



International Labour Organisation

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Decent Work for Sustainable Development

in the Era of Globalisation

Summary version

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UNCTAD XII this week in Accra is addressing one of the major challenges of the 21st century: the opportunities and challenges of globalisation for development. This theme is closely associated with the International Labour Organization's Decent Work Agenda. In fact, the ILO's response to globalization is precisely the Decent Work Agenda anchored in four interconnected strategic objectives: promotion of full and productive employment, social protection, respect for fundamental principles and rights at work and social dialogue.

Being anchored on the challenges of modernizing the production structure and creating employment and decent work for all, the themes at the core of the ILO and those at the core of UNCTAD are quite closely related. These are themes that now occupy centre stage in the international globalization and development debate.

The World Commission on the Social Dimension of Globalisation, established by the ILO, helped frame this debate.¹ Their report highlighted the importance of Decent Work as a universal aspiration of working women and men in all countries, the need to have it as a central objective of economic and social policies, and as a way to advance towards fair globalization.

In his insightful report to UNCTAD XII the Secretary-General Mr. Sutpachai, also underlines these importance of employment and decent work as part of the policy portfolio for trade and development. And the President of the World Bank, Robert Zoellick, has also called for new approaches to shaping "a sustainable and inclusive globalization".²

There are many signs of the strong political will to mainstream productive employment and decent work in national and international policies on development:

- It was adopted as a global goal in the 2005 United Nations Summit
- The 39th session of the Conference of African Ministers of Finance, Planning and Economic Development in Ouagadougou in May 2006 also committed "to

¹ World Commission on the Social Dimension of Globalisation, 2007, A Fair Globalisation: Creating Opportunities for All, International Labour Office Geneva.

² Address to the National Press Club, Washington, DC, 10 October 2007.

explicitly incorporate employment objectives in national development strategies and policies” including in poverty reduction strategies (PRSs) and in investment promotion policies.³

- The commitment was reaffirmed in July 2006 at the high-level segment of the substantive session of the 2006 United Nations Economic and Social Council.
- Achieving full and productive employment and decent work for all has also been added as a target to the Millennium Development Goals.
- The Heads of Agencies of the United Nations System Chief Executives Board for Coordination (CEB) have jointly developed a Toolkit for Mainstreaming Employment and Decent Work in their policies, programmes and activities.⁴

The emphasis on production, employment and decent work, when thinking about development and shaping fair globalization is important first and foremost because it helps to connect policy discussions with the issues working women and men face and care about. Also because it brings a number of key issues into focus, related with both long term trends as well as new challenges.

1. Halving Poverty through Employment and Decent Work

First, it makes clear that without creating productive employment and decent work, global growth will not deliver the Millennium Development Goal (MDG) of halving poverty by 2015. What the world’s 1.4 billion working poor need is better and more productive jobs as a way out of their poverty. However, economic growth by itself is not enough. The ILO has been calling attention to the declining employment content of growth. Despite relatively high growth of the global economy in the last decade to 2006 of 4.1% per annum, employment growth has just averaged 1.6% per annum.⁵ Unless growth is sustained and it is more employment-rich it will not be possible to halve poverty by 2015. A labour market that performs well is the only sustainable way out of poverty.

2. Tackling threats to growth, employment and poverty reduction

Secondly, the focus on decent work is also essential to tackle new threats to sustained growth and poverty reduction. One is the current sharp downturn in the US economy and the risk that this could lead on to a global recession. The IMF, in its spring meeting last week revised its global growth forecast down to 3.7% per annum over 2008, US growth down to 0.5%, and Eurozone growth down to 1.4%.⁶ There is a downside risk of a global recession in 2009, with world output growth falling to below 3.0% per annum. More people working productively and consuming in emerging economies is adding new engines of growth to the world economy. The more this can be done the more the world economy could be stabilized.

Since the start of 2008, a second fracture point has opened in the global economy, in the form of rocketing agricultural commodity prices, principally cereals. The rise in food prices can benefit efficient producers who market their surplus, but cripple

³ <http://www.ilo.org/public/english/bureau/inf/event/ouagadougou/index.htm> .

⁴ <http://www.ilo.org/public/english/bureau/dgo/selecdoc/2007/toolkit.pdf>

⁵ ILO estimates based on Global Employment Trends Model, 2007.

⁶ IMF, World Economic Outlook, April 2008.

consumers including small producers who are also net buyers of grains. The International Food Policy Research Institute estimates that the poor have lost out badly through the rise in food prices for this reason. A further consequence is that the cost of food subsidies have rocketed, as have procurement costs for feeding programmes, such as that of the World Food Programme.

Given the magnitude of the crisis and its wider and longer term implications, actions are needed under an integrated approach combining action at national and international levels, and short- and long-term measures. In that regard, the decision taken at this 12th UNCTAD Conference to establish a high-powered task force to stabilize world food prices and plan long-term solutions to food security challenges is a step in the right direction.

In the short term, what is most important is to protect the already precarious livelihoods and purchasing power of the poor and the vulnerable and prevent any further widening of the decent work deficits that already existed before the crisis. This could be done via cash transfer programmes, employment programmes and appropriate adjustments in money wages. In the longer term, it is important to support investment in agriculture to expand supply, with special attention given to small and marginal farmers so that they are not left out of possible benefits.

3. Investing in Sustainable Enterprise Development

One of the central pillars of the Decent Work Agenda for creating jobs is the promotion of the private sector and sustainable enterprises, particularly the small and medium sized enterprises that form the backbone of the private sector in developing countries.

At its June 2007 Conference the ILO's tripartite constituency of employers' and workers' organizations and governments agreed on a comprehensive set of conclusions on the promotion of sustainable enterprises which provide a sound platform for coherent policies within the multilateral system.⁷ They agreed that policy frameworks must balance the need of enterprises to turn a profit with the aspiration of society for a path of development that respects the values and principles of decent work, human dignity and environmental sustainability. Business thrives where societies thrive and vice versa.

Poorly designed regulations and unnecessary bureaucratic burdens on businesses limit enterprise start-ups and the ongoing operations of existing companies, and lead to informality, corruption and efficiency costs. But regulatory reform cannot be made within a narrow perspective which fails to take into account the benefits as well as the costs of business regulations. Well-designed transparent, accountable and well-communicated rules, including those that uphold labour and environmental standards, are good for markets and society. Reform of laws and the removal of business constraints should not undermine such standards. International support to private sector development should build on this comprehensive sustainable enterprise approach.

⁷ ILO: *The promotion of sustainable enterprises*, Report of the Committee on Sustainable Enterprises, International Labour Conference, 96th Session, Geneva, 2007.
<http://www.ilo.org/dyn/empent/docs/F836599903/ILC96-VI-2007-06-0147-2-En.pdf>

4. Investing in skills

Fourth, the Decent Work Agenda also brings into focus the importance of investing in human resource development for growth and equity. Although indicators of educational attainment such as literacy rates have progressed significantly, the supply of skilled workers in specific countries may not be keeping pace with new demands or not be attuned to employers' needs. Investing in education and skills is key to deal with globalization and technology-induced pressures towards inequality in wage structures due to increased demand for high skills. Minimum wage fixing policies can also compensate for the weak bargaining position of the lowest paid workers and ensure that the benefits of growth are more equitably shared.

5. Investing in a low carbon emissions development path

Fifth, among the new drivers of change in the global economy is climate change, which has important employment adjustment consequences, with both threats but also opportunities. For instance, many countries are looking to renew their infrastructure as part of strategies to contain and reduce green house gas emissions. Programmes focused on creating "green jobs", which are economically and environmentally sustainable, can make an important contribution creating jobs. Examples include building insulation⁸, which can yield significant reductions in energy consumption, coast and river flood protection barriers, and the upgrading of public transportation systems. The ILO is working with UNEP, the international trade union movement and others on a Green Jobs Initiative. ODA support for employment intensive infrastructure can be an important catalyst for such efforts to adapt to and mitigate climate change at the same time as reducing poverty.

6. Coherent Policies for Employment, Decent Work and Inclusive Development

Sixth, policy coordination and coherence are essential in responding to globalization and in promoting productive employment and decent work. Too often policies have been working at cross purposes to the detriment of growth, employment and decent work. For instance, macroeconomic policy-makers have too often focused narrowly on wages as a cost. Where wage growth far exceeds productivity expansion, this is a valid concern. However, ILO research shows that consumption growth accounts for around two thirds of overall growth in most regions of the world. This consumption growth is fuelled in turn by the wage incomes of the growing middle classes. And this is particularly important for the largest and middle sized developing countries. Policy coherence here means balancing the different drivers of growth, by focusing not just on exports as a source of growth but also on the growth dynamism that can come out from growing internal markets and the expanding middle class of wage earners.

Policy coherence also has to do with getting right the mix between the need to promote dynamic, high productivity activities in industry and services and the extent and pace of trade liberalization. Trade policy design has to take into account production and employment concerns. Improved policy dialogue between ministries,

⁸ Many such jobs have been created in Brazil, Germany, and Spain.

with social partners and between the Bretton Woods institutions, UN agencies and bilateral donors can yield better policy coherence on trade, growth, employment and decent work.

In conclusion, the ILO has worked closely with UNCTAD in the past. We look forward to further deepening collaboration in the future in our common goal of mainstreaming productive employment and decent work in development strategies within the emerging framework of UN multilateral cooperation aimed at “Delivering as One.”