



Governing Body

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SEVENTEENTH ITEM ON THE AGENDA

Report of the Working Party on the Social Dimension of Globalization

Oral report by the Chairperson of the Working Party, H.E. Mr A. Jemal, Ambassador of Tunisia and Permanent Representative of Tunisia to the United Nations in Geneva

1. The Working Party on the Social Dimension of Globalization met on 15 November 2010. H.E. Mr Jemal (Government, Tunisia) chaired the meeting. Mr Funes de Rioja (Employer) and Mr Sommer (Worker) spoke for their respective groups.
2. The Working Party had before it a paper ¹ entitled “Policy coherence for strong, sustainable and balanced growth” with an addendum ² summarizing the current economic outlook and policy issues. This brief report aims to identify some of the main considerations for the future work of the Governing Body that could be drawn from a very rich debate. A more thorough report will be prepared and posted on the ILO website as an aide-memoire.
3. The discussion was opened by the Director-General, who drew attention to continuing concerns about high levels of unemployment, the differentiated but fragile recovery in growth and the damage caused to workers and enterprises, especially smaller enterprises and their employees. He recalled the long-standing mandate of the ILO to promote policy coherence for decent work, further elaborated in the ILO Declaration on Social Justice for a Fair Globalization. That involved national, regional and global levels. The ILO was making full use of its policy instruments, notably the Global Jobs Pact. Particularly important issues on which progress was being made with international partners were the idea of a social protection floor and the better integration of social and labour market policies with macroeconomic policies. Those questions had figured prominently in an important joint conference with the International Monetary Fund (IMF) in Oslo in September 2010. Achieving a better relationship between productivity growth and wages was a central issue in current discussions about recovery and balanced growth. The ILO

¹ GB.309/WP/SDG/1.

² GB.309/WP/SDG/1(Add.).

was now working with the G20 as well as the UN system, and collaborating with a number of partner organizations including the World Trade Organization (WTO). Progress was being made in those relationships, but the challenge of generating a jobs-rich recovery remained. He would report more fully on the ILO's engagement in the Seoul Summit in the Governing Body.

4. Following the Director-General's opening remarks, the Working Party benefited from a panel discussion with WTO Director-General Mr Pascal Lamy, Mr Richard Kozul-Wright, representing the Secretary General of the United Nations Conference on Trade and Development, Mr Wiseman Nkuhlu, President of the International Organisation of Employers, and Ms Sharan Burrow, General Secretary of the International Trade Union Confederation.
5. Mr Lamy drew attention to the undercurrent of concern about underemployment that had been present in most of the discussions at the recent Seoul Summit of the G20. The link between employment and macroeconomic policies was increasingly evident. International systems for policy coherence were evolving but needed to develop to meet the current challenges. Better connections between international and national mechanisms were also needed. ILO-WTO cooperation had progressed well with several joint studies. Amongst other things they showed that social protection went hand in hand with open trade. There was scope to further develop those policy synergies. Mr Kozul-Wright was concerned that progress in developing policy coherence around the goals of poverty reduction and decent work was proceeding too slowly despite some positive signs such as the ILO-IMF Oslo Conference. Many developing countries needed to combine employment creation with rapid productivity growth to improve the living standards of a fast-growing labour force. While exports were an important part of that strategy, more attention needed to be paid to enhancing domestic demand. State support for the development process was needed to foster such a growth path.
6. Mr Nkuhlu stressed the importance of narrowing development gaps to create opportunities for the 1.2 billion working poor to get out of poverty and informality. The crisis was an opportunity to develop policies that would release their pent-up demand and fuel recovery. That required coherent policies. The capacity of ILO constituents to play their role in such policies needed to be strengthened. It was also important to recognize the value of policy specialization while promoting dialogue between policy areas. Sustainable private enterprises, especially small enterprises, had a key role to play in a jobs-rich recovery. Tripartism was a key mechanism for policy coherence that brought the concerns of ILO constituents to the policy table.
7. Ms Burrow was very concerned that imbalances, especially within countries, were not being rectified and future growth was at risk. Decent work deficits, particularly precarious employment, were on the rise. She saw a shift in the policy debate from balanced growth towards fiscal consolidation through public-spending cuts and attacks on workers' rights. So in a context where millions of workers were losing their jobs, banks, bailed out by the taxpayer, were making huge profits and paying big bonuses. That provoked a lot of anger and protest. She said that the ILO was effective in advocating the policies of the Global Jobs Pact but more real progress was vital at national level. Promises made at international gatherings should be translated into policy action at the country level. The discussions in Oslo with the IMF had been encouraging but their country programmes had not changed. The true test of policy coherence must be what happened to the living standards of real people.
8. The ensuing debate was wide ranging and rich. While speakers had different points of emphasis in their remarks, a number of considerations recurred during the day. In general, speakers welcomed the efforts of the Organization, especially since the onset of the crisis,

as set out in the report. It was also noted that that had in part been possible as a result of earlier efforts to promote policy coherence emanating in particular from the report of the World Commission on the Social Dimension of Globalization.

Immediate challenges

9. Many speakers stressed that recovery was not secure and the lag in a pickup in labour market conditions was extremely worrying. International and national policy coherence was vital and needed to focus on generating decent work and social protection. Situations did differ between countries but the need to give priority to job creation was a common element of constituents' concerns around the world.

Learning from experience with policy coherence efforts

10. Most speakers expressed appreciation for the report and its analysis of the ILO's recent experiences in mainstreaming decent work internationally and nationally. There appeared to be growing recognition of the role of the ILO and the significance of its Decent Work Agenda. That provided an important platform for the future. It was also noted that policy dialogue was not simply an opportunity for advocacy. It was also necessary for the ILO to be ready to learn from the experience of other organizations.

Need to pursue coherence at multiple levels of policy-making

11. In an interdependent world economy, policy coherence was needed nationally, regionally and globally. While the paper had focused mainly on international policy coherence, the regional level was growing in significance. Furthermore, articulation between the different levels was greatly needed.
12. The ILO should remain involved in UN and G20 processes and continue to support constituents regionally and nationally. The French Presidency of the G20 held out the possibility of more progress on the employment-related and social dimensions of policy coherence. Several Government delegates reported on national policy coherence efforts revolving around the Decent Work Agenda, including the implementation of the Global Jobs Pact and Decent Work Country Programmes.

Priority issues

13. A number of policy issues were mentioned as priorities for policy coherence work on recovery. They included the building of social protection floors and the creation of an environment which fostered sustainable enterprises. Several speakers also highlighted contributions to progress on the Millennium Development Goals. The productivity/wages relationship was discussed. Certain speakers stressed that productivity improvements should lead to an increase in wage levels, while others noted that weak demand, the result of weak growth in wages, was a major cause of the crisis and the fragile recovery. It was also pointed out that, in order to ensure balanced and sustainable growth, productivity and wage incomes need to increase together. That issue and other priority topics warranted further analysis and discussion. Looking further ahead, the need for a more coherent

understanding of the relationship between the standards of different international bodies was mentioned.

Mechanisms for policy coherence

14. During the course of the discussions, a number of international policy coherence mechanisms were mentioned, notably the G20 and the various UN bodies including the Economic and Social Council. Since the mechanisms were in flux, it was strongly recommended that the ILO should continue to be an integral part of an evolving system, so it can continue to exert an influence. In effect, some bodies had been offering guidelines to their members as a means of coordination, while others had developed a system giving their approach to policy coherence a more disciplined line. National mechanisms also varied widely and the Office could usefully study the engagement of the ILO's constituents in such bodies in order to draw good practices and share experiences.

Complexity and diversity

15. The discussion revealed the complexity and diversity of the issues involved in promoting policy coherence. A general feeling emerged regarding the attitude that the ILO and its constituents should adopt in the face of such complexity, namely to maintain coherence with regard to the ILO's aspirations and what it was trying to achieve, to adopt a very practical approach, refrain from abstract debates, make full use of the acquired experience and focus on how to promote the Decent Work Agenda and a jobs-rich recovery. The ILO would be best able to make progress in discussions with partners when it had itself developed strong internal policy coherence. That would require sustained dialogue on complex or difficult issues, sometimes involving different but legitimate views.

The ILO's strengths

16. During the course of the discussions, speakers mentioned several attributes of the ILO which could serve to strengthen policy coherence. Those included:
 - shared values, as expressed in the Decent Work Agenda;
 - the ILO's mandate (especially the Declaration Concerning the Aims and Purposes of the International Labour Organization (the Declaration of Philadelphia) and the ILO Declaration on Social Justice for a Fair Globalization);
 - tripartism, social dialogue and representation of the real economy (the unique capacity of the Organization to create a strong consensus was stressed, as was the strain which the crisis, and its uneven impact, placed on dialogue);
 - the capacity to handle divergent views and find policy synergies;
 - the existence of a portfolio of tested and recognized policy approaches (notably the Global Jobs Pact);
 - Decent Work Country Programmes;
 - the Working Party as a place for policy dialogue with international partner agencies.

Options for future ILO work on policy coherence

- 17.** The options presented for the consideration of the Working Party in paragraph 70 of the paper elicited comments from most speakers. Different preferences were expressed, with all options finding some support. A number of participants were of the opinion that further consideration should be given to building on option five, proposing “a statement of the ILO’s overall objectives for policy coherence nationally and internationally and a strategy for pursuing them over the remaining period of the Strategic Policy Framework to 2015”.
- 18.** Further consideration needs to be given to mapping out the way forward on the following:
- Strengthening the ILO’s capacity to collect, share and analyse knowledge. That might involve statistical information, policy developments, institutional innovation, analysis of policy experience and forward-looking research.
 - Identifying priorities for policy coherence work, both in terms of policy issues and mechanisms.
 - Undertaking regular reviews of policy coherence work.
 - Initiating pilot activities at country level.
 - Building on the Working Party’s reflections in the planning for the next programme and budget.

Conclusions

- 19.** This necessarily brief report cannot cover all the valuable points made in the Working Party discussion on policy coherence. Nevertheless, it is hoped that listing a number of recurrent themes might help the Governing Body to build on experience and prepare for future work.

Geneva, 16 November 2010