

International Labour Conference, 92nd Session, 2004

A fair globalization The role of the ILO

WORLD COMMISSION ON THE SOCIAL DIMENSION OF GLOBALIZATION

ESTABLISHED BY THE ILO

Report of the Director-General on the World Commission on the
Social Dimension of Globalization

International Labour Office Geneva

ISBN 92-2-115787-3

First published 2004

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Formatted by TTE: Ref. Confrep-ILC92(2004)-WCSDG-2004-04-0176-6
Printed by the International Labour Office, Geneva, Switzerland

Preface

On 24 February 2004, the World Commission on the Social Dimension of Globalization released its report *A fair globalization: Creating opportunities for all*. I want to thank the Co-Chairs President Mkapa of the United Republic of Tanzania and President Halonen of Finland for their leadership, dedication and courage in taking on this difficult challenge. I am also grateful to all the members of the Commission who contributed their time, energy and ideas to this task and continue to be engaged in its follow-up.

In November 2001, when the Governing Body established the World Commission, it also decided that the conclusions of its report would be discussed initially in the Governing Body's Working Party on the Social Dimension of Globalization. President Mkapa presented the report to the Working Party on 24 March 2004, when we began a fruitful two-day dialogue. The report of the Chairperson of the Governing Body to the Conference includes a report on the Working Party's session of March 2004. In addition, Co-Chair President Halonen gave an oral report to the Working Party in November 2003 on the final stages of the Commission's work. Both presidential presentations were very well received by the Governing Body and I want to thank them for their dedication and time spent with us.

The Governing Body also determined that I should prepare a report to the International Labour Conference providing initial reflections on the implications of the Commission's report for the ILO, drawing on the discussions in the Working Party in March.

My report therefore formally places the work of the Commission on the agenda of the International Labour Conference for discussion. As requested by the Governing Body, it also begins the process of drawing out the consequences for the ILO of the Commission's work. The results of the Conference debate will guide the Governing Body decisions at its November 2004 session on the implications of the report for the ILO. The Governing Body will also have the opportunity, in its consideration of the Strategic Policy Framework for 2006-09, to reflect on those dimensions of the report relevant to the institution's medium-term planning.

The preparation of the Programme and Budget for 2006-07 is another place for the Governing Body to take up the implications of the report for the activities of the ILO. Programme managers in the regions and at headquarters are already considering the way in which the report can be useful to the implementation of ongoing activities under the general guidance of the Senior Management Team.

With regard to questions of policy development, including partnerships with other agencies, the Working Party on the Social Dimension of Globalization will be addressing these issues. At its March 2004 session, the Governing Body asked me to explore the reactions to the report and its proposals by other international organizations and interested parties, and I will give an oral report to the Conference and the Governing Body in June.

I wholeheartedly recommend that Conference delegates read the full report and make use of the synopsis and vision statement as a handy summary of its approach and main

findings. The report offers a fresh perspective on our work. In some cases its proposals and approach encourage us to take forward existing lines of activity with renewed vigour. In others, it proposes a new perspective on which we can build from our experience. In many instances it urges the ILO and other agencies to become far more innovative in building partnerships and dialogue in areas where our competences intersect.

My report therefore starts with an overview of how the ILO can develop a central recommendation of the Commission, that decent work should become a global goal, not just an ILO goal. It then selects six broad policy themes for more detailed reflection: national policies to address globalization, decent work in global production systems, global policy coherence for growth, investment and employment, constructing a socio-economic floor, the global economy and the cross-border movement of people, and strengthening the international labour standards system. Finally I conclude with some thoughts on how the ILO could respond to the Commission's call for the multilateral system to enhance participation and accountability by mobilizing global tripartism to make our full contribution to the building of a social dimension for globalization.

Juan Somavia
Director-General

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Chapter I

Making decent work a global goal

The quest for a fair globalization that creates opportunities for all will dominate international affairs in the next decade. Whether seen from the angle of social and political stability and security concerns or through the eyes of the many people for whom the benefits of globalization are today a mirage, real concerns about fairness and opportunities cannot be wished away.

Addressing them sensibly with an eye for all relevant interests and voices will in the coming years be a central test of leadership in all areas of life – governments, business, trade unions, civil society, parliaments, political parties, local authorities, international organizations, religious and spiritual traditions and various emerging forms of citizens' organization. This is what the Commission's report¹ calls an emerging "global community".

Everyone has a role to play. Obtaining a fair globalization is the collective responsibility of many actors and requires a convergence of commitments and will. And as always, on issues of change and leadership, those with the greatest power to make things better also have the greatest responsibility at every level – nationally and internationally.

This report is about the leadership challenge that the Commission places before the ILO as an institution.

By putting fairness and opportunity at centre stage, the Commission clearly engages our institutional values. In analysing a report on the social dimension of globalization, it becomes inevitable that we recall the ILO's mandate and what we stand for.

Eighty-five years ago, the founding members of our institution set out a vision:

Whereas universal and lasting peace can be established only if it is based upon social justice;

And whereas conditions of labour exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled; and an improvement of those conditions is urgently required; as, for example, by the regulation of the hours of work, including the establishment of a maximum working day and week, the regulation of the labour supply, the prevention of unemployment, the provision of an adequate living wage, the protection of the worker against sickness, disease and injury arising out of his employment, the protection of children, young persons and women, provision for old age and injury, protection of the interests of workers when employed in countries other than their own, recognition of the principle of equal

¹ ILO: *A fair globalization: Creating opportunities for all*, report of the World Commission on the Social Dimension of Globalization, Geneva, 2004.

remuneration for work of equal value, recognition of the principle of freedom of association, the organisation of vocational and technical education and other measures;²

In the next clause, our Constitution already raised key issues of what today we call globalization and interdependence:

Whereas also the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries;³

Sixty years ago, article I of the Declaration of Philadelphia⁴ mandated us never to forget that:

- (a) labour is not a commodity;
- (b) freedom of expression and of association are essential to sustained progress;
- (c) poverty anywhere constitutes a danger to prosperity everywhere;
- (d) the war against want requires to be carried on with unrelenting vigor within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.

The Declaration further specifies in article II that:

- (a) all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity;
- (b) the attainment of the conditions in which this shall be possible must constitute the central aim of national and international policy;
- (c) all national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective;
- (d) it is a responsibility of the International Labour Organisation to examine and consider all international economic and financial policies and measures in the light of this fundamental objective;
- (e) in discharging the tasks entrusted to it the International Labour Organisation, having considered all relevant economic and financial factors, may include in its decisions and recommendations any provisions which it considers appropriate.

Why am I quoting at length these well-known constitutional documents? For three reasons:

- First, because the report calls for a stronger ethical framework: “The governance of globalization must be based on universally shared values and respect for human rights. Globalization has developed in an ethical vacuum, where market success and failure have tended to become the ultimate standard of behaviour, and where the attitude of ‘the winner takes all’ weakens the fabric of communities and societies.”⁵ This reminds us all that the founding values of the ILO and their

² Preamble to the Constitution of the International Labour Organisation, 1919.

³ *ibid.*

⁴ *Declaration concerning the aims and purposes of the International Labour Organisation*, 1944, contained in the Annex to the ILO Constitution.

⁵ Para. 37.

practical application is a major contribution which the institution can make to ensure that globalization evolves with a basic respect for “sentiments of justice and humanity”. We must not forget that our Constitution gives us a strong ethical mandate.

- Second, to recall that the ILO has an integrated economic and social mandate and the responsibility to evaluate economic policies in the light of their impact on social and labour policies.
- Third, because it brings to our memory defining moments in the history of the ILO when our predecessors felt the need to signal a clear political direction. I believe that today we are facing a similar challenge. There are precious moments in history when opportunities come and go. Seizing them requires vision to identify the circumstances and courage to take decisions.

The struggle for a fair globalization will only grow in the future. It presents our constituents with an extraordinary opportunity to activate their knowledge base and organization, to show how dialogue can yield better results for all and increase tripartism’s stature and influence in national and international decision-making. In many ways, this is a defining moment.

Five years ago, we agreed that decent work should become the organizing concept of the ILO’s activities. The World Commission on the Social Dimension of Globalization has gone further and proposed that in order to achieve a fair globalization that creates opportunities for all, decent work should become a global goal to be pursued by every country and the international community. This report to the International Labour Conference begins our examination of the implications for the ILO of responding to this weighty yet welcome challenge.

The emphasis placed by the Commission on our Decent Work Agenda highlights the central role the ILO is called upon to play in contributing to a fair and inclusive process of globalization. In staying true to our mandate, we must anticipate an interaction, which will condition and influence our future activities, between the Decent Work Agenda, the path of globalization and the decisions taken by other international organizations and private actors. The world of work is changing very rapidly and the way in which governments, employers’ organizations and trade unions and our Organization contribute to the building of a social dimension to globalization will determine the relevance of tripartism in the early twenty-first century.

Common ground through dialogue

More than two years ago, the ILO Governing Body set in motion a process to attempt what many perceived as close to impossible – and certainly something never done before.

We decided to tackle one of the most hotly debated issues on the global agenda, examine its many facets, set out the facts, and try to find a new way forward through a World Commission on the Social Dimension of Globalization. For too long, the globalization debate had been polarized in parallel monologues.

The tripartite constituents saw the great potential of globalization, but also the fallout of a process that was creating anxiety for women and men at all levels and all ages, in North and South, between countries and within them, among workers, within families and throughout enterprises.

We saw that many were benefiting, but too many were excluded. We saw inequalities growing wider. But we didn't see the dominant debates treating these issues in ways that could deliver agreements on how to deal with the problems and draw the greatest benefits from globalization. The focus was on trying to make markets work efficiently, but there was not much space to zero in on what globalization meant for individuals, families and local communities, or its promise and perils for advancing gender equality.

Our Governing Body took the initiative and opened up a new space to search for solutions with the ILO's proven vehicle of dialogue. In discussions with the United Nations Secretary-General and other heads of international agencies, this step was welcomed as a natural development of the ILO's expertise and working methods. Nevertheless, the task we gave to the Commission marked a major innovation for us.

Furthermore, this was a different kind of commission – one headed by two incumbent Presidents from North and South, a woman and a man, leading a group made up of parliamentarians, a Nobel prize-winning economist, entrepreneurs and business leaders, academics, trade union leaders and members of civil society. Among these, former presidents, ministers of finance, development, labour, and social affairs, and trade negotiators. We deliberately brought together a clearly non-like-minded group to try to find common ground. The outcome was uncertain. The Organization took a gamble. But it was a necessary risk if the institution was to keep true to its social justice values in the world of today.

The Commission started with the simple but powerful idea that if we want globalization to work for more people, we need to see it through the eyes of women and men in their daily lives. So the Commission viewed the challenge through a human lens – widening the scope, listening to the opinions, perceptions and hopes of people. More than 25 national and regional consultations took place throughout the world. Dozens of papers were specially commissioned within an open process by which multiple comments, suggestions and inputs were received.

After a two-year process of reaching out and review, the Commission's report charts a new way forward.

- *A fair globalization* is critical. It connects with existing uncertainties and insecurities. It highlights the challenge by presenting the facts and results of globalization. The report acknowledges globalization's benefits, but Commissioners also found deep-seated and persistent imbalances in the current workings of the global economy that are "ethically unacceptable and politically unsustainable." The volatility threatens rich and poor alike.
- *A fair globalization* is positive. It recognizes that the potential for good is enormous – promoting open societies, open economies, more opportunities and a freer exchange of goods, knowledge and ideas – and shows what we can do together to achieve a more equitable globalization. Despite their sharply different perspectives and views, the Commissioners were able to reach a shared understanding that the key issue was not globalization itself but the rules and governance system under which it operates. They could and should be changed to make the benefits of globalization reach more people.
- *A fair globalization* is realistic. It is based on common sense approaches and proposals. There are no miracle solutions. But we can build on a foundation of common values, practical ideas and balanced solutions to expand the potential and limit the risks of globalization. The Commission did not try to reinvent the wheel. In formulating its own recommendations, it examined many promising ideas and proposals discussed or under negotiation in other organizations and forums.

The report is not the last word on globalization, but I think we can consider it the first systematic international effort to find consensus. It shows that dialogue among divergent views can identify common ground. I believe this experience can be replicated in different ways within countries and in international organizations.

Connecting the dots: Acting on a broad front

The Commission underscores the importance of moving forward on a broad front of interconnected issues. The report points to four key messages.

First, start at home. Much has been done to facilitate global finance, trade, and investments, but very little to reinforce local communities and local markets where people live and want to stay if given the opportunity. The livelihoods of many families throughout the world are under serious stress and social policies must respond to their needs and aspirations, and to changes in gender roles and responsibilities. There cannot be a successful globalization without a successful “localization”.

States and societies are the central actors in making globalization fair in both North and South. 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. Inclusion is essential for everyone’s voice to be represented. Sound local and national policies in a democratic setting are crucial to enhancing the benefits for its people of a country’s integration into the global economy.

Second, focus on fairness. Unbalanced patterns in investment, trade, and labour markets are prime sources of today’s political turbulence. In the South, most international trade and foreign direct investment is concentrated in a dozen countries and migration is seen as a decidedly mixed blessing in which remittances only partly compensate for family break-ups and the “brain drain”. In the North, many people see investments abroad as the export of jobs and regard immigration as a threat. And worldwide, many are convinced that the rights of capital are better protected than the rights of workers. Fair rules for trade, capital, technology flows and for dealing with unstable commodity prices, and greater access to markets, are needed to provide more policy space for developing countries, especially the least developed. So are basic social protection, respect for core labour standards, adequate adjustment assistance for workers in all countries to provide more security to individuals, families and communities, and a true global commitment to employment creation as the best way of eradicating poverty.

Third, rethink global governance. Global markets are moving ahead at full speed. Economic and social institutions are lagging far behind, straining the ability of the multilateral system to respond effectively to a wide range of challenges. We need to improve the way global institutions talk to each other and adapt the post-Second World War architecture to twenty-first century priorities. Far too often, the mandates of international institutions intersect and their policies interact without significant coordination, posing the constant risk of working at cross-purposes. We need to build on what we have to make it better – not by creating new structures or bureaucracies, but through better policy integration.

A compartmentalized approach to global problem-solving needs to give way to what I would call “integrated thinking” – a shift towards an analytical framework that places a premium on understanding strategic interrelationships between economic, social, environmental and other key variables, as well as on the search for integrated and coherent policy solutions. Global problems require the capacity to agree on coordinated global responses and the mechanisms to produce integrated decision-making.

Fourth and fundamentally, make decent work a global goal. Work is central to people's lives. No matter where they live or what they do, women and men see jobs as the "litmus test" for the success or failure of globalization. Work is the source of dignity, stability, peace and credibility of governments and the economic system. Since job creation goes hand in hand with enterprise development, it underpins private initiatives and investment. And reducing decent work deficits is central to reducing the tensions behind so many security threats, as well as social challenges, such as migration, mass youth unemployment, gender inequality and achieving the Millennium Development Goals.

The conclusion is clear: The current path of globalization can and must change. Many rules are unfair, the results are unbalanced, the course is unsustainable, and yet the potential is there. Change is possible. It is the common sense thing to do.

Globalizing decent work in practice

What does it mean in practice to "make decent work a global goal"? The answer is provided in the wide set of recommendations set out in the Commission's report. The basic argument is that global governance is a systemic whole stretching from the local to the international level and that it requires strengthening from bottom to top. The adoption of decent work as a global goal will help guide this process towards fairer opportunities and outcomes for all.

Specifically, the report reinforces the practical implementation of the Decent Work Agenda. The Commission addresses each of the ILO's four strategic objectives and our two cross-cutting goals on gender equality and development. It calls for the reinforcement of the ILO standard-setting function and its supervisory machinery and emphasizes the importance of employment and enterprise development. It recognizes that social protection and active labour market policies must play a key role in responding to the call for a socio-economic floor for the global economy. And the report as a whole is founded on what can be achieved through dialogue among multiple actors in an emerging global community.

In terms of national policies, all of this means reinforcing the ILO's current efforts to promote decent work at the country level in the light of the orientations set out in the Commission's report. These include a stronger emphasis on local and community development, on institutional and policy reform to respond to globalization (e.g. dynamic labour market policies, building the capacity of the social partners and a greater role for social dialogue in adjustment processes), and on national policy coherence.

At the global level, making decent work a key goal calls for a renewed focus on the fundamental goal of employment and enterprise creation. With this in mind, the Commission calls for a greater presence for the ILO in the multilateral system in line with its constitutional mandate to "examine and consider all international economic and financial policies and measures" to ensure that they are compatible with the right of all human beings "to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity", and, having done this, to "include in its decisions and recommendations any provisions which it considers appropriate".

Fulfilling this responsibility should not provoke competition with existing institutions over our respective areas of competence. Rather, it should encourage the ILO to be an informed advocate of policies that strengthen the attainment of the decent work objective and enable the multilateral system to achieve greater coherence and better outcomes. I can think of no better way for us to celebrate this 60th anniversary of the Declaration of

Philadelphia than by focusing on how to exercise our full mandate for the twenty-first century.

In this area, I have personally engaged my United Nations, Bretton Woods and WTO colleagues with respect to the Policy Coherence Initiative on growth, investment and employment proposed by the Commission. I have consulted with the Secretary-General of the United Nations and informally with the Chief Executives Board of the United Nations system, and received a generally positive response. None of us wants to create new bureaucratic mechanisms, step on other institutions' mandates or force cohesion where it is not possible. But I perceive a growing acknowledgment that this type of policy cooperation is long overdue.

From my perspective, there are two main reasons to move forward.

- First, political: The aspiration for decent work and employment opportunities is the most widespread democratic demand in all countries. People feel that they don't know the solutions but expect those with the public and private powers to generate more employment to do so. Women and men regularly hear commitments to more and better jobs in every electoral cycle. And yet global unemployment continues to grow and the informal economy is expanding.

I think that it is simply politically indefensible to say that international organizations with experience to contribute on matters of sustainable growth, investment and employment cannot work together. It simply confirms the image of entrenched bureaucratic interests not really caring about what people think. Policy coherence is critical, not only as a reasonable objective in itself, but also to ensure that international policies connect with people's priorities. Families everywhere gather around the kitchen table worried about jobs and incomes; international institutions should get around a common table with the same focus.

- Second, institutional: To contribute to a fair globalization, we must fulfil our full mandate. On growth, investment and employment, we have an extraordinary comparative advantage. It is not just a question of what the Office can do with our professional competence, which in any case would have to be reinforced. It is above all a matter of the practical knowledge of work of our constituents applied to policy development. We should gather high-level economists from enterprises and employers' organizations together with those from trade unions and the labour and social affairs departments of governments. The ILO can tap a potent knowledge base within its own institution.

In the past, we have not highlighted the fact that real actors of the economy sit in the ILO. They know first hand how micro and macroeconomic policies affect the enterprise and the workplace. We need to step into the economic policy arena, not only to be true to our mandate but to legitimately demonstrate that we are doing all we can to foster fair globalization that creates opportunities for all. After all, key economic policies in the finance, monetary and trade field have enormous influence on the social side of the ILO's mandate. We cannot ignore their impact on our own values and policies.

Mobilizing tripartism

The Commission's conclusions reinforce the ILO as a values-based institution, a global actor, and a partner for our national constituents. The report opens new spaces for mobilizing global tripartism through an active effort by all our constituents to develop stronger partnerships and more vigorous advocacy.

The challenge is there for us to take up if, as an Organization, we are ready. And I must say if we do not take it up, others will, because – as I indicated in the first paragraph of this chapter – the issue of fairness, which is essential to the ILO’s social justice mandate, will not go away. In our absence, it will simply be shaped by other actors.

The ILO alone cannot respond to all the recommendations of the Commission’s report. Many are beyond our normal activities on social and labour issues, but more importantly, even those that clearly are within our full mandate will require the ILO to seek partners within the formal multilateral system and more widely in the emerging global community the report envisions. I believe we have a central role to play in making a fair globalization, but only in so far as global tripartism can gather its considerable potential for mobilizing the community of work.

The ILO’s constituents each have a vital role in our shared responsibility to make decent work a global goal by developing partnerships and cooperative relations with global actors who can contribute to change, are willing to assume responsibility and ready to commit their expertise to a common endeavour for shared goals. In a world of limited resources, this is even more critical.

I think the Commission’s report offers us some insights for a strategic reflection. First, it argues convincingly that constructing a social dimension to globalization by strengthening governance systems, from the local to the global, is a major task likely to be a continuing theme of international discussion for several years. Second, by stressing the importance of work as the prism through which people view and interpret globalization and its impact on their lives, it offers the ILO a leading role in shaping the way these governance systems adapt. Third, it emphasizes that dialogue between different interests, perspectives and views is the most effective way to find rules and policies that will work in practice. This is an abiding characteristic of the ILO’s tripartism.

The opening up of the global economy and the consequent changes in the international division of labour are making the tasks originally placed on the ILO at its foundation and at its relaunch as a specialized United Nations agency even more relevant today. But the world of today is not that of 1919 or 1944. Employers and their organizations have changed, and so have trade unions. New actors and means of representation and exerting influence have emerged and substantially altered the political environment. The functions of the state and governments are also quite different.

The ILO’s success in surviving for 85 years is a testament to tripartism’s ability to continuously reflect the changing world of work. But we cannot be complacent. The biggest danger for any institution in this day and age is to become inward looking, content to talk only to itself, to tackle today’s problems with yesterday’s solutions.

We need to make sure that tripartism both keeps pace with changes and rises to the challenge of shaping the changes themselves.

Many ILO constituents are already making full use of the Commission’s report to stimulate debate and dialogue within their own structures, in tripartite bodies and with other actors. This is most welcome and an indication of the way in which tripartism can lead constructive reflection nationally and internationally. As discussion of the report moves forward to consideration of action, the continued engagement and advocacy of ILO constituents is essential.

I believe that to ensure the relevance and, more importantly, the influence of the ILO and the spirit of tripartism it symbolizes, we need to mobilize our constituent organizations to lead the struggle for a fair globalization locally, nationally, regionally and globally. Tripartism can be more than the sum of our constituent parts. We must show that

dialogue is not just a way of maintaining social peace, valuable as that is, but also a force for social and economic innovation. When it works well, there is an enormous potential for creativity in our constant search for the right balance between security and flexibility, between entrepreneurship and solidarity, between divergent views that can find convergence. The values, methods of work and experience of the ILO are the closest things we have in the multilateral system to a balanced foundation from which, in cooperation with other international organizations and private actors, to help build a fair globalization that creates opportunities for all.

Let's welcome the challenge!

The Commission's report is the beginning of a process. I see it as a living document designed to generate policies, action and debates on its proposals – and on our activities – in different national and international forums.

It shows that a fair and inclusive globalization is not only possible but essential for building a more secure world. And, as the Commission has also shown, a core ingredient is to make decent work a global goal.

Can we get there on our own? Certainly not. The ILO cannot implement the Decent Work Agenda without the multilateral system as a whole focused on a fair globalization. But the system as a whole won't achieve a fair globalization without responding to the democratic demand for decent work.

In the end, the report tests the capacity of every organization – public and private – to rethink its role for the twenty-first century; to think how we can make this a better world by building a fair globalization together. At the ILO, we should welcome the challenge.

Chapter II

National policies to address globalization

A striking feature of the World Commission's vision is its emphasis on beginning the response to globalization at home.¹ The Commission argues strongly in favour of better and fairer governance of the global economy, but at the same time maintains that national and local policies and institutions are just as important if the opportunities of globalization are to reach everyone. This view was widely supported in the Working Party in March, with the proviso, as President Mkapa put it in summing up the discussion, that: "These actions need not be taken sequentially. Parallel initiatives can be taken at national, regional and international levels, as long as they are consistent and coherent."²

In mapping out the key elements of the national agenda, the Commission highlights in particular the need for better governance, capability and coherence if globalization is to be a positive force for equitable development. The report calls for:

- a focus on people, meeting their demands for respect for their rights, cultural identity and autonomy, decent work, gender equality and the empowerment of the local communities they live in;
- good governance, built on democracy, social equity, the rule of law and human rights, with effective participation and representation of the key perspectives and interest groups, including workers, employers and civil society institutions. Upgrading of the productivity of the informal economy and its progressive formalization is identified as a major governance issue which must be addressed if all are to have the same opportunities;
- improving the capabilities of the State (notably in the provision of public goods and economic policy), of people (education and skills), of the production system (enterprise development and technology) and of society (institutions for dialogue, participation and protection);
- the Commission also recognizes that lack of integration between social, economic and environmental policies and lack of policy coherence among national ministries results in lower and less stable growth with adverse effects on employment and poverty. The decent work goal provides a major integrating force for economic, social and environmental action at national, local and regional levels.

Much of the ILO's current programme to promote decent work addresses this agenda. Work with constituents covers several key aspects of governance, notably through efforts to strengthen the voice and capability of employers' and workers' organizations,

¹ See Part III.1 of the Commission's report "Beginning at home" (paras. 233-334).

² The statement can be found at <http://mirror/public/english/wcsdg/docs/mkapa3.pdf>.

and to promote social dialogue within national democratic frameworks. Action to support the implementation of labour standards, and particularly the fundamental standards (child labour, forced labour, discrimination, freedom of association and collective bargaining), is a critical dimension of governance, as are efforts to extend rights and protection to the informal economy and promote gender equality.

The ILO supports efforts to raise national capabilities in many ways, for example, through strategies for employment and skill development, support for microcredit programmes, cooperatives and small enterprise development, the promotion of indigenous, youth and women's entrepreneurship and the building of social security systems. On an aspect of governance stressed by the Commission, the ILO is expanding its services to communities through its local economic development, employment and social protection programmes. In several regions of the world the ILO has promoted social and labour objectives in the process of regional integration. There is therefore a substantial base of knowledge on which to build a strong response to the priorities identified by the Commission.

The major challenge highlighted by the Commission in its report lies in bringing scattered initiatives together into integrated national strategies for poverty reduction and decent work. The lack of coherence between actions in economic and social fields, identified in the report as a key issue in global policy-making, is an equally critical problem at national level.³ Given the significance of the issue, the report specifically calls on Heads of State and Government to “promote a coherent integration of economic and social policies which focus on the well-being and quality of life of people”.⁴ It is the only recommendation specifically addressed to them. Achieving coherence is vital if the opportunities of globalization are to contribute effectively to national sustainable development, ensuring that all people benefit rather than a few. Multilateral agencies can reinforce the efforts of governments through more effective mechanisms for policy and programme coordination.

ILO support to coherent national policies for a fair globalization

Several existing ILO initiatives and pilot programmes support the policy coherence agenda at national and regional levels, namely:

- decent work and employment initiatives;
- poverty reduction strategies;
- regional level initiatives to integrate decent work and market-opening policies.

In recent years the ILO has established a pilot programme of integrated decent work initiatives in a number of countries. The aim of these initiatives is to develop methods and approaches that can be used more systematically in decent work country programmes. They bring together action on each of the four strategic objectives within an integrated framework adapted to national needs. In some countries, such as Denmark and the Philippines, this has led to an integrated analysis of decent work across a range of national economic and social policy concerns. Elsewhere, as in Morocco, a sectoral approach has concentrated on decent work within the reform of the crucial textile and

³ See paras. 254, 511 and 512.

⁴ Para. 539.

clothing sector. In Ghana, the areas of focus are the extension of social security to the excluded and assistance to the informal economy and micro and small enterprises.⁵ In Bangladesh, the principal theme is the formulation of development policy options for decent work in the context of a globalized economy.

A number of other integrated national activities are under way to promote employment and income-earning opportunities. These include national employment forums such as those in China, job summits in Ghana and Nigeria as part of the Jobs in Africa Programme, and post-crisis reconstruction policies in several countries.⁶ The ILO is also participating, with the United Nations and the World Bank, in the Youth Employment Network first proposed by the United Nations Secretary-General at the Millennium Summit. Special efforts are being made to mainstream gender in all these activities. Azerbaijan, Brazil, Egypt, Hungary, Indonesia, the Islamic Republic of Iran, Namibia, Senegal and Sri Lanka have joined the Network and are, together with the ILO, developing comprehensive strategies to tackle youth unemployment. Other examples of ILO activities supporting the integration of economic and social policies are the analysis of social expenditure budgets and labour law reform.

Looking to the future, the ILO is shifting towards the development with its constituents of decent work country programmes that build on the experience of promoting policy integration and respond to national priorities. However, a systematic effort needs to be made to ensure that the decent work objectives are an integral part of comprehensive development policies.

Poverty reduction strategies

The ILO's approach to poverty reduction was discussed in the report to the 91st Session of the International Labour Conference in 2003, *Working out of poverty*.⁷ It now serves as a framework for the ILO's engagement with partner agencies in a number of mechanisms to coordinate and relate the contributions of multilateral and bilateral donor agencies to national development priorities. These include the International Monetary Fund (IMF) and World Bank-sponsored Poverty Reduction Strategy Paper (PRSP) process and the United Nations-led Common Country Assessment (CCA), United Nations Development Assistance Framework (UNDAF) and national Millennium Development Goals reports (MDGs). The CCA and UNDAF provide a framework for the coordination of United Nations technical assistance programmes. PRSPs are envisaged as nationally driven but with significant inputs from multilateral agencies. Such mechanisms for donor coordination can feed into national planning efforts, improving their coherence and comprehensiveness. MDG reports show progress at a glance with a view to helping to focus the national debate on specific development priorities, which in turn will trigger action – in terms of policy reforms, institutional change and resource allocation.

⁵ ILO: *A review of the ILO decent work pilot programme*, Governing Body doc. GB.288/ESP/5, 288th Session, Nov. 2003.

⁶ See ILO: Governing Body doc. GB.288/ESP/5, op. cit.; *United Nations initiative on youth employment*, Governing Body doc. GB.286/ESP/5, 286th Session, Mar. 2003; Programme and Budget for 2004-05.

⁷ ILO: *Working out of poverty*, Report of the Director-General, International Labour Conference, 91st Session, 2003.

ILO work frequently contributes to these mechanisms. A particular focus on PRSPs, initially in five countries, has expanded to 11.⁸ ILO participation in the PRSP process can ensure that decent work objectives and policies are incorporated in national development strategies. In some cases, it has facilitated or strengthened the participation of the social partners. ILO engagement has also enhanced relations with the donor community and ministries dealing with economic, financial, trade and social security issues, yielding substantial progress in integrating decent work objectives and policies and gender perspectives into PRSPs. However, in other instances, the impact of ILO involvement has been quite meagre. A good deal depends on the relationship between the ILO's tripartite constituents and the lead economic ministries, the receptiveness of local World Bank officers to the decent work approach to poverty reduction, and the strength of the ILO presence.

Probably the main obstacle to improving the ILO's contribution is the fact that the economic framework underlying the initial PRSPs reflected traditional adjustment, budget and fiscal policy approaches. This had the effect of sidelining many issues that ILO constituents want to bring to the table. It has also generated reactions in many social movements against the PRSP process itself.

The "regional stepping stone"

The "regional stepping stone" is highlighted in the Commission's report as offering scope for promoting the decent work agenda through coordinated action among countries.⁹ Here the ILO's regional structures are involved in supporting regional and subregional initiatives on decent work and full employment – exemplified by our work with the African Union for the Extraordinary Summit that is due to take place in Ouagadougou in September 2004 and will examine issues of decent work and poverty reduction, and with MERCOSUR for the April 2004 Regional Meeting on Employment Strategy. The ILO is also called upon to offer advice on ways in which institutions and policies for decent work could provide a foundation for regional integration processes. A particular focus is the role of mechanisms for dialogue involving the ILO's constituents in contributing to a social dimension of regional integration. Connecting the ILO's regional work to the growing number of integration initiatives is an important new priority for constituents. It calls for increased collaboration with existing structures such as the Southern African Development Community (SADC) and other regional communities in Africa, the European Union, ASEAN, MERCOSUR and CARICOM, on the development of policy instruments and institutions, knowledge sharing across regions, capacity building and research in dealing with the social dimension of globalization.

New initiatives suggested by the Commission's report

The Commission's report reinforces much of the ILO's current programme, but also suggests four new directions:

⁸ See ILO: *Poverty Reduction Strategy Papers (PRSPs): An assessment of the ILO's experience*, Governing Body doc. GB.285/ESP/2, Nov. 2002. See also *An update of the implementation of the Global Employment Agenda and related aspects of policy integration*, Governing Body doc. GB.289/ESP/3, Mar. 2004, paras. 16-28.

⁹ Paras. 313-319.

- ❑ national dialogues to follow up the Commission's work;¹⁰
- ❑ national reviews of the social impact of international economic, financial and trade policies;¹¹
- ❑ policy development on economic restructuring and labour market reform;¹²
- ❑ investment in integrated approaches to local development.¹³

National policy dialogues on globalization

The national and regional dialogues held in the course of the Commission's work provided an important forum for the expression of a wide variety of views and perspectives. They permitted both tripartite dialogue between employers, workers and governments, and an interaction between ILO constituents and other social actors.

Several countries have already expressed an interest in pursuing these experiences of dialogues in the wake of the Commission's report, with new national dialogues to debate its orientations and recommendations. The objectives and form of such dialogues would be defined by each interested country and could vary from a very broad agenda with a large participation to a series of meetings on more specific aspects of the social dimension of globalization. They might bring together the ILO's constituency of policy makers, workers' and employers' organizations, with parliamentarians, civil society, academic groups, women's associations, the media and others.

The goal would be to identify the priority issues and the corresponding policies to progressively develop common national understandings of the best ways of dealing with the social dimension of globalization. Special attention would be given to mechanisms to enhance coherence on sustainable growth, investment and jobs among the policies and programmes of different ministries, as well as the donor community and multilateral agencies. The conclusions of such national dialogues would provide policy guidelines for national and international authorities and could be fed into the PRSP, national MDG and national development planning processes. Their contribution would be especially useful in countries without a PRSP process, or where the process has failed to elicit tripartite and broader participation or to bring about effective integration of economic, social and environmental policies. Ultimately, such dialogues would seek consensus on a comprehensive set of measures to accelerate growth and promote decent work, gender equality and social development in a globalized economy.

National institutions should organize such dialogues according to national priorities. The ILO and other agencies could assist and facilitate the process if requested. Where successful, they may lead on to the formation of national advisory councils or commissions on the social dimension of globalization, which could in turn make major contributions to global initiatives for policy development and policy coherence.

¹⁰ Paras. 595 and 596.

¹¹ Para. 606.

¹² Part III.1, "Beginning at home" and para. 616.

¹³ Paras. 293-334.

National reviews of the social impact of international economic, financial and trade policies

The Commission's report recommends the preparation of regular "national reviews" of the social implications of economic, financial and trade policies.¹⁴ Such reviews would enable national authorities, with the responsible multilateral agencies and the social partners, to examine the social effects of a range of national and international economic policies and thus contribute to policy coherence both within and between countries.

In order to investigate the potential of this idea, the ILO could offer, in cooperation with other multilateral agencies and at the request of the tripartite constituents, to initiate such reviews in a small number of countries which wish to investigate this policy assessment tool on a pilot basis. The purpose of the reviews would be to assess the impact of macroeconomic, financial, trade, foreign investment and environmental policies on decent work and key social goals. Among the issues that could be covered are the impact of specific economic policies on living standards, employment, social security, health, education, human settlements, social dialogue, fundamental principles and rights at work and gender equality. The Commission's report highlights the importance of employment creation as an indicator of social impact, and points to the value of the ILO's Employment Policy Convention, 1964 (No. 122), as a reference point.

The reviews, which could engage the ILO's constituents and possibly other key institutions and groups, would provide a major input to the development of national strategies to deal with the social dimension of globalization. They could also help inform government positions in international forums. In addition to providing background analysis for national discussions, such reviews could be placed on the agenda of the Governing Body Working Party on the Social Dimension of Globalization. Consideration might also be given to regional or international peer group discussions in which relevant experience from other countries and multilateral agencies could be brought in to assist in the examination of policy alternatives. The findings could in turn reinforce national and international policy coherence initiatives.

Economic and enterprise restructuring and labour market policy

The key features of globalization emphasized by the Commission in its report – the acceleration in technological progress, fluctuations in external demand, changing patterns of trade, intensified competition in domestic and foreign markets, changes in foreign investment inflows and migration patterns – all reinforce the need for enterprise adaptation and labour market responsiveness. An enabling environment for enterprise development, well-functioning labour markets and appropriate restructuring and adjustment policies, are all essential for decent work and the generation of high and stable growth.¹⁵ This policy area is widely recognized as a specific competence of the ILO, and forms the main thrust of the Global Employment Agenda.

All economies are exposed to constant adjustments in production owing to differential sectoral growth rates, changing technologies and patterns of trade and domestic demand. These interact with changes in the labour force, such as the increased participation of women workers and the growth in informal employment. To respond to these changes, a

¹⁴ Para. 606.

¹⁵ Paras. 278-289.

set of mutually reinforcing policies is required. These include technological innovation, enterprise restructuring, labour market information, skill upgrading, effective social security policies and a sound system of social dialogue. The State has a key role to play in creating an enabling institutional framework to balance the need for flexibility for enterprises and security for workers in meeting the changing demands of a global economy. Dynamic labour market policies enhance a country's ability to move up the technology ladder, expand its share of value added in the global production chain, and create new competitive enterprises and more and better jobs.

An integrated approach to the modernization of labour markets calls for action in four areas. The first area relates to up-to-date information on the demand by employers of all types – from multinationals to tiny enterprises – for different kinds of skills, and the work needs and skill profiles of the labour force. This information must be made available to employers and jobseekers directly and through an efficient network of placement agencies.

A second key component of dynamic labour markets is a flexible and effective system of training – vocational, technical and professional – that combines formal instruction with practical experience in work situations and can respond to changing needs for skills and capabilities. Such a system should not only provide for new entrants to the labour force but also cater for retraining in the light of new skill requirements and the recognition of informally acquired competencies. In this respect, mechanisms to combat biases and prejudice, especially against women, migrants and ethnic minorities, in providing opportunities for training are vital. This is one of the most effective ways to overcome the gender stereotyping of occupations.

A third component of effective labour market policies is a sound system for the governance of workplace relations based on a partnership between the State and democratic and representative associations of workers and employers. It is the responsibility of the State to establish frameworks and rules for freedom of association, collective bargaining and employment standards concerning issues such as wages, conditions of work, occupational safety and health, and other aspects relating to worker welfare and enterprise competitiveness. A related aspect concerns institutional arrangements for consultations and negotiations among social partners or on a tripartite basis relating to the overall functioning of the economy, industry or enterprise and for worker representation and participation in bodies dealing with workplace issues.

Finally, the increased economic volatility provoked by globalization reinforces the importance of systems of social security, especially during periods of rapid structural changes in production systems and changing skill requirements. Good support systems are needed to combat social exclusion, to smooth out structural changes, and to enhance worker skills and productivity and enterprise competitiveness.

At the heart of national policies to meet the social challenges of globalization is a dynamic strategy for managing labour market change. Indeed, a comparative advantage in the functioning of labour market institutions can boost competitiveness. However, there is also a broader global interest in the equitable and efficient management of changing structures of employment because all countries benefit from the social stability and economic growth which effective labour market policies can promote. Consideration should be given to ways of increasing international support to countries developing integrated policies for socially responsible enterprise restructuring, technological innovation and adjustment, focused on labour market information, training and skills, labour law reforms and social dialogue, and social protection. This is clearly a new and significant area of international development cooperation.

The ILO could take the lead by analysing successful restructuring and labour market approaches in different industrial, transition and developing countries. Such case studies should involve other agencies active in this policy field, such as the World Bank and the IMF, and regional bodies such as the United Nations Economic Commissions, the Organisation for Economic Co-operation and Development (OECD), the European Commission and the Asian, African, European and Inter-American Development Banks. Following review by the Governing Body, the findings of the analysis could form the basis for a collaborative technical cooperation programme based on the ILO's accumulated knowledge and experience.

Decent work in local development

The Commission's report points out that the impact of globalization really reaches people's lives and aspirations in the communities where they live and work. It calls for local empowerment, investment in participative and democratic institutions, the development of local economic and administrative capability and more attention to the rights and concerns of indigenous peoples and ethnic and religious minorities.¹⁶

The policy agenda must address the dual trends of globalization and localization. On the one hand, the impacts of globalization, market liberalization, global systems of production and changing terms of trade bring pressure to bear upon many local and traditional industries, even as they open new opportunities in emerging growth sectors and services. On the other hand, the strengthening of micro and small enterprise clusters and local industrial districts shows the potential of area-based development strategies even in a globalized economy. Furthermore, alongside changing economic patterns, there is a move toward devolution of decision-making and resources to provincial and municipal authorities. This trend reflects the widespread call for more responsive government that is closer to the needs of citizens, and thus more accountable and transparent. Hand-in-hand with decentralization has been the growth of organized civil society and community organizations, especially since the 1980s, and their increasingly prominent role in local political and economic decision-making. Cooperatives have been a significant instrument in this process.

To achieve sustainable sources of livelihoods and decent work opportunities for all, action has to be embedded at the local level, but also linked to global opportunities. How can this work in practice? Just as nature requires a rich biodiversity to adapt to change, thrive and grow, local economies require a rich range of interlocking resources, voluntary associations and supporting policies to create a vibrant, wealth-generating and job-creating community.

A noticeable trend in recent years in the ILO's technical cooperation work is community level participation in specific projects on, for example, training, microinsurance or employment-intensive infrastructure, as well as a growing interest in more comprehensive local economic development initiatives. The ILO furthermore connects to a substantial, and growing, wealth of knowledge and expertise from around the world on local development. This experience could be consolidated into an overall approach to decent work and local development, which could explore how local organizations of workers and employers, local government and other community associations can together promote employment and production clusters that link more effectively to national and global markets.

¹⁶ Paras. 290-312.

A local “decent work agenda” could bring together dual goals – of building knowledge, networks and communities of practice, while also providing ILO constituents with more systematic technical support to their policies and strategies at the local level. This could include the organization of workers and employers, support to social dialogue, promoting community-based cooperation in the defence of labour standards and social protection and local employment creation in different social and economic settings. A Decent Work and Local Development programme of work could start in a selected set of countries expressing interest in such an effort. This approach would involve analysis of good practice in different parts of the world, forming partnerships, distilling the lessons learned and promoting exchange and debate with policy-makers, local authorities and practitioners within a global network.

A key outcome would be a strategic policy framework to support decent work at the local level, engaging and strengthening local and national stakeholders and institutions around the goal of equitable local development, and contributing to a fairer globalization for all.

Chapter III

Decent work in global production systems

The Commission's report draws attention to the global production systems that are a characteristic feature of globalization.¹ New technologies in general, and information and communication technologies (ICTs) in particular, have made it possible for production processes to be split up and the different segments located in different sites around the world to exploit benefits arising from differences in costs, factor availabilities and investment incentives. The major actors behind these global production systems are multinational enterprises. In the 1960s and 1970s they largely depended on a vertically integrated organizational structure to manage international production by subsidiaries. Today, they coordinate global supply chains which link firms of all types across countries, stretching from the global to the local, from the regulated formal economy to local subcontractors who work in the informal economy. In some cases, very large retail companies dominate their manufacturing suppliers. In others, a global brand is the "chain driver", determining specifications, prices and margins from the initial processing of raw materials to the consumer.

These global production systems have emerged largely along sectoral lines, each global sector developing distinct characteristics in terms of the organization of global production and governance of global supply chains. Their evolution has been most pronounced in the high-tech industries (electronics, semiconductors) and in labour-intensive consumer goods (textiles, garments and footwear), but is apparent in most manufacturing sectors. They are also increasingly significant in the service sector where reliable and cheap global communications have made it possible for software development, financial services and call centres to be located in different countries around the globe. Better communications are also having other effects, increasing the information available to consumers, workers and enterprises on the conditions under which goods are produced in different locations, and thereby generating new demands and reactions.

These trends are changing the way the global economy works. They have led to changes in global business organization and, in some sectors, growing concentration in global markets. They are affecting a rapidly rising share of the world's people, and inclusion in them is increasingly the key to development and growth. They have implications for global economic management, for multilateral action in many domains, and above all considerable implications for workers, for employers and for tripartism. The Commission's report highlights these developments and makes a series of recommendations under different headings – national policy priorities, investment rules, competition policy, core labour standards, decent work in export processing zones,

¹ Paras. 159-162.

corporate social responsibility and global social dialogue. Many of them need to be considered by the ILO.²

Social and labour impacts

The impact of global production systems mirrors the impact of globalization itself. Their expansion and evolution have brought many benefits. By increasing the options for enterprise development, they have led to greater efficiency in production and improvements in product quality, higher profits, expansion of employment opportunities in developing countries – especially for women – and transfer of technology and skills. The potential for good is considerable. For example, wages and working conditions in directly owned foreign affiliates that are integral parts of a multinational company are often better than in independently owned domestic firms. Consumers worldwide also benefit through the availability of a large range of products, some of which were not preciously available at affordable prices.

But the Commission's report also points to a variety of criticisms and concerns. The benefits of globalization are unevenly distributed, between countries of origin and destination of foreign investment, between multinational enterprises and local suppliers and subcontractors, and between them and workers, a substantial proportion of whom are women. In particular, there is evidence in some export processing zones of lax observance of core labour standards, especially the right to freedom of association and collective bargaining. The needs of the very many women workers for maternity leave, convenient working hours or crèche facilities are neglected.³

Intense competition among developing countries to attract foreign investment often results in major concessions in terms of regulation, subsidies and tax holidays. These sometimes seem like excessive demands on poor countries that are latecomers to development and need to marshal their scarce resources. Entry for firms in developing countries into higher value-added segments of the global supply chain is difficult as a result of factors such as product standards, tariff escalation on value-added goods and quantitative restrictions or the dominant position of multinational enterprises. There is also widespread concern over the employment impact of the new global production systems, both in countries that are losing segments of production and in those where the new jobs created by outsourced production are precarious.

International responses

As with other aspects of the globalization debate, these criticisms are mostly about the way global production systems work, rather than opposition to their existence and growth as such. The legal basis for the functioning of the enterprises that make up global production systems remains national, with a degree of harmonization in, for example, the Member States of the European Union. Multinational enterprises can to a certain extent choose which legal system is most convenient for the location of different activities. An office in a tax haven may, for example, be a convenient place to declare profits that would be taxable in another country. Weaknesses in international accounting systems make it possible for corrupt practices to be hidden from view. Despite discussions in various forums going back decades, agreement on comprehensive global legal rules on

² Paras. 255-259, 387-399, 417-427, 498-501, 550-558 and 563-566.

³ See ILO: *Employment and social policy in respect of export processing zones (EPZs)*, Governing Body doc. GB.286/ESP/3, 286th Session, Mar. 2003.

foreign investment or competition policy remains elusive. Finding consensus on specific issues is also very difficult, since different countries have different priorities with regard to the selection of the issues requiring attention.

The many global firms that voluntarily decide to adopt high ethical standards have to compete with others who are less scrupulous. Cross-border organization and social dialogue is growing and achieving some successes in spreading respect for workers' rights, but is still restricted in both scope and visibility. The application of international labour standards is in the first instance the responsibility of national governments. While multinational enterprises may choose to promote these standards voluntarily in their practices in global supply chains, it is difficult for them to monitor subcontractors, especially those in the informal economy in countries where law and practice do not meet international standards. Consumers are increasingly wary of buying goods produced under exploitative conditions – in particular by child labour. The institutions needed to ensure that participation in global markets yields a development dividend are sometimes seen as a discouragement to those investors looking only for the lowest production costs, the least regulation and the ability to shift production sites rapidly. International instruments such as the ILO's Multinational Declaration and the OECD's Guidelines⁴ provide valuable benchmarks for international investment but have political and moral, rather than legal, force. Similarly, the corporate codes of practice of the last ten years or so are voluntary statements of intent by certain companies.

There is thus a large and complex set of issues that are of interest to diverse constituencies. These include multinational enterprises, local suppliers, workers in industrialized and developing countries, home and host governments, federations of trade unions and employers, international organizations, civil society activists and groups, women's associations, consumer groups and ethical trading and investment initiatives.

The social dimension of global production systems: The ILO's role

The growth of global production systems and the Commission's call for consideration of a transparent, coherent and balanced framework for foreign investment raise issues with significant social and employment implications. Furthermore, the ILO's constituents include enterprises, governments and unions able to bring direct experience of stimulating investment and employment growth through foreign direct investment to the discussion of new ways forward. Among the ILO programmes that already deal with the issues arising from global production systems are those concerned with fundamental principles and rights at work, working conditions, occupational safety and health measures, gender equality, the development of export processing zones, small enterprises in global supply chains, social dialogue and business and voluntary initiatives.⁵

Global production systems are an essential sphere of action if decent work is to be made a global goal. A more systematic and coordinated effort is required to take full advantage

⁴ ILO: *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, originally adopted by the Governing Body in 1977 and amended in Nov. 2000; and OECD: *Guidelines for Multinational Enterprises*, originally adopted in 1976 and amended in June 2000.

⁵ ILO: GB.286/ESP/3, op. cit.; *Information note on corporate social responsibility and international labour standards*, Governing Body doc. GB.288/WP/SDG/3, 288th Session, Nov. 2003.

of the enormous potential, both technological and economic, which these new systems of production can deliver for people. Through the engagement of its tripartite constituency, the Organization is well placed to develop policies and approaches to ensure that this potential is realized, and that it delivers decent work.

Strengthening the knowledge base

The first task for the ILO is to further improve its understanding of the evolution and functioning of global production systems in the light of our specific goals. A knowledge base has already been developed in the course of ILO work on multinational enterprises, export processing zones, enterprise development and employment growth, and research on global value chains undertaken by the International Institute of Labour Studies. But there is a need for more systematic, quality analysis of the distinctive sectoral characteristics of these global production systems and related wage and employment systems, collective bargaining, working conditions, the position of women workers, social security, marketing and distribution of products, and above all division of gains between different parties arising from such production systems. How has the evolution of global production systems in, for example, services, affected the employment and income prospects of workers in different countries around the world? How can global production systems be appropriately managed and regulated to maximize the opportunities for promoting decent work and productivity? What are the types of governance and/or institutional arrangements needed to support decent work in the different global sectors? More needs to be known about how new technologies change both production patterns and opportunities for employment creation in high- and low-income countries. We also need to know more about how increased vertical specialization in world trade has affected the potential gains from trade and what the implications are for policy. There is a particular need to look for “win-win situations” and the policies that can promote them. Investigation of these issues can highlight the most useful and promising points of intervention and action by the ILO on all of the above issues.

Enterprise growth and employment creation

If the global economy is to deliver employment, global production systems will need to reflect this goal as well. Most jobs are created in small enterprises, so it is at that end of the production chain that attention needs to be focused, helping these enterprises respond to global opportunities.⁶ In addition, more attention needs to be paid to the employment-creation potential of the global services sector.

Investment patterns are crucial. Investment follows business perceptions of where markets are available and profits to be made, with employment creation at best a secondary consideration. ILO contributions to an international policy framework for investment could focus on how to make employment creation a more integral part of the investment decision. That might include a focus on linkages between international investment and the remainder of the domestic economy, a critical factor if relatively capital intensive international investment is to have multiplier effects which create jobs locally on a large scale.

It is essential to be able to assess not only the quantity but also the quality of the employment created. Global production systems can be a vehicle for the promotion of

⁶ See UNDP: *Unleashing entrepreneurship: Making business work for the poor*, Report to the Secretary-General of the United Nations by the Commission on the Private Sector and Development, 1 Mar. 2004.

decent work not only through the value chain, but also in every country in which they operate, by showing how improving rights and conditions at work contributes to business objectives.

This calls for a strengthening of the ILO's work on entrepreneurship, enterprise growth and employment creation as part of a broadly based, Office-wide effort. The emphasis in the Commission's report on dealing with the informal economy by providing an adequate framework for property and social rights, and by supporting associational approaches, cooperatives and other measures to overcome informality, will be an important component of this effort.

Alongside work on entrepreneurship and enterprise development, there is a need to develop a coherent international policy framework that can promote greater flows of investment to developing countries that currently receive very little, and to maximize opportunities for development, employment and decent work. As a contribution to a reflection on a balanced development framework for foreign direct investment (FDI), the Commission's report proposes a Policy Development Dialogue (PDD). The objective of the PDD would be to create a space for open exchange in which to clarify the issues involved and facilitate a common understanding of policy responses, with a view to formulating an integrated international policy proposal for a balanced development framework for FDI. The ILO, together with other interested organizations, could engage in preliminary work on the issues that this PDD would address and participate in organizing it. They may include UNCTAD, the World Bank, the IMF, WTO, OECD, the United Nations Department for Economic and Social Affairs (UNDESA) and others.

Promoting global social dialogue

The Commission's report highlights the expectation that new institutions of social dialogue between workers and employers are likely to develop around global production systems. This is an area where the ILO can help to support the development of institutions that strengthen dialogue around the goal of decent work.

Over the years, the ILO has developed a unique, tried and tested system of tripartite consultations on specific sectors through its work on industrial committees. Covering 22 sectors, the committees focus on international labour issues affecting the major industrial and service sectors of the world economy. They provide an opportunity for workers' and employers' representatives from specific sectors and governments to engage in dialogue on issues of common interest and to reach agreement on conclusions and recommendations for the improvement of social and economic conditions. Although the conclusions reached are of a voluntary nature, they have had considerable influence over the past 50 years in shaping practices and policies in specific sectors.⁷ They provide a convenient and well-established forum for a discussion of issues raised by global production systems. The Sectoral Activities Programme envisages holding four sectoral meetings and seven action programmes in six sectors at national and regional levels in each biennium. These activities could provide a useful opportunity to formulate commonly agreed guidelines on labour and social issues, in selected global production sectors, in a way that reflects the specificity of each sector in a very practical way.

Global production systems open up new opportunities for organization and representation and for social dialogue. The number of framework agreements between global union federations and multinational enterprises is growing steadily. These

⁷ E. Weisband: *ILO industrial committees and sectoral activities: An institutional history*, Working Paper, Sectoral Activities Programme (Geneva, ILO, 1996).

voluntary agreements vary a good deal in scope and specificity, although most cover core labour standards. They generally provide guidelines for labour-management cooperation and, because of their global scope, represent an important innovation in industrial relations. They have the potential to play a constructive role in promoting labour standards worldwide and in enhancing corporate social responsibility. The ILO should closely monitor such developments and provide the parties concerned with advice and assistance when required.

Enhancing the effectiveness of business and multi-stakeholder initiatives

Business has a major impact on social as well as economic goals. In the global economy, the ethical concerns and approaches of business are particularly important. In recent years, an avalanche of initiatives among non-state actors has sought to incorporate labour standards, human rights, environmental protection and other social values into the global economy. Through the policies of individual companies, as the Commission notes, this field of activity offers a complement to, but not a substitute for, government action. There is a need to strengthen the way these voluntary initiatives of companies operate so that they contribute to the global goal of decent work for all.

The drive to increase respect for ethical and social goals in the course of doing business has involved a wide range of companies, sectors and civic groups.⁸ Some companies have reached beyond their own specific boundaries by seeking to improve working conditions and promoting other human and social goals in their global supply chains and in the countries and communities in which they operate. They do this in a number of ways: through their own codes of conduct, ethical sourcing guidelines and social or sustainability reporting; by participating in certification programmes and multi-stakeholder partnerships aimed at monitoring and verification; and through their involvement in development partnerships with local communities and enterprises.

The ILO offers important global references, including the 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (“Multinational Declaration”). The United Nations Global Compact brings the ILO and other United Nations agencies together with companies and their stakeholders to promote universal human rights and labour and environmental values in business dealings around the world. In its report, the Commission itself reflects the view expressed in some sectors that the credibility of voluntary initiatives such as those inspired by the Global Compact depends on the transparency and accountability systems used to ensure measurement, reporting and monitoring.⁹

The ILO offers a unique place for analysis, social dialogue and policy development on these issues. Its tripartite structure gives the policies and labour standards developed by the Organization a particular legitimacy in the world of work. There are already several programmes in the Office supporting private, multi-stakeholder initiatives from one angle or another: among them, industry-based partnerships in the export sector,¹⁰ and

⁸ See ILO: Governing Body docs. GB.288/WP/SDG/3, op. cit., and GB.273/WP/SDL/1, 273rd Session, Nov. 1998.

⁹ Para. 554.

¹⁰ One example of a development-oriented approach is found in the International Cocoa Initiative, which aims to eliminate child labour while building local capacity to monitor child labour, provide social protection, education and training, improve legal structures, and enhance capacity of local producers.

dialogues to identify ways of enhancing the contributions of MNEs in their places of operation. Information resources include an online database of voluntary initiatives¹¹ and a range of training materials, user guides and operational manuals on incorporating labour standards and principles into voluntary initiatives. The ILO is well placed to develop this capability further, through knowledge building, cooperative action and social dialogue.

The Commission's report recommends that the International Organisation of Employers (IOE) could "help improve business participation in managing globalization through dissemination, training and discussion" on issues of corporate governance and social responsibility.¹² The ILO can help strengthen employers' organizations and other actors by providing technical support to the various initiatives and by developing capacity-building outreach and training programmes. At global level, the ILO's operational role within the Global Compact and similar partnerships offers an opportunity to facilitate the vital contributions of international employers' and workers' organizations, and to promote stronger commonly agreed frameworks for transparency, accountability and coherence.

More knowledge is needed on the ways in which these voluntary initiatives are contributing to decent work so that guidelines on best practice can emerge. This includes knowledge in respect of development partnerships with local communities and enterprises, the contribution of corporate social responsibility and ethical trading to decent work, and ethical supply chain management. The Commission's report draws attention to the large number of different actors involved in these initiatives, many of whom are looking to the ILO for guidance on how its labour standards, frequently referred to by these initiatives, can be integrated into management systems, reported on and monitored.¹³ There is a need to develop principles for participatory and accountable processes that meet the needs of companies and other stakeholders. Knowledge needs to be developed on systems and methodologies for reporting, verification and monitoring. There is also a need to develop the capability of actors such as developing country governments and social auditors to engage in these initiatives.

Broad-based dialogue is critical to the development of principles, policies and best practices in respect of these voluntary initiatives so that they can effectively contribute to the social dimension of globalization. The Commission's report suggests that the ILO should pursue policy development on this issue. In particular, it is invited to convene a Forum, engaging international employers' and workers' organizations, on the contribution of corporate social responsibility and other voluntary initiatives to a fairer globalization. The report suggests that this might take the form of a policy development dialogue, designed to "create space for communication and exchange between all actors concerned" and "bring into the process those who have important expertise in relevant fields, those whose interests are at stake, and those with responsibilities in the implementation of change".¹⁴ To follow up this recommendation, it is proposed that the Office, in coordination with the constituents, develop a preliminary agenda for such a policy development dialogue, and a series of policy briefs on key issues. On this basis, the ILO's constituents could examine the shape and content of the proposed Forum. This is clearly an area where the ILO can play a useful role.

¹¹ See www.ilo.org/basi.

¹² Para. 556.

¹³ Para. 427.

¹⁴ Paras. 614 and 616.

Chapter IV

Growth, investment and employment: The case for dialogue and global policy coherence

A central message of the Commission's report, echoing the Declaration of Philadelphia, is that social progress cannot be achieved solely by social policies.¹ It depends in great measure on developments in the economy, finance, trade, technology, investment, the environment and other related areas. However, at both global and national levels, policies in these different domains are often pursued in parallel, without sufficiently taking into account the way they interact with each other. The sectoral division of responsibility among different ministries as well as international agencies reinforces this tendency.

Against this background, the Commission's report identifies greater international policy coherence in pursuit of the goal of fair and inclusive globalization as an important overall strategy for the multilateral system. It argues that the lack of policy coherence between trade, investment, and the financial and social policies of different organizations, is an important factor in the failure of globalization to deliver more fully on the key objectives of fairness, opportunity and employment.

The need for integrated social and economic policies has become more urgent as globalization has intensified. Developments in one sphere spill over more rapidly into others. For example, a financial crisis quickly develops into an employment and poverty crisis. Likewise, the greater interdependence among countries leads to policy changes in one country, such as exchange or interest rate changes, being reflected in export and employment changes in others.

Accordingly, the Commission's report proposes a series of "Policy Coherence Initiatives" among organizations within the multilateral system as a means of remedying this serious deficiency. The goal of these initiatives is to "upgrade the quality of policy coordination between international organizations on issues in which the implementation of their mandates intersects and their policies interact".²

These initiatives are seen as a flexible and operational tool through which the secretariats of the relevant organizations could work together to produce integrated policy proposals on the key issues they choose to work on. They would each act within their mandates and through their specific policy instruments. Any agreed conclusions would then be submitted to the governing bodies of the organizations involved in each initiative for discussion and further guidance. The Chief Executives Board (CEB) of the United

¹ Paras. 502-514.

² Para. 607.

Nations system and the United Nations Economic and Social Council (ECOSOC) would be kept fully informed of progress.³

Policy coherence initiative on growth, investment and employment

The Commission recommends that the first such initiative should deal with the issue of “growth, investment and employment”. It proposes that this initiative should engage the relevant United Nations bodies, the World Bank, IMF, WTO and ILO. This issue was chosen because the Commission’s consultations made it clear that in all countries, people’s opinion of globalization was directly linked to its impact on their life at work. Decent work is a fundamental aspiration of people everywhere, and meeting this aspiration is a strategic means of extending the benefits of globalization to all. The issue of growth, investment and employment creation is also a major concern of government, business, workers, civil society and people in general everywhere. Progress on this issue would therefore respond to a major political demand in all countries. At the same time it is also an issue where policy coherence is crucial.⁴

The rationale for the initiative

The sustained creation of more and progressively better employment can only be achieved in the context of high and stable growth in the global economy. This in turn depends on ensuring high levels of productive investment. Moreover, both “growth” and “investment” are strategic economic variables that depend on a wide range of policies and institutional arrangements. Those governing the flows of trade, foreign direct investment, finance and technology are of obvious importance. Each of these is also increasingly interrelated to the others as a result of the expanding reach of globalization.

But the web of interrelationships by no means ends there. Experience has shown that “employment” is not merely an inert by-product of these economic variables. Labour market policies and social institutions also exert an influence on growth and investment through their impact on skill formation and entrepreneurship, the motivation and productivity of workers, the degree of wage and income inequality and the resolution of distributional conflicts. Education and health expenditure is often described as an investment in human capital. In addition, policies for enterprise creation and technological innovation also have a simultaneous impact on investment, growth and employment. Similarly, harnessing the full potential of the informal economy is a vital dimension that also affects all three variables.

Ideally, this whole array of interrelated policies should be aligned towards achieving the goal of productive employment creation. But the current situation falls far short of this. Responsibility for these interrelated policies is fragmented among different organizations, although there is a general commitment to full employment in the constitutions of the IMF and the WTO, and job creation is central to the policies of the ILO and the World Bank. The World Summit on Social Development made full employment a United Nations goal in all regions. It would be fair to say, however, that the different organizations have different immediate operational priorities and different conceptual frameworks that guide their work on this issue. As far as employment is concerned, there is a tendency to assume that achieving objectives such as low inflation

³ Para. 610.

⁴ Para. 611.

or greater trade liberalization will also be the best and automatic way of contributing to the employment objective. There is no doubt that these are two important policy goals, but they are only a partial response.

Open unemployment remains high in many parts of the world, underemployment is still endemic in many developing countries, and problems of employment insecurity linked to informalization and structural adjustment have intensified. Tensions have arisen over the changing international division of labour, including migration and outsourcing.

The Commission makes a compelling case for an effort by all organizations involved in the issue to critically re-examine the status quo with an open mind and a serious commitment to exploring ways of achieving better growth, investment and employment outcomes. The ILO, as the international agency with prime responsibility for the advocacy of employment and social policies that combine social justice with efficient production, has an obligation to stimulate the active consideration of the Commission's ideas on policy coherence for decent work.

Moving forward

Following the discussion of the Commission's proposals at the March 2004 meeting of the ILO Working Party on the Social Dimension of Globalization, an initial round of consultations with partner agencies was initiated in April 2004. Although most organizations wanted time to reflect, first reactions have been encouraging. An update on progress will be provided to the Conference and Governing Body on exploratory technical work on the initiative. One idea is to convene a multidisciplinary task force composed of staff of the participating agencies working with leading economists and other professionals from business, labour, government and the academic world.

The main thrust of the proposal is that participating institutions should agree that the object of the exercise is to contribute to a fairer globalization that creates opportunities for all. It would concentrate on the way better policy management of the interrelationship between sustainable growth, investment and employment creation could best make a contribution to that goal.

A first step might be to agree on a checklist of policies that are clearly interrelated and yet fall within different institutional mandates. On that basis, a technical policy integration and coordination exercise would be undertaken to identify the appropriate balance and sequencing between key economic and social goals. It would look at macroeconomic, financial, trade, investment, labour market and related social policies, among others, to achieve higher and more stable growth and higher levels of employment.

The outcome of the discussions of such a task force would be submitted for discussion to the executive bodies of the participating institutions for further guidance. The ECOSOC and the CEB would be kept informed of the development of this policy coherence initiative.

Globalization Policy Forum

A second idea for promoting dialogue and an eventual convergence of ideas on how to expand the social dimension of globalization is behind the Commission's proposals for periodic dialogue and consultations in a Globalization Policy Forum (GPF) on the social dimension of globalization convening all important actors and institutions in the global

economy.⁵ Such a forum would provide a space “to bring together the agencies of the multilateral system ... with other organizations, groups and individuals who are concerned with the social dimension of globalization. It would assess the social impact of developments and policies in the global economy on a regular basis”.⁶

The Forum, as well as providing a platform for multi-stakeholder dialogues, would also tap the knowledge, resources and perspectives of all participating organizations in monitoring trends in the social impact of globalization and in analysing policy issues. Following on the Commission’s experience, the GPF could provide a meeting place for organizations and groups with divergent views to interact and discuss emerging social problems and alternative ways of tackling them. The Commission has specifically requested the ILO to take the initiative to follow up this recommendation in cooperation with interested international organizations.⁷

It is a recommendation worth considering, and there are many reasons why the ILO could play a useful role as a facilitator in getting the initiative going. The long history and experience of the ILO as a place for dialogue and agreement between sometimes sharply divergent views is well known. The range of economic and social interests on the ILO’s agenda also gives the Organization a large breadth of expertise. An additional consideration for the ILO itself in debating the value of the proposal is that it would enable the Organization to project its values and methods of work to a wide and influential audience, at the same time as gathering information and ideas from a wide range of actors engaged in different aspects of the globalization process. It would also reinforce our practical cooperation with other agencies. The outcome of the discussions at such a forum could be not only the articulation of diverse views, especially those that are seldom heard in international forums, but also a gradual convergence on what needs to be done to make globalization a force for positive change. It could become a constructive contribution to a fair globalization.

⁵ Paras. 619-622.

⁶ Para. 620.

⁷ Para. 621.

Chapter V

Constructing a socio-economic floor

One aspect of policy coherence that has received particular attention from the Commission is how to assure social protection and basic security in the process of globalization, as part of the broader effort to make decent work a global goal. The Commission recommends that countries develop stronger policies to cope with the social strains of globalization¹ and proposes that a certain minimum level of social protection needs to be accepted and undisputed as part of the socio-economic floor of the global economy.²

While the Commission does not define the socio-economic floor in any detail, it suggests three main components:

- fundamental rights at work and other civil and political liberties which guarantee that the voices of the marginalized and disadvantaged can be collectively expressed and therefore listened to in the development of economic and social policies;³
- for women and men of working age, employment policies which combat exclusion from the labour market, raise the incomes of the working poor and enable workers displaced by structural changes provoked by globalization to move to new jobs that fully utilize their capabilities; and
- social protection policies to ensure that all members of society enjoy a basic level of security in terms of income, health and other aspects of well-being.

The content of such a socio-economic floor would have to reflect national circumstances and possibilities and not be conceived in a uniform way. Nevertheless, the report suggests that in view of the importance to the shaping of a fair globalization of narrowing gaps in income and security between countries, and given the weak resource base of many less developed countries, international support for national efforts to build social protection systems needs to be developed.

A single simple definition of what would constitute a socio-economic floor cannot be achieved overnight. But the idea has powerful moral force. The Commission points out that basic security is a recognized human right, and yet today eight out of ten of the world's population still do not enjoy that right. This lack of social protection is a significant cause of hardship for workers and families unable to meet contingencies and risks. It is also economically inefficient. The high prevalence of preventable occupational diseases and accidents results in loss of working days and of income.

¹ Para. 287.

² Para. 491.

³ Paras. 288-289.

Productivity and economic growth suffer. The liberalization of markets, economic restructuring and intensification of competition associated with globalization have increased insecurity with respect to employment and incomes, thus further increasing the need for social protection. The continued spread of the HIV/AIDS pandemic adds particular urgency to efforts to build a socio-economic floor, and highlights the value of the ILO's code of practice on HIV/AIDS and the world of work.⁴ Action to prevent the spread of the syndrome and provide support and care for those living with HIV/AIDS and its consequences, especially orphans and grandparents, is only possible on the basis of international social solidarity.

Many of the elements of a global socio-economic floor are already the subject of ILO attention. The ILO's actions on fundamental rights at work, on employment, basic income and on different aspects of social security are all relevant. The questions which need to be posed are, first, how these different elements, taken together, can meet the needs of the wide range of groups that do not today have adequate means for basic security; and second, how they can reinforce each other, so that action on basic rights, for instance, enhances action on social security or employment. In other words, how do these different areas of action complement each other in such a way that they reach all people concerned, and how can they be built into coherent packages of measures?

Fundamental principles and rights at work

The Commission's report highlights the importance of accelerating progress towards the realization of fundamental principles and rights at work for all workers, both women and men. Freedom from forced labour, the abolition of child labour, the elimination of all forms of discrimination, and freedom of association and collective bargaining, are vital to human dignity, equality and security. They are also stepping-stones to the realization of other human and labour rights. We return to this in Chapter VII on labour standards, and so do not develop the issue here, but these fundamental rights should be considered as an integral part of any set of minimum conditions in the global economy.

Employment policies for a secure income through decent work

Income from work adequate to meet the essential needs of families is central to socio-economic security. In all societies, work provides the main source of income. In addition, work is a source of recognition and fulfillment for individuals. Abundant and remunerative employment opportunities for men and women are at the heart of a socio-economic floor. The achievement of full, productive and freely chosen employment must become a priority goal for global and national policies.

We are a long way from this. Open unemployment rates are unacceptably high in many industrialized, transition and middle-income countries. In most developing countries, the lack of opportunities in the formal economy leads to various forms of underemployment, characterized by unproductive work or casual employment in the informal economy. Many women and men work long hours for dismal incomes. Most women are doubly disadvantaged: they work much longer hours than men within and outside the home and usually for much lower wages or no remuneration at all. They also experience greater work insecurity.

⁴ ILO: Consensus Statement from the Tripartite Interregional Meeting on Best Practices in HIV/AIDS Workplace Policies and Programmes, Geneva, 15-17 Dec. 2003.

One method of measuring progress towards the goal of full employment as elaborated in the Employment Policy Convention, 1964 (No. 122),⁵ is to set targets for the employment rate as a share of the total working age population or various categories of workers. The European Union, for example, has set as a target a 70 per cent total employment rate for 2010, including a target of more than 60 per cent for female employment and 50 per cent for older workers (55-64 years). By the end of 2002, the EU had achieved figures of 64.3 per cent, 55.6 per cent and 40.1 per cent, respectively, for these categories.⁶ Using an employment rate benchmark enables countries to measure progress and assess the impact of policies designed to combat exclusion from the labour market. Although more difficult to apply in countries where employment data are hard to collect, notably those with a large informal economy, targeting employment participation assists in the design of policies focused on groups that are vulnerable to poverty as a result of marginalization from decent work.

As noted in Chapter II, the ILO has a wide range of programmes to assist countries in developing and implementing employment-oriented strategies and policies. In thinking through the concept of a socio-economic floor, employment policies to combat social exclusion, small enterprise development and the integration of the informal economy into the legal framework for investment, commerce and employment are of key importance. Renewed attention should also be given to mechanisms for establishing minimum wages⁷ and conditions of employment and promoting compliance with occupational safety and health standards. Proposals for the more equitable functioning of global production systems should also be designed to have positive effects on incomes and employment.

Globalization has increased the pace of economic restructuring in most economies. Unless effective policies are in place, such changes intensify hardship and insecurity for displaced persons, vulnerable enterprises and the communities in which they live and operate. We need an approach that goes beyond the idea of a social safety net to offer a subsistence income to women and men losing their jobs as a consequence of structural adjustment programmes. Effective social and economic restructuring policies comprise a wide variety of measures designed to enhance competitiveness and employability including technological upgrading, skills acquisition, provision of unemployment benefits, better labour market information and assistance with starting new businesses. Consideration might be given to ways of mobilizing funding that can be routed to localities in poorer countries hard hit by shifts in commerce or technology. Countries where policies are in place to manage the employment changes brought about by globalization efficiently and where there are fewer tensions are in a better position to

⁵ Article 1 of the Convention states that:

1. With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.
2. The said policy shall aim at ensuring that –
 - (a) there is work for all who are available for and seeking work;
 - (b) such work is as productive as possible;
 - (c) there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin.

⁶ European Commission: *European Employment 2003: Recent trends and prospects* (Luxembourg, 2003).

⁷ See C. Saget: *Can minimum wage policy reduce poverty?*, Labour Education 2004/1-2, No. 134, special issue on Poverty Reduction Strategy Process, Geneva, 2004.

reap the potential benefits of globalization, and avoid its costs, than those where that is not the case. Demand for the ILO's technical advisory services in these areas is increasing, and our capacity could be strengthened as part of an effort to respond to the Commission's proposals regarding a socio-economic floor.

Extending social security to the excluded

The Commission's report stresses that: "Good social protection systems are important if the benefits from globalization are to be distributed fairly within countries."⁸ This confirms the thrust of the resolution concerning social security adopted at the International Labour Conference in 2001, which identified the extension of social security to all those not covered by existing systems as a priority.⁹ A Global Campaign on Social Security and Coverage for All was launched in 2003 to give effect to the resolution.¹⁰ The campaign strategy is to encourage countries to undertake a comprehensive diagnosis of people's social security needs, the resources available to meet those needs and the various actors and institutions able to contribute to extending social security coverage. In developing countries the priority is to find ways of providing relevant and effective coverage to informal sector workers and their families. The basic options are starting or extending statutory social insurance, community-managed mutual health funds, and tax-financed social benefits. In most countries, a mix of these options linked in a national strategy is the most effective way forward. In some cases, private provision can also play a part but has a major limitation in building a socio-economic floor as it allows limited scope for sharing social risks and spreading the costs of financing social protection equitably.¹¹

While targeted national efforts can go some way towards improving social security for the deprived, they must be supplemented by international assistance if the goal of universal provision is to be attained within a reasonable time frame. The ILO is exploring the feasibility of extending social protection coverage to communities and informal economy workers through the Global Social Trust.¹² The idea behind this is to provide a minimum of essential health and income coverage by combining contributions from families and national authorities in developing countries with voluntary contributions from individuals and organizations in rich countries.

Four areas where the ILO has had positive experiences could make a major contribution to developing the concept of a socio-economic floor.

First, *community-based health insurance*. The demand for health insurance is strong, particularly among those without any form of protection. One option for workers and families in low-income countries is community-based social security schemes. The ILO has acquired experience and knowledge on the strengths and weaknesses of such funds. Their financial viability is often called into question if one considers these funds in isolation. However, innovative modalities have been introduced in some cases,

⁸ Para. 287.

⁹ ILO: *Resolution and Conclusions concerning social security*, International Labour Conference, 89th Session, Geneva, 2001, para. 5.

¹⁰ ILO: *Global Campaign on Social Security Coverage for All: A progress report*, Governing Body doc. GB.289/ESP/5, 289th Session, Geneva, Mar. 2004.

¹¹ W. van Ginneken: *Extending social security: Policies for developing countries*, ESS Paper No. 13 (Geneva, ILO, Social Security Policy and Development Branch, 2003).

¹² ILO: *A Global Social Trust Network: Investing in the world's social future* (Geneva, 2003).

combining local contributions, public expenditure and international assistance. Linking local initiatives with national insurance schemes is another method that merits further exploration.¹³

Second, *minimum pension schemes*. A number of countries have shown that minimum pension schemes financed from tax revenues for poor elderly persons, disabled people, single mothers and orphaned families affected by the HIV/AIDS pandemic are affordable. The manifold benefits of these schemes – from gender equality to family cohesion and school attendance – are well documented.¹⁴ The ILO could consider extending assistance to demonstrate the viability of these programmes in other countries and develop guidelines. Where fiscal constraints currently prevent such an option, proposals for international financial assistance should be elaborated.

Third, *cash grants for primary education*. Scores of millions of children are unable to go to school or complete basic education because of family poverty. Most of them are driven into some form of child labour. A few countries, most notably Brazil and South Africa, are considering or experimenting with schemes for cash grants to poor families tied to school attendance for their children.¹⁵ The ILO's International Programme on the Elimination of Child Labour (IPEC) has gained considerable experience with schemes that combat child labour by combining family support for education and other essential needs.¹⁶ There is scope for scaling up these successful initiatives to national levels and extending them to other countries facing similar problems. A combination of national efforts with generous international assistance is required.

Fourth, *reorienting public expenditure for expanding basic coverage*. Statutory social security systems, even with modest coverage, are faced with severe constraints of overall governance, technical and administrative capacity and financial viability. Although higher social expenditure can be financed through faster economic growth, the costs are often perceived to exceed fiscal capacity in the short term. In many countries, the first objective is not to increase spending but to reorient present expenditure towards basic coverage. There is sufficient knowledge and experience worldwide to enable social security systems to achieve long-term financial and administrative viability.¹⁷ The ILO can assist in making such expertise available when and where required. A code of good practice or basic principles in the management of social security schemes could be considered.

The way forward

A fair globalization will need mechanisms for spreading the benefits of growth to the least advantaged and ensuring that the costs of change do not fall disproportionately on any one group, especially those least able to adapt. A socio-economic floor for each

¹³ L. Steinwachs: *Extending health protection in Tanzania: Networking between health financing mechanisms*, ESS Paper No. 7 (Geneva, ILO, Social Security Policy and Development Branch, 2002).

¹⁴ E. Schleberger: *Namibia's universal pension scheme: Trends and challenges*, ESS Paper No. 6 (Geneva, ILO, Social Security Policy and Development Branch, 2002).

¹⁵ L. Lavinias, O. Tourinho and M. Lígia Barbosa: *Assessing local minimum income programmes in Brazil*, ILO, Socio-Economic Security Programme, June 2001; G. Standing and M. Samson: *A basic income grant for South Africa*, ILO Socio-Economic Security Programme, Dec. 2003.

¹⁶ ILO: *Investing in every child: An economic study of the costs and benefits of eliminating child labour*, (Geneva, IPEC, 2004).

¹⁷ E. Reynaud: *The extension of social security coverage: The approach of the International Labour Office*, ESS Paper No. 3 (Geneva, ILO, Social Security Policy and Development Branch, 2002).

country that connects to a framework of international support is likely to be a key part of a social dimension of globalization. The array of initiatives and actions described above provides a starting point, which needs to be extended and consolidated. To build a basic floor requires a well-conceived, coherent and integrated set of measures that delivers rights, widespread access to decent work and adequate protection against social and economic risks.

The first step towards such a programme would be to develop fully the concept of a socio-economic floor to the global economy. This should seek to provide answers to basic questions such as what it should consist of, what targets could be set over what time horizon, what the extent and proximate causes of current shortfall are, what the most effective policies are and what the cost is likely to be. On the last point, a recent preliminary estimate by the ILO is that about 2.0 per cent of the global Gross National Income (GNI) would be needed to furnish all the world's poor with a minimum of income security, access to basic educational services and access to basic health care.¹⁸

The next step would be to define an operational plan of action to support a fair and balanced participation of people and communities in the global economy. This would need to consider the design and application of complementary sets of policies to reach the large numbers of people currently without basic social protection. Given the global objectives of such a programme, the ILO should invite other interested international agencies to assist in developing the concept and a plan of action. Key issues would include the definition and costing of the types of action required at, respectively, the international and national levels; the scope for "scaling-up" existing ILO and other initiatives; and the development of a step-by-step approach to building a socio-economic floor for the global economy.

The ILO, with its tripartite constitution and focus on the three component elements of the socio-economic floor, is well placed to initiate the study and discussion needed to develop a constructive response to the Commission's proposal. The idea of social solidarity stretching over national boundaries may need time to take root, and calls for discussion and advocacy. But experience shows that ambitious goals today, if they are constructed on the basis of dialogue and consensus, may look natural tomorrow.

¹⁸ M. Cichon: *Reaching out to 100 million poor? Designing resource mobilization strategies to combat old-age poverty through universal pensions*, A concept note (Geneva, 2004, forthcoming).

Chapter VI

The global economy and the cross-border movement of people

The World Commission analyses in some depth increasing international migration, and concludes that this acceleration in the cross-border movement of people, which is taking place despite a tightening of controls by industrialized countries, is linked to globalization. It notes significant flows between developing countries, as well as from South to North. The Commission's report suggests that there is a large and productive agenda for multilateral action, and identifies three levels of discussion:¹

- revitalizing existing international agreements;
- developing dialogue between countries of origin and destination on issues of common interest on a bilateral, plurilateral, regional or global basis. The agenda could include information on and policy responses to labour market surpluses and shortages, obligations of migrant labour contractors, measures to combat trafficking, and the problems of illegal immigrants;
- preparing a process for a multilateral framework.

Cross-border migration has become one of the most important issues of debate on the international agenda, including that of the 2004 session of the International Labour Conference.² Every country has laws and regulations on the admission of foreigners, and controlling entry to its territory remains a defining characteristic of the nation state. While many countries are interested in attracting foreign workers, national governments are likely to retain final control of the numbers of people entering their territories to take up employment and residence. Nevertheless, the growing number of problems associated with cross-border movements of people, and in particular the scale of irregular flows, suggests that national regulations and existing international conventions and regional agreements have not created a satisfactory regime for the equitable management of migration. In the words of the Commission's report, "A major gap in the current institutional structure for the global economy is the absence of a multilateral framework for governing the cross-border movement of people."³

The ILO's Committee of Experts on the Application of Conventions and Recommendations, in its 1999 General Survey on the ILO's migrant worker standards and activities, suggested that there is a need to consider new approaches. This led to the Governing Body decision to initiate a general discussion on migrant workers at the 2004

¹ Paras. 428-446.

² See ILO: *Towards a fair deal for migrant workers in the global economy*, Report VI, International Labour Conference, 92nd Session, Geneva, 2004.

³ Para. 428.

session of the Conference. The setting up of a Global Commission on International Migration in January 2004 further demonstrates that the ILO's own process of reflection is part of increasing international consideration of whether some form of framework is needed to maximize the potential benefits of cross-border movement of people for migrants and their families, and for their countries of origin and destination, while minimizing the drawbacks and costs.

Searching for work in a global economy

International migration comprises many different types of movements across national borders. The principal ones involve: people fleeing oppression, war and famine; migration for family reunions; short-term service workers on fixed assignments; workers admitted for specific sectors for limited periods, such as work on farms or construction sites; highly skilled workers recruited by multinational companies or admitted under national quotas to meet skill shortages; and ordinary men and women seeking better economic opportunities, as they have done for centuries. Since all countries impose restrictions on the entry of foreigners, the excess demand for migration both for work and asylum has spilled over into vast numbers of so-called irregular migrants in many industrialized and developing countries. The desperate desire to escape from poverty has led women, men and children into the clutches of criminals engaged in human smuggling and trafficking and sex slavery, often carried out under conditions of extreme danger to the life and health of the migrant women, men and children.

The intensification of globalization has further facilitated international migration through faster travel and reduced transportation costs, better information on employment opportunities and higher living standards in the richer countries, and more generally through contacts with migrant friends and families. At the same time, in sharp contrast to historical experience and to growing liberalization of markets for goods, services, finance, technology and tourism, potential destination countries have reinforced barriers to migrants from poorer countries. This is, however, not purely a North-South issue, although much of the international attention has focused on this aspect. While Western Europe, North America, Japan and Australia have absorbed tens of millions of potential migrants, many developing countries and regions also host millions of migrants – both legal and undocumented – from neighbouring countries. The Republic of Korea, Hong Kong (China), Singapore, Malaysia and Thailand have provided work opportunities to large numbers of migrants, as have the Russian Federation, South Africa, Mexico and Argentina. The Gulf States have also hosted millions of migrant workers. The flow of migrants between African countries is considerable, prompting a major discussion in the African Union on the appropriate regional policies. Today the cross-border movement of people is truly a global phenomenon.

Existing instruments and initiatives on migration

The international community has undertaken a number of policy initiatives to deal with the issues arising from cross-border migration. At the global level, these have consisted of a Convention relating to the status of refugees (1951) and Protocol (1967), the two ILO Conventions (Nos. 97 and 143) on migrant workers, the International Convention on the Protection of the Rights of All Migrant Workers and their Families, which came into force in 2003, and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime (adopted in November 2000). These instruments have been supplemented by numerous bilateral and regional agreements on migration, of

varying scope and specificity, between countries in all parts of the world. The European Union and the United States have been particularly active in drawing up bilateral and regional agreements relating to labour issues, often as part of regional trade and economic integration schemes.⁴

Some initiatives are already under way to stimulate international efforts to address the problems associated with cross-border migration. The Commission on Human Security has underlined the need to improve laws and regulations on migration and to move towards a system based on internationally agreed rules.⁵ With the support of the United Nations Secretary-General, a Global Commission on International Migration has been established by a group of governments led by Sweden and Switzerland, and started its operations in January 2004. In Geneva, several agencies dealing with migration issues – the Office of the United Nations High Commissioner for Refugees, the Commission on Human Rights, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Office on Drugs and Crime (UNODC), the International Organization for Migration (IOM) and the ILO – have formed the Geneva Migration Group in order to be able to regularly consult each other on important issues and developments on asylum and migration.

The Commission's case for a multilateral framework for international migration

The Commission argues in its report that there is scope for the improvement of policies relating to international migration that could be beneficial to origin and destination countries and to migrants and their families.⁶ These include the expansion of schemes that would admit migrant workers for fixed periods and measures to promote remittances through reduction in transaction costs and risks, tax incentives for migrants to reinvest in their home countries, and the further adoption of policies in host countries to allow migrants to repatriate their social security contributions. Various other proposals have been made to facilitate the return of migrants to invest their funds and skills in promoting new businesses in their countries of origin.

In addition to efforts to intensify ratification and observance of the existing international instruments on refugees, migrants and human trafficking, the Commission proposes policy dialogues between countries of origin and destination on key policy issues of common interest.⁷ The Commission also proposes the initiation of a preparatory process towards a more general institutional framework for the movement of people across national borders.⁸ The ultimate objective would be to create a multilateral framework for immigration laws governing cross-border movement of people similar to those relating to the movement of goods, services and technology. Such a framework should seek to strengthen respect for human rights, promote employment beneficial to all parties and contribute to development. This work requires cooperation on various fronts within and between countries and international institutional frameworks. One of the major challenges in setting multilateral directions for migration policy is to reach a consensus on shared values and priorities on which a framework for joint action can be based and

⁴ For details, see the Report VI, op. cit.

⁵ *Human security now*, Report of the Commission on Human Security, May 2003.

⁶ Paras. 435-439.

⁷ Paras. 441 and 442.

⁸ Paras. 444-446.

which responds to the interests of sending and receiving countries and the migrants themselves.

ILO action on migration

The general discussion on migration at the June 2004 session of the International Labour Conference provides a timely opportunity for constituents to make recommendations on the ILO's future activities in this field, perhaps including a Plan of Action which the ILO and its constituents can pursue with a view eventually to contributing to the development of a framework for managing international migration acceptable to all. The Office report for the general discussion draws attention to the World Commission's proposals on the cross-border movement of people.

The discussions in June 2004 will provide further guidance for ILO work with the Geneva Migration Group. In cooperation with the other multilateral agencies and organizations working on migration, the ILO could explore what elements a global framework for migration might address. Furthermore, an open forum to clarify issues, discuss problems and opportunities and identify elements for the orderly international movement of people for work would itself be a step forward in building understanding of the many facets of the migration process. The ILO's position within the United Nations system, and its experience of labour market issues and international dialogue on social and economic matters, could help in framing a constructive exploration of issues and the gradual building of consensus as to how good practices in migration policy can be promoted worldwide.

This requires us to be active in an area of growing importance, and indeed of great complexity and sensitivity, given the diverse interests of sending and receiving countries and of the migrants themselves. It is a challenge to our tripartite constituency to work with interested multilateral agencies and other relevant organizations. This work must be coordinated with related on-going efforts in this area, most notably those of the Global Commission on International Migration. The political difficulties are clearly enormous. Moving forward will require a cautious step-by-step approach to identify, with the participation of all concerned, the "value added" of some generally accepted international principles that can help frame national policies, which will continue to be the key space for decision-making. But there are areas like the exploitation of migrant workers, law enforcement, trafficking, terrorism, crime and drug prevention where action urgently needs to be supported and reinforced.

Chapter VII

Strengthening the international labour standards system

Respect for international labour standards, and fundamental principles and rights at work in particular, is an important part of the Commission's proposals for the construction of a social dimension of globalization.¹ The report opens with a strong statement that "the governance of globalization must be based on universally shared values and respect for human rights". It highlights the values of human dignity, freedom, fairness, solidarity and equality that have inspired the ILO's international labour standards as an essential element of cohesive societies and the increased interaction of people and countries as a result of globalization.² A strengthening of the international labour standards system is recommended as part of the broader international agenda for development.

The Commission stresses the importance of international labour standards, built on the enabling rights promoted by the ILO's 1998 Declaration on Fundamental Principles and Rights at Work, as governance tools for balanced economic and social development.³ A number of studies show that respect for labour standards has positive effects on the motivation, security and skill levels of the workforce, and thus also on economic growth, efficiency and the distribution of income among workers and between workers and firms.⁴

The ILO is the acknowledged leader in formulating and promoting labour standards, not least because of its tripartite constitution and its 85 years of experience. There is a worldwide consensus that the ILO is the lead agency in the drive to further rights at work in a globalized economy. But as in other domains of social and economic policy, respecting the rights of all the world's workers and employers increasingly depends on the commitment of numerous global actors and institutions and their pursuit of supportive policies.

There is a strong international consensus in favour of sustained action to ensure the implementation of rights at work worldwide. The 1995 Copenhagen Summit unanimously defined human rights at work as freedom of association and the right to collective bargaining, the abolition of forced and child labour and the prevention of discrimination in employment and occupation. This initial international consensus was further developed in the 1998 ILO Declaration, which recognized that all ILO Members

¹ Paras. 414-427.

² Paras. 37-51.

³ Para. 288.

⁴ ILO: *Policies and social partnerships for good governance*, Governing Body doc. GB.288/WP/SDG/2, 288th Session, Geneva, Nov. 2003.

have an obligation to respect, promote and realize these rights.⁵ In addition, the various programmes of action adopted by the world conferences over the past 15 years, especially on children, social development and women, have also endorsed these rights as a foundation for equitable development.

The impressive rate of ratification of Conventions relating to core labour standards is a practical demonstration of the growing support for fundamental rights at work. The Commission's report states that "it is essential that respect for core labour standards form part of a broader international agenda for development and that the capacity of the ILO to promote them be reinforced".⁶ The report identifies four areas for action:

- Increased technical assistance programmes are needed to overcome lack of capacity to implement.
- ILO capacity should be strengthened for its supervision, monitoring and promotional work.
- Persistent violations, despite recommendations by the ILO's supervisory mechanisms, should, as a last resort, be addressed under article 33 of the ILO's Constitution.
- All relevant international institutions should promote core standards and ensure that no aspect of their policies or programmes impedes implementation of these rights.

These broad themes for the development of ILO means of action to strengthen respect for international labour standards are already under discussion in the ILO. The Commission's report nevertheless imparts added urgency to the consideration of a series of interrelated initiatives to reinforce the leading role of the ILO and its constituents in ensuring universal respect for fundamental principles and rights at work in particular and international labour standards generally. In this respect, the Global Reports under the 1998 Declaration, including the 2004 report *Organizing for social justice*,⁷ provide a number of relevant reflections and proposals.

Assisting countries in implementing labour standards

The discussion in the Commission's report on topics such as global production systems, migration, economic restructuring, labour markets and the socio-economic floor shows how labour standards are essential components of action on a wide range of global issues. The ILO will therefore need to reinforce its work at the country and regional levels to highlight the importance of respect for core rights at work in national development in the context of an increasingly integrated global economy.

The key to effective national action is strong, representative and democratic workers' and employers' organizations. The ILO's work to assist unions and employers in developing their structures and provide relevant services to members is an essential basis for its standards activities. The support provided to the social partners by public institutions is also vital in shaping the capacity of countries to give effect to international

⁵ Declaration, para. 2.

⁶ Para. 426.

⁷ ILO: *Organizing for social justice*, Report I(B), Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, International Labour Conference, 92nd Session, Geneva, 2004.

labour standards. Building up work inspection, labour courts and advisory, conciliation and arbitration services is frequently a necessary underpinning for local activists in the frontline of defending human rights at work.

Looking at the legislative side of action on core standards, a total of 144 member States have ratified at least one Convention in each of the four groups of fundamental Conventions, and 100 member States have ratified all eight. This has three important implications for further efforts to promote fundamental principles and rights at work.

First, campaigns for further ratifications can become increasingly focused as the ILO steadily approaches the goal of universal ratification of all eight fundamental Conventions. For example, over 90 per cent of ILO Members have ratified the four Conventions on forced labour and non-discrimination. The more countries that join those that have ratified all eight, and the nearer we approach 100 per cent ratification of the Conventions, the more force those instruments have. It should be possible, by 2015, to reach universal ratification of the Conventions on fundamental principles and rights at work as an integral part of the follow-up to the Millennium Declaration.

Second, many countries, as a result of ratification, have undertaken to fully reflect the fundamental principles and rights in national laws and practice, but still need to actually implement their international commitments. The ILO could help to promote an increasing focus on the quality of national implementation mechanisms through country analyses of law and practice on the fundamental Conventions, by encouraging tripartite discussion of such reviews and by developing technical assistance programmes to address some of the main capacity-building issues typically associated with problems of implementation of ratified Conventions. In addition, the ILO will continue to integrate rights into key programmes and projects on decent work. Such a process will also provide objective information on progress by ILO member States towards giving full effect to international labour standards.

Third, the ILO is facing more requests for assistance in designing labour laws and supporting institutional structures based on fundamental principles and rights at work. The ILO's largest technical assistance programme concerns the elimination of child labour (IPEC). Our operational capacities are already stretched by the increasing demands for help in implementing the now widely ratified Conventions on child labour. Similar support programmes may be needed for all the core rights identified in our 1998 Declaration.

In some cases, countries have asked the ILO to assist with programmes to promote core standards in connection with bilateral and regional agreements on trade and aid. The challenges for the ILO in responding to such requests are how to provide assistance to the tripartite partners in a manner that is sustainable and which builds national institutions that support respect for labour standards and the development of accompanying measurements, methodologies and systems. This involves identifying parameters and methodologies for measurement and reporting; developing the capacity of national institutions and actors; supporting national labour inspectorates in order to avoid excessive reliance on private or external monitoring; and resolving of disputes so that "bad practices" are improved in a sustainable, way leading to remediation and improvement, not the withdrawal of privileges.

Strengthening the international labour standards system

Efforts are under way to increase the impact, coherence and relevance of the corpus of labour standards and improve the supervisory procedure. A thorough review of labour standards carried out by the Governing Body has resulted in the identification of 71 Conventions and 73 Recommendations as fully up to date and proper targets for promotion, allowing the ILO to focus its efforts on them.

Occupational safety and health was selected as one of the areas of standards to be promoted in an integrated manner, mobilizing all ILO means of action. A global strategy on occupational safety and health was adopted at the 2003 session of the International Labour Conference. The Governing Body has decided to place on the agenda of next year's session of the Conference the development of a new instrument establishing a promotional framework in the area of occupational safety and health. Migration and youth employment have already been selected for similar discussions by the Conference. Another approach consists of a consolidation of standards in the area of maritime affairs. The process of reviewing and consolidating all existing standards related to maritime work should lead to a new overall standard which will be discussed at a forthcoming Maritime Session of the Conference.

Building on these developments, one can readily see that it is possible to move towards the identification of a more integrated set of international labour standards that capture the essential elements of the decent work approach.

Such an approach will enhance the efficiency of the established supervisory machinery. Along with increased assistance to constituents at the country level to follow up the supervision of ILO standards, this will connect the process of identifying shortcomings and problems more closely with action to overcome them as envisaged in the continuing discussions in the Governing Body.

Strengthening the link between the ILO's supervisory responsibilities and its promotional action at the country level will help to ensure that labour standards contribute to programmes of economic and social development. The compilation and exchange of country experiences in the processes of institutional development that are needed to give full effect to international labour standards can further strengthen the ILO's means of action. In this regard, an important focus for the ILO is the development of viable strategies to address the governance problems that underlie the growth of the informal economy in many countries. This will entail, among other things, assistance to employers' and workers' organizations active in the informal economy and the agricultural sector and the encouragement of productive activities within the safeguards provided by a recognized and applicable legal framework. ILO work with the international cooperative movement is another promising avenue for promoting productivity and enterprise as well as respect for labour standards.

Looking to the longer term, the modernization of ILO standards and their better integration in a coherent whole for greater efficacy raise the question of whether there may be room for framework instruments that would contribute to the normative dimension of the concept of decent work. The process of review may reveal the need for new instruments or instruments that contribute to a rational linking structure for existing Conventions and Recommendations.

Firm action on cases of grave and persistent abuse

As the Commission recommends, the ILO must remain vigilant regarding instances of grave and persistent abuse of fundamental principles and rights at work.⁸ This is clearly an area in which the ILO must continue to act firmly whenever circumstances demand. ILO Members have the means under our Constitution to place considerable pressure on governments that systematically fail to live up to their international obligations or disregard the Organization's supervisory mechanisms.⁹ This has been the case in the past with Spain, Chile, Poland, South Africa, Indonesia, and other countries. An additional means of action was set in motion for the first time, in 2000, when in the case of Myanmar, the International Labour Conference decided that the use of article 33 of the Constitution had become necessary.¹⁰ More recently, the Governing Body decided to establish a Commission of Inquiry for Belarus.¹¹

Promoting action by international organizations

The Commission's report puts strong emphasis on the need for international organizations to apply their mandates in ways that respect human rights in a manner consistent with their obligations under international law. It invites all the organizations of the multilateral system to "examine their existing procedures and current systems for the promotion and protection of universally accepted principles and human rights, in order to better implement them in practice, and to improve the international dialogue on shared values".¹² Although the multilateral agencies cooperate in many ways to promote fundamental human rights and international labour standards, they need to find a way to evaluate their experiences, review successful approaches, examine persistent obstacles, distil lessons for future action and consider more effective ways of working together in a promotional way on these issues. The ILO, as an organization involved in economic and social development based on the promotion of human and labour rights as a foundation for development, should continue discussion of such an agenda with partner agencies.

The growing recognition of the importance of labour standards to the development process has led several international and regional development banks to integrate fundamental principles and rights at work into their policies. The Asian Development Bank, for instance, has adopted a "Social Protection Strategy" calling for respect for ILO core standards, and is working with the ILO on ways to put that strategy into effect. Similar developments are under way at the International Finance Corporation, the Inter-American Development Bank and the European Bank for Reconstruction and Development. The World Bank has produced a toolkit on core labour standards, and is increasingly building respect for core labour standards into its work. Much remains to be done, however, to dispel misgivings that not all of the core standards are promoted with

⁸ Para. 426.

⁹ Article 33 of the Constitution states: "In the event of any Member failing to carry out within the time specified the recommendations, if any, contained in the report of the Commission of Inquiry, or in the decision of the International Court of Justice, as the case may be, the Governing Body may recommend to the Conference such action as it may deem wise and expedient to secure compliance therewith."

¹⁰ Resolution concerning the measures recommended by the Governing Body under article 33 of the ILO Constitution on the subject of Myanmar, International Labour Conference, 88th Session, Geneva, June 2000.

¹¹ ILO: *Record of decisions*, Governing Body doc. GB.288/205, 288th Session, Nov. 2003, para. 18.

¹² Para. 602.

equal vigour. It is therefore intended that cooperation will be implemented with regional and global agencies through joint research, training and information workshops and above all in joint action programmes at the country and regional levels. International and bilateral development agencies should also collaborate to support countries wishing to promote respect for core labour standards, for example, by incorporating them into key documents such as those of UNDAF, PRSPs and MDGs.

A good example of the potential for collaboration is the ILO's International Programme on the Elimination of Child Labour (IPEC). This Programme has greatly contributed to understanding the positive interaction that technical cooperation and normative action can have. Since its inception over ten years ago, IPEC has moved from individual projects towards larger-scale action which engages the tripartite constituents and mainstreams the aim of eliminating child labour into national development goals, frequently in collaboration with international partners such as UNICEF, the World Bank, the Inter-Parliamentary Union and UNESCO. As the recent ILO report "Investing in every child"¹³ has shown, countries that put resources into eliminating child labour today will reap the benefits tomorrow of higher labour productivity, less poverty, gender equality and faster economic growth. Building on this insight, the ILO should step up its collaborative work with other agencies to ensure that national programmes to eliminate child labour and advance respect for fundamental principles and rights at work in general are fully integrated into the drive to achieve the Millennium Development Goals.

¹³ ILO: *Investing in every child: An economic study of the costs and benefits of eliminating child labour* (Geneva, IPEC, 2004).

Chapter VIII

Mobilizing action for change: The role of the ILO

As Chapter I argued, responding to the proposals of the Commission to take up the challenge of shaping globalization places a responsibility on the ILO to give increased emphasis to the advocacy of the Decent Work Agenda nationally and internationally. The ILO's strength is the energy and commitment of the social partners – employment, labour and social affairs ministries, employers' organizations and trade unions. By providing comparative information and analysis, the Office is able to facilitate both the national policy-making process and the development of the international social and economic agenda.

The challenge facing ILO constituents is to modernize the way we work so that tripartism keeps pace with the changes provoked by globalization while also maintaining our capacity to help shape a path towards a fairer globalization. Strengthening, on the one hand, the involvement of constituents in the elaboration of international policies and, on the other, the Office's support for their engagement in national debates will together help ensure that the Organization as a whole moves the construction of a social dimension to the fore of the debate about the governance of globalization.

Throughout its report, the Commission stresses the importance of good governance at all levels, from the local to the global, for achieving its vision of a fair globalization. It makes wide-ranging proposals for enhancing the representative and participatory character of global multilateral institutions and increasing their transparency, accountability and effectiveness. This chapter first reviews how our Organization could mobilize the global community of work represented by the ILO's constituents to make a fair globalization and modernize the methods of work of tripartism. It then examines the ILO's governance structures against the goals of transparency and accountability set by the Commission. Finally, it offers some ideas on how the capacity of the Organization, constituents and the Office could be strengthened to respond to the expectations and recommendations of the Commission.

Social partnership in the twenty-first century

As it confronts the heightened social challenges of globalization, the Organization will need to rely more than ever before on the unique resources offered by its tripartite structure, values and traditions. The Commission's report offers the social partners both opportunities and challenges in shaping the course of globalization. The active engagement of the social partners in formulating ILO approaches and strategies, and in implementing them on the ground, will be a vital part of reshaping tripartism globally. The forces of globalization and rapid changes in technologies, production structures and work patterns in countries around the world pose difficult and complex challenges for the social partners. The ILO will wish to find ways and means to increase its support to

the social partners' organizing efforts and the training of union and employer organization staff with the analytical and representation skills needed today.

Unions organizing new members

The proportion of workers enrolled in trade unions has been falling in most countries. The relative proportion of workers in the self-employment and informal sectors has gone up. Service sector employment has increased, while the size of work establishments has fallen. The workers' organizations at the ILO, in their global and sectoral secretariats and at national levels, have increased their organizing activities and recorded many encouraging breakthroughs in reaching out to, for example, women in the service sector and workers beyond the formal economy. These efforts will need to be continued and expanded. It is in the interests of organized labour and of the ILO as a tripartite organization that the Workers' group increase its capacity to represent workers in the informal economy. The historic role of well-established trade unions is to help workers to form or join their own representative organizations to defend their interests and work in solidarity with the organized labour movement. In the era of globalization, organizing has become an international issue for trade unions.

Broadening the membership base of employers' organizations

Similar efforts are being made by employers' organizations to represent new types of enterprises. Over the decades, new forms of enterprise organization have acquired greater importance, with an increasing role for multinationals and the networks of enterprises in their supply chains. The critical role of small enterprises, including microenterprises, in both local production and employment creation is increasingly recognized today. The ILO and the employers' organizations have actively sought to develop programmes that respond to these categories of enterprise, including norms and codes of conduct for multinationals and an ambitious package of technical, organizational and financial assistance for micro and small enterprises. These efforts must be strengthened. It is critical for the ILO's action on globalization that the voice of the global economy's key enterprises – small as well as large, those operating only in their national markets as well as the multinationals – be fully reflected in its debates.

Increasing the representation of women

In both workers' and employers' organizations and government departments, active policies to encourage women to join and take up responsible positions are vital to the representativeness of the social partners. Gender mainstreaming is an important measure of the quality of an organization's governance. A few years ago, the ILO tended to lag behind other organizations in this respect, but significant efforts have been made in the past few years to mainstream gender in both the content of services to constituents and in the ILO's human resources policies.¹ The proportion of women in the professional staff, and especially in the higher echelons, has risen significantly. Gender has been treated as a cross-cutting theme in programming exercises. A major effort has been made to integrate gender issues in all substantive activities, from advisory services to operational projects. While a certain measure of success has been attained, much remains to be done.

¹ ILO: *Gender Audit 2001-02: Final Report*, Bureau for Gender Equality Internal Report (Geneva, May 2002).

Technical capacities of the social partners

Unions and employers' organizations need to offer services of a high professional standard to members and to have the capacity to analyse policy proposals from government or their social counterparts and develop alternatives. Especially during the early stages of growth, such services are difficult to develop from membership income. Support from the ILO can be invaluable in establishing the reputation of free workers' or employers' associations with potential recruits. The ILO, in particular through the work of the International Training Centre in Turin and the Bureaux for Workers' Activities (ACTRAV) and Employers' Activities (ACT/EMP), can provide very useful backing to workers' and employers' organizations at this critical phase of their development. Backing for government efforts to build advisory, conciliation and mediation and labour inspection services can also provide important assistance to the development of labour relations institutions.

Strategic alliances with civil society organizations

The relationships between social partnership and other non-state actors and institutions is an issue of continuing debate in many countries and internationally. The ILO cooperates with voluntary groups and NGOs in a variety of fields, from the elimination of child labour to local economic development. In the main this takes the form of ad hoc involvement in specific development projects, as well as through invitations to relevant organizations to propose specific agenda items for discussion at the International Labour Conference. In many countries, the ILO's social partners have extensive dealings with civil society organizations. Governments interact with them, not only nationally but also in other international forums. Likewise, trade unions engage in many cooperative activities with selected civil society organizations on a variety of issues of mutual interest. Enterprises and business organizations also work with NGOs on many projects, often in the growing area of corporate social responsibility.

For the ILO to play its full role in building a social dimension of globalization, a policy of strategic alliance building is needed. Among the Organization's potential allies are a number of civil society organizations. The ILO's constituents may therefore wish to consider developing a policy of outreach to selected civil society organizations where there is a shared concern on issues of priority to the Organization. As has often been stated, this is not about changing an ILO governance structure that works well; rather, it reflects beliefs that it will prove increasingly useful for the tripartite constituency to find ways to talk and listen to democratic civil society organizations in ways that are consistent with the goals of the Organization and of its constituents.

An issue closely related to the building of working relations with certain civil society organizations is the need for the ILO to have better relations with parliamentarians who, after all, vote on whether to ratify ILO Conventions. The international associations of parliamentarians are becoming more active and provide a useful interlocutor for the ILO. The Commission's report deals extensively with the monitoring role of parliaments with respect to intergovernmental organizations.

Social partnership and the governance of globalization

Strengthening social partnership is an important element in developing the role of voluntary associations in governance at the national and international levels. The Commission's report backs a number of the ideas put forward in the report of the Director-General to the 2003 session of the International Labour Conference *Working out of poverty*. However, the social institutions that are so essential to the efficient and equitable functioning of labour markets have attracted a relatively small share of

development assistance. The ILO will need to consider its future strategies for relations with the bilateral and international donor agencies. For example, the ILO may wish to build on the endorsement of the Decent Work Agenda in the *Guidelines on Poverty Reduction* of the OECD's Development Advisory Committee (DAC)² by deepening the conceptual understanding of the role of collective organizations of various types in representing and providing services for workers, micro-entrepreneurs and small businesses.

In industrial countries, employment patterns are changing with increasing rapidity, often as a result of forces directly related to increased economic openness. Social dialogue is an extremely valuable tool for the management of change. Although it is often called into action only when the risk of redundancies is high, it has proved its value in many successful companies as a mechanism for combining economic and social efficiency. The ILO has a special role to play in promoting social partnership for the management of change in an increasingly competitive global market.

The ILO's governance mechanisms

The Commission in its report calls for a more democratic, transparent, accountable and coherent multilateral system.³ It is important that all international organizations examine how they can ensure a closer connection between people's concerns and the actions taken through multilateral cooperation. These issues are complex and the Commission's report analyses the nature of the problems of the so-called "democratic deficit" at some length, considering issues such as country representation on executive boards, the availability of information and the accessibility of decision-making processes to representations by non-governmental organizations, and the role of national parliaments in scrutinizing the actions of their country's representatives. The report also addresses ways of improving the effectiveness of the system and the provision of adequate resources to meet enlarged responsibilities.

If we look at ourselves against these criteria, the ILO comes out reasonably well. Our tripartite character ensures a wider representative base than agencies with only governmental participation. As for country representation, our near universal membership ensures voice and participation by all countries, small and large. The selection of Governing Body Government members is done through the democratic process of secret balloting, with provision for geographical balance. The permanent membership of ten States of chief industrial importance ensures participation in the Organization's governing councils by some of its larger and economically more significant members and has not given cause for controversy, perhaps in part because these members have no veto or special voting rights. The representation of social partners in the ILO's Governing Body, with equal rights to those of government delegates, ensures that its work is informed by the experience and views of those directly involved in the production process.

Governing Body meetings are open to the public and documents are available through the web site. The resources planning mechanisms provide for a strong oversight of priority setting and implementation. Both internal and external evaluators, the latter usually for projects financed by extra-budgetary sources, make regular evaluations of programmes. Nevertheless, consideration could be given to examining ways of

² OECD/DAC: *Guidelines on Poverty Reduction* (Paris, Apr. 2001), para. 16.

³ Section III.2.4, paras. 525-582.

reinforcing the evaluation process, and providing it with greater autonomy. The ILO would benefit both substantively and in terms of credibility if it placed greater reliance on independent external evaluation. The idea that some activities should have “sunset” provisions related to priority-setting should also be explored.

In a formal sense, the governance mechanisms of the ILO seem well attuned to the demands for a closer connection between international actions and the people whose interests such actions serve. However, the ILO cannot afford to be complacent. A critical issue is the need for a significant increase in the representation of women in the ILO’s policy-making bodies. The Organization and its activities are not well known even within the international networks of employers’ and workers’ organizations. ILO publications are not widely cited in the literature on development, labour economics, industrial relations or social policy, and do not figure prominently in students’ reading lists. The ILO is mentioned quite frequently in debates and articles about globalization, but few of those referring to ILO standards in the context of corporate social responsibility display much knowledge of the standards themselves or of the system that backs them up.

Although the ILO cannot be said to be secretive, we can be criticized as inward looking, preoccupied with procedure, relatively slow in response, and having a style of expression that deters all but the most enthusiastic from discovering our ideas. The Organization might therefore be wise to reflect on how it could become more outward looking, better able to express and communicate its messages and faster in responding to demands of individual constituents, and also on the concept of tripartism itself as a tool for more effective governance. Not all these challenges can be addressed simply by improving the performance of the Office, although there is a need to constantly strive to improve the quality of the service delivered by the secretariat. A comprehensive response is intrinsically tied up with articulating the role of tripartism in the twenty-first century and thus of its international voice – the ILO.

Reinforcing capabilities and enlarging influence

The World Commission’s recommendations have opened up important new opportunities and spaces for the work of the ILO as a whole to promote a dynamic and outward-looking tripartism that seeks to help the global community shape a fair globalization. A shift in the profile of the Organization towards the advocacy of decent work as a global goal has important implications in terms of priorities and capabilities for the tripartite constituents at both national and global levels and for the Office. A detailed examination of the strategic directions for the Organization to be incorporated in its programme and budget of the future will take place at the November session of the Governing Body. At this stage it might nevertheless be useful to outline some of the main themes which will need to be considered.

Strengthening analytical capacity through enhanced networking

The ILO must strengthen its analytical capacity if it is to effectively follow up many of the Commission’s recommendations, at the same time as delivering on our existing agenda and the commitments made to constituents in our current programme and budget. This is true, for instance, of work on global and national macroeconomic policy coordination for growth and full employment, global production systems, new integrated approaches to adjustment, social protection and labour market policies and international migration. Enhanced capability is also needed to provide technical backstopping for

ILO-initiated national, regional and global policy dialogues. And there remain numerous gaps in our understanding of the social and labour impact of global economic, financial, trade, technological and environmental policies.

The challenge can be met by a combination of approaches, the most important of which is to take advantage of the potential of globalization itself, in the shape of rapid communications and the ease with which global networks can be built. The potential of the tripartite constituency to engage with these issues at the global level can be strengthened both through capacity building and through networking. It is important for the Office to work with governments and workers' and employers' organizations worldwide to improve their capacity to formulate and implement policies and programmes in the new thematic areas highlighted in this report. By linking and integrating the work which is being done by constituents in different parts of the world on these issues, the capabilities of the Organization can be multiplied.

Global research networks on particular topics, which bring together the expertise of leading research centres from around the world, can be an important instrument for raising the Organization's technical capabilities. Not only can they directly contribute to the knowledge base of the ILO, they can also stimulate interest on the social dimension of globalization among the world research community, provide access to high-quality expertise and help build national research competence in developing countries. Working with multilateral organizations and United Nations institutes, such networks could help fill gaps in our knowledge of how different aspects of globalization are impacting on employment, poverty and income distribution within and across countries. They could also undertake studies on the thematic issues, referred to above, of particular interest to the ILO, and enrich the forums and dialogues discussed above. The International Institute for Labour Studies has a key role to play in developing such research networks and a review of its work is currently being undertaken by a task force set up by its Board to address this issue.

Advocacy, outreach and alliances

Globalization also opens new spaces for wider partnerships and alliances around programmes of common interest. As the Commission has emphasized, the process of globalization has spawned numerous stakeholders. Labour, business, global civil society, professional and academic institutions, think tanks, foundations, consumer and investor groups, women's associations, parliamentarians, environmentalists and multilateral agencies all have a vital interest in the future course and social consequences of globalization. They are all potential partners and allies in the financing and execution of programmes of common interest. The institutional proposals made in the Commission's report on creating global forums and policy dialogues envisage the participation of such stakeholders. It is suggested that the ILO should follow a vigorous policy of forging alliances and partnerships with numerous institutions and individuals that share its concerns and objectives on the social dimension of globalization.

Better and more timely information

Reliable and adequate data on key aspects of the social dimension of globalization are needed for policy formulation, background research and for monitoring performance and progress, including meeting internationally agreed targets such as the Millennium Development Goals (MDGs). Work undertaken by the secretariat of the World Commission to collect and collate relevant data should be followed up as part of a more systematic effort to improve the current statistical and information-gathering system in the ILO. This can also enable the ILO to review and monitor progress in achieving the

decent work objectives worldwide and the impact on them of changes in global rules and policies.

Underlying the improvement in the availability of internationally comparable information is the reinforcement of national data collection capacities. In many countries, statistical services were severely out back during the era of fierce budget squeezes and must now be rebuilt with national funding and international support.

In addition to collecting and presenting data, the ILO needs to ensure that data are accessible to users both as disaggregated figures and in the form of analyses of current trends.

The skills profile of the Office

As well as improving its links with outside research networks, the Office will need to strengthen its own technical capabilities to implement a programme for a fair globalization. In some areas, such as labour standards and social security, the requisite expertise is already available, even if it needs to be expanded. But in some other areas, such as economic restructuring, global production systems and global full employment policies, the Office will need to increase the number of top class economists, lawyers and statisticians. There is also need for officials who have multidisciplinary experience or training and can integrate social, economic, gender, development and environmental perspectives.

Capacity-building services for constituents

The Turin Centre is already offering a wide range of courses for a diverse clientele, but with particular emphasis on building the capacities of the ILO's constituents. It should be in a position to expand the coverage of its courses to the new areas discussed in earlier chapters. The International Institute and Departments can also contribute to this effort in cooperation with the Turin Centre. New technologies offer many possibilities of extending the benefits of these learning and capacity-building exercises to a larger and more diversified audience.

Financial resources

Follow-up proposals in response to the Commission's report will comprise a mix of activities. Some are currently under way or can be accommodated within the Programme and Budget for 2004-05 through a shift in emphasis or focus. But many important recommendations of the Commission call for the development of new activities. This is especially the case with proposals concerning international migration, global production systems and global policies for growth, investment and jobs, as well as the proposals relating to new initiatives, dialogues and forums.

There is therefore a need for reflection on future priorities. The instruments needed to take this forward are available, in the shape of the Strategic Policy Framework for 2006-09, which is currently in preparation for discussion at the November 2004 Governing Body session. The first step will therefore be to prepare that document in the light of the views expressed at the Conference and during the Governing Body discussion of the World Commission's report in March 2004. The second step will be to design the Programme and Budget for 2006-07 accordingly. At the same time, the Working Party on the Social Dimension of Globalization will be well placed to examine policy issues on which further consideration and debate are required.

A starting point for these debates is a realistic assessment of the resources at the disposal of the ILO against the role outlined by the Commission and the level of demand for our services. Compared to 25 years ago, in 1978-79, the ILO budget has been cut by 15 per cent in real terms, although during this period 48 States have become Members. Regrettably, for more than a decade the ILO regular budget has been stagnant in real terms.

With the long-running squeeze on regular budget resources, the ILO has sought to respond to demands for its services through extra-budgetary resources. Many of the proposals made in the Commission's report address urgent and priority themes in the current debates on globalization. In particular, there is a growing consensus among key actors and institutions that the social dimension of globalization must be addressed more vigorously to ensure more equitable distribution of benefits. Initial indications suggest considerable interest on the part of bilateral and multilateral donor agencies, foundations and other grant-giving bodies for supporting innovative and action-oriented initiatives to bring about the necessary reforms in the processes and patterns of globalization. The Office is developing a strategy for raising extra-budgetary funds to implement some of the priority policy proposals. The initial response from the donor community has been quite encouraging.

The Commission's report places the ILO at a crossroads. It has made a convincing case that the only sustainable globalization will be one founded on fairness. Furthermore, it argues that the core of people's perception of the impact of globalization is formed by whether they are able to find and keep decent work. Within the slowly emerging system of global governance, the ILO has a leading role to play in promoting decent work for all. If the view of the Commission commands broad support across the global community of work represented by the ILO's constituents, we will have to find the financial resources to meet the challenges before us. The gravity with which the Commission analyses the risks of instability posed by continuing along the current path of globalization obliges us to ask whether the ILO will be able to rely on a realistic level of regular and extra-budgetary resources to carry out the tasks placed before it and provide the services requested by Members.

Appendix

References to the ILO in the World Commission's report (relevant paragraph numbers given in parentheses)

Direct references to the ILO (including references to the ILO and calls on the ILO)

ILO Declaration on Fundamental Principles and Rights at Work and core labour standards

- rules-based globalization, including ILO Declaration on Fundamental Principles and Rights at Work (40);
- protect and promote the rights of workers by adherence to the ILO Declaration (373);
- reinforce ILO capacity to promote core labour standards (426);
- strengthen ILO capacity and resources to supervise, monitor and promote core labour standards and the ILO Declaration (426);
- use article 33 of the ILO Constitution to enforce core labour standards in case of persistent violations (426);
- ILO and United Nations Commission on Human Rights to examine existing procedures to better implement universally accepted principles and human rights and improve international dialogue on shared values (602).

International migration

- revitalize and extend multilateral commitments to protect migrant workers (441);
- ILO to lead in preparatory process for a multilateral framework for the movement of people (446 and 444);
- policy dialogues on building a multilateral framework for the cross-border movement of people, engagement of ILO (and other organizations) (616).

Corporate social responsibility

- ILO to convene a forum to develop practical agenda around the contribution of business to the social dimension of globalization (557).

Policy coordination

- ILO mandate under the Declaration of Philadelphia recalled (508);
- ILO to develop new instruments and methods to promote coherence between economic and social goals (513);
- ILO (and other relevant organizations) to undertake national reviews of the social implications of economic, financial and trade policies (606); national ownership is indispensable (606);

- Executive Heads of the ILO (and other organizations) invited to address the question of global growth, investment and employment creation through a Policy Coherence Initiative (611);
- ILO and other organizations to establish a joint research programme on the impact of trade on quantity and quality of employment and gender implications (628).

Global social dialogue

- ILO to research and monitor developments in global social dialogue and provide advice and assistance (566).

Globalization Policy Forum

- ILO to take initiative in cooperation with other organizations (621).

Follow-up to the Commission's report

- ILO and other interested organizations to give operational support to follow-up (630).

Implied references to the ILO

(either in references to international organizations, or in references to areas of relevance to the ILO mandate)

Millennium Development Goals (MDGs)

- United Nations organizations have a responsibility to take forward the Millennium Declaration on making globalization a positive force, the abiding challenge of the twenty-first century (597);
- accountability of international organizations to MDGs (478);
- move towards a common understanding of a socio-economic floor for the global economy (476).

Policy coherence

- all international organizations should apply their mandates in ways that do not place their members in contradiction with obligations contracted in other international instruments and treaties (603).

Global production systems

- international organizations and other actors to work together to promote decent work, investment and trade, including in EPZs (501);
- enhance opportunities for domestic firms in global production systems (258).

Employment

- convert global opportunities into jobs and income (279);
- two-pronged strategy to maximize the rate of growth of new jobs with above-poverty incomes, and raise productivity and incomes of those in sub-poverty employment (285);
- growth, enterprise development, poverty reduction and the creation of decent work for all to be treated as high priority for action at the global level (492 and 497).

Education

- reinforce international action on free and compulsory primary education of good quality for all children (486);
- action to increase schooling and skills needs to go hand-in-hand with action to reduce child labour (274).

Social protection

- international action to develop national social protection systems in developing countries (490), and to invest in the retraining and economic restructuring to promote more equitable adjustment (490);
- a certain minimum level of social protection needs to be accepted and undisputed as part of the socio-economic floor of the global economy (491);
- unemployment insurance, income support, pensions and health to be given priority to cope better with the social strains of globalization (287).

Accountability of international institutions

- international institutions need to be accountable to the public at large as well as to their own governing bodies (526);
- all UN agencies to strengthen their evaluation units (529).

Civil society and the United Nations

- explore innovative methods of civil society participation in and interaction with the multilateral system (572).

Corporate social responsibility

- strengthen voluntary initiatives through credible reporting mechanisms and performance measures, improved methods of monitoring and verification, broad industry partnerships (555).

Decent work, a global goal

- build a global strategy for sustainable growth aimed at achieving decent work for all (492).

Good governance and freedom of association

- every effort should be made to remove obstacles to the growth of representative organizations of workers and employers, and to fruitful social dialogue between them (240);
- proactive measures are needed to promote the growth of representative organizations of the poor and other socially disadvantaged groups (240);
- there is a particular need to ensure that workers and employers in the informal economy have the right to freedom of association and collective bargaining (268).