PERSPECTIVES ON DECENT WORK

Statements by the ILO Director-General

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I believe that open economies, open societies and new information and communication technologies have brought many benefits and opportunities. But the fact is that these benefits are not reaching enough people, and too many have little access to the opportunities of the global economy. Making markets work for everybody is a global challenge addressed to government, business, leaders in labour and civil society, and most especially to international organizations.

The ILO’s response seeks to harness the dynamism of open markets and open societies with the processes of inclusion, equity and social justice. It is summarized in the concept of “decent work”. Decent work is the convergence of four interdependent strategic objectives encompassing rights at work, employment, social protection and social dialogue. It is a sustainable growth and development agenda endorsed by the General Assembly of the United Nations in the Review Session of the World Summit for Social Development, 1995.

The statements assembled here deal with the interaction between the global economy and the world of work.

The first text, a submission to the Third World Trade Organization (WTO) Ministerial Conference, held in Seattle in 1999, provides an overview of decent work in the global economy. Then, in a presentation to the United Nations Conference on Trade and Development (UNCTAD), decent work is explored in the context of the development agenda. In India, I was able to elaborate on the “people perspective” of decent work and on the challenge of constructing the social pillar of the global economy. The ILO on its own cannot realize decent work — in fact, it is founded on the idea that successful policies are interconnected, complementary and country specific. This sets a major challenge for the multilateral system: to develop the analytical and political capacity for integrated thinking by institutions whose experience and mandates lie in very diverse policy fields. I presented these notions in an address to the staff of the World Bank. The next text recapitulates some of the earlier ideas and responds to some of the points which emerged in the debates of the Working Party on the Social Dimension of Globalization, set up by the ILO’s Governing Body.

The two final texts develop decent work issues in relation to the concerns of the ILO’s worker and employer constituents. The first is a presentation to
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the World Congress of the International Confederation of Free Trade Unions (ICFTU) in South Africa, stressing the importance of labour standards and workers’ rights within the Decent Work Agenda. The second is an address to the General Assembly of the Federation of Employers’ Associations of Geneva. It develops the concept that decent work for all can only be achieved through effective partnership with enterprise, in a shared response to the challenge of globalization.

The texts are reproduced here with only minor editorial changes.

I hope that, through this collection, the ILO’s message on decent work as a contribution to the globalization of social progress will reach a wider audience and stimulate a global commitment to its realization.

Juan Somavia
Geneva, January 2001
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GLOBALIZATION AND INEQUALITY

Globalization poses major challenges to multilateral system

The advantages of open economies and open societies are an accepted reality for most. What is now becoming increasingly evident is that the benefits are not reaching enough people. Globalization has created extraordinary new opportunities for businesses and consumers, which have been a major driving force behind recent growth in the world economy. But the inequality of opportunity has been just as extraordinary, both within and between countries. There is a growing recognition that unless questions of unfairness and inequality are addressed by the global community, the process of international integration itself may be rejected by increasing numbers of countries and people. Imagination and creativity will be needed to meet the overriding challenge: that markets must work for everybody. The ILO's past and present efforts can contribute to this goal.

Spreading and deepening growth

In spite of the undoubted benefits that trade liberalization and other aspects of globalization can confer, in terms of a better allocation of resources, greater economic efficiency, and higher growth, it has failed to deliver fully on the goal of "raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand". Evidence is accumulating that globalization is widening inequalities between industrialized and developing countries. In particular, the least developed countries have remained largely excluded, while the gains enjoyed by the rest of the developing world have been small and much less than hoped

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1 From the preamble to the Agreement establishing the WTO. There are similar goals in the founding charters of other international economic organizations.

for at the conclusion of the Uruguay Round. This gives strong support to efforts to make a possible Millennium Round also a Development Round. Improved market access, more extensive transitional arrangements, and greater technical assistance for developing countries are all important pre-requisites for faster growth and thus poverty reduction.

Rapid change in the world of work

But growth is not enough. Although the causation is by no means clearly established in all cases, globalization has been accompanied by a host of social problems, many of which are related to the world of work. In many countries increased global competition has led to job losses which have often been concentrated in particular industries and communities, thus magnifying their negative impact in media depictions. At the same time, the compensating mechanisms promised through market forces, namely the creation of new jobs and the smooth redeployment of displaced workers to these, have often been weaker and slower than anticipated. In these circumstances the overall employment situation has deteriorated. In many developing countries without systems of unemployment insurance or adjustment assistance to workers, the social pain of these labour market developments has been particularly acute. In addition, hundreds of millions of the working poor and their families, on the margins of developing country labour markets, are largely bystanders rather than participants in the growth of the world economy.

IMPACT OF INTENSIFIED COMPETITION ON LABOUR MARKETS

Growing sense of insecurity

The emerging global economy has brought increased uncertainty and insecurity. They are no longer the sole preserve of the socially excluded. Today they reach deep into middle-class attitudes and reactions. Many parents fear that their children may not have a better life than their own. Business leaders in traditional industrial and manufacturing sectors have doubts about where their businesses are heading. Many workers, in both North and South, feel caught in a race to the bottom, and believe that intensified global competition is exerting downward pressure on working conditions and labour standards.

Weakened bargaining position of workers

Intensified international economic competition has brought about increasing recourse to flexible employment arrangements that are often less secure and provide fewer social benefits than regular jobs. Another problem has been the rise in income inequality observed in many developing and
industrialized countries. The causes of this phenomenon are still poorly understood but one contributory factor is the weakening of the bargaining strength of labour. This has come about because of the increased exit options available to capital in a globalizing world economy. In some cases, violations of core labour standards relating to freedom of association and the right to bargain collectively on the part of governments seeking to attract foreign investment have made matters worse. The reduced bargaining strength of workers often results in their being denied a fair share of the gains from openness to international competition and economic growth.

With global integration of production, smaller businesses, especially in the developing world, struggle to survive. The liberalization of foreign direct investment has added to the competitive pressures faced by local firms, including small and medium-sized enterprises, especially in developing and transition countries. While the longer-term benefits of this process are likely to be positive, they initially cause job losses through the restructuring and loss of market share among local producers. In addition, there have been cases where new job creation by foreign firms has been less than anticipated due to the adoption of technologies that have been more capital and skill intensive than might be desirable given the underlying factor proportions in developing countries.

**Impact of global financial markets**

By far the biggest impact on social development has come from the effects of increased financial liberalization, especially the freeing of capital accounts. This has led to the growing frequency and severity of financial and economic crises in the 1990s. As shown by the recent Asian crisis, these events have resulted in sudden and severe economic downturns that have inflicted heavy social costs. Apart from exposing the dire consequences of neglecting social protection, the crisis has also highlighted the value of sound labour market institutions, especially systems of collective bargaining, dispute prevention and resolution, and social dialogue, in both preventing and coping with the consequences of economic crises.

**THE ROLE OF THE ILO**

Reinvigorating the ILO’s contribution

In the face of these formidable social and labour problems there is much that the ILO can do, and indeed has done. The new thrust of the ILO’s programme, which has received the full support of its three constituents — employers’ and workers’ organizations, and governments — is to promote opportunities for decent work for all women and men. Decent work means work which is carried out in conditions of freedom, equity, security and human dignity.
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Four strategic objectives

How can the goal of promoting decent work be achieved? In the ILO it is seen as the synthesis of four strategic objectives:

- achieving universal respect for fundamental principles and rights at work;
- the creation of greater employment and income opportunities for women and men;
- extending social protection; and,
- promoting social dialogue.

These objectives are closely intertwined: respect for fundamental principles and rights is a precondition for the construction of a socially legitimate labour market; social dialogue is the means by which workers, employers and their representatives engage in debate and exchange on the means to achieve this. Employment creation is the essential instrument for raising living standards and widening access to incomes, social protection, and the means to provide security of income and of the working environment. In addition, gender equality and development are themes that cut across the strategic objectives.

An enabling environment for productive investment

The focus on decent work naturally implies a major emphasis on enterprise development and the importance of creating an enabling environment for productive investment. Training and skills development and support for emerging small and medium-sized companies are critical. But enterprise development in an open world economy encompasses new challenges, not least of which is to go beyond the outmoded idea that entrepreneurship and workers' organization are conflicting objectives. Uncertainty for business and for working families is a drag on adaptation which can only be overcome by a broader vision of the productive value of policies that promote both social justice and innovation. Increasingly, enterprises are recognizing that sound social policies and industrial relations are good for business. And they are naturally turning to international bodies like the ILO to help work out responses to these challenges.

Translating a global perspective into national policies

The ILO's four strategic objectives can provide the social foundations of the global economy. This interdependence between social and economic progress has been widely reflected in the ILO's work. A clear indication of the ILO's concern was the decision of its Governing Body to establish a Working
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Party on these issues, which began its work in 1994. Within this framework, studies on the social impact of globalization were conducted in seven countries and the reports discussed in tripartite meetings held in each country. The results of the studies demonstrated the potential benefits from trade liberalization and globalization, but they also highlighted the need for policies to address negative distributional and labour market impacts. Several countries have initiated follow-up activities with the assistance of the ILO and other United Nations agencies in order to implement a policy response to these challenges.

CORE LABOUR STANDARDS

Promoting basic human rights at work

The first ILO strategic objective concerns fundamental principles and rights at work, and a major contribution of the ILO has been the promotion of core international labour standards: freedom of association and effective recognition of the right to engage in collective bargaining, together with the elimination of forced or compulsory labour, child labour, and discrimination in employment or occupation.

Global objectives require system-wide follow-up

The World Summit for Social Development, held in Copenhagen in 1995, identified the seven basic ILO Conventions on these issues as the social floor of the emerging global economy. By doing so, it highlighted the principles and rights they contain as global objectives to be pursued by the international community as a whole. The WTO was one of the first to grasp the significance of this, when trade ministers meeting in Singapore in 1996 renewed their governments' commitment to the observance of internationally recognized core labour standards, and affirmed their support for the ILO's work in promoting them. The ILO has moved forward since Copenhagen and Singapore to adopt the 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up, a reaffirmation of core ILO values by the countries of the world.

The ILO Declaration: A decisive step

This Declaration is a decisive step towards universal respect of these rights, even by countries which have not ratified the relevant Conventions:

- it recognizes that all ILO Members have, by their very acceptance of the ILO Constitution, an obligation to respect, realize and promote freedom
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of association and the effective recognition of the right to engage in collective bargaining, together with the elimination of forced or compulsory labour, child labour, and discrimination in employment or occupation; and

- it is accompanied by a follow-up designed to concretely pursue and encourage countries’ efforts towards these objectives. The success of this promotional approach, which explicitly rules out the use of the Declaration for protectionist purposes, will of course depend on the mobilization of sufficient support and assistance both within the ILO and in other organizations.

Renewed drive on child labour

Another major development was the unanimous adoption by the 1999 International Labour Conference of a Convention on the worst forms of child labour (forced labour, sexual exploitation, illicit activity and dangerous work), extending and reinforcing the ILO’s capacity to tackle these intolerable practices.

Core labour standards and globalization

The observance of fundamental principles and rights at work is of major significance in the context of globalization. First, it will directly hasten the elimination of the most inhumane labour practices such as the worst forms of child labour and forced labour that have outraged the conscience of the international community. Secondly, through guaranteeing freedom of association and the right to bargain collectively, it will create the negotiating power necessary to eliminate the many forms of unacceptable labour practices that still exist, whether in export industries or elsewhere in the economy. Thirdly, this countervailing power will contribute significantly to redressing the central problem of an uneven distribution of the gains from trade and economic growth. Fourthly, there are wider benefits to be reaped, such as the contribution of a free labour movement, independent employers’ organizations and the absence of discrimination to ensuring greater democracy, more transparent (and hence more efficient) public policies and better social protection.

Defusing tensions in open world markets

In all the above ways improved observance of core labour standards can make a significant contribution to alleviating many of the social problems that are at the root of the disenchantment with globalization. Moreover, apart from defusing a potential backlash against globalization, building a consensus for the observance of fundamental principles and rights at work across the world will eliminate an important source of friction that could disrupt further moves to open world markets.
PROMOTION OF EMPLOYMENT

Creating the environment for employment growth

The second strategic objective is the promotion of employment. The emphasis given by the ILO to this objective is based on its central position as a source of livelihood and social integration. But at the same time, without full employment or at least steady growth in employment creation, which in turn is largely dependent on a global economic environment that promotes sustainable growth, improving labour conditions and achieving other social objectives will be extremely difficult.

In the context of an integrating global economy

The promotion of employment is closely related to the process of integration in the global economy. International flows of capital, knowledge and labour all critically affect the potential for employment growth, but also underlie the increase in competitive pressures and the widespread need for industrial restructuring. So the evolution of the international trading environment is a key element to take into account in designing employment strategy.

Working with governments, businesses and unions

The ILO has outlined its approach to the challenge of employment and insecurity in its World Employment Reports, which stress the need for comprehensive employment strategies. In its current work, the ILO is concentrating on assessing four crucial determinants of employment within an expanding knowledge-based economy: globalization, macroeconomic policy, the transformation of production systems and enterprise strategy, and human resource development. A major concern is equality of access to employment and labour markets, particularly gender equality. In order to mainstream employment objectives into national strategies the ILO is undertaking country employment policy reviews which deal with national problems of employment, unemployment and poverty in an integrated manner. These reviews are prepared jointly with the governments and with the employers’ and workers’ organizations of the participating countries, so as to ensure that the national employment strategy is not only technically and financially feasible, but also actively involves different social actors to reach a broad consensus.
Rethinking social protection to answer concerns about security

The third strategic objective concerns social protection. For globalization to work, people must feel secure and must be able to take advantage of new and changing opportunities. If there is one demand that is universally shared, it is for security — a demand which encompasses the workplace and the labour market, income and consumption, the family and integration in society. Decent work implies security in the workplace and security of livelihood.

New approaches linked to fundamental changes in the world of work

And yet socio-economic insecurity is growing. Some of the new anxieties reflect economic trends, including changes due to globalization and increasing instability of international financial markets. Others have their roots in some labour market developments, including the spread of more flexible and informal forms of work. Much anxiety results from the inadequacy of social protection systems, including the fact that a growing majority of the world’s population is excluded from coverage by statutory social security schemes, notably most of those in informal production and employment.

Building a social security platform for economic change

These trends and policy failures make it urgent to look for new and innovative ways of promoting socio-economic security as the basis of social justice and economic dynamism. Basic security for all is essential for decent work and decent societies, and for sustainable development. Creating basic security is advantageous for employers, who can secure more cooperation and efficiency, vital for workers — because it is a dimension of human dignity — and essential for governments, which can thereby achieve a better balance between competing policy objectives.

Anticipating dangers for the most vulnerable

These are domains where the ILO’s work on social protection, including social security and safety at work, plays a vital role. For instance, in the wake of the Asian financial crisis the ILO’s work has demonstrated the need for institutions for security such as unemployment insurance to be in place ahead of the crisis in order to reduce its impact and ensure that the costs are not borne by the poor and vulnerable. In developing countries social protection can bolster stability, minimize social unrest and help countries adjust more easily to economic, social and political change. ILO efforts to render workplaces safe, to defend basic conditions of work, and to put in place institutions to ensure
income security in sickness and old age therefore also contribute to economic development, enabling industries and enterprises to restructure and raise efficiency, and workers to accept change more easily. In this way, people's security makes an important contribution to the stability of the global economy.

SOCIAL DIALOGUE

New forms of social partnership in the era of globalization

The fourth strategic objective refers to social dialogue between labour, management and government in its many forms around the world. Achieving the objectives of decent work for all requires strong social partners and effective social dialogue. Despite the ILO's past efforts, and the efforts of the ILO's tripartite constituents, there remains a widespread lack of recognition, understanding and support for the important role of social dialogue, especially social dialogue involving workers' and employers' representatives and government, related to the design and implementation of critical economic and social policies.

Involving those most affected by globalization in policy-making

Too many important social and economic decisions affecting the work and lives of people are taken without consulting those most concerned. Those involving the global economy are an obvious case in point. This weakens the credibility of the social partners and has negative consequences for the economic and social development these decisions are intended to promote, because of the lack of commitment and ownership among the people who in the end are affected by them. As the issues with which social actors are concerned increasingly relate to or are affected by international economic developments, these will occupy an ever larger space in national and local social dialogue; and dialogue on these issues will take on increasing importance at the international level, where the ILO remains the primary forum. The ILO's work in this field involves reinforcing the capacities of workers' and employers' organizations, as well as governments, for analysis of these issues, and promoting dialogue through the development of institutions and mechanisms at national and international levels. In these efforts, the ILO's tripartite constituents draw upon and interact as appropriate with other actors in civil society.
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HISTORICAL PERSPECTIVE

Recalling the lessons of the past

Underpinning the four strategic objectives which constitute the axes of its current work, is the ILO’s long-standing recognition that its own efforts need to be supported by multilateral cooperation and the right economic and financial policies. As noted in the Preamble to the ILO’s Constitution adopted in 1919, “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”. The two decades before the First World War were a period of very rapid expansion of world trade. The appalling conditions of work prevailing at the time, and the interaction between labour standards and international competition, were major motivations that drove efforts during that period to set up an international mechanism to promote social justice. The ILO’s normative activities were the product of these efforts. They are based on a system of voluntary obligations which, once accepted, are subject to systematic and democratic supervision. The ILO’s perspective has always been long term. It is based on international consensus as well as national dialogue.

The original vision of the role of the ILO in the post-1945 international architecture

This perspective was reinforced by the experience of the 1920s and 1930s when the abuse of human rights and the rise of protectionism paved the way for the Second World War. When the ILO adopted the Declaration of Philadelphia in 1944, it broadened its mandate beyond direct labour policies to include the examination and consideration of economic and financial policies in its work. That Declaration, which was incorporated into the ILO Constitution in the same year, contains several injunctions to the ILO to deal with the interrelationship between economic and financial policies, on the one hand, and labour and social policies, on the other. After defining the fundamental objective as that of attaining conditions under which “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”, the Declaration went on to state that “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”. It further states that “it is a responsibility of the International Labour Organization to examine and consider all international economic and financial policies and measures in the light of this fundamental objective”. In addition the Declaration pledges “the full cooperation of the International Labour Organization” with international
bodies entrusted with the responsibility for “measures to expand production and consumption ... and to promote a high and steady volume of international trade” (emphasis added).

A MORE EFFECTIVE INTERNATIONAL SYSTEM

Shaping the forces of an international market for social development

Substantial as these ILO contributions outlined earlier have been, their impact could have been enhanced through greater policy coherence within the international system. A basic reason for this is the interdependence between economic and social policies. Social progress is in many ways dependent on a high and stable level of economic growth in the world economy. This is a prerequisite for achieving full employment which plays a strategic role in giving people a sense of participation in society and a direct claim to the fruits of economic progress.

Recognizing the value of social capital in market systems

Less well recognized, but no less important, is the value of social capital for economic efficiency. Economic growth that does not deliver commensurate social progress is likely to breed political and social instability that will halt the process. In particular, the economic liberalization that is required to sustain high economic growth will not be viable without simultaneous action to contain its negative social effects. Another important connection between the economic and the social spheres lies in the fact that enlightened social policies such as investments in human development have a high pay-off not only in social but also in economic terms. Moreover, democratic and transparent governance, including the sound labour institutions that are an important component of it, constitute the essential underpinnings for the efficient functioning of markets, for achieving continuous improvements in productivity, and for maintaining social justice and stability.

The need for integrated solutions

The integrated problems of economic growth and development therefore cannot be tackled with sectoral solutions. Development is not just about trade, or just about investment, or just about production. It is about all of these things, but also about building social and economic institutions for governance and participation. It is about employment and social integration, about creating economic incentives which promote social goals. It is about investing in capabilities, skills, knowledge, health. It is about looking for synergies between social and economic progress. In the ILO’s field of work, that means, for
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instance, showing that safer jobs are more productive jobs; that child labour undermines longer-term economic capability; that effective policies for gender equality lead to more dynamic economies; that a more secure population is also more willing to adjust to economic needs. In such an integrated response, the goal of decent work provides a way to build social standards into development and into effective participation in the international economy.

Identifying and developing social and economic policy synergies

As part of this agenda, the international community has to develop more effective ways of encompassing the interdependence of social and labour objectives, on the one hand, and the dynamics of the global economy, on the other. The frameworks which govern and regulate the global economy, whether they concern trade, international capital flows, international migration, communications or intellectual property, cannot be interpreted only in economic terms. Their social impact is an essential part of their legitimation and a major factor in their evaluation. At the same time, the design of social and labour policy has to take into account their direct and indirect economic effects. Good social policy is an integral part of economic efficiency.

Getting started

This sets an agenda both for the international community and for its national counterparts. The different organizations and agencies of the international system bring different perspectives to bear on these issues. By working together, we can show better how different dimensions of economic and social progress are mutually supportive and contribute to a process of development in which everyone participates and benefits. The ILO has already been actively involved in analysis and discussion of the social dimensions of globalization for many years. Because of its tripartite structure, it is well placed to contribute to objective assessments of these issues. The next stage will be to promote policy synergies among the organizations which deal with international aspects of economic and social policy in order to address the social impact of globalization.

Next step: A multilateral initiative

The ILO is prepared to participate in a multilateral initiative which would permit more integrated approaches to be developed at different levels, such as:

• inter-organizational efforts to pool knowledge and undertake joint research;

• analytical frameworks for international policy development;
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- policy packages at the national level, encompassing international and macroeconomic issues, as well as development, poverty reduction and decent work.

The future agenda of research and technical assistance will need to support these new policy developments. This is the challenge the international community faces in the opening years of the new millennium, and one in which the ILO is prepared to play its part.
OVERVIEW

I am convinced that if we are to build a better world there has to be a sea
change in the attitudes of those of us responsible for public policy at both the
national and international level. We need to approach policy issues with a more
caring eye, to be less technocratic, more sensitive to the way people see their
problems, to look at issues from the point of view of ordinary men, women
and children, and to understand how our decisions will affect their lives. We
know enough about market fundamentals — it’s time to pay attention to the
fundamentals in people’s lives. We need to address the daily concerns and
anxieties of individuals and families. Take the case of unemployment.
Aggregate figures on the level of unemployment conceal the human suffering
that underlies them, the psychic pain of the loss of dignity and status that it
inflicts on the unemployed person, the economic hardship and stress on
personal relationships it imposes on families, and the social pathologies that
it breeds in the form of crime and drug addiction. We have to be constantly
sensitive to what unemployment implies for people and communities. I firmly
believe policy-makers must be much more socially aware of the human impact
of different policy options.

Adopting this people-centred perspective will also lead us to a better ap-
preciation of the root causes of the growing social backlash against the pre-
sent form of globalization. An increasing number of people across the world
are feeling a heightened sense of insecurity and anxiety. They are bewildered
by rapid changes affecting their lives which they don’t fully understand. They
sense that no one is really in charge of what is going on as they observe the
waning capacity of international organizations and of national and local
government either to prevent or ameliorate the consequences of social disrup-
tions such as sudden and severe financial crises and abrupt plant closures that
so hurt communities.

It is not only the poor and the excluded who have been affected. Perceptions of uncertainty are spreading across societies and have deeply
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touched the lives of the middle class. Young people barely out of school have
to recycle their skills. The knowledge economy and the informal economy are
growing at the same time. Businesses in the knowledge-based sectors can take
advantage of the global economy, but business leaders in the old economy are
less optimistic about the future. Many experience globalization as a threat to
labour standards, to their working conditions, to their rights and to their live-
lihood itself. These anxieties are found even in economies such as the United
States, which have shown rapid growth in incomes and employment.

Amidst this bewildering swirl of change some social values which were
once perfectly functional have been transformed for the worse by the ascen-
don ethos of individualism and competitiveness. For example, personal res-
ponsibility is essential for ensuring that all members of society contribute to
the common good to the best of their ability. But its application was tempered
by a sense of social solidarity towards those less able or who were in eco-


 nomic distress through no fault of their own. Nowadays, however, this restraint
has been eroded. Innocent victims of economic change are now increasingly
being branded as losers and failures. Their plight is regarded as of their own
doing, and hence they are undeserving of social sympathy and solidarity.
Never mind the deep personal suffering this implies for the affected indivi-
duals and their families. This defines an important new challenge for our
times, that of finding effective ways of reaping the benefits of increased
economic competition without sacrificing social cohesion.

I find these developments deeply troubling. They threaten to destroy the
support that most people have given to the ideas of open economies and open
societies. If this comes to pass, the economic and social loss will be immense.

How can we avert it? I am convinced that the answer lies in adding a
social pillar to the evolving governance structure of the global economy. The
technical revolution that is driving the globalization of production and econ-
omic exchange is irreversible, and this is all to the good since it is opening up
vast new opportunities for material progress. Even so, with this new leap in
technology, we need to be careful with the digital divide it has generated. But
there is nothing inevitable about the policies which accompany globalization.
They are the result of conscious choices and can be changed if we want to
spread the benefits of globalization to more people. Policies should cease to
be dictated by the economic fundamentalism that has inflicted so much need-
less social pain in recent times. There is need for full respect for the social fun-
damentals that are the ultimate guarantors of human welfare.

We need to change a wide range of policies. Financial policies should be
gereed towards stimulating productive investments that generate decent jobs
rather than towards sustaining the casino economy of short-term movement in
the international financial markets. It should be possible for structural adjust-
ment policies to be successful without putting the major burden on the poor
and vulnerable. The international trading system should not continue to
exclude the least developed countries from receiving their share of benefits.
Short-sighted policies that reduce investments in social capital and unduly limit the redistributive role of the State can also be adjusted. We have to make the markets work for a growing number of people. An important step towards this goal of introducing more socially sensitive policies is to understand the limits of the present sectoral approach to economic and social policy, and move towards an integrated approach. In the field of integrated thinking, the multilateral system has been underperforming and needs to take the lead by collaborating to develop this badly needed holistic approach to policy.

In broad terms, I see these as some of the shifts in basic policy stances that are required in order to begin constructing a real social pillar and not piecemeal policies. More concretely, I believe that the strategic instrument for dissipating the growing social disenchantment with the present form of globalization is to accelerate the rate at which decent work is created in the global economy. What people across the world want most is decent work, yet the present form of globalization has patently failed to deliver on this.

DECENT WORK

Decent work is not an intellectual idea. It is not merely a concept or a notion. It is the most deeply felt aspiration of people in all societies, developed and developing. It’s the way ordinary women and men express their needs. If you go out on the streets or in the fields and ask people what they want, in the midst of the new uncertainties that globalization has brought upon all of us, the answer is, work. Work to meet the needs of their families in terms of safety and health, educate their children, and offer them income security after retirement, work in which they are treated decently and their basic rights are respected. That is what decent work is about. And it’s about reaching everyone. If you think about it, everybody works. Some of that work is done in large firms, some of it is informal and a lot, because it is done in the home, usually by women, is not even recognized as work. But all of those people have the right to decent work.

To move in that direction we must acknowledge that we all share some basic values. So there is a universal social floor, one which we believe should apply everywhere, because it is a question of basic human rights — freedom from oppression and discrimination, freedom of association, the right of children to learn and develop rather than work. But decent work is more than that, because it captures the aspirations and possibilities of each society, reflecting different cultures, visions and development choices. The threshold of what is seen as “decent” advances with economic and social progress, and reflects the priorities which each society sets.

I have the privilege to be the first Director-General of the ILO to come from a developing country, so I instinctively approach issues from a devel-
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developmental perspective. All of us in developing countries have had to suffer from simplistic, often purely economic solutions delivered by experts and advisers who often do not really understand differences in cultures and realities. People across the world are vitally concerned with the preservation or promotion of values or goals which have no price in the global market: environment, culture, security, freedom, knowledge, identity. We have to set goals in ways which are sensitive to differences, so that we can work together without trying to force humanity into the straitjacket of a "one size fits all" solution. That is essential if there is to be true ownership of social and economic policies by people and nations. Decent work is sensitive to those differences. It reflects the goals of people in a way which recognizes the diversity of those goals in different societies, and sets them within a common understanding of the priority of social development.

THE NEW GLOBAL ECONOMY

Let me now elaborate on the central point which I made at the outset, that the global economy has performed poorly in meeting people's aspirations for decent work. Globalization is delivering enormous new opportunities, particularly as a result of the information and communication revolution in technology. But there are many reasons for concern. Unstable global financial systems have generated crises with enormous social costs in terms of unemployment and poverty, as workers and business people in Thailand and other countries of this region know only too well. Economic activities have become informalized and jobs more precarious in a search for competitiveness. Inequality has continued to widen both within and between countries. How far that is due to globalization is a matter of controversy, and some countries such as the Republic of Korea and Malaysia have bucked the trend. But the fact remains that in most countries the share in total income of the richest 20 per cent has been rising over the last 30 years. Both the UNDP with its Human Development Report and UNCTAD have done important work documenting this. This trend is bad news for the poor, but it is also bad news for growth, because more and more research is showing that inequality reduces growth.

What has been going on? First of all, the benefits of globalization have been highly concentrated, and many developing countries have failed to benefit at all. While the share of developing countries in manufacturing exports rose in the 1980s and 1990s, from 9 to 22 per cent, just a dozen countries accounted for all of the increase. The same dozen countries accounted for over 80 per cent of foreign direct investment in the mid-1990s. Most developing countries have been unable, and some unwilling, (but that is not typical), to take advantage of the opportunities of the global marketplace.

At the same time, as markets become less stable and financial flows more volatile, security and protection have suffered in many labour markets.
Informal employment has been rising steadily in recent years in the large economies of Latin America such as Brazil and Argentina, where it accounts for over 40 per cent of all wage work. This informal economy has grown up in many countries alongside the small-scale, low-productivity activities which are usually thought of as the informal sector. Globalization has generated fewer opportunities for rural workers, and may have adverse side-effects on employment security and the viability of subsistence farming. There is also pressure to adopt production technologies and forms of work organization which are less employment intensive and direct employment creation is reduced.

Some countries which have successfully taken advantage of global markets, such as in pre-crisis East Asia, have an impressive record of growth and employment creation but the precariousness becomes evident. Employment creation has not always reduced income disparities, while opportunities to put basic social protection systems in place have been missed. Meanwhile, competitive pressures are often used as arguments against extending trade union rights. The results, in terms of reducing poverty, unemployment and exclusion, have been disappointing to say the least. Trade expansion has certainly created jobs, but its effects have been very uneven. In many countries, skilled workers have found it much easier than the unskilled to take advantage of the new opportunities in the global economy. Unemployment is at historically high levels in many parts of the world. The absolute numbers of poor people continue to rise.

In the light of these results, it is not surprising that many developing countries see the process of globalization, in which they are mostly eager to participate, as weighted against them. The world trading system is seen as essentially unfair. Without a common trust in the global process, negotiations on the development of the trading system become increasingly difficult. And these perceptions are also starting to emerge as a backlash in the streets. The social legitimacy of the process is in question, and movements opposed to globalization are strengthening.

This does not mean that globalization will stop. On the contrary, it is continuing apace driven by the market and by technological forces. Many people are benefiting. Yet history shows that once tensions build up in economic and political systems, the outcome is unpredictable. When economic forces move out of line with social institutions, ultimately something has to give. And at the moment, in an economy which is increasingly global, the governance gap is growing.
It would be misleading only to talk about the downside. There are important new opportunities for promoting decent work in the new global economy. Some of them are already starting to have an impact. Others need to be nurtured. Let me just mention two.

The first is the knowledge economy. The development of new services built around information and communications is loaded with unique opportunities. Developing countries can at last leapfrog, with wireless technologies keeping investment costs down. Employment in telecentres and telecottages is expanding in many developing countries. There are 9,000 small telecentres in Senegal; Internet-based business opportunities for women in Saudi Arabia; the massive software industry in India; mobile phones for rural women in Bangladesh. Networks are created which support local enterprise development. Conditions are favourable for gender equality. But there are two preconditions if, as Nelson Mandela put it, we are to "ensure that this global revolution creates a worldwide information society in which everyone has a stake and can play a part". One concerns skills — the knowledge economy needs broad competencies, and everyone has to have access to them. In the end, people rather than technologies make the difference. Education and training systems have to change fast. The other condition is basic security. Security is needed because it encourages innovation and investment. Societies which are grounded in freedom, solidarity, safety and trust are best placed to take advantage of the knowledge economy, because they can create the flexible but stable social environments and production systems which are needed.

The second is the increasing interlinkage between firms and consumers across borders, which is an important feature of the global economy. When we talk about international trade, it is easy to forget that most trade actually occurs, not in the pure market of the textbook, but within chains of producers and distributors. How these chains work depends on management decisions, networks, values and institutions as much as on supply and demand. These factors have an enormous impact on how many jobs are created and just how decent those jobs are. There are cases where pressure from trade unions or from consumers at the top of the chain has led directly to improved conditions of work, employment protection and the extension of basic rights among subcontractors at the bottom. ILO estimates suggested that multinational enterprises directly employed 26 million workers in the mid-1990s, with backward and forward linkages creating another 1.6 jobs for every job created directly. Production chains can also help to disseminate good practice, especially since many improvements in job quality very quickly pay for themselves because they increase productivity and worker commitment.

All this is particularly important for employment in small firms. That is where most jobs are created today — figures vary from 70 per cent to 100 per cent in different parts of the world, but the quality of those jobs is uneven to
say the least. If small firms are linked to large firms with high standards, skills, knowledge and good practices can flow between them, helping small firms use decent work as a strategy to participate effectively in the global economy. There is a high road available out there, and small firms need to be helped to take it.

These are just two examples. There are many others. It is possible to make the global economy work for people. I think most of us here recognize that. And if it is possible, we need to find ways to make it happen. Not just to talk about it. We need to talk about it too, to build a consensus on where the problems lie and what needs to be done. But the ultimate test, on which both national actors and international organizations will be judged, lies in whether we succeed in making it happen.

PUTTING SOCIAL GOALS INTO THE EQUATION

In the last two decades of the century we have moved from an international economy, in which national economies interact in a global market, to a global economy, in which many of the relationships and mechanisms are themselves global in nature. Transnational enterprises produce globally, according to shifts in costs and markets. Financial transactions pay little attention to national boundaries. International trade routinely grows faster than national production. Technology flows across borders little impeded by attempts at national control. There have been consequences for all dimensions of decent work — rights, employment, protection and dialogue.

To solve the problems of the new global economy we have to put social goals into the equation, as well as economic ones. This was already clear at the end of the 1980s, when structural adjustment programmes in many developing countries had ended up increasing poverty and insecurity. The first steps to redress the balance were taken by the great global conferences of the 1990s Rio, Vienna, Cairo, Beijing, Copenhagen — which put social development back on the map. When I launched the idea of the World Summit for Social Development in the early 1990s, it was difficult to convince people that this was a priority. But by 1995, the largest meeting of heads of State in history declared that production and economic growth were not ends in themselves: they had to meet the needs of people for rights and justice, for participation, for a decent environment, for social integration, for employment. Today it is only a small fringe which believes that globalization will deliver social goals on its own. We have come a long way. But we still need to convert recognition of the problem into effective action.

The first step to decent work is employment. Spreading the benefits of globalization more widely will depend, perhaps more than anything else, on the capacity of the global economy to create good-quality jobs. Employment
and different forms of sustainable livelihood is the first and most important step in the struggle against poverty and social exclusion. The failure of globalization to deliver a steadily increasing number of productive and remunerative jobs throughout the world requires urgent priority attention. International policies are required to reduce economic instability and counter the growing inequality associated with globalization. National policies are required to provide the institutions and incentives which can support sustainable job creation. A key element is the promotion of small and medium-sized enterprises, since this is by far the most fecund source of job creation. We badly need a global breakthrough in disseminating the most effective means for promoting the growth of small and medium-sized enterprises. Although in discussions of globalization most attention is focused on urban employment, the rural sector is just as important in many developing countries. For marginal peasant farmers and landless labourers, who constitute the bulk of the poor in most developing countries, a high rate of growth of productive employment will increase their chances of escaping poverty through migration. Combined with rural development policies to enhance the capacity of small farmers to seize new export opportunities and to increase rural non-farm employment, this can be a powerful means to reduce poverty. Similarly, a high rate of growth of productive employment will also help people who are eking out an existence in the informal sector. They will have more prospects for moving to a better job, while the higher rate of economic growth that drives job creation will also have a positive spillover on productivity and incomes in the informal sector as a whole.

As you can see, I set the Decent Work Agenda firmly within the development agenda. That is true not only for employment, but also for social protection, basic rights and social dialogue.

Take social protection. The experience of the East Asian crisis has shown that without decent social protection, financial crises are deeper, cause more suffering, and are more difficult to recover from. So protection for those who lose their jobs is directly productive in both social and economic terms. The same is true of improved safety at work. Every year, more than 1.2 million people die of work-related accidents and diseases, and 160 million fall ill. The poorest, least protected — often women, children and migrants — are among the most affected. Yet successful businesses the world over, in developing as well as developed countries, show that if codes of practice on working conditions and safety and health are followed, this can contribute significantly, often decisively, to business success. This is not a luxury. Nor is it a safety net. Safety nets are fine if the majority of people have adequate security in their jobs. When the majority of people are lacking basic security, safety nets don’t solve the problem. Social protection is a development issue, a question of inclusive development. Innovative ways can and must be found to provide effective minimum income security to the vast majority in developing countries who are currently excluded from formal systems of social protection. The same is true of participation and dialogue, and assuring basic rights at work. These are not only yardsticks of decent work and goals in their own
right, but they also help build support for the achievement of other social and economic goals. It is a question of legitimacy. People everywhere want their rights respected. In the end, a process of development which creates jobs but does not respect rights loses popular support.

The World Summit for Social Development in Copenhagen in 1995, first spelled out the social floor to the global economy. It identified seven ILO Conventions concerned with basic rights in four areas: freedom of association, forced labour, discrimination and child labour, and upgraded their political status. It thereby established the realization of this social floor as a common objective of the world community. This was followed by the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted in 1998, intended to further the same goals. This Declaration is an instrument for development, based on promotion and partnership in putting rights into effect in all countries, regardless of whether they have ratified the relevant Conventions. It provides for the regular monitoring of progress. It is explicitly stated that the Declaration may not be used for protectionist purposes. It is important to note that its potential beneficiaries are not only workers in the formal sector. Freedom of association is also a sine qua non for giving voice to the poor and excluded through the formation of representative organizations to defend and advance their interests. The ILO is doing many things to implement these basic principles. It is working with countries to help spread good practices, and working with business to make social policy more productive.

Eliminating child labour, starting with its worst forms, is also an important part of the development agenda. The ILO's International Programme on the Elimination of Child Labour (IPEC) shows how interventions to end child labour are often best implemented as part of a developmental package, which increases income opportunities for parents, supports production methods which do not rely on children, and increases access to education and training. A global campaign is being mounted to eliminate the worst forms of child labour, following up the ILO's new Convention on this issue. These and other projects are practical steps towards implementing the social floor to the global economy.

DECENT WORK AS AN INTEGRATED DEVELOPMENT STRATEGY

I now turn to the policy and institutional reforms which, as I signalled earlier, are urgently required at both the national and international level. The starting point for this reform needs to be a radical conceptual and practical leap towards an integrated approach to the economic, social and political dimensions of public policy. The failure of the traditional compartmentalized approach has become more pronounced in the current era of globalization. Giving primacy to economic policies on the assumption that distributional and other social and political goals can subsequently be dealt with has proved to
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be illusory. The basic reason for this failure is that the compartmentalized approach ignores the strong interdependence among the economic, social and political dimensions of development.

For example, there are many reasons why distributional objectives cannot be effectively attained separately from economic objectives. One reason is that economic policies have a strong impact on the distribution of income. If these are not taken into account from the outset, they can overwhelm later efforts to alter the distribution. Then, as I already mentioned, a high degree of income inequality has a negative impact on economic growth. More fundamentally, it is being increasingly recognized that institutional variables are important determinants of income distribution in market economies. The way markets work depends on institutional arrangements such as the rule of law, the enforceability of contracts, and the degree of transparency in political and corporate governance. All of these affect both economic efficiency and income distribution. The same is true of respect for fundamental civil and political rights (including basic labour rights such as freedom of association and the right to bargain collectively). These rights determine the extent to which market-determined distributional outcomes can be altered through political processes and collective bargaining. They also determine the extent of democratic accountability and transparency in policy formulation, both of which are important for ensuring that these policies are efficient and in the general interest. These interrelationships show how futile it would be to focus exclusively on economic policies in the hope that distributional issues can be treated separately.

The traditional dichotomy between economic and social policies has often led to poor policy choices. For instance, it helps to explain why there has been so little prior analysis of the social impact of economic policies in spheres such as macroeconomic stabilization, structural adjustment and the transition to a market economy. This has not only led to excessively high social costs but has also sown the seeds for the failure of the economic policies themselves through the social conflict and political instability that have been generated. Another important consequence has been an underinvestment in social capital. Because social policies are treated as residual and subordinate to economic policies, there has been relatively little effort made to capture fully the developmental benefits of these policies. For example, the core concepts of “efficiency” and “productivity” are applied almost exclusively in the economic sphere, but it is clear that they can be usefully extended to the social sphere. Capturing the economic benefits of social policies, over and above their obvious social benefits, would contribute greatly to successful advocacy to upgrade the status of social policies and redress the under-allocation of resources for social development.

So it is clear that there is much to be gained from making simultaneous progress in achieving economic growth, reducing inequality, improving socio-economic security, strengthening basic rights and democratic governance, and developing sound institutions necessary for the efficient func-
tioning of markets. They can all be made mutually supportive. As such, in terms of policy outcomes, the whole will be greater than the sum of its parts. In addition, an integrated approach will allow for greater policy coherence. This will reduce the risk that policy in one sector undermines, rather than supports, the attainment of objectives in another.

The ILO’s concept of decent work provides the basis for such an integrated approach to policy, covering a large and strategic part of the overall development agenda. It can serve as the foundation, and indeed the prototype, for the new approach to overall development that is required. It is well suited for this because it spans the whole spectrum of variables (basic rights and democracy, economic and social policies for employment creation and improved socio-economic security, and institutional arrangements for ensuring greater participation) that have to be taken into account in an integrated approach to development.

FRAMEWORKS FOR GOVERNANCE

The ILO is engaged in a concentrated programme of action to make its Decent Work Agenda a reality. The next step would be to enlist the cooperation of other relevant international organizations in fully developing this framework in order to achieve a more coherent and integrated approach to policy within the multilateral system. If we want to secure the benefits of globalization, and ensure that they reach everybody, new frameworks for global action must emerge. In the new global economy, we must move towards what Klaus Schwab has called “responsible globality”.

The problem can be expressed very simply. Within countries, common standards are ensured through the law or because they reflect basic shared values. Governments can transfer resources from rich to poor (through tax or social security). Most countries attempt to reduce inequality of opportunity, for instance through public schooling. And individual women and men are free to move from place to place in search of opportunity. None of this is inconsistent with an effective marketplace. Indeed, these are the preconditions for the market to exist and function, the foundations of its social legitimacy. We know that much, much more needs to be done nationally. But the instruments are there.

As more and more economic activity shifts to the global economy, these national frameworks are increasingly bypassed. The result is an increasingly unequal pattern of development, and international disparities in incomes, in work and in security which would be regarded as totally unacceptable within countries. As globalization proceeds, the world needs to reflect on how to tackle the economic and social regulation of the world economy. Many instruments and institutions are already in place — the ILO, of course, is one.
Increasingly, non-governmental actors such as trade unions and environmental groups are occupying the international stage as well. But the pace of development of the global economy, and the limited integration of social goals in the international framework, make it clear that the multilateral system needs to be made much more effective, and that we have to move towards a structure of global governance which is adapted to the new economic environment.

How to do that? There are plenty of ideas:

- New alliances and international forums for building consensus about goals and policies are being formed.

- New international instruments have been developed which promote social goals within the global economy, such as the ILO Declaration.

- Enterprises are increasingly acknowledging that social policy is productive. Multinationals may apply consistent social policies worldwide. Lead firms in cross-border commodity chains may have codes of conduct applicable to their contracting firms.

- Organized civil society has capabilities which are ultimately powerful, and trade unions are increasingly operating across borders. Not only producers but also consumers operate in a global economy. By organizing their demands, consumers are in a position to change the conditions under which production occurs.

- Regional integration offers valuable experience. The European Union is most advanced in building social issues into regional integration, but social issues have been explicitly built into the North American Free Trade Agreement (NAFTA) and MERCOSUR as well, and into many bilateral agreements, and the regional level provides a new platform for social dialogue.

These examples suggest that modest moves towards better governance are possible. Global institutions are difficult to construct. The stronger the enforcement mechanisms, the more difficult this becomes. A prior condition for progress is reaching the widest possible international consensus on the goals and priorities, and building up trust that the international system will operate in a way which is transparent and fair. I believe that the Decent Work Agenda offers a route towards that consensus.

Decent work is an intrinsic component of development, one which respects diversity but can help guide the construction of an institutional framework for the global economy, one which can overcome the inequalities built into the existing set-up. It is a challenging agenda, but one which I believe we can and must tackle.
INDIA AND THE ILO — SHARED VALUES

It is a personal joy to renew my own association with this great country. India's leadership in the fight for freedom and social justice has a very special meaning for me, as one who spent many years fighting an authoritarian regime in my own country, Chile, and who participated actively in the movement for the restoration of democracy in Latin America. When campaigning for the World Summit for Social Development, Copenhagen, 1995, I became intensely aware of the living strength of Indian democracy through the dynamism of its workers and business organizations and its civil society groups.

Coming from the developing world, I also have a very special sense of privilege in visiting your country, which has done so much to write the narrative of the South into the political lexicon of our times.

India was a founding member of the International Labour Organization over 80 years ago, and it is a permanent member of the Governing Body. There are remarkable parallels between the values of the founders of this great republic, and the philosophy of the ILO.

Social justice has been an enduring theme in the Indian political tradition. Social justice is, of course, the guiding principle of the ILO. Indeed, it is symbolized by the ILO's very structure. Unique among international organizations, the ILO's Constitution ensures that workers and employers have an equal voice with governments, thus enabling their tripartite participation in decision-making.

At its very inception as a free country, India also perceived that democracy and social justice were not only consistent with, but essential for, economic development. This was against the conventional wisdom of the time. India made the welfare and dignity of the individual human being the central aim of all development policy. This is the basis of all ILO values, and the cornerstone of the ILO's Constitution.
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Today, this vision is acquiring universal acceptance. In 1995 the World Social Summit made a solemn commitment to pursue social and economic policies as integrated aspects of development.

The translation of this commitment into practice is, of course, very far from complete. Reconciling growth and equity in free society is never simple. It is even more difficult in an era of global interdependence, where the means of action of the State are restricted; and where global markets can undermine community structures and individual livelihoods. How can social accountability be reconciled with economic stability? How can adjustment be facilitated without social trauma and human distress? How can we make markets work for all?

These are the issues before India today. They lie at the heart of the ILO’s concerns.

CHALLENGES OF THE GLOBAL ECONOMY

Globalization creates unprecedented economic opportunities, as well as deepening social inequalities and personal insecurities. We are moving into a knowledge economy and a network society, which will fundamentally change the way in which people work and organize themselves, and which holds great promise for societal advance.

But we also still live in a world where 1 billion workers are unemployed and underemployed; where over 1.2 million people die annually of work-related accidents and diseases; and where one-third of the population of the developing world exists in a state of abject poverty. Inequalities in wages and income have increased almost everywhere, and employment creation lags behind economic growth. With changing work organization and global competition, insecurity has increased at all levels of the workforce. As a result, the “informal sector” has expanded to become the “informal economy”.

Technological change and capital mobility present vast opportunities, but markets without rules for free and equal access could lead to a digital divide, deepening divisions within and between countries. As Prime Minister Vajpayee said recently, “the greatest challenge before all those in governance, business and administration is to steer the growth in global trade, business and economy along the lines of fairness, equity and sustainability”. He went on to add that people in both developing and developed countries would support liberalization and globalization provided they were credibly reassured that the reforms would benefit everybody; that the environment would be protected; and that their national and cultural identities would be preserved. This, in essence, is the issue which I wish to address today.
DECENT WORK — A PEOPLE-CENTRED APPROACH

How can we steer the process of globalization to provide these assurances for people everywhere?

I believe India has a unique role to play in the search for this new policy perspective. Its development experience captures both the opportunities and contradictions of globalization. India has one of the largest informal sectors in the world, as well as one of the most dynamic knowledge economies of the South. Its software industry, growing at an annual rate of nearly 60 per cent, has immense potential for job creation and poverty alleviation which has scarcely begun to be tapped. The innovativeness and stability of India’s economy and the vitality of its culture ensure India’s role in shaping the future patterns of globalization.

Globalization requires us to build an international framework within which economic processes can generate prosperity with equity in national life. This requires both national action and an enabling international environment. The ILO has sought to create such an environment through a normative framework supported by institution-building, technical programmes and development cooperation.

When I assumed office last year, I undertook a major review to see how the ILO could best respond to member States and its constituents in meeting the social challenges of the global economy. It was my conviction that over the last decade the international community had viewed this problem almost exclusively through the prism of the market. Important though that perspective was, it provided only half the answer. The other half lay in listening to the hopes and fears and aspirations of ordinary people. The invisible hand of the market needs to be guided by a caring eye. In many different parts of the world I spoke to ordinary people and tried to see the problem as they saw it. Everywhere in very varied cultural and economic settings I heard the same clear and simple message.

That message is the desire of the common woman and man to obtain decent work: work which will provide for the health and education of the family; which will ensure their basic security in old age and adversity; and which respects their human rights at work. Decent work is not defined in terms of any fixed standard or monetary level. It varies from country to country. But everybody, everywhere, has a sense of what decent work means in terms of their own lives, and in relation to their own society.

The ILO’s constituents last year endorsed my proposal that the single overriding goal of the Organization, for the next decade and beyond, must be to promote opportunities for people to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. The long-term objective is to promote decent work in a sustainable environment. The immediate
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objective is to put in place a social floor for the global economy in ways which meet the concerns of developing countries and working families.

The ILO has now been reorganized to focus on the goal of decent work. It is driven by four strategic programmes: the promotion of fundamental principles and rights at work; employment, enterprise creation and human resource development; social protection, and social dialogue. The Decent Work Agenda is an attempt to move towards an integrated development strategy, which links rights at work and social dialogue with employment policies and social protection. It combines the traditional ILO agenda of human rights at work and social protection with a developmental agenda for growth, employment and jobs.

The decent work objective has far-reaching implications for the future work of the ILO. Let me mention a few:

- There can be no decent work without work itself. The promotion of productive work is the essential concomitant to rights at work. Employment must become a central objective of national and international development policies.

- Business has a major role to play, both as the engine of globalization and as the generator of employment. As Director-General of the ILO, I have the institutional responsibility, and a personal commitment, to promote enterprise and job creation, as well as the voluntary organization of workers worldwide. They go hand-in-hand as a source of prosperity and stability in the life of working families, enterprises and society.

- The ILO is concerned not only with the creation of jobs, but with the creation of jobs of acceptable quality. The quantity of employment cannot be divorced from its quality.

- The ILO will be concerned not only with workers in the organized sector, but also with the working poor: with informal workers; casual workers; the self-employed; and, particularly, with women workers who have remained hitherto largely invisible in official statistics and policies. This calls for the ILO to emphasize the promotion of sustainable livelihoods, self-employment, and small and medium-sized enterprise development.

- The ILO recognizes that all those who work, wherever they may be, have rights at work. It has the obligation to assist its constituents to strengthen their organizations and their voice, and to facilitate their partnerships with groups in civil society — community-based organizations, self-help groups and civic bodies. I have given gender equity a high priority in the ILO — in terms of representation, in terms of policy analysis, and in terms of advocacy, voice and empowerment.
The ILO is addressing the vulnerabilities and contingencies of the human condition of work — unemployment, sickness and old age — particularly of the underprivileged, as well as the problems of environmental safety and health.

The ILO is concerned with the promotion of transparent and free social dialogue as a means of ensuring conflict resolution, social equity and legitimacy. This assumes particular importance for workers and for social harmony at a time of liberalization and structural transformation.

Finally, the ILO will seek to assist member States in finding a new balance between the State, markets and society. There is growing recognition that the fiscal and organizational constraints faced by the State demand new and innovative approaches to market regulation and social protection. It requires new partnerships between the public and private sectors; and policies to facilitate access by the poor and under-privileged to skills, resources and markets.

The Decent Work Agenda, resting as it does on complementarities and synergies between the social and economic aspects of development, requires new analytical frameworks. We need a new algebra of efficiency and productivity that views social policy not as a cost but as a sound return, and which can quantify, for example, the economic benefits of good industrial relations, social security, and safety measures at work. We need, in short, to develop a concept of “social efficiency”. It is my hope that the ILO can work in partnership with the academic and research community in India, to extend our conceptual horizon in this area. This would build on the work of distinguished Indian economists like Sukhumoy Chakravarty. We have already initiated such an academic dialogue. In 1999, Professor Amartya Sen provided the International Labour Conference with a remarkably incisive analysis of the economic and philosophical implications of the concept of decent work.

The Decent Work Agenda of the ILO opens up a vast canvas. We recognize that many of these avenues can be explored only progressively and over time. But we have deliberately chosen to make a new beginning with the new century.

To implement this integrated approach to development, we must take into account the reality of an increasingly interdependent world.
The process of technical innovation driving the globalization of production and exchange is irreversible. But there is nothing inevitable about the policies which we put in place to optimize its results. All of them — financial, monetary, employment, trade and others — are the result of conscious choices made by policy-makers. They can be changed by policy-makers to make the benefits of globalization reach more people. The Asian financial crisis showed that if institutional frameworks are inappropriate, intensified competition in global markets can lead to a race to the bottom, with downward pressure on labour and working conditions, the main victims of which are the poor, and often poor women. We need to reconcile market competitiveness with social cohesion. The key challenge is to manage this process, so as to enhance its benefits and mitigate its negative effects on people.

President Narayanan expressed the national challenge vividly last month when he said that “our three-way fast lane of liberalization, privatization and globalization must provide safe pedestrian crossings for the unempowered India also so that it too can move towards equality of status and opportunity”. This, and no less, is also the challenge at the international level. How can we achieve social progress in an interdependent world?

The question is not new. As early as 1919, the ILO’s Constitution recognized that “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”. It is no accident that this issue has resurfaced today in an acute form. We are in a period of rapid adjustment to an emerging global economy, when the major policy issue will be the adaptation of national economies and national institutions to global change, as well as the adaptation of global change to human needs. No country will remain untouched.

Global competition often leads to job losses. At the same time, the compensating mechanisms of the market, working through the creation of new jobs, have often been weaker and slower than anticipated. In many countries without adequate systems of social protection, the social pain has been particularly acute. Global structural adjustment creates losers as well as winners, and this dynamic creates reactions that some perceive as protectionist. We cannot ignore these threats.

How should we proceed?
REALIZING SOCIAL STANDARDS

This is a complex and sensitive area. There are diverging views, which were dramatically highlighted at the Seattle Third WTO Ministerial Conference in 1999. Those controversies have been so sharp, and their fall-out so intense, that they have tended to obscure what is being done on the ground. The concern in some quarters with the relationship between labour conditions and trade is real and cannot be wished away. But I regret that this debate has caused the ILO to be viewed by public opinion solely in terms of labour standards and trade. In fact the ILO is very much more than that. As I have indicated, it is about a decent work agenda, which includes the promotion of fundamental human rights at work.

Let me briefly recapitulate where we stand.

At the World Summit for Social Development in Copenhagen there was an international consensus that economic growth had to be reflected in social progress if growth was to be sustained. Furthermore, the Summit defined the social floor for the global economy in terms of seven core ILO Conventions covering four basic principles: freedom of association and collective bargaining; the elimination of forced labour and; the elimination of discrimination; and the abolition of child labour.

It is important to note that these are not quantitative standards embodying levels of obligation which ignore the reality of different levels of development in the world. These rights are not about applying the same minimum wages or unemployment benefits currently enjoyed by developed countries to developing countries today. While that is a legitimate aspiration for developing country workers, it must come with development and with national and international policies which make markets work for everybody. The consensus, rather, was on enabling rights which allow people to organize themselves to claim their fair share of the wealth they have helped to create.

The Copenhagen consensus politically upgraded the ILO’s seven core labour standards, and made their promotion and realization a common objective of the international community. It brought the ILO, as the Organization responsible for labour standards, into the political spotlight. It also prompted the ILO to take a major step to complement its existing machinery for international standard setting.

The ILO has a powerful legislative capacity. It translates the social objectives of its Constitution into international labour Conventions. These Conventions, once ratified by national parliaments, enter into national law and are subject to national judicial systems and enforcement procedures. In this way, the ILO translates international commitments into binding national action through an entirely voluntary procedure, and sets in motion continuing impulses to exercise social rights at the national level. A follow-up system
permits complaints to be lodged with the ILO's supervisory machinery, which also adjudicates disputes on the applications of ratified Conventions.

This normative system was significantly strengthened in 1998 when the ILO embodied the Copenhagen consensus on human rights at work in a solemn Declaration on Fundamental Principles and Rights at Work and its Follow-up. This Declaration generates a significant new dimension to the ILO's normative system:

- First, in adopting the Declaration, member States accepted the obligation to pursue these principles and rights, without ratification of the Conventions themselves, merely by virtue of their membership of the Organization. By doing so, the international community, in one step, raised the universal threshold of social commitment.

- Second, it places the ILO system within a promotional and developmental context by committing the Organization to help its members "in their efforts to create a climate for economic and social development".

- Third, it explicitly states that labour standards should not be used for protectionist purposes, and that the comparative advantage of any country should in no way be called into question by the Declaration.

- Finally, it provides for a follow-up mechanism through yearly reports which requires countries to report on the efforts and achievements they have made to realize these rights in practice, and to identify the problems which remain. The follow-up process gives both workers' and employers' representatives, as well as governments, the right to express their views on how the Declaration is being implemented. The object of the whole exercise is to identify problems and facilitate progress. The follow-up procedures provide the opportunity toanalyse the diversity of national cultural and developmental situations; to stimulate countries to realize those rights in practice; and to mobilize the financial resources to enable them to do so.

The ILO took a further step towards the creation of a social floor to the global economy with the unanimous adoption of the Worst Forms of Child Labour Convention, 1998 (No. 182). The significance of this Convention is that while it acknowledges the links between child labour and poverty, it equally recognizes the importance of social attitudes and moral outrage in creating change. Everybody can agree and did agree, regardless of level of development, that the use of children for debt bondage, criminal activities, slavery, prostitution, pornography or drug production and trafficking, hazardous or dangerous work must be prohibited, and immediate action taken to secure the elimination of such evils. There was total unanimity of governments, employers and workers on this point. This Convention is becoming the most quickly ratified Convention in the history of the ILO. I am very glad that
India is giving urgent consideration to its speedy ratification. India has, of course, long demonstrated a strong national commitment to the abolition of child labour.

In addition to the Declaration and Convention No. 182, we are putting into place an integrated programme for the realization of the Decent Work Agenda. The ILO considers that employment is the key to the realization and strengthening of fundamental rights at work, and has acted accordingly. Broad-based national employment strategies are being developed, based on ILO policy reviews in various regions of the world. The ILO is implementing an International Programme on More and Better Jobs for Women, focusing specially on the needs of the poor and the vulnerable. It is carrying out a Jobs for Africa Programme. It is launching a major new programme for skills development.

Priority is being given to small enterprise development, which holds promise of employment and income for millions of people. We tend to forget that the poor have exceptional entrepreneurial skills. Theirs is a daily battle for personal survival, far more intense and far less forgiving than any market can be. This is also an area which provides fertile ground for social innovation; we have several examples of self-help groups which combine economic activity with social solidarity, of which SEWA (Self-Employed Women’s Association) is a striking example.

The ILO is organizing a global Employment Forum in 2001 to launch new initiatives to achieve decent work in the global economy. In 2002, it will assess the impact of globalization on the informal economy to plan appropriate action. In 2001 the ILO’s World Employment Report will focus on the impact of the new information and communication technology on employment.

Decent work also means secure work. The ILO will assist member States in providing social protection for those most at risk in times of economic transition: workers in declining public sectors; small business and agriculturalists affected by global competition; and workers hit by periodic financial crisis. We need to have “safety nets”, and to find innovative ways of providing minimum income security to those currently excluded from any formal system of social protection.

These are the priorities of the ILO’s new programme.

TOWARDS A COLLECTIVE COMMITMENT TO DECENT WORK

The Copenhagen Summit, while recognizing the primary responsibility of States to attain social development goals, also called for a collective commitment by all the actors involved. This prompted the ILO to stimulate others
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to be active in implementing the goals of the Declaration and Convention No. 182, on child labour, and other aspects of the Decent Work Agenda.

The business community is becoming increasingly aware that good labour relations, health and safety at the workplace and a recognition of the rights of workers contribute to long-term stability and a better bottom line. The ILO is actively promoting the Global Compact, launched by the United Nations Secretary-General last year at Davos, which calls on world business to uphold the fundamental principles and rights of the ILO Declaration through company practices and networks of public/private partnerships. The ILO has also set up a programme that will offer an operational framework for translating the principles underlying the ILO’s standards and activities into voluntary practices that promote decent work and life.

Trade unions are increasingly active in the fight for decent work, as are civil society organizations, particularly in the areas of bonded labour and child labour. In India, the ILO’s programme has built up an alliance of partners among employers, trade unions and public institutions to implement projects through community participation. In the United Republic of Tanzania, trade unions working with non-governmental organizations (NGOs) and the local government took community-based action to restrict recruitment of young girls for domestic service. In Thailand and Peru, the ILO has worked with teachers’ groups and the local community to prevent child labour. A multitude of trade unions worldwide have training programmes to promote workers’ organizations, whose members often risk their safety and lives in defending rights at work.

Consumers have joined the fight for decent work. Community activism in Nigeria, and public concern with pollution, have changed the Shell Oil Company’s approach to social and environmental responsibility. Following a series of consumer boycotts, Nike (the shoe manufacturer) has initiated action to address social and environmental problems in its supply chains. Thus far, consumer activism has largely been a phenomenon of the industrialized world, but, as globalization proceeds, one might well foresee the time when consumers in developing countries may boycott products made by companies in the industrialized world which, for example, discriminate against their migrant workers. Consumer activism through the market is a powerful force which can work both ways.

The Copenhagen Summit; the ILO Declaration; the Convention on child labour; the ILO’s employment and social protection programmes; the initiatives taken by business, trade unions, NGOs and consumers — all these constitute an impressive balance sheet of what is being done by many different actors to build a social floor for the global economy. We are not operating in a vacuum as some might imagine. A beginning has been made. Obviously, much more needs to be done, and the dark side of globalization makes the task more difficult. Yet millions of people throughout the world are engaged in the struggle to uphold social standards. They deserve recognition.
This approach is based on advocacy, voice and partnership. It works through the dynamics of social awareness and economic development, with the participation of the State, as well as of civil society, business and public opinion. It relies on voluntary national action supported by an enabling international framework, operating under impartial procedures and democratic supervision, with tripartite participation. It acknowledges that empowering people to uphold their rights is a time-tested way to change society. Ultimately we must not forget that social progress and social advancement of workers have emerged through different forms of social struggle.

Over the last decade, attempts have been made to summarily dismiss all these efforts as ineffective. It has been proposed that the developmental approach should be supplemented by a link between trade and labour standards. The proposal is to utilize international trade agreements for market access as a vehicle to ensure compliance with universally accepted core labour standards. It finds expression in the various proposals which have been put forward to create a link between trade liberalization and core labour standards, and to integrate this link with the obligations arising out of WTO membership. Advocates of this option argue that the use of WTO procedures would be a powerful lever to ensure the enforcement of these labour standards worldwide. As Director-General of the ILO, it is not for me to comment on decisions the WTO may or may not take. Seattle showed the deep divisions that exist on this subject. In any event, it will be for the Governing Body of the ILO to decide on action to be taken by the ILO in respect of decisions taken by other organizations. As of today no agreement has been expressed on this issue among ILO constituents: employers, workers and governments from developing and developed countries.

I should, however, recall that the Singapore Ministerial Declaration of the WTO in 1996 specifically renewed the commitment of member States to observe internationally recognized core labour standards. It further acknowledged that the ILO was the competent body to set and deal with these standards, and it reaffirmed its support for the ILO’s work in promoting them. It also called for existing collaboration between the two secretariats to continue. But there is more than a jurisdictional issue at stake.

There is the substantive and analytical point that labour standards are not merely linked to trade. They are equally, if not more importantly, also linked to technology, investment, social empowerment, education and a host of other factors. Labour issues are an integral part of development itself. The improvement of labour conditions worldwide would therefore appear to require a broader approach and a wider perspective. The realization of human rights at work comes through public awareness at the grass-roots level. It comes through the voice of the people and through social struggle. All the three great social movements of the last decade — those of gender, environment and human rights — have come about because people have been empowered, and have empowered themselves, to express their personal identity and self-respect, and because of growing social awareness. A basic part of the
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struggle was to change legislation, which the ILO system does very effectively.

I have expressed concern that the debate on labour standards and trade has dominated public attention and overshadowed all the efforts under way through the developmental approach. Worse still, it has not given enough recognition to the many workers in the world dedicated to promoting these rights in their own societies.

It has also tended to cast doubt on the legitimacy of the notion of a social floor itself. Many countries are afraid that an honest exploration of their problems, and a transparent statement of the shortfalls in achieving the floor, might be used as a basis for protectionist action against them in the trade field. In addition, certain vested interests within countries could utilize the protectionist threat as a handy excuse for inaction. In short, the trade link debate provides a convenient shelter both for protectionists and for socially retrograde elements in all countries.

We cannot afford to abandon the need to create a floor for the global economy, in ways which are acceptable to both developing and developed countries. Regardless of the course of the debate in the WTO, the ILO is determined to reinforce its own action, in terms of its established mandate and procedures, and to develop partnerships in the world to put in place a social floor for the global economy.

But if this approach is to prevail and be accepted by all, it must be seen to be effective, both in terms of public opinion in all countries, and in terms of results on the ground. The world is full of situations — in both developed and developing countries — of working conditions which are unacceptable in terms of basic human decency. They are not the unavoidable consequences of deprivation in the South or exclusion in the North. More often than not, they are the result of attempts to exploit poverty and gender for personal profit, whether through debt bondage or sweatshops. I do not believe that denying the basic rights at work approved at Copenhagen, and embodied in the ILO Declaration, can ever constitute the foundation of any country’s export strategy.

Coming as I do from the developing world, I feel we must recognize that many of our own societies are unjust and that we still have a long way to go to redeem promises to our people. We must assume our full responsibilities. The developing world cannot stake a claim for justice in the workings of the global economy if it is not prepared to promote justice at home. We need to abandon defensive attitudes and incorporate the objectives of the ILO Declaration as a basic component of development strategies as a matter of urgency. The ILO is there to assist in this endeavour.

There is sometimes a perception that the North monopolizes the moral high ground on this issue. I find this puzzling. The historical record of the
North does not encourage this assumption. The history of slavery and colonization, the treatment of their own workers in the early stages of industrialization, and the compromises with democracy made for strategic reasons during the Cold War era, are too fresh in memory for anybody to credibly claim the moral high ground. I have seen too many human rights trampled by dictatorships, which were backed by democracies simply because they were political allies in the Cold War; not to speak of business advantages reaped as a result of the “social silence” imposed by those dictatorships. Yet, many in the South respond today to the moral claims of the North exclusively in terms of the imperatives of economic growth and national sovereignty. Unfortunately this results in an unproductive “dialogue of the deaf”. To break the deadlock, we must jointly occupy the moral high ground, not as a matter of political tactics, but as a genuine common commitment to address both the moral and developmental challenges of globalization.

CONCLUDING OBSERVATIONS

We need to address the larger question of ensuring that globalization leads to increasing benefit for ordinary people everywhere in the world. Our attention should not be deflected from this aim. The international community began to build the social floor for the global economy at Copenhagen. It is being carried forward by the ILO, through a variety of actors. The ILO Declaration is a potent instrument for both political advocacy and for development in human terms. We need to valorize this instrument. We need to politically empower the process and give it high visibility.

If the developmental approach is to be fully effective, we need to have an enabling environment of international financial and development policies. If international programmes are to be of assistance to national governments, they need to be inspired by the same goals.

A political consensus to put employment at the heart of anti-poverty strategies of international development cooperation will powerfully support the fight to realize human rights at work in practice.

The ILO has the obligation to initiate a process of dialogue within the international community on the best ways of promoting decent work in the global economy. It is well placed to do so, as the Organization with a constitutional mandate to promote social justice with economic development; and with a tripartite composition of governments, employers and workers which links it directly to the productive process.

It intends to fulfil that obligation.
President Wolfensohn, let me start by saying how delighted I am to have this opportunity to address the staff of the World Bank and to renew our own personal dialogue. The Bank, under your leadership, has pushed ahead vigorously and shown itself to be open to new ideas, ready to reconsider its policies and engage with opinions from all points of the development spectrum. You are blazing a trail in the development world.

It is also particularly exciting to be invited at a time when you are thinking through new approaches to poverty reduction in a comprehensive development framework. It is heartening to see how you are emphasizing the need for countries themselves to work out their own strategies through open national participation and debate about ends and means.

RETHINKING DEVELOPMENT

I believe all of us working in the international organizations have to look afresh at what we do and how we do it.

At the ILO major changes are under way. We are in the process of integrating our traditional value-based agenda promoting workers’ rights and social protection with a sustainable growth and development agenda centred on jobs, enterprise creation and human resource enhancement. As the only tripartite organization of the multilateral system, we believe that dialogue, negotiation and consensus building among governments, employers, workers, and other groups of civil society as appropriate, are key factors to ensure social and enterprise stability. A strong gender equality policy cuts across all of these objectives. We call this “the ILO Decent Work Agenda”, and I will talk about it more detail in a moment. To move the agenda forward we have to start by understanding the world around us. I do not have to repeat to this audience the alarming statistics Jim Wolfensohn quoted in Bangkok at the recent UNCTAD Conference about the projections for world poverty. But I will underline his conclusion. Unless we change current policies to make a much
more determined attack on poverty, we will not see any real fall in the numbers of people barely able to keep themselves alive in the opening decades of the century.

Where do we start? I am convinced that those of us responsible for public policy at both the national and international level must adopt a people-centred perspective. This will lead us to a better understanding of the root causes of the growing social backlash against the present form of globalization. A growing number of people across the world are feeling a heightened sense of insecurity and anxiety.

The Bank's own "Consultations with the Poor" are a path-breaking initiative. I applaud the effort that was made and encourage you to build the concept into your regular work.

How do we respond in policy terms to people's fears? At the beginning of the nineties, I travelled widely preparing the agenda of the World Summit for Social Development, held in Copenhagen in 1995. In dialogues with civil society organizations, trade unions, business and governments, I enquired as to their countries' principal social problems; in different formulations and styles, in developed and developing countries, the answer was crisp and targeted: poverty and social exclusion. When I asked what was the solution, the answer was simple: jobs. From self-employment, micro-initiatives and sustainable livelihoods to relatively secure sources of income, employment was perceived as the best option to step out of poverty and as a dignified step into social cohesion. These became the three core agenda issues of the World Summit, which I had the honour to help organize. Multiple actors felt ownership of this agenda because they had contributed to its formulation and it reflected their life experience.

Yet, the hard reality is that the benefits of globalization as it is currently unfolding are not reaching enough people. We know that the global economy is not creating enough jobs, and especially jobs that meet people's aspirations for a decent life. The failure to improve both the quantity and quality of employment worldwide is making working families afraid of a race to the bottom. It is also throwing a spotlight on fundamental weaknesses in the governance of globalization. More and more people are attracted to the idea of stopping or reversing globalization. They express a discontent rooted in new insecurities. They have a feeling that business, governments and international organizations do not really understand and, worse still, cannot respond to their fears.

These developments threaten to undermine support for open economies and open societies. If this comes to pass, the economic and social loss will be immense. To avert these dangers we have to be clearer in our thinking about the forces at work in the process of globalization. We must make markets work for everybody. We need to put a social pillar under the global economy. The technical revolution that is driving the globalization of production and econ-
omic exchange is irreversible. We need to counteract the digital divide and open up the vast new opportunities for material progress created by information and communication technologies. We are moving into a knowledge economy and a network society, which will fundamentally change the way in which people work and organize themselves, and which holds great promise for societal advance.

But there is nothing inevitable about the policies that have accompanied globalization. I refer to the monetary, financial, trade, development, labour and other policies set in place in the last decades. They can be fine-tuned, adapted and, when necessary, changed to meet different objectives. Rethinking development has to be more than compensating the losers. We have to design a new policy architecture that makes poverty reduction through the creation of decent jobs a central component of integrated policies for a people-oriented globalization.

The ILO's constituents have endorsed my proposal that the single overriding goal of the Organization for the next decade, and beyond, must be to promote opportunities for people to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. The long-term objective is to promote decent work in a sustainable environment. The immediate objective is to put in place a social floor for the global economy in ways that meet the concerns of developing countries and working families. The Decent Work Agenda is an attempt to move towards an integrated development strategy, which links rights at work and social dialogue with employment policies and social protection.

We are all challenged to rethink development. I intend to make the ILO rise to that challenge. And one of the reasons I am here today is to find ways to connect what we are doing to your work, because — and here I turn to what I see as a second major challenge — in the era of globalization everything is connected.

EVERYTHING IS CONNECTED

Looking at globalization from the perspective of the world of work enables us to focus on the way in which the various dimensions of change and insecurity impact on people's lives and also on the companies that are the motors of material progress. The shock of the Asian, Russian and Brazilian crises of 1998/99 has also convinced many world leaders that we need a new architecture for the governance of globalization, based on consensus building, freely chosen international commitments and respect for the specificity of individual societies.
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Deregulation at national level and “unregulation” at international level have produced a volatile cocktail. This has provoked much soul searching in the family of multilateral institutions. I think your President’s initiative on the Comprehensive Development Framework and its operationalization in the poverty reduction strategy is a major contribution to improving the performance of the system. We at the ILO believe that the Decent Work Agenda has a similar value in helping us all to see the scope for partnerships within countries and between international organizations.

The traditional dichotomy between economic and social policies has often led to poor policy choices. It helps to explain the general failure to assess the likely social impact of economic policies. This has resulted in high social costs which have also sown the seeds for the failure of the economic policies themselves through the social conflict and political instability they can generate.

Another important consequence has been an under-investment in social capital. The core concepts of “efficiency” and “productivity” are applied almost exclusively in the economic sphere, but it is clear that capturing the economic benefits of social policies would contribute greatly to redressing the underallocation of resources for social development.

Reducing inequality, improving socio-economic security, strengthening basic rights and democratic governance, and developing sound institutions are necessary for the efficient functioning of markets. They can all be made mutually supportive. As such, in terms of policy outcomes, the whole will be greater than the sum of its parts. This will also be because an integrated approach will allow for greater policy coherence. This will reduce the risk that policy in one sector undermines, rather than supports, the attainment of objectives in another. The ILO’s concept of decent work can contribute to such an integrated approach to policy, covering a large and strategic part of the overall development agenda. It can serve as a useful companion to the Comprehensive Development Framework being developed by the Bank. It is well suited for this because it spans a whole spectrum of variables that have to be taken into account in an integrated approach to development.

We all have much to contribute to overcoming the limits of sectoral analysis in the face of manifestly interconnected problems. But we do not have all the answers by any means. We have to be part of a drive to improve the performance of our often disconnected multilateral system. This is a major institutional challenge. It is also an intellectual challenge. How many experts do we have in the interconnections between financial, trade, technology, environment, gender, education, health, employment and human rights policies? Very few.

In my view the way forward is to start jointly analysing the impact of all these and other policy areas on people. It will require strong technical underpinning in order to develop people-centred indicators, much more disaggre-
gated data and a conceptual leap in the way we understand and use statistics. We have to learn how to build more integrated solutions by actually trying to do it. I think the Bank and the ILO, with different mandates, perspectives and skills, could make a start by working on how to integrate the agendas of poverty reduction and decent work.

OWNERSHIP AND ORGANIZATION

There are clear points of synergy between what we are doing and the Bank’s Comprehensive Development Framework and new poverty reduction drive. Both are founded on the necessity of ownership and participation. Both share an analysis based on empowerment, security and opportunity. I think we are duty bound to work together. Your President has stressed that the shift towards a more participatory, country-driven approach to poverty reduction entails learning by doing. I could not agree more.

I see the Decent Work Agenda firmly within the development agenda. The failure of globalization to deliver a steadily increasing number of productive and remunerative jobs throughout the world requires urgent priority attention. A basic element is the promotion of small and medium-sized enterprises, since this is by far the most fruitful source of job creation. I believe this is a key strategic aspect. The knowledge economy and the informal economy are both growing at the same time but in different directions. We need to create passageways between them. Small enterprises can do it.

A major task, then, is to find ways of effectively promoting the growth and transformation of small and medium-sized enterprises, from self-employment and micro-initiatives to more stable and secure businesses. Our experience is that a key component in this process is organizations of micro and small businesses able to offer mutual self-help, shared services such as training, and a louder and clearer voice with the public authorities. Links in the production chains between organizations of small businesses and those of the larger concerns can also be very helpful.

Marginal peasant farmers and landless labourers constitute the bulk of the poor in most developing countries. They are often left out of development planning. I think it is no coincidence that at the ILO some of the most persistent and troubling cases of restrictions on the right to organize concern this group of workers. The poorest of the world are those who face the biggest personal risks in trying to get organized and make their voice heard where power resides, whether it is with the local landlord or further afield.

The concepts of ownership and participation will need to acquire shape and form. For me there is an inexorable logic that runs as follows. Ownership means voice. Voice means organization and organization means influence.
Ownership is not simply offering a seat at the table to disorganized counterparts. A basic way to ensure the participatory process is to enhance the legal and practical means for people to organize themselves. If you want people to identify themselves with a programme of action, to engage and commit their time and energy, you have to consult them and take account of what they say. If people are to form organizations that they themselves can control, and especially if they will be demanding changes in a system that has previously locked them out of dialogue, they will need legal rights and protections.

The Decent Work Agenda therefore embraces more than job creation. A cornerstone is our Declaration on Fundamental Principles and Rights at Work and its Follow-up, which aims to enable all working women and men to have a say in defining what decent work means for them and how to achieve it. Eradicating poverty is more than simply providing for people's material needs. It is also about respect and dignity at work and in society. It is important to embed the value of fundamental principles and rights at work into development strategies.

Freedom of enterprise for investors and freedom of association for workers go hand in hand. Both are components of successful and stable enterprises. Eradicating child labour, beginning with its worst forms, is a key part of this outlook.

Participation and dialogue, and assuring basic rights at work, are markers of social progress; they are also enabling factors, instruments of consensus, the foundations of legitimacy. People everywhere want their rights respected. A process of development that creates jobs but does not respect rights ultimately loses popular support. The search for ownership brings with it the right of people to form and join organizations of their own choosing for all sorts of different purposes, including to improve their conditions of work. But joining a trade union is of course not enough. Unions are only able to win progress for working women and men in partnership with other forces in society, and in dialogue, negotiation and consensus building with employers. And as always, social progress will continue to have important elements of social struggle.

PARTNERSHIPS

Let me conclude with a few words on partnerships. The Comprehensive Development Strategy is founded on the idea of fostering partnerships within countries, between countries and international agencies, and between international agencies. As we all know, effective partnership is much harder to do than say. Its basic ingredient is trust and mutual respect.

For years the ILO has been working with countries that are represented by what we often call the “social partners”. When the ILO issues an invitation
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to governments, employers and unions to meet together to talk and decide on actions, they generally come because they trust us to ensure that their different and sometimes conflicting views get a fair hearing. The ILO has built up expertise in social policy and the world of work, and a consistent record of developing and promoting international standards in these fields. We are now moving these assets into the sustainable growth and development space.

The Bank has high renown for its analysis of the economics of development and the professionalism of its staff in helping countries to design and implement a wide variety of projects and programmes aimed at reducing poverty. And you have done this at the same time as maintaining a triple A rating in the bond markets, with all that implies for your ability to sell the importance of financing development in industrialized countries.

What I have seen over the last decade is a convergence in our two organizations in the understanding of key issues: the need to empower the poor; the need to understand how to help people overcome social risks; that institutions matter; the significance of good governance; the need to promote sound economic policies; and the centrality of productive employment in reducing poverty.

We can and should go further. Let me mention just a few areas:

- enlarging and improving our policy analysis with the goal of offering more complete and consistent options for action, more and better choices for countries and people, within a more coherent framework;

- increasing our collaboration to bring together the decent work and poverty reduction agendas in specific countries;

- improving our ability to measure the outcomes of policy and assess the impacts of policies on women, men and children, not just with the traditional statistical tools but through more in-depth inquiry into what is happening to families and communities;

- extending our joint knowledge base of the component elements of development in our member countries. We all have to develop our expertise in the specificities of countries and the many differences among them; and

- cooperation between our staff training programmes so that we understand each other better and can thus work together more effectively in the future.
Thank you Mr. Chairman and thank you to all of you who have intervened in this debate which has been extremely useful and practical and gives guidance to the work of the Office.

The first thing that is clearly evident to me is that this Working Party has an identity, and this does not happen often in working parties of the multilateral system. Firstly, it is a place where we can initiate studies and develop knowledge. Two notable examples which emerged were the country studies on globalization and the studies on the Asian crisis.

Secondly, it is prepared to take up difficult issues. Because it is a working party, because it has a certain level of informality, it is more amenable to discussing hard questions. For example, the debates that took place here were part of the process by which the Declaration was finally approved. So the second element that I would highlight is that it is also a good place to promote policy-making.

The third element is that these two things would not have been possible if the Working Party had not been a place of dialogue and consensus building. There are other places in the ILO in which problems are presented more starkly, but here you have decided that you want a place of dialogue and consensus building. This is a third dimension of the identity of the Working Party that we have to make sure that we maintain.

Taken together, these elements — knowledge, policy-making and consensus building — produce credibility. You are rightly proud of the work that has been done in this Working Party because you have established credibility. What we need to do now is to build on these very solid foundations so that we can deal well with the challenges ahead. This is what we have tried to synthesize in paragraph 22 of the paper submitted to you, which states:

The objective of the exercise will be to deepen the ILO's knowledge base with respect to the interaction between different dimensions of economic and social policies within the new framework of a global economy. This would serve as a basis for policy proposals that could enhance the capability of countries to better cope with the social im-
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The results will contribute to dialogue and exchange with other international organizations on issues of common interest.

The last point may be something that we have to add to the Working Party. We are happy that we have the three representatives of the World Bank, the IMF and the WTO here. We should develop this interaction.

I think that in order to meet these objectives we have to start from some fundamentals. I have sometimes said that we hear a lot about market fundamentals. Here in the ILO we have to think more about people’s fundamentals, to take into account how global policies affect the lives of people, while maintaining certain basic policy concepts that we all agree with. The ILO is for open economies and for open societies. Our problem is that because of the way open economies and open societies are working in the globalization process, they are not benefiting enough people. So we have an agreement on the foundations, but a preoccupation with the results.

Secondly, we would like to see markets work for everybody. That would be our aspiration. But the market creates winners and losers, so how do we minimize the number of losers and maximize the number of winners?

The third point is that globalization is a reality. It is here to stay, but some aspects of globalization are irreversible, while others can be changed. The irreversible part of globalization is the revolution in information and communication technologies. That is a major societal change which is going to affect all our work in government, in business and in society.

But there are other aspects of globalization that are not inevitable. These are the policies that have accompanied globalization — macroeconomic policies, financial policies, trade policies or social policies. These are made by policy-makers and they can be fine-tuned, adjusted, even changed by policy-makers. What policy changes are required to give the right governance to globalization? This is what we are looking at, from the perspective of the ILO. How have we decoded that in terms of ILO work? We have called it decent work in a global economy. The global economy, of course, includes monetary, financial, trade, social development, technology policies, interacting in totally different and new ways. And the world of work includes employment creation, workers’ rights, social protection, social dialogue and the rest of the agenda of the ILO. I think there are very few people in the world who would dare to stand up and say: “let me explain to you how the global economy works”. Because in fact the changes are so rapid and so fluid and the interaction is so new that it is creating new phenomena. And unless we understand these new phenomena, we may be committing policy mistakes because these will be rooted in old knowledge that does not respond to the new realities.

Why am I taking time to explain the analytical dimension of what we are doing? Because I think that it is essential to have a common framework on which we agree.
Some of you have said that we should not lose the trade dimension in future work. When you analyse the impact of the global economy on the world of work, there is going to be a space in which you look at the relationship between trade and conditions at work. But the world of work is more than labour standards, and globalization is more than trade liberalization. You need to put each in its proper framework in order for the connection to be made well. That is why, if in this Working Party we talk of the social dimension of globalization, we will not lose the original trade aspect. Yet I truly believe that from an analytical and even from a political point of view, it will permit us to discuss it in a way that helps us understand the whole process much better and the different roles that different parts of the global economy play in relation to the world of work.

What are we proposing in order to do this? It is the notion of integrated thinking. This is not just the old multidisciplinary work in which you take expertise from different disciplines and you try to put them together to harmonize their perspectives. When you have a new reality like the global economy, the nature of policies and the nature of the interactions are inevitably different from those of the international economy we had in the 1960s and 1970s. We have to find ways to understand these issues better.

So there is a very fundamental and strong component of knowledge in the future work of this Working Party. One example is the interaction between social and economic policies, which needs to be better integrated. As you well know, the problem with the Asian crisis was that we had concentrated too much on employment and too little on social protection. Social efficiency and economic efficiency need to go together. On issues like these I think that in this Working Party we want to have dialogue and consensus building. Let us make it a creative place. Leave the ghosts outside the door.

These are some of the types of issues that we will be facing as an institution and that this Working Party can deal with.

In terms of institutional organization, we have created an International Policy Group whose mandate was explained in the budget document of November last year. I want to thank you for the support that many of you have given to this idea.

Some of you asked about the study unit we plan to set up — our intention is that it should be geared to the more analytical long-term research of the Group.

The other question concerned the advisory committee. The International Policy Group, which is servicing your Working Party and dialoguing with international organizations, needs to be linked to the day-to-day work of the ILO. So the advisory committee is an internal committee to strengthen linkage with the rest of the Office. What we are driving at is internal intellectual coherence, involving linkage with the four technical sectors and also with the International Institute for Labour Studies.
Finally, it is clear that, given the importance that you attach to the Working Party, the International Policy Group will need to be strengthened. I believe that this will require some extra-budgetary support.

The other broad area which I wanted to talk about is dialogue with other institutions. Of course, the integrated thinking that we are promoting should be something that stems from the multilateral system. I have twice served as President of the United Nations Economic and Social Council (ECOSOC), the place where coordination between organizations is supposed to happen, but in practice the extent of coordination is limited. On some issues ECOSOC does produce results which I think are important, but in this area of integrated thinking there are limitations and we have not advanced sufficiently.

Our attitude has been to say that the ILO is a team player. And this has been the message that I have been transmitting to the rest of the multilateral system. We believe that we have some ideas that we would like to table for discussion. Deepening our own knowledge of the impact of the global economy on the world of work can be of use to the rest of the system and can be done with its cooperation. Let me refer then to the WTO and the Bretton Woods institutions and say some words on UNCTAD. Many of you have asked what we are doing with the WTO. The situation is the following.

The WTO is a formal observer in all ILO organs, and we have just heard the representative of the WTO speak to us here. They are invited to the Conference, the Governing Body, seminars and other activities that we have, whenever it appears that their voice is relevant. We send them documents for comment, including the last product of this Working Party. And for some activities we are invited to the WTO, in a limited way. The ILO is invited to the Ministerial Conference without a right to speak, but does not have formal observer status in the WTO.

When I arrived here, people asked: What will you do about the relationship with the WTO? Let me refer to my experience last year. After I took up my post at the ILO, I first had to wait until the WTO had chosen its Director-General. When my counterpart was chosen — and I have excellent relations with Mike Moore — we were in the midst of the preparations for Seattle. At that time, any public statement I made was liable to misinterpretation or misuse by the different parties to the debate.

So I decided to say publicly only that the Director-General of the ILO would not give an opinion on the WTO debate. If and when a decision is taken there, I will take that decision to the Governing Body of the ILO which will then decide on the ILO position. So now we are after Seattle. My personal belief is that dialogue on complex issues like these is possible in the framework of this Working Party. If we leave the ghosts outside the room, we can do it; if we bring the ghosts into the room, it would make no sense. I am perfectly prepared to sit down with Mike Moore to talk, to see what things can be usefully discussed together, for instance, research themes, in full know-
ledge of the different opinions that constituents in both organizations have on the substantive issues. The fact is that WTO is already present and participating in our discussion and we can develop our cooperation on that basis, in line with the Singapore Declaration, provided we understand that this Working Party has decided to leave certain issues aside. So if that is what you would like to see happen, I have no problems with that.

In relation to the Bretton Woods institutions, let me say the following. I have worked hard on our cooperation with the World Bank and the IMF and we now have observer status on the policy committees of both organizations. Our collaboration with the World Bank is moving extremely well. What we did was to put side by side the Bank's Comprehensive Development Framework with the ILO's Decent Work Agenda presented to the Conference, to see how they mesh. And out of that came many potential initiatives for collaboration. Among other things, the Bank has been putting enormous emphasis on ownership by countries of their comprehensive development policies, so the tripartite structure of the ILO is of interest to them. Ownership means dialoguing with a country, and not only with the country's government but also workers and employers, among others, so the space represented by the ILO brings added value to our relations with the World Bank.

We have talked with the Bank about incorporating the Declaration on Fundamental Principles and Rights at Work and its Follow-up into the checklist of things that they discuss with countries. We made a strong point that employment and enterprise creation is part of solving poverty; you cannot deal with poverty exclusively in terms of education or health, or empowerment or gender consciousness, because you can be educated and healthy and empowered and gender conscious and yet be unemployed. So you need to put employment into the picture, and I think that we are agreed on that. We discussed the possibility of working together on a number of pilot countries and a number of other things. My perception is that the potential for collaboration with the World Bank is rather big, given its emphasis on poverty reduction and national ownership of development policies.

Also, I believe that our relationship with UNCTAD is important: it is an institution that has a particular perspective and has been traditionally trying to represent and reflect the sensitivities and the ways in which developing countries see development and trade problems. I think that it is useful also for us to have that type of input and to have a close relationship that permits us to be sensitive to those types of analysis, and that is the reason why I participated in the UNCTAD X Conference in Bangkok.

And I would like to end with the word used by one speaker — “trust” — and the fact that this Working Party has succeeded because a certain level of trust has been developed. Of all the characteristics that I mentioned at the beginning, that is probably the most important one and I would truly invite you from the Office perspective to hold on to that, because as you all know in the international scenario, trust is very difficult to construct. We have been able
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to do it here in this Working Party; let us try to keep that approach to deal with complex issues and to help us actually bite the bullet on some of these questions, knowing that we are not a policy-making organ, that there are no decisions to be taken here. The Working Party is a place to reflect, to dialogue, to think together, but above all to be creative in terms of responding to the realities of today. I think that this is the essence of what you have been expressing in the course of today, so thank you very much for your comments.
Thank you President, General Secretary, Delegates, Comrades, Sisters and Brothers!

Truly we are living in a world of incredible change, as many speakers have said. Fifteen years ago the word globalization had not been invented. The Internet had yet to invade our lives. The Berlin Wall was still in place. It was also the height of neoliberal arrogance in promoting economic fundamentalism.

And 15 years ago anybody suggesting that a Chilean ILO Director-General would be addressing an ICFTU World Congress in free South Africa on globalizing social justice would have been directed to the nearest psychiatrist. But here I am and here you are now. How was this possible?

Well, you and all those who came before you helped to make it happen.

Truly, through your 50 years of struggle you and your predecessors have fashioned in the ICFTU a remarkable organization, together with the national centres and the International Trade Secretariats (ITSs). You have to be proud of your role as an institution.

Yesterday, I listened with rising emotion to Deputy President Zuma and Brother Vavi talking about their struggle and how you made it your struggle too. They led the way. Struggles are always nationally led. But you stayed the course with them. You mobilized worldwide for justice in this beautiful country.

I look at this audience and I see enormous energy, still ready for future struggles. I see women and men formed by lives dedicated to making their country a better place. But I also see over a thousand global citizens sitting in this room.

Your pride in your country is enlarged by your sense of belonging to the global family of free trade unionism. At no other world congress do people routinely call themselves sister and brother. You are the first family of global
citizens. You have been generous to me in many ways but most of all I thank you for making me feel a member of your global family.

You fight together for workers’ rights everywhere because you know, without even having to think about it, that your own freedom is diminished by oppression in other countries.

I and my fellow Chileans owe you a lot for what you have done, and are continuing to do, to help us enlarge and secure our freedoms. I just wish my friend Manuel Bustos who died last year could be here today. You all knew Manuel. He was a leader in the unions and a member of our Parliament, a national figure who symbolized the linkage to the international struggle. He would have wished to join me in thanking you on behalf of Chilean democrats for your unquestioning solidarity in our dark hours.

But now we are here in South Africa. South Africans’ struggle for freedom is indelibly linked to the city of Durban. It was here in 1973 that over 100,000 workers went on strike for decent wages and the right to belong to trade unions of their choice. This was at a time when it was illegal for black Africans to belong to trade unions and the strike led to the birth of the democratic trade union movement in this country. I want to honour the workers who participated in that action, the leaders who called that strike and those who fell in the struggle.

And it was this movement that rocked and ultimately cracked the apartheid system. I am sure that the special spirit of Durban and South Africa will make this conference an overwhelming success.

I also want to say how happy I am to be in Africa, a continent I love and admire. This is my third trip to Africa in my first year of office — Windhoek, Abidjan and now Durban.

As I salute your achievements of the past, let me put before you our common challenge for the future: Globalizing Social Justice. You have prepared an excellent report to guide our discussions. I commend that report and encourage you to use it widely beyond the ICFTU. The ILO can work with you on that.

Globalization as we know it today will not survive unless its benefits reach more people. It has yet to pass the test of social legitimacy. It is not working for billions of people. We cannot continue down the track of increasingly deregulated national economies towards a growing unregulated global economy.

We hear a lot that globalization cannot be changed and is inevitable. I believe the revolution in information technology is only in its infancy and is here to stay. But we have to expose as a lie the idea that all we can do is adapt to globalization. It simply is not true. Policies have also shaped globalization
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and they can be changed. If the current model of globalization does not change it will not survive.

Our joint task is to shape the process so that the power and potential of the global market, the knowledge economy and the network society reach every nation, every village, every household.

In the ILO we believe that the basic test of the global economy will be its capacity to deliver decent work for all. That is my litmus test for globalization. If it can be organized to deliver for people, it will have proved its worth.

We have made a start by winning support for the Decent Work Agenda. This is not an intellectual idea, a mere concept, or a notion. It is the most deeply felt aspiration of people in all societies, developed and developing. It’s the way ordinary women and men express their needs and judge an important part of the quality of their lives.

You know better than any others that if you go out on the streets or in the fields and ask people what they want, in the midst of the new uncertainties that globalization has brought upon all of us, the answer is, “work”. Work to meet the needs of their families in safety and health, educate their children, and offer them income security after retirement, work in which they are treated decently and their basic rights are respected. That is what decent work is about. And it’s about reaching everyone.

Maybe Walter Reuther said it best: you cannot build an automobile economy on bicycle wages. Well according to my view, you cannot build a knowledge economy ignoring workers’ rights. This is a strong simple message. Decent work is built on the foundation of fundamental principles and rights. The ILO is a values-driven organization. The mechanism for getting action is social dialogue. We are owned by the social partners and mobilizing the power of tripartism is our unique contribution to the multilateral system. Our goals are more and better jobs for all women and men and effective social protection.

I also have to share something with you that is very important for me: that I am the first Director-General in the ILO’s 80-year history to come from the southern hemisphere. However much one is committed to universal values, each of us brings our own personal experience. In my case that means that I must look at the ILO’s work with a special sensitivity as to how people in developing countries will view it.

That is why unemployment is so important. In the North, however hard the experience of unemployment, there is generally some safety net. In the South, lose your job and you are out. Our task is to marry the historical ILO agenda of rights and social protection with the development and jobs dimension. That will give us our global rationale.
Unemployment is one of the biggest enemies of workers’ rights. It is also the major cause of poverty. That is why we put a great deal of emphasis on small business promotion because, as we all know, that is where the new jobs start. But it is also where we find some of the worst working conditions: hence our priority on social protection through safe work and the establishment and expansion of social security systems.

Today we are facing the simultaneous but diverging expansion of the informal economy, on the one hand, and the knowledge economy, on the other. This is the fundamental product of globalization and we have to build bridges between the two. I believe they must be based upon small enterprises. But they are also the least organized. On my recent visit to India, for example, I was asked what we were going to do for the 92 per cent of workers who were not organized. This is the potential we have to unlock.

I share with you the conviction that without respect for workers’ rights there can be no decent work in the world economy. Open economies and open societies are good provided they deliver the goods for ordinary working families. Saying no to the race to the bottom is saying yes to equity and fairness. This means looking at globalization through the eyes of people.

I know and understand the position of the ICFTU on trade and labour standards. Your achievement has been to move this question right to the top of the international policy agenda, making it the everyday staple of newspaper articles and editorials across the world. When people say the trade and labour debate is not going to go away, they are essentially saying that the ICFTU, ITSs and national unions have made a strong and coherent case that requires a response.

At the same time, it would be a disservice to your members, and to the ILO as an institution, to put on hold the ILO’s constitutional duty to promote fundamental workers’ rights worldwide, with all the means at its disposal, until results emerge from the WTO or any other place.

As I have said repeatedly, I am committed to taking whatever may eventually emerge from the WTO in relation to the ILO to our Governing Body for decision and action. But in the meantime we must press ahead with the ILO agenda.

Above all we must continue working together and being a part of those who make society change. After all, the ILO is the only organization of the international system in which organized labour has a seat at the decision-making table. The ICFTU and the ITSs have created conditions for major progress in the ILO. The work of the ICFTU and your members on the Governing Body has helped us to spotlight violations of union rights and improve our ability to remedy them and stop them occurring in the first place.
I want to underline my own particular responsibility for the security of trade union leaders worldwide. I want you to know that whenever a life is threatened or one of your colleagues is imprisoned, I intervene. There are different ways of doing it, picking up a phone, making a public statement. This is my personal responsibility and I want you to hold me to it.

The ICFTU contributed decisively to the Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted in 1998. This was an historic commitment by all member States to respect workers’ rights in all circumstances. It contains important follow-up mechanisms, which enable us to monitor how they are living up to that commitment.

Just two weeks ago we published the first annual synthesis report on the situation in countries that have not ratified the fundamental rights Conventions. It brought out a number of issues and a wealth of practical information, which without that procedure would have remained hidden. It was a good start, and we must build on it. You all — national centres, ITSs and the ICFTU as a family — will get out of it what you put in. You have a right to comment on government replies. This is a new mechanism. It is in your hands, and I appeal to you to work with the ILO to make it a success. And at this year’s Conference, you will have the first global report on freedom of association. It will take a cold hard look at trends in the observance of trade union rights around the world, and the reasons for violations, and what must be done by the ILO and others to stop them. Stopping violations before they happen is after all the main goal. The new Declaration is deliberately designed to add that promotional dimension to the ILO’s rights agenda.

Of the more than 60 governments who submitted annual reports, 41 said that they had problems and asked for ILO technical assistance to tackle them. We must not give up on those who ask for help.

In the context of freedom of association, I see three priorities:

• ensuring that all workers are able to form and join a trade union without fear of intimidation or reprisal;

• encouraging an open and constructive attitude by business and public employers to the freely chosen representation of employees through a trade union, as well as the development of agreed methods of bargaining and other forms of cooperation concerning conditions of work;

• recognition by public authorities and business that the good governance of the labour market, based on respect for fundamental principles and rights at work, makes a major contribution to economic, political and social development. It must be a foundation of international economic integration, the enlargement of democracy and the fight against poverty.
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At the same time we have to make the point that good labour relations are good for enterprise performance and good for social stability.

At the same time your colleagues in the Workers’ Group of the ILO Governing Body are using long-established procedures to good effect. Even since I have been here, several delegates have told me of the significance of last week’s Committee on Freedom of Association decision on Australia and of the recent mission to Colombia.

But it is to the case of Myanmar that I particularly want to draw your attention. All of you know of the horror of forced labour in that country. Indeed, it was the ICFTU that launched the original complaint about it at the ILO, leading to a Commission of Inquiry investigation. It was the Government of Myanmar’s refusal to apply the recommendations of the Commission’s findings that last week led the Governing Body of the ILO for the first time in its 80-year history to invoke article 33 of its Constitution. Basically, article 33 permits the Conference to decide on “such action as it may deem wise and expedient to secure compliance” with the Commission’s recommendations.

This June, the Conference will have the power to call upon member States and international organizations to do whatever it takes to end forced labour in Myanmar ... I will not belabour the point further.

At your last Congress you essentially called on the ILO to lend its weight in the multilateral system. I very much agreed with you at the time and I have made it a priority since taking office as Director-General just over a year ago.

I have said repeatedly that the multilateral system is grossly underperforming in meeting the challenges of globalization. It is as if each international organization is stuck in its narrow bureaucratic box, with little reference to what the others are doing. This has to be replaced by integrated thinking and coherent action. I want the ILO to be a leading player on a strong team. We have already made a good start in that direction.

Our Working Party on the Social Dimension of Globalization is the only multilateral forum for discussion in this area. It can become the focal point for this debate. It met last week and agreed an ambitious programme of work. And most importantly, for the first time, it heard presentations from representatives of other key agencies like the International Monetary Fund, the World Bank and the WTO. This is a dialogue we will develop in the future. We have also contributed strongly to the preparations for the Social Summit+5 Special Session of the United Nations General Assembly.

We are tooling up the international system to do the job ahead, working together to end Africa’s debt bondage, to avert repetitions of the Asian crisis and to put poverty reduction at the heart of multilateral action. But any superstructure of global governance will founder without strong foundations in
grass-roots organizations. And organizing is your speciality and your priority here at the Congress. The foundations of the hundreds of organizations you represent are millions of workplaces where women and men have found a shared interest in getting together to better their everyday lives and those of their families and communities.

And those workplaces are changing at a pace never seen before. With it, communities are in turmoil. Family life is changing. And people are changing.

So your organizations have to change too, as described in the Congress Report. It is not easy. We all know change is not easy. It took enormous effort and sacrifice to build your movement. You have had to defend it on numerous occasions from fierce attack, and are still having to defend it today. But as you know better than me, the structures and methods of the twentieth century will not work in the twenty-first century.

In the twentieth century, you fought the battle for existence, recognition and influence. In the twenty-first century, you will face the challenge of growth and continuing relevance in the eyes of society.

Your inheritance, in most countries, was strong male-dominated unions in the large factories, offices, mines and plantations of a mass production economy. Your future is in the booming knowledge networks and in the sprawling informal economy. Like it or not, that is where the work is going and the women and men in those sectors need representation.

The fight for equality is one of your most powerful organizing motors. If unions can show that they are truly committed to that cause, and practise what they preach, maybe you could eventually double your membership. Equal opportunity means women occupying leadership posts everywhere — in the ILO, I have asked our governments, employers and trade unions to make a major effort to increase the representation of women on our Governing Body.

I profoundly believe in the equality agenda in our organizations and in all the work that we do. It is about the future of our societies and democratizing work. This is not just words or political correctness, it is much more. It is about reaching people.

When I travel I make a point of visiting ILO projects. Recently in India I went to one where we were working to have street children make the transition into school, while generating income opportunities for their mothers. Talking to those mothers, they told me what really mattered in their lives: securing food and education for their children. But they also told me that when income came into the family through women it went directly to meeting these basic needs. When it came through men, somehow some of it always got lost. And in that simple truth I saw all cultures, I saw Latin America. This is no joke, it’s reality. And let me show you this pin. It is for a march on Wednesday against violence and discrimination against women. Unfortunately I will not
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be able to join it. I leave this afternoon, but I urge you all to join tomorrow’s equality march.

I see the ILO’s job as being to help unions in their organizing work. We need to learn how to innovate, together. Taking your existing members through the maelstrom of globalization is a massive challenge for you. I would like the ILO to accompany you on this journey, with a massive programme of capacity building and training for union organizers.

I said that your structures and methods will have to change. But do not change your values. They are enduring and they are universal. They have made you what you are. And they are the key to rethinking structures and methods. They will guide you in addressing the challenges of the twenty-first century.

And by the way, innovative initiatives are under way. Take Washtech, an affiliate of the Communication Workers of America, which is organizing well-paid hi-tech workers employed in Seattle. Or SEWA in India, organizing self-employed women.

You are the first to know that organizing makes you strong and generates respect and dignity in society. As I said to you four years ago in Brussels — and thank you for inviting me both in 1996 and 2000, you honour me by this — you can draw strength too from alliances with others in civil society who share your goals. I know the controversies. Reaching out has risks attached. But there is tremendous potential there, and a certain responsibility to make it happen. You are unparalleled in your representativeness and that confers extraordinary legitimacy.

You represent 125 million people and you are democratically elected to do so. That does not exist anywhere else. It gives you a responsibility to reach out to others and their aspirations.

Let me end by saying that the cynics are always there. I know because I keep meeting them and they keep telling me that what I am trying to do won’t work. But don’t listen to them, it’s a waste of time. They were the ones who said slavery could not be abolished, that women would never win the right to vote, that colonialism could not be ended, that the Berlin Wall would never fall and that apartheid would not be defeated. According to them trade unions would never exist.

But we have chosen to make society better. That means swimming against the current, taking the difficult road. It is our sureness of purpose and self-belief in representing working women and men that sustains us. Let us refuse the indifference of our times.

Let me end by reiterating my firm conviction that the ICFTU can take a leading role in a massive worldwide campaign for globalizing social justice.
I am very happy to be with you today. It is an honour and also a great pleasure.

In the space of a few decades, we have gone from national deregulation to a basically unregulated global economy. We find ourselves in a new situation in which more and more actors are becoming involved and old rules no longer apply.

As globalization leads to increased flows of capital and increased trade, borders are becoming permeable and societies more open. Markets are also becoming more unstable, companies are coming under greater pressure and workers are more vulnerable. Within countries and enterprises, the imperatives of adjustment and competitiveness conflict with the demands of social solidarity. This aggravates the latent tensions which the demonstrations in Seattle and Washington helped to highlight.

Despite the obvious benefits, real and potential, of globalization — better resource allocation, greater economic efficiency, more rapid growth — the process has failed to bring about the expected improvements in living standards and full employment. We ended the last millennium with two major advances — open societies and open economies. But the social pillar was neglected. This will be the source of new challenges and opportunities, but also new problems. I shall talk about those later. We must now ask: can we change things, or must we remain within the confines of the system we know?

What is most worrying is the persistence and growth of inequalities, not only between rich and poor countries but also within developed and developing societies. This is the background to the feeling of insecurity which globalization has bred.

For example, the UNDP *World Development Report* for 1999 points out that in 1960 the average income of the one-fifth of humanity living in the richest countries was 30 times that of the one-fifth living in the poorest countries, it was 60 times greater in 1990, and 74 times greater in 1997. And there
is no sign of any change in that trend. You can imagine the social tensions behind these figures. We are familiar with the classical approach to social and economic integration based on redistribution. But we have to go further.

As I see it, globalization is touching our lives in a way that creates anxiety, and not only among the socially excluded. This anxiety is increasingly affecting the attitudes and responses of the middle class. Many parents worry that their children will not have a better life than they themselves have had. Many workers, in the North as well as the South, believe that greater international competition is leading to deteriorating working and living conditions, and that they are trapped in a race to the bottom. Many company managers that I have met in industry and traditional production sectors throughout the world are worried about the future of their businesses and markets.

And these people are not "excluded". Looking at the world of enterprise, if you are in the technology sector you are in the vanguard of change. But, if you are in the traditional industrial sector you might well wonder where you will be five years from now. Today's graduates are told that what they have learned is already irrelevant and that they must be retrained. If we fail to tackle these problems, our policies will be wrong. And we must look at our policies through the eyes of ordinary people.

Globalization is having a profound and lasting impact on the world of business and work.

As production processes become globally integrated, companies, especially small and medium-sized enterprises, are forced to fight every day for their survival. Clearly, we cannot solve the problems resulting from these developments unless we are prepared to change our thinking and our practice. Success will depend on those with new ideas, practical thinkers, leaders and managers with a broad understanding of the consequences for the labour market of all these complex trends. The future will belong to countries and enterprises able to combine economic efficiency with social efficiency.

Globalization is giving rise to greater competition in labour markets. In developed countries, greater international competition and technological advances have often led to job losses, particularly in certain industries. Another consequence of intensified competition is the greater emphasis on flexibility — hence the growing number of jobs offering less security and fewer social benefits than traditional types of employment. In this regard, I believe Switzerland will take part in a wider debate about the European social model which is based on the idea of striking a balance between growth and social cohesion, between wealth creation and stability. The debate will have far-reaching consequences, for what happens in Europe and Switzerland in this area will influence the rest of the world.

In developing countries, hundreds of millions of poor workers and their families are either excluded from labour markets, looking on as the global
Address to the Federation of Employers’ Associations of Geneva

...economy grows, or they have only very tenuous links to those markets. In some cases, the failure of governments to comply with fundamental labour standards on freedom of association and collective bargaining, in their eagerness to attract investment, has only made things worse.

I should also draw attention to another important issue which is, however, often pushed aside: the impact of globalization on the situation of women.

For 20 years, in both the industrialized world and developing countries, it is predominantly women who have accounted for the growth in the labour force. In the European Union, for example, since 1989 women have accounted for 80 per cent of such growth. It is absolutely essential — for social reasons, but also in order to maintain the competitiveness of the labour force — to take this dimension into account.

The transformation of the global economy may create some problems for women workers, although it offers new opportunities. The fact remains that women as a whole all too often face insecure employment and precarious livelihoods in an overall context of discrimination in various forms. This has serious consequences given the significant portion of their income which goes towards supporting their families.

At the ILO, we believe that part of the overall response to these problems must be to ensure that markets work for everyone. It is a simple idea that is consonant with open economies and open societies. If markets play such an important role in social organization, economic productivity and social productivity must go hand in hand.

Perhaps the time is right to introduce an idea that may not easily fit into our existing conceptual framework but which, nevertheless, I would like to put forward here. It is the notion that the ultimate criterion for judging market efficiency should not be the interests of the individual consumer but the impact on the lives of families. We can best assess how markets and the economy are working to strengthen social cohesion if we do so with reference to what is happening within our families. This is not easy to grasp. But if we fail to understand the unemployed person and his or her reactions, as well as the effects of change on his or her family, we cannot hope to understand the opposition to globalization.

This brings me to another point. We are all familiar with “market fundamentals”. Information on these market fundamentals is broadcast constantly on television. I think, however, that we should give more thought to the “people fundamentals” by considering the actual effects of global policies on individuals and their families.

At the ILO, we have a new programme which has the full support of our tripartite constituents — employers’ and workers’ organizations and governments (and here I should like to congratulate you all on the quality of your...
contributions to our activities through the Federation of Employers’ Associations of Geneva and the International Organisation of Employers). The main goal of this programme is the promotion of policies which will enable everyone to obtain decent work. By decent work we mean work that is carried out in conditions of freedom, equity, security and human dignity.

Decent work reflects my conversations with many people over a number of years, including during the preparations for the World Summit for Social Development in Copenhagen. I asked them what should be our response to the problems of poverty and exclusion. The general response has been “work”. Work offers a way out of poverty and can enable workers to take a step towards integration. It offers the means of educating children and building a family, of being respected by others and, if one plays by the rules, of having a pension. And so I find myself asking: Is it so revolutionary to try to meet these needs? Why should it be so difficult? Can we really tell people to forget these ambitions because they can never come true? Answering these questions is a fundamental task for the ILO in the year 2000 and beyond.

So how is the ILO attempting to respond to these issues?

We propose marrying the ILO’s historical mandate based on workers’ rights and social protection, and the agenda for development and growth based on job creation and enterprise development; and using social dialogue as a key instrument for their realization. Together these make up our four strategic objectives.

The first objective focuses on ensuring universal observance of fundamental principles and rights at work.

In 1995, the World Summit for Social Development in Copenhagen identified seven ILO Conventions as the minimum social pillar for a global economy. In 1998, the ILO went on to adopt the Declaration on Fundamental Principles and Rights at Work and its Follow-up.

According to the Declaration, all Members have an obligation, solely by virtue of their membership, to respect, promote and realize fundamental principles and rights at work in relation to: freedom of association and collective bargaining; the elimination of forced labour and child labour; and the elimination of discrimination in employment and occupation. Switzerland has set an example by having ratified the fundamental ILO Conventions.

The Declaration’s follow-up mechanisms became operational this year with the presentation of two reports to the Governing Body and the International Labour Conference. These mechanisms have been designed to monitor and encourage countries’ efforts to realize fundamental principles and rights at work, while ensuring that the Declaration is not used for protectionist purposes.
Another major development was the unanimous adoption by the International Labour Conference in 1999 of the Worst Forms of Child Labour Convention (No. 182), which covers forced labour, sexual exploitation, illicit activities and hazardous work. It extends and reinforces the ILO's ability to tackle these intolerable practices. As part of our initiative to restore childhood to child workers throughout the world, we have developed the International Programme on the Elimination of Child Labour (IPEC), which now covers 60 countries. I call on all of you not to tolerate child labour in your enterprises or among your suppliers under any circumstances and to join the ILO's global campaign.

Our second strategic objective is to offer women and men greater employment and income opportunities.

It is based on the recognition of the crucial importance of employment as a source of income, as a factor in social integration, and as a source of individual dignity and stable family life. For work to be decent, there must be work to begin with. Therefore, enterprise, the main creator of jobs and wealth, is the key to any effort to create decent work. We now have the knowledge economy, on the one hand, and the informal economy, on the other, and bridges have to be built between them. One such bridge is the small enterprise sector which, depending on our approach, will have a certain bias. I have often observed that it is more difficult — in terms of access to credit, regulations, and so forth — to start up a small enterprise than a large one. Solving these problems is crucial to promoting stability.

But the development of enterprise in an open global economy also presents new challenges, including the need to abandon the old idea that the spirit of enterprise and worker organization and protection are mutually antagonistic. We all know examples which show that sound labour relations are good for business.

In response to these concerns, our third strategic objective is the extension of social protection.

If globalization is to work, we must ensure that individuals do not feel threatened and that they are able to prepare themselves as responsible individuals to take advantage of the new opportunities. If there is a universal need, it is for security — in the workplace, the labour market, income and consumption, family life and social integration. In fact, much of the anxiety provoked by globalization stems from the inadequacy of existing social protection systems. According to a recent ILO study, 90 per cent of the world's population of working age is not covered by any social protection.

Decent work means safety at the work place and a secure livelihood. This is how the development of social protection will contribute to global economic stability. We know that this is a controversial area, where the debate is still going on. There are different approaches, but in any of them security will be the criterion of success.
Our fourth strategic objective is to promote social dialogue.

If we are to attain our objectives, the social partners must be strong and social dialogue must flourish. Unfortunately, tripartite social dialogue remains largely underused throughout the world, including tripartite dialogue on economic and social policy. I believe very much in the role of social dialogue in reinforcing social stability.

If globalization does not further the interests of people, they will oppose it. If people oppose globalization, it is not because they are against it in principle but because they cannot see anything in it for them. In this framework, entrepreneurs, civil society, governments and the multilateral system all share a responsibility for responding to the demands of workers who are currently excluded from the benefits of globalization but who aspire to decent work.

In order to progress, we must make market forces serve social development. It means achieving competitiveness simultaneously with social cohesion.

I would therefore like to ask you to reflect on the role of enterprises in combating poverty and exclusion. Three billion people currently live on less than two dollars a day. It is difficult to tell them that they must be in the vanguard of the defence of globalization. Yet, we can all imagine the benefits that would come from the expansion in world demand if they were able to escape from the poverty trap, become consumers, and enter the market for goods and services. Maintaining growth is now a major problem. But if millions more people were to enter the market, the situation would be different. Is this inconceivable? Or can we find market-based solutions, given the likely impact on enterprises?

I personally believe that this is feasible if we revise the rules of the global market to promote global action for decent work. It is a realistic goal. We have the means to achieve it if we are prepared to rethink the policies that influence the process of globalization. The time has come to reconsider the nature and purpose of the economy in terms of its effects on the lives of our families and our children’s families.

In the world of tomorrow, there will be greater awareness of the primacy of human needs as the ultimate goal and the fundamental motor of the economic process. The idea is already gaining ground and there is a direct link with consumer demand: for enterprises, a favourable social image is increasingly essential for commercial success. That favourable image depends on good social practices.

The vision of a common future shared by the business community and the international organizations has prompted the Secretary-General of the United Nations, Mr. Kofi Annan, to propose a “global compact” between the United Nations and the world of business. It requires private sector institutions to subscribe to a set of fundamental principles in the areas of labour standards,
human rights and the environment. For this initiative to succeed, we must promote social inclusion.

The workings of the emerging global market must be tuned to allow a balanced development that reconciles market potential and social justice, competition and solidarity, work and family, the interests of developed countries and those of developing countries. Obviously these are not easy issues. They are, in fact, very complex and difficult. But they have to be tackled within a clearly defined framework.

Globalization is a reality. It is here to stay. Although some aspects are irreversible, others can be changed. What cannot be reversed are the changes that have followed from the revolution in information and communication technologies. And that is only the beginning. One can also imagine the potential impact of technological advances even on developing countries, which might be enabled to “leapfrog” ahead.

There are other aspects of globalization which we can shape. I am referring to the macroeconomic, financial, commercial or social policies associated with globalization as we know it today. These policies have been developed by institutions and individuals in positions of leadership who could also refine, adjust and modify those policies in order to spread their benefits more widely and ensure that markets work for everyone.

At the ILO, we also advocate an integrated economic and social strategy. A way has to be found to achieve a better understanding of the different interactions involved. We can no longer apply purely sector-based solutions to cross-sectoral problems.

This is the aim of the Working Party on the Social Dimension of Globalization set up by our tripartite Governing Body. But, of course, the integrated thinking and action which we encourage must come above all from the multilateral system. So the message that I am trying to get across to the rest of that multilateral system is that the ILO today wishes to be a team player. It is no longer possible for one institution to go on dealing with the sectoral aspects of a given global problem in isolation.

With the help of the entire multilateral system, we can improve our knowledge of the impact of the global economy on the world of work and put that knowledge to use for the benefit of all.
Perspectives on decent work

CONCLUSION

Within this overall vision, our objective of decent work is intended to make social standards part of the foundation of economic growth and enterprise development. The issues which we have considered obviously vary in importance in different national contexts. In Switzerland, the pension system, the ageing of the population, the labour market and migrant labour, even the extent to which people want to be integrated in the international economy, are all issues which cannot be resolved without regard to the global context. Autonomy in our complex world is becoming increasingly difficult.

But if we can find within ourselves the necessary conviction and energy, we will together show the inexhaustible potential of social policy in terms of economic productivity.

I would like to conclude by inviting you to reflect on these problems together. We all know that no one person has the answer. A creative effort is needed to reach consensus on certain basic goals and to decide which policies we should adopt. I want to encourage joint reflection during the preparations for Copenhagen+5 which will be held here in Geneva.

But I would also call on you to continue thinking about these issues after Copenhagen+5. If we maintain our established positions, there will be no progress. Since 1919 and the signing of the Treaty of Versailles, the ILO has led the way in establishing tripartism in its own work, and must now take the lead again by helping to establish a consensus that we, as human beings, have common interests and that purely majority-based solutions will not create stable foundations for the new millennium.