



## Governing Body

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Institutional Section

INS

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### ELEVENTH ITEM ON THE AGENDA

## Chairperson's summary report of the Working Party on the Social Dimension of Globalization

#### Purpose of the document

This summary report offers an aide-mémoire of a number of recurring themes from the discussions of the Working Party on the Social Dimension of Globalization, relating to the role of the ILO in staving off the risk of renewed crisis. The Governing Body is invited to take note of the report (see the possible outcome in paragraph 14).

**Relevant strategic objective:** Strategic objective on policy coherence (Outcome 19: Mainstreaming decent work: Member States place an integrated approach to decent work at the heart of their economic and social policies, supported by key United Nations (UN) and other multilateral agencies) in the Strategic Policy Framework 2010–15.

**Policy implications:** Discussion to be taken into account when preparing for the International Labour Conference and the next session of the Governing Body.

**Legal implications:** None.

**Financial implications:** None.

**Follow-up action required:** To be decided by the Governing Body at future sessions.

**Author unit:** The Chairperson of the Governing Body.

**Related documents:** GB.313/HL/1.



## Introduction

1. The Working Party on the Social Dimension of Globalization met on Monday, 26 March 2012. The meeting was chaired by the Chairperson of the Governing Body. Mr Funes de Rioja and Mr Sommer were the Employer and Worker spokespersons. Following consultations with members of the Screening Group, it was proposed and agreed that the High-Level Section be discussed in the format of the Working Party. It was pointed out that, should the discussions lead towards a decision point, that decision would be taken when the present report was considered by the Institutional Section of the Governing Body later in the week. A full report of the meeting would also be prepared and posted on the ILO website for any corrections. The sole item on the agenda was “Staving off renewed crisis: The role of the ILO”, on which an Office background paper informed the discussions.<sup>1</sup>
2. The discussions were introduced by the Director-General, who highlighted two issues from the background paper: that the jobs crisis was continuing unabated but that concern about jobs was a unifying theme in multilateral discussions about how to coordinate policies for recovery and growth. The ILO’s Global Jobs Pact thus remained extremely relevant. He also emphasized four elements of the current situation on which the ILO would need to reflect: within a picture of slowing global growth, there was important divergence in trends between emerging and developing countries and advanced countries; the Eurozone crisis and the policy response to it would have spillover effects to other regions; the issue of designing a financial system that served the real economy and the generation of decent work was central to inclusive and sustainable growth and development; and the crisis marked the end of one phase of globalization but the shape of the next phase was not yet clear.
3. We were also honoured to welcome Professor Ian Goldin of Oxford University, who addressed us on the linked themes of jobs and equity and the management of systemic risks as central to recovery and sustainable development. The text of his remarks will be made available on the ILO website.
4. Delegates welcomed the opportunity to discuss the issues raised in the paper and the introductory remarks of the Director-General and Professor Goldin. However, several delegates expressed disappointment that the paper had been made available only a few days before the meeting and they had thus not had sufficient time to consult and prepare. They stressed that such a situation had to be avoided in future.
5. A very large number of delegates participated in the discussions. Many provided valuable national and regional insights on the impact of the crisis, the policies pursued to alleviate its effects and the scope for further action. The importance of globally coordinated measures was emphasized by many speakers, who welcomed the ILO’s active engagement in processes such as those of the G20 and the UN.
6. In this summary report, I will highlight some of the recurring themes of the day’s discussions, as an aide-mémoire for future work. There were important differences of analysis and policy directions but also much common ground. The full report of the meeting will provide a more thorough record of the views expressed.

<sup>1</sup> GB.313/HL/1.

## **I. Prospects for Decent Work**

7. There was widespread concern that weak growth or a slide into recession would produce a bleak outlook for employment in many countries. That would take the form of high unemployment or increased underemployment and informality. The risk of increased poverty, especially among vulnerable groups, was mentioned by many speakers. The difficulty facing large numbers of young women and men in finding decent work was a shared preoccupation. Many speakers drew attention to the difficulties facing smaller enterprises, which provided the bulk of employment in most countries. Some faced problems as a result of constrained credit and struggled to deal with a regulatory environment that was not always conducive to sustainable enterprise.
8. The risks of spillovers from a continued crisis in the Eurozone were mentioned by many speakers. The channels for contagion included reduced trade, cutbacks in investment and falling remittances. Worries were also expressed that the large-scale changes to labour market systems that were conditions of support to the heavily indebted Eurozone countries might also set a pattern.

## **II. The Global Jobs Pact**

9. Many delegates said that the Global Jobs Pact remained a relevant and valuable framework for the ILO and its constituents. Examples of country experience in using the policy approach of the Pact were described by speakers. Among the more frequently mentioned policies were infrastructure investment, social protection, training, support to SMEs, work-sharing and active labour market policies targeted at vulnerable groups, especially young people. Some countries had increased minimum wages while others had frozen or reduced them. Consultations with social partners were mentioned by many speakers, although others also highlighted the difficulty of achieving agreed arrangements, breakdowns in the practice of tripartism and the weakening of the protection of freedom of association. Several speakers described package approaches that integrated the range of policies set out in the Pact.
10. Most speakers said that Pact policies had helped contain the impact of the crisis and some said that strategies to promote decent work and narrow social inequalities had helped sustain domestic demand and dampen the recession and speed recovery. The importance for enterprises and economies of maintaining competitiveness was a further key factor, especially in an economic downturn. The Pact was also seen as a valuable framework for ensuring that decent work was central to longer term efforts to shape a sustainable and inclusive globalization. In that regard, the challenge of greening economies also offered an opportunity to invest and create jobs that would support recovery.

## **III. Policy dialogue and coherence**

11. The importance of international efforts to coordinate national actions and accelerate recovery was mentioned by many speakers, with reference to the ILO's support to the G20 and the forthcoming UN Conference on Sustainable Development ("Rio+20") and Economic and Social Council (ECOSOC) processes. The effect of macroeconomic policies on the environment for sustainable enterprises and decent work was discussed by several speakers. Positive interactions between fiscal and financial policies and employment and social policies could accelerate a jobs recovery but negative interactions were also present in some countries. The agenda for international policy discussions was extending to include employment and social policy measures. Containing and reducing high levels of

debt was necessary, but in some countries a social debt was piling up. Those issues were particularly important within the European Union and the Eurozone.

#### **IV. ILO support to constituents**

- 12.** A number of delegates welcomed the support provided to constituents for the implementation of Global Jobs Pact policies. Several requested that such support be more proactive. The importance of continued vigilance with regard to international labour standards was stressed. The possibility of assessing more systematically the impact of the Pact approach was suggested by a number of delegates. Looking ahead, the scope for using the Pact as an agenda for designing Decent Work Country Programmes was mentioned as one means of offering practical support to constituents needs. South–South, North–South and triangular technical assistance could be mobilized. The presence of the ILO in the various forums of multilateral coordination was an important breakthrough that should be built upon.
- 13.** The agenda of the 2012 session of the International Labour Conference, with items on youth employment, social protection floors and fundamental principles and rights at work, would enable a further in-depth examination of the role of the ILO in addressing the risks of renewed crisis or weak recovery and in shaping a fair globalization.

#### **V. Possible outcome**

- 14.** *The Governing Body takes note of the report.*