



Dialogue **on** Globalization

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The International Labour Organization: Can it Deliver the Social Dimension of Globalization?



Dialogue on Globalization

Dialogue on Globalization contributes to the international debate on globalization – through conferences, workshops and publications – as part of the international work of the Friedrich-Ebert-Stiftung (FES). *Dialogue on Globalization* is based on the premise that globalization can be shaped into a direction that promotes peace, democracy and social justice. *Dialogue on Globalization* addresses “movers and shakers” both in developing countries and in the industrialized parts of the world, i.e. politicians, trade unionists, government officials, businesspeople, and journalists as well as representatives from NGOs, international organizations, and academia.

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Preface

Founded in 1919, the International Labour Organization (ILO) became the first specialized agency of the UN in 1946. Its unique tripartite structure with governments', employers' and workers' representatives participating in decision-making, and the central focus on social dialogue, the promotion of social justice and internationally recognized human and labour rights has produced an exceptional international body. The Friedrich-Ebert-Stiftung (FES) as foundation of "social democracy" has strong traditional links with the ILO, many areas of cooperation, and places high expectations on the ILO's work and its role in "global governance".

These expectations have been reinforced even more since the ILO established the "World Commission on the Social Dimension of Globalization" in February 2002 as an independent body. The World Commission's final report is expected by late 2003. There are expectations in regard to new and innovative policies that respond to economic, social and environmental challenges, to strengthen the role and capacity of the ILO as international organization and to redefine policy formulation and policy coherence between international organizations, including the International Financial Institutions and the World Trade Organization (WTO). Very little is known yet about possible results of the World Commissions' report, but many expect clear political recommendations and are prepared to support the implementation and the widening and deepening of the political will needed for change.

In particular for those who are committed to strengthen the role of the ILO as "the global social pillar" it seems to be appropriate and timely to analyze how far the ILO is equipped at present to meet these challenges, what can and has to be done to make the organization function better and more relevant, and what is needed to bring the ILO closer into the centre of international political decision-making.

Against this background and with the intention to contribute to a constructive debate between all stakeholders interested in the ILO the FES Geneva office asked Katherine Hagen of Hagen Resources International to write down her thoughts and experiences in two papers. The first titled "Policy Dialogue and Policy Convergence between the International Organizations: ILO and The World Bank, IMF and WTO" has been published recently. The second on "The International Labour Organization: Can it Deliver the Social Dimension of Globalization?" is published in this volume.

As a former ILO Deputy Director-General for External Relations from 1994 to 1998 and Executive Director for Social Dialogue from 1998 to 2000 Katherine Hagen has deep inside knowledge and experience with the organization, its policies, strength and weakness, as well as the necessary distance for a critical analyzes and the expression of her own position as an independent consultant with strong links into the Geneva community and a clear commitment to the ILO and global social progress.

Dr. Erfried Adam
 Director, Geneva Office
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1 Executive Summary

In this paper, the author provides an assessment of the potential for the ILO to be “the social pillar” of the global architecture. The author suggests that the ILO must resolve three “crises” – a crisis of “identity,” a crisis of “effectiveness,” and a crisis of “relevance.” The paper’s central message is that the ILO needs a broadened vision of who should be involved in its debates concerning the world of work, how basic workers’ rights should be implemented and monitored, and what the scope of basic rights should be. With this broadened vision, there is hope for the ILO’s institutional viability as a leading global institution. Without it, the search for the social dimension of globalisation must go elsewhere.

The ILO starts from a position of considerable strength in its participatory processes and its rule-making traditions. First, there is an increasingly sophisticated understanding of the social aspects of development in international financial institutions and throughout the UN system. As these institutions have searched for ways to integrate social concerns more effectively into their developmental strategies, they have developed a broadened recognition of the importance of participatory processes. The ILO approach of tripartite decision-making clearly highlights the importance of empowerment as an underpinning for effective poverty reduction and development.

Another element in the globalisation debate is the growing recognition of the importance of rules. Support for control and regulation, where they are appropriate, is also an ILO trademark. Rules and regulations for a global marketplace need to take into account the need for fair wages, decent working conditions, social protection schemes, and participatory processes of stakeholder dialogue. There is a need for practical approaches for improving standards in a more integrated global economy, and it is appropriate that the ILO should play a leadership role in this.

Building on these strengths, Director-General Juan Somavia has centred his leadership of the ILO on the issue of “decent work” as a means of focusing the Organization on its main mission. The World Commission on the Social Dimension of Globalization, which was launched by the Director-General in March 2002, is an important part of this effort. In its forthcoming report, the Commission is likely to call upon the ILO to promote a “global social pact.” While creation of a global social pact could be a very positive development, the ILO needs to consider how to adapt its traditional strengths to meet the requirements for leading such an initiative.

If the ILO is to play this leadership role, it has to overcome three problems – or “crises” – in its institutional framework and policies. First, the ILO has an “identity” crisis, clinging to its old partners and uncertain of how to open itself up to new ones. Second, it has an “effectiveness” crisis. Its supervisory machinery is too complex and ineffectual. And third, it has a “relevance” crisis. Its core standards,

while both admirable and important, are not the right ones for dealing comprehensively with the social dimensions of today's globalizing economy.

These three crises will need to be resolved if the ILO is to be the central player that the world needs in the social dimension of globalization. The paper offers a critique of each problem area and then puts forward a number of possible solutions. Each of these problems can be solved, through broadened partnering initiatives, improved procedures for ensuring compliance with international standards, and innovative approaches to standard-setting for the changing nature of the world of work. Not only are these solutions possible, they are also urgently needed.

The ILO needs to reach out to working people in the informal economy, to working people as family members and members of their communities, as entrepreneurs, as corporate managers in multinational enterprises, as people in all of the diverse approaches they are pursuing to be productive and to make a decent living in today's world of work. The ILO needs to be more effective in monitoring and supervising these standards so that people actually benefit from their existence. And the ILO needs to make its principles truly relevant to workers in all kinds of circumstances, not just those within its traditional twentieth-century boundaries. The social dimension of globalization is really about this, the need for people everywhere to pursue sustainable livelihoods in a global society that is just and humane.

In matters of identity, of effectiveness, and of relevance, the ILO needs to take some bold steps if it is to establish itself as the leading institution for addressing the social dimensions of globalization. This paper suggests solutions to each of these crises, but the very basic solution is a broad-ranging readiness to reach out to the world the way it is today, to engage the multiplicity of stakeholders, and to help transform the world of work into a source of truly sustainable livelihoods for all. This was, indeed, the mission of the ILO when it was originally founded: to help mobilize the world's capacities for sustainable livelihoods through a just and fair social order. It is to be hoped that the ILO will be able to fulfil that mission in the years ahead by adapting its policies and practices to ever-changing circumstances, and that it will be bold enough to do so.

2. Introduction

International disparities in incomes, in work and in security are challenging the legitimacy of the global economy, especially as they are seen as part of an increasingly unequal pattern of development among nations. The array of constructive and destructive actions undertaken by governments, multinational enterprises, NGOs, international trade and financial institutions, and even the UN system are transforming our understanding of globalization. As a result, there is a growing global consensus on the need to more effectively integrate a social dimension in the international institutional framework through which the process of globalization is being managed. The International Labour Organization is one institution that has the potential to create – and implement – a socially sustainable approach to globalization.

The ILO does not presently have the stature or credibility to be recognized as “the” social pillar of the global architecture, but no other institution has a credible claim to this position, either.

What is the ILO’s potential to become a “global social pillar” of the international system? The ILO seems to have the mandate that comes closest to addressing the issues that are part of the social dimension of globalization, but the doubts about its capacity to fulfil this need are considerable. The ILO does not presently have the stature or credibility to be recognized as “the” social pillar of the global architecture, but no other institution has a credible claim to this position, either. The International Labour Organization is thus wrestling with several critical questions: What does the ILO have to offer on globalization? Can it build a social dimension into globalization? Can it become a pivotal player in the establishment of a new global order focused on socially responsible values? Or is there a need for a new global institution to respond to the aspirations of people for equity and justice?

In his first term as Director-General of the ILO, Juan Somavia has prevailed upon the ILO membership to support a variety of initiatives that would help to construct this social pillar at the ILO. Reconfiguring the Office around strategic objectives, developing a comprehensive Decent Work Agenda, and promoting the idea of coherence among international institutions are among Mr. Somavia’s activities.¹ Another initiative bridging the activities of his first and second terms is the formation of the Global Commission on the Social Dimensions of Globalization, a high-powered panel of prominent officials and experts from a multiplicity of social disciplines.² As the Director-General looks to his second term, he has also announced a new thematic programme, the promotion of a “global social contract,” the contours of which are yet to be defined. Presumably, the Global Commission will play an important role in proposing the contours for this idea.

1 These initiatives are described in the Director-General’s report on the past two years to the 2002 ILO Conference, ILO Programme Implementation 2000-2001,” ILO (Geneva: 2002). Also: www.ilo.org/public/english/standards/relm/ilc/ilc90/reports.htm.

2 The Global Commission on the Social Dimension of Globalization was launched in March 2002. ILO Press Release, 28 February 2002 and www.ilo.org/public/english/bureau/inf/pr/2002/6.htm.

If the ILO as an institution is to benefit from these opportunities, its constituents must resolve three “crises” in their own approach to globalization – a crisis of “identity,” a crisis of “effectiveness,” and a crisis of “relevance.” A critical assessment is very much needed of whether and how the ILO and its constituents can develop solutions to these three crises – and of whether and how the ILO and its constituents might provide the inspiration that is needed to lead the way on the much-needed “social dimension” of globalization. The central message of this paper is that the ILO needs a broadened vision of who should be involved in debates dealing with the world of work, how basic workers’ rights should be implemented and monitored, and what the scope of basic rights should be. With this broadened vision, there is hope for the ILO’s institutional viability. Without it, the search for the social dimension of globalization have to look elsewhere.

The ILO’s potential leadership role is taking on shape in the context of the unfolding debate on globalization and development. This paper starts out with a brief overview of this debate and then looks at how this debate has been played out in the ILO itself. The paper proceeds, in turn, to address the three ILO crises of identity, effectiveness and relevance. Following the discussion of each “crisis,” the paper offers some suggestions for enhancing, or even transforming, the capacity of the ILO to move forward in these critical areas. The conclusion of the paper includes the main message that a broadened vision is needed for the organisation, and urges the Commission on the Social Dimension of Globalization to adopt a bold programme of transformation to save the ILO from the cloak of anachronism.

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3. The Unfolding Debate on Globalization and Development

The debate on globalization and development has gradually shifted away from a confrontation between hard-edged economic arguments on the one hand and resistance to change on the other. Increasingly, the social conditions of empowerment, capacity, dialogue and actual participation are coming to be more fully appreciated and integrated into international policy deliberations. The issues of fairness and equity in the globalizing economy are very much questions bearing on how development policies should be pursued to promote globalization with an eye to fair and equitable development. This is strikingly illustrated by the thematic approach to the new round of negotiations at the World Trade Organization, or the “Doha Development Agenda,” as well as the recent United Nations conferences on Sustainable Development and on Financing for Development.

The Washington Consensus, devoted to free trade, free markets, deregulation and privatisation, has dominated the development scene in the past decades.

This is a significant shift from the free-market thinking of the 1980s and 1990s. As Deepak Nayyar, the Vice-Chancellor of the University of Delhi and a member of the ILO Commission on the Social Dimension of Globalization, has observed, the Washington Consensus, devoted to free trade, free markets, deregulation and privatisation, has dominated the development scene in the past decades.³ Many critics have argued that this approach has missed the importance of social and regulatory processes for development.⁴ However, as another Commission member, Joseph Stiglitz, has recently argued, there is now a “post-Washington Consensus” the objectives of which have come to include much more than an increase in GDP; today, they encompass, as Stiglitz himself approvingly notes, the promotion of “democratic, equitable, sustainable development.”⁵

This change in the prevailing consensus on development has been aided and reinforced by the views and dialogue at two major UN conferences held last year. In Monterrey, Mexico, the UN Conference on Financing for Development marked a significantly heightened commitment to sustainable development and poverty eradication.⁶ Meeting in March 2002, the conference was notable for the combination of a consensus on the importance of these issues and a sense of frustration that not enough was being done. The debate identified the need for a comprehensive development strategy to include the building of a new partnership between rich and poor, or, as President Wolfensohn of the World Bank described it, taking

3 Deepak Nayyar, “Introduction,” in Deepak Nayyar, ed., “Centre Frame” Governing Globalisation: Issues and Institutions, WIDER Studies in Development Economics (October 2002), pp. 3-5.

4 The ILO convened a High-Level Meeting on Structural Adjustment in 1987 to challenge this free-market approach and called for the integration of social dialogue and policies for full employment in structural adjustment programmes. See: “High-level meeting on employment and structural adjustment, Geneva, 23-25 November 1987: background document,” ILO (Geneva, 1987), and “High-level meeting on employment and structural adjustment, Geneva, 23-25 November 1987: report of the meeting”. ILO (Geneva: 1988).

5 Joseph Stiglitz, “Development Strategies and the Labor Movement,” Industrial Relations Research Association Annual Meeting (Boston: January 1999).

6 The “Monterrey Consensus” was adopted by acclamation at the Summit Segment of the International Conference on Financing for Development on 22 March 2002. See “Monterrey Consensus,” A/CONF/198 (United Nations), at www.un.org/esa/ffd

down “the imaginary wall” between the rich and poor worlds.⁷ The emphasis is on community-driven development, on empowerment, on understanding the importance of strong governance, “good” policies on education and health, legal and justice systems, financial systems and infrastructure.

Similarly, the Johannesburg Summit on Sustainable Development also showed a marked shift towards achieving sustainability through poverty eradication and capacity-building for developing and least-developed countries. Critics of the Summit expressed disappointment that numerical targets for advancing the sustainability agenda were too sparse. However, the overall thrust of the final declaration and plan of implementation includes important advances and opportunities for poverty eradication and development, including the use of public-private partnerships. The Johannesburg Summit on Sustainable Development was the largest ever United Nations conference, with 21,340 participants from 191 governments, intergovernmental and non-governmental organisations, including the private sector, civil society, academia and the scientific community.

The active involvement of business was widely noted as being much more substantial than had been the case at the Rio Summit. The expanded role of the business community at the Johannesburg Summit was an understandable outcome of growing business interest in public-private partnerships on sustainable development, channelled through a coalition called Business Action for Sustainable Development, a combined effort of the World Business Council for Sustainable Development and the International Chamber of Commerce.⁸ Over 200 labour union representatives also participated in the Johannesburg Summit. The significance of their participation was the implicit acknowledgement that environmental concerns and social sustainability were intertwined and merited active involvement at this Summit.⁹

These developments show that there is an increasingly sophisticated understanding of the social aspects of development in international financial institutions and throughout the UN system. In spite of this, however, the critics of globalization continue to be highly vocal. The anti-globalization protests at the WTO Ministerial meeting in Seattle in 1998 and at the meetings of the Bretton Woods Institutions reflect a deeply felt hostility to globalization in general. Many of these critics believe that the removal of the barriers to free trade has meant a reduction in the power of the state to provide for the vulnerable against exploitation by the privileged few.¹⁰ They do not necessarily see these barriers to free trade as barriers to development. Rather, they view many of these as safeguards of fairness and equity and means for enabling the governments of developing countries to define their own development priorities.

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7 The necessities for a development strategy were itemized by James Wolfensohn in a keynote address at the Woodrow Wilson International Center on 6 March 2002, <http://www.worldbank.org/htm/extrdr/extrme/jdvsp030602.htm>. Additional commentaries by Wolfensohn and others from the World Bank Group can be found at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,menuPK:34480~pagePK:34384~piPK:34440,00.html>

8 See www.basd-action.net/ for a report of the business coalition’s activities at the Johannesburg Summit, but also www.wbcsd.org and www.icc.org

9 Union involvement was coordinated primarily through the International Confederation of Free Trade Unions. See www.icftu.org/focus.asp?Issue=wssd2002&Language=EN

10 Critics of globalization who raise these concerns include the ICFTU, Friends of the Earth, Greenpeace, and more radical groups such as ATTAC, which is active in Europe, and Global Corporate Watch, which is active in the US.

4. The Globalization Debate at the International Labour Organization

At the ILO, this debate between pro- and anti-globalization has been lively – and has focused on the effect of globalization on workers and workers’ rights.¹¹ Employment and unemployment, job insecurity, underemployment, growing wage gaps between rich and poor, forced labour, child labour, exploitation of women and other disadvantaged groups – these are the dominant issues. When the talk is of “delivering the social dimensions of globalization,” the implication is that these are the areas where the negative effects of globalization are most significant and visible. Addressing these kinds of issues is at the heart of the ILO’s mandate.

The ILO would seem to be in the forefront of international institutions that advocate democracy and the development of standards to promote social justice, and it should therefore be looked to for leadership on the social dimension of globalization.

Scholars like Joseph Stiglitz, Amartya Sen, and Dani Rodrik have argued that the keys to successful economic growth and stability are democracy and the absence of social conflict.¹² Stiglitz, as already mentioned, lays out what he calls the “post Washington Consensus,” which he highlighted in his Raul Prebisch lecture at UNCTAD in Geneva in 1998.¹³ Amartya Sen has done seminal work pointing to the linkages between democracy and equitable development, which he underlined in his keynote address to the 1999 ILO Conference. Dani Rodrik is among the scholars who have recently documented that the traditional view of relying on sound macroeconomic policies and free markets for development must be augmented by a commitment to “the mechanisms of voice” and social safety nets. The ILO would seem to be in the forefront of international institutions that advocate democracy and the development of standards to promote social justice, and it should therefore be looked to for leadership on the social dimension of globalization.

The ILO’s approach clearly focuses on the importance of empowerment as the underpinning for effective poverty eradication and development. Support for control and regulation, where appropriate, is also an ILO trademark. Rules and regulations for a global marketplace need to take into account the need for fair wages, decent working conditions, social protection schemes and participatory processes of stakeholder dialogue. There is a need for practical approaches for improving standards in a more integrated global economy, and it is appropriate that the ILO should play a leadership role in this.

11 The debate has largely taken place in the ILO Working Party on the Social Dimensions of Globalization, a committee of the whole of the Governing Body. This Working Party started meeting in 1994. It is remarkable that it has survived in spite of a few occasions when the differences among the groups were so great that there appeared to be no way forward. In spite of these close brushes with failure, the parties always managed to back off a bit and find an alternative way to keep the debate going. Although the Working Party debates are not recorded, there are chairman’s summaries of each meeting, most of which can be found on the ILO Website: www.ilo.org/public/english/standards/reln/gb/gbdoc.htm (under Report of the Working Party on the Social Dimension of Globalization)

12 Amartya Sen delivered a keynote address at the 1999 ILO Conference in which he lays out his views on democracy and the avoidance of famines, at www.ilo.org/public/english/standards/reln/ilc/ilc87/a-sen.htm. See also Amartya Sen, *Development Is Freedom*, Knopf (New York: 1999). Dani Rodrik has written several articles on his views about the importance of social harmony for effective economic development. See, for example, Dani Rodrik, “Globalization, Social Conflict and Economic Growth,” Raul Prebisch Lecture for UNCTAD, December 1997, published in *The World Economy*, 21 (2) (March 1998) and “Has Globalization Gone Too Far?” Institute for International Economics (Washington, DC: 1997).

13 Joseph Stiglitz, “Towards a New Paradigm for Development: Strategies, Policies, and Processes,” Raul Prebisch Lecture for UNCTAD, October 1998. Available at: <http://www.worldbank.org/html/extdr/extme/jssp101998.htm>

In the recent past, the ILO appeared to shy away from this leadership role at certain key junctures. Director-General Michel Hansenne was critical of the decision of the World Bank to feature labour as the theme for its World Development Report in 1995 and kept the Office at a certain distance from the publication.¹⁴ The ILO was, in the beginning, a reluctant contributor to the preparations for the Copenhagen Summit on Social Development, an initiative that was spearheaded by none other than the Chilean Ambassador to the United Nations, Juan Somavia (often called the “father” of the Social Summit), who was later to become the Director-General of the ILO. It was even reluctant to become a leader in the campaign against child labour because many traditionalists in the ILO did not see this as a “real” labour issue!

At the Social Summit, the three themes chosen by the UN General Assembly were poverty eradication, social inclusion and employment. In the early preparatory stages, the ILO appeared to convey the view that the UN was encroaching on the ILO’s turf on the employment issue, and it tended to downplay the Summit. Gradually, however, the Organization realized that it had to be more directly involved in the Summit’s commitments on the issue of employment if it was to have any credibility as an international institution. So the Organization did finally assert itself as the appropriate leader on this issue and played a significant role in influencing the Summit’s commitments.¹⁵

The commitments made at the Social Summit included a renewed global endorsement of full employment as the means to eradicate poverty and overcome social exclusion. They also included the first global articulation of a core set of workers’ rights and a commitment that all governments and international institutions, including the international financial institutions, should support the ratification and implementation of the ILO standards in these core areas.¹⁶ These commitments were achieved primarily because some key members of the ILO Governing Body (most notably the French representative Mr. Chotard) also happened to be in their own country’s delegations and saw to it that they were included.¹⁷

In connection with this global endorsement and emerging consensus over core labour standards, the Director-General of the ILO did launch a special campaign in 1995 to promote the ratification of these standards.¹⁸ A significant increase in

The commitments made at the Social Summit included a renewed global endorsement of full employment as the means to eradicate poverty and overcome social exclusion.

¹⁴ Director-General Michel Hansenne had even instructed his key people not to cooperate in the preparation of the Bank’s report. I was assigned the management of the policy dialogue with the World Bank and the International Monetary Fund as Deputy Director-General of the ILO starting in 1994. I put together an interdepartmental strategy committee to review the report and critique it but not to contribute to its preparation. The ILO did subsequently co-sponsor events at which the World Bank presented its report, The 1995 World Development Report on Labour, and the ILO presented its own World Employment Report 1995.

¹⁵ The ILO did ultimately put together a tripartite delegation from the Governing Body to participate in the Social Summit, and several other members of the Governing Body were active members of their national delegations.

¹⁶ The Copenhagen Summit on Social Development produced “The Copenhagen Declaration” and “Copenhagen Programme of Action,” 6-12 March 1995. Documents available at: www.un.org/esa/socdev/wssd/agreements/index.html

¹⁷ The ILO Secretariat’s involvement was ably led by Jack Martin, an eloquent and skilful negotiator, but the members of the official delegation that were appointed by the Governing Body found it more useful to join up with their national delegations than to operate from the ILO’s HQ. One could argue that the ILO’s constituents were able to play active roles in governmental delegations where they were free to advocate their own points of view and did not need to operate within a tripartite consensus on what the appropriate policies on employment, poverty eradication, social inclusion and even core labour standards should be.

¹⁸ Director-General Michel Hansenne announced the ratification campaign to increase ratification levels for the core or fundamental labour standards in line with the list of labour standards adopted at the Copenhagen Summit, on 25 May 1995, just before the 1995 ILO Conference.

While many perceived the Singapore Ministerial Meeting as a setback for efforts aimed at linking trade sanctions with labour standards, the ILO actually benefited from the endorsement by the trade ministers of the core set of standards and ILO's role as the appropriate institution to enforce these standards.

ratifications has occurred as a result of this effort. The list of core standards was also cited in the Singapore Ministerial Declaration of the WTO a while later, in December 1996.¹⁹ Although many perceived the Singapore Ministerial Meeting as a setback for efforts aimed at linking trade sanctions with labour standards, the ILO actually benefited from the endorsement by the trade ministers of the core set of standards and the reference to the ILO as the appropriate institution for enforcing these standards. This, however, was a serendipitous result of the hotly debated issue of a trade and labour linkage among the trade ministers, and not a result of any leadership from the ILO. Serendipitously, then, the combination of an endorsement of core labour standards at the Copenhagen Summit and the endorsement by the WTO ministers of the ILO as the appropriate institution for advancing these standards helped to boost the potential for ILO leadership on the social dimensions of globalization.

Shortly thereafter, the Employers' Group at the ILO successfully pushed through the idea of adopting a new declaration of fundamental principles, an idea which was subsequently embraced by the Workers' Group and then by many governments. The outcome was the adoption by the ILO Conference in June 1998 of the "Declaration of Fundamental Principles and Rights at Work."²⁰ This Declaration was especially helpful in reviving the ILO as a relevant organisation for addressing the social dimensions of globalization. The outgoing Director-General, Michel Hansenne, could look to it with considerable satisfaction as the final achievement of his tenure at the ILO.

Building on these opportunities, Director-General Juan Somavia has used the visibility that this Declaration brought to the ILO to justify a new approach centred on the issue of "Decent Work" as a means of focusing the Organization on its main mission. He has also restructured its work around four strategic objectives – the promotion of fundamental principles and rights at work, of employment, of social protection, and of social dialogue – all centred around the "Decent Work" issue. The World Commission on the Social Dimension of Globalization, which was launched by the Director-General in March 2002, is another innovative strategy enabling the Director-General to pull these themes together and thereby to play a prominent leadership role in working for a broadened acceptance of the social dimensions of globalization.

The Commission is an important venue for channelling the ILO into the mainstream of the globalization debate.

The Commission itself is composed of a diverse array of prominent experts and high-level representatives of governments and of civil society. The ILO's Governing Body has called upon the Commission to address the issues of inclusive globalization, better opportunities for decent work and promotion of development with social justice by means of open economies and open societies. The Commission is encouraged to investigate the "facts and contours of the globalization process."

¹⁹ The "Singapore Ministerial Declaration of WTO Trade Ministers" of December 1996 unanimously endorsed the core labour standards as listed in the Copenhagen Summit documents and also endorsed the ILO as the appropriate international organization for implementing compliance with these standards. At the time, this was perceived as a setback for advocates of international labour standards, but it has proved to be a very useful endorsement for holding all nations accountable to the core set of standards, regardless of level of development.

²⁰ "The Declaration of Fundamental Principles and Rights at Work" was adopted by ILO Conference, 86th Session, Geneva, Switzerland, June 1998. Text available at: <http://ilolex.ilo.ch:1567/cgilexpdconv.pl?host=status01&-textbase=iloeng&document=2&chapter=26&query=%28%23docno%3D261998%29+%40ref&highlight=&querytype=bool&context=0>

It is to consult the perceptions of workers, entrepreneurs, investors, and consumers, as well as different expressions of civil society and public opinion from all parts of the world. And the Commission has been urged to “launch a process to develop a consensus with all interested international organisations.”²¹ The Commission is an important venue for channelling the ILO into the mainstream of the globalization debate.

In his most recent report to the Governing Body on the work of the Commission, the Director-General has commented at length about the Commission’s awareness of a number of common concerns around the world, including the need to strengthen the nation-state, the importance of education, training and skills development, the urgency of creating jobs and addressing the problem of growing unemployment and of inadequate social protection systems. Most strikingly, the Director-General observed that the Commission was hearing concerns about the policies of the international financial institutions, and in particular their governance structures, about fairer rules in the global trading and financial systems, about the merits of regional instead of global integration, and about the “idea of a social pact or global pact to lay new foundations, new rules to govern globalization.”²² The message coming from the Director-General is that the ILO can expect to be urged to push for a global social pact, which, as he has already indicated, will be the basic theme of his second term as Director-General of the ILO. While the Commission’s report will only be presented to the Governing Body in March 2004 and is intended to serve as the basis of the Director-General’s report to the Conference that June, one can discern a thematic development in what the Director-General is anticipating from the Commission. While such a campaign for a global social pact is a very positive development, questions remain as to the capacity of the ILO as an institution, above and beyond the creativity of its Director-General, on whether the ILO can meet the requirements for leading such an initiative, and about where the Organization needs to change its ways and means.

21 Op. cit. Press release announcing the formation of the ILO Commission on the Social Dimensions of Globalization, 27 February 2002.

22 “Report of the Working Party on the Social Dimensions of Globalization,” para 21 <http://www.ilo.org/public/english/standards/reln/gb/docs/gb286/pdf/gb-18.pdf>

5. Three Problems Facing the ILO

Among the issues that the Commission should address is the question of how the ILO might or might not serve as the appropriate institution for advancing the policy debate on the social dimensions of globalization. If the ILO is to play this leadership role, it has to overcome three problems – or “crises” – in its institutional framework and policies. First, the ILO has an “identity” crisis, clings to its old partners, and seems unaware of how to open itself up to new ones. Second, it has an “effectiveness” crisis. Its supervisory machinery is too complex and ineffectual. And third, it has a “relevance” crisis. Its core standards, while both admirable and important, are not the right ones to deal comprehensively with the social dimensions of today’s globalizing economy. These three crises will need to be resolved if the ILO is to be the central player that the world needs in the social dimensions of globalization.²³

What follows is a discussion of each of these crises, along with some possible solutions to each one, as well as, in conclusion, some general thoughts on a broadened world vision for the ILO.

1. The Identity Crisis

1.1. The Problem

The tripartism of the ILO is both its strength and its weakness.

When the ILO was founded in 1919, one of the Organization’s important innovations was that its creators decided to include workers’ and employers’ representatives in its membership and decision-making structure. The tripartism of the ILO is both its strength and its weakness. The concept that workplace issues should be resolved with the active involvement of employers and workers as well as governments has served the ILO well. It has shown how it is possible to channel the interests of non-governmental parties in representative and accountable structures of decision-making and implementation at the global level. And yet there has always been a paradox: how to fit all employer interests of any country into one representative organisation and all worker interests of any country into a similarly representative organisation, while at the same time ensuring that these organisations are truly independent of the governments.²⁴

²³ Another observer of the ILO, Sean Cooney, has identified three “flaws” in the ILO – distorted representation, overtaxing procedures, and inadequate monitoring. Sean Cooney, “Testing Times for the ILO: Institutional Reform for the New International Political Economy,” *Comparative Labour Law and Policy Journal* (Vol. 20, Spring 1999), pp. 370-379.

²⁴ The biggest struggle of the ILO during the Cold War years was over this question. See, for example, David Morse, *The Origin and Evolution of the International Labour Organization*, Cornell University Press (New York: 1969). Other histories of the ILO addressing its complex role in Cold War politics include: Benjamin Aaron, *The United States and the International Labour Organization: Neglected Opportunities*, Los Angeles Law School, University of California (Los Angeles: 1988); and Walter Galenson, *The International Labour Organization: An American View*, University of Wisconsin Press (Madison: 1981). A useful but controversial report was also prepared by a panel chaired by Ray Marshall, “The International Labour Organization and the Global Economy: New Opportunities for the United States in the 1990’s”, Economic Policy Council of the United Nations Association of the USA (New York: 1991). It is controversial because it recommended ratification of Conventions 87 and 98, which triggered a formal objection from the US Council for International Business because of its understanding that ratifications of ILO conventions had to go through a special tripartite clearance process, the Tripartite Advisory Panel on International Labour Standards (TAPILS) under the President’s Committee on the ILO.

In the past decade, this question of “representativity” has been aggravated by the dramatic increase in nongovernmental organisations operating at the global level. Environmental NGOs were especially active at the Rio Summit in 1992 and established a precedent for direct NGO involvement in UN deliberations at that Summit.²⁵ NGO activity within the UN system grew rapidly in the 1990s, and a record number of NGOs have been accredited as official observers of the UN and its agencies.²⁶ Deepak Nayyar identifies these new actors as international coalitions of NGOs and issue-networks, as well as transnational corporations.²⁷

At the ILO, however, the NGOs have not been entirely welcome. The workers’ and employers’ representatives often seem to feel threatened by the NGOs that attend ILO conferences and meetings, to fear their potential to “take over” the proceedings. And at the same time they have also criticized the NGOs for not being sufficiently representative or accountable. As a result, globally oriented NGOs such as Amnesty International or the North/South Centre have not been able to establish a solid presence in the ILO structure, and the procedures for NGO involvement in official ILO meetings remain very cumbersome.

Both the workers’ and the employers’ representatives can be expected to protect their special role in the tripartism of the ILO, and they are actively doing so.²⁸ However, they have inherent problems with their own obligation to be representative and accountable. In many parts of the world, membership in trade unions and employers’ organisations has been declining. For the trade unions, this has been exacerbated by the increasing “informalization” of the workforce and the difficulties inherent in organising the “informal economy.”²⁹ The influx of women into the workforce has also aggravated the declining appeal of traditional, male-dominated trade union movements. New NGOs have become active in addressing the concerns of selected sectors in the informal economy, and many have also emerged to focus on the interests of special groups in the formal economy itself – working women, the disabled, ethnic groups, migrant workers, and other minorities.

For the employers’ organisations, the dilemma has been twofold. First, the globalizing of the economy has been driven by increasingly transnational enterprises, whose interests are not nationally oriented. Because the employers’ organisations with ILO responsibilities are nationally based, they are not well suited to represent in a coordinated way the multinational concerns of these global enterprises. Many multinational enterprises have opted to create different networks of business associations.³⁰ Furthermore, as social and environmental issues have become

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As social and environmental issues have become increasingly important to consumers, investors, and other key stakeholder groups, Multinational enterprises have themselves developed a heightened awareness of corporate responsibility through a variety of codes and partnerships that transcend national boundaries.

25 “Implementing Agenda 21: NGOs and the UN System Since the Rio Summit,” <http://www.unsystem.org/ngls/documents/publications.en/agenda21/01.htm>

26 Currently there are 2143 NGOs in consultative status with the Economic and Social Council (ECOSOC), as reported at <http://www.un.org/esa/coordination/ngo>

27 Deepak Nayyar, “The Existing System and the Missing Institutions,” in Deepak Nayyar, ed., op. cit., p. 14-40.

28 This defensiveness was most recently displayed at the 2002 ILO Conference, where the Resolutions Committee adopted a resolution reaffirming the importance to the ILO – and to the world at large – of tripartism as it has been understood within the ILO framework. See “Report of the Resolutions Committee,” available at: www.ilo.org/public/english/standards/reln/ilc/ilc90/pdf/pr-21.pdf

29 The “informal sector” was one of the main issues addressed at the ILO Conference in June 2002. In anticipation, the Workers’ Group held a special symposium in 1999 on the subject and produced a report, “Trade unions and the informal sector: towards a comprehensive strategy,” with recommendations on how trade unions might work to support workers in the informal sector. A copy of this report can be found at: <http://www.ilo.org/public/english/dialogue/actrav/publ/infsectr.htm>

30 Foreign enterprises often set up a local chamber of commerce for foreign companies, or they affiliate with the more general chamber of commerce but set up a separate international committee. International sectoral groups exist in the maritime, the construction, and the chemical industries, for example.

The ILO's structure has retained an orientation to nationally based tripartite representation and is missing the boat in both the multinational arena and the informal arena.

increasingly important to consumers, investors, and other key stakeholder groups, the multinational enterprises themselves have developed a heightened awareness of corporate responsibility through a variety of codes and partnerships that transcend national boundaries – and are often established outside the bounds of traditional collective-bargaining agreements.

Thus, the major identity challenge facing the ILO's employers' organisations is the multinational nature of large enterprises, while the major identity challenge for the ILO's workers' organisations is the burgeoning of the informal economy. Needless to say, both problems are evident to both groups. Workers' organisations have to deal with globally oriented, transborder NGOs operating in the field of workers' rights and in particular concerned with the rights of special groups of workers (women, migrants, ethnic minorities, the disadvantaged, etc.). Employers' organisations have to deal with the blurred lines between workers and employers in the informal economy and the difficulty of representing the concerns of small and medium enterprises in a system of national employers' organisations that tends to be dominated by large national employers.

The ILO's structure has retained an orientation to nationally based tripartite representation and is missing the boat in both the multinational arena and the informal arena. It is no coincidence, then, that the last International Labour Conference featured serious policy discussions on both the informal economy and on tripartism, although it rejected a proposal of the Resolutions Committee to discuss the issue of social responsibilities of business.³¹ The informal economy (or the informal sector as it once was called) was the subject of a Conference committee in 1991, but this 1991 discussion did little more than trigger a continuing debate and give rise to frustration about the appropriate ILO role. It is a credit to the ILO's procedures that the difficulties involved in relating to informal economic activities were acknowledged and that a further effort was made to resolve these difficulties.

On the one side, there are the advocates of job creation, no matter how poor the conditions; on the other, there are the advocates of a strategy involving bringing as much of the informal economy as possible into the formal economy. It is this latter point of view that has prevailed in ILO discussions and policy setting, as was reaffirmed by the statement in the 2002 Conclusions to the discussion on the informal economy that "Informality is principally a governance issue...(including the) lack of good governance for proper and effective implementation of policies and laws."³²

Although the Conference did not officially "define" the term, the Conclusions from the committee deliberations came close: "The term informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements."³³ Furthermore,

31 The ILC debate on the informal economy was scheduled in advance and included a report that served as the basis for committee deliberations. See: "Decent Work and the Informal Economy, Report VI to the June 2002 ILO Conference, Geneva, Switzerland, at <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/rep-vi.pdf>. The discussion on tripartism came out of the Resolutions Committee, where no advance report could have been prepared. The reports from each committee, reveal the defensive orientations of the existing tripartite representatives. "Report of the Committee on the Informal Economy to the June 2002 ILO Conference," at <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/pr-25.pdf>; and "Report of the Resolutions Committee to the June 2002 ILO Conference, at <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/pr-21.pdf>

32 Conclusions to the Informal Economy, Para. 14, in <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/pr-21.pdf>.

33 *Id.*, Conclusions, Para. 3.

the stated main objective in dealing with this problem is to reduce the “barriers for entry into mainstream economic and social activities.”³⁴ Governments need to improve their capacity to enforce labour laws and regulations. This was seen by the Conference delegates as the appropriate way to promote the movement of informal jobs to the formal economy as well as to emphasize efforts to increase employment in the formal economy.

The role of workers’ and employers’ organisations, as laid out in the Conference conclusions, is essentially to recruit enterprises and workers in the informal economy and help them to enter the formal economy by joining their organisations or helping them to create their own organisations – as long as they are “member-based, accessible, transparent, accountable and democratically-managed representative organisations, including bringing them into social dialogue processes.”³⁵ The services provided to informal economy enterprises or workers should, however, in no way “be regarded as a substitute for collective bargaining.”³⁶ These positions reflect a strong commitment to extending the tripartite principles and structure to all workers, which is an admirable goal, but one that implicitly rejects the idea of the ILO or its social partners relating to or aligning with different kinds of actors in civil society who are active working, in different ways, for the rights of workers and enterprises in the informal economy.

At the 2002 Conference, the NGO dilemma was also addressed in the Resolutions Committee, which decided to focus on a restatement of tripartism as its main contribution to a new thinking in the ILO. While the Committee members acknowledged that the main challenge for the Organisation was to increase the strength of tripartism and of the social partners in countries around the world, the basic premise on relating to NGOs was that they were not relevant to the tripartite framework and had to be dealt with separately. There was extensive debate on this issue, and language was ultimately hammered out that included an acceptance of working with NGOs under strictly controlled terms. The resolution’s preamble included the following observations:

Emphasizing that the social partners are open to dialogue and that they work in the field with NGOs that share the same values and objectives and pursue them in a constructive manner; recognizing the potential for the International Labour Office to collaborate with civil society following ap-proprate consultations with the tripartite constituents;

and

Noting the valuable contributions of civil society institutions and organizations in assisting the Office in carrying out its work – particularly in the fields of child labour, migrant workers and workers with disabilities; and recognizing that forms of dialogue other than social dialogue are most useful when all parties respect the respective roles and responsibility of others, particularly concerning questions of representation.³⁷

³⁴ Id., Para. 32.

³⁵ Id., Para. 31.

³⁶ Id., Para. 34.

³⁷ “Resolution concerning tripartism and social dialogue,” In Report of the Resolutions Committee, op. cit.

Services provided to informal economy enterprises or workers should in no way be regarded as a substitute for collective bargaining.

Among other considerations largely oriented to strengthening tripartism and the social parties, the Resolution then instructs the Governing Body and the Director-General to,:

Ensure that the tripartite constituents will be consulted as appropriate in the selection of and relationships with other civil society organizations with which the International Labour Organization might work.³⁸

The guidelines will help to improve the ILO's partnering with other non-state actors.

In November, the Governing Body reviewed the follow-up requirements for this Resolution and requested the Office to prepare “guidelines on cooperation between the ILO and non-state actors to further the Decent Work Agenda”³⁹ and agree that this was to be done only with “full consultation with secretariats of the Employers and Workers Groups as well as regional coordinators of the Government Group.”⁴⁰ Presumably, the guidelines will help to improve the ILO’s partnering with other non-state actors, and it is interesting to note that the term used is “non-state actors” and not just NGOs. This could well be interpreted to include such other non-state actors as multinational enterprises, academics, and the like.

As a final point on the matter of representation, it should be pointed out that even governments, the third pole of the ILO’s tripartite framework, have their problems with representativeness and accountability. Increasingly, fiscal and tax policies have come to dominate the employment agenda, but labour ministries have typically been left out of the debate. Finance and budget and planning ministries have become increasingly important in setting policies affecting employment and working conditions. And yet the ILO has had to rely on strengthening the capacities of its main governmental constituents, labour ministries, rather than broaden its base of governmental participants to include these other ministries. Much the same limitation applies for the broadening of the ILO’s partnering potential with governments that has been noted for the broadening of this potential by involving the social partners.

1.2. Solutions to the Identity Crisis

The dilemma of the ILO’s identity crisis appears to be an intrinsic feature of the institution and could lead to the conclusion that some other institution might be better suited to encompass the broadening array of “non-state actors” that are relevant to the social dimension of globalization. In this section, some constructive solutions are proposed within the context of the ILO framework.

The main solution to this identity crisis is for all three of the social partners, workers’ and employers’ organisations and labour ministries, to recognize the value of networking for innovation and change. Strengthening their own membership, especially in sectors that are under-represented in their organisations, is certainly important, but there are aspects of the world of work where other kinds of organisation may already be effectively representing the relevant interests. This is especially

³⁸ Id.

³⁹ “Points for Decision,” para. 11, in Record of decisions, GB285/205, November 2002, <http://www.ilo.org/public/english/standards/relm/gb/refs/pdf/rodp285.pdf>

⁴⁰ “Report on follow-up to the Resolution on Tripartism and Social Dialogue,” para. 38, GB 285/7/1, Geneva, November 2002, at <http://www.ilo.org/public/english/standards/relm/gb/docs/gb285/pdf/gb-7-1.pdf>

the case in view of the fact that the social dimension of globalization goes beyond the world of work as such and encompasses policies and programmes oriented, on the one hand, to families, communities, subregions and regions and, on the other hand, to non-income-producing activities like work in households or lifelong learning. Even the changing nature of work organisations involves a need to adapt or create institutions for workers' or employers' interests that can relate to these changes.

Employers' organisations need to work across national borders to partner with multinational enterprises and with other business associations like the International Chamber of Commerce.⁴¹ They also need to develop programmes for small and medium enterprises or associate with federations and professional associations targeted to these kinds of enterprises. Consideration also needs to be given to the changing nature of stakeholder relations for business generally, including supply chain relationships and outsourcing of a growing number of business functions. The burgeoning of "own-account" work raises the question of where this work is similar to employment and where it bears the marks of individual entrepreneurial control.

Workers' organisations are even more challenged by the plethora of NGOs in civil society than the employers. The difficulties faced by workers' organisations in retaining overall membership strength where they have traditionally been strong and in recruiting members in new and emerging sectors have been noted in ILO studies of labour relations trends.⁴² Part of this can be attributed to the detrimental effects of structural adjustment programmes that paid too little attention to employment creation strategies, but part of it is also related to the changing nature of work, including the privatisation of many previously public-sector activities.⁴³

The ILO Institute for International Labour Studies recently convened an open forum on the future of the labour movement, and participants put many interesting proposals forward. One such participant, Peter Waterman, has provocatively suggested that the International Confederation of Free Trade Unions should "abandon the notion of sole representative of labour."⁴⁴ Instead, he argues, the ICFTU should cultivate labour-allied networks, even in the ILO itself.⁴⁵ Certainly the many NGOs which are working in the informal sector should be part of these networks. Women's groups, community groups and other specialised groups should be there as well.

Patrice Meyer-Bisch, the Coordinator of the Interdisciplinary Institute of Ethics and Human Rights at the University of Fribourg, approaches this issue from the

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41 The ICC has both national federations and individual companies in its membership. The International Organization of Employers has only national federations as members.

42 An overview of trends can be found in ILO, *The World Labour Report 1997-98*, Industrial Relations, Democracy and Social Stability (Geneva: 1997), and more recently in Katherine Hagen, "Sectoral Trends: A Survey, Working Paper in the Sectoral Activities Programme (Geneva: 2003).

43 See also the lecture by Thomas Kochan cited in footnote 81.

44 Peter Waterman, retired from International Social Science, was a thoughtful contributor to the forum organized by the International Institute for Labour Studies on Organized Labour in the 21st Century, with a piece entitled "International Labour's Y2K problem: a debate, a discussion and a dialogue (a contribution to the ILO/ICFTU Conference on organized labour in the 21st century", Institute of Social Studies (The Hague: 1999). He is the source of the concept "identity crisis" as it pertains to the ILO.

45 Of course, the ICFTU is not the only international labour federation. The Communists did have their own international federation, which still exists but does not have any regular relationship with the ILO. The World Confederation of Labour, primarily a federation of national Christian trade federations, does have a presence in ILO meetings. Some speculation has been aired that the WCL might merge with the ICFTU, but others consider this unlikely.

Whatever the echelon of government, all decision-making must go through the crucible of an appropriate public space.

point of view of improving the governance of each institution, how it manages its “public space.” “Whatever the echelon of government,” he states, “all decision-making must go through the crucible of an appropriate public space. The legitimacy of the state hinges on its effective function as guarantor of public spaces or – which comes to the same thing – the rule of law in that state or society.”⁴⁶ In this sense, a priority for those involved in the governance debates of today should be to “rethink the functioning of all IGOs associating civil and private sector actors with public actors within an appropriate framework, having due regard for their specific objectives.”⁴⁷ Such a rethinking should take into account the various civil and private-sector actors with an interest in the social dimension of globalization and with the particular orientation to this social dimension that emanates from the ILO’s mandate and specific objectives.

Another avenue to pursue is more regularized networking at the sectoral level. There are 12 of these sector-specific global union federations that have a loose affiliation with the ICFTU. The ILO has a Sectoral Activities Programme and organises meetings and other activities concerned with issues of special concern to specific industrial or service sectors. Although these sectoral meetings have long been part of the ILO programme, the sectoral trade union groups have been frustrated by the lack of real partners with whom to interact at these meetings. It is true that they themselves are not directly represented in the ILO committee that oversees the Sectoral Activities Programme. Rather, they have to channel their concerns through the ICFTU and the national labour federations. Nonetheless, they do exist as separate entities and are fully consulted by the ICFTU in deciding what meetings will be held and who will attend.

On the other hand, there are few employer counterparts to the sectoral trade union federations, and the IOE controls the choice of meetings and the selection of employer participants at sectoral meetings. Perhaps this awkward structure for sectoral dialogue is one of the reasons that the Sectoral Activities Programme is regularly exposed to budget cuts and even to proposals to abolish the whole programme, but it is encouraging to note that the social partners finally worked out an opening up of the programme to more innovative activities than its traditional reliance on highly structured sectoral meetings at the March 2003 session of the Governing Body.⁴⁸

Since the ILO membership is country by country, truly international, there is no convenient avenue for transnational entities to be brought into the structure of the ILO.

A major challenge is how to relate to the networks for dialogue and cooperation between workers and employers at levels other than the national. Since the ILO membership is country by country, truly inter-national, there is no convenient avenue for transnational entities to be brought into the structure of the ILO. In any case, the ILO is unlikely to do this if its constituents are unwilling. It will have to be addressed by its tripartite members. That means that innovation and change must be pursued through the existing nationally based membership. Networking with transnational entities could be achieved through the international trade union federations and would in any case need to be facilitated through these global

46 Patrice Meyer-Bisch, “Social actors and sovereignty in IGOs” in *International Social Science Journal*, No. 170, December 2001, pp. 613-614.

47 *Id.*

48 See the report of the Sectoral and Technical Meetings Committee, available at: <http://www.ilo.org/public/english/standards/relm/gb/docs/gb286/pdf/stm-1.pdf>

institutions, but this can happen only if their national memberships decide to support it. Many “framework agreements” have been signed between global trade union federations and individual multinational enterprises, but these have tended to be facilitated by a strong national union and its relationship to the multinational enterprise at the national level.⁴⁹

Finally, strengthening labour ministries to operate as the third leg of the tripartite structure would merit a renewed effort. The ILO has an extensive programme of technical assistance to improve labour administration in developing and transitional countries. Such programmes are directed to improving the capacity of labour ministries to organise and to carry out their responsibilities for the regulation and enforcement of labour laws. When Director-General Somavia introduced the concept of strategic objectives for reorganising the work of the Office, he placed the labour administration expertise in the Social Dialogue sector, where a restatement of basic objectives stimulated a review of the ILO’s services to labour ministries and the articulation of goals and indicators for strengthening their policy role as well as their administrative role.⁵⁰ This approach, as already noted, is limited to stimulating labour ministries to seek to play an active policy role, but it does not bring the ministries that control tax and fiscal policy, trade policy and economic planning into the ILO setting.

More can be done to create an understanding of the labour dimensions, and especially the importance of employment creation, among policy-makers in ministries other than labour ministries. The ILO should regularly invite heads of finance ministries, for example, to engage in dialogue with the ILO’s tripartite constituents. A variation of this has been pursued at the United Nations Economic and Social Council, as a follow-up to the Copenhagen Social Summit, but this ECOSOC-sponsored dialogue has been between development ministries and finance ministries only.⁵¹ The ILO itself should also pursue an active observer and advisory role in the international financial institutions to emphasize the importance of social policy-makers in the articulation of international financial and development policies.

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These are only a few of the suggestions on ways in which the tripartite structure of the ILO might respond to the identity crisis. Of course, the ability of the Organization to attract broadly representative and effective participants may depend more on how effective and relevant the Organization is than on any consciously developed recruitment strategies. But there is a tendency towards defensiveness and protection of the jurisdictional control of the traditional tripartite partners that also contributes to the challenges of effectiveness and relevance. Each of these “crises” is

49 Five global union federations are parties to 24 framework agreements with multinational enterprises (as of July 2003) – the ICEM, IFBWW, IMF, IUF and UNI. For a complete list, see: <http://www.icftu.org/display-document.asp?Index=991216332&Language=EN>. In most cases, it is the national affiliate that has played the lead role in negotiating with the multinational enterprise. An earlier analysis of these agreements can be found at Katherine Hagen, “Sectoral Employment Trends,” ILO Sectoral Activities Working Paper No. 196 (Geneva: April 2003) at <http://www.ilo.org/public/english/dialogue/sector/papers/general/wp196.pdf>.

50 This was reflected in the 2000-2001 Programme and Budget. See: <http://www.ilo.org/public/english/standards/reln/gb/docs/gb276/pdf/pfa-9.pdf>

51 Social Summit reference to this follow-up activity can be found in “The Declaration of the World Summit for Social Development,” at Commitment 10© and “The Programme of Action of the World Summit for Social Development,” at Para. 98(a), available at <http://www.un.org/documents/ga/conf166/aconf166-9.htm>. The dialogue between finance ministers and development ministers, an event organized by the UN Economic and Social Council, has usually occurred after the spring meetings of the Bretton Woods Institutions. This year’s meeting was held on 14 April 2003 in New York. See: <http://www.un.org/esa/coordination/ecosoc/bwi2003/BWIInfoNote.pdf>

also of concern, and solutions will depend on the boldness and courage of the tripartite constituents themselves in reaching out to the rest of the actors and policy-makers. So the identity crisis has been the first challenge to be discussed in this paper. The next section will address the challenge presented by the effectiveness crisis, and this will be followed, in the third section, by a look at the crisis of relevance.

2. The “Effectiveness” Crisis

2.2. The Problem

A common criticism of the ILO is that it lacks teeth to enforce its own standards.

A common criticism of the ILO is that it lacks teeth to enforce its own standards, no matter how comprehensive and uplifting these standards might be. The ILO certainly has a lot of standards – 185 formal conventions at last count, plus an even larger number of non-binding recommendations. The purpose of the ILO has been to establish basic standards to define social justice in the world of work. Through the years it has promulgated standards on basic human rights, employment, social policy, labour administration, labour relations, conditions of work, occupational safety and health, social security, specific categories of workers (women, children, older workers, migrant workers, indigenous and tribal peoples) and specific occupational sectors (seafarers, fishermen, dockworkers, plantation workers, tenants and sharecroppers, nursing personnel and hotel and restaurant workers). The plethora of standards is like a maze of wide and narrow paths going in multiple directions, a situation further complicated by unevenness in actual ratifications.

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The supervisory machinery for these standards is complex, cumbersome and not very effective in compelling compliance. First, governments are called upon to provide reports on ratified conventions, but they are also asked, from time to time, to report on conventions which they have not ratified and to explain why they have not done so. These reports are transmitted, as delegated by the Governing Body, to a Committee of Experts. This Committee operates independently of the Governing Body, however, and issues lengthy opinions on how governments are doing. It submits its own reports to a Conference Committee on the Application of Standards and Recommendations. In addition, different kinds of “representations” and “complaints” can be brought before the Governing Body against governments, alleging inadequate observance of conventions that the latter have ratified.⁵²

Then there is a Governing Body Committee on the Freedom of Association (the CFA) that reviews complaints on the standards related to freedom of association and the right to collective bargaining. This separate procedure applies to all member states regardless of whether they have actually ratified the applicable conventions. The CFA is a remarkable committee. It has a tripartite membership chosen by the Governing Body, but it operates on a markedly collegial basis, perhaps because it meets in private. Its review of alleged violations of the right to freedom of association is typically very thorough.

⁵² The reporting procedures are primarily derived from Articles 19 and 22 of the ILO Constitution; and the procedures for representations and complaints are in Articles 24 to 26. For more information see: <http://www.ilo.org/public/english/standards/norm/enforced/index.htm>

The Conference Committee on the Application of Standards and Recommendations (the Applications Committee) also appears to be taken very seriously by the governments that are the subject of complaints. The Committee starts out by adopting a list of complaints to be heard and then listens to each complaint and the applicable government's response. The sessions are typically long, as is the final report to the plenary. Complainants do appear here to have a genuine forum to air their complaints. To the extent that both the CFA and the Applications Committee are taken seriously, it can be argued that they are effective enforcement mechanisms.⁵³ Negative publicity resulting from any conclusions drawn by these Committees or by the Governing Body or the Conference does in fact tend to stimulate active involvement of the accused parties.

On the other hand, the procedures that must be followed to obtain an actual condemnation by an official organ of the ILO are truly cumbersome. The scopes open for obstructionism or complete evasion of any responsibility are considerable. Furthermore, the actual condemnation is in itself rarely effective in compelling a change in behaviour. For one thing, the ILO itself has always operated on the premise that it is better to resolve problems behind the scenes than to take a conflict out into the open. The supervisory machinery operates best when the offending party asks for help to resolve the problem. This "quiet negotiation" is what the ILO bureaucracy is expert in facilitating. However, when the offending party is not interested in help and believes it can accept the risk of negative publicity, then an actual condemnation has no effect at all. The ultimate "sanction," invocation of Article 33, has been imposed only once, with regard to Myanmar in 2000, and that took several years to bring about.⁵⁴

The ILO Governing Body has been conducting an extensive review on reform of the standard-setting process. The focus of this effort has been on improving the procedures for setting standards and on clearing up the uneven diversity of existing standards to allow for the abolition of outdated ones. The Body has also worked on improving the reporting process on what member countries are doing with both ratified and unratified conventions. Where the effort has been directed at improvements in the enforcement procedures, however, the Governing Body has been unable to reach consensus. Furthermore, there has been no consideration given to the exploration of new or different enforcement measures. It is no wonder that the Director-General himself has recently observed, "Clearly, further innovations are required, particularly with respect to the effectiveness of the supervisory machinery."⁵⁵

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The ILO itself has always operated on the premise that it is better to resolve problems behind the scenes than to take a conflict out into the open.

⁵³ The American employer spokesperson at the Conference Committee on the Application of Standards and Recommendations, Ed Potter, has observed that the Committee is taken very seriously by the governments that are the subject of complaints and that the complainants have a genuine forum to air their complaints.

⁵⁴ The Governing Body decided to recommend action under Article 33 of the ILO Constitution against Myanmar in March 2000. In June, the Conference deferred action pending one final opportunity by Myanmar to respond, which Myanmar was found not to have done, thereby triggering the invocation of Article 33 as of 30 November 2000. The main report of interest is in the March 2000 Governing Body, "Measures including action under Article 33 of the Constitution of the International Labour Organization, to secure compliance by the Government of Myanmar with the recommendations of the Commission of Inquiry established to examine the observance of the Forced Labour Convention, 1930 (No. 29), at www.ilo.org/public/english/standards/relm/gb/docs/gb277/pdf/gb-6.pdf

⁵⁵ "The Director-General's reply to his PFAC discussion of the Programme and Budget proposals for 2004-5," GB 286/12/3(Corr.), Geneva, March 2003.

One such innovative vehicle for promoting compliance with ILO standards is the Declaration of Fundamental Principles and Rights at Work and its Follow-up, adopted by the Conference in June 1998. This Declaration has two “new” reporting “opportunities” for governments – (1) an adaptation of the “Article 19” reports, which now provides for annual reporting (via a newly established Group of Declaration Expert Advisors to the Governing Body) by governments that have not ratified the conventions, on what such governments are undertaking to promote the fundamental principles underlying the core labour standards, and (2) an annual global report prepared by the Office on the overall state of compliance relative to one of the fundamental principles and submitted to the Conference on a rotating basis. Because the Declaration is intended to be an instrument for enhanced technical cooperation for cases in which countries need help in realising the fundamental principles, these reports are supposed to set the stage for further action. The reports are to be debated, either in the Governing Body or the Conference, with a view to identifying where technical support from the Office should be targeted.

After four years of reporting, none of the reports has proven particularly easy to read. One member of the Governing Body has remarked that these follow-up reports to the Declaration have so far been “totally useless and a waste of resources.” The debates in the Governing Body and the Conference, in the view of this official, have been a “disaster.”⁵⁶ A review of the follow-up procedures is slated to occur this year, following the completion of the first cycle of global reports (one per year on each of the four fundamental principles). Some of the wasteful exercises might be streamlined, but a question still remains about the efficacy of a process that continues to depend on reporting by member governments.

The technical assistance commitments contained in the Declaration seem to hold some promise. Following each Conference debate of a global report, the Governing Body reviews where technical assistance should be targeted to address the issues raised in the report. This is actually an important “new tool” for encouraging compliance. Some “behind-the-scenes” progress has occurred, with technical assistance resulting from the Declaration discussions for some countries of the Middle East, for example. But the technical cooperation budgets for these follow-up activities are quite vulnerable and dependent mostly on voluntary contributions from supportive governments.

2.3. Solutions to the Effectiveness Crisis

Using the WTO’s sanctions framework, it is argued, will more effectively compel compliance with core labour standards than anything that the ILO itself might do.

Critics of the ILO enforcement machinery have suggested that the “threat of exposure to sunshine” is not enough. Not only does it take too long for matters to be brought into the sunshine, it is also not enough to rely on the negative publicity of a “sunshine strategy.” Rather, these critics argue, the enforcement machinery should have “teeth” – or sanctions. The most controversial proposal has been to link the enforcement of ILO standards to the sanctions-based machinery of the WTO. The ICFTU has been in the forefront in advocating this linkage. Using the WTO’s sanctions framework, they argue, will more effectively compel compliance

⁵⁶ This comment was made off the record in March 2002.

with core labour standards than anything that the ILO itself might do. There are, however, a number of other options that can improve the effectiveness of the enforcement of workers' rights, and these will also be considered here.

At the ILO the tripartite constituents have strongly opposing views about the merits of linking labour standards to enforcement through the WTO. When the ILO first debated the linkage of labour and trade sanctions, the deliberations led to a Working Party of the Governing Body on the Social Dimensions of Trade Liberalization. This Working Party met for the first time in June 1994 and has continued to meet in association with Governing Body sessions in March and November of each year.⁵⁷ The views expressed by the Workers' Group and the Employers' Group as well as by several developing country governments have often been very heated. What is remarkable about the debates in the Working Party is that the apparent intransigence among the various parties has never allowed the process to reach an impasse. The very divergent and conflicting views of parties to this debate have seemed to indicate that they understand, implicitly if not explicitly, that the ILO as an institution needs to remain in the debate. Elsewhere, many developing country governments, employers' organisations, and even some workers' organisations from developing countries have taken an increasingly intransigent position towards any linkage to the WTO or any of the other international financial institutions or UN agencies, whether by way of trade sanctions or otherwise, though they have generally not objected to a debate about this at the ILO.

Nonetheless, it has to be noted that the linkage between trade per se and labour standards is clearly in evidence. The very reason for the creation of the ILO in 1919 had to do with the effect of trade on workers' rights and the need to find some mechanism to establish uniform standards among countries to prevent any one country from gaining an advantage in trade as a result of inferior working conditions and thus reduced costs of production. From this perspective, the opposition to linking labour standards with the new trade regime under the WTO would seem to disregard the original rationale of the ILO.⁵⁸ What is more, the WTO itself has already allowed a linkage of trade sanctions with intellectual property rights, which has been identified by Dr. Jagdish Bhagwati of Columbia University, among others, as a precedent for linking other issues such as the environment and labour standards to the WTO enforcement machinery.⁵⁹

At a certain point, the Workers' Group had to agree to cease to push the ILO to endorse the need for trade sanctions in enforcing labour standards.⁶⁰ This was an

57 Reports of the Chairman of the Working Party, as already noted, can be found on the ILO Website: www.ilo.org/public/english/standards/relm/gb/gbdoc.htm. (under Report of the Working Party on the Social Dimension of Globalization)

58 The US Council for International Business, the US "employer group" at the ILO, has argued that it is opposed to linking labour standards with the remedies available at the WTO, including trade sanctions, as though labour standards had nothing to do with influencing the value of the goods and services involved in international trade. On the other hand, recent position statements of the USCIB are more nuanced, in arguing that "the key to labor standards is economic development..., not sanctions." Thomas M. T. Niles, USCIB President "Testimony on Trade and Labour in the WTO before the International Trade Subcommittee of the House Ways and Means Committee," 8 February 2000, at 1417" www.uscib.org/index.asp?documentID=1417.

59 Dr. Jagdish Bhagwati has consistently made this observation, including most recently at the WTO Public Symposium, "Challenges Ahead on the Road to Cancun," 18 June 2003, in Geneva, Switzerland.

60 Workers agreed to stay neutral in the ILO Working Party on the matter of trade sanctions, with the understanding that they could continue to pursue the issue in other fora.

important concession that helped to keep the broader debate about the social dimensions of trade alive in the ILO. Thus, the ILO Governing Body has continued to have a Working Party, although it was renamed recently to reflect a concern about globalization more generally, and not just the effect of trade liberalization on labour standards. It is now referred to the Working Party on the Social Dimensions of Globalization, just as the new ILO Commission is called the Commission on the Social Dimensions of Globalization.

The governments remain divided, with the lines of dissention running, in essence, between North and South.

The ICFTU and its affiliates continue to push the idea of linking labour standards to the WTO enforcement machinery of trade sanctions and of introducing conditionality at the World Bank and International Monetary Fund.⁶¹ The International Organization of Employers (IOE) and its affiliates continue to be adamantly opposed to any linkage. The governments remain divided, with the lines of dissention running, in essence, between North and South. In fact, the governmental divisions in this debate have produced a caucus of the “South” for the first time in ILO history. Elsewhere in the UN system, the Group of 77 plus China has been active for years, but this clustering was rarely evident as a “voting bloc” until a heated debate about Myanmar during the November 2001 session of the Governing Body. The remarkable thing about the ILO tripartite framework is that it has operated as a barrier to a “Group of 77” mentality, but the globalization and trade debate appears to be breaking this barrier down.

Short of taking labour standards en masse to the WTO, however, there are numerous other options to improve the enforcement of ILO standards.

Short of taking labour standards en masse to the WTO, however, there are numerous other options to improve the enforcement of ILO standards. These options are increasingly being explored in the policy debate on trade and labour within the US and the EU. The US has been the most active advocate for a trade and labour linkage, whether under Democratic or Republican administrations, but the EU has also embraced the linkage in recent years. Labour standards are included among the criteria for continued eligibility under the Generalized System of Preferences for developing countries. The linkage was also an important issue in the Bush Administration’s campaign to receive Congressional authorization for the “Trade Promotion Authority,” and labour standards are being included in all of the bilateral trade agreements that the US has negotiated or is in the process of negotiating. In the EU, similar policies are being pursued in the Union’s dealings with the ACP (African, Caribbean and Pacific) countries. It of course goes without saying that these initiatives are, at least in part, motivated by a desire to defuse the issue of any linkage of labour standards to the WTO.

One suggestion is to distinguish between trade-related labour practices and domestic labour practices.

Other ideas are also being advanced that involve more nuanced options than invocation of trade sanctions in the WTO. One suggestion, proposed in a monograph by the International Institute for Economics, is to distinguish between trade-related labour practices and domestic labour practices.⁶² In this monograph, Kimberley Elliott has suggested that those violations of labour standards that are clearly

61 Recent publications by the ICFTU on trade and labour include “A Trade Union Guide to Globalization,” and “The Social Dimensions of Globalization, A Briefing Paper submitted to the first meeting of the ILO World Commission on the Social Dimensions of Globalization, 25-26 March 2002.” See “EN” www.icftu.org/display-document.sap?Index=991215023&Language=EN

62 Kimberley Elliott, “Trade-related violations of labour standards? Finding Our Way on Trade and Labour Standards,” Policy Brief No. 01-5, International Economic Policy Briefs, Institute for International Economics (Washington, DC: April 2001).

trade-related, such as those committed in export processing zones, should be addressed by the WTO. Similarly, in another recent publication, Richard Freeman joins Elliott in suggesting that the ILO's constitution could technically be interpreted to allow the ILO to impose fines itself.⁶³ It would also be possible to prioritise violations of labour standards, as Steve Charnovitz has suggested, and thereby establish the severity of some violations as compared with others.⁶⁴ Other suggestions have included a requirement of annual updates where the issue has been the subject of inadequate enforcement, conditionality for technical assistance, and the endorsement of social labels and codes of conduct.⁶⁵

Another option would be to focus on improving the system of monitoring and compliance by individual companies and associations, regardless of the capacity of governments to enforce labour standards themselves. The ILO's constituents have resisted embarking on this approach because they see the ILO as a system based on implementation of standards by governments, not by the private sector or NGOs. The private sector's role in developing codes, labels and other standards for corporate responsibility has even been viewed with suspicion by many trade unions, NGOs and other advocates of social responsibility in general. A major concern has been the question of who would actually be responsible for enforcing these "voluntary" standards. Certainly, this is not a matter for governmental enforcement, and the ILO itself has been compelled to shy away from any endorsement of unilateral nongovernmental activity in this arena.

Where the trade unions have taken the initiative in negotiating global agreements on core labour standards with individual multinational enterprises, this has meant a better framework for ensuring compliance with these standards. Such framework agreements, as they are called, are increasingly being negotiated by sectoral trade unions, primarily with European multinational enterprises, such as Daimler-Chrysler, Danone, Faber-Castell, Ikea, Statoil and Volkswagen.⁶⁶ As Jim Baker, the Director of Multinational Enterprises, Organising and Recruitment for the ICFTU has pointed out, "Unlike unilateral company initiatives, there is a way to resolve conflicts or problems before they become serious or damaging, based on the agreement, dialogue and the establishment of a certain amount of confidence inside the relations."⁶⁷ In this sense, it is true, they are superior to unilaterally promulgated codes of conduct, but they have yet to be tested as a basis for any legal enforcement in a court of law.

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Whatever the new enforcement programmes might be, the ILO would do itself a service if it were to streamline the information it already has on compliance with its own standards and enforcement machinery. One interesting project in this regard is the project funded by the US Labor Department with the National Academy of Sciences to develop data on governmental compliance, to evaluate the quality

63 Kimberley Ann Elliott and Richard B. Freeman, *Can Labor Standards Improve under Globalization?*, Institute for International Economics (Washington, DC: June 2003).

64 Elliott, *op.cit.* and Steve Charnovitz, "The International Labour Organization in its Second Century", Max Planck Yearbook of United Nations Law (Kluwer Law International, 2000), have both recommended prioritising violations and distinguishing between trade-related and non-related violations of labour standards.

65 *Id.*

66 See <http://www.icftu.org/displaydocument.asp?Index=991216332&Language=EN>

67 Jim Baker, "Managing Globalization: Challenges for Business and Governments," *Commonwealth* (September 2002), as cited at <http://www.icftu.org/displaydocument.asp?Index=991216445&Language=EN>

of the data, to develop innovative indicators of governmental progress, and to study the relationship between standards and human resources policies, such as education and workforce training policies, labour inspection human resource policy, etc.⁶⁸ The ILO itself is also experimenting with quantitative indicators designed to measure Decent Work, performance on core labour standards, economic security, and specific performance objectives, such as reducing accident rates in the workplace. Improved information management, accessibility of data, and common indicators of performance could all provide for an improved overall assessment of compliance and non-compliance by individual member states.

A related concern with regard to non-governmental enforcement of labour standards is nonetheless associated with the question of how it would be possible to ensure adequate training of those who monitor voluntary compliance with labour standards in the private sector. Certification of labour monitors would be an important breakthrough and would help bring the ILO's expertise into the assessment of compliance with labour standards by individual enterprises and their supply chains and other relevant stakeholder groups. There is a project underway, again financed by the US Labor Department, to train and support independent monitoring of factories in the garment and textile industries in Cambodia, but this has had mixed results so far.⁶⁹ The ILO constituents have preferred reliance on improvement of labour inspection services by governments, rather than independent monitoring processes.

Finally, the ILO Secretariat has been mandated to work on improving the effectiveness of the supervisory machinery. In this regard, the lack of a comprehensive public record and the cumbersome volumes of material available should be a cause for concern. The Office could start by consolidating and summarising its own records with regard to compliance and providing a glossary of understandable and consistently applied terminology. It may even be possible to facilitate a ranking of compliance, even if the Office should itself be reluctant to do the ranking. Some excellent work has been done at the Institute for International Labour Studies on quantifying compliance activities, and experimentation is underway on performance indicators for compliance with labour standards. These are the kinds of innovations that should be encouraged.

The enforcement crisis at the ILO is a serious one.

The enforcement crisis at the ILO is a serious one. It has to do with doubts about the capacity of the ILO to influence governments to comply with its standards via its existing enforcement procedures. And it also has to do with doubts about the ILO's capacity to work with NGOs and private-sector initiatives to enforce these same standards. The most promising solutions to this enforcement crisis seem to be coming from non-ILO initiatives that use the ILO's standards and databases in innovative ways. Monitoring initiatives like the NAS project have the potential to

⁶⁸ The National Academies of Science Labour Monitoring Project was funded by the 2001 Department of Labour budget to "develop information on enforcement of labour laws around the world" ...and "to establish a system for monitoring labour standards." This information was provided to the author in interviews with Labour Department officials in March 2002.

⁶⁹ The Cambodia project has produced three reports on the ILO monitoring efforts. The third report can be found at: www.ilo.org/public/english/dialogue/ifpdial/publ/cambodia3.htm. The first two reports are at <http://www.ilo.org/public/english/bureau/inf/pr/2002/16.htm>

develop indicators of governmental performance that go beyond the morass of reports and resolutions of the Governing Body and Conference of the ILO. Where private codes of conduct are aligned with ILO standards, they, too, can bring about greater public awareness of enforcement issues. It is to be hoped that the ILO will take advantage of these parallel efforts to enhance the usefulness of its standards for the world of work in today's global economy.

3. The crisis of "relevance"

So far, this paper has raised concerns about the identity of the ILO and its effectiveness as an international institution and proposed a number of solutions to these problems. The biggest challenge facing the ILO in providing leadership for the social dimension of globalization, however, is the crisis of "relevance." This is a serious problem because it goes to the very heart of what the ILO is all about and what the social dimension of globalization is all about.

Of course, no single international institution has responsibility for all of the activities that the social dimension of globalization encompasses. To the extent that the social dimension encompasses education, health, the environment, communities, and social customs, for example, the ILO is certainly not the relevant organisation – or at least not the only or most relevant organisation. At the Social Summit, social development issues were more narrowly concentrated, at least at the beginning of the preparatory deliberations, on employment, poverty eradication, and social inclusion. UNESCO and WHO, among others, however, challenged this limited focus, and so additional commitments on both education and health were ultimately added to the final documents. So it is not clear what is meant, precisely, by the term "social", whether it means the "social dimension" of globalization or refers to the term "social" in the United Nations Covenant of Economic, Social and Cultural Rights.

While one should not ignore the integrative role of the United Nations itself, it is easy to dismiss the socio-economic policy-setting capacity of that institution. The UN's Economic and Social Council was originally intended to oversee these concerns throughout the UN system, but its potential for budgetary control over the specialized agencies, like the ILO, FAO, WHO and UNESCO, was never realized. Then, as the World Bank and the International Monetary Fund moved from their traditional development assistance and financial stabilization roles to proactive structural adjustment programmes for developing countries in the 1980s and 1990s, ECOSOC's capacity to do anything about coordinating global socio-economic policy was, rather dramatically, lost. Token moves towards policy dialogue between ECOSOC and the Bretton Woods institutions appear to be little more than public relations gestures on the part of the Bank and the Fund. So it is no wonder that the specialized agencies, and especially the ILO, have approached the Bretton Woods institutions separately to seek policy convergence on an enlightened social perspective on development.

Even with a broad view of what is meant by the social dimension, it can still be argued that employment is the key to sustainable livelihoods, that the social dimension has to do primarily with sustainable lifestyles for everyone, and that poverty and social exclusion can only be corrected through meaningful, productive

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and adequately remunerated employment. This line of argument justifies making the ILO the central pillar of the social dimension, even if it is not the sole claimant to advocacy of the social dimension. The Decent Work Agenda calls for elevating the importance of employment creation in policy-making, along with ensuring the “decent” nature of that employment by means of appropriate labour standards, social protection systems and processes of social dialogue.

The central issue involved in the crisis of relevance at the ILO, however, has to do with its standards for decent work. For a long time, critics of the ILO tended to dismiss the ILO for its appearance of being “bogged down” in a plethora of standards of varying scope and usefulness. Many were even out of date and yet still technically legally binding. The ILO has been working on removing outdated standards, with encouraging results. More importantly, the ILO has moved to distinguish a certain set of its standards from all the others. These are the “core labour standards” that everyone supposedly agrees are universally applicable, regardless of level of development. These “core” standards, then, are central to the Decent Work Agenda as opposed to all the other, in many cases presumably more development-oriented, standards.

This, too, is an encouraging development, but the process by which these core standards were singled out has created a problem. The process actually took place in a relatively ad hoc manner, without serious or extensive debate on whether these standards were really the right ones to be classified as core standards. These core standards are now presumed to be universally applicable, even though there are serious difficulties in many parts of the world with their actual applicability and acceptance.

What are these “core labour standards”? They are the standards that are associated with the four fundamental principles of the ILO Declaration of Fundamental Principles and Rights at Work:

1. freedom of association and the effective recognition of the right to collective bargaining;
2. the elimination of all forms of forced or compulsory labour;
3. the effective abolition of child labour; and
4. the elimination of discrimination in respect of employment and occupation.⁷⁰

There are two problems with this list. One is a problem of omission. Several other labour standards that do not appear on the ILO list have been included in other lists of important standards. The other is a problem of inclusion. That is to say, the list above includes standards that impose expectations about labour relations or labour practices that may not be as widespread or as applicable to all situations in the world of work as one would think reasonable for a standard to be universally applicable or accepted.

⁷⁰ These are stated as they appear in The ILO Declaration of Fundamental Principles and Rights at Work, para. 2. Text, as previously mentioned, may be found at: <http://ilolex.ilo.ch:1567/cgi-lex/pdconv.pl?host=status01&textbase=iloeng&document=2&chapter=26&query=%28%23docno%3D261998%29+%40ref&highlight=&querytype=bool&context=0>

3.1. The “omission” problem

The problem of omission is relatively simple, at least at first blush. In both domestic public law and in private initiatives one finds several labour standards that are not included in the ILO list. US trade law, for example, has been enacted through a process of compromise that has required compliance by trading partners, and especially by those countries seeking GSP status, with basic labour standards that include acceptable conditions of work but do not include non-discrimination.⁷¹

In both domestic public law and in private initiatives one finds several labour standards that are not included in the ILO list.

If we take a look at what consumers are demanding of multinational enterprises and what these same or similar multinational enterprises have put forward as the principles that are most important for social responsibility in their business dealings, we also find a very different list of priorities. A survey of over 250 codes of conduct shows that the most important issues – that is, the most frequently mentioned issues – are:

1. occupational safety and health;
2. freedom from discrimination;
3. wage levels; and
4. the eradication of child labour.⁷²

These are, then, the areas where voluntary initiatives in corporate social responsibility have been setting their priorities.

It is also interesting to note that the NAFTA Labor Agreement, which preceded the Social Summit, the Declaration, and the Global Compact, identified eleven categories for reporting alleged enforcement problems, three of which were singled out for the ultimate sanction, imposition of fines. These three are the respective laws of the three countries on:

1. minimum wages;
2. child labour; and
3. occupational safety and health.⁷³

(Of course, one should take note of the fact that freedom of association has been the most frequently cited category in the complaints brought before the various National Administrative Offices under the NALC. So this is certainly an important category, even if it was not originally included in the top three.) However, it is significant that two of the three most important categories included minimum wages and occupational safety and health and that the ILO “core” does not include these two.

⁷¹ See the US Trade and Development Act 2000 which embraces the African Growth and Opportunity Act (AGOA) and the US-Caribbean Basin Trade Partnership Act (CBTPA), as well as the more recent US Trade Act of 2002 which includes the new Trade Promotion Authority. These texts may be found, respectively at: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=106_cong_bills&docid=f:h434enr.txt.pdf and <http://finance.senate.gov/leg/hr3009confrpt.pdf>

⁷² Michael Urminsky, ed., “Self-regulation in the workplace: Codes of conduct, social labelling and socially responsible investment,” Series on Management Systems & Corporate Citizenship, Working Paper No. 1”, ILO (Geneva: 2001).

⁷³ The North American Agreement on Labor Cooperation between the Government of the United States of America, the Government of Canada and the Government of the United Mexican States, 1993, available at www.naalc.org/english/infocentre/NAALC.htm

There are certainly good reasons why these two categories of labour standards were not included in the ILO's core set of standards. The issue of "fair" wages is an issue that complicates the debate over comparative advantage. The concept of "fair" wages is too closely tied to the fact that relatively lower wages are a competitive advantage for developing countries. Besides, comparable wages are not yet well established in terms of the factors that need to be included and what variables must be applied to ensure comparability. It is therefore understandable that the wage issue came to be the main issue sparking the suspicion among developing country representatives that imposition of labour standards was intended to deny any chance of a competitive positioning by these countries on the basis of their low wages. For this reason, the ICFTU has made repeated efforts to point out that it is definitely not pushing the concept of fair wages as a "core" labour standard. Even without pressure from the Workers' Group, the ILO has also refrained from including fair or minimum wages as a core standard.

It is still not a widely based consensus that the ILO's core standards are sufficient, or even the right ones for all circumstances.

With regard to occupational safety and health, the issues have been somewhat different. There is widespread agreement that the standards on occupational safety and health are demanding and may be too costly for developing countries to meet. Furthermore, the standard-setting in occupational safety and health was too unfocused to serve as a consolidated package. There is no single consolidated standard to describe what the realistic expectations might be for any government to enforce basic occupational safety and health standards.⁷⁴ So, even though it has been and continues to be part of the labour-related provisions of US trade law and in NAFTA, the US did not push the idea of including it as a core standard in the Social Summit or at the ILO.⁷⁵

In addition to these two issues of wages and occupational safety and health, there are other categories of labour standards that would merit consideration as core or basic standards, such as training or employment security. The Global Reporting Initiative, for example, has proposed that social performance indicators should include employment security, good labour relations systems, training and diversity, as well as freedom of association and the right to collective bargaining, the effective eradication of child labour and forced labour and non-discrimination.⁷⁶ The Observatoire Social International, a French multistakeholder group which has been working on social indicators of performance, has placed its top priorities on developing performance indicators for wages, occupational health and safety, and training, as well as on the need to combat marginalization.⁷⁷ Thus, it is still not a widely based consensus that the ILO's core standards are sufficient, or even the right ones for all circumstances.

74 Convention 155, which is a general convention on occupational safety and health, is primarily a "framework" convention and not a consolidation of occupational safety and health issues. To view the text, see: <http://ilolex.ilo.ch:1567/cgi-lex/pdconv.pl?host=status01&textbase=iloeng&document=156&chapter=1&query=%28C155%29+%40ref&highlight=&querytype=bool&context=0>

75 Interestingly, the labour-related provisions of US trade law did not include non-discrimination, but this has now become an accepted core principle, even by the US. See "A Guide to the US Generalized System of Preferences," at www.ustr.gov/reports/gsp/faq.html

76 The latest version of the GRI Guidelines can be found on its Website. See: www.globalreporting.org/GRIGuidelines/June2000/June2000GuidelinesDownload.htm

77 This is the Working Group on Social Indicators of Performance for the Observatoire Social International.

3.2. Solutions to the omission problem

It is unrealistic to expect the ILO to change its position on what constitutes core labour standards. Such issues as minimum wages, occupational safety and health, training or employment security are simply too controversial. Nonetheless, these are among the issues that are at the forefront of corporate social responsibility. Perhaps one should recognize that there is a difference between what is expected of multinational enterprises and what is expected of the governments of developing countries. The simple fact that there are differences between the two does not mean that one or the other approach is inadequate.

It is unrealistic to expect the ILO to change its position on what constitutes core labour standards.

One example of this is the distinction made in the Global Reporting Initiative between core labour standards, which the GRI proposes to include in a listing of human rights indicators, and the other labour standards, which make up the proposed section on labour indicators.⁷⁸ This distinction is somewhat artificial, but it does imply that the core labour standards are fundamental principles, or basic human rights, while the other standards are more like the “typical” labour standards that businesses operating in a global economy should be expected to practice in addition to showing a respect for basic human rights.

In the GRI, both the human rights and labour indicators are given the same weight, but the distinction is helpful for understanding the special role of the core labour standards. The importance of these core standards, no matter what the level of development of the country, does separate them out from the rest. And the fact that the core standards are “core” standards because they apply to states, not to private entities, is a significant distinction.

In the case of the NAFTA, however, a different solution to the question of resource capacity was found. That is, the three key labour issues of minimum wages, child labour and occupational safety and health, were agreed on as meriting the ultimate trade sanction as a recourse for enforcing compliance only because they were defined in the Agreement in terms of existing national laws. No single uniform standard was to apply; rather, it was accepted that minimum wages would differ from country to country and that both child labour and occupational safety and health should also be defined according to national law. The enforcement mechanism in the Agreement called for each government to enforce its own laws, and challenges were to be made in cases of failure to enforce these laws. This approach may work for other systems of enforcement, even in the context of holding national governments accountable for their own laws, as long as the laws are within a range of acceptable application of ILO standards.

Such an approach retains the distinction between the core labour standards and other important labour standards for a global economy but does make possible a more active ILO role in promoting these “other” standards, whether through private initiatives or through a resource-sensitive application to national governments themselves. It is also interesting to note that the ILO Conference in 2003 is

⁷⁸ GRI Guidelines, www.globalreporting.org.

experimenting with an integrated approach to standard-setting by looking at how this might be done in the area of occupational safety and health.⁷⁹

3.3. The “inclusion” problem

The problem of “inclusion” is considerably more complicated. First, it has to do with the premise that the core list of standards consists of standards to which all countries could reasonably be held accountable, regardless of their level of development, when in fact many countries are not complying with them for reasons other than wilful non-compliance. But In the case of the NAFTA, however, a different solution to the question of resource capacity was found – or at least it relates to the manner in which this principle is currently defined in ILO standards. The first of these concerns could be addressed fairly easily, not the second.

Although it is clear that the effective eradication/abolition of child labour is widely accepted as an important objective, it could prove difficult to eliminate it entirely.

On the first point, there is cause to wonder about the universal applicability of standards that are clearly not universally accepted or practiced and that are, especially, not widely accepted or practiced in developing countries. Child labour, for example, is far more prevalent in developing countries than in developed countries. Many authorities would even agree that child labour is significantly associated with poverty, even though this is not always the case. Although it is clear that the effective eradication/abolition of child labour is widely accepted as an important objective, it could prove difficult to eliminate it entirely. Even the ILO has introduced a modicum of flexibility into the issue by approving a new convention, Convention 182, on the eradication of the most exploitative kinds of child labour. What this signals is an understanding about the practicality of moving towards this objective step by step, rather than all at once.

As far as the matters of forced labour and non-discrimination are concerned, similar inconsistencies can be found between the premise that all countries should be held accountable, regardless of level of development, and the actual circumstances of compliance with these principles. Nonetheless, there is general agreement that all countries should be striving to eliminate both forced labour and discriminatory labour practices. The Global Report on forced labour of 2001 was illuminating in that it showed how prevalent forced labour conditions still were, and it helped to mobilize broadened technical assistance to address these conditions.⁸⁰ The Global Report for 2003 addresses the principle of non-discrimination, and it is also intended to illuminate the dilemma of how prevalent discriminatory practices are in spite of the belief that non-discrimination is unrelated to development levels.

⁷⁹ The report for discussion at the ILO’s 2003 Conference, “ILO standards-related activities in the area of occupational safety and health: An in-depth study for discussion with a view to the elaboration of a plan of action for such activities” may be found at:

<http://www.ilo.org/public/english/standards/relm/ilc/ilc91/pdf/rep-vi.pdf>

Several Governing Body documents from the 279th Session also address the “integrated approach”, including:

GB.279/4: Possible improvements in ILO standards-related activities

<http://www.ilo.org/public/english/standards/relm/gb/docs/gb279/pdf/gb-4.pdf>

GB.279/5/1: Proposals for the agenda of the 91st session of the Conference

<http://www.ilo.org/public/english/standards/relm/gb/docs/gb279/pdf/gb-5-1.pdf>

GB.279/5/2: Proposals for the agenda of the 91st Session (2003) of the Conference

<http://www.ilo.org/public/english/standards/relm/gb/docs/gb279/pdf/gb-5-2.pdf>

⁸⁰ The Global Report from 2001, “Stopping Forced Labour” is at: <http://www.ilo.org/public/english/standards/decl/publ/reports/report2.htm> Information with respect to the discussion of this Report and possible follow up activities appears at: <http://www.ilo.org/public/english/standards/relm/ilc/ilc89/pdf/pr-12s12.pdf>

With regard to the standards associated with the right to freedom of association and the effective recognition of the right to collective bargaining, it can also be argued that the inadequate application of this most basic of workers' rights is related to poverty. The vulnerability of many developing countries to pressures from exploitative employers who threaten to move elsewhere in search of ever cheaper labour is a complaint frequently heard. Both the OECD and the ILO have published studies showing that the competitive advantage of cheap labour is not enhanced by the denial of basic workers' rights.⁸¹ Others argue persuasively that good governance (and therefore respect for core labour standards) can be used to the advantage of democratically constituted developing countries in the global trading system.⁸² For all of these core standards, then, poverty may be a factor in a country's ability to enforce the, but it does not operate as a barrier to accepting their desirability. Thus, the focus on ILO global reports relating to these standards is development of priorities for technical assistance programmes.

So the "inclusion problem" is not really about economic capacity. Rather, there is a more difficult issue at work here. The major problem is the absence of a global consensus on the relevance of the principle itself – not so much the idea of the right to freedom of association but the idea that this can only be realized through the effective recognition of the right to collective bargaining.⁸³ It is this right to collective bargaining, or at least the way that this right to bargaining has been put into practice, that has been criticized in places like the World Bank and the International Monetary Fund as an alleged barrier to labour market flexibility and economic growth. More often than not, these criticisms are directed at European labour markets, with their high labour costs and generous pension systems, for which entrenched labour unions are held responsible. Many critics in these same circles also view trade unions as tending to favour the privileged minority of workers in the formal economy against the growing numbers of workers in the informal economy, especially in developing countries.

The absence of a consensus on the relevance of the ILO's principle on the effective recognition of the right to collective bargaining is exacerbated by the reluctance of the United States to ratify the underlying ILO conventions on freedom of association and the right to collective bargaining. As the major power in the world today, the US needs to be a central player in the future of the ILO. Although the US has from time to time found it useful to promote its own policies through the ILO, it remains at odds with the ILO's interpretations of this most basic of principles.

The dilemma continues to be at the heart of the problem for the ILO and its relationship with the US. As Roy Adams points out in an introductory survey on

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81 See the OECD's "A 'blank' International Trade and Core Labour Standards" (2000) and "Trade, Employment and Labour Standards: A Study of Core Workers' Rights and International Trade" (1996), as well as David Kucera's "The effects of core workers rights on labour costs and foreign direct investment: Evaluating the 'conventional wisdom'", ILO Discussion paper, 2001 available at, respectively, <http://www.oecd.org/EN/about/0,,EN-about-345-nodirectorate-no-no-no-19,00.html> and <http://www.ilo.org/public/english/bureau/inst/download/dp13001.pdf>

82 See, for example, Sandra Polaski, "Trade and Labor Standards, A Strategy for Developing Countries," Carnegie Endowment for International Peace (Washington, DC: 2003) and Werner Sengenberger, "Globalisation and Social Progress: The Role and Impact of International Labour Standards," Friedrich Ebert Stiftung (Bonn: December 2002).

83 It is interesting that the Copenhagen Declaration treated the right to freedom of association and the right to collective bargaining as separate standards. It was only when the ILO developed the framework for the Declaration of Fundamental Principles and Rights at Work that the two were consolidated into one principle.

the future of trade unions, “Collective bargaining is viewed in the US as an alternative to employer competence rather than as an essential institution of democratic society.”⁸⁴ Elsewhere, and at least in most European countries, collective bargaining is seen by many, even in the business community, as a means of enhancing stability and enterprise performance, and not as a threat to the control over an enterprise.

This may mean that the ILO needs to “educate” its most powerful member, but it may also be appropriate for the ILO to look at what is happening in the US and elsewhere, even in the labour strongholds of Western Europe. In a recent lecture on the ILO, Thomas Kochan has argued that “The industrial relations institutions of the 20th century were built around a set of assumptions that fit national economies and their industrial workforces....Few of these assumptions fit the modern economy, workforce, or family circumstances.”⁸⁵ Many critics of the ILO agree with this view and believe that it is the ILO that needs to be “educated,” not the other way around.

3.4. Solutions to the inclusion problem

As regards this most serious crisis of relevance, what is needed is a fresh way of thinking about basic workers’ rights. To start the process, it would be useful to place these rights in the historical context of how they have been defined and interpreted. This should then facilitate an appreciation for the importance of adapting these basic rights to the context of current and future requirements. This appreciation of the difference between past and future requirements should go hand in hand with the development of a plan of action for linking the essential elements, the fundamental principles, with the future. This may be easier said than done, given the particular nature of the historical context in which these principles have been enunciated.

It is useful, then, to start out by scrutinising the historical context in which the basic workers rights conventions, Conventions No. 87 and No. 98, were adopted. After all, the ILO did not adopt these conventions in its early years as an international organisation devoted to workers’ rights and social justice. To the contrary, throughout the 1920s and 1930s, the ILO managed to adopt an abundance of standards oriented to basic working conditions but nothing on the freedom to organise or the right to bargain collectively. These basic conventions were only adopted at the end of World War II. And they were adopted at a time of great institutional upheaval. The League of Nations had been discredited, and a new United Nations took its place to fit the perceived needs for peace in the new world order. Dramatic institutional change was the order of the day.

Therefore, the impetus for institutional change after World War II played a key role in the ILO’s institutional framework. Since World War II, the world has not experienced a similar institutional transformation. One must consider the historical

⁸⁴ Roy J. Adams, “Assessing the Extent of Freedom of Association and the Effective Right to Bargaining Collectively in Light of Global Developments,” a background paper prepared for the ILO’s Global Report “Your Voice at Work” (Geneva, ILO, 2000).

⁸⁵ Thomas Kochan, “Efficiency and Equity: The ILO’s Role in Building 21st Century Work and Employment Institutions,” prepared for presentation to the ILO Governing Body, Geneva, Switzerland, 25 March 2003.

significance of these relatively sudden changes at the end of World War II, followed by a long period marked by no major changes, and reflect on what this means for the ILO's approach to labour relations and labour standards today.

Such a view of these times would be consistent with the informative study of transformation and non-transformation in industrial relations systems by Christopher Erickson and Sarosh Kuruvilla. In their recent study, they challenge the widely accepted evolutionary model of gradual and incremental change in industrial relations systems. Instead, they hypothesize, and provide evidence to show, that most industrial relations systems actually undergo occasional periods of rapid, fundamental change followed by longer periods of stability.⁸⁶

It can be argued that this is also the case with the ILO, that the burst of rapid change after World War II was followed by a relatively long period of stability in the system, the structure, and the rules by which the ILO operates. In spite of the impact of Cold War politics, in spite of the emergence of newly independent states, and in spite of the more recent development of an opening up of national economies to a global free market system, the basic norms and structures of the ILO have not undergone any significant changes since the late 1940's. This means, furthermore, that pressures for change do tend to build up without a suitable solution in sight, while efforts at incremental reform fail to bring the institutional framework into line with the changing social conditions of the globalizing economy.

This is what appears to be happening with the ILO and its core standards. The pressure for change is building up, but the ILO and its supporters cling defensively to the time-limited definitions of freedom of association and the right to collective bargaining that are set out in Conventions 87 and 98 and their interpretation by the ILO Committee of Experts. Although it could certainly be argued that the underlying principles of these standards are valid today, this should not necessarily mean that the institutional framework in which they are defined is equally valid. Careful scrutiny may, of course, lead one to conclude that the conventions should be retained and that the newer circumstances affecting the world of work should be dealt with in ways that build on these conventions. The key is that a serious debate is needed on what can and should, realistically, be done to protect the rights of workers in these newer circumstances.

Contract labour is one of these newer circumstances, and the traditional ILO approach to this issue resulted in an impasse between the Workers' Group and the Employers' Group in 1999.⁸⁷ The revised approach to this problem is now before the 2003 Conference, the focus being to redefine the "employment relationship." The report on this agenda item distinguishes between independent

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86 Christopher Erickson and Sarosh Kuruvilla, "Industrial Relations System Transformation," *Industrial and Labor Relations Review*, Vol. 52, Issue 1, October 1998.

87 A review of earlier Conference activities relating to the debate over contract labour appears on pp. 5-6 of the Report prepared for the 2003 ILC. Unfortunately, the ILO website does not carry any Records of Proceedings/Provisional Records for the 85th Session (1997). The Report of the Committee on Contract Labour from the 86th Session (1998) may, however, be found at: www.ilo.org/public/english/standards/relm/ilc/ilc86/com-cont.htm. The report prepared for this year's ILC, "The Scope of the Employment Relationship", is at: <http://www.ilo.org/public/english/standards/relm/ilc/ilc91/pdf/rep-v.pdf>. It should be noted that the issue continued to be hotly contested, with the Conference committee agreeing to a limited approach to further policy development by the ILO but with no agreement on the inclusion of "triangular" employment relationships.

and dependent workers in a way that suggests the need for protection of dependent workers, without suggesting anything in particular for “independent” workers.⁸⁸ Thus, it appears that the approach is to apply the existing definitions of the employer/employee and to bring in a “triangular” perspective for cases in which an intermediary blurs the actual employer/employee relationship. This can hardly be said to be the way to address the circumstances of the 21st century.

The downside risk is that the ILO may well end up losing its stewardship of the principles.

One alternative avenue to facilitating a broadened dialogue involving these circumstances is the innovative partnership envisioned by Secretary-General Kofi Annan’s Global Compact. When the Secretary-General incorporated the four principles from the Declaration of Fundamental Principles and Rights at Work in his Global Compact, it seemed reasonable to suggest that the Declaration was a consensus document, an expression of basic principles, with minimal risks for the business community in terms of any legal obligations on the core standards.⁸⁹ This creates a potential for interpreting the principles without having to rely on the specific interpretations of the underlying standards from the ILO. The downside risk is that the ILO may well end up losing its stewardship of the principles.

Another way to move forward is to consider steps for the broadening of dialogue and stakeholder interests. As noted by Roy J. Adams in his previously cited study on the future of trade unions, the emergence of transnational corporations, neo-liberalism, market regulation, and the downsizing of governments are recent trends that have altered the labour relations framework.⁹⁰ Decentralized bargaining, declining union strength, and the unilateralist approach of human resources management, or “HRM,” has caused many in the trade union movement to wring their hands in dismay. However, Adams points out that there is a new trend underway, what he calls the “stakeholder theory.”⁹¹

The increasing number of codes of conduct, and the increasing number of NGOs involved with business in developing these codes of conduct, are stimulating an awareness of the importance of different forms of stakeholder dialogue. Employees are automatically listed as one of the stakeholder groups with which the business enterprise should engage in an ongoing dialogue, but they are only one group among many. Shareholders, consumers/customers, suppliers, communities, environmentalists, and governments are also viewed as stakeholders with whom enterprises should conduct dialogue.

Trade unions should also be looking to innovative ways of reaching out to workers in the informal economy, in part-time work, in self-employment and other kinds of relationships with employers. Collective bargaining as such is not the only way in which workers’ rights can be protected, and innovative systems of dialogue among stakeholders are needed to augment the traditional systems of labour relations. Even the bilateral framework agreements that trade union federations and multinational enterprises are establishing could take into account the

88 See “Report V: The scope of the employment relationship”, prepared for the International Labour Conference, 91st Session, 2003.

89 The language of the four principles in the Global Compact is the same as the language for these principles in the Declaration. See www.un.globalcompact.org and <http://ilolex.ilo.ch:1567/english/docs/declworld.htm>

90 Roy J. Adams, op. cit.

91 Id.

broadened view of stakeholder relations by providing for cooperation with other types of social groupings.

The ILO's constituents should be thinking of themselves as key stakeholders in the world of work but should also be reaching out to other stakeholders who have their interests in the world of work. Furthermore, as the social dimension of globalization requires a hard look at socio-economic policies beyond the immediate workplace setting, it is also important for the social partners to build relationships with other actors in civil society, with communities and with public authorities at various levels. This may even merit exploration of a new kind of "Observer" status for groups with which the ILO should entertain some regularized contact, dialogue and coordinated action. Certainly the kinds of actors found in the informal economy, at one end of the spectrum, and at the multinational and global levels, at the other end, should be recognized for what they are, and accordingly be included in the debate over the social dimensions of globalization.

These are only a few suggestions on developing a plan of action to broaden the relevance of the ILO's fundamental principles. It incorporates suggested solutions from all three of the issue areas discussed here – identity, effectiveness and relevance. The ILO needs to reach out to people who are not currently protected or benefiting from traditional collective bargaining relationships, because its identity as an organisation for workers' rights and social justice requires a more comprehensive application of its fundamental principles to all income-producing circumstances. The ILO needs to be more effective in monitoring and supervising these standards so that people actually benefit from the existence of these standards. And the ILO needs to make its principles truly relevant to workers in all kinds of circumstances, not just those within its traditional twentieth century boundaries. A plan of action must therefore encompass all three issue areas and reach out to people in all of their income-producing activities.

Today's "post-industrial" societies are creating knowledge-based economies in which workers are increasingly seen as partners, not employees,⁹² while the gap between rich and poor countries, between high-skilled and low-skilled workers, between the formal and the informal economy, is continues to grow apace. In the context of these kinds of changes in the world of work and its integration with the rest of society, the ILO needs to create and pursue a plan of action radically different from those it has pursued in the past.

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⁹² Peter Drucker, "The Next Society," *The Economist* (3-9 November 2001).

6. Conclusions

The value of the ILO, or an institution like the ILO, is greater than the value implied by having a system of basic labour standards for the formal economy.

The value of the ILO, or an institution like the ILO, is greater than the value implied by having a system of basic labour standards for the formal economy. These standards are, after all, only the means to ensure that people have decent, productive and rewarding employment. It is through income-producing activities that people can ensure sustainable livelihoods for themselves and their families. As President Franklin Delano Roosevelt once said, “No country, however rich, can afford the waste of its human resources. Demoralization caused by vast unemployment is our greatest extravagance. Morally, it is the greatest menace to our social order.”⁹³

The ILO needs to be concerned about the unemployed and the underemployed, as well as the well-employed. The ILO needs to be concerned about how the world can deliver sustainable livelihoods for all people, not just some people. To that end, the Global Commission ought to look at the core labour standards and the ILO Declaration of Fundamental Principles and Rights at Work and consider whether these are the appropriate standards and the appropriate articulation of these standards for all categories of working people. Although there is a tendency among ILO constituents and ILO officials to be very defensive about the current categorization of these standards, and to assert that they are, after all, universally accepted as the core, this should not be automatically accepted.

The Global Commission ought to look at the core labour standards and the ILO Declaration of Fundamental Principles and Rights at Work and consider whether these are the appropriate standards and the appropriate articulation of these standards for all categories of working people.

To bring this debate into the current environment, when President Bill Clinton came to the ILO Conference in June 1999, he appealed to the audience by saying, “We must put a human face on the global economy, giving working people everywhere a stake in its success, equipping them all to reap its rewards, providing for their families the basic conditions of a just society. All nations must embrace this vision, and all the great economic institutions of the world must devote their creativity and energy to this end.”⁹⁴ The ILO needs to reach out to working people in the informal economy, to working people as family members and members of their communities, as entrepreneurs, as corporate managers in multinational enterprises, as people in all of the diverse ways pursued to be productive and to make a decent living in today’s world of work. The social dimension of globalization is really about this, the need for people everywhere to pursue sustainable livelihoods in a global society that is just and humane.

93 Franklin Delano Roosevelt, “Fireside Chat” on 30 September 1934, as quoted in Lawrence Halprin, *The Franklin Delano Roosevelt Memorial*, Chronicle Books (San Francisco: 1997), p. 55.

94 Address of President William J. Clinton to the ILO Conference, June 1999, at www.ilo.org/public/english/standards/reim/ilc/ilc87/a-clinto.htm.

Thus, in matters of identity, of effectiveness, and of relevance, the ILO needs to take some bold steps if it is to establish itself as the leading institution addressing the social dimensions of globalization. Solutions to each of these crises have been suggested, but the very basic solution is the broad-ranging readiness to reach out to the world the way it is today, to engage the multiplicity of stakeholders, and to help transform the world of work into a source of truly sustainable livelihoods for all. This was, indeed, the mission of the ILO when it was originally founded, to help mobilize the world's capacities for sustainable livelihoods through a just and fair social order. It is to be hoped that the ILO will be able to fulfil that mission in the years ahead by adapting its policies and practices to ever-changing circumstances, and that it will be bold enough to do so.

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Katherine's varied and international career has taken her from academia into local politics, women's rights and labor relations policies in the United States. In 2001, Katherine established a consulting firm on corporate social responsibility and social dialogue, Hagen Resources International. She currently works with private and public clients, concentrating primarily on multistakeholder relationships.

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