



**ITUC INTERNATIONAL TRADE UNION  
CONFEDERATION  
CSI CONFÉDÉRATION SYNDICALE  
INTERNATIONALE**

**Decent Work for All  
A Key Objective for Economic and Social Development**

**International Trade Union Confederation (ITUC)  
Statement to the 46th Session of the UN Commission for Social Development,  
New York, 6-15 February, 2008**

**INTRODUCTION: GLOBAL TRENDS**

1. The ITUC welcomes the decision of the Commission for Social Development to focus on “full and productive employment and decent work” as its priority theme for the two-year cycle 2007-2008. The ITUC represents and defends the interests of those that are the subject of the debate on the Commission’s priority theme. The organisation represents 168 million workers organised in 311 national trade union centres in 155 countries and territories. Striving to eradicate poverty, to defend the rights and improve the conditions of the hundreds of millions of the working poor and the unemployed constitute core aspects of the ITUC’s mandate. In our view, therefore, it is of critical importance that the Commission come to agreement on an effective Resolution for submission to the General Assembly through ECOSOC, asserting the centrality of full and productive employment and decent work for poverty eradication.
2. Such a Resolution could not be more relevant or timely. The International Labour Organisation (ILO) has just released its *Global Employment Report 2008*, highlighting some alarming employment trends in the wake of the current turmoil in global markets and an expected global economic downturn.
3. While growth in the global economy over the past two years led to the creation of new jobs, there still exists a huge deficit both in terms of the rate of new job creation in relation to the large numbers of job seekers and in terms of the quality of those jobs. Thus, unemployment remains very high and too many people remain trapped among the unemployed or the working poor, unable to provide decent livelihoods for themselves or their families. This situation is now exacerbated by the recent economic turbulence, due in large part to credit market turmoil and rising oil prices, trends which according to the ILO could lead to an increase in global unemployment by about 5 million persons in 2008. This represents a global unemployment rate of 6.1%, up from a rate which had stabilised at 6% over 2006 and 2007. This could mean an estimated 195 million unemployed in 2008.
4. But prospects are by no means encouraging for many of those who do have jobs. Some 487 million workers, or 16.4 per cent of the work force are caught in a severe poverty trap, earning less than USD \$1 per person per day, while 1.3 billion workers or 43.5 % of the workforce still live below the USD \$2 per day threshold. Labour’s share of

national income has been eroding in a majority of developing countries since the 1960s, while in the industrialised countries the proportion of GDP going to wages and other types of compensation is declining at a rapid pace. In addition, income inequality has been persistent and is growing in many countries. Concentrations of wealth through highly skewed distributions of capital gains and high incomes to a small proportion of top income earners is an increasing trend, coupled with poverty wages for millions in the lowest percentile ranges of the wage scale. And women continue to be paid much less than men for equal work or work of equal value. The pay gap between women and men ranges from about 12% in a handful of industrialised countries to over 60% in many developing countries.

### **Strengthening the Social Dimension of the Global Economy**

5. A look at employment and income inequality trends serves to underscore the plight for millions of people who are failing to meet the basic needs of their families for food, shelter, health services and education. With its mandate to promote people-centred development, full employment, decent work and social integration, it is clear that the Commission for Social Development has a central role to play in providing guidance to governments that must introduce coordinated responses at international and national levels aimed at mitigating the negative social impacts of the current economic downturn and integrating a social dimension in all policies geared towards reinvigorating the economy.

6. The Resolution to be adopted by the Commission provides a good starting point for galvanising energies around efforts to prioritise productive employment and decent work as part of a package of countercyclical measures aimed at turning the situation around in the global economy. This Statement highlights the elements that trade unions would like to see prioritised in the Resolution, and gives the rationale for incorporating these elements into the Resolution.

## **THE NEED FOR POLICY COHERENCE**

### **Overcoming systemic constraints in the global economy**

7. A number of systemic constraints in the global economy are hampering efforts to generate full and productive employment and decent work for all. Policy coherence is lacking between the international economic, financial and trading systems and the social institutions promoting decent work objectives. Developing and emerging market countries and those of Central and Eastern Europe are frequently required to accept what are characterised as “sound” macro-economic policies, emphasising fiscal constraint, economic deregulation and market liberalisation.

8. In the WTO negotiations, the trade concessions that developing countries are being asked to make in the NAMA (Non-Agricultural Market Access) negotiations in terms of the lowering of tariffs will lead to the destruction of local industry and even

deindustrialisation, with consequent loss of jobs on a massive scale. With respect to the international financial institutions, the conditionalities attached to loans within the PRSP (Poverty Reduction Strategy Programmes) framework including tight fiscal and monetary policy and low inflation targets lead to cuts in public revenue critically needed for social sector spending. Such foregone revenue could have been used to implement social protection schemes, strengthen labour market measures, enhance job creation and provide social services, all in the context of implementing decent work strategies.

9. Policies to promote export-led development have resulted in the explosive growth of Export Processing Zones (EPZs) that generally exempt foreign investors from compliance with labour and environmental standards, and often offer tax breaks or other concessions. Competition among investors for locations with the lowest wages and labour costs has led to the weakening of labour standards. To secure investments, ever more attractive financial rewards are offered to investors, or measures taken to ensure worker acceptance of unfavourable working conditions and absence of workers' rights guarantees. While some jobs are created in the short term, working conditions are usually very poor. Labour laws are regularly violated and organising of workers, some 80% of whom are women, is generally virtually impossible.

10. The principle of non-discrimination in the WTO's rules is an additional factor in this process of erosion of the decent work agenda. The rule states that foreign entities must be treated no less favourably than domestic entities, implying that they may be treated **more** favourably. And that is what EPZs are all about – granting multinational enterprises the right to evade domestic taxation, environmental, labour and health and safety laws which domestic employers must respect – while public revenues that could have been used for investment in decent jobs are foregone.

11. Through its Annual “Doing Business” report, the World Bank is complicit with a process of undermining the prospects for decent work. The report ranks countries in terms of their attractiveness for foreign direct investment. It gives high scores to countries with flexible labour markets and weak application of provisions on workers' rights and social protection, and lower scores to those with satisfactory observance of labour standards. This undoubtedly has the effect of steering foreign investors away from countries with good industrial relations practices, recognition of trade unions and the observance of collective bargaining contracts. The principles of the Doing Business report implicitly discourage corporate accountability and undermine the decent work agenda.

12. The Economic Partnership Agreements (EPAs) being negotiated between the European Union (EU) and the countries of the ACP (Africa Caribbean Pacific) provide another case in point. EPAs run the risk of undermining regional market integration efforts among regional ACP blocks and of perpetuating undiversified and undeveloped economies. This could be detrimental to their long-term industrial development, cause serious employment losses, and deprive them of tariff revenues vitally needed for public services and investment in decent jobs.

### **The Resolution of the Commission must address systemic issues**

13. Therefore it is important that proposals be introduced into the Resolution to be adopted by the Commission aimed at overcoming these systemic constraints and achieving policy coherence between the other multilateral institutions and the UN. Furthermore, the final resolution should assert the UN's role through ECOSOC as a guiding body on social and rights-based policies which, in cases of conflict, should have primacy over policies in the economic, financial and trade arenas.

14. The importance of policy space has been stressed repeatedly by the ITUC, particularly in the context of the NAMA negotiations of the WTO and the EPAs of the EU. Developing countries need the freedom to determine whether trade and trade liberalisation will have a beneficial effect on the productive sectors of the economy. This includes both the trade policies themselves as well as accompanying policies and their sequencing. Notably, the reduction of tariffs to low levels will seriously jeopardise the potential for industrial development, diversification of industries and the creation of decent and productive employment.

15. The Report of the Secretary General to the 46<sup>th</sup> Session of the Commission highlights the need for trade liberalisation “to be accompanied by informed policies that guard against premature, full exposure to global competition” [para 26], in view of its potentially harmful effects on employment growth and wages. It points to the need for a judicious policy mix in which competitiveness in the external market goes hand in hand with domestic, demand-led expansion, with net positive effects for employment growth with decent jobs. Such a policy environment can operate only if governments had the necessary policy space to determine the appropriate pace and sequencing of trade liberalisation regimes.

### **Policy Coherence and Policy Space – Key Issues for the Commission's Work**

16. Achieving policy coherence and allowing policy space are therefore key elements in giving effect to the 2006 ECOSOC Ministerial Declaration's call for the creation of “an environment at the national and international levels that is conducive to the attainment of full and productive employment and decent work for all as a foundation for sustainable development.” Trade unions support the establishment of increased policy coherence in line with the Report of the ILO World Commission on the Social Dimension of Globalisation “*A Fair Globalisation*” which concluded that “the multilateral system is under-performing in terms of ensuring coherence among economic, financial, trade, environmental and social policies to promote human development and social progress.” Such policy coherence should include reviews of the policies of the IFIs and the WTO, and their implications for decent work, gender equality, social service provision and sustainable development. The ILO and other agencies of the UN with a social policy mandate such as UNDP and UNIFEM should be fully involved in policy coherence reviews and consultations with the social partners should be part of the process.

## **MAKING DECENT WORK A NATIONAL REALITY**

17. Given a conducive policy environment, governments should seek to integrate the decent work agenda systematically and as a matter of priority into macroeconomic policies and development assistance frameworks at a national level. This constitutes an indispensable means of addressing the challenges of eradicating poverty and sharing the benefits of growth equitably within society. With its four strategic objectives, covering employment, rights at work, social protection and social dialogue, the decent work agenda encompasses a comprehensive set of policy perspectives and interventions geared towards lifting people out of poverty, and providing them with sustainable livelihoods.

### **Employment and Social protection**

18. Firstly, whatever the development framework being applied, governments need to place special emphasis on employment-intensive approaches to job creation in various sectors, targeting in particular women, low-income groups, the unemployed and the underemployed in rural and urban areas. Employment-intensive approaches to job creation have the merit of adopting targeted interventions which deliver jobs and services to the poor. Such schemes will result in income transfers to the poor through job creation, increased market opportunities for local production through investments in infrastructure, and improved social services - interventions which themselves have job-creating capacity, thereby contributing to securing decent livelihoods as well as demand-led growth in the local economy.

19. Moreover, infrastructure and other investment projects in developing countries should use appropriate procurement procedures to ensure the targeting of socially responsible local entrepreneurship, based on the full respect of labour standards and good industrial relations, for the supply of inputs and the contracting of attendant services within the community. This will both maximise local job creation and create positive linkages between small and medium enterprises (SMEs) and larger firms. Such projects should be coupled with longer-term strategies to stimulate the productive base of local economies and overcome supply-side constraints: lack of skills development and limited access to credit for small-scale enterprises.

20. A sustained policy focus is needed in terms of addressing the decent work deficit of those trapped in informal working relationships, many or most of whom are women. Such workers are not protected by labour legislation and social protection provisions. The ILO has begun consulting with over 40 different countries on strategies to develop social and income security systems adapted to their individual situations, with a view to extending social protection coverage to workers in informal working relationships. Trade unions are strong supporters of a progressively constructed welfare system that extends the rights and protections of the formal economy to all workers, thereby effectively formalising the so-called “informal economy”.

### **Social Dialogue and Fundamental Rights at Work**

21. Decent work strategies should incorporate dialogue between the social partners (the government, employers and trade unions) on labour market and social policy issues. Successful social dialogue structures and processes provide a means for workers' interests to be protected and advanced, while promoting better living and working conditions. They ensure popular participation in public policy, help to combat social exclusion and promote consensus-building, democracy, social stability and peace. However, first and foremost, workers' rights to participate in decision-making processes affecting their lives at their work place or in society must be recognised. They need freely chosen representatives to protect and advance their concerns, the opportunity to join a union and have their collective bargaining rights recognised, freedom from discrimination and forced labour, and the opportunity to place their children at school rather than in work.

22. These basic rights are enshrined in the ILO Declaration of Fundamental Principles and Rights at Work and are an integral part of the decent work agenda, to be promoted proactively by governments and adhered to by employers. Furthermore, in order to promote business practices consistent with decent work goals and with the principles espoused by corporate social responsibility and accountability initiatives, governments should ensure compliance with the International Labour Organisation tripartite declaration of principles concerning multinational enterprises and social policy.

### **Mainstreaming gender into decent work strategies**

23. Women generally make up a majority of the working poor and are still disadvantaged in the labour market in a variety of ways. The result is occupational segregation, with women finding themselves in the least protected sectors of the economy and with inferior work opportunities compared to men. Precarious, unprotected, low-paid work is the lot of the majority of working women in both recognised employment relationships and in the unprotected rural and urban economy in developing countries. In both industrialised and developing countries, labour market segmentation along gender lines generates structural wage differences between women and men that are difficult to address through conventional employment policies, and that official labour and other institutions do not solve.

24. Central steps in the effort to overcome the decent work deficit in women's employment include establishing a regulatory framework encompassing the UN Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) as well as the most relevant ILO Conventions, paying particular attention to Conventions 100 (Equal Remuneration), 111 (Discrimination), 156 (Workers with Family Responsibilities), 175 (Part-Time Work), 177 (Home Work) and 183 (Maternity Protection), and providing effective follow-up to the ILO Conference Resolution on gender equality, pay equity and maternity protection adopted in June 2004.

### **Focusing on Youth Employment Strategies**

25. Youth unemployment and underemployment constitutes a troubling aspect of the decent work deficit which must be addressed. Although young people make up 25 percent of the working age population and less than 20 percent of the world's labour force, almost half of the unemployed people in the world are young people. And they are more likely to be working long hours, on short-term contracts, with low pay and no social protection. Strategies to address youth unemployment should be developed around four interrelated objectives: creating more decent jobs for young people; ensuring the quality of existing and new jobs; enhancing skills, qualifications and access to education; and improving the transition from school to work, matching employees with employers, and shortening the time young people might find themselves unemployed. It is furthermore essential that children's rights be fully protected through the ratification and implementation of both fundamental ILO conventions regarding child labour, Convention 138 and Convention 182, with particular emphasis on achieving universal, quality and publicly provided education for all children.

### **Financing Decent Work**

26. A critical aspect of creating an enabling environment conducive to achieving full employment and decent work is the mobilising and allocation of resources to support policy formulation, programme implementation, data collection and research related to all aspects of the decent work agenda. Raising public revenues is key. Resources should be raised through effective tax collection systems and the establishment of progressive tax regimes that favour taxing capital assets and profits over lower incomes and essential consumer items used by low income groups and the poor. Once again, the easing of tight monetary and fiscal policy and the correct sequencing and pacing of trade liberalisation should aid governments in raising adequate levels of public revenue.

27. Bilateral donors should prioritise support for national decent work strategies as part of development cooperation, and maintain adequate and predictable levels of ODA budgetary allocations for this purpose. It would be important to provide funding for the realisation of the newly adopted target in MDG 1 on full and productive employment and decent work. Consultation with trade unions in both donor and recipient countries constitutes an important aspect of governance for aid effectiveness, in keeping with the spirit of MDG 8: promoting global partnerships for sustainable development.

28. Institutional arrangements for implementing the decent work agenda should be strengthened and adequately financed. In particular, funding should go to labour inspectorates, to the facilitation of social dialogue and to supporting the general enforcement of labour rights. Labour institutions must be at the heart of the successful promotion of decent work and social justice.

### **Decent Work Indicators**

29. A major challenge for governments going forward is ensuring that decent work strategies are really effective in contributing to economic growth with shared prosperity in a sustainable way. The Resolution of the Commission for Social Development should therefore emphasise the need for instruments for measuring concrete progress in achieving decent work objectives, including quantifiable benchmarks. In this regard, the ILO Toolkit for Mainstreaming Employment and Decent Work should be used systemically to provide checklists for evaluating progress on the various dimensions of the decent work agenda (employment creation, social protection, social dialogue and rights at work). In addition, paralleling the recently adopted target on full and productive employment and decent work in Millennium Development Goal 1 on poverty eradication, decent work indicators should be adopted to facilitate ex ante and post impact assessments of implementing decent work strategies.

### **CONCLUSION**

30. Decent work for all must become a global, universal goal throughout the international institutions, both those under the UN banner and those with less official ties to the UN family. And it must become the object of increased policy coherence between the protagonists of global governance. Without such status and priority, decent work for all will be more or less impossible to achieve. Thus, priority of matters related to employment, social policy and development cannot be confined to only one functional sphere of the system of global governance. To have effect, they must to be a priority within all divisions, tasks and institutions. They are issue-areas that transcend the traditional categories and entities of operation of the multilateral institutions. Designating them to only one functional sphere far from secures their fulfilment – among other things, due to the counterproductive policies other institutions could be pursuing. They need to be prioritised across the board, and institutions of governance at global and regional levels must explicitly commit to mainstreaming decent work objectives into their policies and operations. And there needs to be policy coherence within the international institutions for such priority objectives to be achieved. That is what the Resolution of the 46<sup>th</sup> session of the Commission for Social Development needs to provide.