
Committee of the Whole on Crisis Responses

Thematic dialogue 10: Shaping a fair, inclusive and sustainable globalization

Main challenges

Dramatic falls in international trade, foreign investment, migrant workers' remittances and flows of migrant workers are major factors in spreading and deepening the world recession. Many of the forces that have driven the globalization of the last ten or 20 years are currently in reverse gear. Maintaining an open market system for the world economy is likely to require important changes to the framework of policies and rules that govern globalization. For the ILO, the key issue is whether the changes under way and in discussion will improve and stabilize an environment conducive to the generation of decent work for all as envisaged in the 2008 ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration).

The widespread recognition of the policy failures that led to the crisis is stimulating new thinking, while the need to get economic and employment recovery rapidly off the ground is accelerating the pressure for change. The time is right to review current international policies, institutions and practices with a view to securing a fair, inclusive and sustainable globalization.

A major concern is to ensure a more coherent and stable international macroeconomic and financial environment. This is important in order to step up growth and employment and ensure high priority can be given to efforts to reduce poverty and inequalities. Vigorous, transparent and accountable national policies can have strong employment creation and poverty-reducing effects, but their autonomy and scope can be restrained by factors such as competition among countries for foreign investments and the short-term bias of financial markets in assessing the long-term viability of a country's public spending on, for example, social services.

Similar constraints result from incoherence in the policy advice given to countries by different international organizations and the lack of clear mechanisms for macroeconomic policy coordination. The critical challenge is to build up a system that encourages outward-looking international cooperation for the generation of decent jobs and, at the same time, minimizes the risk of economic nationalism and inward-looking protectionism.

The current crisis has shown that there are weaknesses in the international financial architecture that affect its capacity to support sustainable enterprises and employment generation. A supportive international financial system should provide stable sources of international liquidity; in particular, it should ensure that multilateral finance and development assistance are available to assist countries that need to engage in countercyclical policies. The evaluation of the employment effects of trade and financial market policy, as recognized in the Social Justice Declaration, is an important concern for the ILO.

A supportive system should also give advance warnings of the need for action to prevent a build-up of systemic risks, for example by reducing perverse and excessive forms of incentives in financial firms that encourage excessive risk-taking and speculation. For a fair and sustainable globalization, it is imperative that financial markets operate within a framework that rather creates incentives for productive investment in large and small sustainable enterprises that generate decent jobs.

Green jobs – i.e. jobs that contribute to preserving or restoring the environment – are another important element in the design of a fairer and more sustainable world. The transition to low-carbon, eco-efficient economies is already on its way and is proving to have a large potential for employment generation. However, the shift to environmentally sustainable economies will require political will and public support. That means: (i) international frameworks to ensure fairness in sharing the costs of adjustment between poor and rich countries; (ii) national measures to assist enterprises and workers in making the transition to a greener economy and encourage the introduction of new technologies and skills; and (iii) platforms for dialogue and participation by those who are most directly involved.

Patterns of response

Important steps towards more effective international cooperation were made at the G20 London Summit last April. Leaders at the Summit established key principles to correct deficiencies in financial regulation and announced an ambitious financial package – reaching up to US\$1 trillion – to stimulate economic recovery. They also recognized the importance of greater cooperation among international organizations in particular in addressing the human dimension of the crisis. In this regard, they requested the ILO to “assess the actions taken and those required for the future”.

A further agreement at the London Summit was “on the desirability of a new global consensus on the key values and principles that will promote sustainable economic activity”.

The social dimension of globalization is a long-standing concern of the ILO. The Social Justice Declaration, putting forward a framework where the ILO’s fundamental objectives – rights, jobs, protection and dialogue – are integrated in a coherent approach, has imparted a further strong momentum to Members’ efforts to reshape current policies and institutions.

The Declaration also recognized that other international and regional organizations can have an important contribution to make to implement such an integrated approach. Indeed, the Office has been playing a leading role in encouraging policy coherence and convergence among the agencies of the multilateral system and other international organizations towards the central objective of Decent Work. This is valuable experience that could be used to promote a stronger multilateral response to the crisis.

Several countries are including green components in their economic stimulus packages with a view to countering unemployment while rebuilding and renewing infrastructure and facilities to make them more energy efficient. These investments could leave a legacy of energy-efficient infrastructure, rehabilitated ecosystems, renewable energy sources, and enterprises and workplaces more resilient to climate change. Through its Green Jobs Initiative launched in partnership with the United Nations Environment Programme (UNEP), the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC), the ILO is engaged in providing a platform for dialogue and interaction and in assisting governments, employers and workers

from around the world to seize the opportunities of green jobs and overcome the challenges of transition.

Future policy development issues

The Decent Work Agenda – covering issues of job creation, social protection, social dialogue and workers’ rights – is a practical reminder to policy-makers of the need to maintain a balance between economic, financial and social concerns. A Global Jobs Pact could provide a focus to meet the worldwide concern about jobs and to strengthen consensus on a rapid exit of the crisis. It could also be a central element to set new foundations for a more stable, equitable and prosperous global economy.

The ILO is responding to the request by the G20 leaders to work in cooperation with other international organizations to assess national policies in the field of employment, labour market and protection of the most vulnerable. As part of its own efforts to make employment and social policies central to crisis response, the ILO will continue to promote greater coherence and convergence in the policy approaches and the operations of relevant international organizations around the central objectives of the Decent Work Agenda. In this regard, it will be important to closely link the Green Jobs Initiative to the implementation of fiscal stimulus packages and the UN-wide strategy to address climate change through coherent policies and programmes.

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References

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