THE INTERNATIONAL LABOUR ORGANIZATION

GOALS, FUNCTIONS AND POLITICAL IMPACT

Werner Sengenberger
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The Friedrich-Ebert-Stiftung (FES), the German political foundation dedicated to social democracy, is firmly rooted in the labour movement. Since its founding in 1925, the FES has promoted democracy, balance of interests, and advancement through education under the guiding principle of social justice – initially in Germany, and now worldwide. Active in over 100 countries, the FES promotes political and social dialogue based on our values of freedom, justice, and solidarity. This includes the support of trade unions as the representatives of working people and indispensable stakeholders of social democracy. At the same time, the FES advocates the social shaping of globalisation on the international level, because this is the only way that prosperity, sustainable development, and peace will be possible in the 21st century and beyond.

The FES has formed a close partnership with the International Labour Organization (ILO), whose tripartite constitution of government, workers, and employers corresponds to the foundation’s dialogue approach. Together with the ILO, the FES is working toward an international economic and social order, which fulfils the demands for human development. The ILO is a key player in global governance and an important corrective to often one-sided development thinking. Their set of international labour standards and the Decent Work Agenda are a reference framework for everyone who advocates a fair working world, including the Friedrich-Ebert-Stiftung.
Nevertheless, the ILO’s formulated standards are in many places more of a rule than a reality. Why the international labour standards are still always only selectively implemented, and in which political context the ILO operates with its forward-thinking agenda is the subject of this analysis by Werner Sengenberger, former Director of the Employment Strategy Department of the ILO and expert on the international labour market and employment policy. Thus, this booklet provides a very readable and concise analysis of a specialised agency of the United Nations, which is fighting for more influence in international economic and social policy. Making it accessible and understandable to an international public in an English translation is part of the educational mission and conviction of the FES that without sufficient regard for the interests of working people, sustainable social development and a fairer world are not possible.

Kurt Beck
Chairman of the Friedrich-Ebert-Stiftung
For nearly 100 years, the International Labour Organization (ILO) has been the advocate for social justice in the working world. Its tripartite character ensures that all important stakeholders in the world of work are represented: the governments who create the legal frameworks and flank these with systems of social security, among others; the employer associations who represent the interests of capital; and not least, the unions who fight for the continuous improvement of working conditions in the globalised world with the help of international standards.

Many historic achievements are due to the ILO – including for example, the 8-hours workday, the right to unionisation, and as a consequence thereof, the right to strike.

The ILO became known worldwide in 1999 with their Decent Work Agenda, the contemporary credo of the organisation. Since then, unfortunately, working conditions in many countries have not always developed for the better. To date, 215 million children are still working, a scandalous situation. Worldwide, we count at least 12.3 million forced labourers. The wage difference between women and men for the same work still averages around 18 per cent.

Trade union rights are being violated on every continent by employers as well as governments.
Much remains to be done in order to shape a truly social world of work. In May 2012, Guy Ryder, former General Secretary of the International Trade Union Confederation, was elected as Director-General of the ILO. Since October 2012, for the first time in the history of the ILO, a trade unionist is heading the ILO.

As Werner Sengenberger shows in this publication, major challenges await Ryder. Internally, he has to reform the organisation and make it once again a centre of excellence regarding all issues in the world of work. Externally, he has to provide a clear and distinct voice in the chorus of international institutions, as well as in the G20 process.

But mere involvement is not enough for us. Trade unions expect that in times of global economic crisis ILO’s proposals for overcoming economic and employment crises are not only being acknowledged by governments, but also implemented. »Labour is not a commodity« – the unique tripartite global organisation has dedicated itself to this principle. Those politically responsible would be well advised to remember this simple truth, especially in times of crisis.

Michael Sommer
Chairman of the German Confederation of Trade Unions (DGB)
The three symbolic keys representing tripartism used at the inauguration ceremony of the ILO Building on 6 June 1926.
The International Labour Organization (ILO) was founded in 1919 as part of the Treaty of Versailles. It is approaching its centenary. In 1946, it became the first specialised agency of the United Nations. The ILO embodies a vision of universal, humane conditions of labour to attain social justice and peace among nations. The contemporary expression of this vision is the Decent Work Agenda.

The ILO’s original and most important task has been the development, promotion, and monitoring of international labour standards. To date, the organisation has created 189 globally applicable, legally binding »Conventions« and 202 legally non-binding »Recommendations« for the regulation of labour conditions. Many of these standards are still enforced.

The main subject areas of the international labour standards include the fundamental rights at work, which are contained in the eight so-called core labour standards of the ILO. These are freedom of association and the right to organise; the right to collective bargaining; the abolition of forced labour; a minimum age for employment and the effective abolition of child labour; the prohibition of workplace discrimination; as well as the mandate

* I wish to thank Kari Tapiola, former Executive Director of the ILO and presently special adviser to the Director-General, for valuable comments and proposals on a draft version of this paper.
for equal pay for women and men for work of equal value. These standards rank among the general human rights according to the declarations of the United Nations and the European Social Charter.

The remaining ILO Conventions are also part of international law and refer to substantive (in ILO jargon: technical) standards for the labour market; employment and training; enterprise development; remuneration; working hours and rest periods; workplace health and safety; social security; particularly vulnerable workers; and collective labour relations and social dialogue.

The ILO has two main decision making bodies: The International Labour Conference held in June each year – also known as »World Parliament of Labour« – and the Governing Body. In each of the two bodies, the national governments hold half of the seats, and employers’ and workers’ organisations one quarter each of the voting power. This feature of »tripartite« representation is to ensure that the views of the social partners are closely reflected in labour standards and in shaping policies and programmes. It makes the ILO unique within the family of the United Nations and more democratic than other organisations in the multilateral system.
The ILO is a global centre for research and publications on the world of work. It offers consulting, technical assistance, and development cooperation services for its more than 180 member states. The work takes place in the International Labour Office, which is the secretariat of the Organisation, with headquarters in Geneva, and in about 50 offices on all continents and all major countries. The International Training Centre of the ILO in Turin, Italy, provides training, learning, and capacity development services for governments as well as for employers’ and workers’ organisations and other international partners. It offers tailor-made regional activities.

In 2012, a trade unionist was elected for the first time as Director-General of the International Labour Office. Guy Ryder, a citizen of the United Kingdom, was previously General Secretary of the International Trade Union Federation (ITUC).

Exemplary of the ILO’s periodical publications are the quarterly journal *International Labour Review* and the reports on core labour standards. At present, periodical flagship reports of the ILO include the *Global Wage Report*, the *World of Work Report*, and the *World Social Security Report*. 
Albert Thomas (France). In 1919, he was nominated as the first Director-General of the International Labour Office, a position he held until his death in 1932.
2 / ORIGINS AND DEVELOPMENT OF THE ILO

Reading official texts from the ILO about its roots, one can learn a lot about the »social issue« of the 19th century: namely, the consequences of the Industrial Revolution and the resulting deterioration in conditions for the working classes. Associated with this are blatant forms of social inequality and injustice, which contributed to the strengthening of European social democracy and trade unions. Prominent social reformers such as Robert Owens and Daniel le Grand are regarded as initiators of the ILO.

From a political economy view, there are several factors that led to the founding of the ILO as a supranational labour organisation:

First, the establishment of the ILO can be seen as a response to the fast economic growth in domestic demand and, in particular, the expansion of international trade and international investment in the then industrialised countries and their colonies during the three decades prior to the First World War. Enabled by a wave of free-market-inspired deregulation of the labour market, the development resulted in sharply intensified cross-border competition, which brought employers to seek to undercut labour costs and/or resort to the excessive use – and indeed exploitation – of labour, notably by lengthening the hours of work. It is no coincidence that the first ILO Convention of the ILO adopted at its first International Labour Conference in 1919 called for the introduction of the 8-hours day and the 48-hours week in industry. At the same time,
the Conference agreed on the protection of workers in case of unemployment, maternity, night work by women and youth, and the introduction of a minimum age for employment in the industrial sector.

Since the industrial revolution in the 18th and 19th centuries, the labour movement has been concerned how international trade would weaken the bargaining power of workers, as their employers could choose to hire workers abroad without the protection of labour standards at home. From its inception, the ILO claimed that unregulated cross-border competition would risk depressing labour conditions and create hardships for workers. The remedy to destructive »social dumping« would be international labour law and other international actions to achieve universal minimum labour standards. Actual compliance with the law would prevent defectors from gaining an unfair competitive advantage. The application of the standards would have to be co-extensive with the market – not only the labour market, but also the commodity and capital markets.

The ILO Constitution states explicitly that »fair and humane conditions of labour should be applied, both at home and in individual countries to which their commercial and industrial relations ex-
tend«. Obviously, exporters would have an unfair advantage when workers are denied certain rights, such as the right to collective bargaining for the best wages and working conditions possible under the circumstances. In some circles, the argument of a »race to the bottom« is put forward. It expresses the fear that the need to compete with imports from countries with low labour costs and lower labour standards will reduce wages and labour conditions in the developed countries. This argument has been part of the rationale for discussions of a »social clause« in trade agreements (see below).

Setting, observing and applying labour standards require sufficient pressures and the necessary balance of power between the state, economy, and society. That the ILO could actually be founded in 1919 was also a result of increasingly powerful unions, which emerged after the Industrial Revolution and followed the massive deterioration of working conditions, as well as social unrest, strikes, and revolutionary political movements in Europe – and even in North America – during, or shortly after, the First World War. The October Revolution in Russia in 1917 and the establishment of temporary soviet republics in Hungary, northern Italy, and parts of Germany in 1919 presented a serious threat to the capitalist states discredited by the war.

On the revolutionary situation in 1919, the then British Prime Minister David Lloyd George wrote in a letter to the French Prime Minister Georges Clemenceau: »The whole of Europe is filled with the spirit of revolution. There is a deep sense, not only of discontent, but anger and revolt amongst the workmen against pre-war conditions. The whole existing order in its political, social and economic aspects [is] questioned by the masses of the population from one end of Europe to the other« (Barnes and Feldman 1982: 43).

Against this background, in addition to the political left, the powers of the middle-class camp also agreed upon the establishment of the ILO. Their calculation was to stabilise the crisis-ridden economic and social situation and to secure the loyalty of the labour force.
to the system. Faced with the two options of a revolutionary versus a reformist – one might also say »social democratic« – path to improving the condition of labour, the ILO clearly chose the latter one. To use the language from a dispute between the former ILO Director-General Edward Phelan and another Irish internationalist, the ILO adopted an »orderly, constructive and bureaucratized« approach to tackling the organisation of social justice.¹

Geneva was chosen as the city for the headquarters of the ILO. After the First World War, the city became the global centre of the peace movement and internationalism. In addition to the League of Nations (as predecessor to the UN) and the ILO, which became the first specialised agency of the UN in 1946, Geneva was also the location for the headquarters for the Red Cross and the International League of Women. Already in 1908, the World Association of the Esperanto Language settled in Geneva. Later on, many international peace talks and disarmament conferences were held in the city.

Whereas the constitutional objectives of the ILO have not changed during its nine decades of existence, the organisation has had to

¹. See Ryder (2013: 3).
adapt its policies and programmes to far-reaching political, social, and technological changes. The focus of ILO activities in the beginning was the fight against unemployment, long working hours, and lack of health and safety at work – above all in sectors with high physical stress, high accident risk, and hazardous materials. Following the Second World War, collective labour relations and social dialogue, the promotion of employment, and the equal treatment of labour force groups moved to the forefront for the organisation.

The creed of the ILO for the 21st century, which was coined in 1999 under Director-General Juan Somavia, is the creation of »Decent Work« – meaning the improvement of the quality of work, or its humanisation.

Decent Work corresponds more or less to the goal orientation that has been followed since the 1980s with the term »Good Work« by the Swedish trade unions and the Nordic social democratic parties, and later also adopted by other European trade unions.

The target groups of the labour force that the ILO deals with have also widened. Whereas originally the organisation was primarily concerned with industrial workers, agricultural workers, and miners, today the ILO focusses as well on service workers and minorities, indigenous peoples, migrants, domestic workers, and the so-called informally employed without rights, who in some countries in Africa and South Asia make up as much as 90 per cent of the workforce. Notwithstanding its call for »Decent Work for All Workers«, the ILO concentrates on gainful employment. Largely hidden from its radius of action thus far remain non-market-based forms of work, such as subsistence work, neighbourhood assistance, and volunteering.
The basic idea of the Decent Work Agenda is more than the observance of core labour standards. In its agenda, the ILO summarises all of its efforts and agreements, which ensure that all people work under reasonable conditions, for adequate remuneration, and at reasonable times.

**Decent Work is a Human Right**

The Universal Declaration of Human Right of the UN Charter from 1948 already stipulates the essence of good and decent work in Article 23:

- Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

- Everyone, without discrimination, has the right to equal pay for equal work.

- Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

- Everyone has the right to form and join trade unions for the protection of his interests.

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An in-process International Bill of Rights from representatives of Human Rights states in Article 14 under the rubric »Fundamental Rights«:

- »Everyone has the right to choose his or her occupation or profession and to a living wage for their work, as well as the right to form and join a union and to participate in the activities and programmes of a union, including the right to strike and collective bargaining«.²

ILO’s Basic Goals of Decent Work

The »Decent Work« approach means not only having an eye on the protection of these human rights. Decent Work also means implementing and expanding these rights with concrete regulations, and developing them together in dialogues between employers and trade unions. ILO’s present-day version of the basic goals of Decent Work is as follows:

- Creating more and better employment opportunities
- Respecting and legally protecting workers’ rights
- Building and expanding social security systems
- Promoting the social dialogue between employers and trade unions.
The Nobel Peace Prize awarded to the ILO in 1969.
In its more than 90 years of existence, the ILO has registered considerable successes in its work, but it has also suffered setbacks and disappointments.

At critical times in the social history of the last century, the ILO has directly or indirectly intervened in events with varying degrees of success. For example, the ILO emphatically advocated the rights of workers to collective organisation and for collective bargaining in Roosevelt’s New Deal in the United States in the 1930s. In the resistance to Italian and German fascism in the 1920s and 1930s, the ILO also gained merit. After banning the German Trade Unions in May 1933, Nazi representatives demanded the mandate of the unions at the International Labour Conference in that year. Thereby, they tried to win over the retired Vice Chairman of the General German Trade Union Federation and Social Democratic Party politician Wilhelm Leuschner – one of the most prominent German trade unionists – as well as a representative of the Christian trade union through socio-political concessions. The manoeuvre failed because of the sharp protests of both unionists and the conference delegates. As the Conference refused to recognise the credentials of the Nazi »leader« of the German »Arbeitsfront«, Robert Ley, the delegation left and Hitler’s Germany withdrew from the ILO in 1933.3 One year after Germany left, the United States decided to

join the ILO, despite the hostility of the US Congress to the League of Nations.

On various occasions, and in many ways, the philosophy and standards of the ILO have inspired the programmes and political agendas of national and international organisations. Another example is the »European social model« with its emphasis on social dialogue. It has been deeply anchored in the canon of principles, values, and labour laws of the ILO.

An overall positive influence in the fight against economic crises and their effects on the global workforce can be attributed to the ILO. Already in the 1st International Labour Conference in 1919, public job creation was advocated as an effective remedy against economic depression and unemployment. However, during the worldwide economic crisis in the early 1930s, the ILO campaigned only timidly for public job-creation measures to mitigate the consequences of the crisis, despite the intellectual advocacy by the British economist John Maynard Keynes. Mainly due to the opposition of the Anglo-Saxon member states, agreement could not be reached on a joint conference planned for 1931 on the subject.4

The merits of the ILO are multidimensional. In many respects, it was intellectually pioneering. Already in 1919 in the preamble to its Constitution, the ILO had responded to the cross-border, destructive competition in the labour market with the far-sighted recognition that …

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Thus, it justified the need for a universal set of international labour standards under the conditions of an increasingly globalised economy and its interdependent relationships. Included in the guiding principles set out in the ILO’s Declaration of Philadelphia in 1944 are, among others, the idea that «labour is not a commodity» – contrasting with the neo-liberal dogma of the free labour market – as well as the visionary insights that long-term peace can only be built on social justice; that sustainable social progress requires freedom of expression, speech, and association; and that poverty, wherever it occurs, jeopardises general security.

The ILO played an important role in the fight against the apartheid regime in South Africa when the opposition put pressure on the government and called for international labour standards. Furthermore, the ILO has been in support of movements for freedom and democracy: in Greece in the 1960s; during Augusto Pinochet’s dictatorship in Chile in the 1970s; during strikes by the Polish trade union Solidarity in the 1980s; and more recently in Myanmar.

The ILO has received much public recognition for its work. On the occasion of its 50th anniversary in 1969, it received the Nobel Peace Prize. On 7 October every year, the World Day for Decent Work is celebrated on the initiative of the international trade unions. Its purpose is to draw attention to the ILO’s Decent Work Agenda and its role in economic development and the fight against poverty and social injustice. In October 2011, this day was the occasion to point out the growing trend of precarious employment in virtually all countries and to discuss possible remedies.
Since (or better, already before) the beginning of the most recent economic and financial crisis in 2008, the ILO has been among the most important proponents of an active employment and labour market policy. The ILO has warned repeatedly against viewing the crisis as already having been overcome, thereby prematurely scaling back stimulating and stabilising measures, and employing wage cuts and other forms of social cuts to conquer the crisis. It has called for a fundamental reform of the financial markets and a strengthening of the real economy.\(^5\) The ILO recently warned EU member states that, with the continuation of fiscal and social austerity policies, social unrest could be expected. For several years, the ILO has explored and advocated the promotion of «green jobs» and climate-friendly technologies and energy sources, which are seen as having a positive net employment effects.\(^6\) Recently, the ILO has won widespread support for its claim that access to decent work is key to ending poverty.

When the organisation celebrated its 90th anniversary in 2009, the foyer of its Geneva headquarters was decorated with the likenesses of government leaders who have visited the ILO over the years, who committed to its goals, and who pledged support for its activities. In fact, the history of the ILO is associated with big names, such as Nelson Mandela, Amartya Sen, Lech Wałęsa, Popes Paul VI and John Paul II, Willy Brandt, Franklin D. Roosevelt, Kofi Annan, Aung

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5. See the ILO’s call for a »Global Jobs Pact« in 2009.
San Suu Kyi, all of whom campaigned for the ILO in drastic times, spoke at the International Labour Conference, or in one way or the other inspired the ILO and raised its reputation.

At the G20 summit, at which the ILO Director-General regularly participates, employment issues and decent work have, for many years, occupied an important place in the summit declarations and final documents.
On 23 February 2006, the 94th International Labour Conference adopted the Maritime Labour Convention, which sets out the conditions for decent work in the increasingly globalised maritime sector.
4 / THE CENTRAL TASK: DEVELOPING AND MONITORING INTERNATIONAL LABOUR STANDARDS

THE INTERNATIONAL LABOUR STANDARDS: AN OVERVIEW

According to ILO’s own wording, international labour standards are aimed at promoting decent and productive work in conditions of freedom, equity, security, and dignity. They are part of an international framework of governance designed to ensure that the global economy provides benefits for all.7

ILO labour standards are laid down in Conventions, Recommendations, and Protocols of the organisation. Other important documents of relevance for international labour standards are ILO Declarations and Codes of Practice. At present, the ILO lists 189 Conventions and 202 Recommendations. A number of the older Conventions have been withdrawn or revised, but the corpus of international labour legislations through international labour standards is up to date. Conventions are legally binding, whereas the observation of Recommendations is voluntary. Once a Convention is adopted by the International Labour Conference, a minimum number of ratifications by ILO member states are required to put the Convention into effect. Member states are obliged to submit the norm to their parliament or another competent national authority for ratification and enactment of the relevant legislation.

A ratified Convention is subject to the ILO’s supervisory system for ensuring that the Convention is actually implemented and applied. The supervisory bodies include the independent Committee of Experts on the Application of Conventions and Recommendations, and two tripartite committees of the International Labour Conference: the Committee on Freedom of Association and the Committee on the Application of Standards.

The ILO’s Governing Body has identified eight Conventions as »fundamental« (also termed »core« Conventions), covering subjects that are considered as fundamental principles and rights at work. These include: the right to establish free and independent workers’ and employers’ organisations; the right to organise, and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; equal remuneration of women and men for work of equal value; and the elimination of discrimination in respect of employment and occupation (see Box 2). These principles and rights are also covered in the ILO Declaration on Fundamental Principles and Rights at Work of 1998. They are viewed as enabling standards. Respecting them is viewed as a precondition for the application of all remaining ILO norms.

The eight fundamental Conventions have meanwhile been ratified by between 150 and 175 countries. With these ratification rates, between 47 per cent (in the case of freedom of association) and 94 per cent (in the case of abolishing forced labour) of the world population is covered. Forty-eight member states have not yet ratified the core labour standards (International Labour Office 2012: 14, 18).

The member states that have not ratified the Conventions on the fundamental rights of labour are obliged – solely on the basis of their membership – to observe, to promote, and to implement the core labour standards set by the »ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up«, adopted in 1998. Accordingly, the ILO is obliged to support its members in this regard.
In practice, this means that the national labour and social laws of the member states must be brought into line with the ILO standards, and that the ILO-compliant law is actually also observed on site. The Follow-up of the 1998 Declaration includes annual reporting to the ILO’s Governing Body by non-ratifying states regarding their efforts to promote and realise the principles of the Conventions.

The ILO’s Governing Body has designated another four Conventions as »priority« instruments, thereby encouraging member states to ratify them because of their importance for the functioning of the

**Box 2**

**FUNDAMENTAL ILO CONVENTIONS**

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

international labour standards system (see Box 2). These Conventions are now referred to as Governance Conventions. They were identified by the ILO Declaration on Social Justice for a Fair Globalization of 2008 as the standards that are the most significant from the viewpoint of governance. The special element with »priority« or »governance« Conventions, as with core Conventions, is that reports on them are required every three years, instead of five years for the others.

**Box 3**

**ILO GOVERNANCE CONVENTIONS**

- Labour Inspection Convention, 1947 (No. 81)
- Employment Policy Convention, 1964 (No. 122)
- Labour Inspection (Agriculture) Convention, 1969 (No. 129)
- Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)


Except for Convention No. 129, each of the Governance Conventions has been ratified by far more than 100 ILO member states. Convention No. 144 was ratified by 133 states in all regions. In many countries, it has triggered successful social dialogue on a range of matters, beyond those set out in the Convention. Recent evidence of how the social dialogue process can be enhanced by the establishment of tripartite consultation can be drawn from the experiences of countries as diverse as Malawi, Indonesia, the Philippines, El Salvador, and Uruguay (International Labour Office 2011).
A third category of international standards aims at so-called technical standards in different subject areas for which the ILO has an international mandate. Specifically, it is about regulations on minimum wage and remuneration; working hours; rest periods and holidays; the protection of workers with special needs, such as women during pregnancy and after delivery; migrant workers; home workers; and indigenous and tribal populations. Other important subjects of ILO standards are gainful employment; unemployment and underemployment; vocational training and rehabilitation; business development; labour statistics; employment services; social security; health and safety at work; labour inspection; labour law; collective labour relations and arbitration in labour disputes; and labour policy for individual industries and occupational categories.

Compared with the core labour standards, the average ratification rate of the technical standards globally is considerably less.

Taking all categories of ILO Conventions together, the highest rates of ratification are attained by countries in Europe, including Spain with 133 ratified ILO Conventions, France (124), Italy (112), Norway (107), the Netherlands (106), Luxembourg (100), Belgium (100), Bulgaria (100), and Finland (100). A high rate of ratification is also recorded for a number of Latin American countries, including Uruguay (108) and Brazil (96). With merely 14 Conventions ratified and only two of the eight core Conventions, the United States is rather at the end of the ratification scale and far behind China (with 25 ratifications, of which four are core labour standards). These figures may include Conventions that have later been denounced.

Domestic workers are also workers: Around four thousand domestic workers gathered in Marina Beach »Chennai« demanding dignity of their work and life.
The strategy of ILO member states in relation to the timing of ratification has differed greatly. There are countries such as Germany that prefer to ratify ILO Conventions only after having their national laws and practices brought into line with international norms, or when they are institutionally capable of implementing them, as is the position of China. By contrast, other member countries have tended to ratify quickly, partly to show their good intentions and often without giving too much consideration about living up to the standards.

**PROTECTING HIGHLY VULNERABLE WORKERS:**
**EXAMPLES OF RECENTLY ESTABLISHED ILO NORMS**

**The Maritime Labour Convention of 2006:**

Of the economic sectors, the maritime industry sector is the most globalised. The Maritime Labour Convention has replaced a large number of earlier instruments on seafarers’ work. It seeks to protect the 1.2 million seafarers worldwide against unfair competition through the regulation of wages and social benefits; minimum age of employment; working time and rest periods; accommodation, food, health, and safety on board; minimum manning standards; medical care; and social security, as well as the regular inspections of ship and ports in countries that have ratified the Convention. The Convention has reached the necessary number of 30 ratifications by member states and entered into force on 20 August 2013.

**The Domestic Workers Convention No. 189 of 2011:**

The Domestic Workers Convention protects in various ways domestic workers whose number worldwide is estimated by the ILO to reach more than 52 million. It gives them the same rights as other

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workers. Many of them are migrants and in a very weak bargaining position vis-à-vis their employers. Next to protection through the fundamental principles and rights at work, the Convention stipulates minimum wages; written work contracts; minimum rest periods; regulation of working time and holidays; social security; maternity protection; and complaint procedures in case of violations of such standards.

The Recommendation No. 202 of 2012 on National Floors of Social Protection:

To date, minimum social protection in cases of unemployment, sickness, accidents, disability, maternity, and old age exists in only a minority of ILO member states. The Recommendation advocates that everyone on earth should enjoy at least basic income security sufficient for making a living and be guaranteed through transfers in cash or in kind, such as pensions for the elderly and persons with disabilities, child benefits, income support benefits, and/or employment guarantees and services for the unemployed and working poor.
Worker in He Djerdap, Serbia.
Countries that have respected and implemented the normative prescriptions of the ILO and the related policies have shown superior economic and social performance, and beyond that, political stability and peace. Clear evidence of the positive impact of labour policies that comply with ILO standards on national well-being is amply available, as, for example, with reference to the Nordic European states (see Box 4).

The Northern European experience attests to the validity of the ILO conviction that the labour market and labour utilisation need to be regulated and controlled, not merely to attain humane working conditions, but to achieve international economic competitiveness, social and political stability, and sustainable development.

Unfortunately, this view is not generally shared. It has been contested by free-market economists, who oppose much of the ILO-recommended public and collective interference in the labour market. Already in its early days, the ILO was confronted with the ideology of the free, self-regulating market. Leading economists such as Alfred Marshall (Marshall 1982) argued that working and living conditions naturally improved with economic growth, for which unrestricted competition creates the best conditions. Every »artificial« intervention in the economy from outside would distort the functioning of the labour market and lead to sub-optimal results and imbalances, such as unemployment, underemployment, and
The Nordic European countries of Denmark, Finland, Norway, and Sweden have evolved from relative poverty in the first half of the 20th century to prosperity and welfare in the second half of the century and beyond. Notwithstanding some recent dips, they have attained top rankings worldwide according to nearly any statistical measurement of economic, social, and political performance.\(^9\) In large part, they have progressed not through beggar-thy-neighbour policies that would be to the detriment of other nations, but instead through fair and constructive competition in the labour market. They have managed to mobilise and fully utilise their labour and other internal resources. Cooperation in labour-employer relations and reliance on professional management has been mutually beneficial. Their high tax rates to finance the labour standards and the welfare states have not done harm to their economies. They have accomplished comparatively high levels of GDP per capita, productivity, and product and process innovation. They are the most advanced countries worldwide in the use of modern information and communication technologies. For many years, they have shown below average inflation as well as positive trade and current account balances.

Labour shortages. Unlike the ILO, which has amply demonstrated the positive contributions that collective bargaining and the voices of employees have made towards achieving both economic and social goals, mainstream economics has tended to see collective negotiations as either an impediment to the smooth functioning of markets, or as ineffective.\(^10\) Moreover, the application of international labour standards is said to prevent poor countries from being able to catch up with the economically prosperous countries. According to the »free market fundamentalism in economics«, only

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9. See, for example, the pertinent statistical indicators in UNDP's Human Development Report 2013; ILO's Key Indicators of the Labour Market; and the Global Competitiveness Reports of the World Economic Forum; see also Sengenberger (2011: chapter 5).

They are noted for high rates of labour-force participation, including for women, as well as for high employment-to-population ratios; low mean rates of unemployment and underemployment and precarious work; low earnings dispersion and high income and gender equality; low rates of poverty; high rates of life expectancy; and low rates of crime, corruption, and other social pathologies.

One of the main reasons for achieving this record has been a combination of well-designed public and private policies governing the labour market, employment, and work.

There have been benefits from high rates of collective organisation of employers and workers and extensive collective negotiations at the national, sector, and local levels, which has produced high degrees of coverage through collective agreements. There have also been comprehensive regulations regarding minimum wages, hours of work, and other favourable working conditions. The countries have excelled in terms of high mean standards of general education and vocational training, social security, and safety at work.

The free, unhindered market would lead to the real standardisation of wages and working conditions. Some representatives of the free market doctrine even went so far as to claim that unemployment is a decision made by those affected, that the workforce is always adequately remunerated according to marginal productivity, or that workers performing dirty, dangerous, and monotonous jobs are always fairly compensated with higher pay. In most cases, these concepts correspond to a chimera.

Contrary to the stated theses of neo-classicist economic theory, heterodox economic theory holds that, in reality, the optimising invisible hand of the free market does not exist. Rather, the improvement in employment and working conditions is in no way ensured
through economic growth – it requires proactive regulation in the form of standards and rights. Power relations play a large role in the economic process and its results. Universal labour standards are necessary to prevent unfair competitive disadvantages and exploitation. Competition in the labour market should not be forced, but on the contrary should be restricted and channelled. Universal labour standards can contribute to prohibiting destructive competition.\textsuperscript{11}

Even Winston Churchill, who was a Liberal before he became a Conservative, pledged himself to the minimum wage. In the House of Commons in 1909 he argued that without a (legally enforceable) minimum wage the good employer is undercut by the bad, and the bad employer is undercut by the worst.\textsuperscript{12}

Economists such as Amartya Sen and Joseph Stiglitz, both Nobel Prize winners in economics, have viewed international labour standards as a public good that not only poses no disadvantages to competitiveness, but in fact improves economic performance, and thus yields a dividend.

Ultimately, they lead to the improved use of labour, to cooperation in business, to social peace, and thus to political stability (Sen 2000; Stiglitz 2002). Globally, however, this is a minority viewpoint in economics and the related consulting industry. The followers of mainstream economics in research and teaching accept, at best, a few of the ILO’s core labour standards, but they reject many of the technical standards as anti-market, hampering flexibility, harmful to efficiency, and growth-inhibiting. This is especially true for minimum

\textsuperscript{11} The labour market is not a market like all the others. »Labour is not a commodity«, as stated in the preamble of the Declaration of Philadelphia in 1944.

wages; wage-setting through collective bargaining and more general collective agreements; protection against unlawful dismissal; wage replacement benefits for unemployment and underemployment; and other forms of income protection and the regulation of working hours.
102nd Session of the International Labour Conference.
The normative aims and ambitions of the ILO have not been fully met so far. This may sound surprising in view of the clear evidence of positive economic, social, and political effects generated by the application of international labour standards. Many states and numerous employers still do not act in compliance with ILO norms and the concomitant policies. Violations of fundamental rights at work that amount to the infraction of the Constitution of the ILO are registered continuously by the supervisory bodies of the ILO and other organisations, such as the International Trade Union Confederation (ITUC), that monitor international labour standards.

The ITUC produces ongoing country reports on the non-compliance of ILO core labour standards, which it then presents to the World Trade Organization (WTO) so that they can halt the abuse (see, for example, the report on the Philippines in 2012 in Box 5).

The most common complaint concerns the violations of the freedom of association. The corresponding ILO supervisory body, the Committee on Freedom of Association, has dealt with thousands of serious violations against Convention 87 on freedom of association since its founding in 1950. Currently there are more than 3,000 cases. Among them are cases of intimidation, persecution, imprisonment, deportation, and murder of trade unionists. In the past five years, according to ITUC, 90 trade unionists on average have been murdered each year, many of them in Colombia and Bang-
Box 5

INTERNATIONALLY RECOGNIZED CORE LABOUR STANDARDS IN PHILIPPINES

- International Trade Union Confederation (ITUC)
- Internationally Recognized Core Labour Standards in Philippines
- Report for the WTO General Council Review of the Trade Policies of Philippines

(Geneva, 20 and 22 March 2012)

Executive Summary

Philippines has ratified all eight core ILO labour Conventions. In view of restrictions on the trade union rights of workers, discrimination, child labour, and forced labour, determined measures are needed to comply with the commitments Philippines accepted at Singapore, Geneva and Doha in the WTO Ministerial Declarations over 1996-2001, and in the ILO’s Declaration on Fundamental Principles and Rights at Work and its 2008 Social Justice Declaration.

Trade union rights are recognized in the Philippines but with many restrictions. In practice, there is an environment of violence and intimidation against trade unions. Employers and state authorities make use of anti-union lobbying. In many cases, there was no prosecution in the respective countries (International Labour Office 2012: 21). On the other hand, interventions by the ILO – mainly at the request of national and international trade unions – continue to help getting trade unionists freed from jail.

Furthermore, serious violations have been recorded with regard to other fundamental Conventions. According to ILO estimates, presently the number of victims of forced labour worldwide runs as high as at least 12 million people, most of whom work in the private economy. There are more than 300 million children aged 5 to 17
practices in order to curb unions’ rights. Killings of trade unionists have declined since 2009 but continue to take place with impunity. Furthermore, the increasing replacement of long-term employment contracts with subcontracted or contractual labour curtails union membership.

Discrimination on various grounds is prohibited but it is a problem. Women are concentrated in low-skilled, low-paid occupations and face a sizeable pay gap. The laws on indigenous peoples’ rights are not effectively enforced and many indigenous persons have lost the means to exercise their traditional occupations.

The legislation on child labour is not in conformity with ILO Conventions 138 and 182. In practice, child labour is prevalent and many children are exploited in the worst forms of child labour. The government is endeavouring to address the situation and has made some progress to this end.

Forced labour and human trafficking are problems. Many women and girls are forced into domestic servitude and prostitution and men are coerced into debt peonage in agriculture and fisheries. The government is making some efforts to eliminate trafficking and forced labour but prosecutions are rare and some police agents are complicit.

in the world engaged in child labour, many of them in full-time jobs. There are 115 million working children exposed to hazardous forms of labour that endanger their physical, mental, and moral well-being. Fortunately, in recent years, child labour on a global scale has been on the decline, thanks partly to the impact of the ILO’s International Programme on the Elimination of Child Labour (IPEC). Progress in combating child labour has been greatest in Latin America and Asia. However, certain countries have fallen behind, and child labour has increased in Africa (International Labour Office 2012: 28). India, which is regarded as the »world centre of child labour« is about to pass a law aimed at prohibiting the worst forms of
child labour. *Discrimination in employment and occupation* remains a cause for major concern, notably since the global economic crisis and the consequent cuts in social spending, which have reduced the capacity of institutions to deal with discrimination complaints.

Many of the violations of the core Conventions increasingly occur at the end of the global value chains or supply chains, in the largely extralegal, so-called informal economy and in the so-called export processing zones (EPZs), in which primarily women are employed. For example, trade unions are not permitted in the special export zones in Bangladesh. EPZs are generally defined as industrial zones with special incentives to attract foreign investors, in which imported materials undergo some degree of processing before being re-exported. According to ILO estimates, there were 3,500 EPZs or similar types of zones in 130 countries in 2006, accounting for more than 66 millions direct jobs, of which 40 million were in China alone (International Labour Office 2012: 44-45). Some of the worst offences of ILO standards occur in the consumer goods industries, plantations, mines, construction, and small service firms.

The observance and implementation of the standards through proactive policies and struggles for their national implementation and application is highly uneven across ILO’s member states. Thus, there was a high frequency of violations of Conventions 87 and 98 on freedom of association and collective bargaining in the former communist countries in Central and Eastern Europe, in the Middle East, in South and East Asia, and in several Latin American countries. The prohibition of child labour and forced labour is
still disregarded primarily in countries in South and South-East Asia. Bonded labour is still widespread in many countries in this region. In many countries there is child trafficking, child prostitution and pornography, and the forced recruitment of children into armed conflict.\textsuperscript{13}

Also glaring is the lack of compliance of a number of governance and technical Conventions, including Convention 122, which aims at full, productive, and freely chosen employment and was accorded priority ranking among the ILO standards. The extent of unemployment worldwide has reached a historic high as a result of the recent economic and financial crisis – in many developing countries it is not even included in the statistics. According to ILO estimates, the world will need 600 million jobs over the next ten years in order to absorb the 400 million new entrants annually to the labour market, in addition to the more than 200 million workers already unemployed. Forms of underemployment and substandard employment are widespread and their share of total employment has risen in the majority of countries in every decade since 1970. In many countries, »a-typical« forms of employment have become the norm. The rate of youth unemployment is in the single digits in only a few countries; in many it reaches one-third and more of the potential labour force. A consequence of these major shortcomings is the high level of working poor, overall poverty, and the growing inequality of income and wealth.

Rising disparities between the rich and poor and the correspondingly shrinking middle income groups may be viewed as the most serious challenge of the 21st century, with negative implications also for the ILO. The trend of increasing intra-country income inequality is most dramatic in the United States and in fast-growing China. According to UNCTAD, during the 1980s and 1990s, income inequality measured by the Gini-coefficient rose in 73 of

\textsuperscript{13} For the state of the disregard for the basic right of workers, see International Labour Office (2012: 28).
the 105 countries with adequate statistical information, whereas it fell in only 24. In the period 2000-2010, there was a bifurcation in inequality trends. There was a continued upward trend in income polarisation in OECD countries, the European and Asian transition countries, South Asia, and the Middle East and North Africa. The trend can be traced *inter alia* to the spread of informal employment, reduced scope for collective bargaining, and a fall in minimum wages following labour market reforms. On the other side, a marked decline in income disparities has occurred in Latin America, some parts of sub-Saharan Africa and in Malaysia, Thailand, and the Republic of Korea. The latter trend suggests that a reduction of inequality is possible, even in a globalised economy, if governments adopt a set of prudent macroeconomic, fiscal, labour, and social policies, including progressive taxation, income transfers, minimum wages, active labour market policies, and heavy investments in education. In Latin America, these policies were taken up in the course of democratisation by left-of-centre governments in a new policy model named »open economy growth with equity« (UNCTAD 2012: 1-7).

The Number One United Nations Millennium Development Goal, which is to halve the average poverty rate in the period from 1990 to 2015, will likely be missed in many regions. This is true even for African countries that, because of their natural resource exports, have been propelled into the world’s high-growth league – simply because the large majority of the population does not benefit from the tide of wealth. Economic growth by itself is not lifting all boats. With its responsibility for labour and social policy, the ILO is not primarily responsible for this development, but there are others who are, particularly organisations responsible for economic and financial policy, as well as the nation-states. To name just two misguided practices on which the ILO has practically no influence but that affect its area of competence: the subsidisation of agricultural products and agricultural exports by the United States and EU member states; and the massive buying (bordering on land-grab) of agricultural and pastoral areas in Africa.
by multinational corporations – a form of modern colonisation – which is driving many Africans into unemployment, poverty, and emigration.

Where ILO member states have failed to ratify, observe, and implement international labour standards, they have used manifold arguments – and often convenient excuses – to justify their conduct.\textsuperscript{14} Some have challenged the ILO on its claim that the international labour norms – and above all the fundamental principles and rights at work – are universally valid and applicable, regardless of the great diversity of countries in terms of the state of development, structure of employment, culture, religion, social institutions, and financial and administrative capacity. The ILO has not ignored variable local conditions but has emphasised that there must be limits to deviations or exceptions from the norms. Otherwise, standards would cease to be standards. After all, core labour rights are basic human rights which are absolute, not relative to local political or cultural circumstances. They fully apply everywhere and to everyone. Repeatedly, the ILO has refuted the argument that standards, notably those for social security, would be too costly for low-income countries and could not be afforded. According to ILO calculations, less than 2 per cent of the global GDP would be necessary to provide a basic set of social security benefits to the world’s poor. The Office has pointed to successful examples of net gains from injecting cash into local economies through social transfers, in order to boost consumption power and domestic demand and, in turn, encourage growth and redistribute income, particularly in countries with high inequality (International Labour Office 2008). The ILO, furthermore, has directed attention to crucial links between social protection and other fundamental ILO concerns, for example tackling child labour. Measures such as cash transfer or health insurance can determine whether a child spends the day studying and playing, or working and being deprived of a fair chance at a decent future.

\textsuperscript{14} For a detailed account, see Sengenberger (2005: chapter 3).
Work place safety is most often neglected in factories among developing countries like Bangladesh. Asgar Mia, 26 years of age, works in an industrial factory, continually facing hazardous conditions where protection and insurance is limited or non-existent.
7 / OPPORTUNITIES AND OBSTACLES TO THE REALISATION OF INTERNATIONAL LABOUR STANDARDS

The ratification and implementation of ILO standards on the national level is determined by ILO internal and external factors.

LEGAL, FINANCIAL, AND HUMAN RESOURCES OF THE ILO

As an organisation based on voluntary membership, perhaps the most important internal factor is the limited opportunities available to the ILO for applying international sanctions in the case of failure of its members to comply with international labour standards. In comparison, nation-states can apply strong sanctions if they want. Certainly, the ILO has created a comprehensive system of monitoring of its standards architecture. It includes the obligation to provide periodic reports to the member states about the state of compliance of ratified Conventions, supplemented by statements on the reports by the national employers’ and workers’ organisations.15 A committee of independent experts reviews the reports and submits its evaluation to the International Labour Conference. For the investigation of violations of trade union rights, there has been a special committee since 1950. Parallel to these examination procedures, the trade unions and employers’ organisations can appeal to the Governing Body in the case of alleged violations against the ILO Conventions, according to Articles 24 and 25 of the ILO

15. See Article 22 of the ILO Constitution.
Constitution. The same right of appeal is granted to each member state that believes that another member country is not observing and implementing an ILO Convention which it has ratified.

However, the ILO lacks sufficient legal or financial resources for the punishment of the abuse of its standards identified by its monitoring bodies. It has no police force and it is also not a global labour ministry or an international labour court. Many states refuse to ratify the standards or their full implementation by referring to their national sovereignty or their «cultural» traditions or peculiarities. Ultimately, the ILO has at its disposal not much more than the moral appeal and the public denunciation of the violations of the international labour law. Nevertheless, under certain circumstances, the »name and shame« can be an effective means. Which country would like to be exposed at the International Labour Conference in front of the whole world as an ignoramus and antagonist regarding the fundamental labour rights declared as basic human rights?

Compared with other international development organisations the financial resources of the ILO are rather modest. With a current yearly budget of approximately 430 million US dollars and about 1,700 employees, the ILO falls far behind the World Bank, which has around 11 billion US dollars and 11,000 employees. The financial strength of the ILO, with nominal or zero real growth of the budget in recent years, is at variance with the rising number of member states and Conventions that have to be monitored. For many standards, such as Conventions 97 (1949) and 143 (1975) on international labour migration, there was only a very small technical and specialist staff available for a long time. The tight budget is partially offset by special grants from national governments or private funding for specific programmes. Moreover, the dependence on special funding – as, for example, in the case of the International Programme on the Elimination of Child Labour (IPEC) – creates uncertainties in the financing of technical cooperation. According to one critic, the ILO no longer has the critical mass of

→ Many states refuse to ratify the standards or their full implementation by referring to their national sovereignty.
expertise available to properly supervise the more than 7,000 rati-
fied Conventions or to sufficiently operate through consulting and
development cooperation (Standing 2008: 375ff.).

As in every organisation, the performance of the ILO is to a large
measure determined by the quality of the staff, in particular in the
specialist fields and at the management level. On this, the judge-
ment is rather split. On the one hand, the ILO has always managed
to acquire outstanding professionals. Still today, it appeals to quali-
fied and committed young people. On the other hand, one detects
significant deficiencies in the system of recruiting, selection, and pro-
motion of staff; not least due to the intervention of member states
in the staffing policy of the International Labour Office. For the pro-
fessional expertise of the ILO, in particular for the maintenance of its
core competencies, it is also of concern that in the last two decades,
the share of staff with non-regular employment contracts (including
contract work, temporary contracts up to six months, and chain con-
tracts) has risen sharply. With a rate of almost 65 per cent fixed-term
contracts, the ILO in 2009 was above the average level of temporary
employment among United Nations organisations. By contrast, the
ILO did better with regard to the share of employees with less than
five years of service. Its rate of 37 per cent does not, however, take into account the many contracts with a duration of less than one year.\textsuperscript{16} The staff union of the ILO even speaks of partially precarious employment. This raises the question of whether in its own staffing policy the ILO lives up to its own standards. In defence of the relatively large share of fixed-term contracts, it has been argued that the employment insecurity in the Office reflects the high uncertainties of donor-financed activities of the ILO.

\textbf{VARIABLE SUPPORT FROM THE MULTILATERAL SYSTEM}

Of great importance for the observance and promotion of international labour and social law, as well as the ILO as an international development agency, is the mutual support and coordinated approach of the relevant multilateral organisations – in particular the UN organisations with their fragmented architecture. Under international law, the organisations of the multilateral system are required to reconcile their mandates with each other and align their goals accordingly. The UN General Assembly and the Economic and Social Council have called on the relevant international organisations, individually and collectively, to support the ILO’s Decent Work Agenda, together with the intertwined goal of poverty eradication.

In terms of integration, coordination, and coherence of economic and social policy in the multilateral system, there has been some progress. In 2004, the ILO launched a Policy Coherence Initiative on investment, growth, and employment involving the WTO, the World Bank, the International Monetary Fund, and other relevant UN organisations. Thus, for example, the UN Conference on Trade and Development (UNCTAD) has become one of the strongest ILO allies in the promotion of labour and social standards and a progressive social policy in general. Yet, it is precisely this organisation

\textsuperscript{16}. Source: UN-System: Chief Executive Board of Coordination, Personnel Statistics, 2010.
that has now come under political pressure and is threatened by financial depletion. This may not be random, because UNCTAD has repeatedly come forward with warnings about the deregulation of the financial markets; it is a thorn in the side of orthodox economics and the neo-liberal policy of international financial institutions.

Not fully coherent with – and less than fully supportive of – ILO norms and policies have been the Bretton Woods organisations – the International Monetary Fund (IMF) and the World Bank. Under the so-called Washington Consensus, based on the belief that the free operation of market forces ensures the best social outcomes, the IMF and the World Bank advocated and pursued »structural adjustment« policies aimed at the removal of institutional rigidities through the deregulation of national labour markets, including the dismantling of job-security laws and the reduction of unemployment benefits, welfare-state entitlements, and others. Consequently, there has been insufficient agreement on, and coordination of, policies between these organisations and the ILO. In particular, for many years, in accordance with the neo-liberal economic dogma, the World Bank and the IMF refused financial support to countries that adhered to ILO norms on minimum wages, employment protection, and social security on the assumption that these standards would impair labour market flexibility, investment, economic growth, and employment. Evidence to the contrary, labour standards were often portrayed as helping insiders to the detriment of outsiders, including women and racial and ethnic minorities. For example, the ILO reform policy in Central and Eastern European states during their transition from planned to market economies has been largely thwarted by the World Bank. Immediately after the collapse of communism in 1989, the intention prevailed in these countries to resort to a Scandinavian welfare-state model for restructuring. However, this request was soon overrun by the political and financial power of the World Bank. With the help of the so-called Shock Therapy, which at the core aimed at cuts in social spending and the deregulation of the labour market, the World Bank tried to bring the concerned countries onto a neo-liberal course with a lot of money – with some devastating consequences
for the situation of workers. In Russia, for example, there was widespread poverty after 1990 and the average life expectancy of the male population dropped from 64 to 58 years (Standing 2008: 365).

More recently, however, the World Bank has started to align itself with the ILO’s Decent Work Agenda. Respective studies of the World Bank showed no evidence for the belief that ILO standards such as collective bargaining, wage floors, employment protection legislation, and wage replacement in case of unemployment generate negative effects on economic performance. As a result, the World Bank started to revise its policies in favour of the ILO and engaged in more cooperation accordingly. The Bank now acknowledges the positive role of core labour standards to its mission to eradicate poverty and makes observance of the standards obligatory for all client companies (although the ITUC maintains that the World Bank has not committed itself to monitor or uphold these standards in a comprehensive way). Since 2007, the World Bank’s International Finance Corporation (IFC) and the ILO have run a joint programme on the promotion of core labour standards under the label »Better Work«. Lately, both the World Bank and the IMF have acknowledged that job growth is essential to inclusive development and poverty reduction.

Together with international trade union organisations and a number of national governments, the ILO managed in 2009 to have the International Development Agency and the IFC suspend the use of the »Employing Workers Indicator« for assessing the eligibility of countries for financial support. Countries had stood a poor chance of receiving World Bank support if they had collective wage agreements, limits on working hours, restrictions on night work, reasonable holiday entitlements, minimum wage laws, well-developed employment protection, and decent wage replacement protection in case of unemployment.

Stemming from their neo-liberal theoretical orientation, the international financial institutions are not the only ones that have negatively influenced the national and international regulation of labour and the labour market. The replacement of Keynesian dominance
in the economic dogma and the rise of neo-liberalism to the new orthodoxy in economics from about 1970 created an unfriendly environment for the ILO. The new orthodoxy in economics proved to be a barrier for social progress – more perhaps than the repeatedly quoted institutional and cultural diversity of the member states, which allegedly stands in the way of a universal standardisation and regulation of labour.

A window for a potentially more effective prevention of violations against the international labour code opened in the last decades of the last century, through the possibility of making the access to quickly growing international markets dependent on the observance of international labour standards. In the framework of the WTO, the responsible ministers for foreign trade at a conference in 1996 in Singapore committed themselves to support the core labour standards and declared their readiness to cooperate with the ILO. By means of »social clauses« in trade agreements, the WTO could theoretically impose trade sanctions on countries with serious violations of ILO core Conventions – and in extreme cases exclude them from international trade – and reward standards-compliant behaviour with trade preferences. Social clauses have been requested by WTO members in North America and Europe, and also by Western trade unions. Yet, most countries outside of the old industrialised world are wary of labour standards being made compulsory through WTO disciplines. They believe that the issue of labour standards does not belong to the WTO (Singh and Zammit 2000). The countries of the South, and above all the emerging economies, worry that linking trade and investment to social and labour standards would raise new barriers to their access to the global market. The comparative advantage of low labour costs – so the argument of governments and employers of these countries – should not be taken away from them.17

17. It has been argued that developing countries need protectionist policies and institutions to develop and catch up with the most advanced countries. According to a Cambridge economist, Western countries, notably the United Kingdom and the United States, which in theory have been most in favour of free trade and investment, have in reality been among the most protective economies during the last two centuries. See Chang (2002).
After years of discussion in the General Agreement on Tariffs and Trade and in the WTO, the ILO Governing Body eventually shelved the idea of the social clause in the middle of the 1990s. The ILO position on this issue was reconfirmed in 2008: »The violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and labour standards should not be used for protectionist purposes.«¹⁸

To date, there has been no consensus at the multilateral level for whether and how to link the liberalisation of international trade with labour issues and how far trade policy should be used as an instrument to enforce ILO standards. Indeed, it may be questioned whether a broad WTO mandate for labour standards and the corresponding jurisprudence, which would most probably be different from that of the ILO, would actually bring about an improvement in relation to the enforcement of standards.

The number of regional and bilateral trade agreements that include social clauses on the observance of international labour standards has increased in the last 25 years. According to these agreements,

¹⁸. See ILO Declaration on Social Justice for a Fair Globalization, Section A (iv).
trading partners who respect the standards are rewarded with trade benefits (e.g., lower tariffs) and those who abuse the standards are imposed with sanctions (e.g., fines). One of the first of these agreements was the US System of Preferences. Examples of labour provisions in US free trade agreements are the Central-America-Dominican Republic-USA (CAFTA-DR), the US-Bahrain, and the US-Peru agreements (Gravel and Delpech 2013). Petitioners for the inclusion of labour clauses in trade agreements draw increasingly on the decisions of the ILO supervisory bodies to substantiate their complaints.

After an intervention by the ILO supervisory bodies, the European Union has withdrawn the trade preferences granted to Myanmar (Burma) because of the massive use of forced labour there. The trade preferences were also revoked from Belarus as a result of the continuing violations of freedom of association. The EU is considering applying the System of General Preferences to other countries as well, including Georgia and Uzbekistan.19

THE MULTIPLICATION OF ACTORS AND INSTRUMENTS

In view of the insufficient capacity of the ILO to enforce its Conventions, and in the absence of respective trade conditionality in the WTO, more and new agents have committed themselves to undertake activities in order to advance international labour standards. Among them are national governments engaged in international development cooperation, non-governmental organisations (NGOs), and multinational enterprises that have been pressed to respect the ILO norms at home and throughout their business networks.

19. An overview of the existing trade agreements with social clauses can be found in International Labour Office (2009: 63ff.)
The most important initiatives and instruments include – under the label of corporate social responsibility (CSR) – the voluntary codes of conduct and auditing of multinational firms, so-called ethical investments, initiatives by consumer groups, and the labelling of goods that are produced in accordance with ILO standards. Most of the initiatives have been targeted at textiles and clothing (e.g., »Rugmark« and the »Clean Clothes Campaign«) and other consumer goods industries. Critics speak of all of these civil society measures as »soft labour law« to distinguish it from »hard« international labour law. Still, it should be acknowledged that virtually all human rights laws were at first »soft« political resolutions or declarations before they were translated into binding instruments.

In a number of instances, corporate social responsibility has blatantly failed. Thus, for example, a series of fatal industrial accidents in Bangladesh have been attributed to lacking binding accountability under the system of private governance of labour standards in global supply chains. This includes the tragic Rana Plaza building collapse in Bangladesh in April 2013 with a death toll of over 1,120 people and more than 2,500 people injured. According to one critic, instead of
empowering labour on the ground, private codes of conduct and auditing systems serve as a means to »replace« trade unions by suggesting that workers’ interests are sufficiently protected by external auditors. Due to the buyer-driven nature of the global supply chain, transnational corporations can exert massive price and delivery pressures on their suppliers, leaving them with little space for implanting safe and decent working conditions (Gross 2013: 1-2).

Other non-governmental self-regulatory instruments to be mentioned are the so-called framework agreements, which are negotiated from the middle of the 1990s between sector trade unions (Global Union Federations) or their affiliates and largely European multinational corporations. The agreements are aimed at establishing minimum labour standards and practices in a common framework of labour relations in all locations of the corporations and throughout their supply chains. The trade unions favour these agreements over the unilaterally set corporate codes of conduct. Thus far, about 85 such bilateral framework agreements have been reached, affecting about eight million workers (Papadakis 2011). Special experience on the implementation of international framework agreements is available from Brazil, India, Turkey, and the United States.21

SHIFTS IN THE POWER STRUCTURE OF ILO’S TRIPARTITE CONSTITUENCY

A major handicap facing the ILO in recent decades has been the shift in the power balance between labour and capital, or workers and employers, in ILO member states in favour of the latter. Whereas in a few countries trade union membership has risen, the global average rate of unionisation has been falling. In each of the 28 OECD countries except one, trade union density declined in the period from 1999 to 2009 (International Labour Office 2012: 22).

Statistical data are scarce on trade union membership in developing countries. For sure, declining rates of collective worker organisation resonate more or less directly with the liberalisation of trade and investment. The resulting economic globalisation has greatly enlarged the scope for capital escaping locations with high labour standards and relocating to those with low standards. At the same time, governments believed that the scope of domestic policy-making would be narrowed and they would be forced to adopt defensive policies. Often, merely the threat of relocation, capital flight, and loss of jobs – together with a few conspicuous cases of capital shifts – was sufficient to undermine labour unions that offer some countervailing power to big business. In addition, the expansion of non-standard and precarious forms of employment tends to diminish the bargaining power of labour. Finally, in many parts of the world, labour has been further debilitated as a result of the recent global economic crisis and the hollowing out of trade union rights and collective bargaining. Thanks to its tripartite structure firmly anchored in the Constitution, the ILO itself may be more immune than national labour relations to the shifting power between capital and labour, but it cannot fully escape the external forces.

In recent years, the question concerning representation by employers’ and workers’ representatives in the ILO’s decision-making bodies has been raised several times. According to critics, with the representation of employers and workers by international organisations – primarily the International Organization of Employers (IOE) and the International Trade Union Confederation (ITUC) and their respective national membership associations – many other representatives of the labour market parties are excluded from the decision-making bodies of the ILO. Hence, it has been demanded to expand the organisational basis of both groups in the supervisory bodies of the ILO, including through an official status and voting rights of NGOs and civil society in the Governing Body and the International Labour Conference (Baccaro and Mele 2010). So far, there have been no formal proposals to give NGOs representation and voting rights in the decision-making bodies of the ILO. Yet, the
organisation has granted observer status to about 130 NGOs. A significant part of them are regional or sector unions, or organisations working with trade unions.

There have also been serious shifts in the power structure on the side of the governments of the member states, with lasting consequences for the ILO. Thus, the collapse of communism and planned economies in the Soviet Union and its satellite states in 1990 weakened the urge to observe many ILO standards, not because the communist countries would have especially excelled in creating and respecting the ILO standards – that was not the case – but because with the collapse, the ideological competition between socialist and capitalist states was severely curtailed. In each camp, the compulsion, or at least the incentive, now slipped to ensure the loyalty of the labour force with a presentable labour and social policy. The end of the Cold War brought many employers and also governments to ask whether the ILO would still be needed when communism was gone. The American political scientist Francis Fukuyama spoke then of the »end of history«. What triumphed, as we know today, was an unbridled capitalism – or, as in China and Russia, a state capitalism that allows no, or only limited, free trade unions for the regulation of labour and social conditions.

Major inter-regional power shifts affecting the ILO have become apparent since the turn of the century. These include primarily the economic and political rise of the emerging economy countries and several developing countries on one side, and the significant economic and political weakening of a large portion of the former industrial nations in the Euro zone. For a long time, Europe was the engine of progressive socio-political programmes and policies. Many international labour standards have their roots in European social history. That has changed significantly. Through questionable economic, financial, and social policies and deviation from its traditional, intra- and interstate solidarity-led social model, Europe has forfeited some of its international importance. During the recent economic and financial crisis, the European Union set a bad example
to the world. It has embraced depressive macro-economic austerity measures, instead of forcefully deploying fiscal and monetary stimulus for recovery, as advised by the ILO. Cutbacks of public spending, particularly on social benefits and education, combined with wage restraint resulting in the expansion of the low-wage sector and wage hikes below rates of productivity growth, have led much of the EU to a prolongation and deepening of the crisis. The policies have resulted in much higher unemployment, higher income inequality, and more poverty and other hardships on millions of European citizens. Moreover, they provoked the risk of a split of the Union.

As the North has been weakened, the South has resurfaced. Leading developing countries, among them Brazil, China, India, Indonesia, South Africa, and Turkey – but also a number of smaller countries of the South – have transformed into dynamic economies with growing political influence.

By 2050, according to UN projections, the combined economic output of the foremost emerging economy countries – Brazil, China, and India – will surpass the aggregate production of the largest long-standing industrialised powers of the North (Canada, France, Germany, Italy, the United Kingdom, and the United States).

Much of the expansion is driven by high levels of public investments and the new trade and technology partnerships within the South.22

The evolving new political geography has been clearly visible in the ILO decision-making processes. Representatives of the developing countries have become much more vocal. This was strikingly

22. See UNDP (2013:1).
apparent, for instance, at the International Labour Conference in 2011, where the debate on the protection of domestic labour leading to Convention No. 189 saw very proactive interventions and highly professional stances from national delegations of the South, including Brazil, South Africa, Namibia, and Indonesia. The ILO is comparatively well set to accommodate the shifts in the inter-country and inter-regional power balance. In line with the principle of »one country, one vote« in UN agencies, each member state has the same voting power in the International Labour Conference. The voice of the South is also well represented in the ILO Governing Body, which comprises 56 member countries. China, India, and Brazil hold permanent seats in the Body. By contrast, in the IMF and the World Bank, voting power remains heavily tilted in favour of the old industrialised nations and a few countries with a large share of capital input. Hence, the ILO framework of international governance may be said to be more democratic and more up-to-date with the distribution of the present economic and political weight in the world than the system of governance of the international financial institutions.
Opening Session of the 102nd Session of the International Labour Conference. General view of the Assembly Hall.
The International Labour Organization will soon be one hundred years old. In the course of its history, it was often intellectually and programmatically pioneering in international labour and social policy. In many ways, it has gained merits and won international recognition. Yet it has not been able to entirely fulfil its primary mission to create and implement universal labour and social standards for the protection and promotion of workers. This is not really astonishing in view of the fact that the international labour code is a living body of rules and regulations that has to respond to continuously changing demands by the economy and society. Employers and governments seek ever new ways and means of gaining competitive advantages by circumventing established international labour norms. Despite great progress in the ratification of the core ILO Conventions, violations against the fundamental labour rights set out therein are still on the agenda in many member states of the ILO. Smaller still is the will to respect the technical labour standards. In this situation, the ILO needs new efforts to strengthen and to fully enforce its standards. Otherwise, new degradations in the labour world as well as social upheaval and strife threaten to arise.

Internal factors are responsible for the patchy track record of the ILO, such as inadequate legal means of punishing violations of standards and the rather meagre resources compared with the international financial institutions. The unfriendly economic and socio-political environment around the ILO has often proved to be a serious ob-

The ILO needs new efforts to strengthen and to fully enforce its standards.
 obstacle to the implementation of international standards. Whereas in the early days of the ILO, fascism and National Socialism were the biggest adversaries of the organisation, in recent times neo-liberalism has become the most significant challenge. Underpinned by dogmatic neo-classical economic thought it has served as a recipe for the extensive deregulation of the labour market, which runs counter to the regulation of labour as a prerequisite for the implementation of the international labour standards. As agreed in the so-called Washington Consensus, neo-liberally-orientated policies of the World Bank and the IMF often stood in the way of effective development cooperation with the ILO.

Also unfavourable for the observance and application of the international labour code is the nationally and globally unequal power relationship between employers and workers in favour of the former. As the principal stakeholders of workers, the trade unions organise only a small portion of the worldwide labour force. In the context of globalisation, they have themselves suffered losses in membership and lost fighting strength even in traditional welfare states.

The history of the ILO suggests that rational and ethical justifications for international labour standards – such as social fairness, justice, and human dignity – have not always been sufficient to repel social dumping and exploitation in its various forms and varieties. To implement the international labour code requires political and social pressure to act. Ironically, the broadest consensus between nations for setting the objectives and policies of the ILO was reached after the catastrophes of both world wars, as the insight into the importance of social peace and cross-border understanding temporarily gained the upper hand over national and social egoism, and moreover, the ideological competition between East and West forced a policy of social balance. In the future, it is to be hoped that the principal creed of the ILO which rests on the link between peace and social justice will prove strong enough to guide policy makers to forestall new disasters.
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