

A collage of various banknotes, including Indian Rupees and US Dollars, overlaid with a green circuit board pattern.

Espen Løken, Åsmund Arup Seip and
Jon Erik Dølvik

Pathways to Decent Work in a Global Economy



Espen Løken, Åsmund Arup Seip and Jon Erik Dølvik

Pathways to Decent Work in a Global Economy

© Fafo 2008
ISBN 978-82-7422-643-2
ISSN 0801-6143

Cover photo: © Jann Lipka / Mira / Samfoto and © Knut Egil Wang / Samfoto
Cover design: Fafo Information office
Printed in Norway by: Allkopi AS

Contents

Abbreviation list	5
Preface	6
1 Introduction	7
Prologue	7
Political and Institutional Responses: From the Factory Act to the Decent Work Agenda	9
Aims, Issues, and Structure of the Report	10
2 Labour Market Consequences of Globalization	11
Economic Growth and Poverty	12
Child Labour	12
Informal Sector	13
The Development of Social Partners	13
Research on Globalization	14
Conclusion	16
3 Decent Work on the Agenda	17
The Traditional Approach: Enacting Labour Standards	18
Linking Trade and Labour Standards?	19
Growing Role of Non-state Actors	20
New Modes of Governance and International Aid?	23
4 Conclusions and Ways Ahead	26
Different Trajectories of Globalization	27
Transversal Challenges	31
Literature	33
Appendix: Short on Organizations	37

Abbreviation list

ASEAN	The Association of Southeast Asian Nations
CSR	Corporate Social Responsibility
DWCP	Decent Work Country Programme
ECOSOC	The Economic and Social Council (UN)
EU	European Union
FDI	Foreign Direct Investments
GATT	The General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
GUF	Global Union Federation
IFA	International Frame Agreement
IFI	International Finance Institution
ILO	The International Labour Organization
IMF	The International Monetary Fund
IOE	International Organisation of Employers
ISO	The International Organization for Standardization
ITUC	International Trade Union Confederation
MERCUSOR	Mercado Común del Sur (The Southern Common Market)
MILES	Macro-economics, Investment, climate, institutions and infrastructure, Labor market regulations and institutions, Education and skills, Social protection
MNE	Multinational enterprise
NAFTA	The North American Free Trade Agreement
NGO	Non-governmental organization
OECD	The Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
SADC	The Southern African Development Community
SBDW	Standard Bidding Document for Procurement of Works
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNHRC	United Nations Human Rights Council
WTO	The World Trade Organisation

Preface

This policy paper is a contribution to the discussion on decent work and fair globalization. It serves two purposes. First, it briefly reviews some main findings of research and state of the art regarding the impact of globalization on jobs and labour standards, leading up to a description of the Decent Work Agenda. Secondly, it describes the main efforts by the international community to promote decent work for all, ending with some reflections on possible options and ways of advancing these efforts.

The first part on the consequences of globalization is based on a review of scholarly and policy literatures. The remaining parts are based on information from documents and interviews with employees and representatives of, the International Labour Organization (ILO), World Trade Organization (WTO), World Economic Forum (WEF), the World Bank (WB), the International Monetary Fund (IMF), and the International Trade Union Confederation (ITUC) and the International Organisation of Employers (IOE). We thank all the interviewees for sharing their knowledge and ideas, without which this document could not have been written.

The paper has been produced with financial support from The Norwegian Ministry of Foreign Affairs (MFA) and the Norwegian Confederation of Trade Unions (LO). We especially want to thank Thoralf Stenvold, MFA, for his support.

We have benefited from useful discussions and input from colleagues at Fafo. Especially we thank Jon Erik Dølvik for substantial contributions in the final process of editing and through co-writing chapter 4, Anne Kielland for her contributions based on knowledge and contacts at the World Bank, Johan Christensen who did a thorough job reviewing the literature on globalization and Gudmund Hernes for writing the prologue and contributing in the process. We also thank Jon M. Hippe and Mark Taylor for valuable input.

Oslo, August 2008

Espen Løken and Åsmund Arup Seip

1 Introduction

Prologue

By Gudmund Hernes

The industrial revolution enormously increased the volume of production – but it had equally profound effects on labour relations, social conditions and political institutions.

In preindustrial times work was closely linked to the family, the pace of work set by the diurnal rhythms and employment relations broadly governed by traditions. After the industrial revolution intensity of work to a much greater extent was set by machinery, women and children were to an unprecedented extent employed in factories and the conditions of work for a long time with scant legal regulation.

The industrial revolution was accompanied by an intellectual revolution – a fundamental change in the thinking about how the economy works and what should be the guiding principles for economic policy. The most influential analysis was made by Adam Smith and its thrust encapsulated in the title of his seminal work of 1776: *An Inquiry into the Nature and Causes of the Wealth of Nations*. A key part of Smith's argument was that by organizing the economy to allow for free competition, entrepreneurs would locate firms where the costs of the production factors were the lowest – thus the overall output and wealth of nations would be maximized as if guided by an invisible hand. This mode of economic organization would reap the benefits of specialization – the division of labour would be limited only by the extent of the market. Hence Smith provided a potent rationale for free trade.

Another of the classical economists, David Ricardo, carried Smith's work forward in two important directions. On the one hand he buttressed the arguments against protectionism by his concept of comparative advantage – i.e. that a country, even if it could produce every good more efficiently than another country, would gain from specializing in what it is best at, producing and trading the rest with other countries. The other idea also associated with David Ricardo, is the “iron law of wages” – the notion (inspired by Malthus) that competition would push wages down to subsistence levels.

Karl Marx built on the ideas of both Smith and Ricardo. He focused, however, not on the increase in output and the wealth of nations, but on the effects of competition on the conditions of workers – i.e. the impacts of unfettered capitalism on the misery of labourers, including women and children. Marx also was acutely aware that a global economy could transmit devastating effects on workers not just within nations, but also even across continents:

When machinery seizes on an industry by degrees, it produces chronic misery among the operatives who compete with it. Where the transition is rapid, the effect is acute and felt by great masses. History discloses no tragedy more horrible than the gradual extinction of the English hand-loom weavers, an extinction that was spread over several decades, and finally sealed in 1838. Many of them died of starvation, many with families vegetated for a long time on 2½ d. a day. On the other hand, the English cotton machinery produced an acute effect in India. The

Governor General reported 1834–35: “The misery hardly finds a parallel in the history of commerce. The bones of the cotton-weavers are bleaching the plains of India.” (Das Kapital, vol. 1, section 5)

In short: Industrialization from its beginning was accompanied by globalization – and it could be a mixed blessing: On the one hand by improving living conditions through innovation and a steady stream, not just of more, but also of new goods and services made widely available; on the other hand by putting workers at risk through the modes of production themselves.

This is the key theme, indeed the crux, of social history for the last two centuries. It is the story of industrial production always in flux and forever changing, with innovations, free trade and competition not just resulting in expanding welfare and swelling consumer goods, but also in constantly changing industrial relations, in the location of industries, in the opportunities for employment and in the conditions of work. To illustrate the point, it suffices to mention the impact of Chinese production on the global economy over the last decade: It has provided the rest of the world with everything from slacks to PCs, but has also raised the specter of industrial dislocation and sometimes harmful conditions of work. Moreover, new products are sometimes accompanied by new hazards – such as brain damage from chemicals in paint or cleaning solvents, carcinogenic effects of asbestos, and risks associated with dangerous machinery.

The story about changing interrelationship between industrial production and social conditions is not history – it is a story that is all the time unfolding, as illustrated in the following quotation from *The New York Times* (July 27th 2008):

When federal immigration agents raided the kosher meatpacking plant here [Postville, Iowa] in May and rounded up 389 illegal immigrants, they found more than 20 under-age workers, some as young as 13.

Now those young immigrants have begun to tell investigators about their jobs. Some said they worked shifts of 12 hours or more, wielding razor-edged knives and saws to slice freshly killed beef. Some worked through the night, sometimes six nights a week.

One, a Guatemalan named Elmer L. who said he was 16 when he started working on the plant’s killing floors, said he worked 17-hour shifts, six days a week. In an affidavit, he said he was constantly tired and did not have time to do anything but work and sleep. “I was very sad,” he said, “and I felt like I was a slave.”

This is the backdrop for the discussion that follows on the Decent Work agenda based on the four core labour standards:

- Freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced or compulsory labour
- Effective abolition of child labour
- The elimination of discrimination for employment and occupation

The theme is old – yet it is topical. It has been addressed and analyzed for two centuries – yet it is timely and pertinent.

In this brief report some key impacts of the accelerating globalization of the economy on conditions of work and industrial relations will be reviewed with the aim of identifying some possible strategies that can be pursued.

Political and Institutional Responses: From the Factory Act to the Decent Work Agenda

Ever since Smith, Ricardo and Marx uncovered the potentials and pitfalls of international trade, markets and production, the unequal and sometimes devastating effects on wages and working and living conditions have triggered political response, sometimes revolt, and ongoing attempts to develop political strategies to prevent exploitation and poverty. The answer to the question how the associated social problems could be alleviated varied, but simply speaking, two main approaches can be pointed out.

First, governments enacted laws of labour conditions. England passed its first Factory Act in 1802, and in 1833 a new Factory Act was passed in an attempt to establish a regular work day in the textile industry, and outlaw the employment of children under 9. In Sweden child labour in industry and craft was prohibited from 1846. In a twenty years period from 1883, ten European countries had passed social security laws. National legislation became a core instrument for improving working conditions and social security.

Second, industrial workers built organizations to protect their interests. Through labour unions, collective action, bargaining, and political agitation became important ways to improve working conditions in industrialized societies. In the end of the 19th century, labour unions were recognized nationally and internationally, and industrial unionism began to take shape, met by growing employer associations. The strife between labour and capital during these formative years triggered intervention by the state, leading to enactment of collective labour law, institutionalization of collective bargaining and mechanisms for dispute resolution, Labour Courts, and some-

times tripartite social dialogue over issues of employment and social security.

By 1919, trade unionism and collective bargaining had spread worldwide. To reduce public support for communism, and protecting labour unions and workers' rights, the allied powers of the Word War I established the International Labour Organization as part of the Versailles treaty. The ILO was set up with a tripartite governing structure – representing governments, employers and workers – to help guide international labour relations.

With the nation-based, globally oriented managerial capitalism emerging in the 20th century, the use of labour and labour standards became an issue of global concern. The ILO adopted conventions to address these concerns. With new states without tradition of organized industrial relations eventually entering world trade towards the end of the 20th century, many feared that the increasingly free flow of goods and capital would encourage regime competition, export of jobs to countries with inferior labour standards, and downward pressures on wages and working conditions in the industrialized countries.

Such concerns have been accentuated during the last decades' transformation of the former pattern of production-oriented capitalism into what has been coined as global financial capitalism, in which transnational finance, banks and investment funds, boosted by deregulation and technological advance, have expanded their operations and impact, as witnessed in the recent crises in Asia, Russia, Argentina, and in the US in 2008.¹ At the same time the production of goods and services has undergone profound changes. These developments have contributed to growing output and wealth, but pose significant challenges, e.g. pertaining to the regulation of global markets, the prevention and handling of international financial crises, countering shortages of raw

¹ Wolf 2007.

materials and of food, and governing the ways and conditions under which workers can be pitted against each others in cross-border competition. As the increasing interconnectedness of the world economy tends to weaken national institutions and render jobs more insecure, sustainable and more equitable growth has become a global concern.

To address these concerns, the member states of the ILO in 1998 adopted the ILO Declaration on Fundamental Labour Principles and Rights.² Building on several key ILO Conventions, the Declaration drew up what has been labeled the ILO's "core labour standards".³ As part of the appraisal and follow up of the 1998 Declaration, the Director-General in his report to the 1999 International Labour Conference⁴ launched the concept Decent Work, emphasizing the need to apply a broader and more comprehensive approach to improve not only the formal but also the substantial conditions in the emerging global labour markets. Calling for better coordination with global trade and economic policies, and engagement from a wider set of actors and institutions, the Decent Work concept has become a center-piece in the international discussion about how to promote the social dimension of globalization. In the ILO 2008 Declaration on Social Justice for a fair Globalization⁵ the four equally important and interrelated strategic objectives of the Decent Work Agenda are summarized as follows:

- Promoting employment by creating a sustainable institutional and economic environment
- Developing and enhancing measures of social protection – social security and labour protection –which are sustainable and adapted to national circumstances
- Promoting social dialogue and tripartism
- Respecting, promoting and realizing the fundamental principles and rights at work

Aims, Issues, and Structure of the Report

Emanating from a brief review of the consequences of globalization for working conditions in *section 2*, the aim of the report is to stimulate international discussion on possible approaches, means and avenues to promote the goal of decent work for all. In *section 3* we go further into the Decent Work Agenda, the main actors on the scene and their strategies. Based on suggestions by interviewees in the organizations, *section 4* winds up with some reflections on the options and pathways for advancement of the Agenda under different globalization scenarios.

2 <http://www.ilo.org/dyn/declaris/DeclarationWeb.Index-Page> (07.04.08).

3 The Core Labour Standards: Freedom of association and the effective recognition of the right to collective bargaining; The elimination of all forms of forced or compulsory labour; Effective abolition of child labour; The elimination of discrimination for employment and occupation (Conventions 87, 98, 29, 105, 100, 111, 138, 182).

4 ILO 1999.

5 ILO 2008b.

2 Labour Market Consequences of Globalization

The term “globalization” is used to describe integration of intellectual concepts, trade, finance, property and labour across nation state borders and continents. Three important aspects concerning globalization of today should be emphasized.

First, globalization has made industry and services more mobile. In economic terms, this means that production can be relocated to a country where the production and unit costs are much lower. Regulation of any kind, be they fiscal, labour or industry related, can set off a rise in production costs and unleash threats of industrial flight. Such dynamics of regime shopping will often influence national approaches to economic policy in general and labour market policy in particular.

Second, finance has become deregulated and global, whereas labour still, for a large part, is tied to the nation state. This has favoured capital and contributed to a worldwide shift in income from labour to capital.⁶ Both the concentration of economic power in the hands of few financial actors, and the vulnerability of small economies to financial flows and crisis, have important implications for employment stability and prospects.⁷

Third, increasing migration opens new prospects and poses new challenges. The estimated number of international migrants has nearly doubled from 1980, reaching more than 190 million in 2005, coming close to 3 per cent of the world’s population.⁸ The remittances to developing countries from migrant labour have

steadily grown, reaching USD 207 billion in 2006.⁹ A better matching of supply and demand for labour and capital in the world may entice sizeable gains in global production and income.¹⁰ Outward migration can be desirable for countries lacking jobs and in need for foreign currency. It can improve personal welfare, increase the productivity, and facilitate technological transfer and growth. However, mass migration can also lead to brain drain detrimental to many developing countries: High-skilled emigrants are overrepresented in the diaspora.¹¹ Receiving countries will gain economically, but may face growing disparities in the labour market, while unions in high-income countries sometimes fear they will lose bargaining power in a slacker labour market.

The effects of globalization are disputed. Some point to the increasing poverty in parts of the world and the loss of manufacturing jobs for thousands in the industrialized countries, and blame the increasing world trade and the liberalization of finance. Others argue that globalization expands world production and increases the wealth, income, and employment that can be shared; hence the challenge is of distributive character – both across and within countries and continents.

Indeed, globalization is having important and disparate effects on labour market and working conditions in all parts of the world. Below the effects of globalization along different dimensions are outlined.

⁶ Wolf 2007.

⁷ The Asian Financial Crisis in 1997 would be a case in point.

⁸ UN Department of Economic and Social Affairs, <http://esa.un.org/migration/p2k0data.asp>.

⁹ World Bank 2008a:126.

¹⁰ Freeman 2007, Rodrik 2007.

¹¹ World Bank 2008a:124.

Economic Growth and Poverty

The growth has been significant. Since 2003, global growth has until the last slowdown been steady and robust above 7 per cent for developing countries and approximately 3 per cent for high-income countries.¹² Exports have grown faster than gross domestic product (GDP), at close to 7 per cent per year, and foreign direct investments (FDI) have grown by nearly the double.¹³ Over the past 15 years, FDI inflows to developing countries have almost doubled as a percentage of GDP.¹⁴

Patterns of regional growth vary widely. The world's output has increased almost 50 percent between 1995 and 2005.¹⁵ The world population increased approximately 14 percent in the same period. This means that the world has seen a significant growth in wealth. During this decade developing countries increased their share of world output from 34 to 41 percent. The increased share came in East Asia and the Pacific (5 percent points) and in South Asia (2 percent points), and signifies that China and India are catching up, although they remain far behind in terms of GDP per capita.¹⁶

The inequitable distribution of wealth produces large regional differences, as well as growing disparities within countries. Poverty, measured by the percentage of the population living on less than USD1 a day, has declined significantly in recent years, from 28.7 per cent in 1990 to 18.1 in 2004.¹⁷ The growth of the Chinese economy has contributed considerably to the reduction of poverty. However,

excluding China, the number of people in the world living on less than USD2 a day increased in the same period. In India, over 860 million people were living on less than USD2 a day in 2004.

Global income inequality has increased over the long run until the onset of rapid economic growth in China and India in the 1980s, and is now decreasing. However, within-country inequality seems to increase.¹⁸

On the balance: Growth in production has been faster than growth in population and overall poverty has declined. But regional and social differences remain enormous and growth has not lifted all equally.

Child Labour

Although it is difficult to measure the number of children doing child work, the ILO has estimated that about 218 million children between the ages of five and seventeen were involved in child labour in the world.¹⁹ Of these, over 50 per cent work in the Asia-Pacific region, and 23 per cent work in Sub-Saharan Africa. Most child labour in rural areas is found in agriculture and domestic service; urban children work mostly in trade and services.²⁰

The majority of working children are in hazardous work that can jeopardize or harm their health, safety or morals.²¹ A definition of child labour needs a gradual scale to take in consideration the different ages of children, the different amount of work, and the different character of the work involved.

¹² World Bank 2008a:2, figure 1.

¹³ ILO 2008a:8.

¹⁴ World Bank 2008a:9.

¹⁵ Measured in purchasing power parity and 2005 prices. World Bank 2008b:193.

¹⁶ World Bank 2008b:193 figure 4a.

¹⁷ World Bank 2008a:46, table 1.5.

¹⁸ World Bank 2005:7, figure 4 A.

¹⁹ Hagemann et al. 2006:12.

²⁰ Human Rights Watch, <http://www.hrw.org/children/labor.htm>.

²¹ In this statistic the definition of hazardous refer to the ILO Convention on Worst Forms of Child Labour with some adjustments. Hagemann et al. 2006:14, 23.

Statistics show that from 2000 to 2004 there has been an overall decrease in child labour by 11 percent.²² Investment in primary and lower secondary education is correlated with decrease in children's work participation.²³

On the balance: Child labour seems to decrease. If globalization can promote development, it can enable investment in education and social and economic transformations that can change the conditions for child labour.

Informal Sector

The informal sector comprises one half to three-quarters of non-agricultural employment in developing countries.²⁴ Informal activities are today defined by the World Bank as result of one of two strategies: 1) coping strategies (survival activities): casual jobs, temporary jobs, unpaid jobs, subsistence agriculture, multiple job holding; and 2) unofficial earning strategies (illegality in business): tax evasion, avoidance of labour regulation and other government or institutional regulations, no registration of the company. Criminal activity can also be included.²⁵

Reduction of the informal sector and growth in formal sector is crucial to secure decent work. Workers in informal sector are not covered by the rights and security that follows employment and participation in proper jobs, e.g. through tax paying. In many countries there seems to be a change toward more use of contractors instead of open-ended, or temporary, employment contracts. Unskilled work is being redefined as a service and is contracted

out of the enterprise, often to foreign service providers who may bring lower paid workers. Such processes tend to dissolve the employment relationship, polarize the labour market between insiders and outsiders, and leave many workers with limited security through employment. Globalization appears to accelerate such structural change in the labour market, and thereby tends to uphold or enlarge the informal sector.

On the balance: The informal sector is dominant in developing countries. Though its reduction is crucial for securing decent work, globalization may have the opposite effect.

The Development of Social Partners

Sparse data seems to indicate a declining trend in union membership in large parts of the world, while there is no global information on membership of employers' organizations. While trade unions tend to concentrate on issues related to collective bargaining and political regulation, employers' organizations are also concerned with a variety of services demanded by enterprises.

More information is available on worker's organizations than employers' organizations. The ILO documented in 1997 a general downward trend in union density during the previous decade.²⁶ Other sources report a more complex picture.²⁷ An overview report from the European Foundation for the Improvement of Living and Working Conditions on industrial relations developments in the European Union, Japan and the US in 2005

22 Hagemann et al. 2006:12.

23 Hagemann et al. 2006:37.

24 ILO 2002.

25 <http://lnweb18.worldbank.org/eca/eca.nsf/0/2e4ede543787a0c085256a940073f4e4?OpenDocument>.

26 ILO 1997b: table 1.3.

27 See for example New unionism, <http://www.newunionism.net/>.

and 2006,²⁸ showed a decline in union membership and density in the US, Japan, and most EU countries, in recent years. In the US almost 15.4 million trade union members were recorded in 2006, representing 12% of all wage and salary workers, a decrease by nearly 1.4 percentage points since 2000. In Japan, the number of trade union members was slightly above the 10 million mark in 2006. Corresponding to an estimated trade union density level of 18.2%, this reflects a 3.3 percentage points drop since 2000. A similar downward trend was traced in the EU, although the picture was somewhat more varied, with trade union density ranging from between 70% and 80% in some Nordic countries to less than 10% in France.

One of the challenges facing trade unions relate to recruitment difficulties in the private service sectors as well as in organizing a workforce that is becoming more diverse, mobile, and multinational.²⁹ If enterprises increase their use of contractors instead of regular employment, this can aggravate the problems of recruitment and representativity and undermine the involvement of the social partners in labour market policies.

On the balance: Globally, data seems to indicate a downward trend in membership in trade unions in large parts of the world, and most likely also in employers' associations. This may affect not just their standing, but the regulative capacity of the social partners and the functioning of collective bargaining.

Research on Globalization

The controversy on the effects of globalization has generated research on a wide range of issues. The list below highlights some results from this research.

Globalization has created more employment overall.

Employment has come with increase in trade and export industries in some developing countries has shown that increase in jobs in formal sector has reduced poverty significantly.³⁰ Employment has also risen but shifted from manufacturing to services in most rich countries.

Globalization tends to have a positive effect on wages in developing countries.

Globalization is predominantly considered to have a positive effect on wages in developing countries, although the effect varies between sectors. An important finding is that globalization seems to lead to an increase in wages in the export sectors and decrease in wages for non-skilled workers in sectors competing with imports.

Globalization can have a negative effect on wages in developed countries.

Differences in wages between skilled and unskilled labour will, according to trade theory, tend to increase in developed countries when trade increases between countries. Several factors³¹ interfere with this mechanism, and make the connection difficult to measure. Studies of the effect of globalization on wages in developed countries, especially USA, have generated debate. The conclusion, although contested, is that globalization has had a certain effect, but

28 EIROonline, http://www.eurofound.europa.eu/eiro/studies/tn0706028s/tn0706028s_1.htm.

29 Dølvik and Waddington 2005.

30 Krugman 2000; Rama 2003.

31 Such factors are low mobility between sectors, high unemployment, and interaction between economic integration (trade) and technological development. Harrison 2006; Chan 2003; Rodrik 1997, 2007.

is not the main factor behind the fall in wages for non-skilled workers in the USA.

Globalization tends to reinforce instability in labour markets.

Research shows that globalization has led to less stability in labour markets, and indicates that this has resulted in more economic insecurity, notably in the developed countries. Three effects are documented:

1. Globalization increases elasticity of demand for labour.³² Integration of markets makes it easier for companies to replace unskilled labour with labour abroad and by services in other parts of the market through outsourcing. This can result in greater fluctuations in wages and employment, hence less security for workers, especially among low-skilled.³³
2. Globalization tends to make financial crises more severe.³⁴ Such crises have shown to be devastating for the most hurt national labour markets and job security. When capital flies, many jobs disappear, and it takes time before the economy recovers.
3. An indirect effect of globalization can be privatization of public activity in developing countries. This can weaken job security and give loss of jobs for those affected.³⁵

Unemployment has not increased because of globalization.

Although globalization may make employment more insecure for many, growing and more diverse, flexible labour markets can make it easier to find new jobs. Research suggests that unemployment has not increased over-

all because of globalization, but restructuring of industrial sectors has caused increase in turnover and hence less job stability. Global unemployment has not fallen during the recent years of relatively rapid growth. As most workers are not covered by unemployment benefit schemes, they have to find some way to earn money. Underemployment, typically in the informal economy, is thus another measure of labour underutilization.

Globalization has reinforced structural changes and associated loss of jobs and mobility.

Jobs have especially got lost in sheltered manufacturing that have become exposed to competition and after privatization or restructuring of public companies, whereas the main bulk of new jobs in industrialized countries have come in private and social services.³⁶

Capital does not flow to areas with the lowest working standards.

The proposition that economic integration leads to a “race to the bottom” because capital will flow to areas with the lowest working standards, has not been confirmed by empirical studies.³⁷ While an ILO study from 2003 showed that stronger freedom of association and collective bargaining rights were associated with higher manufacturing exports, the study found no such positive effects for exports of labour-intensive products.³⁸

Globalization tends to alter the balance of power between labour and capital.

Many researchers have argued that globalization, mainly owing to easier business exit, regime shopping and larger labour supply, alters the balance of power between labour and capital in industrialized countries, shifting

³² Rodrik 1997, 2007.

³³ Brown 2000; Rodrik 1997, 2007.

³⁴ Rodrik 1997, 2007. The sub-prime crisis of 2007–2008 could serve as a current example.

³⁵ Rama 2003. The impacts of New Public Management is a case in point.

³⁶ Harrison 2006.

³⁷ Brown 2000; Neumayer and de Soysa 2005b; Bhagwati 2004; Singh and Zammit 2004; Rodrik 1997, 2007.

³⁸ Kucera and Sarna 2004 cit. ILO 2004a:14.

a larger share of the cost of working standards, on labour.³⁹

Globalization does not increase child labour.

In general, studies of developing economies do not show that globalization leads to increase in use of child labour. Some studies find that openness to trade and foreign direct investments is related to less child labour.⁴⁰ A study with several definitions of child labour find that FDI is negatively correlated with the child labour force participation rate and positively correlated with secondary school attendance.⁴¹

The conditions for women have been improved by globalization also relative to men.

Globalization gives new opportunities for work and income, not least for women. While increasing competition for labour makes it more difficult for employers to discriminate women, globalization seems to break down traditional values and gender practises in many countries that have hindered women's liberation and entrance into the labour market. More independent income opportunities make for greater social equality. Yet, studies of free trade zones or export processing zones show that women generally are paid less than men. Women are also organized to a lesser degree,⁴² but their position relative to men has been improved by the increase in job opportunities created by globalization.

Globalization may weaken the capability of the national states to provide social insurance.

In most industrial countries, economic growth and market integration have been followed by expansion of social security and welfare pro-

vision. As open economies increase the need for diversification of risk, globalization accentuates the need for social security systems. Yet, globalization may as a result of tax competition and higher factor mobility weaken the capacity of nation-states to provide social insurance.⁴³

Conclusion

Globalization has important effects on labour markets. The growth has been significant, and more employment and wealth are created. However, the fruits of the globalization process are not equitably distributed and too many are left behind or excluded. There are daunting challenges on issues such as poverty, child labour, health and safety, core labour standards and workers voice among others, which need to be remedied before the vision of fair globalization is within sight.

Despite recent set-backs, economic globalization has in the past decades been strengthened and regulated by the dynamics of market forces and international trade agreements. So far, institutions that take care of social and labour issues, environment, and democratic participation remain predominantly national in scope and have not been equally strengthened at the global level. In order to advance social justice and make globalization work in a more fair and sustainable way, it seems critical to bridge this gap and achieve a better balance and interaction between the economic and social dimensions of global governance.

39 Rodrik 1997, 2007; Brown 2000.

40 Neumayer and de Soysa 2005a; Cugno et. al. 2002.

41 Busse and Braun 2003, cit. Brown 2007.

42 Rama 2003.

43 Rodrik 1997.

3 Decent Work on the Agenda

The expression “decent work” was first used in a formal context by the ILO in 1999 in the Director General’s Report to the International Labour Conference in working out follow-up procedures to the ILO Declaration on Fundamental Labour Principles and Rights from 1998, the so called core labour standards.⁴⁴

Decent work was defined by the ILO as “work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.”⁴⁵

In 2001, the concept was further developed. Embraced by a vast majority of the members, the 2001 Conference emphasized the need to apply a broader and more comprehensive approach to the fostering of decent work and social security in the emerging global labour markets. This shift of approach was enshrined in the four equally important and interrelated objectives of the Decent Work Agenda, even further developed in the 2008 ILO Declaration on Social Justice for a Fair Globalisation, summarizing them as follows:⁴⁶

- Promoting employment by creating a sustainable institutional and economic environment

- Developing and enhancing measures of social protection – social security and labour protection – which are sustainable and adapted to national circumstances
- Promoting social dialogue and tripartism
- Respecting, promoting and realizing the fundamental principles and rights at work

As indicated in the introduction, the four pillars pinpointed that the various aspects of human living conditions in different parts of the world – as well as the conditions for national and global governance – have become ever more interconnected as a result of globalization. Establishing the Decent Work Agenda as a method of organizing its programmes and activities, the ILO made it a platform for external dialogue and partnership and the Agenda soon became a center-piece in the international discussion about how to promote the social dimension of globalization

It was clear that the ILO in particular saw a closer relationship with the other UN bodies as a precondition for the organization to succeed in its work.⁴⁷ Recognition that the social aspects of the globalization had been overshadowed by the economic and financial advantages, lead to the formation of a World Commission on the Social Dimension of Globalization. The World Commission released its report in 2004, stating that the global imbalances, generated by the globalization, were “morally unacceptable and politically unsustainable”.⁴⁸ The commission suggested a number of measures intended to provide developing countries greater influence and control over their own participation

⁴⁴ <http://www.ilo.org/dyn/declaris/DeclarationWeb.Index-Page> (07.04.08).

⁴⁵ <http://www.ilo.org/public/english/decent.htm> (07.04.08). The original phrase in the 1999 report was: “The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.”

⁴⁶ ILO 2008b.

⁴⁷ ILO 2001.

⁴⁸ World Commission on the Social Dimension of Globalization (2004), p. x.

in the globalization process. It found that the body of multilateral international institutions lacked policy coherence, and was insufficiently democratic, transparent and accountable.⁴⁹ Decent Work for All should according to the commission be made a global goal pursued through coherent policies within the multilateral system.⁵⁰

The report was widely welcomed, including by the UN General Assembly⁵¹, although criticized by some for being short of concrete solutions to the problems it successfully put in perspective.⁵² In his response to the report, the Director-General of ILO underscored the role of ILO in mobilizing action for change.⁵³ Many different actors have the opportunity to contribute, and many have done so. This is revealed in the area of trade; in civil society and among the social partners, and in the field of international governance and developmental aid.

The Traditional Approach: Enacting Labour Standards

The ILO promotes international labour standards. Since its establishment one of the principal functions of the ILO has been setting international labour standards through the adoption of conventions and recommendations. During the last decade or so the focus has been on the core labour standards, which form the basis of the 1998 Declaration of Fundamental Principles and Rights at Work. During the last ten years the number of ratifications of the Conventions on which the Declaration is founded, have increased by 50%. Today more

than 70% of the member states have ratified all of them, and even those who have not ratified, have affirmed the obligation to respect the fundamental rights through the 1998 Declaration.⁵⁴

There are procedures for investigating alleged violations of the conventions, and each member state is required to present periodical reports on measures taken to implement each of them. Nonetheless the ILO suffers from inadequate enforcement capacity. The embarrassment of just being criticized by the ILO is effective in many cases, but does not work for the worst countries. The ILO's Constitution includes Article 33 which covers situations where member states are deemed not to be complying with the findings of a Commission of Inquiry which is the highest legal instance available to the ILO.⁵⁵ The Article, unused for many years, has been activated in relation to the situation of forced labour in Burma.

To promote decent work and assist member countries in implementation and enforcement of standards, the ILO has increasingly stressed "technical co-operation", ranging from programmes on child labour through IPEC (International Programme for the Elimination of Child Labour), to programmes for strengthening tripartism and social dialogue. Most of the technical cooperation, and a growing share of the organization's regular budget resources have been directed towards the country level, through "Decent Work Country Programmes" (DWCP), which today are a key element of the Decent Work Agenda. The first pilot programmes were initiated in 2000, providing experiences to form today's DWCPs. These are time-bound and resourced programmes orga-

49 World Commission (2004), p. xi.

50 World Commission (2004), p. xiii.

51 A/RES/59/57.

52 Mehta 2004.

53 ILO 2004b.

54 ILO 2008a:22.

55 Article 33 states that "in the event of any Member failing to carry out within the time specified the recommendations, if any, contained in the report of the Commission of Inquiry, or in the decision of the International Court of Justice, as the case may be, the Governing Body may recommend to the Conference such action as it may deem wise and expedient to secure compliance therewith."

nized around a limited number of priorities and outcomes based on national needs and conditions, with monitoring and evaluation guidelines. The integrated approach draws on all strategic objectives of the ILO, based on the premise that these objectives are mutually reinforcing and that their integration contributes to enhanced effectiveness of each. Tripartism and social dialogue are central both to the planning and implementation.

With the weak enforcement capacity in the ILO and prospects for intensified globalization, the idea of making access to international markets and trade agreements contingent on observance of international labour standards gained increasing support.

On the balance: All ILO member states have affirmed the obligation to respect the fundamental rights, and there are procedures for investigating alleged violations of the conventions. The ILO enforcement mechanisms are, however, rarely used. Instead the ILO has increasingly stressed technical cooperation through Decent Work Country Programmes to promote decent work and assist member countries.

Linking Trade and Labour Standards?

Attempts to create a direct link between trade liberalization and labour standards, have been made, but have, so far, been rejected in the WTO. While the primary purpose of the ILO is to improve conditions of labour, the explicit goal of WTO is to improve the welfare of the peoples of its member countries by lowering trade barriers and providing a platform for negotiation on trade. The issue of labour standards resurfaced on the agenda of the WTO in the 1990s.⁵⁶ As the WTO has the power to authorize sanctions through its dispute settlement process, many trade unions and many

governments saw this as a way of enforcing standards to avoid social dumping by countries breaching them, thus leveling the playing field for international competition.

Resistance, especially from governments in the south and most of the business community, however, blocked the attempts to create a direct link between trade liberalization and labour standards, the main argument being that this would serve as disguised protectionism for countries in the north. During the Doha Round the WTO reaffirmed the declaration made at the Singapore Ministerial Conference in 1996, supporting the ILO's work in promoting the core labour standards. But it became clear that there was little support for advancing labour standards through the WTO. However, there is now also a broad consensus that violation of fundamental principles and rights at work cannot be invoked or used to gain comparative advantages.⁵⁷

The WTO and the ILO are approaching each other. There has been no work on labour standards in the WTO's Councils and Committees, but the last years the WTO and the ILO have approached each other cautiously. It is now possible to discuss labour related issues in the WTO. The WTO Secretariat attends sessions of the ILO Governing Body as observer, and also participates routinely in meetings of the Governing Body's Working Party on the Social Dimension of Globalization. The two organizations did a joint literature survey⁵⁸ on the relationship between trade and employment, which is followed up by other studies focusing on trade and informal economy in developing countries.

Labour standards can be promoted through bilateral trade agreements. Although the linking of trade and labour standards has been rejected in the multinational context of the WTO, it has long played a role in bilateral and regional trade agreements. Alongside trade,

⁵⁶ Van Roozendaal 2002.

⁵⁷ ILO 2008b.

⁵⁸ Jansen and Lee 2007.

monitoring human rights at national level is carried out through bilateral investment treaties, through Export Credit Agencies, and through foreign aid.

Furthermore, trade and labour standards are linked in the bilateral agreements of some of the most powerful industrial countries, notably the *Generalized Systems of Preferences* (GSP), a formal system of exemption from the more general rules of the WTO for the purpose of lowering tariffs for developing countries.

The GSP regulation of the EU also includes a GSP+ arrangement, a special incentive arrangement for sustainable development and good governance, granting preferential access to imports also for sensitive products. To be eligible for this arrangement, a country has to comply with certain international conventions, among others the core labour conventions. In 2007 the EU withdrew access to the generalized tariff preferences from the Republic of Belarus because of failure to comply with the freedom of association and the right to organize.

USA has similar arrangements. Even though USA itself has not ratified most ILO Conventions, it refers to “internationally recognized worker rights” and uses ILO work on standards actively in this respect. The issue of labour rights is the most frequently cited issue during annual review processes. Between 1985, when the labour rights requirements were implemented, and 1999, 63 percent of the petitions to terminate a country’s GSP-eligibility pertained to workers rights.⁵⁹

The May 2007 G8 Labour and Employment Ministers Conference made a statement of commitment to fully take into account decent work, notably the respect of ILO core labour standards, in bilateral trade agreements.

On the balance: While the WTO has so far rejected to include social and labour issues in its trade agreements, such issues are included in bilateral and regional trade agreements. The WTO and the ILO are approaching each other to promote the dialogue on the broader issue of decent work and the social dimension of globalization.

Growing Role of Non-state Actors

There are around 65 000 multinational enterprises (MNEs) with approximately 90–100 million employees of their own – one in twenty of the global workforce – and indirectly many millions more depend on them through their supply chains.⁶⁰ Thus the MNEs have a potentially influential role in shaping the employment conditions and opportunities for social dialogue in the countries where they operate.

Corporate Social Responsibility

As consumer awareness of labour and social conditions increases, more and more companies have developed initiatives in corporate social responsibility (CSR). The so-called codes of conduct are mostly unilateral and voluntary, and their content varies considerably. Many, especially American companies, omit labour standards, and only a few refer to all the core labour standards. Several reports show lacking monitoring and inspection procedures. Responsibilities for monitoring of company performance lies primarily with auditing and accounting companies on a commercial basis, and they are often ignorant of labour issues. This is especially challenging when it comes to supply chains. Trade unions are lukewarm towards the unilateral codes of conduct, viewing them in many instances primarily as public relations measures. They also are concerned that such codes as well as ISO standards in

59 Generalized System of Preferences: Handbook on the Scheme of the United States of America (2003). New York and Geneva: United Nations.

60 *World of Work* 62, April 2008, p 5.

this field may reduce the importance of ILO standards.

Initiatives to Promote Social Conduct

Several instruments are introduced to promote social conduct by multinational business. Such instruments can be based on fixed standards or negotiated agreements. Five important initiatives will be mentioned here.

- **Global Compact.** The *UN Global Compact* was an initiative to make a framework for businesses that are committed to aligning their operations with universally accepted principles of human rights, labour, environment and corruption, and has mustered around 4000 business participants (April 2008). This initiative is voluntary, only requiring a company to say that it will respect the Global Compact principles. There is no enforcement or measuring of behaviour as it relies solely on public accountability, transparency and the self-interest of the companies.
- **ILO Declaration.** The ILO has made its *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* of 1977 (latest revision 2006) a reference point for the social dimension of the MNE operations, based on key Conventions and Recommendations on labour rights, training, living conditions and labour relations, aiming for consultations, dialogue and partnerships. The ILO undertakes periodic surveys to obtain information from member states on how the Declaration's principles are being implemented.
- **OECD Guidelines.** The ILO Declaration has been complemented by other international instruments, notably the *OECD Guidelines* which is progressively being implemented under the supervision of OECD

contact points at the country level and to whom complaint of non-implementation may be addressed.

- **Proposal for a Human Rights Framework.** In 2003 an initiative was taken by a Sub-Commission of the *UN Human Rights Council* to draft norms on responsibilities, calling for companies to be obliged by international regulations in areas as human rights and environment. This initiative was eventually set aside as it met resistance. Among the issues raised was who would enforce the norms and what kind of laws would be needed at the national level. In 2008 a report⁶¹ to the UNHRC presented a new proposal for a human rights framework which focuses on the duties of member states to protect against human rights abuses by third parties (including business), the corporate responsibility to respect human rights, and the need for more effective access to remedies when human rights abuses have occurred.
- **International Framework Agreements and Global Works Councils.** An initiative to make more binding commitments by the MNEs towards decent work is the *International Framework Agreements* (IFAs) which have been negotiated between the Global Union Federations (GUFs) and some MNEs. Often the relevant national unions in the country of origin are part of the agreements. These agreements, which typically concern core labour standards, are supposed to be applied throughout the multinational company worldwide, and in some instances also to have implications for their suppliers. Since the first IFA in 1988, approximately 60 agreements have been concluded. The key differences from company codes of conducts are that the IFAs are not unilateral, cover a range of broader subjects,

61 Ruggie 2008.

and that they constitute a formal recognition of social partnership at transnational company level. Many also highlight the monitoring aspect, often through joint company/trade union committees. Aside from improving communication within the companies across national boundaries, IFAs may also be seen as a tool to strengthen the union movement especially in the developing world, which in turn is a precondition for social dialogue at the national level. However, up to now mainly European based companies have signed IFAs, only one based in USA, and none from the emerging economies Brazil, China and India. Even if the number of new agreements increased in 2005 and 2006, still only a very tiny share of the 65,000 MNEs are covered.

The MNEs are important actors in the global economy, but they seldom take part in the international dialogue within the multilateral organizations. The new ILO Declaration, also supported by the employers, is a step in the right direction, encouraging development of “new partnerships with non-state entities and economic actors, such as multinational enterprises and trade unions operating at the global sectoral level”.⁶²

A few MNEs have established global works or company councils and trade union networks with the representation of both workers and management, managing the network of links between employee representatives and regulating the demands on company management for information and consultation. Such arrangements give trade unions a way of getting information and influence on working conditions in the company worldwide. In 2006 ten worldwide groups had put up such bodies (Böckler 2006), in some instances as extensions of European Works Councils.

⁶² ILO 2008b.

Organizational Advances within the Trade Union Movement

The trade union movement has made two important recent organizational advances, to a large extent motivated by the challenges of globalization:

- The merger of the two former trade union opponents at the international level – ICFTU and WCL – into the ITUC in 2006 was important for the trade unions to deal effectively with the global institutions and the MNEs. This has strengthened both the new combined organization for national confederations and the now eleven GUFs that bring together national unions by sector or occupation world-wide.⁶³ While the ITUC plays the most salient role within ILO and other international institutions, the GUFs have greater leverage when it comes to organize union work in MNEs and coordinate collective bargaining and industrial action across frontiers.
- The recently announced merger of Unite, the UK’s biggest union, and the United Steel Workers, the largest private sector union in the USA and Canada, may be a first step towards transnational unions. The new union, to be called *Workers Uniting*, will represent three million working people from every industrial sector in Britain, Ireland, the USA, Canada and the Caribbean.

Consumer Organizations and other NGOs

Consumers and NGOs become more important. As trade and industry become global, so does the flow of information. Hence, consumer organizations and other NGOs play an increasingly important role in directing attention to the behaviour of companies around the

⁶³ There is one more trade union international – the Communist oriented “World Federation of Trade Unions” – but this one has been marginalised after the end of the Cold War.

world. Innovations in communication technology and global networks have made their work more effective as questionable practices and wrongdoings quickly are spread through media and the Internet, informing the public opinion and putting pressure on the companies that are afraid of bad publicity.

The governments of the home states of the MNEs also have a responsibility for improving the industrial relations within MNEs and to follow up the MNE's operations abroad. This debate is emerging, amongst others on the investment policies of pension funds.

Initiatives can also be established through complex partnerships. One example is the initiative against child labour in the cocoa industry. In 2001 allegations of trafficking and forced labour in the farming of cocoa in West Africa spurred a new type of partnership: facilitated by the US congress, representatives for the cocoa industry signed a Protocol outlining steps to eliminate the worst forms of child labour in the production of cocoa. The Protocol was formally witnessed by government representatives, representatives for US and international labour organizations (including the ILO) and representatives of civil society. With reference to the Protocol, the International Cocoa Initiative was established in 2002 and is led by a board where representatives from industry and labour sit together for the first time. In 2008 a full scale certification system for cocoa was in place in both Cote d'Ivoire and Ghana. In line with the Protocol, third party verification of the certification is administered by a specialized verification firm.

On the balance: The MNEs' corporate social responsibility programs may contribute to improved social and labour standards, but their effectiveness is contested. Negotiations of International Framework Agreements by the corporations and unions is one, but still unripe instrument to promote standards and social dialogue across the borders in multinational companies. NGOs and Consumers organizations gain importance.

New Modes of Governance and International Aid?

As the Decent Work Agenda involves many policy areas both at the international level and within each country, the ILO has promoted it by engaging a broad range of actors, both multilateral organizations, governments, and the social partners at all levels. This has been important to attempt spurring greater coherence and efficiency in the activities to boost Decent Work.

Many actors are thus involved in the Decent Work Agenda, which can no longer be seen as a strategy of the ILO alone. In response to the 2004 report of the *World Commission on the Social Dimension of Globalization*, the 2005 UN World Summit of Heads of State and Government decided to make Decent Work a central policy objective to support a fair globalization and meet the Millennium Development Goals on poverty reduction. A ministerial Declaration of ECOSOC followed in 2006, calling on all international organizations to contribute. Efforts have been made to mainstream Decent Work in all UN agencies, and the UN system is gradually cooperating more closely, also through concrete projects. The ILO and the UNCTAD have agreed to strengthen their collaboration, and are now, for example, doing a joint Decent Work Country Programme in Kyrgyzstan.

Also bilateral and multilateral donors, the EU and other international organizations are now making Decent Work an integral part of their policies. However, promoting a joint agenda has not been without strains. The main controversies and tension have arisen with the World Trade Organization (WTO) and the Bretton Woods institutions (the World Bank and the International Monetary Fund).

Improving labour standards and developmental aid converge. Even if Decent Work is a concept applying to *all* countries, most of the

efforts have been directed towards developing countries. The international finance institutions (IFIs), notably the World Bank and the IMF, have overlapping mandates with the ILO with respect to labour markets in developing countries. The three institutions have regular meetings, and have to some extent collaborated on analytical work. Recognizing their respective mandates is key to understanding how Bank and the IMF differ from the ILO in their strategic approach.

The World Bank pays attention to employment. The international financial institutions have often been accused of pushing a neo-liberal agenda, imposing policies on developing countries which have been detrimental. However, they are increasingly aware of the importance of expanding and improving employment opportunities and social security. Employment creation and job quality have thus become integral parts of the Bank's poverty reduction efforts, as outlined in the Poverty Reduction Strategy Papers (PRSPs) of client countries. The PRSPs and the Decent Work Country Programmes thus co-exist at the country level, while the extent of coordination between the two varies from country to country. In parallel to the "Decent Work" concept, the Bank uses the term "Good Jobs". Governments need to relate to both, with the obvious inefficiencies this may cause.

The World Bank's strategic approach to good labour markets to some extent represents a parallel to the Decent Work approach. The Bank's operational framework is referred to as MILES, an acronym representing the 5 key sectors of intervention: macroeconomic conditions; investment climate and infrastructure; labour market regulations and institutions; education and skills development; and social safety nets.⁶⁴

As a consequence, there have been parallel efforts in the very central field of indicator

development and data collection related to measuring the labour market developments.

There have been controversies between the ILO and the World Bank. A concrete point of tension relates to the different geographical scope of the two organizations: While the ILO is global, the World Bank mainly works with the world's poorest countries where the formal labour market is poorly developed. Their most vulnerable clients are often employed in the informal sector, and concerns have been raised with regard to the ability of the Decent Work Agenda to integrate also this constituency. ILO on the other hand is sceptical of many of the recommendations from the Bank: the part on labour in the "Doing business" reports is for example a subject of friction between the two. Another controversy is the development of indicators for monitoring progress, a debate which has been very politicized.

The Bank is also sceptical of ILO aspirations to a coordinating role for initiatives of the other actors and has set up a multi donor Labor Market Trust Fund of its own, supporting research, piloting and capacity building. Mutual lack of thrust and simplification of each other's positions, have at times characterized the climate between the two, but on the ground cooperation is functioning well in many countries.

There have been continuous consultations between the ILO and the Bank to strengthen policy coherence in initiatives, but so far no concrete joint policy initiatives have emerged from this dialogue. Even though large institutions are hard to "lead" in the labour market field, the dialogue between the ILO and the Bank has, however, resulted in certain adaptations. An important area of progress has been the subject of core labour standards. The ILO had long encouraged the World Bank to pay more attention to the core ILO standards. In the World Bank's procurement of works contracts, the missing clauses on anti-discrimination and workers' organizations

⁶⁴ World Bank 2007.

have now been incorporated into the Bank's Standard Bidding Document for Procurement of Works (SBDW), such that references to all four Core Labour Standards (CLS) are now included. Also, the World Bank has sponsored incorporation of similar clauses in the harmonized SBDW to be used by all of the multilateral development banks. The other development banks have agreed to examine adoption of clauses on anti-discrimination and worker's organizations in the harmonized SBDW in 2008 so that the four CLS are covered. The World Bank foresees no obstacle to its adoption.

Also important are the International Finance Corporation's social and environmental criteria⁶⁵ which cite the Core Labour Standards and have been adopted by the Equator principles⁶⁶, a "financial industry benchmark for determining, assessing and managing social & environmental risk in project financing" adopted by many large private banks.

The dialogue between the ILO and the International Monetary Fund (IMF) is weak. The mandate of the IMF is to advice on general fiscal and monetary policy with the aim of stabilizing economies. It is thus much less directly involved in labour and employment issues than the World Bank and the ILO, and its dialogue with the ILO is more limited. To the extent guidance, e.g. on wages, is given, it is always in the context of fiscal policy. The ILO and the IMF are regularly collaborating in the United Nations Chief Executives Board, and IMF staff participated in the November 2007 ILO Forum on promoting the Decent Work Agenda. The IMF has provided input for the development of the ILO toolkit to help UN agencies develop policies that promote employment and decent work. The toolkit has been distributed to the IMF country teams with

the recommendation to consult it when employment and decent work issues arise in their work with member countries. IMF staff will communicate to the ILO any feedback that they may receive on the toolkit in the course of the country work. As with the Bank, the cooperation on the ground in some countries is good.

The most dense integration of the different international bodies unfolds in their work at the regional level. All the regional organizations such as NAFTA, Mercosur, ASEAN and SADC have in different ways made labour issues part of their agenda. But only the EU has developed regulatory powers such as legally binding and enforceable labour standards. Decent work, the social dimension of globalization and cooperation with stronger multilateral organizations are all parts of the EU Declaration on Globalisation of December 2007.

On the balance: Many international actors, like the ILO and the World Bank, are engaged in the promotion of decent work. The efforts to improve labour standards and developmental aid converge as decent work becomes an integral part of developmental strategies. This engenders controversies over strategy and leadership of operations, and necessitates better coordination and cooperation.

65 See <http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards>.

66 http://www.equator-principles.com/documents/Equator_Principles.pdf.

4 Conclusions and Ways Ahead

In the wake of the stalled round of trade negotiations in the WTO it may seem futile to launch bold new initiatives to recast globalization by advancing the Decent Work Agenda and strengthening the links between the economic and social dimensions of global governance. Neither do the financial crisis and the soaring prices of food, gas, and other raw materials, make the prospects for redistributive global reform brighter. Yet, history is full of examples that times of crises have propelled major transformations and path-breaking political-economic change. A common trait of such periods of change is that major new economic actors and powers have emerged, such as China, India, Brazil and Russia today, challenging status quo. Demanding their say in the running of world affairs and asking for proper representation in the decisive global forums, such actors expect that the interests and concerns of their peoples are properly taken into account in the institutional design and practical implementation of international policies.

After a few decades of market-driven globalization, which has brought amazing growth and improvement of living conditions for hundreds of millions of people, it has become clear that trade liberalization and technological change in themselves are insufficient to eradicate poverty and improve the means of subsistence for those left behind or insecure in the competition for jobs and income in the emerging global labour markets. More comprehensive approaches are required. Besides the glaring concentration of wealth and misery, often side by side, one of the paradoxes of globalization is the asymmetric impact on the capacity of governance. While markets, capital and production chains have become increasingly

global in nature, the means of governance, particularly in the sphere of labour market, industrial relations and social policies, remain predominantly national in scope, and have, partly as a result of international regime competition, become less effective in protecting vulnerable groups and shaping market dynamics. Finance and trade have admittedly become subject to global, though contested, intergovernmental regimes of regulation, but the key levers of economic policies – such as fiscal and monetary instruments influencing demand and distribution – are still mainly the prerogative of the nation-states, making concerted international action to counter economic instability and redistribute the fruits of integration hard to develop. Whereas breaches with the international trade regime are met by sanctions and are resolved in institutions for dispute settlement, states and companies can refuse to respect fundamental rights at work because the global community and the ILO lack effective enforcement mechanisms that can hold violators accountable. In effect, globalization has proven efficient in raising world output and employment, but has aggravated distributional deficiencies and revealed increasing gaps in the mode of global governance. The asymmetries between economic and social, international and national institutions are weakening their clout and legitimacy by generating unintended externalities and multiplying collective action problems.

There are no quick fixes to these gaps and discrepancies, the remedying of which will require a variety of approaches and mobilization of a wide range of actors and measures along multiple channels and levels, making the formulation of shared operational goals and the

capacity for coordinated, coherent action across institutional and territorial boundaries critical factors. A question to be discussed on the basis of this report is whether and how the Decent Work Agenda can serve as a common frame of reference guiding the action of the variety of international institutions and agencies engaged in making globalization work.

The aims and criteria of the Decent Work Agenda are fairly general in character, but in view of the outcome targets enshrined in the Millennium Goals, the Agenda provides complementary and intermediary benchmarks of procedural and institutional character which are often lost sight of in the operational work of international agencies engaged in economic development, aid, and poverty alleviation. The strength of the Decent Work Agenda derives from the function of the labour market as key linkage between different parts of the economy, policy areas, civil associations, and the wider social fabric. It is thus worth noting that the 2008 Declaration of the ILO, which was unanimously embraced by employers, unions and governments, sets decent work as a cross-cutting objective of the global community, while commending social dialogue and denouncing low wages and inferior labour standards as illegitimate sources of comparative advantage. Considering the huge gap between the overarching outcome goals of the international community and the often detailed, issue-specific, and fragmented, target structure of the various international agencies, the Decent Work Agenda might hence serve an important bridge-building function, facilitating coordination and coherence between different areas, levels, and actors of global policy-making.

Establishing the Decent Work Agenda as a guiding framework for concerted action towards more sustainable and fair globalization can hardly be achieved through bureaucratic machinations or grand political design at high level Summits. The merits of the Agenda will

have to be earned on the ground through bottom up mobilization and collaboration among a wide range of stakeholders – from business, workers, social partners and public agencies to civil society, NGOs, consumers and consultancy firms. Their available options will depend on the broader path of global integration that is taking shape. In order to identify the main competing options one may distinguish between the following three paths:

1. Borderless Laissez-faire

Market-driven globalization and trade liberalization

2. Supranational institution building

Governing globalized markets through political integration

3. Multilevel governance

Embedding markets by new variable patterns of governance

Each of these development paths has different implications for promotion of the Decent Work Agenda, the common challenges of which will be reviewed in the final section.

Different Trajectories of Globalization

Borderless Laissez-faire

This path of market driven globalization and trade liberalization is marked by minimalist development of intergovernmental institutions for global governance, emphasizing negative integration through abolishing barriers to trade. While the absence of a comprehensive framework for global trade leads to proliferation of bilateral and regional trade agreements with patchy institutions and minimal measures regarding labour issues, the changing power relations in the world economy gives rise to trade conflicts and occasional outburst of protectionism. Nevertheless, the dynamism of the market forces continues to provide

strong growth in world output and wealth, and more people are lifted out of poverty, albeit the cleavage between insiders and outsiders is widening. As a byproduct, fuelled by western demand, global niche markets for socially and environmentally viable products are flourishing, whereas accelerating emigration of labour and climate refugees from poor countries is furnishing the markets for unskilled work in the global metropolises. Rising mobility of capital and production factors is accompanied by increasing relocation and regime competition among states and regions, causing pressures on labour standards, further decline in trade union membership and collective bargaining in many countries, and growing inequality within and across states and continents. As a consequence, this path of economic integration is marked by polarization and fragmentation of the global labour markets.

Under Laissez-faire globalization, the main path for protection of social standards left to the national 'competition state' is investment in training, human capital, infrastructure, and arrangements to cushion social risk, in order to attract sufficient capital and skilled labour to maintain prosperity, job creation and proper working conditions. The ILO continues its uphill international efforts to promote the Decent Work Agenda, but the gap is widening between the high visions, scarce resources, lacking means of action, and diminishing commitment among core constituencies.

Hence, mass media, NGOs, auditing and certification firms, consumers, and social activists are more and more taking over the initiative when it comes to fight exploitation and abuse at work. Actively utilizing market dynamics, shaming, and the fear of collapsing credibility and stock prices, they often exert effective pressure on corporations to respect international workers rights, develop CSR and codes of conduct, join ethical trade initiatives and alike. In spite of trade union decline, the new market-activism also opens space for some

of the renewed global unions, whereas a new brand of corporate partnerships built around International Framework Agreements and World Councils is gaining some ground in leading MNEs.

Altogether these developments imply a certain progress in the formal part of the global economy. Yet as a result of the political deadlock in this path, no common global response is found to alleviate the lot of the rising masses of migrants and working poor, stimulating xenophobic tendencies and restrictive national policies.

In short: The Decent Work Agenda does not really gain momentum under the Laissez-faire regime; the ILO is muddling through, increasingly dependent on donations from friendly member states, but never really succeeds in engaging the Bretton Woods institutions and the WTO in coherent, joint action.

Supranational institution building

In this path, the accumulating global problems in handling trade conflicts, climate crisis, migration and soaring socio-economic problems eventually trigger a major political shift towards supranational institution building and political integration. Determined to pool resources, reshuffle burdens and benefits, and develop binding global regimes in vital areas, world leaders agree to take bold measures to bring integration of powers and more unified institutional structures under a common political umbrella. Economically the aim is to continue the development of a prosperous global market economy based on trade and competition, but in view of former problems achieving compliance with global norms it is agreed to establish a universal legal code of core human, environmental, social, and labour standards, underpinned by mechanisms for monitoring, enforcement and conflict resolution. If required, sanctions can be invoked, among which

restricted access to world trade can be one of the reactions.

In this context, the function of the ILO resembles the mantle of a global labour inspectorate, the operational activities of which is mainly run by regional and national offices. Linked to the advisory and consultative functions vis-à-vis member states/regions, corporations and the social partners, development of monitoring and enforcement becomes a key task. Under this regime the supranational quasi-state authorities take serious initiatives to stimulate the social partners at all levels to take on greater responsibilities in labour market governance, including self-regulation and monitoring of wages and working conditions, productivity and skill formation, and contribution to tripartite social dialogue and concerted action e.g. as regards the protection of the world's labour migrants. Quite generous resources are made available for ILO to support building of unions, employer associations, and industrial relations institutions – nationally and increasingly on a transnational, sectoral basis, where bargaining of regional minimum standards are spreading, e.g. regarding use of contract labour. Complementing the global legal code, the ILO, and the self-regulatory work of the national and regional social partners, a mediation authority and a Global Labour Court with regional pendants are set up with broad powers to resolve disputes and penalize violators.

Not least due to convergence between the World Bank and the ILO in their views on fostering well functioning labour markets, including growing cooperation and running of joint national programmes, an inter-agency meeting-place aimed at enabling exchange of experiences and facilitating coherence and co-ordination of global activities associated with the Decent Work Agenda is set up. Under the common political umbrella and with a more clear-cut division of labour between the various agencies than today, also the IMF and WTO

want to join in, eventually spurring debates about further institutional integration. The benefits of such cooperation first becomes fully visible under the preparation of a global regime for managing the soaring migration, in which all relevant agencies have to pull together to come up with rules and working arrangements that are acceptable to the affected migrants, regions, and nation-states. An important, sensitive area where the global actors are unable to agree on common frameworks is social security, causing tension and frustration among the affected clients and host- and home-states.

In short: In this path of stronger and more integrated supranational institutions, the Decent Work Agenda obtains an important cross-cutting function and stronger legal basis. Significant progress is thus made as to enforcement and compliance with labour standards. A kindling revival of unionism and social partnership is also seen in some regions and countries, and a global framework for managed mass migration is established. As a result the rise in global inequality is halted. Economic growth is a bit slower than under *Laissez-faire*, but of greater concern is that the progress is mainly seen in the formal sector, whereas conditions in the still flourishing informal sector remain inferior.

Multilevel governance

In this path, modest, incremental modernization is achieved in the international institutions along inherited intergovernmental lines, focusing on streamlining, effectiveness and coherence, alongside contested adjustments in patterns of representation. In a world of flux, belief in the nation-state as locus of belonging and entity of political action and community prevails, implying that global cooperation and reform initiatives, especially in the social realm, involve cumbersome and complex processes of coalition-building and compromise across a multitude of levels. While the regulative frameworks for trade and finance eventually become fairly well governed, poverty eradication and

promotion of the Decent Work Agenda in this path predominantly relies on voluntary action and do in line with the credo of new governance advance soft means of regulation, norm-building, and open methods of coordination, based on benchmarking, peer pressure and raising of public awareness through global mass media – all very much dependent on donations from friendly governments. With scarce resources and social partners under strain and weak in most developing countries, increased emphasis is laid on encouraging public-private partnerships and networks, involving NGOs, consumers, civil society, local unions, and, also in this path, engaging global market actors, such as corporations, consultants and auditing firms in the promotion of decent work.

The advantage of this approach is the diversity and inclusiveness, in which a multitude of actors and stakeholders at various levels are becoming involved and made responsible. Commitment, accountability, resource mobilization, and empowerment, are notions frequently heard on Decent Work Agenda meetings. The main challenges are related to compliance and capacity building, not least among the social partners. Activist critics thus sometimes claim that the Agenda in this multilevel path in practice amounts to the same somewhat ineffective exercises as in *Laissez faire*, albeit with a more timely human face marked by lots of talk and seminars and little action.

As to the still poor compliance with global core labour standards, the lack of respect and authority stemming from weak monitoring and enforcement capacity, implies that even grave violators of fundamental labour rights are not held accountable. To overcome this obstacle, the promoters of the Decent Work Agenda concentrate on getting references to the core labour standards into the preamble of the main global and regional economic insti-

tutions and article 20 in the WTO agreement, eventually implying that breaches with basic human, environmental and social standards increasingly are taken into account in the dispute panels of the various international trade arrangements. With rising trade in services, the old division between the product and the process under which it is produced becomes ever more blurred. The main approach, though, is based on the credo that development of trust is more efficient than threats, which seem to make little impression on rogue states and companies.

To promote institution- and capacity-building, the ILO tries to entice bottom-up processes to improve cooperation and articulation between actors at different levels, concentrating on working with the most vulnerable member states and, if existent, their social partners. Awareness raising, training and skill formation, and expertise in different aspects of labour market governance are key priorities. These aims are increasingly shared by other UN and Bretton Woods institutions, but in spite of mutual efforts to promote coherence and coordination it proves hard to succeed in joining forces on the ground in the national programs. The ILO continues its programmes to support the social partners in developing national structures for trade unionism, employer services, and collective bargaining, but this is an uphill struggle, also because many global agencies are sceptical of bias towards insiders in the formal labour markets and in practice show limited interest in spending resources on the buildup of social partners in their national schemes. The unanimous support for the 2008 ILO Declaration may imply a point of departure for a stronger ILO and a stronger multilateral system, as well as joint initiatives to strengthen the social partners worldwide.

In short: This is an open scenario. The Decent Work Agenda gains significant headway in this path of new, multilevel governance, and serious efforts are made to provide a more human and just face to globalization. Yet, with multiple consensus-based global institutions, strained social partners, failures of coordination, and weak enforcement capacity, this is an uphill struggle.

Elements from all Trajectories can Materialize

As the first two paths in their stylized form will be considered undesirable and/or unrealistic, many actors will probably see the pragmatic third-way alternative as the framework that comes closest to the current point of departure. That does not preclude that important elements of “Laissez-faire”, but also pieces of “Supranational institution building” can materialize and shape events. Critics of globalization might even argue that the “Laissez-faire”-path has already been with us for long. Although a hybridized and uneven path of development seems most likely, a central purpose of the above scenario exercise is to stimulate deliberations on what parts of the various puzzles that could be rearranged and put together in better and internally more consistent ways. Some actors would probably find the ‘market adjusted approach’ of the Decent Work Agenda in the first path an attractive option, whereas some promoters of the Agenda in governmental and global union circles would probably like to see re-injected more of the regulatory and tripartite elements of the second federalist path into the current discourse.

Transversal Challenges

Across the three paths, a number of transversal challenges are facing the promoters of the Decent Work Agenda. To advance the effectiveness of the strife to make globalization work for all, they will have to address the following critical issues:

- **Improved compliance** presupposes heightened status, authority and respect for fundamental global social rights, the achievement of which will involve measures to strengthen awareness, monitoring, incentives, and, most likely, development of adequate mechanisms of global standards enforcement even beyond the area of trade, ensuring that violators can expect to be held accountable and responsible. Mobilization of a multitude of actors is required to boost progress and momentum in this area.
- **Enhanced goal achievement** requires more effective and targeted use of the scant resources in the field of global social and labour market policies, calling for more interagency cooperation in projects on the ground and development of interlinked or joint national action plans, programmes and alike. Progress in this direction is indispensable if initiatives to strengthen organizational cooperation are to succeed.
- **Greater coherence and coordination** of the aims, priorities and efforts of the different actors in the area is of utmost importance to enhance momentum, synergies and efficacy, thereby boosting results and reducing waste. Initiatives to ensure greater coherence may possibly include the set up of interagency meeting places to encourage development of more integrated or comprehensive approaches. Joint research, seminars and sometimes shared projects may also indicate that closer convergence in fields such as training, skill formation, statistics, career

mobility, and, in the longer term, location and field work, should not be precluded.

- **Stronger capacity of action** depends in the end also on the ability to mobilize resources and credibility, and vice versa. The resource constraints of the agencies in the global labour and welfare circuit are severe, and albeit much can be improved with existing modes of funding and extra-budgetary donations, it is hard to see that the work of these institutions can obtain a viable financial basis unless the international community starts exploring new sources of global funding, including the various proposals of Tobin/eco-taxes, special drawing rights etc.
- **Enhancing social partnership and civil societies'** capacity of self-regulation, especially among the organized labour market actors, is of central importance. To alleviate social risk among the millions of workers in the informal sectors, the nurturing of initiatives to stimulate creation of self-help associations, micro-credit, social enterprises, and not least, affordable social insurance schemes, is essential.
- **Improved market transparency and responsibility** is vital to increase awareness and pressure on the producers of goods and services worldwide. With corporate fear of losing credibility and shareholder value, coalitions of consumers, consultants, professional advocacy coalitions, NGOs and international agencies can exert effective pressures on corporations to respect international workers rights, develop codes of conduct, join ethical trade initiatives and alike. Also institutional investors can be mobilized. Hence, improved information on single company behavior as well as on "the labour content" of products is crucial to create practical opportunities for action.

Change in these directions will imply *continued modernization* within the central apparatuses of the ILO and presumably also other organizations promoting the Decent Work Agenda. Leaner, more targeted and effective organizations are in demand, calling for devolution of resources and skills to regional and national agencies, while headquarters may adopt roles more like global competence center and catalysts of change than executive bureaucracies.

As the path of Laissez-faire and fragmentation is probably closest to the zero-scenario that may materialize if no significant global reforms are achieved, the discussion and strife over how to make globalization work in a fair and more decent way for all are indeed likely to centre on how to bend the social and political trends without destroying the economic dynamism and growth of the recent years. The breakdown of the Doha round is a pertinent reminder that the current institutional order originates from the immediate period after World War II and the de-colonization. In this perspective – and in view of the social implications of the emerging climate changes – time is probably ripe to venture into bold discussions about how the pattern of global governance can be adjusted to match the realities and challenges of the 21st century.

Literature

- Bhagwati, J. (1991), *Free Traders and Free Immigration: Strangers or Friends?* Working Paper No. 20. New York: Russell Sage Foundation (April).
- Bhagwati, J. (2004), *In Defense of Globalization*. Oxford: Oxford University Press.
- Bivens, L. J. (2007), *Globalization and American Wages*. EPI Briefing Paper no. 196.
- Brown, D. K. (2000), *International Trade and Core Labour Standards: A Survey of the Recent Literature*. OECD Labour Market and Social Policy Occasional Papers, no. 43, OECD Publishing.
- Brown, D.K. (2007), *Globalization and Employment Conditions Study*. Washington D.C.: World Bank. Social Protection Discussion Paper no 0704.
- Busse, M. (2002), "Do labor standards affect comparative advantage in developing countries?" *World Development*, 30, 1921–1932.
- Böckler Impuls 06/2006, http://www.boeckler.de/85183_85002.html
- Chan, A. (2003), *The race to the bottom: Globalisation and China's labour standards*. China Perspectives, no. 46.
- Cline, W. R. (1997), *Trade and Income Distribution*. Washington D.C.: Institute for International Economics.
- Cugno, A., F. Rosati and L. Guarcello (2002), *Does Globalization Increase Child Labour?* IZA discussion paper no. 470.
- Dølvik, J.E. and J. Waddington (2005), "Can trade unions meet the challenge? Unionisation in marketized services". In: Bosch, G. and S. Lehndorff, eds., *Working in the Service Sector. A tale from different worlds*. London: Routledge.
- Dølvik, J.E. and L. Tørrer (2002), *Globalisation, Work, and Labour Standards*. Oslo: Fafo.
- Edmonds, E. and N. Pavcnik (2002), *Does Globalization Increase Child Labour? Evidence from Vietnam*. NBER Working Paper no. 8760.
- European Union (2007), *Declaration on Globalisation*.
- Freeman, R.B. (2007), *People Flows in Globalization*, NBER Working Paper 12315 Boston.
- Hagemann, D., M. Etienne (2006), *Global child labour trends 2000 to 2004*. Geneva: ILO.
- Harrison, A. (2006), *Globalization and Poverty*. NBER Working Paper no. 12347.
- Heintz, J. and R. Pollin (2003), *Informalization, Economic Growth and the Challenge of Creating Viable Labor Standards in Developing Countries*. PERI working paper, no. 60.
- ILO (1997a), *Tripartite Declaration of Principles concerning Multilateral Enterprises and Social Policy*. Geneva: ILO. (Revised several times since 1977). <http://www.ilo.org/public/english/employment/multi/download/declaration2006.pdf>
- ILO (1997b), *World Labour Report 1997–98. Industrial relations, democracy and social stability*. Geneva: ILO.
- ILO (1998), *Declaration on Fundamental Principles and Right to Work and its follow-up*. Geneva: ILO.

- ILO (1999), *Decent Work*. Report of the Director-General to the International Labour Conference 87th Session. Geneva: ILO.
- ILO (2001), *Reducing the decent work deficit – a global challenge*. Report of the Director-General to the International Labour Conference 89th Session 2001. Geneva: ILO.
- ILO (2002), *Women and Men in the Informal Economy. A statistical picture*. Geneva: ILO.
- ILO (2004a), *Organizing for social justice*. Global report under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work. Geneva: ILO.
- ILO (2004b), *A fair globalization: The role of the ILO*. Report of the Director-General on the World Commission on the Social Dimension of Globalization. Geneva: ILO.
- ILO (2008a), *Decent work: Some strategic challenges ahead*. Report of the Director-General to the International Labour Conference 97th Session 2008. Geneva: ILO.
- ILO (2008b), *Declaration on Social Justice for a fair Globalization*. Geneva: ILO. http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meeting-document/wcms_094042.pdf
- Jansen, M. and E. Lee (2007), *Trade and Employment: Challenges for Policy Research*. A joint study of the International Labour Office and the Secretariat of the World Trade Organization. Geneva: ILO/WTO. http://www.wto.org/english/res_e/booksp_e/ilo_e.pdf
- Katzenstein, P. (1985), *Small States in World Markets. Industrial Policy in Europe*. Ithaca, New York: Cornell University Press.
- Krugman, P. (1997). "In praise of cheap labour." *The dismal science*, 20.03.1997.
- Krugman, P. (2000), *Crises: The price of globalization*. <http://www.kc.frb.org/PUBLICATION/SYMPOS/2000/krugman.pdf>
- Krugman, P. and R. Z. Lawrence (1994), "Trade, Jobs and Wages." *Scientific American* 270, no. 4 (April): pp. 44–49.
- Kucera, D. (2002), "Core labour standards and foreign direct investment." *International Labour Review*, 141, 31–69.
- Kucera, D. and R. Sarna (2004), *International trade and freedom of association and collective bargaining rights: A bilateral gravity model*. ILO working paper.
- Lawrence, R. Z. and M. Slaughter (1993), "Trade and U.S. Wages in the 1980s: Giant Sucking Sound or Small Hiccup?" *Brookings Papers on Economic Activity: Microeconomics*, 161–210.
- Marx, K. (1990), *Capital, Volume I*. Trans. Ben Fowkes. London: Penguin.
- Metha, P. S. (2004), "ILO report on Social Dimension of Globalisation – One more attempt to save the world." *The Hindu Business Line*, April 01, 2004.
- Munbodh, S. (2003), *Mobile Unit for the Informal Sector*. <http://www.unevoc.unesco.org/southernafrica/workshop2003/papers/MAR-Munbodh-Infomal.doc>.
- Neumayer, E. and I. De Soysa (2005a), "Trade Openness, Foreign Direct Investment and Child Labor." *World Development*, 33, 1, 43–63.
- Neumayer, E. and I. De Soysa (2005b), "Globalization and the Right to Free Association and Collective Bargaining: An Empirical Analysis." *World Development*, 34, 1, 31–49.
- Neumayer, E. and I. De Soysa (2007), *Globalization, Women's Economic Rights, and Forced Labour*. Working paper.
- OECD (2001), *OECD Guidelines for Multi-national Enterprises: Global Instruments for Corporate Responsibility*. OECD: Paris.

- Rama, M. (2003), *Globalization and Workers in Developing Countries*. World Bank Policy Research Working Paper 2958.
- Rodrik, D. (1997), *Has globalization gone too far?* Washington, DC: Institute for International Economics.
- Rodrik, D. (2007), *One Economics. Many Recipes. Globalization, Institution, and Economic Growth*. Princeton and Oxford: Princeton University Press.
- Ruggie, J. (2008), *Protect, Respect and Remedy: a Framework for Business and Human Rights*. Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises. Geneva: UNHRC. <http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf>
- Samans, R. and J. Jacoby (2007), *Virtuous Circle: Strengthening Broad-Based Global Progress in Living Standards*. Washington D.C.: Centre for American Progress.
- Schmidt, V., ed. (2008), *Trade union responses to globalization. A review by the Global Union Research Network*. Geneva: ILO.
- Singh, A. and A. Zammit (2004), *Labour standards and the race to the bottom: Rethinking globalisation and workers rights from developmental and solidaristic perspectives*. ESRC Centre for Business Research, working paper no 279.
- Smith, A. (1904), *An Inquiry into the Nature and Causes of the Wealth of Nations*. Fifth edition by E. Cannan. London: Methuen and Co., Ltd.
- Soros, G. (2001), Keynote Address at the Asia Society Hong Kong Center 11th Annual Dinner, Hong Kong. <http://www.asiasociety.org/speeches/soros.html>
- van Roozendaal, G. (2002), *Trade Unions and Global Governance: The Debate on a Social Clause*. London: Continuum.
- Weller, C., R. Scott and A. Hersch (2001), *The unremarkable record of liberalized trade*. EPI Briefing Paper no. 113.
- Wolf, M. (2007), "The new capitalism." *Financial Times*, June 19.
- World Bank (2005), *World Development Report 2006. Equity and Development*. Washington D.C.: The World Bank.
- World Bank (2006), *Good Jobs, Bad Jobs, No Jobs: Bringing More and Better Employment onto the Globalized Shared-Growth Agenda*. Washington D.C.: The World Bank.
- World Bank (2007), *The World Bank and the Social Dimension of Globalization: an Update to the Board on the Bank's Activities on Employment and Collaboration with the ILO*. Washington D.C.: The World Bank.
- World Bank (2008a), *Global Economic Prospects*. Washington D.C.: The World Bank.
- World Bank (2008b), *World Development Indicators*. Washington D.C.: The World Bank.
- World Commission on the Social Dimension of Globalization (2004), *A fair globalization: creating opportunities for all*. Geneva: ILO.

Appendix: Short on Organizations

UN Agencies

International Labour Organisation (ILO)

Specialized UN agency dealing with labour issues. Has a tripartite governing structure, representing governments, employers and workers. Seeks to promote employment creation, strengthen fundamental principles and rights at work, and provides training and technical assistance. Founded 1919. 182 member states.

The Economic and Social Council (ECOSOC)

Assists the General Assembly in promoting international economic and social cooperation and development. Is the oversight and policy setting body for UN operational activities. 54 members elected by the General Assembly.

UN Conference on Trade and Development (UNCTAD)

Promotes the development-friendly integration of developing countries into the world economy. It functions as a forum for intergovernmental deliberations, undertakes research, policy analysis and data collection, and provides technical assistance to developing countries, with special attention to the needs of the least developed countries and of economies in transition. 193 members.

United Nations Human Rights Council (UNHRC)

A subsidiary body of the General Assembly. Its stated purpose is to address human rights violations. The Council is the successor to the United Nations Commission on Human Rights. The 47 seats in the Council are distributed among the UN's regional groups. *The Sub-Commission on the Promotion and Protection of Human Rights* was the main subsidiary body of the United Nations Commission on Human Rights. In 2007 the UNHRC decided to create a new Advisory Committee to provide the Council with expert advice.

World Trade Organisation (WTO)

The WTO deals with the rules of trade between nations at a near-global level. It is responsible for negotiating and implementing new trade agreements, and is in charge of policing member countries' adherence to all the WTO agreements, signed by the bulk of the world's trading nations and ratified in their parliaments. Founded 1995 (successor to the General Agreement on Tariffs and Trade (GATT), created in 1948). 153 members.

The Bretton Woods Institutions

Formally created in 1944 agreeing on a framework for international economic cooperation.

The World Bank

The World Bank is an internationally supported bank that provides financial and technical assistance to developing countries for development programs. It is constituted of two parts – IBRD (provides loans to middle-income countries) and IDA (provides loans to low-income countries). 185 member countries. The World Bank *Group* comprises three other agencies in addition to IBRD and IDA: International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID)

International Monetary Fund (IMF)

The IMF oversees the global financial system by following the macroeconomic policies of its member countries, in particular those with an impact on exchange rates and the balance of payments. It also offers financial and technical assistance to its members, making it an international lender of last resort. 185 member countries.

The Organisation for Economic Co-operation and Development (OECD)

The OECD is an international organization of thirty countries that accept the principles of representative democracy and free market economy. The mandate of the OECD is broad, covering economic, environmental, and social issues. It originated in 1948 .

International Trade Union Confederation (ITUC)

The most important international umbrella organization of national confederations of trade unions. It was formed on 1 November 2006 out of the merger of the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL). The ITUC represents around 168 million workers through its 311 affiliated organizations within 155 countries and territories. ITUC works closely with ILO.

Global Union Federations (GUFs)

A global union federation is an international federation of national and regional trade unions organizing in specific industry sectors or occupational groups. They are not formally part of the ITUC, but cooperate closely with the ITUC. Most major unions are members of one or more of the eleven GUFs, relevant to the sectors where they have their members. Normally, the individual union will also be affiliated to a national trade union center, which in turn can be affiliated to a world body such as ITUC.

International Organisation of Employers (IOE)

Since its creation in 1920 the International Organisation of Employers (IOE) has been recognized as the only organization at the international level that represents the interests of business in the labour and social policy fields. Today, it consists of 146 national employer organizations from 138 countries from all over the world. The mission of the IOE is to promote and defend the interests of employers in international fora, particularly in the International Labour Organization (ILO) where it acts as the Secretariat to the Employers' Group.

Pathways to Decent Work in a Global Economy

The last decades of globalization have shown profound changes in production of goods and services and a shift towards financial capitalism. These developments have contributed to growing output and wealth, at the same time posing significant challenges to the achievement of social justice and a fair globalization for all – decent work. The fruits of the globalization process are not equitably distributed and too many are left behind.

This report aims to stimulate international discussion on possible approaches, means and avenues to promote the goal of decent work for all. It gives a brief review of the consequences of globalization for working conditions, explains the Decent Work Agenda and the strategies of main actors, and winds up with some reflections on the options and pathways for advancement of the Agenda.



Fafo

P.O.Box 2947 Tøyen
N-0608 Oslo
www.fafo.no/english/

Fafo-report 2008:33
ISBN 978-82-7422-643-2
ISSN 0801-6143
Order no. 20075