

Decent Work:  
The International Labour Organization Agenda

by

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Dialogue and Cooperation  
2/2001

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# Decent Work: The International Labour Organization Agenda<sup>1</sup>

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## *Decent Work: The Concept*

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In keeping with its charter, the International Labour Organization (ILO) has the mission of improving the work and living conditions of individuals. Since its founding in 1919, the organization has made an effort to create a social framework for peace and stability. This takes place not least on the basis of the realization, documented in the founding charter, that there can be no world peace without social peace within member states – an insight clearly as contemporary as the earlier ILO message which stated that as long as there is poverty anywhere in the world, the prosperity of wealthy nations is threatened.

With the assumption of Juan Somavia to the post of General Director in March 1999, the primary goal of the organization was newly defined in the face of the current global state of affairs: 'Fostering humane and productive work in conditions of freedom, equity, security and dignity'.<sup>2</sup>

The objectives are universal. They are for all persons who work, and not just to those who are salaried employees. They apply equally to the self-employed, to home workers, to those who work in the informal sector and to volunteer work. They apply to all countries, regardless of their development status.

The ILO pursues four interrelated strategic

objectives for the achievement of decent work:

### **1. The Fostering of Rights at Work**

The classic ILO task since its founding in 1919 has been setting international work and social standards. Since then, the international code of standards has grown to encompass more than 180 conventions and recommendations. When a member country ratifies an ILO Convention, it commits itself to the legally binding, international obligation of observing and implementing this standard. It must submit regular reports on this. Committees of international experts set up by the ILO examine the reports. The results of the application of these legal standards are then submitted to the annual meeting of the International Labour Conference for discussion. Recommendations include guidelines for the implementation of the conventions.

In 1998, the International Labour Conference adopted the ILO Declaration on Fundamental Principles and Rights at Work.<sup>3</sup> This includes the freedom to organize and the right to collective bargaining, wage autonomy, the prohibition of forced labour and compulsory work, the prohibition of child labour as well as the prohibition of discrimination in employment and professions. The last

<sup>1</sup>. Contribution to the International Labour Organization and Friedrich Ebert Stiftung event on 'Globalization with Social Progress: The Responsibilities of the ILO', which took place on 30 October, 2001 in Bonn, Germany.

<sup>2</sup>. International Labour Office, 'Menschenwürdige Arbeit', Report of the Director General on the 87th International Labour Conference, Geneva, 1999.

<sup>3</sup>. International Labour Office, 'Erklärung der IAO über grundlegende Prinzipien und Rechte bei der Arbeit und ihre Folgemaßnahmen' (Geneva, 1998).

includes the precept of equal pay for both men and women for equal work. Accord on these core work standards was already reached at the World Summit for Social Development in 1995 in Copenhagen. The fundamental rights at work are part and parcel of the universally recognized human rights. ILO members must respect these fundamental rights at work and submit reports thereon, even if they have not ratified the conventions themselves. With the Declaration of 1998, the ILO accepted the demand of the world community to counter the challenge of the realities of globalization with a minimum social base on a world-wide scale.

## **2. The Fostering of Employment**

The ILO holds to the goal of full, productive and freely chosen employment that was framed in Convention 122 of 1964 and reaffirmed and expanded in the Copenhagen Declaration of 1995. Obligation No. 3 demands that the respective national economic and social policies of the signatory nations are to be focused primarily on the goal of full employment and the creation of productive, appropriately paid work under observance of the fundamental rights of workers' and the participation of employers and employees in employment policies. The economic integration process is to be designed in such a manner that all people who want to work have the opportunity to get decent work. More work and better jobs are not mutually exclusive, but complement each other. The ILO sees the creation of work and appropriate payment for this work as a leading instrument for overcoming poverty and fostering social cohesion.

## **3. Expansion and Improvement of Social Protection in the World of Work**

Social protection refers to the prevention of work-related accidents and occupational disease, protection from repressive working conditions and from overtaxing workers through the regulation of working hours, breaks and holidays, as well as protection in the form of social security in case of

illness, invalidity, pregnancy, old age and in cases of dismissal and unemployment. Social security is not a luxury, but a requirement for cushioning risks and supporting economic adjustment processes, as well as a socio-economic prerequisite for the acceptance and continued existence of globalization. In the ILO view, social security and flexibility are not contradictory, but are mutually dependent on one another.

## **4. Fostering of Tripartite Agreements on Interests and Social Dialogue**

Social dialogue in its broadest sense is orientated towards the peaceful reconciliation of the varying interests of the individuals and groups participating in the work process, and the regulation and settlement of work conflicts by means of diverse forms of information, consultation and negotiation. The most significant forms are pay negotiations and tripartite consultations between employees, employers and government on a national or sub-national level. All these forms of dialogue between free and independent participants absolutely require the right to organize and the right of free wage determination between employers and employed. Social dialogue as an element of an economic democracy and co-determination is a goal unto itself and at the same time the means to formulate and enforce labour and social policy. It is a source of stability on all levels of action, from the small business to society as a whole.

The four partial objectives of the ILO mutually reinforce each other. In this way the creation of jobs is a condition for added income and a higher standard of living. Where there is no work, there are also no rights at the workplace. For this reason, the increase in employment and the reduction of unemployment and underemployment plays a central role in the ILO's strategy as a whole. More employment requires an active labour market policy, expansionary macro-economic policy and a stabilization of the financial markets. Furthermore, it demands

the integration of economic and social policy. Every form of economic policy has social consequences, whereas social policy has a decided influence on the type and scope of economic growth.

Respect for fundamental employee rights is a prerequisite for a socially-orientated labour market process. Without these basic rights, workers in general cannot develop as a counterweight, which is necessary to reduce the structural power imbalance in the labour market. The labour market is not a market like any other. This follows from the basic principle already expressed by the ILO in its Declaration of Philadelphia in 1944: 'Work is not a commodity'. The nature of a work contract is different from a goods sales contract in principle. Whereas in the latter, price and goods are balanced against one another, in a labour contract the wage is usually fixed but not the work to be done in exchange. On the contrary, the work results are dependent on whether or not the remuneration as well as the proportion of wage and productivity are perceived as being just, insofar as work safety, workplace security, the right to participate in determining the working conditions, the possibility to complain, opportunities to acquire knowledge for new requirements, occupational advancement, etc., are offered, and the demands of work and family can be balanced. If workers are not treated 'properly', they generally become

less productive. Growth and development are impaired. These relatively plausible associations, which correspond to day-to-day experiences, are often not taken into account, either in theory or in practice. The call for the deregulation of the labour market can be justified in specific cases, if it is directed towards the substitution of specific legal stipulations by wage agreements or the adaptation of regulations to newer circumstances. The demand for deregulation in general is, however, absurd, as there is no labour market in the world without regulations. There are merely differences in form, content and authorship of the rules. The opposite of regulation in the labour market is, for the most part, not freedom, but arbitrary use of power and a one-sided, often authoritarian, imposition of will. It is against this that the ILO regulations stand, and for a labour market process which is based on consensus and agreement between the participating individuals and groups.

The goals and policy of the ILO – the only UN organization in which representatives of workers and employers have a seat and a voice in addition to governments – are the result of political will, but also of research and practical experience within the framework of development aid cooperation gained world-wide over more than 80 years. The fundamental work standards were ratified by the majority of the ILO's current 175 member countries.

#### Number of Ratifications of the ILO Core Work Standards (as at 22/10/01)

| Convention   | Ratified by member countries |
|--|------------------------------|
| Convention 29 on the Prohibition of Forced Labour                              | 159                          |
| Convention 87 on the Freedom and Protection of Labour Unions                   | 138                          |
| Convention 98 on the Right to Organize and to Collective Bargaining            | 150                          |
| Convention 100 on Wage Equality  | 154                          |
| Convention 111 on the Prohibition of Discrimination in Work and in Professions | 152                          |
| Convention 138 on the Minimum Age for Work                                     | 114                          |
| Convention 182 on Eliminating the Worst Forms of Child Labour                  | 104                          |

Source: ILOLEX Database

## *Decent Work as Goal and Integral Component of Development Policy*

In the ILO's view, decent work must be the goal and the means of development. It is suitable for bestowing appreciation on the working person, for securing material livelihood and for fostering participation in society. It must also be an integrated element of national and international development policy. To date, the latter is not nearly sufficiently the case.

During the last decades, the development policy of the World Bank and the International Monetary Fund (IMF) were primarily shaped by the so-called 'Washington Consensus'. It was based on the assumption that free markets guaranteed growth and full employment and that this was largely sufficient to secure social stability. The strategy for economic success was mainly based on transferring the responsibility for public and social issues from the state to the market. A strong, neoliberal-orientated course was first embarked upon in developing countries, and later in the former Communist reform states, with the support of the financial means available to the Bretton Woods organizations. The reform, support and aid programmes were mainly focused on economic 'stabilization', which was aimed at lowering inflation and trade deficits through restrictive monetary, fiscal and wage policy. In addition, the focus was also on so-called 'structural adjustment', by means of which free trade and market efficiency was to be encouraged through privatizing the public sectors, opening markets and liberalizing capital, goods and factor markets. Employment was a secondary issue within the framework of these measures.

World Bank and IMF policies created a (necessary) macro-economic discipline and a new spirit of competition. They 'confused, however, the technical methods of action –

such as privatization and deregulation – with the social and economic development goals'.<sup>4</sup> The economic and social success of this policy was limited, and in some cases failed to materialize at all. Economic growth and development in employment were positive in a number of countries, but in others weak or even negative, although in the latter, domestic reasons were deemed responsible. The debt of poor countries increased, and the disparity between poor and wealthy countries widened. Poverty could not be significantly reduced in many countries and in a number of others it even increased.

A series of world conferences called by the United Nations during the 1990s – in particular the World Summit for Social Development in 1995 – resulted in a partial redefining of international development policy. The World Bank finally discovered the 'social dimension' and integrated it into its programmes, e.g. the build-up of social safety nets to ease the social consequences of free trade and structural adjustment. Furthermore, the World Bank began, if only rudimentarily, to grant social groups, including the unions, a say in their national development programmes. The war on poverty moved into the centre of multilateral development policy. The halving of extreme poverty (i.e. the 1.2 billion people who exist on less than USD\$1 per day) by the year 2015 was established as a concrete primary goal. This is to come about through improvements in the health care and education sectors and through material infrastructure, as well as by means of increased participation of the poor in political and social decision-making processes ('empowerment').

The goal of fighting poverty is not new to the ILO, but obligatory and of great significance, at least since the 1944

<sup>4</sup> International Labour Office, 'Menschenwürdige Arbeit', Report of the Director General on the 87th International Labour Conference, Geneva, 1999.

Declaration of Philadelphia. In the view of the ILO, productive work is the best way out of poverty. The role of work and work-generated income has hitherto not been regarded by international development policy as of equal importance as health and education. Although the latter two are substantial prerequisites for productive work, so, conversely, the creation of sufficient work and improved working conditions is indispensable for education and health. In general, there is a close relationship between health and safety at the workplace and the state of health in society as a whole. General education and vocational education must be linked to combat poverty.

The ILO Decent Work Agenda, however, goes far beyond the goal of fighting poverty. The demand for decent work is not only directed toward poor countries, or towards the poor within these countries. It is also directed at wealthy industrial nations where there is also a lack of decent work.

The significance of work is still under-illuminated in the World Bank's development concept, but not only there. The creation of employment and work is still seen as a more or less automatic result of market fundamentalism, such as free trade, privatization, lean government and deregulated labour markets. Certainly, the negative impact of the unequal distribution of resources, e.g. of land, on development capability was at least clearly highlighted in the World Bank's *World Development Report* and redistribution, e.g. through land reform, was suggested. The role of social security and social services was also acknowledged in principle. In the labour market, however, the negative effect of great inequality and the necessity for institutions and measures for protection and 'empowerment' through collective representatives was less acknowledged and less accepted. For example, the World Bank,

like the Organization of Economic Cooperation and Development (OECD), still has reservations with regard to the ILO Conventions on minimum wage and unemployment insurance. How far the World Bank has gone in abandoning its critical stance towards unions and wage agreements remains to be seen. To the International Confederation of Free Trade Unions the World Bank has declared that it now supports all fundamental ILO Conventions without reservation.<sup>5</sup> In any event, the World Bank also warned against expecting too much from the deregulation of the labour market in its *World Development Report 2000/2001*. If it were to point out the positive function of work, labour institutions and international work standards, then it would be in harmony with the ILO.

The ILO will endeavour to illuminate the central significance of productive work to development and the fight against poverty and social exclusion with its new agenda for the world-wide fostering of decent work within the framework of a Global Work Forum on 1-3 November 2001. The raising of the employment status itself must be a central goal of economic, financial and social policy, among other things, by establishing clearly defined benchmarks. This has at least partially taken place in the European Union employment strategy.

The prevailing poverty in the world is essentially caused by work income that is not sufficient to cover a person's basic needs (the so-called 'working poor'). Most of this work is in the so-called informal sectors in developing countries, but in rich industrial countries, too, there is labour below the subsistence level. The ILO estimates the current number of 'working poor' to be 530 million. In addition, there are approximately 160 million statistically registered unemployed at present, as well as an estimated increase in the potential

<sup>5</sup> International Labour Office, 'Bureau of Workers' Activities, Trade Unions and the Global Economy: An Unfinished Story'. Background Paper, International Symposium to Strengthen Workers' Participation in the UN System and Impact on the Bretton Woods Institutions, Geneva, 24-28 September 2001.

global workforce of around 500 million people between 2000 and 2010, for whom work opportunities must be created. Of these, 97% live in developing countries. The pending integration of a total of more than one billion people in the work process, or in more productive work, poses an enormous challenge both to the affected countries as well as to international development policy. If growth and

employment do not develop better in the first decade of this century than in the 1990s, then unemployment will increase further from a world-wide perspective, and the proportion of work-related poverty will not decrease. The following table shows how the relevant parameters must change in this decade, in order to halve unemployment and the number of the 'working poor' in those regions most affected by poverty.

**GDP Growth Rate per Year, Employment and Work Productivity Required to Halve Unemployment and Income-Related Poverty, 2000-2010 (%)**

| Region                          | GDP per Person | Employment | Productivity |
|---------------------------------|----------------|------------|--------------|
| Sub-Saharan Africa              | 7.5            | 2.2        | 7.4          |
| Latin America and the Caribbean | 3.3            | 2.1        | 2.7          |
| China                           | 4.2            | 1.1        | 3.9          |
| South Asia                      | 6.6            | 2.2        | 6.2          |
| East and Southeast Asia         | 2.5            | 2.0        | 2.2          |
| Near East and North Africa      | 2.8            | 2.2        | 2.5          |

Source: ILO, *A Global Agenda for Employment* (Geneva: 2001).

The table shows that an extraordinary effort, especially in the Black African countries and in South Asia, is required to reduce poverty and to close the immense workplace gap. The increase in productivity is a prerequisite for a lasting rise in real wages and, ultimately, for effective economic demand as a whole. Improvement in productivity reduces the tendency towards inflation and thereby creates more leeway for employment-fostering, expansionary economic and financial policy. Companies must contribute their part to the creation of jobs and to higher income by means of corresponding investment, product and process innovation and flexibility. In the

experience of the ILO, this can only be achieved in connection with investment in human resources, especially in vocational qualifying measures, a policy of job and income security and cooperative, collective labour relations.

National and international politics must support employment goals by granting them priority in economic and social policy, by helping to improve the scope and quality of work opportunities for women, and by striving for agreement and coordination of partial policies within national governments and among international organizations for the purpose of productive employment.

### ***Decent Work Pays Off***

One of the commonly heard objections to the realization of decent work is that the corresponding institutions, policies and

measures are too expensive and would inhibit growth and economic dynamics. It is also often claimed that companies could

not carry the 'additional' cost burden arising from the implementation of social standards, and that profitability and competitive ability would be diminished.

In a few cases these arguments are actually justified. But empirical studies and practical experience prove that decent work is not just a dictate of moral sensibility, but pays off from both a micro-economic and macro-economic point of view. Companies with the highest social standards are frequently the most profitable. Those countries that achieve the highest marks – as measured by means of statistic indicators in relation to the four partial objectives of the decent work concept, i.e. exhibit the highest standards of decent work – are also unequalled in their economic performance. These include the Northern European countries, which are no way inferior to the USA in terms of growth, trade balance, price stability, employment percentage or the state of their information and communications technology. In fact, they surpass it in many ways, without having the simultaneous flaw of a wide wage and income disparity and the work-related poverty accompanying it. In addition, it has been proved that the countries with the highest levels of pay and longest periods of social protection in the case of unemployment have the most open national economies and show the least protectionist tendencies. This is easily explained by the argument that opening the markets tends to accelerate the change in structure and increases the risk of contagion during times of international crisis. In order to offset both of these factors socially and to raise the acceptance of economic globalization in general, protection against workplace and income loss as well as active, supportive policies for the quantitative and qualitative adjustment of shifts in demand and innovations are necessary.

Social protection is the positive alternative to protectionism. Earlier pushes for

globalization came to a standstill because national governments only knew how to defend themselves against the undesirable social effects of opening the market by means of protectionist measures. Today we know that protectionism was at least partly responsible for the world-wide economic crisis in the early 1930s. Liberalization of trade and movement of capital cannot be had for free, but comes at the price of additional socio-political measures. The economic gains of opening the market can and should be used to finance the cost of social infrastructure and active adaptation measures, such as vocational training. Socio-political market corrections should in any case not be understood as being directed against the market economy, but just the opposite: as moulding and strengthening the market.

How necessary systems and state institutions for social protection and social dialogue are, and the significance social security has, for the prevention of social decline and impoverishment was experienced by the countries in East and Southeast Asia during the 1997/98 financial and economic crisis. They have quickly recovered economically, but the social consequences of the crisis, based on a lack of or insufficient unemployment insurance and other social transfers, are much longer lasting. Thus the 13% decrease in production experienced in the most affected countries, i.e. Korea, Malaysia, the Philippines and Thailand, resulted in a much higher increase in poverty than, for example, in Finland, where there was a similar production slump between 1990 and 1993, but where the minimal increase in poverty amounted to less than 1%, thanks to a well-developed social security system. Provided they are applied correctly, social transfers protect against the spreading of social disparity and social condemnation, stabilize economic demand as a whole and keep the social peace. Ultimately, they also contribute to political stability.



The realization of decent work in the form of gender equality at work and in professions can increase economic growth. The World Bank estimates that if men and women had been equally educated and

vocationally trained and had not had to face discrimination, since 1960 the growth in South Asian countries would have been 50% higher and in sub-Saharan Africa 100% higher.

### ***Anyone Can Afford Decent Work***

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It is often said that only rich, developed industrial countries can afford decent work. Poor countries must first 'develop' before they can fully focus on the goals of the ILO, or that work must first be created before decent work can even be considered. Even within the ILO Executive Committee itself, representatives of poor countries indicate that the competitive advantage of their economies lies in low wages and work costs and that this advantage should not be put at risk by 'exaggerated' social standards. But similar arguments are heard even in wealthy countries. In the *Financial Times* of 9 February 2000 it was stated that people in developing countries require work and income, but not human rights. As if economic progress and rights had nothing to do with each other.

These views form the basis of the misleading perception that the goals of expansion and the qualitative improvement of work conflict with one another by necessity, and that decent work is something inferior and not in itself an original, integral and indispensable part of development. Can one doubt that workers in Bangladesh, Nigeria and El Salvador are as interested in being spared from work-related accidents as workers in Germany? That poor countries cannot afford state institutions and measures more frequently corresponds to a myth or an excuse than to reality. The institutions to create work security may not be able to be as extensive as in a developed country, such as Germany, but avoiding most accidents primarily requires the observance of relatively simple, inexpensive cautionary rules – such as keeping escape

routes clear in case of an emergency, the regular maintenance of tools and other company machinery and preventive information and education – and a not particularly complicated organization. The economic losses resulting from accidents in the workplace and occupational illnesses are estimated at 4% of the Gross National Product world-wide. This figure demands attention in the form of more investment in safety at the workplace.

Social security, too, is not a luxury for poor states, but an essential prerequisite for productivity, development and participation in the world market. As an example, the ILO has made a calculation for Thailand. For the establishment of a state unemployment security, a flat-rate contribution of 2.5% on the part of the employer and the employee in the first year, and then decreasing contributions to 0.6% in the seventh year would be sufficient to finance an unemployed worker with 50% of his previous earnings for a period of six months. This is not an unreasonable burden, especially in view of the fact that many calculable and incalculable costs to the economy and to society can be avoided. Unfortunately, even international organizations, such as the World Bank and the OECD, have sometimes spread unfounded notions of 'excessive' social security standards based on a narrow understanding of economic viability. The level of social security and the public expense related to it is more a matter of political priority than a question of economic performance ability. Two things support this: A high share of the Gross

Domestic Product for social expenditure can be found in both wealthy and poor states, and the same applies to a low level of social expenditure. Where public expenditure for social security is comparatively low, more is often spent on private security, so that the total expenditures are scarcely different in the end. Americans spend nearly as much on education, health care, old age security and child care as the Swedes, the difference being that the Americans finance up to 75% privately, whereas the Swedes meet roughly 90% of the cost through taxpayers' money.

Vocational training of employees is equally a question of political choice and work organization as it is a question of cost. Serious obstacles to the attainment of occupational qualification lie in social prejudices and the pursuit of partial interests, e.g. in the exclusion of girls or women from education or vocational training, or the lack of recognition of occupational knowledge and skills that have been gained informally or are not officially certified, or by blocking the access of so-called unskilled workers or those from 'lower' social levels, classes, castes, etc., to occupational training. It is increasingly obvious that the participation of developing countries in the world commodities markets, which are dominated by developed countries, is more and more dependent on the ability to produce products with prerequisite technological and environmentally friendly standards. This demands qualified human resources on a broad front.

Child labour is often the subject of myth-building. The knotting of finely woven rugs by ten-year-olds was long justified by the claim that this work could only be managed by children because of their small hands – until studies by the ILO refuted this as a prejudice. Children are often used because they are more compliant and make fewer demands than adults. The connection

between child labour and poverty cannot be denied, but this does not make it a justification for not fighting child labour. For it is an obstacle to overcoming poverty in developing countries today – much as it was in Europe a hundred years ago – because it stands in the way of education and vocational training, improved health and a longer life expectancy. Sacrificing the potential of its young people robs a nation of a part of its growth and development opportunities.

Insisting on the competitive advantage of low labour costs in developing countries is questionable, at least when it must serve as an excuse for not improving real wages and working conditions and holding on to traditional economic structures. In the meantime, a process of rethinking is occurring in some places – not only in the Third World. We are beginning to see that cheap labour alone cannot encourage investment in a country, or unfold an economic dynamic, or diminish poverty. There is a realization that fostering human resources is the better alternative for development. Of course the wage level must ultimately be orientated towards the productive power of an economy. In this connection, the ILO is by no means demanding the harmonization of minimum wages world-wide, as is sometimes insinuated, but rather a base for the remuneration of work that is appropriate to national conditions. Minimum wages established by wage agreements or law are not only to avoid underpayment, but are also important to economic dynamics. They prevent competitiveness from being achieved by unlimited downward wage flexibility. They force the entrepreneur to a more constructive alternative, namely through product and process improvements, or through efforts in achieving a level of productivity and profit dictated by tracking down new markets, which can meet labour costs. In this way, inefficient companies and workplaces lose

their right to exist. Dynamic efficiency steps into the shoes of static efficiency.

The argument of not being able to afford decent work or having to wait until an advanced degree of development is attained becomes completely suspicious when it is directed towards the international social standards that are 'independent of

development', e.g. the freedom of unions, free wage determination by employers and employed, social dialogue or the prohibition of forced labour and discrimination. The reasons for blocking such freedoms are mostly of a political rather than economic nature. The differentiation between standards dependent or independent of development is itself questionable.

### ***Decent Work Deficits World-wide***

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Under the title 'Reducing the Decent Work Deficit – A Global Challenge', the ILO's General Director submitted a report to this year's International Labour Conference in order to gain insights into further steps to be taken by the organization in implementing the decent work concept.

The most important deficits in decent work or working conditions can be summarized as follows:

- Serious violations of the freedom to organize; unionists are discriminated against and impeded in their work in many countries, and in a few others persecuted, detained, kidnapped and murdered;
- The degree of union organization in the majority of states has been falling in the last two decades;
- Only a minority of all workers is protected through an agreement on wages and working conditions;
- There is forced labour to a considerable extent in some countries (e.g. Myanmar);
- The number of children between the ages of 6 and 14 years who are working regularly is estimated to be at least 250 million;
- The worst forms of child labour, such as dangerous work, prostitution and slavery have increased in some parts of the world;

- Approximately one-third of the potential world labour force of 3 billion people is unemployed or underemployed;
- Women are disadvantaged in work life in almost all countries;
- 90% of the earning population has insufficient social security against illness and invalidity; 75 % of the unemployed receive no support;
- An average of approximately 250 million work-related accidents occur annually. In addition, there are around 160 million cases of work-related illness annually. 1.1 million people die as a result of work-related illnesses and accidents. Workers die in factory fires because the factory gates are locked.

The lack of decent work affects not only workers, but also their relatives. Unemployment and underemployment, wages below the subsistence level, delays in payment, stress and long working hours cause tensions in the family and pave the way for domestic violence, drug consumption and child labour.

One of the biggest problems in the enforcement of decent work is the informal sector that has expanded in many parts of the world, in which no taxes or other contributions are paid and labour laws do not apply. In Africa, the proportion of informally working people in urban areas is estimated to be an average of 57.2%, in

Latin America 36.2% and in Asia and the Pacific region at 32.8%.<sup>6</sup> In the years 1990-1998, six out of ten new workplaces in South America were created in the informal sector, in Africa it was 93%, in Asia 40-50%.<sup>7</sup> The informal sector is growing, while the formal sector is simultaneously shrinking. A 'feminization' of this sector can be observed in many countries. The proportion of working women averages between 60% and 80%. The causes for the expansion are manifold, including, first and foremost, insufficient economic growth, wrongly applied structural adjustment, a high surplus of workers, a lack of social security and barriers to accessing the formal sector. Capitalization and productivity in the informal sector are low, the work force has no occupational training, incomes are low and irregular and working conditions are precarious. In the meantime, there are isolated areas in this sector that are equipped with modern production and better working conditions. Now and then

the informal sector is also supplier to multinational corporations. The borders between the formal and informal sectors are fluid. In some countries, e.g. India and Ghana, the unions have succeeded in establishing themselves in this sector.

The ILO, which developed a concept of the informal sector based on a study on Kenya in 1973, assumed for a long time that this sector would eventually be absorbed into the formal sector. This has obviously not happened. The ILO has therefore been working on a revision of its stance and policy towards the informal sector over the last few years. The same applies to the unions. Programmes and projects were begun with the goal of improving the data situation, social security and the fostering of small and micro-businesses, work, occupational training, gender equality and work safety. The informal sector will be the main topic of the International Labour Conference in 2002.

### ***What Can the ILO Bring About? – Competence and Influence***

Surmounting the decent work deficit requires an enormous effort on a national and international level. From past experience one can assume that the process of realizing decent work will not take a steady course, but rather – partly in tandem with economic development – will take place as a sequence of progress and setbacks.

The implementation of the decent work concept is the task of national states and their economic and socio-political representatives, first and foremost governments, employers and employees and their organizations. In addition, non-governmental organizations can provide valuable support. The realization of decent work in these countries above all requires

political will and the prioritizing of strategic goal orientation in national economic and social policy. Furthermore, economic, administrative and infrastructure requirements for the actual implementation of the concept are indispensable. Thus the weak position and lack of resources of labour ministries create a serious obstacle in many countries. In many places there is no competent public administration that can implement the decent work policy in the form of programmes and projects.

What can the ILO contribute? What can it do? First, it can support a normative orientation in the form of international work and social standards and their implementation in member countries. Thanks to its standards control processes,

<sup>6</sup>. Data from ILO-KILM, 1999.

<sup>7</sup>. *ILO World Labour Report*, 2001.

the ILO has been successful in uncovering and stopping abuses for decades, although it only has very limited ability to impose sanctions in order to guarantee adherence to its standards. So-called 'social clauses' in international trade contracts, which help to penalize violations of ILO standards through trade restrictions, have so far not been able to gain a majority in the ILO decision-making councils. But there are alternatives to trade-related sanctions. Disapproval of violations of standards from the world community and moral pressure on uncooperative countries have caused some changes in behaviour. On behalf of the ILO, a delegation of respected, high-ranking personalities is examining whether or not the military government is serious in dismantling forced labour in Myanmar (Burma). In the autumn of last year, the Administrative Council of the ILO called upon its member states to break off relations with that country and to impose sanctions as long as there is still forced labour and work under inhumane conditions.

Even if ILO standards were ratified by member countries and corresponding national laws enacted, the legal system would often not be sufficient to create socially acceptable working conditions. This is clearly shown in the fight against child labour, for example. In spite of a national legal ban it continues to exist in many countries. Research, education, schooling and occupational training, social security, redistribution of income and activation of local players, including unions and employers' organizations, must join together in order to drive back child labour effectively. The ILO helps countries through its International Programme for the Progressive Elimination of Child Labour (IPEC). This programme was begun in the early 1990s at the suggestion and with the support of the Federal Republic of Germany. In the meantime, more than 70 developing and transition nations are

participating in the programme. A similar programme for technical cooperation for the realization of the freedom to organize and the right to collective bargaining has been decided upon by the ILO, and a programme for fighting all forms of discrimination at work and in professions is being prepared.

Research, information and advice are further important means for action by the ILO. A world-wide statistics information system, which is based on social indicators, is constantly being extended and improved. National labour market administrations and their services, such as vocational guidance, job placement and fostering occupational training, among others, can profit from it. The ILO's periodical *World Labour Reports* and *World Employment Reports* document the state of the various dimensions of social development and provide policy recommendations, e.g. for the fostering of full employment or expanding social security. The latest *World Employment Report*, for example, is concerned with the economic and social effects of information and communication technologies, including the issue of 'digital division' within and between countries.

The ILO is currently endeavouring to develop a pilot programme for the methodology to operationalize decent work in member countries. The purpose of this is to better integrate the various areas of social policy as well as social and economic policy on the national level, to coordinate corresponding action programmes, to furnish national action plans with clear goals and to measure the success. Pilot programmes of this type are currently in place in the Philippines, Panama, Ghana and Denmark. Pilot programmes are also being prepared for other countries.

The ILO wants and must, bearing in mind its relatively modest contingent of personnel and financial resources in comparison to

the World Bank group, advance its programme of decent work in concert and through cooperation with other international organizations. It is essential that the following obstacles in the multilateral system be overcome: political-ideological differences or inconsistencies, mandate and expertise overlaps and lack of coordination of programmes and actions. This results in inconsistent and even contradictory advice to the member countries, among other things. International organizations are being challenged to correct this schizophrenia, as are national governments that have long tolerated this state of affairs. Some progress in surmounting the multilateral system as an 'archipelago of unconnected islands' (Juan Somavia) is discernible. The World Bank and IMF have now accepted socio-political issues and goals to a greater extent, including the development of working conditions and the fight against poverty, even if the importance of labour and labour institutions, as mentioned above, must be more securely anchored in their development strategies. In the wake of its first ministers' conference in Singapore in 1996, the World Trade Organization (WTO) committed itself to observing the ILO core working hours standards and to supporting the ILO as the agency responsible for setting and implementing the standards. The WTO warned against using the ILO standards for protectionist purposes. This anti-protectionist posture was essentially taken up word for word in the ILO's Declaration of the Fundamental Principles and Rights at Work. The OECD today has a more positive attitude towards

many ILO standards and policies than a decade ago. An important study conducted by this organization destroyed the myth that the ILO's international labour and social standards stood in the way of the expansion in trade.<sup>8</sup> The European Commission is working closely with the ILO on the shaping of decent work and its monitoring by means of social indicators.

The practical side of the partnership between international organizations has been improved here and there within the framework of international development work, e.g. a programme on the world-wide fight against youth unemployment was recently launched, for which the UN, ILO and World Bank worked together with the goal of finding out which policies and measures are most effective. Together with UN/AIDS, the ILO has developed a catalogue of practical steps to fight the immune-deficiency epidemic at the workplace; with UNICEF there has been agreement on mutual actions in the fight against child labour.

Closer cooperation with other organizations presents itself. The ILO could form a strategic alliance with the Food and Agriculture Organization for the improvement of working conditions and productivity in the agricultural sector. Half of humanity works in this sector – in developing countries the figure is even 60% on average. Together with the World Health Organization, the ILO can promote health in the workplace and health in general at the same time.

### ***Globalization: Obstacle or Pioneer of Decent Work?***

One can approach the connection between globalization and decent work in various ways. One can ask how economic globalization will affect the job market and labour and social standards. Or one can

ask what needs to be done in order to steer globalization into socially acceptable tracks and to improve the chance for the realization of decent work world-wide. To me, the latter question seems more sensible than the

<sup>8</sup>. OECD, 1996.

former. That is what our efforts should be directed at.

Globalization proponents as well as opponents often start from an idea of an economically and socially absolute internal logic of the globalization process. Orthodox economic theory and economic liberal thought ascribe a growth-promoting effect to the liberalization of the markets, which will lead to the convergence of the development stages of countries and to greater welfare in all countries. Sceptics on the other hand see globalization, particularly in the context of world-wide intensified competition, as the cause of the erosion of workers' rights and a deterioration of working conditions. The decline of the economic and socio-political autonomy of action of national states is also often referred to. From my point of view, these opinions are not sustainable in their simple, general formulation.

The examination of actual global developments in the course of the last three decades, during which we had to deal with the liberalization of the markets for goods, capital and money and the resulting increase in the international flow of the same, do not add up to a uniform overall picture, either in a cross section or on a timeline. On a world-wide scale, a slowing down of economic growth and productivity as well as a drifting apart of rich and poor countries with regard to levels of employment, income and social and technological infrastructure, can be observed. But there are also opposite trends in a number of regions and countries and at certain times.<sup>9</sup> The promise of prosperity through the opening up of markets has so far only benefited a limited number of developing countries and only a part of their population as well. Many countries of the

southern hemisphere, particularly in Africa, are more strongly marginalized today than they were 30 or 40 years ago. Even though the share of exports in the Gross Domestic Product of developing countries overall has increased, this increase is concentrated in only 13 countries from among that group; three in Latin America and ten in East and Southeast Asia.<sup>10</sup> With regard to their economic power and state of development, the latter have come closer to the old industrialized countries, while the export quota was regressive in a larger number of the other developing countries. Africa's share in the world trade volume has been approximately halved since 1970. Only a small part of foreign direct investments reaches poor countries, while 90% of the funds flow into developed states. Therefore one cannot speak of a general participation in globalization and the term itself is in some ways misleading. The vast majority of people in the southern hemisphere are so far more spectators than participants, let alone co-producers of the process. This explains the widespread scepticism and even resistance in poorer countries and among disadvantaged groups in industrialized countries. Beyond that one can also ask oneself whether the forced opening-up towards world markets can be or should be the primary instrument for development rather than the development of national, material and social infrastructure. As Friedrich List has already recognized, it is unlikely that a country with internal economic and institutional weaknesses will achieve sustained success through world trade or technology transfer.

Globalization as such cannot be held responsible for the unsatisfactory economic and social state of the world. National and international politics are mainly responsible for the events of globalization. The

<sup>9</sup> See also Werner Sengenberger, 'Globale Trends bei Arbeit, Beschäftigung und Einkommen – Herausforderungen für die soziale Entwicklung', in *Jahrbuch Arbeit und Technik 2001/2002*, edited by Werner Fricke (Bonn, 2001).

<sup>10</sup> See also Ajit Ghose, 'Trade liberalisation, employment and global inequality', in *International Labour Review* (Geneva, March 2000).

development does not follow its own independent laws. Even though globalization creates new conditions for politics, it does not enforce an unalterable or uniform course. The future of work and welfare is not the extrapolation of current trends. It cannot be predicted, but has aligned towards a goal. A global, social framework of order has to be created. Uncontrolled market forces have the tendency to intensify economic and social inequality, which subsequently leads to impediments for growth. Even today that is the view of the World Bank. Uncontrolled direct investments as a rule do lead to an adjustment, but to an accentuation of the regional, economic differentials within and between countries, because investors favour regions with a good material and social infrastructure and avoid regions that are disadvantaged in this respect. That means that the abstention of public control also means political direction, even though it is direction with questionable consequences.

Nowadays we also understand better that growth per se does not necessarily improve the social situation of people and that it does not automatically mean more employment and less poverty. There are different growth regimes. If growth, such as that in places like Brazil, Columbia, Kenya and South Africa, leads to great social inequality of wages and income, then poverty rather increases. How employment intensive it is and whom it benefits depends on the type of growth.

Competition that is at least temporarily intensified in the course of globalization, in particular the more intensive location competition, can present negative as well as positive framework conditions for the pursuit of the goal of decent work. Accordingly, this competition can be destructive or constructive. Thus a few spectacular production relocations to low-wage or union-free regions, or even the threat of them, can persuade concerned

workers or their representatives, to mute their claims for improvement of wages or working conditions or even to accept the lowering of them. On the other hand, there may also be international competition for the improvement of working and social standards. That would be the case if a investment decision is not only, or not as a first priority, based on cost and the weakness of the labour representation, but on the level of the qualification of the worker, the cooperation capability of the unions and the willingness of employees – which is dependent on their social security – to participate in product and process innovations. In contrast to orthodox economic theory, strong unions and employers' associations are mostly not cartels hindering growth and innovation, but pioneers of economic dynamism with socially acceptable results. Their role is less constructive where associations are legally not secure, have weak organizations, or are splintered and competing with each other.

Managers in charge of large amounts of capital, e.g. pension funds, are now increasingly asking in which countries social peace and stability and thus political stability can be expected for the future, because that is where they want to place their investments. Some of them also want to talk to the ILO. The view that a free market alone cannot guarantee the global common good and that private business is also responsible for the social shaping of globalization is becoming more acceptable. Two years ago, during the World Economic Forum in Davos, its organizer, Klaus Schwab, clearly warned that 'it seems that the forces of the financial market are running amok, humiliating governments, weakening the power of unions and other grouping of civilized society and that they create a feeling of the highest danger in everybody, who sees himself confronted with forces and decision-making processes that are entirely inaccessible to him'. In response to that, Kofi Annan, Secretary



General of the United Nations, presented the concept of 'Globalization with a Human Face' to the assembled heads of government, managers of the financial world and managers of multinational companies.

Decent work is an integral part of the concept of humane globalization. The ILO is in a good position because alternatives to the current process of economic integration and help with orientation are presently in demand. Decent work is not a complete concept, it is a starting point. It has to be discussed and developed further. It has to make its way into the economic and social policies of nation states and be formulated in accordance with their respective economic and institutional situations. It has to penetrate and enrich

the agenda of international development policies. As an international source of reference for its expertise on labour and employment knowledge, a centre for the setting of standards in the world of labour and a forum of international discussions and negotiations on social policies, the ILO has to prove its ability for adaptation, renewal and effectiveness. The traditional importance of the ILO lay and lies in the contribution that international labour and social standards make for social justice and peace is the resulting dividend. And this will continue. What has to become a focus in view of the continued poverty and social inequality in this world is the contribution of decent work to productivity, growth and employment.

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