



EIGHTEENTH ITEM ON THE AGENDA

**The International Institute for
Labour Studies****Report of the 50th Session of the Board**

1. The Board of the International Institute for Labour Studies (IILS) held its 50th Session on 14 November 2008. The meeting was chaired by the Institute's Director, Mr Raymond Torres, and included the participation of Mr Philippe Egger as representative of the Director-General. The Director welcomed new members to the Board and recalled the three items for discussion: the report of the Director;¹ a document concerning acceptance of contributions and gifts;² and general topics and questions.

Report of the Director

2. The report of the Director first highlighted the launch of the Institute's new flagship publication, the World of Work Report series. The topic for the first issue was "Income Inequalities in the Age of Financial Globalization". The report examined trends in income inequality and discussed possible ways of mitigating further increases in income inequality while at the same time encouraging employment growth. It had been produced entirely by Institute staff members working as a team, and constituted the major project of the IILS this past year. Appreciation was conveyed for the support and guidance of the Board throughout the process.
3. A significant amount of additional research had also been produced during the past year. First, an edited volume on international framework agreements had been published in May. The book considered over 60 international agreements and had attracted considerable attention among academics and policy-makers. Second, a research conference on globalization and the Indian economy had been held in Bangalore, culminating in a collection of case studies looking at the impacts of globalization in high valued-added sectors, medium value-added sectors and low value-added sectors. This volume was expected to be published in early 2009. Third, a seminar on migration had taken place in May as part of the *Entretiens France-BIT*. The associated edited volume would appear in 2009. Work was continuing in that area, with the Institute undertaking a study on migration, employment and development in African countries, funded by the Regular

¹ INS.B.L/1.

² INS.B.L/2.

Budget Supplementary Account (RBSA). Fourth, a conference on “Green Jobs for Asia and the Pacific” had been held in Japan in April. The research findings had been used as background for a subsequent G8 Ministerial Meeting. Progress had also been made on the ILO Century Project. A volume on the history of ILO ideas would appear in time for the ILO’s 90th anniversary.

4. An international internship course on labour and social policies for decent work had been held in May, conducted in French. The evaluations of the participants indicated that the event had been a major success. The role of constituents in putting forward names of internship course participants was noted with appreciation. Other educational activities had included a regional training workshop on labour market analysis in Africa, which had also involved efforts to create a network of researchers in that region.
5. In addition, Mr Francis Maupain had been nominated a Fellow of the Institute, and Professor Yoshio Okunishi had recently joined as a Visiting Scholar.
6. The 2008 ILO Decent Work Research Prize had been awarded to Nobel Prize winner Professor Joseph Stiglitz and Canadian labour researcher Professor Harry Arthurs. Professor Arthurs had recently given a public lecture explaining how the decent work concept could be implemented and the challenges therein. Professor Stiglitz was scheduled in principle to present a lecture on 11 March 2009.
7. There had been major positive developments concerning the *International Labour Review*: the quality of the articles, the number of unsolicited articles submitted and the frequency of downloads, had all increased. The signing in 2008 of a new publishing and distribution contract with Wiley-Blackwell had greatly enhanced the journal’s global visibility and outreach.
8. The Institute would continue with its programme of work for 2008–09, but was also well placed to respond to the global financial crisis and the 2008 Declaration on Social Justice for a Fair Globalization. A policy brief on the financial crisis had been produced and there was still more that could be done. Next year’s World of Work Report would focus on the structural issues surrounding the crisis and the policy implications arising from it. In the short term, the Institute would use existing research to contribute to the debate going on within the Organization with regard to the financial crisis.
9. In terms of the 2008 Declaration, the Institute could contribute to knowledge and evidence-based policy recommendations through the launch of country studies on a pilot basis. The Institute was prepared to coordinate a series of four studies (one country selected from each region on the basis of voluntary participation). The pilot would serve to: (i) provide evidence, analysis and policy-relevant advice concerning the opportunities and challenges of promoting decent work in countries; and (ii) establish a methodology for conducting future country studies. The aim would be to examine the interactions between the different domains of the Decent Work Agenda and identify good practices through sound, research-based evidence – which was the comparative advantage of the Institute. Since follow-up to the Declaration was still in its early stages, there was a need to be open in approach.
10. Mr Suzuki (Employer Vice-Chairperson) expressed thanks for the research conducted by the ILS, including the World of Work Report. Referring to the ongoing financial crisis, he said that there were both benefits and costs inherent in the global economic system, and that the recent turmoil had greatly magnified the costs. A number of financial crises had unfolded in the past and, while each had had a different trigger, a common feature was a systemic under-estimation of risk coupled with inadequate regulation. Going forward, protectionist approaches should be avoided. He proposed a series of fact-based, country-level studies on how the real economy (including employers and trade unions) had

overcome previous financial crises and recessionary environments, with particular reference to small and medium-sized enterprises (SMEs). Rather than focusing on the causes of the crisis or seeking to apportion blame, the aim should be to provide tripartite constituents in member States with lessons learned which could enable them to articulate policies to overcome the crisis. The 2008 Declaration could be used by national governments to bridge the gap between economic and political tensions at the country level. For employers, it was important in the current context of economic downturn to re-establish and re-emphasize the significance of tripartite endeavours and the promotion of sustainable enterprise.

11. Mr Anderson (Employer member) noted that the principle of cooperation compelled employers to come together to develop policies at the international and domestic levels in order to ameliorate the labour market effects of the current financial crisis. A range of shocks had occurred in the past, and there was a substantial body of knowledge based on them; the ILS should therefore draw on that work. The Asian crisis in particular could serve as an example, since the affected economies had since rebounded and experienced strong growth. With the *World of Work Report 2008*, the ILS had demonstrated that it was suited to do future work on the issue, and there was an urgent need for such work to be done.
12. Ms Byers (Worker member) noted the impressive amount of work completed by the ILS during the past 12 months. She welcomed new staff members to the Institute and complimented Mr Torres on his achievements during the previous year. She noted that the *World of Work Report 2008* was a well-researched, relevant, high-quality product. She said that financial globalization and inequality were important and timely issues, and that the Workers believed it important to strengthen the visibility of research in those areas. She pointed out, however, that the trend of increasing income inequality could not be explained by technological change and upskilling alone – it was also important to consider the role of policy decisions (such as taxes and wages) in explaining inequality and income polarization. She said that the current situation prompted reflection and presented an opportunity to find better solutions for a fairer globalization. The Workers were of the view that coordinated action was necessary to ensure the effectiveness of stimulus packages. Furthermore, how the money was spent was a significant issue: expenditures on health, education, social security and real-economy restructuring towards greater resource efficiency and environmental sustainability, could help protect individuals in the short term and also leave a positive legacy. In addition, protectionism should be avoided, while the establishment of a wage floor through increased minimum wages and extended collective bargaining coverage was essential to maintain aggregate demand. She emphasized the need for a coordinated approach within countries and across borders to ensure that wage growth was in line with productivity growth plus the targeted inflation rate. The Workers endorsed the Institute's flagship publication, the *World of Work Report*, but believed that priority should also be given to producing and disseminating more rapid-response research; she suggested using the reserve fund to meet those additional research needs. She asked that the proposal to undertake country studies be distributed to the Board in written form so that a more formal proposal could be made to the steering group in March.
13. The representative of the Government of Spain commended the work of Mr Torres and the Institute, in particular the *World of Work Report 2008* and the policy brief. The Institute represented a very small part of the ILO budget, yet results over the past year had been impressive. He suggested a need to link economic and legal perspectives so as to take a cross-cutting approach to some shared challenges. He also emphasized the need to ensure that the response to the financial crisis included adequate mobilization of the excellent expertise that had been built up in the Institute. Now was the time to use the Institute's knowledge, while also developing new knowledge so as to make the voice of the Organization better heard.

14. Mr Ahmed (Worker member) noted his appreciation for the work of the ILS and commended the excellent work that had been undertaken, even in the context of resource constraints. He said that the ILS should focus on further dissemination of the World of Work Report. With regard to the ILO Century Project, he suggested greater involvement of the social partners, in the spirit of tripartism. Furthermore, he suggested the publication of future documents in other languages in addition to English, French and Spanish.
15. The representative of the Government of Belgium noted the timeliness and usefulness of the World of Work Report and said that it successfully made use of original research while maintaining a focus on the Decent Work Agenda. He noted the high expectations for the role of the Institute in the response to the crisis and in following up on the Declaration. The pilot project on country studies could be useful, but he echoed Ms Byers' suggestion that the country study proposal should be distributed to Board members in writing. He also suggested that the Institute could play a role in situating decent work in the context of other global strategies. He thanked the Institute for the work on green jobs, and proposed the phenomenon of "growth without employment" as a topic for further study. In conclusion, he expressed his appreciation for the improvements made in the *International Labour Review*, which was an authoritative reference in the area of employment and social protection.
16. The representative of the Government of Hungary congratulated the staff and, in particular, congratulated Mr Torres on his performance as Director, and said he was very pleased with the report. He joined the Workers and Employers in emphasizing that the landscape was constantly changing and unexpected developments in the financial crisis were coming to light every day. He supported the proposal to focus next year's World of Work Report on the topic of financial crisis, but said that it should also include follow-up on policy responses to the financial crisis, including the ILO's policy responses.
17. Mr Lima Godoy (Employer member) asked for clarification as to where Mr Maupain's contribution appeared, if not within the Endowment Fund. He said that the policy brief offered a good, objective look at the crisis. While he agreed with the thrust of the policy brief in terms of the need to support job creation, he pointed out that there was not enough consideration within it for the role of sustainable enterprises. In response to the current crisis, he noted that protectionist reactions would be a step backwards and that free-market economic initiatives could produce wealth and prosperity. He reiterated the suggestion made by other members that the ILS should continue to produce work on the crisis.
18. The representative of the Government of Bangladesh recalled that his country was participating on the Board for the first time. He thanked the Institute for the high-quality World of Work Report, and believed it would contribute to a better understanding of financial globalization. He noted that in future, more attention could be paid to countries at different stages of development. One suggestion for next year's report was to adopt a regional approach, looking at the differing impacts on different regions and the policy responses they entailed. In addition, policy briefs would be released throughout the year. For the country reviews, he suggested using countries at different stages of development.
19. Ms Atsimadja (Employer member) noted that the regional training workshop in Africa had helped to increase capacity with respect to data analysis and management of statistics. She asked whether any similar training sessions were planned for the future to target French-speaking participants.
20. Mr O'Reilly (Employer member) noted, inter alia, the importance of an independent perspective based on the Institute's autonomy. He suggested that thought should be given to the effects of the economic downturn on SMEs and to the role of sustainable enterprise development in promoting decent work. He suggested that the Institute should study past

financial crises so as to understand the current crisis better, and endorsed the specific proposal made by Mr Suzuki.

21. The representative of the Government of the Islamic Republic of Iran discussed the roots of the financial crisis, pointing out that financial institutions tended to focus on short-term risks and rewards and not on long-term costs and benefits. He suggested that there was a role for the Institute in monitoring ongoing developments vis-à-vis the financial crisis. He noted the interrelations between different areas such as climate change, energy, food scarcity and decent work.
22. The Director thanked the Board members for a rich discussion of the Institute's work. In response to comments on dissemination, he noted that there had been more than 200 citations of the *World of Work Report* in the news media, and said that the Institute's dissemination strategy included planned "diffusion events" in the various regions. The first such event would be held in Delhi, India, on 8 December 2008. In addition, policy briefs summarizing the main outcomes of research, like the one on the financial crisis tabled at the meeting, would continue to be released.
23. As for follow-up work on the crisis, the Director agreed that it was important to draw policy conclusions based on research already available in-house or externally. This work would take the form of a publication on the financial and economic crisis, to appear in early 2009. Indeed, as suggested by the Workers' group, it was crucial to move quickly and use available research to polish the policy responses to the crisis. It was also crucial to examine how countries had overcome earlier global crises, as proposed by the Employers' group. Specific consideration also needed to be given to the situation of developing countries. In the medium term, conducting new analysis of the policy packages put forth by different countries in response to the financial crisis would be the goal. Next year's session of the Board should devote a separate meeting to the crisis to take stock, in a substantive way, of the progress made in understanding the crisis and associated remedies.
24. The Director noted that it would be not be possible to meet the ambitious agenda put forward by the Board on the basis of existing resources. Consideration would thus be given to the various options for obtaining additional resources. One option would be the use of the Institute's reserve, which would then have to be replenished to ensure the financial sustainability of the Institute.
25. A written version of the follow-up to the Declaration and the proposal to conduct a pilot project of four country studies would be distributed to the Board.
26. Mr Emmanuel Reynaud, member of the team in charge of the follow-up to the Declaration, informed the Board of progress in implementing the Declaration and stressed that country studies, as piloted by the Institute, would be a very important achievement.

Acceptance of contributions and gifts

27. The Director informed the Board that the contribution made by Mr Maupain was not related to the Endowment Fund, but would instead be used for internships and other educational activities. The Board would receive proper information at its next meeting. The document INS.B.L/2 was adopted by the Board and the meeting was adjourned.

Geneva, 18 November 2008.