



FIRST ITEM ON THE AGENDA

**Future activities of the Working Party**

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## Introduction

1. The Working Party will recall that at the most recent session of the Governing Body it had before it, for its comments, a document<sup>1</sup> intended for the Governing Body to decide on the future of the Working Party. This document was discussed at length and the Working Party, through its Chairperson, decided to recommend that the Governing Body keep this forum. The general view is that the Working Party offers considerable advantages for the examination of topical issues which, in addition to trade liberalization which was the initial purpose for its establishment, have also come to encompass other aspects of globalization. The Working Party as a whole judged the solution of a plenary working party preferable to that of a “committee of the whole” meeting as required. It was not considered imperative to make the final decision on the Working Party’s name at that stage. The name “plenary Working Party on the social dimensions of globalization” suggested would be a more accurate reflection of both the current situation and the move towards a broader and more integrated view of the economic and social factors involved in globalization. The Governing Body approved these recommendations.
2. It was also understood that the Director-General would be asked to propose subjects for discussion during subsequent meetings of the Working Party. The current document takes up this request, without however seeking to formulate a list of final proposals. The nature of the subject and the Working Party’s very *raison d’être* should instead make it adaptable to new developments. Consequently, the intention here is to provide a general framework within which the future activities of the Working Party can be developed. It seems appropriate in this respect to review the three main thrusts of the Working Party’s activities.

### I. Regular follow-up to the relevant activities of other organizations

3. The Working Party’s experience has revealed the breadth and diversity of activities carried out by other organizations that – both directly and indirectly – relate to the social dimensions of economic globalization. Keeping a close eye on these activities is clearly very important, providing valuable input for the Governing Body and the Office by drawing attention to overlaps, sometimes contradictions, and also shortcomings in the relevant activities of the various organizations.
4. Some of these activities may merit special discussion, for example major events and meetings might justify a prior discussion in order to establish the Office’s position, as well as a subsequent one to draw any relevant lessons. This could be the case under item 2 of the agenda of this session as regards the results of the Third WTO Ministerial Conference (Seattle, December 1999) and UNCTAD X (Bangkok, February 2000). For the November session there could be an examination of the follow-up to the Special Session of the United Nations General Assembly on the World Summit for Social Development and Beyond: Achieving Social Development for All in a Globalized World (Copenhagen +5), and also of the update to the OECD study on international trade and labour standards, which the Office has been told is virtually complete (the new strategies to combat poverty being

<sup>1</sup> GB.276/14/1.

applied by the World Bank and the IMF might be examined in greater detail in the framework indicated in paragraph 21 below).

5. It is important to stress that this follow-up process must not be a one-way street. Other international organizations, as well as university institutions, occupational organizations and NGOs, show considerable interest in the activities of the Working Party, as demonstrated by the numerous document requests and hits on the ILO website. In this regard it would seem imperative to set up a specific permanent site to allow the information to be linked to the Office's other activities relating to globalization. This would involve implementing certain administrative arrangements which we will return to later.

## **II. Activities to consolidate an integrated view of economic and social development**

6. The Director-General addressed this topic in a number of his speeches last month. It was developed in the information note he distributed in Seattle as well as in his speech to UNCTAD X in Bangkok on 15 February 2000.
7. In short, his intention is to emphasize that development cannot be reduced to the most basic economic elements such as trade, investment, production and technology. It includes an essential social dimension, and an integrated strategy must therefore seek to develop synergies between economic and social development. The aim of achieving "decent work" provides a central theme that serves to link the various aspects of this integrated strategy in which the standard-setting dimension and social efficiency become integral parts of development in the same way as economic policy. The fact nevertheless remains that the inevitable division of international action among the various organizations, depending on their individual mandates, has up until now appeared to constitute a considerable obstacle to this approach.
8. This topic has proven popular and attracted increasingly widespread support. It seems that the time has come to try to put it into practice. It is nonetheless clear that an integrated vision of this kind is not something that one of the individual organizations involved can decide alone. In fact, rather than being a product it is a *process* to which the ILO can make a unique contribution on two levels.

### **1. The institutional level**

9. The Working Party offers the ILO the advantage of an already established framework which is currently unique, and its tripartite structure enables it to reflect a much more diversified and representative range of viewpoints and interests directly linked to the social dimensions of globalization. This gives it credibility and increases its responsibility to contribute to the development of this integrated vision.
10. At the same time the Director-General considered it important to develop the Office's internal institutional capacity to assume its responsibilities vis-à-vis other organizations by instituting an International Policy Group in the Bureau of External Relations and Partnerships which is responsible for providing analytical support for dialogue with the international economic community and to assure the secretariat of the Working Party. In order to do so, it will: (a) monitor international developments of importance to the Working Party; (b) prepare analytical and diagnostic papers to support policy development and statements on international economic and social policy issues; (c) develop and manage

the website referred to above; and (d) develop an integrated framework for the promotion of decent work in the global economy, in cooperation with other organizations of the United Nations family, bringing together work on these issues from different parts of the ILO and promoting a coordinated approach across ILO sectors.

11. As far as this last function is concerned, it goes without saying that in order to achieve it with sufficient credibility, the ILO, as the force behind an integrated vision of development, must begin by applying that vision within the Office. As was demonstrated a number of years ago in a study requested by the Working Party, a relatively large number of activities and projects relate to economic globalization more or less directly but do not necessarily correspond to an overall vision or to particularly clear priorities.
12. It is for this reason that the Director-General intends to set up a study unit within the International Policy Group which will be responsible for defining an integrated programme comprising research and projects associated with the social impact of globalization, with due regard to current projects and in close collaboration with those in charge of the programme. In order to facilitate this work, and to associate the Office as a whole with the development of international policy issues and the work of the Working Party, the Director-General has recently created an internal “Advisory Committee on International Policy Issues”, whose members are drawn from the relevant sectors of the Office. This committee will support and review the development of the ILO’s international policy work, drawing on the Office’s existing knowledge base, and will ensure that the needs of international policy work are reflected in the current and future activities of each of the sectors. It will also be in charge of reviewing documents aimed at defining the Organization’s position vis-à-vis different international events or meetings.
13. The work of the Working Party will also build on country studies on the social impact of globalization carried out earlier under its own aegis. In particular, the development of an integrated framework for economic and social policy will take as a starting point the conclusions of the country studies and the research priorities identified in the paper presented to the Working Party in November 1999,<sup>2</sup> notably with respect to the general issue of how globalization translates into social progress – how the benefits of globalization can reach everyone – and the challenges that this poses for policy. The Office will invite other interested international organizations to contribute to this research on the social impact of globalization. As a first step in this process, the synthesis report of the country studies on globalization was circulated to other organizations for comment after the Governing Body session of November 1999, and the Office will take these comments carefully into consideration, particularly in connection with the programme of research sketched out below.

## 2. The methodological level

14. The fact that these research programmes and projects must be designed on the basis of an integrated approach cannot be overemphasized. Public opinion finds it hard to understand why economic, social and environmental concerns continue to be tackled in a fragmentary manner, while it is increasingly obvious to all that globalization means growing interdependence. Developing this integrated approach does however involve certain conceptual and empirical difficulties.

<sup>2</sup> GB.276/WP/SDL/1.

15. *On the conceptual level* the usual approach is to deal separately with the basic question of economic growth, boosted by trade liberalization and globalization, and the no less fundamental issue of the distribution of the benefits of this growth. More generally, it is widely assumed that social goals can be dealt with separately from economic goals. But this approach ignores the strong interdependence between the economic and social dimensions of development, which has if anything been strengthened by the process of globalization. A wide variety of social and institutional factors impinges on the capacity of countries to take advantage of economic opportunities, on market efficiency and on social legitimacy. Evidence is accumulating that a high degree of income inequality has a negative impact on economic growth. An integrated approach should seek to deal with these questions jointly.
16. It is therefore necessary to overcome the traditional dichotomy between economic and social policies, which has often led to poor policy choices. For instance, it helps to explain why there has been so little prior analysis of the social impact of economic policies in spheres such as macroeconomic stabilization, international financial policies, structural adjustment, or the transition to a market economy. This has not only led to excessively high social costs but has also undermined the economic policies themselves through the social conflict and political instability that has been generated. The economic benefits of social policies also need to be better understood. Many social policies have substantial economic benefits, over and above their obvious social benefits, and documenting these benefits would contribute greatly to successful advocacy to upgrade the status of social policies.
17. The ILO's concept of *decent work* provides the basis for such an integrated approach to policy, covering a large and strategic part of the overall development agenda. It is well suited for this because it spans the whole spectrum of variables (basic rights, economic and social policies for employment creation and improved socio-economic security, and institutional arrangements for ensuring greater participation) that have to be taken into account in an integrated approach to development.
18. Such an approach requires not only *analytical work*, but also the development of a systematic knowledge base. In particular, it should be based on international statistical data, allowing country comparisons to be made. It is important to note that, although member countries have a full battery of economic indicators, it remains difficult for them to grasp the various social dimensions of the problem. For example, indicators of income distribution and of the benefits of growth are rare and often incomplete. This is equally true of indicators to measure progress in reducing gender inequality.
19. While the International Policy Group's own *research capacity* will be limited, it can promote and support relevant work in different sectors of the ILO, perhaps in some cases also jointly with other interested organizations. Among the issues being taken up in 2000-01 which are of particular importance to the promotion of decent work in the context of globalization, the following may be mentioned:
- a focus on information technology and the global knowledge economy, notably in the *World Employment Report 2001*;
  - research into the decent work paradigm at the International Institute for Labour Studies, in particular the analysis of social policy as a productive factor and the building of wider social goals into economic policy;

- work on the employment implications of globalization and the role of macroeconomic and financial policies therein, being undertaken as part of the work on employment strategies;
  - proposals to explore the changing role of pension funds in the global economy and their implications;
  - research into the mutual reinforcement of sound development and respect for the rights and principles embodied in the 1998 Declaration;
  - ILO contributions to major international conferences, notably *Women 2000* (Beijing +5), Copenhagen +5, and the Millennium Assembly;
  - work aimed at strengthening social dialogue at the subregional, regional and international levels;
  - research and other work to address the impact and functioning of private sector initiatives on the market-place, including participation in the United Nations Global Compact with business to promote universal values in the global market-place.
20. This list is not exhaustive, and other aspects of the work of the ILO will be associated with the work of the International Policy Group as needed. There will be a particular synergy with the research programme on decent work at the International Institute for Labour Studies, which will provide important elements for the overall framework.
21. This work will also inform the strategic planning process for the years 2002-06. One of the factors that will help assess the priority of different programme elements in the medium term will be their contribution to an integrated approach to economic and social policy.
22. The objective of the exercise will be to deepen the ILO's knowledge base with respect to the interaction between different dimensions of economic and social policies within the new framework of a global economy. This would serve as a basis for policy proposals that could enhance the capability of countries to better cope with the social impact of globalization. The results will contribute to dialogue and exchange with other international organizations on issues of common interest.

### III. Institutional means of action

23. Irrespective of any efforts to enhance organization and increase rationalization, the means available to the ILO in the area of research will remain limited. It must therefore be sure to concentrate them to enable it to influence truly strategic questions and consequently contribute to a better understanding of issues within the family of international organizations. It must also ensure that it maximizes the impact of its work through the judicious use of the basis of its strength and comparative advantage – its very original institutional structure and its standard-setting tools. The Working Party has made a considerable contribution in the past in this regard by supporting the idea of a Declaration and looking at the significance of private initiatives to achieve ILO objectives. This reflection could perhaps be pursued in two directions.

## 1. Vis-à-vis other international organizations

24. After affirming that:

- (a) all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity;
- (b) the attainment of the conditions in which this shall be possible must constitute the central aim of national and international policy;
- (c) all national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective;

the Declaration of Philadelphia assigns to the ILO an imperative and very ambitious mandate, namely “to examine and consider all international economic and financial policies and measures in the light of this fundamental objective”. In a way, the existence of the Working Party now gives the ILO the possibility of fulfilling the specific mandate it was assigned on a scale that is both more modest and more realistic.

25. Instead of trying to play its role by expressing views from the sidelines, it could exert its influence through tripartite institutional dialogue with the organizations in question. This dialogue could address issues considerably more specific than the impact of developments in the economic and financial sphere on employment security and increased standards of living, as had been envisaged when the Declaration of Philadelphia was adopted. For example, it could allow questions to be addressed on which there may still be certain fundamental differences between the ideas upheld by the ILO which are expressed in its standards, and the policies adhered to by the financial institutions inherent in the advice they may give in the field. Three topics could be envisaged: social security reform and its adaptation to increasingly diverse demands in both developed and developing countries; the function of job creation in the strategy to combat poverty; and lastly, the role of freedom of association in the development of social capital. Of course these discussions should be carefully prepared on the basis of the appropriate documents.

## 2. Vis-à-vis Members

26. The question could be raised as to whether the positive experience of the country studies would not be worth pursuing in a more institutionalized and “lighter” form. Not only have the country studies shown that the States concerned found in them perspectives that they had not previously considered which could help them define concrete strategies to achieve social progress in conjunction with globalization, but they have also demonstrated that comparing experiences can provide useful input for others. Consequently, one could imagine that rather than being based on relatively in-depth studies, tripartite discussions could take as their starting point discussion documents prepared by the Office on the request of individual countries, with the results being periodically examined by the Working Party in order to draw lessons of a more general nature.

## IV. Conclusion

27. The Working Party will certainly wish to express its views on the above ideas and proposals. The programme of its future meetings and, in particular, that of its November meeting, will be drawn up on the basis of the comments and guidelines that emerge during the discussion.

Geneva, 3 March 2000.