
TradeRTAnc (t-n)	0.565** (0.17)	0.235 (0.34)	0.362 (0.22)
logGDP p.c. (t-n)	-0.064 (0.05)	0.398 (0.37)	-0.159** (0.06)
FDI (t-n)	0.005* (0.00)	0.004*** (0.00)	0.008 (0.01)
Population (t-n)	-0.005 (0.01)	0.021 (0.04)	-0.006 (0.01)
IndustryVA (t-n)	-0.007 (0.00)	-0.010 (0.02)	-0.005 (0.00)
Political Rights (t-n)	-0.079 (0.04)	0.347 (0.20)	-0.097* (0.04)
Civil Liberties (t-n)	-0.312*** (0.05)	-0.674** (0.21)	-0.256*** (0.05)
Federalism_(t-n)	-0.059 (0.12)	-0.228 (0.18)	-0.093 (0.16)
Cut 1 constant	-0.185 (0.47)	5.558 (3.69)	-1.161* (0.52)
Cut 2 constant	2.250*** (0.46)	8.443* (3.73)	1.243* (0.50)
sigma2_u_cons	0.141*** (0.04)	0.069 (0.05)	0.134** (0.05)
N	2624	562	2062
Time Fixed Effects	Yes	Yes	Yes
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses.

Coefficients for time-fixed effects are not reported in the table

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

As already mentioned, the last ILO core convention to be approved (1998) was Convention No. 182 on the prohibition of the worst forms of child labour. We previously estimated a Tobit model for the period from 1980 to 2012. However, we considered the endogenous variables of the number of ratified conventions as being censored at an upper limit of eight conventions. In this section, we re-estimate the model considering only the period from 1998 to 2012, when all eight conventions are in force.

Results including fixed year effects are shown in Table 12 (in the appendix). We confirm that the estimated coefficient for  $TradeRTA_{it}^{LC}$  from 1998 to 2012 is still

positive and statistically significant irrespective of the lag. On the other hand,  $TradeRTA_{it}^{NC}$  is never statistically significant. These results hold even when we estimate the model without year dummies (Table 13 in the appendix).

Lastly, in order to compare this dynamic with the results for the CIRI Index of workers' rights in the same period, we estimate the ordered probit model from 1998 to 2012. The results in tables 14 and 16 (in the appendix) confirm that, even considering only the period from 1998 to 2012, trade agreements with labour clauses do not have a significant effect on labour practices. However, trade in RTAs without labour clauses is always significant and positive, even moderately when year fixed effects are withdrawn (Table 15).

RTAs might have a different impact on the different ILO conventions. In order to assess this possibility, we estimate an individual probit model with random effects for each convention.

The dependent variable is now  $Convention_{it}$ , which equals 1 if the fundamental convention has been ratified by the country and 0 if not. The first seven conventions take into account the period from 1970 to 2012, while Convention No. 182 comprises the period from 1998 to 2012.<sup>13</sup>

Table 6 shows that the impact of RTAs is not homogeneous across all conventions. In particular, both  $TradeRTA_{it}^{LC}$  and  $TradeRTA_{it}^{NC}$  increase the predicted probability of ratification of conventions 087, 100, 138 and 182.

In addition,  $TradeRTA_{it}^{LC}$  has a positive effect on the probability of ratification of Convention No. 111 on non-discrimination at work. This result leads us to the conclusion that there apparently is not a single convention that alone explains the results previously obtained.

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<sup>13</sup> We do not include fixed year effects, which are only significant for conventions 029, 105 and 138.

Table 6: Probit Model with Random Effects for each Individual ILO Convention. No Time-Fixed Effects

Convention :	C087 Freedom of Association	C098 Collective Bargaining	C029 Forced Labour	C105 Abolition of Forced Labour	C100 Equal Remuneration	C111 Discrimination	C138 Minimum Age	C182 Worst Forms of Child Labour
TradeRTAlc	3.799*** (0.90)	4.671 (3.91)	0.375 (6.80)	2.293 (3.95)	3.966* (2.00)	6.231 (5.84)	2.597* (1.14)	0.788** (0.30)
TradeRTAnc	6.255** (2.29)	5.965 (3.38)	5.331 (5.97)	1.650 (1.67)	6.177** (1.93)	6.105** (2.25)	4.591*** (1.24)	1.532*** (0.34)
logGDP p.c.	2.377 (1.62)	1.355 (1.97)	4.571** (1.76)	1.127 (0.76)	2.164 (1.48)	2.944 (1.75)	4.632** (1.71)	-0.137 (0.08)
FDI	0.098** (0.04)	0.108** (0.04)	0.179 (0.29)	0.107* (0.05)	0.071* (0.03)	0.067* (0.03)	0.102** (0.03)	0.022 (0.01)
Population	-0.006 (0.00)	-0.012 (0.01)	0.021*** (0.01)	0.004 (0.01)	0.013 (0.01)	0.010 (0.01)	0.022 (0.02)	-0.001 (0.00)
IndustryVA	-0.053 (0.03)	-0.047 (0.04)	-0.057 (0.14)	-0.059* (0.02)	-0.028 (0.02)	-0.051* (0.02)	-0.016 (0.02)	0.015 (0.01)
Political Rights	-0.065 (0.18)	-0.140 (0.17)	0.953 (0.88)	-0.065 (0.20)	0.100 (0.16)	-0.331 (0.19)	-0.065 (0.13)	0.291** (0.11)
Civil Liberties	-0.259 (0.19)	-1.115** (0.42)	-1.076 (1.26)	-0.649** (0.22)	-0.538* (0.24)	-0.134 (0.18)	-0.653*** (0.15)	-0.523** (0.17)
Federalism	3.888 (3.81)	1.814 (3.56)	4.033 (4.02)	2.626* (1.30)	0.545 (1.02)	1.339 (1.46)	0.579 (1.64)	0.098 (0.17)
Constant	-14.541 (13.81)	1.769 (10.64)	-22.170 (14.45)	0.803 (5.23)	-13.477 (13.53)	-19.568 (14.37)	-39.078** (14.79)	1.633* (0.68)
Log of Variance	4.536*** (0.17)	4.572*** (0.50)	5.426 (.)	3.904*** (0.22)	3.723*** (0.16)	4.705*** (0.27)	4.330*** (0.33)	-1.733** (0.66)

## 5. Conclusion

This study explores the effect of RTAs on the ratification of ILO conventions and workers' rights practices.

Membership of RTAs including labour provisions displays a positive and significant relationship with ratified ILO conventions, which declines over time. RTAs without labour provisions have no significant effect. However, RTAs excluding labour provisions have a positive relationship with labour practices, while RTAs including labour provisions have no significant effect.

Paradoxically, we find evidence of a positive and significant relationship between trade under RTAs that lack labour provisions and the odds of having a higher CIRI index for workers' rights, while membership of RTAs with labour clauses shows no significant effect.

In general, in the absence of enforcement mechanisms, the effect of RTAs with labour clauses appears to be limited to symbolic measures such as ILO convention ratification without further improvements being anticipated in workers' rights practices.

While for developing countries, the effect of trade with partners under RTAs including labour clauses on the number of ratified ILO conventions is almost three times larger than for developed countries, higher trade intensity with partners under RTAs without labour clauses does not appear to increase the expected number of ratified ILO conventions by developing countries. Conversely, for developed countries, trade under RTAs without labour clauses has a significant effect on expected ratification. In the case of workers' rights practices, the coefficient of RTAs that do not include labour clauses is only significant for developing countries, whereas trade under RTAs of both kinds has no effect on workers' practices in developed countries.

When considering each convention separately, only four of the conventions display a greater probability of ratification as a consequence of increased trade with partners under trade agreements including labour clauses. From this point of view, no single convention alone explains the results previously obtained.

Another key issue that remains to be explored is that countries involved in RTAs may be discriminating partner countries depending on their

labour rights standards, or, in the same vein, stricter labour clauses may be included in RTAs when the labour conditions in the partner country are weaker. If this were the case, there would be a selection bias in the estimation, where countries signing RTAs with stricter labour clauses post lower ILO convention ratification rates.

As advanced by Van Roosendaal (2015), a crucial element for the effectiveness of labour standards in PTAs is the enforcement mechanisms attached to these standards. A key avenue of future research should be the role of the different kinds of enforcement mechanisms included with the labour clauses in trade agreements. The studies by Kim (2012) and Postnikov & Bastiaens (2014) form important steps in this direction.

However, when considering all trade agreements in force, we confirm that, even if RTAs have positive effects, labour provisions do not play a significant role in improving labour practices. A gap remains between legal measures and the actual improvement of labour rights' protection.

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## Appendix

Table 7: Classification of RTAs in terms of nature/features of labour clauses or labour-related provisions. Source: Kamata (2014)(2015)

Group 1:	<p>The RTA members are required to make their domestic labor laws consistent with the ILO's guidelines. The RTA text also discusses how domestic labor laws should be promoted and enforced in the member countries.</p> <p><i>USA-Panama; USA-South Korea; USA-Colombia; Canada-Peru; Canada-Jordan; Canada-Colombia; NAFTA*</i></p>
Group 2:	<p>RTAs urging members to have domestic labour laws consistent with the ILO without ultimate requirement to do so. Discussing mechanism of promotion and enforcement of labour laws are included.</p> <p><i>USA-Oman; USA-Peru; USA-Morocco; USA-Bahrain; USA-Australia; USA-Chile; USA-Singapore; USA-Jordan; CAFTA-Dominican Republic; Canada-Costa Rica; Japan-Philippines; New Zealand-Malaysia; Turkey-Chile; Nicaragua-Taiwan; Chile-Colombia; EU-South Korea</i></p>
Group 3:	<p>The RTA mentions the members' commitments to the ILO standards but are not required or suggested to follow the ILO's guidelines.</p> <p><i>EFTA-Albania; EFTA-Canada; EFTA-Colombia; EFTA-Hong Kong; EFTA-Montenegro; EFTA-Peru; EFTA-Serbia; EFTA-Ukraine; Caribbean Community and Common Market (CARICOM); Trans-Pacific Strategic Economic Partnership (TPSEP or P4)**; EU-CARIFORUM States; EU-Cameroon; EU-Chile; Chile-China; China-New Zealand</i></p>
Group 4:	<p>RTAs mentioning labour rights but not in the context of the ILO standards.</p> <p><i>Canada-Chile; Panama-Chile; European Free Trade Association (EFTA)</i></p>
Group 5:	<p>RTAs mentioning social matters such as human rights, but not labour issues in particular.</p> <p><i>Andean Community; Australia-New Zealand; Brunei-Japan; China-Hong Kong; Colombia-Mexico; Colombia-El Salvador &amp; Guatemala &amp; Honduras; Common Economic Zone (CEZ); Common Market for Eastern &amp; Southern Africa (COMESA); Eastern African Community (EAC); Economic Community of West African States (ECOWAS); European Economic Area (EEA); Gulf Cooperation Council (GCC); Latin American Integration Association (LAIA); Melanesian Spearhead Group (MSG); Southern African Development Community (SADC); MERCOSUR; MERCOSUR-India; West African Economic and Monetary Union (WAEMU); Hong Kong-New Zealand; India-Japan; India-Singapore; Japan-Indonesia; Japan-Malaysia; Japan-Singapore; Japan-Thailand; Japan-Viet Nam; Pakistan-Malaysia; Peru-South Korea; Singapore-Australia; Thailand-New Zealand; Turkey-Jordan; Turkey-Palestine; EFTA-Chile; EFTA-Egypt; EFTA-Macedonia; EFTA-Jordan; EFTA-South Korea; EFTA-Lebanon; EFTA-Mexico; EFTA-Morocco; EFTA-Palestinian Authority; EFTA-Singapore; EFTA-Tunisia; EFTA-SACU; EU-Albania; EU-Algeria; EU-Cote d'Ivoire; EU-Egypt; EU-Israel; EU-Jordan; EU-Lebanon; EU-Mexico; EU-Montenegro; EU-Morocco; EU-PNG/Fiji; EU-San Marino; EU-Serbia; EU-Syria; EU-Tunisia</i></p>
Group 6:	<p>RTAs not mentioning any labour or social matters (All other RTAs notified to the WTO as of July 2013; list omitted)</p>
<p>* NAFTA does not require the member countries to follow the ILO guidelines, but has very detailed provisions of enforcement.</p> <p>** The agreement among Brunei, Chile, New Zealand, and Singapore, which is now being negotiated for the expanded Trans-Pacific Partnership (TPP) with other 8 countries.</p>	

Table 7: Effects of RTAs on the Number of Conventions Ratified  
Tobit Model with Individual Random Effects, no year fixed- effects.

Number of ILO Conventions Ratified	One-year lag	Two-year lag	Three-year lag
Conventions Ratified in (t-1)	1.067*** (0.01)	1.074*** (0.01)	1.083*** (0.01)
TradeRTAlc (t-n)	0.353*** (0.07)	0.399*** (0.08)	0.353*** (0.08)
TradeRTAnc (t-n)	0.332*** (0.06)	0.350*** (0.07)	0.277*** (0.07)
logGDP p.c. (t-n)	-0.063*** (0.01)	-0.071*** (0.02)	-0.055*** (0.01)
FDI (t-n)	0.009*** (0.00)	0.014*** (0.00)	0.012*** (0.00)
Population (t-n)	-0.001 (0.00)	-0.001 (0.00)	-0.000 (0.00)
IndustryVA (t-n)	0.003** (0.00)	0.004** (0.00)	0.003* (0.00)
Political Rights (t-n)	0.002 (0.01)	0.003 (0.02)	-0.002 (0.01)
Civil Liberties (t-n)	-0.034 (0.02)	-0.035 (0.02)	-0.017 (0.02)
Federalism_(t-n)	0.019 (0.04)	0.004 (0.04)	-0.020 (0.04)
Constant	0.355** (0.14)	0.372** (0.14)	0.187 (0.14)
sigma_u_cons	0.000*** (0.00)	0.000*** (0.00)	0.000*** (0.00)
sigma_e_cons	0.590*** (0.01)	0.605*** (0.01)	0.570*** (0.01)
N	3078	2994	2902
Time Fixed Effects	No	No	No
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses.

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

Table 9: Effects of Regressing the CIRI Index for Workers' Rights with the Exogenous variables including lags for 1, 2 and 3 years. Ordered Probit Model with Individual Random Effects, no year fixed effect.

CIRI Index for Workers' Rights	One-year lag	Two-year lag	Three-year lag
Conventions Ratified in (t-1)	1.287*** (0.09)	1.335*** (0.09)	1.359*** (0.09)
TradeRTAlc (t-n)	-0.041 (0.16)	-0.075 (0.15)	-0.081 (0.15)
TradeRTAnc (t-n)	-0.141 (0.15)	-0.191 (0.16)	-0.127 (0.15)
logGDP p.c. (t-n)	-0.042 (0.05)	-0.036 (0.05)	0.023 (0.05)
FDI (t-n)	0.000 (0.00)	-0.014 (0.01)	-0.017*** (0.01)
Population (t-n)	-0.006 (0.00)	-0.006 (0.00)	-0.005 (0.00)
IndustryVA (t-n)	-0.005 (0.00)	-0.006 (0.00)	-0.010** (0.00)
Political Rights (t-n)	-0.135*** (0.04)	-0.049 (0.03)	-0.085* (0.03)
Civil Liberties (t-n)	-0.090* (0.04)	-0.199*** (0.04)	-0.106* (0.04)
Federalism_(t-n)	-0.088 (0.12)	-0.107 (0.12)	-0.154 (0.13)
Cut 1 constant	0.188 (0.43)	0.115 (0.43)	0.767 (0.42)
Cut 2 constant	2.377*** (0.43)	2.345*** (0.44)	3.007*** (0.43)
sigma2_u_cons	0.097* (0.04)	0.088* (0.04)	0.077* (0.04)
Time Fixed Effects	No	No	No
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses.

Coefficients for time-fixed effects are not reported in the table

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

Table 8: Effects of Regressing the Number of Conventions Ratified for different groups of countries. One-year lag  
Tobit Model with Individual Random Effects. No Year fixed effect.

Number of ILO Conventions Ratified	All Countries	OECD Countries	Non OECD Countries
Conventions Ratified in (t-1)	1.067*** (0.01)	0.999*** (0.03)	1.075*** (0.01)
TradeRTAlc (t-n)	0.353*** (0.07)	0.294*** (0.08)	0.701*** (0.16)
TradeRTAnc (t-n)	0.332*** (0.06)	0.510*** (0.14)	0.303*** (0.08)
logGDP p.c. (t-n)	-0.063*** (0.01)	0.142 (0.15)	-0.046** (0.02)
FDI (t-n)	0.009*** (0.00)	0.016** (0.01)	0.006* (0.00)
Population (t-n)	-0.001 (0.00)	-0.012 (0.01)	-0.001 (0.00)
IndustryVA (t-n)	0.003** (0.00)	0.002 (0.01)	0.003* (0.00)
Political Rights (t-n)	0.002 (0.01)	0.041 (0.06)	0.000 (0.02)
Civil Liberties (t-n)	-0.034 (0.02)	-0.017 (0.06)	-0.041 (0.02)
Federalism_(t-n)	0.019 (0.04)	-0.046 (0.09)	0.093* (0.05)
Constant	0.355** (0.14)	-1.424 (1.54)	0.240 (0.15)
sigma_u_cons	0.000*** (0.00)	0.156** (0.05)	0.000*** (0.00)
sigma_e_cons	0.590*** (0.01)	0.383*** (0.02)	0.622*** (0.01)
N	3078	624	2454
Time Fixed Effects	No	No	No
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses.  
Coefficients for time-fixed effects are not reported in the table  
Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

Table 9: Effects of Regressing the CIRI Index for Workers' Rights for different groups of countries. One-year lag  
Ordered Probit Model with Individual Random Effects. No Year fixed effect.

CIRI Index for Workers' Rights	All Countries	OECD Countries	Non OECD Countries
CIRI Index in (t-1)	1.287*** (0.09)	1.831*** (0.18)	1.151*** (0.08)
TradeRTAlc (t-n)	-0.041 (0.16)	-0.218 (0.17)	-0.328 (0.22)
TradeRTAnc (t-n)	-0.141 (0.15)	-0.141 (0.25)	-0.348 (0.19)
logGDP p.c. (t-n)	-0.042 (0.05)	-0.007 (0.31)	-0.164** (0.06)
FDI (t-n)	0.000 (0.00)	0.003 (0.00)	-0.006 (0.01)
Population (t-n)	-0.006 (0.00)	-0.009 (0.02)	-0.006 (0.01)
IndustryVA (t-n)	-0.005 (0.00)	0.010 (0.01)	-0.003 (0.00)
Political Rights (t-n)	-0.135*** (0.04)	0.111 (0.18)	-0.132*** (0.04)
Civil Liberties (t-n)	-0.090* (0.04)	-0.273 (0.15)	-0.092 (0.05)
Federalism_(t-n)	-0.088 (0.12)	-0.175 (0.12)	-0.163 (0.14)
Cut 1 constant	0.188 (0.43)	1.737 (3.33)	-0.959 (0.53)
Cut 2 constant	2.377*** (0.43)	4.110 (3.28)	1.217* (0.52)
sigma2_u_cons	0.097* (0.04)	0.000 (0.00)	0.087* (0.04)
N	2624	562	2062
Time Fixed Effects	No	No	No
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses.  
Coefficients for time-fixed effects are not reported in the table  
Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

Table 12: Effects of Regressing the Number of ILO Conventions Ratified from 1998 to 2012. One, two and three-year lags.

Tobit Model with Individual Random Effects and Year fixed effects.

Number of ILO Conventions Ratified	One-year lag	Two-year lag	Three-year lag
Conventions Ratified in (t-1)	1.163*** (0.02)	0.955*** (0.04)	1.170*** (0.02)
TradeRTAlc (t-n)	0.507*** (0.13)	1.018*** (0.28)	0.416*** (0.13)
TradeRTAnc (t-n)	0.007 (0.12)	-0.236 (0.19)	-0.046 (0.11)
logGDP p.c. (t-n)	-0.119*** (0.03)	-0.156* (0.07)	-0.106*** (0.03)
FDI (t-n)	0.002 (0.00)	0.009 (0.01)	0.009 (0.00)
Population (t-n)	-0.001 (0.00)	-0.009 (0.00)	-0.000 (0.00)
IndustryVA (t-n)	0.004 (0.00)	0.001 (0.01)	0.003 (0.00)
Political Rights (t-n)	0.052 (0.04)	-0.023 (0.05)	0.052 (0.03)
Civil Liberties (t-n)	-0.091 (0.05)	0.004 (0.07)	-0.077 (0.05)
Federalism_(t-n)	-0.185** (0.07)	-0.148 (0.21)	-0.197** (0.07)
Constant	0.603 (0.37)	2.595*** (0.74)	0.321 (0.35)
sigma_u_cons	0.000*** (0.00)	0.778*** (0.09)	0.000*** (0.00)
sigma_e_cons	0.820*** (0.02)	0.701*** (0.02)	0.783*** (0.02)
N	1640	1663	1674
Time Fixed Effects	Yes	Yes	Yes
Country Effects	Random	Random	Random

Notes: Standard errors are shown in parentheses.

Coefficients for time-fixed effects are not reported in the table

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

Table 10: Effects of Regressing the Number of ILO Conventions Ratified from 1998 to 2012. One, two and three-year lags.  
Tobit Model with Individual Random Effects. No Year fixed effect.

Number of ILO Conventions Ratified	One-year lag	Two-year lag	Three-year lag
Conventions Ratified in (t-1)	1.160*** (0.02)	1.142*** (0.03)	1.173*** (0.02)
TradeRTAlc (t-n)	0.728*** (0.20)	0.700** (0.22)	0.444* (0.19)
TradeRTAnc (t-n)	0.028 (0.16)	0.008 (0.17)	-0.094 (0.15)
logGDP p.c. (t-n)	-0.122* (0.05)	-0.135* (0.06)	-0.081 (0.05)
FDI (t-n)	0.000 (0.00)	0.015* (0.01)	0.011 (0.01)
Population (t-n)	-0.001 (0.00)	-0.002 (0.00)	-0.001 (0.00)
IndustryVA (t-n)	0.002 (0.00)	0.002 (0.00)	-0.003 (0.00)
Political Rights (t-n)	0.066 (0.04)	0.043 (0.04)	0.069 (0.04)
Civil Liberties (t-n)	-0.118* (0.06)	-0.093 (0.06)	-0.085 (0.06)
Federalism_(t-n)	-0.130 (0.13)	-0.126 (0.15)	-0.132 (0.12)
Constant	0.898 (0.49)	1.092* (0.54)	0.489 (0.47)
sigma_u_cons	0.398*** (0.05)	0.484*** (0.06)	0.362*** (0.05)
sigma_e_cons	0.789*** (0.02)	0.788*** (0.03)	0.766*** (0.02)
N	1640	1663	1674
Time Fixed Effects	No	No	No
Country Effects	Random	Random	Random

Notes: Standard errors are shown in parentheses.

Coefficients for time-fixed effects are not reported in the table

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.

Table 11: Effects of Regressing the CIRI Index for Workers' Rights from 1998 to 2012.  
One, two and three-year lags.  
Ordered Probit Model with Country Random Effects and Year fixed effect.

CIRI Index for Workers' Rights	One-year lag	Two-year lag	Three-year lag
CIRI Index in (t-1)	1.391*** (0.17)	1.350*** (0.16)	1.388*** (0.16)
TradeRTAlc (t-n)	0.390* (0.19)	0.348 (0.22)	0.325 (0.21)
TradeRTAnc (t-n)	0.772*** (0.22)	0.777*** (0.23)	0.673*** (0.19)
logGDP p.c. (t-n)	-0.041 (0.06)	-0.083 (0.06)	0.006 (0.07)
FDI (t-n)	0.007 (0.00)	0.013* (0.01)	0.005 (0.01)
Population (t-n)	-0.004 (0.00)	-0.004 (0.01)	-0.002 (0.01)
IndustryVA (t-n)	-0.008 (0.01)	-0.005 (0.01)	-0.009 (0.01)
Political Rights (t-n)	-0.141* (0.07)	-0.042 (0.06)	0.019 (0.06)
Civil Liberties (t-n)	-0.233** (0.09)	-0.432*** (0.08)	-0.417*** (0.09)
Federalism_(t-n)	-0.088 (0.13)	-0.127 (0.15)	-0.251 (0.15)
Cut 1 constant	0.218 (0.57)	-0.423 (0.60)	0.444 (0.60)
Cut 2 constant	3.213*** (0.55)	2.692*** (0.57)	3.487*** (0.58)
sigma2_u_cons	0.128 (0.08)	0.191 (0.10)	0.151 (0.08)
N	1400	1411	1421
Time Fixed Effects	Yes	Yes	Yes
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses.

Coefficients for time-fixed effects are not reported in the table

Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.



Table 125: Effects of Regressing the CIRI Index for Workers' Rights from 1998 to 2012.  
 One, two and three-year lags.  
 Ordered Probit Model with Country Random Effects. No Year fixed effect.

CIRI Index for Workers' Rights	One-year lag	Two-year lag	Three-year lag
CIRI Index in (t-1)	1.658*** (0.10)	1.684*** (0.10)	1.676*** (0.10)
TradeRTAlc (t-n)	0.163 (0.14)	0.158 (0.15)	0.156 (0.15)
TradeRTAnc (t-n)	0.316* (0.13)	0.274* (0.14)	0.256 (0.13)
logGDP p.c. (t-n)	-0.044 (0.04)	-0.056 (0.04)	0.015 (0.05)
FDI (t-n)	0.003 (0.00)	-0.001 (0.01)	-0.010* (0.00)
Population (t-n)	-0.004 (0.00)	-0.003 (0.00)	-0.002 (0.00)
IndustryVA (t-n)	-0.004 (0.00)	-0.004 (0.00)	-0.006 (0.00)
Political Rights (t-n)	-0.150** (0.05)	-0.056 (0.05)	-0.038 (0.05)
Civil Liberties (t-n)	-0.055 (0.06)	-0.178** (0.06)	-0.150** (0.06)
Federalism_(t-n)	-0.056 (0.09)	-0.095 (0.10)	-0.182 (0.10)
Cut 1 constant	1.104** (0.36)	0.911** (0.35)	1.544*** (0.38)
Cut 2 constant	3.696*** (0.38)	3.538*** (0.38)	4.142*** (0.40)
sigma2_u_cons	0.000 (0.00)	0.000 (0.00)	0.000 (0.00)
N	1400	1411	1421
Time Fixed Effects	No	No	No
Country Effects	Random	Random	Random

Notes: Robust standard errors are shown in parentheses.  
 Coefficients for time-fixed effects are not reported in the table  
 Significance levels are indicated as follows: \* p < .05, \*\* p < .01, \*\*\* p < .001.



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