



Governing Body

309th Session, Geneva, November 2010

GB.309/19

NINETEENTH ITEM ON THE AGENDA

The International Institute for Labour Studies

Report of the 52nd Session of the Board

1. The Board of the International Institute for Labour Studies held its 52nd Session on 12 November 2010. The meeting was chaired by the Director of the Institute, with the presence of a representative of the Director-General. The Director welcomed the new Board members from Bangladesh, El Salvador and South Africa. He thanked Mr Suzuki, the outgoing Employer Vice-Chairperson, and welcomed the new one, Mr Anderson. He commended Mr Suzuki for his tireless support and long-standing contribution to the Institute.

Report of the Director (INS.B.LII/1)

2. The Director, presenting the key recent outcomes of the Institute's work, said that the overarching theme selected by the Board for the biennium, namely sustainable exit strategies to overcome the crisis, had proved both timely and important. In particular, the Board had recommended that the interactions between fiscal policies and job recovery should be explored, and that the potential contribution of the ILO agenda to global rebalancing should be analysed – two issues at the forefront of today's global debate. Underlining the findings of the Institute's research in that regard, he mentioned in particular: (i) the role of well-designed labour and social policies in supporting both employment and medium-term fiscal objectives; (ii) how a closer link between wages and productivity, well-designed social protection and investment in rural sectors would boost domestic demand in surplus countries, thus facilitating global rebalancing to a greater extent than currency changes; (iii) the fact that financial reform had not met the expectations vis-à-vis the needs of stable financing to enterprises and the real economy; and (iv) the centrality of labour and social policies as part of a strategy to shift to a low carbon economy.
3. The Director then elaborated on longer-term research issues based on those main findings. First, beyond environmental degradation, he noted the significant employment and social challenges posed by rising food prices and intensified shortages of raw materials. Second, given the growing fiscal constraints and limits to debt-led growth, he highlighted the importance of research on labour incomes and sustainable real investment as drivers of growth. Third, he welcomed the Board's mandate to launch country reviews in order to

learn from successful experiences, notably concerning the interaction between macroeconomic policies and decent work-friendly policies.

4. Finally, as instructed by the Board, the Director reported on progress made with regard to the diffusion of the Institute's work. He informed delegates of the wide repercussions of the *World of Work Report 2010: From one crisis to the next?*, as illustrated by the collection of press clippings provided during the meeting. He said that the *International Labour Review* was now ranked seventh in terms of citation among labour and industrial organization journals, which was significantly higher than the rank of 13th just two years previously. The Institute's work had been presented at major events such as the United Nations Climate Change Conference, held in Copenhagen in December 2009, and the Decent Work Forum, held in October 2010 under the Belgian presidency of the Council of the European Union (EU). An expert group had been created to review the work done by the Institute. The Director also reported on his efforts to coordinate the ILO research agenda, including through the organization of a research conference in 2011. As an important step, he noted that the ILO Knowledge Strategy 2010–15 had been approved by the Governing Body in November 2009.
5. The Worker Vice-Chairperson (Ms Byers) thanked the Director and his team for their excellent work. She stated that the strategy to focus a substantial amount of energy and resources on the *World of Work Report*, now a highly visible flagship publication, had paid off. Drawing attention to an article in the *New York Times* entitled "UN agency warns of dangers of slow job growth," which was based on the *World of Work Report 2010*, she said that the article was a very good validation of the Institute's work and proof that the report was very relevant and provided analysis based on evidence. She said that the *World of Work Report* presented research that was consistent with the mandate of the Global Jobs Pact, the Declaration of Philadelphia and the ILO.
6. Ms Byers pointed out that, in the light of the austerity measures, fragile economic recovery in many industrialized countries was at grave risk. Given the still weak aggregate demand, there was a case for greater public investment, notably to build highly productive and low carbon economies. She recalled the central proposal of the Global Jobs Pact to stop a competitive downward spiral on wages and working conditions. She underlined that such a proposal could reduce the risk of "currency wars" and help alleviate global imbalances, as shown in the *World of Work Report*. She regretted that deficit countries were being pushed towards extreme austerity, while not enough stimulus was coming from surplus countries. The result, she noted, was delayed employment recovery, growing job precariousness and a "race to the bottom" in terms of working conditions and standards.
7. Noting that the race to the bottom was the biggest threat to an open global economy, she stressed that the ILO needed to provide the international community with research, knowledge and ideas on how to build a balanced, equitable and stable global economy. She encouraged the Institute to carry out further research on the need to prevent a race to the bottom and on the policy interventions – including international labour standards – required to achieve that, which could be the focus of the next *World of Work Report*.
8. Ms Byers highlighted that, thanks to its strong analytical capacity, the Institute was the best place in the ILO to examine macroeconomic policies and their interlinkages with the four strategic objectives of the Decent Work Agenda. She pointed out that the Institute should receive additional financial resources to carry out that crucial work and said that the Workers' group would strongly support the Director-General in order to make those additional resources available. She pointed out that a strong research capacity was indispensable if the ILO was to be a competent voice in the G20 process and in other policy debates at the global level. Furthermore, she asked the Institute to engage in knowledge networks beyond the Office and also to link up with trade union research

activities and networks at the national and international levels. Lastly, she stressed that research by the Institute should be used much more widely within the ILO departments and regional offices as well as in policy work at the national level, such as in preparations for Decent Work Country Programmes and national employment policies.

9. The Employer Vice-Chairperson (Mr Anderson) joined the Director in thanking the outgoing Employer Vice-Chairperson for his service to the Institute. He agreed with Ms Byers that the Institute's strong research capacity was essential for the ILO if it was to take its rightful place in terms of influencing its own constituents. He noted that the Institute was best placed to carry out the cross-cutting work that was relevant to the world of work and to inform the multiple parts of the Office. He said that, over the course of the past year, the work of the Institute had become more complex as it had had to grapple with the labour market consequences of the global financial and economic crisis. He warned that, in achieving those demanding challenges, it is important to maintain the research autonomy and integrity of the Institute's work. He noted that the *World of Work Report 2010* and the compilation of an impressive list of press clippings were very encouraging and showed that the Institute was a thought leader in the Organization and a repository of intellectual expertise.
10. Mr Anderson pointed out the data gaps that existed in the study of labour markets, which in turn limited the work of the Institute and the ILO. He said that, besides the Office being aware of those data gaps, the ILO's constituents would also like to know those gaps.
11. He pointed out that there was a need for using the excellent research capacity of the Institute to examine how the private sector could contribute directly to sustainable enterprises, growth and employment creation. He noted that the role of the public sector in the labour market was well developed in the Institute's work and that the role of the private sector in driving labour market outcomes should be further analysed. He encouraged the Institute to examine how the private sector could take some of the heavy lifting out of job creation, both post-crisis and beyond, and lessen the burden on the public sector.
12. Mr Anderson expressed his satisfaction with the work that was being carried out at the Institute with regard to migration. He said that the Institute should explain its work on that topic in areas other than Africa, especially focusing on Asia. Meanwhile, he had been encouraged by the information on the Institute's role in leading the knowledge strategy efforts in the Office. He welcomed the development of a research agenda for the ILO, including a research conference in 2011, which should be taken as an opportunity to strengthen research collaboration with the Bureau for Employers' Activities (ACT/EMP). Finally, he emphasized that, in carrying out its work, the Institute should both challenge and be challenged.
13. The representative of the Government of the Islamic Republic of Iran expressed gratitude to the Director and his staff for producing high-quality publications and influencing the views of researchers and policy-makers around the globe. He noted that the *World of Work Report* in 2009 and 2010 had tackled a broad range of issues very successfully. The need to adopt policies to move to a low carbon economy had been rightly highlighted in the 2009 report. The 2010 report navigated into macroeconomic territory skilfully and highlighted the importance of attenuating economic recession and job losses while also addressing fiscal goals. He welcomed the Institute's unique capacity to look at how best to enhance coherence between macroeconomics and social objectives in a globalized economy. That was important in the Institute's effort to reach a wider audience. Lastly, referring to the Institute's work on the issue of migration, he said that the Labour Institute in Tehran would be interested in collaborating on such topics in the future.

14. The representative of the Government of Pakistan thanked the Director and the Institute for the excellent analytical work carried out on labour markets and macroeconomic settings. He encouraged further work on the impact of International Monetary Fund (IMF) policies on employment, especially with regard to developing countries such as Pakistan. On the issue of migration, he said that he would welcome a broad analysis of migration flows and development in Asia.
15. The representative of the Government of Spain congratulated the Institute for the amount of data collected on different countries and the analysis carried out on the basis of that information. She pointed out that the Institute's work had helped countries navigate through the crisis and deal with the issues facing the labour market. As it was very clear that the Institute's work was highly relevant and useful to the ILO constituents, it was important to provide further support and more resources to the Institute. She said that she was encouraged by the Institute's involvement in the ILO knowledge strategy. The work of the Institute should be used throughout the ILO. She noted the importance of the project carried out with support of the French Government and indicated that the issues of labour provisions in trade agreements, the greening of economies, youth unemployment and migration should be explored further.
16. The representative of the Government of Argentina said that the work of the Institute was both analytically excellent and very important for policy-makers. He expressed his commitment to extending collaboration with the countries of the Common Market of the Southern Cone (MERCOSUR) and to being involved in regional dialogue. Drawing attention to an upcoming conference among MERCOSUR countries, he encouraged further work on the social dimensions of globalization, in line with the project supported by France.
17. The representative of the Government of Bangladesh congratulated the Institute for its *World of Work Report*, and the expert group that had evaluated the report. He mentioned that Bangladesh had recently joined the Youth Employment Network and was looking forward to working with the ILO to tackle the problem of youth unemployment. He encouraged the Institute to continue working on youth unemployment issues as well as on migration.
18. The representative of the Government of Portugal also congratulated the Institute on its work and said that the quality was high. He said that the Institute offered an excellent example of what the ILO knowledge strategy should achieve. He noted with satisfaction major improvements in the diffusion of the findings and encouraged the Institute to disseminate the *World of Work Report* even more widely. He also asked for further explanation regarding the project on globalization supported by France.
19. The representative of the Government of Belgium echoed previous comments and said that the Government of Belgium had found the work of the Institute to be very useful in terms of enduring the crisis. She pointed out that the EU policy stance had benefited from the analyses and recommendations put forward by the Institute, in particular with regard to the interaction between macroeconomic policies on the one hand, and employment and social policies on the other. She thanked the Director for his valuable and influential contributions to the EU debate and the various high-level forums organized as part of the Belgian presidency.
20. The representative of the Government of South Africa commended the work of the Institute for its analytical strength and relevance to labour ministries. He supported further research by the Institute on the interactions between macroeconomic policies and decent work. He hoped that such work could be used by policy-makers in developing countries and could also pave the way for enhanced discussion with the IMF.

21. The representative of the Government of El Salvador agreed with the representative of the Government of Spain and other speakers that the excellent work of the Institute was an asset and that further resources were needed to support it. She also noted that youth unemployment, including its macroeconomic and social dimensions, was a key issue in her region and required further analysis by the Institute.
22. An Employer member (Mr Lima Godoy) echoed the views expressed by the Employer Vice-Chairperson. He saluted the Director for the work he was doing at the Institute, and congratulated the team. He pointed out that there were high expectations vested in the Institute, which also meant more responsibility. He drew attention to paragraph 13 of the report of the Director, which highlighted the experience of Brazil in weathering the crisis. He said that the Government, workers and employers in Brazil had all played an important role in the crisis. He pointed out that the progress made by Brazil in the 1980s and 1990s had proved to be stepping stones to a sustainable recovery, along with more recent policy initiatives. He said that all those policies had played an important role in Brazil and expected that the Institute's review on Brazil would be able to highlight those key issues.
23. A Worker member (Mr Ahmed) commended the work being done by the Institute despite meagre resources. He said that the findings of the *World of Work Report 2010* showed that the global jobs crisis was not over, notably with regard to poverty and underemployment, especially in developing countries. That highlighted the need for active labour market policies and social dialogue among social partners. He said that there was a need to tackle the risk of political and social unrest by addressing poverty and underemployment, but for that to happen, governments needed support from the international community. He said that the Institute could explore the impact of the IMF conditionality on developing countries. Also, he said that the focus of the World Bank on privatization had had severe consequences, and there was a need to explore that further. Lastly, he reiterated earlier statements by saying that the Institute needed more resources and that its work should be more widely used by other parts of the ILO.
24. The Director thanked the Board for the very encouraging and positive comments regarding the Institute's work and addressed questions and comments from the Board. In particular, he noted the Board's broad support for the Institute as the ILO centre of expertise on macroeconomic analysis, including the links between macroeconomic policies and the Decent Work Agenda. He indicated that such work could guide future editions of the *World of Work Report* and country reviews such as the forthcoming one on Brazil. In response to questions about paragraph 15 in his report, he clarified the goal of the project, namely to develop the findings in the *World of Work Report 2009* regarding: (i) the increased use of labour provisions in trade agreements and the impact of that development on labour market outcomes; and (ii) how specific countries had managed, through a policy coherent approach, to promote the benefits of international economic integration while addressing the negative effects such as falling wage shares and rising income inequality. Noting that several delegates had asked for further research on migration as a development factor, he indicated that a research programme on that issue would be presented to the Board at its next meeting. He agreed that the topic of the private sector's importance in creating better labour market outcomes required further research by the Institute. Indeed, he indicated that the crisis had exposed the limits of fiscal policy in overcoming the root causes of the imbalances.
25. The Director provided further explanation with regard to collaborative work with research institutes and other international bodies. He said that the Institute had very strong links with the United Nations Department of Economic and Social Affairs and planned to further its research links with the IMF, especially with regard to ensuring socially inclusive economic recovery. He mentioned that the Institute had been invited to an important meeting in December 2010, jointly organized by the Centre for Economic Policy Research

and the European Central Bank. He also said that he had recently been in Spain for a meeting, where the IMF had been in attendance.

26. The Director of the Century Project (Mr Reynaud) thanked the Board for its comments. He acknowledged the Workers' call to go beyond academic research to disseminate its work. He underscored the importance of understanding the impact and achievement of the ILO at different historical moments. He said that two research talks had been held during the last two Governing Body sessions, on the ILO's role during the financial and economic crisis, which formed part of the efforts of the Century Project to share knowledge. He elaborated on the series of books that was being published as part of the independent research under the Century Project.
27. The editor of the *International Labour Review* (Mr Lansky) explained how "impact factor" was calculated by an independent evaluation body (Thomson Reuters), which rated journals based on citations over a two-year period. He also pointed out that the Institute was in talks with Blackwell, publisher of the Review, with a view to conducting a similar evaluation of the *World of Work Report*.
28. *The Board took note of the report.*

Acceptance of contributions and gifts (INS.B.LII/2)

29. The Employer Vice-Chairperson thanked the Director for keeping the Board up to date with developments.
30. *The Board took note of and approved the document.*

Other questions

31. The Director thanked the members of the Board for submitting applications for the Decent Work Research Prize and indicated that the jury was still making its decision. He hoped that the winner would be announced during the Governing Body session in March 2011. In response to a question by the Employer Vice-Chairperson, he confirmed that the Prize would be reviewed at the meeting of the Board in 2011, which would include a discussion of both the utility of the Prize and its functioning.

Geneva, 15 November 2010