

BOARD51st Session
Geneva, November 2009

FIRST ITEM ON THE AGENDA

Report of the Director**Introduction**

1. In response to the mandate provided by the Governing Board at its session of November 2008, the Institute carried out significant work on the global economic and jobs crisis, paving the way for the adoption of the Global Jobs Pact. This report summarizes these achievements and also presents the main outcomes of other research activities, the education programme and policy dialogue and partnerships.

I. Research

2. The period under review was marked by the completion of an analysis on the global crisis, first presented as a Governing Body document at the March 2009 session¹ and later published as an Institute publication under the title *The financial and economic crisis: A Decent Work response*. The second edition of the Institute's flagship publication *World of Work Report*, also devoted to the global crisis, will appear by the end of the year. A number of research activities were carried out under the overarching themes of globalization and decent work, including the launch of a joint study with the WTO and the completion of a volume on global production and jobs in India. Finally, progress has been made regarding the ILO Century Project.

A. The global economic and jobs crisis

3. The Governing Body paper and subsequent publication on *The financial and economic crisis: A Decent Work response* was prepared by Institute staff in collaboration with technical sectors in the Office, under the coordination of the Director of the Institute, who introduced the paper at the March 2009 session of the Governing Body. The main findings were:
 - The report analysed how the global financial and economic crisis had deepened and spread, entailing the risk of a prolonged labour market recession.

¹ GB.304/ESP/2 and HTM/1.

- Based on a review of financial rescue measures and fiscal stimulus packages in over 40 countries, the report, while recognizing that countries had taken significant action to mitigate the employment and social consequences of the crisis, emphasized that further measures were required to overcome the crisis and pave the way for a more sustainable economy. The report emphasized the importance of putting in place a coherent, job-oriented recovery strategy in light of the global labour force's continued expansion of nearly 45 million people per year. For this analysis, the Institute developed a novel typology of measures which was later used for other key projects, notably the report to the G20.
 - The report also emphasized the need for avoiding a return to "business as usual". Crisis responses should not only promote recovery, but should also tackle the root causes of the global imbalances.
 - The report was the first to introduce the concept of a Global Jobs Pact to tackle the crisis through policies inspired by the Decent Work Agenda. International coordination and the need for stimulating demand, preventing a downward spiral of wages and labour standards, were identified as crucial factors for enhancing the overall effectiveness of crisis responses.
4. At the International Labour Conference in June 2009, the Global Jobs Pact was further elaborated and adopted, after garnering strong support from tripartite representatives and leaders during the ILO Global Jobs Summit. Subsequently, the Institute provided a specific contribution to the ILO report for the G20 Summit in Pittsburgh entitled *Protecting people, promoting jobs*.
5. The second issue of the *World of Work Report* will be released in early December under the provisional title of *The global jobs crisis and beyond*. Once again, the volume was prepared by a team that included most of the Institute's researchers. Some of the key findings of the volume are as follows:
- While 2010 holds the promise of economic recovery in terms of output, there is a considerable risk that the jobs crisis will deepen if stimulus measures are withdrawn too quickly. If employment and social protection measures are scaled back prematurely, workers who have been retained to date could suddenly find themselves among the ranks of the unemployed or the working poor, intensifying the global jobs crisis. The report shows that policies consistent with the Global Jobs Pact can improve the outlook.
 - To achieve a truly sustainable recovery the structural factors underlying the crisis must be addressed. This requires a better understanding of the linkages and trade-offs between economic, environmental and social objectives. The crisis has drawn attention to the growing influence of finance over the real economy. Over the past three decades, finance has captured an ever larger share of corporate profits; firms have felt spillover effects from the capital market-driven imperative for quick returns; and this has resulted in imbalanced income developments as well as job instability. Institutions and policies must be put in place to address these developments so that the financial system enables rather than stifles the real economy.
 - Greening the economy potentially presents an employment challenge, given that, according to the report, a significant number of people are employed in carbon-intensive sectors. Based on modelling different policy approaches, the report presents estimates to suggest that climate change mitigation policies can in fact have positive employment effects. Redistributing government revenues from carbon taxes or cap and trade schemes to the private sector could stimulate job creation.

- Labour provisions are increasingly being integrated into trade arrangements and the policies of development finance institutions such as the World Bank and its major regional and bilateral counterparts. The majority of labour provisions now make reference to the ILO Declaration on Fundamental Principles and Rights at Work of 1998 or to ILO Conventions. The report discusses implementation issues as well as the consistency between the different labour provisions.

B. Globalization and decent work

(a) Globalization and informal employment

6. A study entitled *Globalization and informal jobs in developing countries* was published in October 2009, jointly prepared by the International Institute for Labour Studies and the secretariat of the World Trade Organization. A novel data set on informal employment in over 30 countries was also released.
7. The study examines the role of trade and labour policies in promoting better jobs and making developing countries less vulnerable to crises. It finds that the high incidence of informal employment in developing countries has weakened export performance, created poverty traps for countries with vulnerable labour markets and increased exposure to shocks like the ongoing global crisis.
8. The analyses suggest that the effect of trade opening on informality depends crucially on both country-specific circumstances and the design of trade and domestic policies.
9. The study finds that integration into world markets and tackling informal employment through decent work policies should be considered complementary. Trade reforms should be designed and implemented in an employment-friendly way, making the reallocation of jobs more conducive to formal employment growth. Social protection is also crucial for supporting transitions and realizing the gains from open trade.

(b) Labour and global production networks in India

10. An edited book was prepared for publication with Oxford University Press in India, joining a selected set of case studies which examine how global production is impacting Indian industry and workers. The studies show that participation in global production networks has mixed impacts. Global production networks have brought a number of advantages – but opportunities were captured most readily by larger companies with existing productive capacities, operating in more knowledge-intensive sectors or producing technologically sophisticated products. Meanwhile, other firms have been excluded or adversely affected, tending to become locked into low-wage, low-skilled forms of competition. The volume also finds that gains for companies do not automatically translate into gains for workers. The book aims to inform policy considerations on how more inclusive upgrading for domestic firms and workers can be attained in India through participation in the global economy.

(c) African research project on migration, labour markets and development

11. In 2008–09 the Institute participated in a project intended to maximize the contribution of labour migration to development in selected countries in North and West Africa (namely, Algeria, Mauritania, Morocco, Senegal and Tunisia). The Institute's component of the project involves producing a report and developing policy proposals that emphasize the

interactions and complementarities among labour migration, employment, and development. This included an analysis of how the countries of study have been impacted by the current crisis. The project is supported by collaboration with national experts and it leverages the expertise of an African research network which has been created by the Institute. The drafting of the final synthesis report is expected to be complete by the end of 2009 with publication and dissemination to be carried out early in the next biennium.

C. ILO Century Project

12. The first phase of the ILO Century Project was closely linked to the celebration of the ILO's 90th anniversary. The Project participated actively in the realization of the events related to this occasion. It meant in particular the publication of two books. One, entitled *The ILO and the quest for social justice, 1919–2009*, published in English, French and Spanish, explores the story of the Organization and reviews its role and strategies in the last 90 years on themes central to its mandate: rights at work, the quality of work, social protection, employment and poverty reduction, a fair globalization and decent work. The other, *Edward Phelan and the ILO: The life and views of an international social actor*, offers a portrait of a major ILO figure, who played a pivotal role in the birth and initial development of the Organization and was the fourth Director of the Office (and first Director-General) at a specially critical time (1941–48).
13. The Project also supported the organization of a three-day academic conference, “Transnational social policies. Reformist networks and the International Labour Organization (1900–2000)”, that took place at the University of Geneva and ILO headquarters. More than 30 high-quality contributions were presented by scholars from various countries of Europe and the Americas. The quality and the variety of the contributions permit to contemplate the publication of two volumes on the basis of the presentations made. A book proposal has been already prepared and sent to an academic international publisher. Another one is under preparation.

II. Education

14. The educational activities of the Institute have a twofold objective: to strengthen the capacity of ILO constituents to analyse key labour and social issues and develop policy responses; and to increase the interest and capabilities of academics, researchers and students in the field of labour and social policy.

A. International internship course on labour and social policies for Decent Work (Geneva, 14 May to 3 June 2009)

15. The annual internship course on labour and social policies for Decent Work took place from 14 May to 3 June 2009. Twenty-three participants representing the tripartite constituents of the ILO from 19 countries attended this year's course, which was held in English. The course focused on: (i) providing up to date information on the components of the Decent Work Agenda and the ILO's work on the global crisis; (ii) enhancing awareness of ILO principles and programmes; (iii) encouraging an integrated approach to social and economic policies for decent work; and (iv) stimulating a cross-national exchange of views and experiences among ILO constituents.
16. The course included lectures from academics and ILO officials, workshops, and group exercises. Participants visited the Geneva offices of the International Trade Union

Confederation and the International Organisation of Employers. Visits to the Red Cross and a production site of the Swiss-based company Caran d'Ache were also organized.

17. Participants were encouraged to build on group exercises, evaluate the state of decent work in their countries, and prepare a brief analysis of policies and programmes regarding decent work and the challenges arising from the financial crisis. At the conclusion of the course, participants were invited to evaluate the organization of the course and were encouraged to give suggestions on ways to improve it. Overall, they assessed the course very positively. A CD-ROM with all the pedagogical materials has been made available to participants and key documentation relating to the course was placed on the Institute's web site.
18. During the year under review, Professor Alfonso Alba-Ramirez (Universidad Carlos III de Madrid, Spain) and Professor Werner Eichhorst (IZA-Forschungsinstitut zur Zukunft der arbeit GmbH, Germany) carried out research at the Institute as visiting scholars.

B. Visiting scholars and study visits

19. Thirteen study visits, involving 359 students from various universities, were organized. The programmes of these visits included presentations by staff of the Institute and specialists from ILO technical units.
20. In 2008, the Decent Work Research Prize, for an outstanding contribution to the advancement of knowledge about the ILO's central goal of decent work for all, was awarded to Professor Harry Arthurs of York University (Toronto, Canada) and Nobel prize-winning economist Professor Joseph Stiglitz.
21. Over the course of the past year, the Decent Work Research Prize laureates gave public lectures organized by the Institute. On 11 November 2008, concurrent with Governing Body proceedings, Professor Harry Arthurs gave a public lecture on "Decent work at work in the world: principles, practicalities and paradoxes". Professor Joseph Stiglitz addressed a special sitting of the Governing Body on 12 March 2009, on the impact of the global financial and economic crisis.
22. In the context of the African Research Project on Migration, Labour Markets and Development, a number of key partnerships and networks were strengthened and created. In particular, the Anglophone Research Network – established during the previous biennium – has been instrumental in supporting the Institute's work in this area. This included collaborative work with the University of Nairobi's Institute for Development Studies, the University of Dar es Salaam (United Republic of Tanzania), and the University of Ghana. In addition, a network of francophone researchers was established in North and West Africa to play a complementary role in national-level data gathering and background research regarding domestic policies in Algeria, Mauritania, Morocco, Senegal, and Tunisia. The network includes head researchers from the Moroccan Association for Studies and Research on Migrations (AMERM) and Algeria's Centre de Recherche en Economie Appliquée pour le Développement (CREAD), among others.

III. International Labour Review

23. The period under review saw further consolidation of the improved research standards, policy relevance and dissemination achieved by the *International Labour Review* since the establishment of its editorial board chaired by the Director of the Institute in 2007. The journal's growing appeal and outreach are reflected in the steady increase in the number of

unsolicited submissions – again by some 50 per cent over the previous period. The consequent rise in the rejection rate, driven by rigorous peer review, translates directly into higher quality research being selected for publication.

24. According to the first (April 2009) report of the *Review*'s new publisher, Wiley–Blackwell, the journal's impact factor is on a steady upward trend. Requests for electronic table of contents alerts have increased by 118 per cent for the English edition, 314 per cent for the French and 268 per cent for the Spanish. Aside from the 3,000 printed copies distributed free of charge by the Office (to constituents and other selected recipients), the publisher reports some 1,300 traditional institutional subscriptions and over 730 institutions offering paid access to recent articles under the publisher's sales programme for library consortia. These arrangements produced some 14,000 downloads of articles in 2008. Importantly, the journal is also supplied for free or at very low cost to 4,604 libraries in developing countries pursuant to a special agreement with the publisher.
25. Highlights of the four issues of the *Review* published since November 2008 include an article on the global crisis by Professor Joseph Stiglitz (in issue No. 1–2/2009) – which was widely circulated as a special offprint at the International Labour Conference and requested for reproduction by a number of other journals – and a special issue (No. 3/2009) entirely devoted to analysis of the failure of the neo-liberal policy agenda pursued across Latin America on the basis of the Washington Consensus.

IV. Staff movements

26. The following new colleagues joined the Institute's staff: Marva Corley-Coulibaly, as Senior Economist (July); Dorothea Hoehtker (July) and Emmanuel Reynaud (April), who will work on the ILO Century Project. Several researchers joined the Institute with short-term assignments: Juana Bustamante Izquierdo (January) to work on the joint study of the ILO–WTO on Globalization and Informal Jobs in Developing Countries and on the Green Jobs chapter of the *World of Work Report 2009*; Franz Christian Ebert (June) to work on the issue of labour provisions and globalization; and Byung-Jin Ha (February) to support various projects.
27. Eddy Lee and Francis Maupain continued their affiliation as fellows and Peter Auer joined the Institute as a new fellow.

V. Publications

28. A list of books, papers and other monographs published since October 2008 can be found in the appendix.

Appendix

Publications November 2008–October 2009

(a) *The financial and economic crisis*

International Institute for Labour Studies. *The financial and economic crisis: A Decent Work response*, (published also in French and Spanish), 2009. Preface by Juan Somavia, Director-General of the ILO. Executive summary by Raymond Torres, Director of the Institute.

- Sameer Khatiwada, Emily McGirr, Catherine Saget, Steven Tobin. *Crisis spreads worldwide and entails risk of prolonged social crisis* (Section I).
- Sameer Khatiwada, Raymond Torres. *International and country responses to the crisis* (Section II).
- Iyanatul Islam, Emily McGirr, Steven Tobin, Raymond Torres. *Decent Work as a cornerstone of the recovery: A global jobs pact* (Section III).
- Emily McGirr, Steven Tobin, Raymond Torres. *Improving global policy coherence for more balanced growth and development* (Section IV).
- Matthieu Charpe, Ekkehard Ernst, Emily McGirr, Steven Tobin. *Assessing the effects of the global jobs pact on the recovery* (Section V).

Rani Amara, U., Baccaro, L., Charpe, M., Ernst, E., Escudero, V., Gerecke, M., Khatiwada, S., McGirr, E., Prasad, N., Tobin, S. *A global policy package to address the global crisis*, 2008.

Contribution to the ILO G20 report, *Protecting people, promoting jobs*, 2009.

Megan Gerecke, Naren Prasad. *Employment-oriented crisis responses: Lessons from Argentina and the Republic of Korea*, 2009.

World of Work Report 2009. The global jobs crisis and beyond (forthcoming, coordinated by Raymond Torres).

(b) *Discussion papers*

No. 198. Matthieu Charpe, Ekkehard Ernst. *Global economic linkages. A model of employment and income dynamics in open economies*, 2009.

No. 197. Verónica Escudero. *Effects of the crisis on the financial sector: Trends and policy issues*, 2009.

No. 196. Sameer Khatiwada. *Stimulus packages to counter global economic crisis: A review*, 2009.

(c) Other publications

Juana P. Bustamante, Ekkehard Ernst (with Marc Bacchetta, WTO). *Globalization and informal jobs in developing countries*, 2009.

Sandra Polaski. *Harnessing global forces to create decent work in Cambodia*, ILS and ILO–IFC Better Work Programme, 2009.

Baccaro, L., Papadakis K. *The promise and perils of participatory policy making*, 2008.

Posthuma A.C., Sims, E. “Global reach – local relationships: Corporate social responsibility, workers’ rights and local development”. *Employment Working Paper No. 28*, ILO, 2009.

(d) External articles

Auer, P., “Efficiency and equity: Is Australia the new economic and social model of the world?”, *Australian Review of Public Affairs*, 2009 (forthcoming).

Prasad, N. “Small but smart: Small states in global system”, in Copper & Shaw (ed.), *The Diplomacies of Small States*, pp. 41–64, Palgrave–Macmillan, Chippenham.

Posthuma, A.C., “Seeking the high road to Jepara: Challenges for economic and social upgrading in Indonesian wood furniture clusters”, in Puppim de Oliveira (ed.) *Upgrading clusters and small enterprises in developing countries*, Economic Geography Series, Ashgate Publishing, Hampshire, December 2008.

“The industrial district model: Relevance for developing countries in the context of globalization”, in Beccatini et al. (eds). *Handbook of Industrial Districts*, Edward Elgar Publishing, August 2009.

Prasad, N. “Growth and social development in the Pacific Island countries”, *International Journal for Social Economics*, Vol. 35, No. 12, pp. 930–950.

Rani Amara, U. and Unni, J., “Do economic reforms influence home-based work? Evidence from India”, in *Feminist Economics*, Vol. 15, No. 3, pp. 191–225.