

# 1. INTRODUCTION

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At the last major international review of progress towards realizing the Millennium Development Goals (MDGs), the 2005 United Nations World Summit, a major qualitative policy shift took place. All Heads of State and Governments committed to strongly support a “fair globalization” and in this context, resolved to make “full and productive employment and decent work for all” a “central objective” of “relevant national and international policies,” including development strategies to meet the MDGs.<sup>2</sup> Until then, access to decent employment and livelihoods as an essential route out of poverty was absent from the MDG framework – and more broadly from the global economic agenda. Since then this objective has been added as a new formal target under MDG 1 on poverty reduction and is being mainstreamed across the UN and multilateral system.<sup>3</sup>

Turning this commitment into concrete policy changes is now the major challenge. The reintegration of full and productive employment into the economic policy agenda can greatly contribute to the “paradigm shift” that a growing number of voices have been calling for in the last few years – and made all the more imperative in the wake of the confluence of global crises (from the global economic, food to climate crises). It offers potentially very powerful levers to strengthen the accountability of economic policy making bodies – if their decisions are now to be judged and reoriented in terms of their impact on the quantity and quality of employment; and on broader decent work objectives such as social protection. ILO Director-General Juan Somavia has noted that a “global decent work movement” is in the making, but it will need significant broadening in order to increase the chances of moving from agreement in principle to meaningful socioeconomic transformation. United Nations Assistant-Secretary-General for Social and Economic Affairs Jomo K.S. posited in this regard that:

“After twenty-five years of the Washington Consensus, a worldwide ‘social protection’ counter-movement is emerging in response to the consequences of the trend towards economic globalization and liberalization. One focus of this counter-movement is the promotion of full and decent employment” (Jomo 2007:17).<sup>4</sup>

The purpose of this NGLS policy guide is to support the emerging global decent work movement by providing civil society organizations, policy makers and other actors with tools to engage in informed policy dialogue on the nexus between macroeconomic, trade and finance policy in relation to full productive employment and decent work goals.

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2. Paragraph 47 of the 2005 UN World Summit Outcome Document.

3. The United Nations Economic and Social Council (ECOSOC) also prioritized full productive employment and decent work for all during its 2006 session, which called on UN system agencies and invited international financial institutions to mainstream these goals in their policies, programmes and activities.

4. “A historical antecedent for such a ‘double movement’ was described in Polanyi’s *The Great Transformation*, first published in 1944. In late 19th and early 20th centuries, economic transformation was inspired by a liberal market philosophy, while social protection initiatives emerged in response to the disruptive effects of the market on the community” (Jomo 2007:17).

This guide draws from various sources from the UN system, civil society and academia with the aim of explaining and helping to democratize complex economic policy debates. One of the lessons of the global economic crisis is that economic policy-makers cannot anymore hide behind obscure concepts and terminology to advise the public that “there is no alternative.” There are plenty of alternatives, some of which can be drawn from recent economic history, and have been echoed by many dissident voices within civil society and the UN. These can help overcome what Richard Samans, Managing Director of the World Economic Forum, described as the “comparative amnesia” that has plagued mainstream global policy circles in the last two or three decades (when employment and other social objectives were carved out of the economic agenda).<sup>5</sup>

Many civil society constituencies not directly connected to the world of work are contributing in various ways to the decent work and fair globalization agenda, whether in the areas of finance, trade or social development. This guide aims to help determine whether they could gain leverage by connecting their advocacy strategies more explicitly with this new and highly demanding “standard of accountability” embodied in the global commitment to full productive employment and decent work for all.

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## **DECENT WORK AND FAIR GLOBALIZATION GO HAND IN HAND**

The concept of Decent Work grew out of deliberations at the ILO since 1999 to reframe labour and employment goals into four pillars. Namely, these are :

1. Full employment (including enterprise creation) ;
2. Respect for basic workers’ rights ;
3. Social protection ; and
4. Social dialogue.

Decent work is not a uniform prescription applicable to all countries, but a development framework that can help shape social and economic strategies at national and international levels. However, the four pillars of decent work do represent universal goals and aspirations to create conditions for a dignified life. People at work need **rights** (especially rights of association and collective bargaining) to claim decent remuneration and working conditions ; but for that there has to also be enough productive **employment** and livelihood opportunities. People need **social protection** when they fall ill, reach old age, lose their job or source of livelihood. And people need voice to defend their rights – through peaceful demonstration when necessary ; around the negotiating table through **social dialogue** when possible.

In the face of growing social discontent with the evolution of the global economy, “global social dialogue” at the ILO soon made it clear that decent work objectives cannot be separated from progress towards a “fair globalization” – which would address global inequities, imbalances and asymmetries, as well as failed economic policies. The need to bring coherence of macroeconomic, trade and financial policies with development and social goals – especially decent work for all – was a central conclusion of the World Commission on the

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5. Intervention at one of the thematic discussions during the Global Jobs Summit held in Geneva, June 2009.

Social Dimension of Globalization established by the ILO in 2002. The Commission also concluded that the current model of globalization has failed to meet people's basic and legitimate aspirations for a decent job and a future for their children. The imbalances are "morally unacceptable" and "politically unsustainable."<sup>6</sup>

## **DECENT WORK IS A HUMAN RIGHT**

The decent work agenda is firmly rooted in the foundation of universal human rights. Former UN High Commissioner for Human Rights Mary Robinson noted that "sixty years ago, the drafters of the Universal Declaration of Human Rights knew that decent work was fundamental to their vision of a world where all human beings would be born equal in dignity and rights."<sup>7</sup> Article 23 of the Declaration is remarkably straightforward, in terms of the "right to work." Employment must be "freely chosen," under "just and favourable conditions" and equally giving right to "just and favourable remuneration," "protection against unemployment" and "to form and to join trade unions." The universal right to social security is clearly referred to in Article 22. In light of globalization and increased interdependence of national economies, implementation of these rights has to be all the more understood in conjunction with Article 28, which states that: "Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized."

Decent work-related rights were further elaborated in the International Covenant on Economic Social and Cultural Rights under Articles 6 to 11, and in ILO legal texts, including its core conventions captured in the 1999 ILO Declaration on Fundamental Principles and Rights at Work.

The human right to decent work has been neglected in both the development and human rights discourse, but this is beginning to change. Economic policy makers are not used to framing their policy choices in terms of which ones are in greater conformity with the human rights obligations of States. *A challenge for the human rights and decent work movement is to engage much more forcefully with the economics discourse in order to articulate human rights principles into specific economic policy and reform options.* The feminist economics discourse has been on the forefront of building this bridge (see Box 1.1).

## **THE GLOBAL DECENT WORK DEFICIT: A PRIMARY CAUSE OF THE GLOBAL ECONOMIC CRISIS**

Mainstream media coverage of the causes of the world financial and economic crisis placed the emphasis on dysfunctions of poorly regulated global financial markets and the collapse of the US housing market. Increasingly, attention has been brought to underlying macroeconomic

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6. The conclusions of the World Commission were politically all the more robust that they span the political spectrum with members ranging from Heads of the State from North and South to civil society activists and corporate executives. The Commission's final report, *A Fair Globalization: Creating Opportunities for All*, published in 2004 - and the ILO campaign that followed - were instrumental in building consensus around the new global commitments to decent work and a fair globalization adopted at the 2005 UN World Summit (ILO 2004a; Jenkins, Rodgers and Lee 2007).

7. "Working out of crisis: Aligning finance with decent work and a fair globalization," workshop organized by NGLS, ILO and Realizing Rights on 1 December 2008 as part of the UN Conference on Financing for Development, Doha.

## FEMINIST ECONOMICS : ON THE FRONTLINE IN BRIDGING MACROECONOMICS AND HUMAN RIGHTS

In her contribution to a UN Development Forum on productive employment and decent work in May 2006, feminist economist Diane Elson noted that: “Macroeconomic policy has been increasingly characterized by ‘deflationary bias,’ with governments cutting expenditures and raising interest rates, reducing aggregate demand and stifling the growth of decent employment in both public and private sectors.... Feminist economics suggests that women are particularly likely to be disadvantaged by ‘deflationary bias,’ because it interacts with other biases, such as ‘male breadwinner bias,’ the assumption that men are more deserving of decent jobs because they are the principal economic support of families, while women’s incomes are supplementary and not essential to family wellbeing. In fact, many women provide the principal economic support for families, and in many other families, women’s earnings are critical for lifting families above the poverty line. Moreover, the right to work is equally a right of women and men, and non-discrimination in employment is one of the core labour standards set out in the ILO Declaration on Fundamental Principles and Rights at Work. To ensure gender equality, *both deflationary bias and male breadwinner bias need to be addressed*” (Elson 2007, emphasis added).

The need to address deflationary bias is a recurring theme throughout this NGLS guide.

More recently, Diane Elson and other feminist economists have developed the concept of “human rights auditing of economic policy” examining macroeconomic policies through the lens of human rights principles, including the right to decent work. Specific case studies so far include Mexico and the United States (Balakrishnan, Elson and Patel 2009).

causes, including global imbalances between large deficit and surplus countries but also growing income inequalities, which themselves are in great part an expression of the “*global decent work deficit*.” Juan Somavia recently described the problems of persistent or growing unemployment (even during periods of high global growth), stagnant or declining real wages, and the increasing informalization of work (correlated with the number of working poor), as “*the crisis before the crisis*.”<sup>8</sup>

Guy Ryder, General Secretary of the International Trade Union Confederation (ITUC), took stock of this “*crisis of distributive justice*” in the following terms: “We have seen decades of growing inequalities and distributive injustice within and between countries, where the share of national income going to labour relative to capital has declined to the levels of the 1930s: in effect, we got to the Great Depression even before this crisis hit, in terms of returns to labour.”<sup>9</sup>

8. Statement to the High-Level Segment of the UNCTAD Public Symposium on “The Global Economic Crisis and Development – the Way Forward,” 18-19 May 2009, Geneva.

9. “Working out of crisis: Aligning finance with decent work and a fair globalization,” workshop organized by NGLS, ILO and Realizing Rights on 1 December 2008 as part of the UN Conference on Financing for Development, Doha.

At a lecture to the ILO Governing Body on 12 March 2009, Nobel Prize Laureate Joseph Stiglitz demonstrated how the global decent work deficit was one of the primary underlying causes of the crisis. The prevailing doctrine of deregulating labour markets as a path to full employment exercised a downward pressure on real wages, while the systematic weakening of social protection systems also weakened “automatic stabilizers.”<sup>10</sup> “Over the past 30 years, we have been transferring money from the poor to the rich, from people who would spend the money to people who do not spend the money, and the result is weaker **aggregate demand**” – the total amount of goods and services that people and enterprises are willing and able to buy in the economy at a given time. In the aftermath of the East Asian crisis (1997-98), this *deficiency in global aggregate demand* was exacerbated by the legitimate self-insurance measures taken by developing countries through a build-up of reserves (foreign currency savings) as a precaution in case of future crises (see also Chapter 7).

Under these conditions, the global economic system was relying more than ever on the US market as the “consumer of last resort.” But since the wages of the average American were also stagnant or declining in real terms, the only way to keep the system going was to engage (often through sophisticated financial instruments) in debt-driven consumer spending. The inherent unsustainability of the system eventually led the collapse of the US housing sub-prime mortgage market before spreading to the rest of the global financial and economic system.

#### **IMPACT ON PEOPLE : UNEMPLOYMENT, POVERTY AND THE THREAT OF WAGE DEFLATION**

The ILO estimates that by the end of 2009, some 34 million additional people were made unemployed relative to 2007 (most of it attributable to the crisis), meaning that global unemployment reached 212 million – the highest record ever. These figures do not include a large increase in the numbers of discouraged workers, those on involuntary part-time work or pushed into informal work. Although global job losses were on average gender neutral, women have been disproportionately affected with higher levels of unpaid work resulting from job or income losses within the household. Another ILO estimate suggests that more than 200 million workers, mostly in developing countries, were at risk of falling into poverty due to the crisis (ILO 2010). The World Bank, for its part, predicts that the crisis will push some 64 million people into poverty in 2010 (World Bank 2010).

In the face of the greatest economic catastrophe since the Great Depression, much attention has focused on avoiding a repeat of “*beggar-thy-neighbour*” policies of the type that prevailed during interwar period (an escalation of protectionist measures or competitive devaluations). But the ILO (backed by UNCTAD) points to an even more preoccupying risk that prolonged durably the Great Depression: the threat of generalized *wage deflation* (ILO/IILS 2009; UNCTAD 2009). Workers around the world are increasingly faced with the dilemma of losing their job or accepting a pay cut. Without support from the government, their employers often face the same dilemma: go broke or cut labour costs. What seems rational at the enterprise level could be self-defeating if the pattern becomes generalized, as more jobs would be lost as result of further contraction of global aggregate demand.

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<sup>10</sup>. Already existing policies to stabilize consumption demand, such as progressive taxation or unemployment pay (see following chapter on establishing a social protection floor, as well as Annex I).

### THE GLOBAL JOBS PACT : SOME HIGHLIGHTS

The Global Jobs Pact includes measures to :

- retain as far as possible people in employment and sustain enterprises, especially small, medium and micro-enterprises ;
- promote investments in employment intensive sectors, including green jobs and special support for agricultural employment in developing countries ;
- address wage deflation through social dialogue, collective bargaining and statutory or negotiated minimum wages that should be regularly reviewed and updated ;
- prevent a downward spiral in labour conditions, especially through increased respect for workers' basic rights to freedom of association and collective bargaining – and counter any efforts to use the crisis as an excuse to erode workers' fundamental rights ;
- strengthen existing social protection systems and build up a basic “social protection floor” in all countries, including through development assistance and budgetary support where needed ;
- act simultaneously on labour demand and labour supply, including by helping workers identify job opportunities and provide additional skills and training ;
- build a stronger, more globally consistent supervisory and regulatory framework for the financial sector so that it serves the real economy, promotes sustainable enterprises, decent work and better protects the savings and pensions of people ; and
- avoid protectionism while taking into account the varying development levels of countries in trade rules (policy space).

### DECENT WORK AT THE HEART OF A SUCCESSFUL RECOVERY : THE GLOBAL JOBS PACT

In response to such widespread devastation and potential new threats, the ILO convened a Global Jobs Summit in June 2009 which adopted the **Global Jobs Pact**. The Pact outlines measures to reverse these trends, speed up recovery and lay the foundations for the transition to a socially and environmentally sustainable global economy. One objective is to significantly reduce the time lag between economic recovery and employment recovery. Without a much greater focus on jobs and social protection than contained in the initial stimulus packages, the ILO estimates that it could take up to five years to simply return to pre-crisis levels of unemployment – which themselves were already widely criticized as economically, socially and politically unsustainable.

The Pact combines a set of policy options and concerted actions to deal with both the crisis in global aggregate demand and with broader systemic deficiencies. Placing a “social floor” under the global economy is a key priority (see Box 1.2 and Chapter 3).

One of the key underlying objectives of the Pact is to increase the share of wages in national incomes, and the share of finance going to long-term productive investments, particularly for small and medium-sized enterprises where most of the new jobs are created. The task at hand is to mobilize the range of actions necessary to ensure that average wages and disposable incomes begin rising in line with productivity growth ; and to make finance serve the needs of people and the real economy rather than the other way around.

The Pact was referred to in the Outcome Document of the UN Conference on the World Financial and Economic Crisis and Its Impact on Development (June 2009); it was integrated in the coordinating work of the UN Economic and Social Council (July 2009); and was taken up at the September 2009 G-20 Summit in Pittsburgh (September 2009), which committed to adopt key elements of its general framework.

## **POLICY COHERENCE FOR DECENT WORK AND A FAIR GLOBALIZATION : BROADENING THE MOVEMENT**

Now that decent work for all and a fair globalization have been identified as a global cross-cutting policy priority, it is essential to broaden the mobilization. The ILO's core constituency of workers, employers and labour ministries have long recognized that they cannot achieve these changes alone because the issues cut across ministerial portfolios and the mandates of international organizations. This is why considerable effort has been exerted in recent years to *integrate decent work into the broader multilateral system and into the MDG framework*, with particular efforts aimed at critical engagement with the international financial institutions (Jenkins, Rodgers and Lee 2007).

Employment and decent work have been identified as a strategic priority of the UN's Chief Executives Board for Coordination (CEB).<sup>11</sup> In 2007, the CEB asked the ILO to develop a "Toolkit for Mainstreaming Employment and Decent Work" across the multilateral system. The Toolkit aims to enable international organizations to determine how their policies, strategies, programmes and activities are interlinked with employment and decent work outcomes and how they can be enhanced.<sup>12</sup> In addition, the CEB has identified the Global Jobs Pact and the Social Protection Floor as two among its nine joint initiatives to address the global economic crisis.<sup>13</sup>

The Toolkit checklist approach has since been adapted for use by UN Country Teams.<sup>14</sup> The 2009 Guidelines for developing UN Development Assistance Frameworks (UNDAF) have incorporated the Toolkit to analyse the national context prior to the joint programming exercise (see example of Argentina in Box 1.3).

In addition, national tripartite constituents have been developing Decent Work Country Programmes with support from the ILO Office in a growing number of countries. These programmes identify local decent work priority areas, including national responses to globalization. The programmes aim to influence broader national poverty reduction and development frameworks, including Poverty Reduction Strategy Papers (PRSPs) financed by the international financial institutions and bilateral donors.

Initial evidence suggests that it is still an uphill battle to integrate meaningfully employment and decent work in PRSP-type frameworks and to change the orthodoxy of previous

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11. The CEB regroups the secretariats of UN bodies, the Bretton Woods institutions and the WTO, and is chaired by the UN Secretary-General.

12. <http://www.ilo.org/public/english/bureau/dgo/selecdoc/2008/toolkit.pdf>.

13. "The promotion and enhancement of a coordinated response of the United Nations development system and the specialized agencies in the follow-up to and implementation of the Outcome of the UN Conference on the World Financial and Economic Crisis and Its Impact on Development," Report of the UN Secretary-General (E/2009/114).

14. [http://www.ilo.org/public/english/bureau/pardev/download/toolkit\\_country\\_en.pdf](http://www.ilo.org/public/english/bureau/pardev/download/toolkit_country_en.pdf).

structural adjustment programmes (SAPs) as far as the core macroeconomic and structural reform packages are concerned (ILO 2002; Jomo 2007). To change the development paradigm, national political leadership and the ability to mobilize different ministries, external partners and the broader civil society behind the decent work agenda is critical.<sup>15</sup>

The decent work and fair globalization agenda provides a timely opportunity to **build synergies among various constituencies** working across a broad range of complementary issues. These encompass: social development; pro-poor macroeconomic policies; international financial architecture reform; debt relief/cancellation; global taxation; trade justice; alternative development; human rights; gender equality; and many related issues. The following chapters examine how different entry points from these constituencies are essential components for decisive progress on the decent work and fair globalization agendas; and what are the specific policy options and challenges involved, especially in the wake of the global economic crisis.

### BOX 1.3

#### MAINSTREAMING DECENT WORK IN ARGENTINA

When the first UNDAF for Argentina was being prepared in 2008, eight out of the 15 UN entities active in the country went through the Toolkit checklist to identify the links between their own activities and the Decent Work Agenda. A presentation was then made to demonstrate how decent work contributes to the achievement of the Millennium Development Goals. At the same time, FAO, UNAIDS, UNDP, UNESCO, UNFPA, UNICEF, UNHCR, WHO, the World Bank and ILO also went through the country-level checklist with Technical Assistance from the ILO focal point. The UNDAF was signed in May 2009 and will cover the period 2010-2014. The application of the Toolkit by the UN entities in Argentina contributed to a strong inclusion of employment and decent work in the UNDAF and programme outcomes.

UNDP representatives involved in the implementation of the Toolkit in Argentina have indicated that the Toolkit has helped organizations understand how their mandates, programmes and activities are related to decent work outcomes and that better results can be achieved by working in collaboration with other agencies. The Toolkit facilitates inter-agency work and helps to promote coherence at policy and operational levels.

*Source: ILO EXREL/PARDEV October 2009, No. 6*

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15. NGLS participated in one original attempt to achieve this broader mobilization in the context of supporting a decent work approach to post-conflict reconstruction in Liberia (a high-level international forum organized by the Liberian presidency, the ILO and the NGO Realizing Rights in Monrovia, September 2009). See background paper for the Forum prepared by NGLS "A Decent Work Approach to Post-Conflict Reconstruction and Development in Liberia," available at: [http://www.ilo.org/integration/events/events/lang--en/docName--WCMS\\_098106/index](http://www.ilo.org/integration/events/events/lang--en/docName--WCMS_098106/index).