This competitive advantage of these countries flows

This clause was moved by the USA and was meant to prevent growth in exports of labour surplus developing countries. Interestingly, competitive advantage of these countries flows ipso fact from their having low-wage labour (just as the competitive advantage of developed countries flows from their having low- priced capital and capital-intensive technology). Moreover, wage rates in these countries are low not because their employers are exploiting their workers, but because of lower overall per capita income, and labour productivity (partly on account of capital scarcity and outdated technology).

The move was cleverly camouflaged in altruistic ideology, and was claimed to help the workers of poor countries, stating that their employers would be forced to pay them higher wages. In effect, however, this meant that importing developed countries would be able to tax the exports of developing countries equal to the differences in their wage levels and thereby deprive the developing countries of any possible gains from trade. The proposed measure also defies basic economic logic that no private sector employer (even in advanced countries) would be ready to pay his workers more than their productivity. It was a common knowledge that the sudden urgent on the part of USA for this “ humanitarian” proposal was not for helping the working classes of developing countries but for depriving them of any benefit from trade and condemning them to unemployment, poverty and misery. The inequity of the proposal is further heightened by the fact that developed countries have the historical advantage of being capital-rich for which they charge an exploitative price from the capital-hungry countries.

In effect, the social clause meant to say that “ The poor countries must pay for being poor”, and stay poor and destitute. Child Labour: It may be noted that moving the social clause on the part of US was a part of a more extensive strategy of depriving the developing countries of any competitive strength they might have. As a part of this strategy, the developed countries, led by US, have been advocating against imports produced with the use of child labour. For example,” the Harkin Bill called upon the US Department of Labour to identify, on a yearly basis, goods made with the use of child labour and the countries exporting them. Passage of such legislation was intended to effectively ban such exports and thus impose hardship on the poor producers of these goods. Admittedly, child labour is not a desirable thing, but the harsh truth is that the poor families put their children to work because of their poverty and inability to feed them and not out of a sadistic approach of punishing them. The problem of child labour gets automatically solved with economic growth and increasing family incomes, just as it did in the case of now developed economies of UK, Europe and USA.

The works of Charles Dickens bear witness to this fact. A ban on goods produced by child labour is bound to have a serious impact on a variety of Indian exports. Environmental Issues: This is another route by which the developed countries want to burden the poor economies. They want the poor countries to pay for the pollution and degradation of environment. This move is an outright high-handedness on their part. The biggest polluters and environmental degraders are the developed countries.

However, they themselves refuse to take steps for reducing pollution but insist that developing countries must do so. For example, in the Tokyo

Conference in 2001, US openly refused to reduce its pollution levels (on the plea that it was “ too expensive” for it) and instead insisted that the developing countries should do so and buy less polluting machinery from it. In fact, the US has a history of initiating environmental clean-up operations only when public opinion compels it to do so, e. g., the Minimata Tragedy in Japan, and the Lake Erie restoration project.

[Tokyo Convention was ratified in January 2005 without USA being a party to it.