



For too many, globalization isn't working

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GENEVA – The globalization debate is at an impasse. Trade negotiations are stalled. Jobs are disappearing. Financial instability continues. Meanwhile, politically sensitive issues such as migration and outsourcing are high on people's concerns, but low on the global problem-solving agenda. We need new thinking to break the deadlock and bridge the divide.

The International Labour Organization established the World Commission on the Social Dimension of Globalization to help do just that. It is the first official body to look systematically at the social impact of globalization and develop a common agenda to make it work for all.

President Tarja Halonen of Finland and President Benjamin Mkapa of Tanzania chaired the commission, whose 26 members included a Nobel economics laureate, legislators, social and economic experts, and representatives of business, organized labour, academia and civil society. Together, they reflected all sides of the debate. From divergent voices a converging view emerged: Globalization can and must change.

The commission's report acknowledges globalization's potential for good – promoting open societies, open economies and a freer exchange of goods, knowledge and ideas. But the commission also found deep-seated and persistent imbalances in the current workings of the global economy that are “ethically unacceptable and politically unsustainable.”

These imbalances are reflected in today's global economy. Since 1990, global growth in gross domestic product has been slower than in previous decades. The gap between people's incomes in the richest and poorest countries has never been wider, having risen from 50-to-1 in the 1960s to more than 120-to-1 today.

Globally, unemployment is at its highest level ever. More than one billion people are either unemployed, underemployed or working poor.

In addition, foreign aid is decreasing overall and is far below the long-standing target of 0.7 per cent of GDP – a shortfall of US\$2.5 trillion over the past 30 years.

Clearly, globalization's benefits are out of reach for far too many people. The global risks this poses are evident. We must take into account the need for security – whether that means the concerns of the poor, the anxieties of the middle-income workers or the uncertainties of business. Although making globalization fair and inclusive is difficult, it is doable and must become an urgent world priority. It is as much an issue for people as it is for nations.

There are no simple solutions to these problems, but the commission has proposed a common-sense agenda for action on a broad front.

First, start at home. Everything has been done to facilitate global exchange – finance, trade, investment – but very little to reinforce local communities and markets. States and societies themselves are important actors in making globalization fair. Well-governed countries with strong representative voices of workers, employers and citizens’ organizations are more likely to expand the advantages and avoid many of the risks of globalization. We should strengthen our ability to invest and create jobs, educate our children, organize health care and provide support for families and displaced workers.

Second, make it fair. Unbalanced patterns of investment and trade are prime sources of today’s political turbulence. In the developing world, most foreign direct investment is concentrated in only 12 countries. In the developed world, many people see investments abroad as the export of jobs. And labour, worldwide, feels that the rights of capital are better protected than the rights of workers. Fair rules for trade, capital flows and commodity prices, and greater access to markets, are needed to provide more policy autonomy for developing countries. So are a basic level of social protection and respect for core labour standards.

Third, make decent work a global goal. Work is central to the people’s lives and the main test by which they judge globalization. It is the source of dignity, stability, peace and credibility of governments. Since job creation goes hand in hand with enterprise development, it underpins private initiative and investment. And it is key to reducing tensions behind so many security threats, as well as social challenges, such as migration, mass youth unemployment, gender inequality and poverty.

Fourth, rethink global governance. The multilateral system of international organizations is not performing well. Too often, the multilateral system consists of bits and pieces that respond haphazardly and sometimes in contradiction with one another on basic policy issues. In particular, we are failing to reach the key balance between economic policies on one side and social and environmental ones on the other.

We need to improve the way global institutions talk to each other and adapt the post-World War II architecture to 21st-century priorities. The commission calls on multilateral institutions to develop balanced and coordinated proposals to achieve a fair and inclusive globalization. It also urges them to seek new initiatives for forging coherent policies focussed on sustainable global growth, investment and employment creation.

Globalization is the result of conscious choices that can be changed to spread the benefits more fairly. The commission’s report provides a way forward that is difficult and ambitious but necessary and feasible.
