



FIRST ITEM ON THE AGENDA

**Means of enhancing the action of the
Working Party on the Social Dimension
of Globalization****1. Background**

In the light of the discussion at the meeting of the Working Party held in November 1999, based on many statements that all tended in the same direction, it was decided in March 2000 “that the title of the Working Party should be modified to better reflect the real direction in which its mandate had evolved”. It was agreed that the Working Party on the Social Dimensions of the Liberalization of Trade, established in 1994, should become the “Working Party on the Social Dimension of Globalization” with the observation that: “It should be clearly understood that this concept covers, inter alia, the liberalization of trade, which was the original purpose of the Working Party’s establishment.”¹

In the discussion in March 2000, emphasis was placed on the advantages offered by the Working Party in order to promote an integrated approach between the ILO and the international community in dealing with the interaction of economic and social issues within the globalization process. Various delegates stressed that the ILO should take this issue forward based on its comparative advantages, particularly its knowledge base and its unique tripartite structure. The Working Party was particularly well placed to develop knowledge, to prepare and discuss policy positions, and to work on consensus building, while promoting understanding between the tripartite ILO and other international organizations.

The representatives of three international organizations, the International Monetary Fund, the World Trade Organization and the World Bank made statements. They all supported the development of an integrated approach to economic and social policies and expressed their willingness to collaborate with the ILO in that regard. The Working Party had an important role to play in understanding and debating the social dimension of globalization, and all three institutions were evolving in a way that was favourable to a

¹ ILO, Working Party on the Social Dimensions of the Liberalization of International Trade, *Oral Report by the Chairperson of the Working Party*, March 2000, Doc. GB.277/16, para. 17.

strengthened partnership with the ILO. Appreciation was expressed for these statements, which were a premiere.

In general, all the statements welcomed what Lord Brett referred to as a “rebirth” of the Working Party, which had acquired a personality of its own by succeeding in overcoming the profound divisions that had marked its initial work, and had achieved a genuine climate of confidence. The Employers’ spokesperson, Mr. Tabani, called this a second phase of the Working Party and emphasized the need to strengthen its credibility still further, so that it was acknowledged as the international forum in which the social dimensions of the liberalization of international trade and of globalization could be discussed without any inhibitions.

The Workers’ spokesperson noted that, in view of the very positive contribution that the representatives of the Bretton Woods institutions and the WTO had made to the discussion in the Working Party, at least initially, issues of general policy involving them could be addressed in the Working Party. He also stressed that the Working Party had now confirmed that it had acquired the necessary experience to discuss, calmly and efficiently, issues that were highly contentious, and that while there could be no question of preventing anyone from raising such issues in other international forums, the Working Party’s experience would strengthen its authority as perceived from outside.

In the March 2001 meeting of the Working Party it was again noted that there is a large and increasing external demand for a better understanding of the issues arising out of globalization. It was pointed out that there is widespread concern with the social dimension of globalization, a need to develop new frameworks, and that people are looking to the multilateral system for answers.

The Director-General noted that there is awareness in the international system of the need for a more integrated approach, but not enough progress towards this goal. He stressed that we were reaching the analytical and policy limits of a piecemeal approach to an increasingly complex and integrated phenomenon. The developments in the ILO programme made it possible to strengthen the Working Party in this regard.

At the same time, the Director-General emphasized the role of the Working Party as a place of dialogue and consensus building. “It offers a setting where ideas can be exchanged more freely than in a negotiation over immediate interests.” He had earlier noted that it was neither a policy-making organ nor a place where decisions were taken, since these fall within the purview of the relevant Committees and other organs of the ILO. But, as the process leading up to the adoption of the Declaration on Fundamental Principles and Rights at Work has shown, the Working Party makes a distinctive contribution by acting as an incubator within which ideas can be nurtured and sharpened prior to their crystallization in specific actions. Within the multilateral system this forum was particularly well suited to pursue the social dimensions of globalization in an integrated way, not least because of its tripartite composition. This integrated view should encompass globalization and the world of work, and should take into account how the goal of decent work forms part of the development agenda.

In order to play this role effectively, the Director-General felt that the presence of the Working Party should be enhanced. He referred to a number of options as to the ways this might be done. “For instance, it could meet more frequently; there could be stand-alone meetings on important issues; it could organize hearings or an international commission; there could be a high-level segment of the Working Party; there could be further research in depth.” The Director-General was not indicating that all of these things should be done,

but that these and other possibilities should be reviewed. He was basically opening an exchange of ideas on the strategic direction of the Working Party.²

The importance of the issues raised by the Director-General was generally acknowledged. Many delegates spoke in favour of one or more of the possibilities that he mentioned in his intervention. There was a clear consensus that the Director-General should continue to consult on these ideas and report to a meeting of the Working Party to be held during the 2001 International Labour Conference.

2. The way forward

The Working Party discussed its future activities in March 2000, on the basis of a paper which was submitted to that session.³ The main issues were reviewed by the Director-General in his statement to the Working Party on that occasion. The paper before the Working Party emphasized the need “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 impact of globalization. The results will contribute to dialogue and exchange with other international organizations on issues of common interest”.

Addressing the social dimensions of globalization requires measures both at the national and international level. More inclusive, transparent and participatory international decision-making is required to ensure that the benefits of globalization are accessible to all on an equitable basis. To make globalization fully inclusive and equitable it is essential to adopt policies and measures at the global level which correspond to the needs of the developing countries and are formulated and implemented with their effective participation.

On the basis of all of these considerations, it is possible to identify at least three different domains in which the work of the Working Party can be strengthened. They concern:

- (a) its technical capabilities;
- (b) its role as a high-level forum for exchange and dialogue;
- (c) its contribution to an integrated policy framework for the social dimension of globalization.

These three domains are complementary – progress in each one would help reinforce progress in each of the others. A development perspective would be an integral element of each domain.

² ILO, Working Party on the Social Dimension of Globalization, *Oral Report by the Chairperson of the Working Party*, March 2001, Doc. GB.280/17, para. 16.

³ ILO, Working Party on the Social Dimension of Globalization, *Future activities of the Working Party*, Doc. GB.227/WP/SDL/1.

(a) Raising the technical capabilities of the Working Party to address key issues on the ILO agenda

The Working Party has to base its debates on detailed analysis of the diverse aspects of the social dimension of globalization with a view to reinforcing the capacity of the ILO to address issues within its mandate and to realize its objectives, not least with respect to the realization of decent work at the national level. This should include an objective evaluation of the alternative instruments which might be proposed to deal with particular problems and take advantage of the opportunities of globalization. To meet this purpose it would need to strengthen the technical foundation of its work.

- The Working Party should map out a medium-term programme for the in-depth development of knowledge and policy options on key themes to be discussed at its meetings. Each meeting should focus on one such theme. Decisions should be taken well in advance to allow time for the Office to carry out the necessary research. For November this year, since time is short it is proposed to address the issue of trade liberalization and employment, on which work has already started, and which can take advantage of work under way in preparation for the Global Employment Forum. For March 2002 the meeting might address the relationships between investment in the global economy and the ILO's four strategic objectives. For November 2002 a decision would be taken in November 2001.
- The Working Party could also complement its two regular meetings in the November and March Governing Bodies with one or more in-depth technical workshops per year on specific themes. They would draw on expertise from academic and policy circles, and from the Working Party itself. They should examine in technical depth the subjects due to be debated at a subsequent meeting of the Working Party or explore potential issues for future analysis. A report could then be prepared as a contribution to each such debate in the Working Party. It is now rather late to organize a workshop on trade and employment before the November 2001 Working Party meeting, but a workshop on investment in the global economy could be held towards the end of 2001 or in early 2002, if that topic is put on the agenda of the Working Party meeting in March 2002.
- Other ways of acquiring information, deepening knowledge, and promoting debate on these issues should be explored. Hearings of outside experts could be considered in addition to the preparation of papers by the Office. It would be possible to create task forces in cooperation with other organizations to pursue particular issues in depth, or to develop research networks in cooperation with the International Institute for Labour Studies, relevant technical departments and the regional structure, in order to create an interactive community of researchers developing knowledge on the social dimensions of globalization.

(b) Serving as a high-level forum for exchange and dialogue

The role of the Working Party as a permanent forum for exchange and dialogue could be enhanced by further developing interaction at a high level around the key issues of policy development and coordination.

- Invite heads of international organizations to exchange views with members of the Governing Body within the Working Party on issues of common interest and

on ways to enhance mutual cooperation. This practice has already begun with the participation of the Secretary-General of UNCTAD and the High Commissioner for Refugees in the March 2001 meeting. Important international personalities concerned with particular issues on the agenda of the Working Party could be similarly invited.

- Convene a high-level segment on an ad hoc basis with the objective of allowing members of the Working Party to benefit from the contribution and experience of leading personalities from government and employers' and workers' organizations. The objective would be to develop high-level policy dialogue around the ways to achieve ILO policy objectives in the context of globalization. Depending on the issues under consideration, participants might include, beyond the ILO constituents, other relevant personalities and representatives of international organizations.

(c) Enhancing the ILO contribution to an integrated policy framework for the social dimension of globalization

The objective here would be to contribute substantially to the formulation and implementation of an integrated framework for furthering economic and social goals in the global economy.

An effective instrument to move towards this objective would be the preparation of a major, authoritative report that makes a comprehensive and in-depth analysis of the social dimension of globalization, particularly the interaction between the global economy and the world of work. It would constitute a first effort within the multilateral system to map out all the highly complex issues involved in achieving a more integrated approach to the social impact of globalization. It would build on work already undertaken in different organizations. The report would be prepared under the overall responsibility of the Director-General and would be expected to recommend a set of measures and policy orientations which can tackle these issues. In addition to suggesting measures at the national level, the report would seek to identify practical ways and means to promote the realization of an equitable policy framework for international cooperation for both social and economic dimensions of development.

The intention would be to submit the report to the International Labour Conference in 2003 with the preparatory work beginning in the second half of 2001. Proposals which call for specific ILO action would be referred to the appropriate decision-making organs of the Organization. The Working Party would be regularly informed of the progress in the preparation of the report. The final outcome would be submitted to the Secretary-General of the United Nations and would also be conveyed to all relevant international organizations for their analysis, as they consider appropriate.

The report could examine the following issues, among others, and develop responses.

- First, there is a need for more systematic data and information about globalization and its main characteristics. Much of the debate on globalization is based on partial and unbalanced information. A very broad-based collection of evidence available and examples is required which can reflect the different dimensions of globalization. We need to start by getting the facts right and identifying key gaps in basic data.
- Second, it is necessary to accurately understand the wide range of perceptions and opinions about globalization. Many groups are vocal, but there are also many

individuals, families and communities whose voices are not heard. We need to look for ways to bridge the divides in understanding of and reaction to globalization between different sectors of society and between different regions of the world. Many feel that the stability of economic and social progress is being undermined by the absence of equity in the global agenda for development and by the unequal distribution of the benefits of globalization, as well as by the very diverse diagnoses of, responses to and protests against globalization. It is necessary to recognize the diversity of voices and explore new ways in which they can be expressed in constructive dialogue.

- Third, we need clarity on what are the key issues, including how best to tackle the decent work deficit. A better analysis is needed of how different aspects of globalization affect economic and social progress. It is necessary to understand the diverse impacts of globalization on workers and enterprises, both individually and collectively. This implies an interactive understanding of how social and environmental frameworks influence the economic outcomes, and how economic relationships have social and environmental consequences.
- Fourth, the intensification of globalization has not been accompanied by a commensurate development of agreed rules, policy coordination and cooperative action at the international level. A particularly acute challenge is the continuing difficulty of the multilateral system to meet the mounting need for policy consistency, for example between macroeconomic policy and employment policy, in order to deal effectively with major global problems. Although important advances have been made on specific issues, such as HIV/AIDS, the system still continues to work at cross-purposes in other areas. This runs counter to the growing interdependence among countries as well as among policy variables in an integrated global economy.
- Fifth, ways need to be found to promote the integrated thinking that is essential for generating the set of comprehensive and coherent policies which are needed to solve current global problems.⁴ Issues such as the impact of trade and investment on employment and poverty reduction, and the relationships between the operation of financial markets and social protection could be considered. A shift away from the habit among policy-makers of thinking basically in narrow sectorial terms is badly needed. A more integrated mode of thinking is required which recognizes the complexity of policy issues and the multiple interrelationships among causal factors. In the absence of such an approach, simply promoting more cooperation among agencies alone will not lead to any real improvement in global governance nor to the objective of enabling more people to benefit from globalization.

To prepare such a report, the ILO would need to constitute a strong professional team from the different sectors. The resource requirements for preparatory work in 2001 could be met by internal adjustments. For 2002-03, a specific proposal would be made to the Governing Body in November.

There are several ways in which the report could be prepared.

- (i) The ILO could prepare the report on its own with all the necessary external inputs.

⁴ The issues involved were summarized in an informal paper presented by the Director-General to the April 2001 meeting of the UN Administrative Committee on Coordination, which suggested ways to strengthen partnership and coherence in the multilateral system, and which is available on the ILO website at www.ilo.org/public/English/bureau/dgo/messages/acc.htm.

- (ii) The ILO could prepare the report in cooperation with the secretariats of those international organizations interested in participating in the activity. They could detach staff for this purpose, or contribute under other modalities to be arranged.
- (iii) The report could be the product of a world commission of eminent personalities with outstanding knowledge and experience of the social dimensions of globalization, chaired by an internationally respected figure of the highest political level. Membership of the commission would be designed in such a way that it reflected the major views and policy perspectives in globalization debates, thereby offering prospects for the development of consensual solutions with broad-based support. Members would all participate in their personal capacity. The commission would have maximum impact if it were launched under the aegis of the UN Secretary-General. It would be serviced by a secretariat, organized by the ILO, to which the secretariats of interested organizations could detach staff .

If this possibility is considered worth pursuing, issues of number and composition, specific mandate, funding and other practical arrangements would have to be the subject of consultations from July to October 2001 which would be reported to the Governing Body at its November 2001 session for decision.

Geneva, 6 June 2001.