Decent Work in the Global Economy

Discussion paper No. 1

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## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1. Globalization and Decent Work</td>
<td>2</td>
</tr>
<tr>
<td>2. Decent Work and the Changing Organization of Production</td>
<td>6</td>
</tr>
<tr>
<td>2.1 Globalization, decent work and new industrial patterns:</td>
<td>6</td>
</tr>
<tr>
<td>Production chains and enterprise interdependence</td>
<td>6</td>
</tr>
<tr>
<td>Small and medium enterprises</td>
<td>7</td>
</tr>
<tr>
<td>Export processing zones</td>
<td>8</td>
</tr>
<tr>
<td>Information technology and the knowledge economy</td>
<td>10</td>
</tr>
<tr>
<td>2.2 The informal economy</td>
<td>12</td>
</tr>
<tr>
<td>2.3 The rural sector</td>
<td>13</td>
</tr>
<tr>
<td>3. Tackling the Issues</td>
<td>15</td>
</tr>
<tr>
<td>3.1 The ILO Programme on Decent Work in the Global Economy</td>
<td>15</td>
</tr>
<tr>
<td>The first objective: employment for all women and men</td>
<td>15</td>
</tr>
<tr>
<td>InFocus: Small and medium enterprises</td>
<td>16</td>
</tr>
<tr>
<td>InFocus: Skills, knowledge and employability</td>
<td>16</td>
</tr>
<tr>
<td>InFocus: Crisis response and employment intensive investment</td>
<td>17</td>
</tr>
<tr>
<td>The second objective: promoting human rights at work</td>
<td>17</td>
</tr>
<tr>
<td>InFocus: The Declaration on Fundamental Principles and Rights at Work</td>
<td>18</td>
</tr>
<tr>
<td>InFocus: Child labour</td>
<td>18</td>
</tr>
<tr>
<td>The third objective: protection and security</td>
<td>19</td>
</tr>
<tr>
<td>InFocus: Safe work</td>
<td>19</td>
</tr>
<tr>
<td>InFocus: Social and economic security</td>
<td>20</td>
</tr>
<tr>
<td>The fourth objective: promoting social dialogue</td>
<td>20</td>
</tr>
<tr>
<td>InFocus: Institutions and capabilities for social dialogue</td>
<td>21</td>
</tr>
<tr>
<td>3.2 Institutions to promote decent work in the new global economy</td>
<td>21</td>
</tr>
<tr>
<td>What are the options?</td>
<td>22</td>
</tr>
<tr>
<td>3.3 Decent work and normative action</td>
<td>24</td>
</tr>
<tr>
<td>Normative action and the meaning of decent work</td>
<td>24</td>
</tr>
<tr>
<td>Normative action and achieving decent work in the global economy</td>
<td>25</td>
</tr>
<tr>
<td>3.4 Decent Work as an Integrated Development Strategy</td>
<td>26</td>
</tr>
</tbody>
</table>

This paper is a revised version of a text which was prepared for UNCTAD X in February 2000. The following ILO staff members contributed to the text: E. Lee, G. Rodgers, M. Abella, D. Campbell, C. Evans-Klock, A. Ghose, V. Jamal, E. Klein, D. Kucera, F. Maupain, S. Pursey, M. Tomei, R. Van der Hoeven. This paper does not express an official ILO position, but is rather intended as a means of circulating ideas for debate.
Introduction

The great global conferences of the 1990s – Rio, Cairo, Beijing, Copenhagen – put social development back on the map after a decade or more in which it was subordinated to economic goals. Production and economic growth were not ends in themselves, the conferences declared: they have to meet the needs of people for rights and justice, for participation, for a decent environment, for social integration, for employment. Each of these conferences identified a range of concrete actions, and addressed recommendations to the leaders of the world about how social and economic goals should go together.

During the same period, the process of globalization was accelerating. In the last two decades of the century we have moved from an international economy, in which national economies interact in a global market, to a global economy in which many of the relationships and mechanisms are themselves global in nature. Transnational enterprises produce globally, according to shifts in costs and markets. Financial transactions pay little attention to national boundaries. International trade routinely grows faster than national production. Technology flows across borders little impeded by attempts at national control.

The outcomes of this process are both stimulating and worrying. There is now widespread agreement on the principle of open markets and open societies. Globalization is delivering enormous new opportunities. In some parts of the world those have been spectacular growth in incomes and employment. But set against the objectives of the global conferences, there are reasons for concern. It is widely believed that inequality has continued to widen in many countries as well as between countries. Unstable global financial systems generate crises with enormous social costs. More economic activities are becoming informalized and many jobs are becoming more precarious in a search for competitiveness. Perceptions of insecurity are spreading, not only among the poor and unemployed, but also among the middle classes. Many ordinary people feel that their rights and their livelihoods are threatened. Many developing countries are reticent to participate in a global process which they see as weighted against them. Above all, the benefits of globalization reach only a fraction of the population. As we saw in Seattle, these perceptions are starting to emerge as a backlash in the streets. The social legitimacy of the process is in question, and movements opposed to globalization are strengthening.

This does not mean globalization will stop. On the contrary, it is continuing apace driven by the market and by technological forces. The rapid expansion of the knowledge economy is creating tremendous new opportunities, and cheap communications reinforce the process. Yet history shows that once tensions build up in economic and political systems, the outcome is unpredictable. If economic forces move out of line with social institutions, ultimately something has to give. And at the moment, in an economy which is increasingly global, the governance gap is growing. It is by no means obvious how long globalization will continue on its present path if the fundamental social issues, highlighted by the global conferences, are not addressed.

Work and employment are at the heart of these debates. The expanding global economy reaches people by helping enterprises to grow, and providing opportunities for income and employment. But more women and men need to benefit, and more attention needs to be paid to productivity, to security and protection. The global economy has to deliver decent work - and that is the ILO’s primary goal today.

What is decent work? It is work which is productive, and carried out in conditions of freedom, equity, security and human dignity. Freedom, equity, security and dignity may take varying forms in different environments, but the underlying principle is the same. The ILO Declaration on Fundamental Principles and Rights at Work adopted by the International
Labour Conference in 1998 captures vital dimensions of this vision: freedom of association, absence of discrimination and forced labour, rejection of child labour. Beyond these fundamental rights there are other concerns, such as the safety of the working environment, the duration and intensity of work, the possibilities for personal fulfilment, protection against contingencies and uncertainties. Work must be productive, if it is to provide a decent income. And above all, work should be available for those who want and need it. Decent work must encompass all workers: the fundamental principle is that all those who work, women and men, have rights at work. That means not only wage workers in formal enterprises, but also the self-employed, casual and informal workers, the hidden (predominantly female) workers of the care economy or of the domestic scene.

The word "decent", it is sometimes said, sets the bar too low. Decent can merely mean the opposite of indecent, a level of bare adequacy. But the word also has the meaning, in English, of meeting or exceeding core social standards - setting a threshold for work and employment which embodies universal rights, and which for a given society is consistent with its values and goals. In this sense, what is seen as "decent" evolves as the possibilities of societies also evolve, so the threshold advances with economic and social progress. So decent work is closely bound up with the process of development. It does not attempt to impose unrealistic targets, but reflects aspirations and guides social action.

How can the goal of promoting decent work be achieved? In the work of the ILO it is seen as the synthesis of four strategic objectives: achieving fundamental principles and rights at work; the creation of greater employment and income opportunities for women and men; extending social protection; and promoting social dialogue. These objectives are closely intertwined: respect for fundamental principles and rights is a precondition for the construction of a socially legitimate labour market; social dialogue the means by which workers, employers and their representatives engage in debate and exchange on the means to achieve this. Employment creation is the essential instrument for raising living standards and widening access to incomes, social protection the means to provide security of income and of the working environment.

This paper reviews the decent work goal and how it can be achieved in the context of globalization. A first version of the paper was prepared as background for the UNCTAD X Conference in Bangkok in February 2000. It summarizes some of the ways in which globalization impinges on the different dimensions of decent work, and indicates some routes forward, both those foreseen in the programme of the ILO, and others which might guide the international community in the future. In particular, it suggests ways in which an integrated framework encompassing both economic and social goals might be developed.

1. Globalization and Decent Work

Globalization has added a powerful new dimension to the link between development and the four dimensions of decent work--basic labour rights and standards, employment, socioeconomic security, and social dialogue. Pre-globalization, the mainstream view was that successful development would clearly imply progress on the two economic dimensions of decent work, namely employment and socioeconomic security. This would happen through the employment growth that is generated by a high and sustained rate of economic growth and the increased economic security and poverty-reduction that would occur as a result of steadily expanding opportunities for productive employment. Underlying this view was the two-sector growth model which saw development in terms of the steady expansion of the high-productivity modern sector and the concomitant shrinking of the low-productivity rural and informal sectors. This sectoral shift constituted the basic driving force for the expansion of the proportion of the labour force in ‘good jobs’. This in itself constituted an improvement in the average quality of employment. This process would then be intensified once the ‘turning point’ of the exhaustion of surplus labour was passed since real wages in the modern
sector would then begin to rise. Both these effects of the sectoral shift were also seen as having a positive impact on labour standards in the sense of the quality of employment as well as socioeconomic security. Improvements in the latter would occur not only through the impact of fuller employment but also through the increasing proportion of the labour force that would enjoy the benefits of the mandatory social security that accompanies modern sector jobs. Yet further improvements in these two dimensions of decent work would also occur through improvements in the level and coverage of protective labour legislation and social security that rising living standards would permit.

This pre-globalization model was relatively silent on effects of development on the other two dimensions of Decent Work, that is, basic labour rights (as opposed to labour standards in the sense of wages and working conditions) and social dialogue. There was no presumption that sustained economic growth would necessarily lead to greater democracy, fuller respect for basic labour rights or a stronger commitment to social dialogue. These issues were largely peripheral to the development discourse of the time. Indeed, there was a strand of thinking, represented notably by the proponents of ‘Asian values’, that saw a conflict between democracy and economic growth.

With globalization, some of the assumptions underlying the above view of the relationship between development and decent work have changed quite radically. A basic factor has been that a large majority of the developing economies have not been able to benefit from trade liberalization and growth of global capital flows. The share of just 13 developing economies (Argentina, Brazil, China, Hong Kong (China), India, Indonesia, Republic of Korea, Malaysia, Mexico, the Philippines, Singapore, Taiwan (China) and Thailand) in world manufactured exports, for example, increased from 9 per cent in 1980 to 22 per cent in 1996, while the share of all other developing countries stayed constant at 3 per cent. The same 13 economies also accounted for 82 per cent of FDI flows into developing countries in 1995. This concentration of industrial growth in a few economies has left most developing countries, notably in Africa, dependent on export of primary commodities whose importance in global trade has been declining. It is important to recognise, however, that the inability of these economies to benefit from trade liberalization is explained fundamentally by the low level of development of their infrastructure - both physical (transport and communication networks, electricity) and social (education, health, legal framework, financial markets, labour market institutions) - which severely constrains growth of manufacturing industries. This means that efforts to reduce global inequalities would need to concentrate on improving physical and social infrastructure in the least developed economies. Measures to improve their market access, by themselves, can achieve very little.

Another factor has been that, even for those countries that have been able to integrate into the global economy, the emergence of intensified competition among countries for export markets and foreign direct investment has raised new problems for the attainment of decent work for all. With respect to employment, this has meant less certainty, at least in the short and medium-term, that strong growth in modern sector employment would occur with the increased opening up of the economy to trade and FDI flows. One reason for this is the job losses that would occur in previously protected economic activities. Another is that economic liberalization is typically accompanied by measures such as privatization of state enterprises and the downsizing of civil service employment, both of which aggravate the job loss problem. For example, in Latin America in almost all public enterprises that were privatized a proportion of the labour force was made redundant, thus increasing unemployment in the first instance. Some of these redundant workers have not been able to find a secure and stable job and experienced a downward social mobility. Others, however, have transformed themselves in entrepreneurs, creating their own enterprises that oftentimes are functionally linked with the large enterprise in which they were formerly employed. Thus, the decrease in employment of the newly privatized enterprise is achieved in part by outsourcing some functions, maybe even essential ones, and it subcontracts with smaller firms to fulfil these roles. In many cases the conditions of income and employment have deteriorated as a result of this outsourcing. Precarious jobs abound in different sectors and countries where subcontracting is becoming a
common feature of the labour market. In these cases, temporary jobs, lack of social security coverage, absence of unions, collective bargaining and training mechanisms may well be the norm, even though they may go together with higher salaries. With respect to public employment, this has decreased in practically all Latin American countries. On average, as a proportion of the economically active population, public employment decreased from 16% at the beginning of the 80’s to 13% at the end of the 90s, i.e., a fall of almost 20%. In some instances, redundant civil servants have been eligible to receive compensation payments, with which they have been able to start their own business B usually as independent contractors or as microentrepreneurs. In these cases security and employment conditions may have decreased. In other cases, these redundancies have clearly produced a downward social mobility, impoverishment and loss of status, especially in the case of civil servants who were not professionals and whose status was not based on their educational attainment but on the occupational position they held in the labour market.

Yet another factor constraining employment growth is the increased pressure to adopt new production technologies and forms of work organization that in many cases are less employment-intensive or at least demand less unskilled labour. This again limits employment growth. In sum, the presumption that a high rate of economic growth will be accompanied by a steady net increase in modern sector employment is less likely to be valid in the current era of globalization. Some countries that have enjoyed prolonged periods of high growth, such as those in pre-crisis East Asia, have also achieved impressive growth in modern sector employment, but for most developing countries growth has not been significantly higher than in the pre-globalization era and modern sector employment has either stagnated or grown only moderately.

The fact that the growth of modern sector employment has become more problematic also has direct implications for another dimension of decent work, that is, socioeconomic security. Firstly, the basic economic security provided by steadily expanding opportunities for productive employment is now attenuated. Secondly, there have been additional forces unleashed by globalization that have tended to directly reduce employment security. The adjustment of the structure of production to greater openness and competition has resulted in greater turbulence in labour markets. Even in situations where there is a net increase in employment creation as a result of globalization, workers have to change jobs more frequently in line with the adjustments in the structure of production. This often implies traumatic personal adjustments such as spells of unemployment that are not cushioned by unemployment benefits, attempting to acquire new skills and jobs without adjustment assistance, or having to settle for inferior jobs in the informal sector. In addition, the same competitive pressures that have led to a downsizing of employment have, at the same time, also induced enterprises to seek greater flexibility and lower labour costs. This has been sought through means such as the increasing recourse to precarious employment contracts (temporary contracts, subcontracting to self-employed workers, part-time work) instead of stable long-term employment relationships. This has meant less employment security for workers as well as a loss or reduction of the social protection that accompanied the standard employment contract. All these changes have not only reduced security for those directly affected but have also had the spillover effect of spreading generalised anxiety and insecurity.

Over and above these pressures from globalization that are undermining socioeconomic security is the increased risk of succumbing to macroeconomic crises. Financial globalization has been accompanied by the increasing frequency and severity of financial crises that have triggered off severe macroeconomic contractions in the affected countries. The Asian crisis of 1997 to 1999 was the most recent and severe of these and had widespread contagion effects that hit Russia, Brazil, and some other Latin American countries particularly severely. These financial crises have had severe social costs in terms of rising unemployment and poverty. In the Asian countries that were worst affected by the recent crisis, decades of social progress in achieving full employment and poverty reduction has been severely set back. As such the increased vulnerability to economic crisis is a powerful new factor in reducing socioeconomic security, especially in countries that have undergone substantial financial liberalization.
There are also some grounds for believing that globalization has unleashed forces that have had an adverse effect on basic labour rights and standards. One possible channel through which some believe this is occurring is a ‘race to the bottom’ with respect to labour standards. On this view, countries competing for foreign investment could be involved in a competitive devaluation of labour standards in seeking to outbid one another in offering the inducement of a cheap, docile and non-unionised labour force. Similarly, the search for competitive advantage in export markets has led some countries to embark on labour market deregulation and cut-backs in social protection in the search for lower wages and non-wage labour costs as well as greater labour flexibility. This process has been facilitated by the erosion that has occurred in the underlying bargaining strength of labour due to the increasing mobility of capital. As a result of a combination of lower policy barriers to capital mobility and technological developments that have expanded the scope for, and reduced the costs of, cross-border production, investors have gained the upper hand through threatening to use, or actually exercising, the exit option. Other changes in the global production system that will be discussed in the next section have also added further stress on conditions of employment.

The above developments also impinge negatively on the prospects for worker participation and social dialogue. Competitive pressures to restrict basic labour rights such as freedom of association and the right to bargain collectively weaken the enabling conditions for the growth of free and independent trade unions and employer organizations. At the same time the weakening of the bargaining position of labour that was referred to earlier, diminishes the prospects of a successful resistance to these developments. Moreover, the free market fundamentalism of some participants in the current process of globalization is inherently hostile to collective action through worker participation and social dialogue. These actors have a much stronger faith in the ‘low road’ of cost-minimization than in the possibilities for harnessing the productivity-enhancing potential of the ‘high road’ of worker participation and social dialogue.

These problems are compounded by two other trends that affect the prospects for achieving decent work for all. These are the rise in wage and income inequality and the diminution of the regulatory and redistributive role of the state. The rise in inequality that has accompanied globalization has been driven by the diverging fortunes of those well-endowed with skills and assets and those less so. The reduced demand for unskilled labour in industrialized countries makes the goal of decent work in the sense of an adequately remunerated job more difficult to achieve. The problem of the ‘working poor’ is aggravated. One worrying trend related to growing inequality between the skilled and the unskilled has been in the area of international migration. The flow of labour from developing countries, especially of technical and professional workers, has intensified during the last two decades in spite of the growth of trade and relocation of labour-intensive manufacturing to developing countries. The long-term effects of this for developing countries is likely to be negative.

In addition, there is growing evidence that a high level of income inequality has a negative impact on economic growth. This in turn reduces employment growth, making decent work for all more difficult to attain. It is also likely that increasing divergence in the fortunes of the skilled and unskilled will make it more difficult to organize the collective action, based on a commonality of interests, that is necessary to make social dialogue a reality.

At the same time the diminution of the regulatory and redistributive role of the state means that less and less is being done to counteract this growing inequality and the negative effects it has on the prospects for achieving decent work for all. A similar observation applies with respect to the possibilities for counteracting the increased socioeconomic insecurity and deterioration of labour rights and working conditions that has been occurring in the wake of globalization.
2. **Decent Work and the Changing Organization of Production**

Development as a process of change that leads to improvement in the lives of individuals is still far from realization for many. For a limited range of developing countries globalization has generated modernization and higher growth of output and employment. At the sectoral level, a mixed picture emerges of the impact of globalization on the different dimensions of decent work.

2.1 **Globalization, decent work and new industrial patterns**

*Production chains and enterprise interdependence*

A great deal of international trade is internalized in the transactions within and between multinational enterprises (MNEs), their affiliates, and their contracting partners. Such trade is the outcome of a complex, cross-border organization of work and production, as much "hierarchy" as "market", as much the consequence of managerial decision as of invisible hand. In such a context, trade and FDI are more often complements than substitutes. In looking at trade, then, it makes sense to look at the intra- and inter-firm relations of MNEs. It makes equal sense to explore the dense micro-organizational context in which trade occurs.

A lot of world trade, from automobiles to sports shoes, is organized within industries that are global oligopolies in which MNEs are the key architects and play the key coordinating roles. The cross-border "production channels" or "global commodity chains" that they create link discrete locations in the world through the phases of product inception or idea, production, and distribution of the final good. A basic criterion for distinguishing between global industries (or industry groups) and the sorts of global workforces they unite is the source of their competitive advantage. In "producer-driven chains" (PDCs), for example, the lead firm is most often in a highly capital-intensive industry, such as automobiles, where proprietary technology, high investments in R&D, and specialized skills create "competitive advantages" that are difficult to assail.

In "buyer-driven chains" (BDCs), it is marketing acumen, highly developed distribution channels, and rapid response to shifting consumer demand that constitute the principal advantages, and thus the principal barriers to entry in global industries such as garments, footwear, and toys. Other features of BDCs are equally distinctive. For example, much of the actual manufacture of the product is low-skilled and labour-intensive, uses undifferentiated and easily acquired technology, and is divisible into discrete operations that can be located wherever advantages abound. Unskilled labour and low wages are, of course, chief among these advantages, and it is therefore no surprise that BDCs are an important meeting-point for developing and industrialized countries in the global organization of production.

These distinctions are important for understanding the link between decent work and the global economy. The process of globalization affects employment and its characteristics not only through macro-economic mechanisms, but also directly, in the organization of production and the institutional framework which governs it. This means that a more specific focus on the transmission mechanisms through which economic interdependence occurs is helpful. Obviously, all such mechanisms are in the end local in their incidence, and it is similarly at the local level where some solutions may reside. It is in this way, for example, that discussions of behaviours at the "micro level" - corporate governance or the participation of civil society at local levels - link up with the broader debate on global governance.
The inter-firm linkages in buyer-driven chains have a variety of implications for the quantity and quality of employment. While estimates suggest that MNEs directly employed 40.5 million workers in developing countries in 1999, they also generated 1.6 additional jobs for every job created directly through backward and forward linkages. On the other hand, there are adverse employment effects due to plant relocations, again both direct and indirect. MNE subcontractors can also put other domestic firms at a competitive disadvantage. Perceived job losses in industrialized countries constitute a major source of opposition to the globalization process as a whole, even in countries such as the US where net job creation has been high.

Job losses apart, the quality of employment in buyer-driven chains is where the centre of controversy lies. On the positive side, wage incomes through employment in buyer-driven chains in many developing countries are often higher than alternative means of generating income and, of course, higher than the common alternatives of un- or underemployment. Characteristics of the workforce play a role here as well. Production in buyer-driven chains is frequently undertaken by young, unmarried, female migrant workers whose alternative employment opportunities are limited.

On the negative side, work is often arduous and monotonous. Women migrant workers are particularly vulnerable to various forms of abuse and may be unaware of their rights or means of enforcing them. Working conditions may be poor and health and safety risks great. Women workers are excluded from training opportunities, nor does the work itself include a career progression. Work at this link in the buyer-driven chain often includes long hours and minimal employment security. Both are indications of substantial "numerical flexibility" which, in turn, plays a role in the way production is organized in these industries. Unscheduled and often excessive overtime hours, for example, are the consequence of lead firm strategies to respond rapidly to changing product market demand, about which information is transferred rapidly with new communications technologies.

Rapid product market changes increase risks. Perhaps the chief way in which lead firms seek to externalize risk is by externalizing ownership; rather than manufacture themselves, they transfer the risks of changes and fluctuations in the product market to contracting and, in turn, subcontracting firms. This is accompanied by a high degree of numerical flexibility i.e. employment insecurity. It is one instance of how globalization influences the quality of jobs.

Small and medium enterprises

International markets, investment and production processes present both threats to and opportunities for enhancing the viability of smaller enterprises and their employment base at the local level. However, the effects of liberalised trade and freer flows of capital, products and inputs, together with the new communication methods available to managers to control these movements, are often felt by smaller enterprises and their communities as a faster pace of change and a threat to the livelihood of most workers.

The Asian crisis focussed attention on the vulnerability of even small and medium-sized enterprises to abrupt changes in international financial markets. Due to the financial crisis, otherwise viable enterprises faced liquidity problems as access to credit and foreign exchange quickly became very difficult. These problems were external to their technical capacity, product quality and, under typical foreign exchange regimes, price competitiveness. As the smallest production units feeding into the export chains, they were dependent upon the economic well being of their larger enterprise customers. But unlike the multi-million dollar debtor customers who had to be kept afloat by desperate financiers, as smaller debtors, they were expendable. Financial institutions in trouble tended to call in their debts first and restrict their access to operating capital first. At the same time, smaller enterprises were expected to absorb workers displaced from large firms or the public sector. The financial institutions were ill equipped to meet the needs of smaller enterprises buffeted by the turmoil in international financial markets while national economies depended upon them to act as a social safety net.
in catching the newly unemployed. The imbalance between support for displaced workers and the absorptive capacity of small enterprises is one of the reasons that many developing countries are seeking to institute basic social security measures.

The emergence of global production chains poses both threats and opportunities to the smallest production units. Transnational firms expect increasingly high levels of product quality, delivery dependability, and production flexibility from the smallest producers in their global production chains. Those SMEs seeking to develop through linkages with global production but which are unable to compete in these areas, apart from traditional cost competitiveness, are increasingly marginalized.

For other enterprises, however, these new elements present an opportunity to build mutually beneficial partnerships with TNCs. The opportunities afforded by participating in global markets extend beyond accessing new markets, technologies, and capital. It also goes beyond employment generation and speaks directly to the quality of those jobs: if owners of small businesses want to be trusted by TNC buyers to produce the right quality, at the right time, at the right cost they must have healthy, motivated workers and decent and healthy workplaces. It can be argued that one of the most important aspects of enabling SMEs to be "partnership ready" is labour quality. Where workers have basic education, they are able to absorb new knowledge and learn new skills. Where workplace practices are based on sound principles rather than on exploitative relationships, labour conflicts do not disrupt production and delivery schedules. Where there are sound occupational safety and health practices small firms become more reliable partners. Where basic social protection measures are in place, whether through local mutual associations or public programmes, the work pace and product quality are not undermined by ill-health and occupational hazards.

The real potential of partnerships between TNCs and small and medium enterprises is not only that it motivates small businesses to improve basic working conditions, social protection measures and skills training, but also that it provides the means: efforts to improve productivity and product quality pay for themselves if they are the means of maintaining profitable relationships with TNC buyers.

National efforts to promote decent work can make it easier for small and medium enterprises to choose this "high road" of competitiveness. Efforts to set basic labour standards and to enable small enterprises to meet them must be considered an investment in being able to turn globalization into national advantage. Given the limited scale and scope of operations of small firms, a supporting national and community environment can tip the balance towards trying to compete on the basis of good labour and good products. The social return on this public investment is successful engagement in globalization, where success is defined in terms of enterprise development and preserving and creating decent work.

Export processing zones

Many countries have established export processing zones (EPZs) in order to attract foreign direct investment and increase exports. By 1997 there was a total of 845 zones worldwide. In most cases the abundance of relatively cheap labour was a basic factor in zone strategy. For some countries, the prime concerns were the investment and employment potential of EPZs. Others have, from the beginning or in response to shortcomings of earlier zone strategies, sought to use zone strategies that could better foster broader development objectives for example through backward and forward linkages, transfer of technology and skill, and increases in the degree of value added in the enterprises. Globalization has served to encourage zone development. The consequences of globalization for decent work in EPZs have been varied.

At a global level, the levels of employment in EPZs may not be dramatic - some 27 million people work in zones worldwide. However, the impact at the local level is significant in terms
of both direct and indirect employment. In the case of China, some 18 million are employed in FDI firms apart from the millions more working in the Chinese firms operating in the zones. Two of the leading footwear and garment MNEs "employ" 350,000 workers in China, Indonesia, Viet Nam, and the Philippines alone (largely through the Asian firms with whom the MNEs contract). Elsewhere, however, jobs are lost. The number of footwear companies in Taiwan, China decreased by 50 percent over a five-year period to 1992. Jobs in the Republic of Korea's shoe-making centre, Pusan, declined from 500,000 in 1990 to 120,000 at the end of 1993 and to an estimated few thousand only in 1998.

Beyond Asia, in Mexico and Central America, there have been significant employment gains, Mauritius showed growth in the initial stages followed by a flattening out and decline as investors started to search for cheaper production locations.

The quality of employment is an important issue in the labour-intensive and low-technology production industries which tend to respond to increased global competition by making their work force work harder or by relocation to cheaper sites. Consequently all four dimensions of decent work, including employment, come under pressure under competitive conditions. In the case of the clothing and textiles industry, for example, it has been noted that there are now 160 countries producing fashion goods for export into the markets of just 30 countries. Countries, companies and workers compete fiercely, and as a result most of the 30 million jobs in this sector world-wide are low paid and insecure.

In terms of fundamental principles and rights at work, the problem appears to be not a straightforward and systematic denial of core labour standards, but non observance or inadequate enforcement of national legislation. However, some countries have specifically excluded EPZs from the scope of existing legislation, although sometimes, certain standards are prescribed. Similarly, the extent to which the protection afforded by national labour legislation is applied, for example with respect to paid maternity leave, termination of employment and pension payments varies within and between countries. The failure to apply adequate labour standards or to develop sound labour-management relations has been associated with problems such as high labour turnover, absenteeism, stress, fatigue and low rates of productivity and high levels of wastage.

The situation of women in EPZs has elicited particular concern. In some countries much of the increased female participation in the labour force has been in EPZs and in a number of EPZs they comprise the majority of workers. The characteristics of female employment in BDCs, described in an earlier section, also often apply to female employment in EPZs.

Some countries have sought to respond to global competition by moving up the ladder of global production, encouraging zone development based on industries which focus on skills, knowledge, technology, innovation and creativity. Such industries are not deterred by the effective implementation of labour standards if other factors stimulating high productivity are right, including high-quality human resources, availability of training facilities, a stable work force and a good industrial relations climate. In such industries the quality of employment is less likely to have deteriorated with globalization. Indeed, with a shortage of skilled labour, wages are being driven up. However, widespread switching to higher value added activities in the EPZs of developing countries is not an easy task. With the declining importance of wage considerations in newer, high technology industries, developing countries trying to attract better quality enterprises will need to show clear advantages in areas other than labour costs.

Across the range of EPZ industries, including some labour-intensive enterprises, the better enterprises are finding that attention has to be paid to the range of factors which contribute to increased productivity in order to remain competitive. They recognize that the pure intensification of work is ultimately unsustainable. Consequently, efforts have been made to motivate workers through various incentives and improvements in working conditions and protection. At another level there have been initiatives to improve participation and human resource development practices. This is no inevitability to these developments. It has been found that various factors help to shape EPZ orientation towards the labour force. Some
pertain to the enterprise and its culture, some to the national environment and others to the prevailing labour market situation. Despite these positive developments, trade unions are still faced with a major challenge in terms of organizing zone workers and developing policies and programmes relevant to their needs and a range of various approaches at international and local level involving are being tried.

The self interest of zone-based enterprises together with external initiatives (national and international, public and private) will be important in promoting decent work for and steady increases in the well-being of zone workers. A major challenge for developing countries in promoting decent work through an FDI and export-led strategy, is to ensure that their strategic role in global production does not remain at the level of the offshore factory.

**Information technology and the knowledge economy**

A key factor in the globalization process appears to be the introduction and handling of information and communication technology:

> If we cannot ensure that this global revolution creates a world-wide information society in which everyone has a stake and can play a part, then it will not have been a revolution at all. (Nelson Mandela)

While technological innovation is progressively becoming a reality in a growing number of countries, the factors which impinge on its development are multiple, complex and often of uncertain sign. These factors include the capacity of managing technological innovation; providing the skill resources needed for transformation; creating a supporting environment to change; elaborating policies which accompany and facilitate the introduction of new forms of work; and maintaining competitive advantages both in terms of costs and of the reliability of the service that is offered. Meeting these objectives is the challenge.

On the technological front there is still an enormous ICT gap between rich and poor countries. In most observers’ views, moreover, this gap seems to be widening with globalization. However, the emergence of the global information infrastructure presents an extraordinary opportunity for the developing world. Developing countries stand to benefit on two fronts--they will be able to increase their exports of services and they will gain access to services not available domestically. This process involves a number of fundamental, critical choices.

The way liberalisation is introduced is of paramount importance for the impact it will have on social and working life. Indiscriminate liberalisation may help in boosting the short-term development of teleservices but at the price of a very unbalanced type of development that may eventually negatively affect the global advancement of developing countries. What is increasingly called for is a type of development that includes higher quality competitive factors and advantages capable of promoting a sustained and balanced development. Crucial in this respect are the enhancement of knowledge, skilling, and the organisational setting in which technological innovation develops.

The skill structure is changing. New skills, such as the ability to interact with new technology as well as with flexible environments, are becoming more and more important. There is a need not only for higher skills but also for broader skills and competencies. That is why continuous learning, the updating, upgrading and enlarging of skills and competencies, are of crucial importance for the improvement of competitiveness, productivity and job creation.

In an increasingly sophisticated production process, people rather than technologies make the difference. Successful cases of modern organisations clearly confirm how the sharing of long-term, common goals and values; the development of an organisational culture based on
learning; a focus on knowledge acquisition and development, are indissolubly connected and key to success.

It is the entire social organization that becomes productive or, on the contrary, an obstacle to innovation, and thus for productivity growth. Personal freedom (and therefore liberty in its fullest sense) is a pre-requisite for entrepreneurialism. Social solidarity is critical for stability and thus for predictability in investment. Family safety is essential for the willingness to take risks. Trust in one’s fellow citizens, and in the institutions of governance, is the foundation for socializing ingenuity in a given space and time, thus making it possible for others to enjoy the fruits of such ingenuity.

There is a history of attempts to develop telecottages/telecentres in developing countries based on the "dream" of the direct passage from agriculture to high tech that has been of great fascination but of very difficult application in the past. Wireless technologies seems to be able to materialise this dream and re-focus attention on the role of advanced technology in addressing the needs of developing countries.

Technological advances now make it increasingly feasible to place a "communication point" in isolated villages, which can be run with cheap solar energy and linked by satellite connection and Internet to the entire world. Telecottages and telecentres are rapidly expanding throughout Africa, South America and South East Asia.

Since telecottages/telecentres are small, figures of their impact, including their impact on job creation, have not been up to now very significant. But their rapid proliferation in terms of thousands, if not ten of thousands, quickly modifies the scene and the opportunities for employment are increasingly becoming important. In Senegal there are now more than 9,000 small telecentres, operated by private franchisees, who offer phone and fax services and increasingly also access to email and the Internet. Such telecentres created some 20,000 jobs within the last five years.

ICT can greatly contribute to the development of a new type of entrepreneurship based on creativity, the ability to network, openness to virtual environments and intangible assets, high levels of agility, immediate responsiveness and the continuous accumulation of new knowledge. Despite a strong, continuing association of masculinity and technology and of men with skilled status especially in technical work, women seem as well, if not better equipped than men in coping with the new wave of communication technologies and their entrepreneurship in this area is gaining momentum.

There is an ICT revolution in India. Part of this revolution has been the creation of 300,000 "Trunk Dialling Booths": small street-side shops, offering access to public phones meant for long instance calls. Each Booth employs about two to three people on the average, depending upon the number of phones and other equipment. This is seen as an important avenue for women in gaining access to entrepreneurial activities.

In Bangladesh one of the government goals in telecommunications development is to connect and empower rural women. Since 1997 the Grameen Bank provides credit to village people which enables them to obtain modern communications equipment. These micro-credit operations, specifically oriented towards women, allow them to obtain mobile phones at a low cost, and then sell the services to villagers.

The current approach to ICT built upon massive technological input, reduced labour costs, short-term determinism and downsizing, is progressively giving way to a new approach where human capital, new technology and work organization become fully interlocked to transform information into knowledge and then into productivity growth, competitive advantage and better conditions of work and life.
What is becoming increasingly clear is that there is nothing “pre-set” in this process of change but that there is room for manoeuvre, options and different choices available, which are of particular strategic importance in the design and planning phases. Development at work and in society is consequently not just the result of uncontrollable forces such as globalization, intensified competition and technical change. It is, instead, primarily the result of political, economic and social choices.

Developing countries cannot be left alone in this gigantic effort. The international community should mobilize and help them to utilise the opportunities inherent in the information society to improve the quality of life, knowledge, international competitiveness and interaction in a versatile and sustainable way.

2.2 The informal economy

Trade liberalization and globalization are re-shaping the composition, dynamics and geographical distribution of the “informal sector”. The latter has not only persisted and expanded in most developing countries, it is also growing in economies in transition and acquiring growing significance in advanced economies as well.

In this sector as in others, one of the results of adjustment policies and the globalization of national economies has been the increasing heterogeneity within labour market segments that were previously more homogeneous. Alongside survival type of economic undertakings, new economic activities that are linked to the new tradable sectors and the globalization process are emerging. Some of these enterprises are highly capitalized, linked to dynamic markets, inserted in leading sectors, and have an increasingly qualified labour force. The opportunities for growth and modernization of this segment of the informal economy seem to depend very much on the nature of these links and on the social, institutional, and economic environments in which they operate. But the relative magnitude of each segment varies across countries and regions, depending on the pattern of economic restructuring and participation in the global economy. On the other hand some of the enterprises in this sector remain conventional in terms of capital and labour use.

In many developing countries, micro and small enterprises are estimated to account for the generation of about 70 per cent of newly-created jobs, the quality of which varies considerably. There have been some successful initiatives to help such enterprises in this sector to benefit from emerging market opportunities, inter alia, by investing in a healthier and better protected workforce. Programmes of this type will need to be implemented on a much wider scale to promote quality employment in these enterprises.

Changes in the organization of production precipitated by globalization, and involving inter alia, the fragmentation and relocation of production through sub-contracting and outsourcing are contributing to the emergence of a new model of employment relying on more “flexible” employment arrangements. A minority of secure, stable, and protected workers coexists with an expanding workforce in poorly protected jobs, lacking security and long-term career prospects. Formal enterprises often have both formal and backdoor operations, registered and unregistered workers, and informally paid workers producing for the official markets. Through outsourcing arrangements, formal enterprises draw on the labour of workers along the subcontracting chain which often crosses into the informal sphere of subcontractors and agents, unregistered workshops and homeworkers. The export garment industry is a well-documented example of this phenomenon. This new employment model has strong gender dimensions. The spectacular growth of female participation in the labour market in the past two decades, and their enhanced access to wage employment, have not been paralleled by similar progress in terms of quality employment. Compared to men, women continue to be concentrated in the lower occupational ranks in a narrow range of activities with lower pay and least secure contractual arrangements.
The process of growing employment insecurity and declining coverage of labour and social protection has been described by some as the informalization of employment. Informality, therefore, would not be an exclusive feature of the "informal sector" which has been conventionally depicted as comprising highly unstable, low-productive economic units operating on a small scale, with little division between capital and labour, escaping totally or, in part, official statistical enumeration and fiscal regulations and/or labour rules.

It has become clear that the "informal sector" and atypical forms of employment can no longer be viewed as residual categories: they are rather part and parcel of the overall development dynamics. The formal/informal dichotomy is losing relevance as the boundaries become increasingly blurred. Similarly the traditional/modern dichotomy no longer holds. Consequently, the term "informal economy" is becoming preferable to the term "informal sector".

It is likely that the presence of decent work in the informal economy will vary in line with the heterogeneity that has emerged. Some segments may rank high in certain dimensions of decent work while others will fall short on all four dimensions. Given the extent of the informal economy and its heterogeneity it presents particular challenges to the promotion of decent work. Not least of these has been the challenge of representation without which many segments of the informal sector will be excluded. Ensuring decent work in the informal economy will mean making its workers and enterprises "visible" and giving them "voice" either through new forms of representation or bringing them into the mainstream of the more traditional representative bodies. Serious efforts are underway within the labour movement to gradually review, inter alia, their organizing and alliance-building strategies, their institutional structures with the aim of catering for the emerging needs of actors in the informal economy and enhancing their social legitimacy. Other actors, including transnational corporations and various interest groups of civil society, are paving the way for new forms of labour regulation and new spaces of negotiation. Membership associations, including trade- or area-based organizations, associations of micro and small entrepreneurs and occupational groups have also emerged. A major challenge is now to generate synergies between these varied efforts to promote distributive justice.

2.3 The rural sector

Rural workers are the most deprived of all workers in terms of the various dimensions of “decent work” in many countries, the spread of globalization has so far had only a marginal (and indirect) impact on rural workers and the trend is likely to continue. The fast growth of the modern sector made possible by recent technological innovations in industries and services sectors has hastened the typical decline of agriculture in developed countries. There, innovations have percolated down to the agriculture sector in terms of the spread of information technology, but the advances in production in agriculture have been much more limited than in the rest of the economy. This is all the more true for developing countries, where the productivity gap between agriculture and non-agriculture has always been wide and has increased further under globalization.

Nonetheless, currently developing countries have been slow to adopt many already tested agricultural innovations. Some countries have been reluctant to attract foreign investment in their agriculture sector. The strategic and symbolic importance of the agriculture sector are critical in understanding this response. Where agriculture still occupies over one-half of the labour force, as in many developing countries, there is a well-justified fear that the rapid introduction of new technologies could lead to the displacement and alienation of vast numbers of the agricultural labour force from the land. At early stages of development such huge shifts in the labour force would be beyond the capacity of the nascent industrial sector to accommodate. Another fear, often well-justified, relates to the prospect of reduced food security since FDI is most likely to occur in non-food crops given the relative rates of return. Another concern relates to the more intensive use of chemical inputs associated with the
graduation to higher technologies in agriculture. Given the low levels of education prevailing amongst the rural work force, occupational safety and health considerations are important. Hence gradualism in involving FDI in agriculture has been important.

Many countries, particularly in sub-Saharan Africa, which have been unable to benefit from trade liberalization and the growth of global capital flows, have remained dependent on the export of primary commodities. Crops such as cotton, coffee, cocoa, palm oil, tea, rubber have not benefited from any major production-enhancing innovations and demand has declined in some cases because of the development of substitutes. Yet the continued increase in the supplies of these traditional crops has contributed to price declines. Many sub-Saharan countries are now seeking to diversify their export base into crops for which demand is increasing, such as flowers, fruits, and vegetables and whose exports have become viable with the technical advances in transportation and storage.

It is in the countries which have succeeded in globalizing their economies, and particularly the East Asian countries that the typical declining importance of the agriculture sector can be discerned; manufacturing exports have grown much faster than agricultural exports. These countries have escaped the worst effects of declining terms of trade of agricultural products, while at the same time their agriculture sector has benefited indirectly from growth by shedding a great part of its work force to the better-paying urban areas. In the earlier stages of this process, remittances from the newly urbanised workers become important supplements to rural family incomes, but later, as the agricultural labour force started to decline absolutely, wages of agricultural workers begin to increase.

In some countries, such as in Latin America, certain agro-industrial sectors have grown in response to new external markets. They have required a different type of labour force, imposed new conditions of work and generated a set of new occupations. First, these new agro industries require a relatively trained and skilled labour force for quality production and they depend on year-round activities, including handling, processing and shipping. Second, they generate mostly temporary jobs so that many in the work force are casual labourers or labour contract workers. Third, they have opened up new possibilities for wage employment for people that previously were unemployed and/or not economically active, particularly women. The increased participation of women in the labour market has resulted in changes in family organization and the related roles. Finally, most of these jobs are remunerated according to the productivity of labour. By comparison, the traditional scenario was that of the salaried permanent male worker occupied in agriculture dedicated to traditional crops, with low skills and, if lucky, earning a minimum wage.

Within the rural sector in the developing world, commercial agriculture co-exists with subsistence farming. Free trade has affected commercial agriculture and peasant farming differently. The former benefits from the increased exports of its products and from cheaper imported inputs needed for their production. In contrast, peasant production suffers from competition from cheaper imports. Yet decent work is by no means a reality in either the export-oriented or the peasant segments of the rural sector.

This situation is illustrated in the case of Chile. An ILO report³ (1995) shows that free trade will benefit the production of fruit, vegetables and wine, including its agroindustrial element, as well as forestry and its sub-products. It would, however, adversely affect peasant production due to the import of basic staples at a cheaper price. From the point of view of employment generation, a decrease in permanent and temporary employment in food-producing agriculture is expected as well as a significant increase in temporary wage labour in the agricultural and agroindustrial exporting sector. In the forestry sector employment will remain stagnant due to mechanization, albeit with an increase in production.

The growth of temporary wage labour, in which women have become increasingly involved, is associated with precariousness, particularly in relation to conditions of work, security and labour rights. Lack of security and protection also applies to the peasant sector. Evidently the quality of rural employment in this context leaves much to be desired. The situation is
directly linked to the weak presence of unions in the rural sector in Chile as is the case in many developing countries.

3. Tackling the Issues

3.1 The ILO Programme on Decent Work in the Global Economy

Decent work is the first step out of poverty and an important stride towards greater social integration. Moreover, access to opportunities for decent work is the most widely shared aspiration of people and their families in all countries. This means that the global economy should provide opportunities for all men and women to obtain decent and productive work in conditions of freedom, equity, security and human dignity. This goal does not need a justification in terms of economic efficiency. But it is important to note that in many ways decent work contributes to economic as well as to social goals, because decent work is usually, in the short or the long run, productive work. Decent work refers to all workers and has an important gender dimension, not least because women are over-represented in low quality or precarious form of work. The increase in women’s employment, and the gradual acceptance of the relevance of work and family issues to men as well, has only rarely been accompanied by deliberate and practical measures aimed at enabling men and women workers to reconcile work and family life. On the contrary, in some countries factors such as longer working hours and less flexibility in schedules, as well as the increase in migration for work, have exacerbated the difficulties for workers to balance work and family responsibilities.

The ILO’s programme on decent work aims at achieving four objectives: employment creation; promoting human rights at work; improving social protection; promoting a social dialogue. These are all areas which are vital for attaining the objectives of poverty reduction, full employment and social inclusion. Within each of these broad goals, critical areas have been selected for concentrated attention in International Focus Programmes, which aim at raising the capability of the ILO’s constituents - governments, employers and workers in all countries - through better understanding of the economic and social mechanisms involved, the development of new instruments and support to national and international efforts through advocacy, institution-building and technical cooperation.

The first objective: employment for all women and men

Spreading the benefits of globalization more widely will depend, perhaps more than anything else, on the capacity of the global economy to create good quality jobs, and to reduce unemployment. Employment is the key for creating wealth, and is the primary instrument for distributing it equitably. It is the first and most important step in the struggle against poverty and social exclusion. The failure of globalization to deliver a steadily increasing number of productive and remunerative jobs throughout the world requires urgent priority attention. As shown above, this failure is the result of a combination of inadequacies in international and national policies. International policies are required to reduce economic instability and counter the growing inequality associated with globalization. National policies are required to tackle the consequent short term and long term job losses, and to provide the institutions and incentives which can support sustainable job creation.

The centrality of employment in policy formulation means that a comprehensive strategy to deal with the employment problem is a central objective for the ILO. It requires the creation of a macroeconomic climate that is conducive to enterprise and job creation, policies for
economic growth and technological change that maximize employment creation, and labour market and training policies that facilitate the insertion or reinsertion of workers into productive work. Within this comprehensive and multifaceted approach, three major programmes are presently being highlighted: on small and medium enterprises, on skills and knowledge, and on response to crisis and employment-intensive investment.

**InFocus: Small and medium enterprises**

Three major points emerge from the analysis in section 3 of changing production systems in the global economy: that most jobs are now being created in small and medium enterprises, many of them informal in organization and operation; that in the global economy, international linkages between small and large firms are increasingly important; and that the key issue is employment quality.

If small enterprises are to contribute effectively to job creation they clearly have to be viable and productive. More attention needs to be given to the most suitable programmes to improve the policy, regulatory and institutional environment to stimulate and facilitate small enterprise development. Conditions of employment in many small enterprises are notoriously bad, because they are generally beyond the scope of trade unions or labour inspectorates. The owners and managers of small enterprises, therefore, need to have access to advice and technical cooperation on the different ways in which improved job quality, training and working environment can contribute to increasing enterprise productivity.

The ILO’s Programme aims to expand employment in this sector through enterprise creation and growth, improve the quality of jobs in small enterprises, ensure that gender concerns in small enterprise development are mainstreamed, and promote business networking and representation in small enterprises. It will not only deal with small formal enterprises, but will also develop a constructive attitude towards the informal economy: for instance the removal of unnecessary regulatory obstacles to informal activities, improved access to credit, skills, technology and other means of raising the productivity and viability of informal activities, extension of appropriate forms of representation and organization, and the progressive introduction of some basic forms of labour and social protection.

**InFocus: Skills, knowledge and employability**

Investing in knowledge and skills is increasingly regarded as critical for tackling employment problems. The globalization of economies and the onset of the information society have boosted the possibilities of access to information and knowledge, but at the same time have changed the nature and content of jobs and the ways that skills are learned and applied. There is, consequently, a need to adjust flexibly and effectively to job and even career changes perhaps several times in the course of a worker’s life. There are also implications for the delivery and acquisition of knowledge and skills; for instance, the increasingly critical role of enterprises in providing training, and the individualization of training in the form of lifelong learning.

Many observers believe that investment in learning and training is inadequate in the face of the new challenges. Labour market and training institutions are too sluggish to cope with rapidly changing production systems. Market signals undervalue training, and prevent investment at the level which social goals would justify.

The ILO’s programme in this area aims to tackle three major challenges:

- to identify and measure better what knowledge, skills and abilities are required for enterprises and economies to improve economic efficiency and competitiveness, and for individuals to obtain freely chosen, gainful employment throughout their working lives;
• to ensure that investment in knowledge and skills becomes an instrument for providing satisfying routes into the labour market for everyone, and for promoting gender equality, and for the economic and social integration of currently disadvantaged and marginalized groups, including the disabled, displaced workers, ethnic minorities, the long-term unemployed and others;

• to create the conditions for lifelong learning, so that there is universal access to the renewal and upgrading of skills and the acquisition of new knowledge.

**InFocus: Crisis response and employment intensive investment**

The frequency of economic crises during the 1990s has generated widespread agreement that the international system needs to be better able to deal with such situations. An increasing number of countries is facing different types of crisis, including armed conflicts, natural disasters, abrupt financial and economic downturns and social or political transitions. The programme aims at the development of a coherent and comprehensive capacity to respond in a timely and effective manner to different crises by facilitating the socio-economic reintegration of those most directly affected by crises. The main emphasis of the programme is on employment-related development interventions such as promotion of employment-intensive reconstruction and rehabilitation works, skills and entrepreneurship training, small enterprise development, local economic development and promotion of social dialogue and social protection. As the majority of the people affected by crises tend to be women and children, gender considerations will be prominent in planning programme interventions.

The ILO has extensive experience in designing and implementing employment-intensive programmes, and their importance extends beyond crisis situations. Investment in infrastructure accounts for a significant proportion of development expenditure in developing countries, so that the adoption of employment-intensive and local resource-intensive technologies in infrastructure works can also be an important part of a longer term strategy aimed at reconciling economic growth with greater social equity. Labour-intensive investment in productive resources (such as land development, irrigation schemes) or in social services (such as schools, health centres, sewerage, water supply) can be a powerful tool for both job creation and improved access of the poor to basic economic and social infrastructures, and thus for longer term development. The ILO therefore intends to intensify its work in this area through the mobilization of expanded donor support and closer collaboration with other relevant international organizations.

**The second objective: promoting human rights at work**

Human rights at work constitute the bedrock of decent work. There is now a global consensus on a set of fundamental, inviolable rights, which constitute the essential, universal social framework for work and for workers. They concern freedom of association and effective recognition of the right to engage in collective bargaining; the elimination of forced or compulsory labour; the abolition of child labour; and the elimination of discrimination in employment or occupation. Beyond this “social floor” of the global economy, many other rights are widely regarded as essential, while others are priority objectives in the process of raising economic and social capabilities. Indeed, social progress can be measured in terms of the acquisition of a variety of human rights which complement rising incomes and increasingly secure livelihoods.
InFocus: The Declaration on Fundamental Principles and Rights at Work

It was the Copenhagen Social Summit which identified the seven basic ILO Conventions on the fundamental rights listed above, and agreed that it was the common objective of the international community to promote their ratification and implementation. In 1998 the International Labour Conference adopted a Declaration on Fundamental Principles and Rights at Work and its Follow-up, which is a decisive step towards universal respect of these rights, even by countries which have not ratified the relevant Conventions. It has two basic elements:

- it recognizes that all ILO Members (who are also, with very few exceptions, members of the other organizations of the United Nations system) have by their very acceptance of the ILO Constitution an obligation to respect, realize and promote these rights; and

- it provides for a follow-up procedure designed to monitor and encourage countries’ efforts to fulfil this obligation. Moreover it explicitly rules out the use of the Declaration for protectionist purposes.

The Declaration is an important instrument, because it permits the global community to monitor the achievement of these rights world wide, and at the same time provides not for sanctions or other coercive mechanisms, but for cooperation and assistance in putting them into effect. In the follow-up to the Declaration, resources are increasingly being made available for technical cooperation programmes with this aim. Such technical cooperation includes assistance in legal drafting, legislative and policy analysis and gender analysis to ensure compliance with the provisions of international labour standards, strengthening of labour inspection, and educational and training programmes for government officials and the social partners.

InFocus: Child labour

While child labour is one of the issues addressed by the Declaration, it has a particular position among the fundamental rights. Child labour is universally condemned for its obvious adverse effects both on the children concerned and on the societies in which they grow up. It is an issue which is high in the public consciousness. Many aspects of child labour are linked with poverty, and so need to be addressed in a development perspective. But the issue is one which also requires immediate, practical steps in the short term. It is important to develop a consensus around the most effective routes to eliminating child labour worldwide.

An important step towards such a consensus was taken with the unanimous adoption by the International Labour Conference in 1999 of a Convention on the worst forms of child labour (forced labour, sexual exploitation, illicit activity and dangerous work). This new instrument is now the subject of a global campaign, for it highlights intolerable practices which all agree should be eliminated in the shortest possible time. An intensive process of advocacy and support to national efforts to ratify and implement the convention is under way.

This does not reduce the priority of dealing with other forms of child labour, which constitute a major source of inequality, of injustice, and of stunted personal development for both girls and boys. The ILO’s IPEC programme constitutes a major effort to tackle this problem worldwide. In addition to the identification and promotion of a wide range of specific policies, it shows how interventions to end child labour are often best implemented as part of a developmental package, increasing opportunities for parents, supporting alternatives to production methods which rely on children, increasing educational infrastructure and eliminating obstacles to its use.

* * *
These initiatives to promote the observance of fundamental rights and principles at work are of concern not only to the ILO but to the entire international system, because they are of major significance in the context of globalization. First, they will directly hasten the elimination of the most inhumane labour practices such as forced labour and the worst forms of child labour that have outraged the conscience of the international community. They will also provide the enabling conditions for eliminating discrimination in the labour market, including gender discrimination as well as discrimination on other grounds such as race, religion and political opinion. Secondly, by guaranteeing freedom of association and the right to bargain collectively, they will create the negotiating power necessary for workers to obtain a better share of the benefits of growth in export industries as well as in other sectors of the economy. Thirdly, this countervailing power will contribute significantly to redressing the central problem of an uneven distribution of the economic gains from globalization. Fourthly, they can contribute decisively to wider objectives, such as greater democracy, greater transparency (and hence greater efficiency) in public policies, and better social protection. In all these ways, they can contribute to defusing the potential backlash against globalization, and eliminate an important source of friction that could disrupt further moves to open world markets.

**The third objective: protection and security**

In this era of globalization a sense of socio-economic insecurity has spread. As shown above, more open economies and liberalized financial markets enhance the risk that financial and economic crises can be transmitted rapidly from one country to another, while industries and jobs may shift rapidly from country to country in line with new opportunities for investment and production. But few developing countries have adequate social protection for workers who lose their livelihoods in this process. In the absence of any formal social protection, workers who lose their jobs are obliged to resort to informal employment or to rely on the extended family for their livelihood, and they and their families are often subjected to great distress.

Beyond the necessity of providing social protection to the victims of financial crises, economic restructuring and other unforeseen circumstances, there remains the broader, long-term problem of providing social protection to the entire population as called for by the Copenhagen Social Summit. In much of the world that remains a very distant goal. More than half the world’s labour force and their families are excluded from coverage by any form of statutory social security protection. The proportion is often higher than 90 per cent in sub-Saharan Africa and South Asia, and ranges from 50 to 90 per cent in most middle-income countries. Most of those excluded work in the informal economy, and even in developed countries there is a disturbing trend towards various new forms of exclusion from social protection. This lack of coverage applies equally to other critical issues such as workplace safety.

**InFocus: Safe work**

Safety at work is an area which is critical for both welfare and productivity. And it is one which is greatly affected by the increased competitive pressures in the global economy, with a risk, widely recognized and observed, that dangerous production processes will tend to be shifted to countries where regulations are weakest, or that standards will be sacrificed in the search for economic viability. Around the world millions of men and women still work in poor and hazardous conditions. Every year, more than 1.2 million people die of work-related accidents and diseases and more than 160 million workers fall ill each year due to workplace hazards. The poorest, least protected often women, children and migrants are among the most affected. Yet globalization need not be synonymous with the deterioration of working conditions and the working environment. On the contrary, successful businesses the world over, in developing as well as developed countries, show that improved working conditions...
and better safety and health can contribute significantly, often decisively, to business success at the micro level, and to economic success at the macro level. The key to success is effective prevention, an important component of ILO social protection policies and strategies.

Against this background the ILO has launched an InFocus Programme on SafeWork which aims to create worldwide awareness of the dimensions and consequences of work-related accidents, injuries and diseases; to extend effective protection to vulnerable groups of workers falling outside the scope of traditional protective measures; to place the health and safety of all workers on the international agenda; and to stimulate and support practical action at all levels, including through a global programme of technical assistance. Human suffering and its cost to society, as well as the potential benefits of protection, such as enhanced productivity, quality and savings in resources, will be documented and publicized. As a policy and operational tool, the primacy of prevention as an efficient and cost-effective way of providing safety and health protection to all workers will be promoted.

**InFocus: Social and economic security**

If there is one demand of people in the new global economy, it is security. But globalization is changing the rules. Systems which provided security in relatively stable national economies no longer do so in a fluctuating global environment. And for those who were excluded from protection before, security is as far away as ever. Radical rethinking is required of the ways in which security, in different dimensions, can be achieved for everyone. That includes security of income and employment, security of representation and of occupation. It means dealing with the present inequalities which are embedded in existing systems of social security and labour protection, notably gender inequality.

The ILO is therefore exploring new ways of promoting socio-economic security as the basis of social justice and economically dynamic societies. It believes that basic security for all is essential for decent work and decent societies, and that such security is essential for sustainable economic development. Creating conditions of basic security is advantageous for employers, who can secure greater cooperation and efficiency, for workers and their representatives, because this is a basic feature of well-being, and for governments, which can obtain greater acceptance for policy changes in other spheres.

Among new possibilities, ways of extending protection to the hitherto unprotected are currently under examination in the ILO. For instance, there are in a number of countries informal micro-insurance schemes which in have proved to be quite effective in providing support to the excluded, and which deserve greater support and recognition from the international community.

**The fourth objective: promoting social dialogue**

The lack of public support for, and understanding of, the process of globalization is due in no small measure to the absence or the weakness of institutional arrangements for consultation and negotiation with those most directly concerned by the ongoing economic and labour market transformations, that is, the workers and employers. At the root of this problem are the restraints on freedom of association that prevail in many countries. In some there is no real freedom for workers or employers to form organizations at all; in others a single trade union system is imposed by law or there are other restrictions on the right to organize which effectively negate any real freedom. In many other countries there is a lack of positive encouragement for the growth of free and independent trade unions and employers’ associations or a reluctance to accept them as a positive force for developing sound systems of industrial relations and consultative mechanisms on labour policy.
Particularly among developing countries, where globalization has exhibited its most detrimental consequences, social dialogue holds enormous potential. Rather than becoming the victims of global change, the social partners in these countries can be actively engaged in setting and achieving sustainable development objectives. As an important corollary, dialogue should be encouraged with the world’s financial institutions, so that workers’ and employers’ representatives are afforded a say in the future direction of their economies.

InFocus: Institutions and capabilities for social dialogue

The strengthening of the systems and institutions for social dialogue is of central importance for ensuring the social acceptability and thus the sustainability of economic change and restructuring resulting from the process of globalization. A fundamental precondition is to guarantee freedom of association, which is a central function of the ILO. But even when this is guaranteed, it is necessary to promote the growth and build the capacity of genuinely representative organizations such as trade unions and employers’ organizations, to create a legal framework for negotiations and collective bargaining among them, to set up machinery for the prevention and settlement of disputes and to create bodies for tripartite consultation and negotiation. These activities are part of the ILO’s ongoing programmes in this field. They are especially important in countries that have recently emerged from authoritarian political systems to greater democracy, which have little or no experience in free collective bargaining and social dialogue, where employers’ and workers’ organizations are weak or even non-existent, and where an appropriate institutional framework needs to be developed. But even countries which have longer democratic traditions may need to reform their systems and institutions for social dialogue in the light of changes in the economic environment and the characteristics of the labour market. There is no single model to follow; each country and society has to find its own way and develop its own systems in the light of its social and economic conditions and its legal systems and traditions. But all countries can learn from each other, and a worldwide exchange of information and experience on good practices in industrial relations and social dialogue can be of immense practical help.

To this end, the ILO through its recently launched InFocus Programme on Strengthening Social Dialogue is engaged in building up a database of examples of successful models of social dialogue that will be made available to the social partners throughout the world. In addition, the ILO will seek to demonstrate the effectiveness of social dialogue through an applied and practical research programme which includes an analysis of the costs and benefits derived from social dialogue. By measuring the advantages associated with social dialogue in both quantitative and qualitative terms, the ILO will help to build public confidence and trust in these institutions and mechanisms.

3.2 Institutions to promote decent work in the new global economy

As we enter the new century, if we want to secure the benefits of globalization, and ensure that they reach everybody, new frameworks for global governance must emerge. "Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs". It is not just government, but involves many actors, and represents the response of society as a whole, through law, through community action, through institutions for representation and regulation. In the new global economy, we must move towards what Klaus Schwab has called "responsible globality".

Within countries, national systems of governance permit widespread participation, a social floor, a sharing of benefits. Common standards (labour, other human rights, environment) are ensured through the rule of law, or through the sharing of common values. Nations have the
means to transfer resources from rich to poor (through progressive income tax, inheritance tax or solidarity through community action or social security). Most countries attempt to reduce inequality of opportunity, for instance through public schooling. And individual women and men are free to move from place to place in search of opportunity. None of this is inconsistent with an effective market place. Indeed, these are the preconditions for the market to exist and function, the foundations of its social legitimacy.

But in the global economy, the mechanisms of regulation and redistribution are weak. The economic mechanisms of the global market generate disequalizing outcomes, unchecked because national institutions can be by-passed, while comparable global institutions cannot exist in a world of sovereign nations. Yet much economic activity occurs in an international space - indeed, the key characteristic of globalization is that this dimension of economic activity is increasing rapidly. The result is an increasingly unequal pattern of development, and international disparities in incomes, in work and in security which would be regarded as totally unacceptable within countries.

The international community is not bereft of instruments which address these problems. Public resource transfers through international institutions dedicated to development, notably the regional and world banks, as well as much bilateral and multilateral development cooperation, provide one response - but one which generates flows which are small in relation to the magnitude of the problem. Many international institutions and mechanisms have evolved in the course of the 20th century - including, of course, the ILO and international labour standards, a range of global institutions within and outside the United Nations for debate and consensus building, organizations such as the WTO to define the rules of the trading system. Increasingly, non-governmental actors such as trade unions and environmental groups are attempting to occupy the international stage as well. But the pace of development of the global economy, and the limited integration of social goals in the international framework, make it clear that the multilateral system needs to be made more effective. There is a governance gap which has to be addressed.

What are the options?

The first, and most basic point, is that uncertainty about how the world economy functions may well pose the single greatest challenge to the feasibility of international cooperation. Global governance is necessarily built on agreement between sovereign states. But such an agreement requires consensus on what is the problem and how to solve it. The failure in Seattle clearly demonstrates that we do not have a consensus. For many of the governments of the North, the issue in Seattle was movement towards further trade liberalization. For many of the protesters in the street, and - sometimes from a different perspective - for many of the developing countries in the negotiations, the issue was ensuring that globalization led to social progress. These goals may well be consistent, but they need the right institutional framework, and there is no agreement on its contours. And so the first step towards better governance is better knowledge. A major effort is required, by the international community, to better understand the process of globalization, its impact on different people and communities, and the ways it can be made to work for everyone, for social as well as economic development. We return to that below.

Beyond basic knowledge, there are many possible ideas which can be and are being explored:

- Global institutions for consensus building are clearly essential. A conflictual negotiation is not helpful. We need more fora where the different actors of the international system can meet and debate. New alliances need to be built. For instance, the suggestion, in the 1999 Human Development Report of UNDP, that a forum be created involving multinational enterprises, trade unions, governments and non-governmental organizations is a constructive idea.
• New instruments, legal or exhortative, at the international level, can help to reinforce an ethical consensus. The ILO Declaration of Fundamental Rights and Principles at work, discussed above, is an example of an instrument which can help to promote basic social goals, through a mechanism to promote them which is not coercive, and which offers guidance for national and international action.

• Newly organized civil society has capabilities which are diffuse but ultimately powerful. It is not only producers but also consumers who operate in a global economy. By organizing their demands, consumers are in a position to change the conditions under which production occurs. Changes in the footwear industry in one export processing zone are illustrative. In recent years, for example, toxic synthetic glues have been replaced by non-toxic natural resins. Employment security and indemnification for job loss have been improved. Labour-management communication channels have been opened. These are “governance” improvements applied where they are needed, i.e. the lower end of the commodity chain. Their origin lies in codes of conduct of lead firms applicable to the conduct of their contracting firms, in turn due to consumer pressure. Resistance to such change on the grounds of its cost may not prove to be a substantial barrier, first, because it is not obvious that any costs associated with improved working conditions are not offset by gains elsewhere (e.g. higher productivity, lower turnover, etc.), and second, consumers themselves may be willing to pay higher prices to reflect the social standards involved in production. The Declaration also offers an instrument which is not only used by States. Now that the concept of a social floor to the global economy is increasingly accepted, a growing number of firms apply the principles in their cross-border activities, (this is reflected, for instance, in the United Nations Secretary-General’s Global Compact) while trade unions and consumer groups have an instrument which can be used effectively in negotiations and other forms of action.

• Steps towards regional integration offer routes, experience and options which can also contribute to global governance. The European Union is most advanced, but social issues have been explicitly and successfully built into NAFTA and Mercosur as well, and into many bilateral agreements. Such agreements are rarely based on trade sanctions, but rather offer recourse to individuals through national or special courts, or rely on promotional measures to overcome problems. The regional level also offers possibilities for cross-border social dialogue, which trade union movements are promoting actively.

These example suggest that modest moves towards better governance are possible. But global institutions are difficult to construct, and become more so the stronger the enforcement mechanisms. Recent debates around trade and labour standards illustrate this point. It is often argued that linking labour standards to the trading regime will promote social progress in the global economy. The problem however, lies partly in achieving consensus on the elements which measure progress, and partly in the lack of trust among many developing countries in an international system which they find unjust and unfair. And, as the above sections show, the linkage between labour standards and trade is not one which can be analysed out of context. Labour standards are an element of the decent work agenda; trade is one element of the development agenda. But decent work is also an intrinsic component of development. These different issues are deeply intertwined. A common vision of development is needed, one which offers an institutional framework for globalization which overcomes the inequalities built into the existing global system and promotes decent work for all, in order to move towards consensus on how labour standards could best be promoted. This, of course, does not constrain private actors. Many firms, consumers, trade unions and other social actors are promoting their visions of social progress within the global economy, in which their ultimate sanction is that they move their business elsewhere.

In summary, there have to be constructed institutions which can provide a global environment in which the decent work goal can be reached. These institutions have to be built on an enhancement of national capabilities, so that international institutions support national development, and must be under democratic control if there is to be trust in their impartiality.
Above all, they must be designed in such a way that all women and men can share in the benefits of the growing global economy.

3.3 Decent work and normative action

Normative policy is one of the most powerful instruments available at the international level to achieve the goal of decent work. Indeed, in some sense it can be argued that decent work is the goal of most ILO normative action. Even though the term itself does not appear in ILO standards, it embraces many of the specific objectives of particular conventions, making normative action an essential aspect of putting decent work into practice.

Normative action and the meaning of decent work

The objectives of the ILO coincide, almost axiomatically, with those of decent work, even though the term itself does not appear in any of the ILO’s founding texts. This is clear from the Preamble of the ILO Constitution, which refers to improving conditions of labour, including hours of work, unemployment, a living wage, health, protection of children, provision for old age and injury, equal remuneration, freedom of association and other matters. The Declaration of Philadelphia of 1944 declares that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”. If we add that this right is achieved through work, we can find here the main elements of the definition of decent work.

The principal instrument of the ILO to achieve these constitutional objectives remains normative action, as embodied in International Labour Conventions and Recommendations. The 183 Conventions which have been adopted cover all dimensions of decent work (fundamental rights, employment, social protection and social dialogue), many of them in detail. Not only can these conventions provide very concrete content to these different dimensions, they also - and contrary to the rather static view which many observers have of such normative instruments - can offer an dynamic framework which captures the evolution of social and economic goals across time and space.

Evolution over time

While the objectives of the ILO are constant, their concrete expression may change as a result of technological change, production methods, social concepts and even values. New technologies may create needs for new forms of protection at the same time as they render others unnecessary. Technological change may radically change the organization of work, or reformulate fundamental questions which affect the dignity of people at work or at home. For instance, limiting working time was seen from the beginnings of the organization as an essential condition to permit people to escape from brutishness. This concern with the personal development of workers was even reflected in a recommendation (No. 21 of 1924) concerned with the use of free time.

The question of the banning of night work by women, for many years seen as an essential ingredient of decent work for women, is a classic example of how change in underlying social premises affects the interpretation of the ILO’s values and fundamental principles. Nowadays this same prohibition is seen as a denial of dignity and equality for women. Another example concerns indigenous peoples. The prevailing ethos has moved from a conception based on integration, in the name of equality of treatment, to one based on protection for the dignity and authenticity of their cultures.
The transformation and adaptation of the content of decent work in the light of technological or social change is by no means just a question of fashion or of subjective preferences. On the contrary, procedures for the revision of international labour standards help ensure that these norms reflect, in a way which is up to date and reliable, the views of the tripartite international community as a whole on particular aspects of decent work.

Evolution across space

Since its foundation, the ILO has had to reconcile on the one hand an aspiration for universality, and on the other the need to adapt concrete objectives to national realities, and in particular to the very different levels of economic and social development across the world. As was stated in article 427 of the Treaty of Versailles "differences of climate, habits and customs, of economic opportunity and industrial tradition, make strict uniformity in the conditions of labour difficult of immediate attainment". Article 19 of the Constitution offers more concrete advice to the international legislator, specifying that the Conference must pay attention to realities and adapt standards to prevailing local conditions. This principle has given rise to the adoption of flexibility clauses in recent Conventions, which permit the obligations of ratifying States to be adapted to their development level and their real possibilities for progress.

Normative action and achieving decent work in the global economy

By their nature the objectives of decent work are universal. As was underlined in the Report of the Director General to the 1999 International Labour Conference, "Decent Work", the ILO must be concerned with all workers. All those who work have rights at work, whether they work in the formal sector, in the informal economy, at home or in the street. While normative action has the merit that it can operationalize the notion of decent work in ways which are concrete, precise and dynamic, it is often criticised on the grounds that it can become an ideal achieved only by a happy few, whereas the effects of globalization are felt by all. Two aspects of this critique are particularly pertinent: first, international labour standards create obligations only for those countries which ratify the Conventions concerned; and second, in practice these standards are widely enforced only for workers in the formal sector.

While it is true that normative action depends on voluntary ratification, it is quite incorrect to conclude that this voluntarism is incompatible with the universal intent of the goal of decent work. There are two basic considerations to bear in mind.

First, there is already a minimum social floor of universal obligations. Through the Declaration on Fundamental Principles and Rights at Work of 1998, the International Labour Conference has recognized that the respect for certain fundamental rights must be guaranteed by all, for it is intrinsic to membership of the International Labour Organization. These rights must be respected regardless of whether there exists a standard employment relationship, and so are valid in informal employment. Moreover, the scope of this universal guarantee extends far beyond the four categories of principles concerned (freedom of association and collective bargaining, elimination of discrimination, forced labour and child labour). This is because it provides workers with individual and collective instruments which permit them to demand and obtain progress with respect to the totality of other rights and conditions at work, depending on the possibilities of the countries concerned. In other words, recognizing these fundamental rights is a necessary condition for the progressive realization of other dimensions of decent work.

Second, to fully appreciate the potential for universality of the ILO’s action, it is necessary to escape from a strictly binary view of standards, in the sense that either they are binding or they are not. It is certainly true that the ILO cannot impose decent work through obligatory
legal means, because it cannot impose ratification of its Conventions on member states. But it has other institutional means which can support and promote universal efforts, across countries and sectors, towards this goal. In particular, attention should be paid to the unique potential of article 19 of the ILO constitution. On the basis of this article, the ILO may evaluate, at regular intervals, the progress made among its membership as a whole with respect to the provisions of unratified conventions and recommendations. The Declaration has involved the rediscovery of this potential, for it forms the basis of its follow-up. But nothing precludes its extension to other rights. It would of course be difficult for practical reasons to follow up all existing instruments individually. But it would be quite conceivable to do so if these instruments were grouped around the four strategic objectives of decent work. This approach would have the advantage, as compared with standard normative practices, that it could take into account the interdependence and possible trade-offs among different objectives. By making it possible to compare the success of member states - whether or not they have ratified the relevant conventions - in making balanced progress towards the different objectives embodied in decent work, this approach would help to identify good practices from which other member states could benefit.

It goes without saying - but perhaps it is not totally redundant to emphasize it - that this new form of normative action would in no way substitute for the traditional normative process; on the contrary it should reinforce it. Beyond normative action as such, it would also make it possible to mobilize and combine the means of action of the ILO as a whole, including research and technical cooperation, around the achievement of specific objectives which are seen as essential in the domain concerned. It would then be possible to systematically evaluate the real impact of these means of action within the framework of regular global evaluations of progress towards decent work.

3.4 Decent Work as an Integrated Development Strategy

The foregoing discussion of the impact of globalization on the four dimensions of decent work has shown that, left unchecked, the present form of globalization is retarding progress towards the goal of providing decent work for all. Policy and institutional reform is clearly required at both the national and international level.

The starting point for this reform needs to be a radical conceptual leap to an integrated approach to the economic, social, and political dimensions of public policy. The reason for this is that the traditional compartmentalized approach, which deals with each of these dimensions separately, has proved to be ineffective. This failure has become more pronounced in the current era of globalization. Giving primacy to economic policies on the assumption that distributional and other social and political goals can be dealt with subsequently has proved to be illusory. The basic reason for this failure is that the compartmentalized approach ignores the strong interdependence among the economic, social, and political dimensions of development. This has two important consequences. One is that it precludes the effective attainment of any of these interrelated goals through isolated policies. The other, which is implied by the first, is that the potential synergies from an integrated approach which deals with all these policy dimensions simultaneously and as of equal importance is foregone.

These propositions can briefly be illustrated as follows:

(a) distributional objectives cannot be effectively attained separately from economic objectives. One reason for this is that economic policies have a strong impact on the distribution of income. If these are not taken into account from the outset, they can overwhelm separate ex post efforts to alter the distribution of income. The converse is also important since research findings are making it increasingly clear that a high degree of income inequality has a negative impact on economic growth. Moreover, it is also being increasingly recognised that institutional variables are important determinants of
distributional outcomes in market economies. Institutional arrangements which underpin the functioning of markets such as the rule of law, the enforceability of contracts, and the degree of transparency in political and corporate governance all exert a strong influence on the distributional outcomes of market processes. Similarly, the extent to which basic civil and political rights (including basic labour rights such as freedom of association and the right to bargain collectively) are respected impinges strongly on distributional outcomes. These rights constitute the foundational conditions which determine the extent to which market-determined distributional outcomes can be altered through political processes and collective bargaining. They also determine the extent of democratic accountability and transparency in policy formulation, both of which are important for ensuring that these policies are efficient and in the general interest. These interrelationships show how futile it would be to focus exclusively on economic policies in the hope that distributional issues can be treated separately.

(b) More specifically, the traditional dichotomy between economic and social policies has often led to sub-optimal policy choices. For instance, it has contributed to the relative neglect of a serious prior analysis of the social impact of economic policies in spheres such as macroeconomic stabilization, structural adjustment, and the transition to a market economy. This has resulted not only in inflicting excessively high social costs but also in sowing the seeds for the failure of the economic policies themselves through the social conflict and political instability that has been generated. Equally important has been the fact that the dichotomy between the economic and the social has often contributed to an under-investment in social capital. Because social policies are treated as residual and subordinate to economic policies there has been relatively little effort to develop the conceptual frameworks and policy tools to capture fully the developmental benefits of these policies. For example, the core concepts of ‘efficiency’ and ‘productivity’ are applied almost exclusively in the economic sphere but it is clear that they can be usefully extended to the social. Capturing the economic benefits of social policies, over and above their obvious social benefits, would contribute greatly to successful advocacy to upgrade the status of social policies and redress the under-allocation of resources for social development. This would apply to a wide range of social policies—investments in basic social services, social protection, protective labour legislation, and the enforcement of basic rights. Apart from the fact that progress in these areas is desirable in its own right, demonstrating their economic benefits in terms such as the improvements in human capabilities, productivity, social cohesion, attitudes to change, and resource allocation that they would bring about would be a powerful tool for advocacy.

(c) The above two observations imply that adopting an integrated approach would lead to superior outcomes. A major difference is that it can reap the full benefits of policy complementarity. Simultaneous progress in achieving economic growth, reducing inequality, improving socioeconomic security, strengthening basic rights and democratic governance, and developing sound institutions necessary for the efficient functioning of markets, can all be made mutually supportive. As such, in term of policy outcomes, the whole will be greater than the sum of parts. In part, this will also be because an integrated approach will allow for greater policy coherence. It will reduce the risk that policies in one sector undermines, rather than supports, the attainment of objectives in another. It will also facilitate progress towards an optimal allocation of resources between the competing claims of economic, social, and political objectives. It is important to note in this context that the attainment of some of these objectives such as respecting basic civil and political rights or ensuring more participatory approaches to the formulation and implementation of policies do not require substantial resources. Yet their developmental benefits are likely to be great. Placing these issues at the centre of the policy agenda, as an integrated approach would do, greatly increases the prospects that progress would be made on these fronts.
The ILO’s concept of Decent Work provides the basis for such an integrated approach to policy, covering a large and strategic part of the overall development agenda. Policies to promote the highest possible rate of the generation of decent employment for all are vital for ensuring greater equity in the distribution of the benefits of economic growth. This is because income from employment is the predominant determinant of the economic welfare of most of the population. Ensuring full respect for basic labour rights supports this goal since it will empower working men and women to exert political influence to ensure that employment creation is a priority, that working conditions meet minimum standards of decency, that there is an adequate level of employment and social security, and that there is a greater degree of industrial democracy and social dialogue. Guaranteeing basic labour rights would also spearhead progress towards political democracy in general, with all its attendant benefits in terms of ensuring more transparent policies that are in the interest of society as a whole rather than of only dominant groups. Similarly, attaining a higher degree of socioeconomic security would be an important additional complement to the above policies. Policies to extend social protection to all workers would contribute greatly to the reduction of poverty. They would also contribute to improved economic performance through eliminating inefficient behaviour by economic agents that has been based on excessive risk-aversion and through fostering more positive attitudes towards economic and technological change.

Giving effect to this integrated approach to achieving Decent Work would be important for at least two reasons. First, it would be a major means of generating inclusive processes that lead to improvements in well-being and security for all. The accomplishment of these ends, by countering any negative impacts of globalization, would help underpin its social legitimacy. Secondly, this integrated approach to achieving Decent Work can serve as the foundation, and indeed the prototype, for the new approach to overall development that is required. It is well suited for this because, as already elucidated, it spans the whole spectrum of variables (basic rights and democracy, economic and social policies for employment creation and improved socioeconomic security, and institutional arrangements for ensuring greater participation) that have to be taken into account in an integrated approach to development.
Endnotes

3 OIT 1995: La justicia social en el desarrollo rural chileno. Aspectos laborales en el libre comercio. EMT, Santiago de Chile.
4 Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98).
5 Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105).
6 Minimum Age Convention, 1973 (No. 138). A new instrument, the Worst Forms of Child Labour Convention (No. 182), was adopted at the 87th Session of the ILO Conference in June 1999.
7 Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111).