

Full Employment: Rights At Work

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To achieve the UN Millennium goals we need decent work for all. This will also ensure we build both sustainable economies and just and peaceful societies.

We consider the decision last year by over 150 Heads of state and governments to unambiguously support the objective of - "fair globalisation, full employment and decent work for all" - a truly remarkable achievement.

However merely reaching agreement that we should have a world characterised by fair globalisation, full employment and decent work for all, does not make it so. In fact at the moment we have a world that is light years away from this objective. And unfortunately, in recent years we have been moving further and further away from this object rather than closer to it - with all the consequences of exclusion including civil and political unrest.

The decent work concept embodies both quantity and quality dimensions and we believe these to be inextricably linked.

The latest global data indicates that some 192 million people were unemployed in 2005, accounting for some 6.3% of the total working population. This is 34 million more people unemployed than a decade ago. This would be a serious enough challenge but, as we all know, in developing countries in particular, the "unemployment rate" greatly underestimates the extent of labour market distress. A more appropriate measure includes the underemployed and the income underemployed, or those living in extreme poverty. Using this measure we get a global labour underutilisation rate of 25%: a quarter of the global labour force.

It is unconscionable that more than 1.4 billion people live on less than \$2 a day - 550 million people less than a dollar a day; that 60% of these are women; that 185 million people are unable to find employment; and that 88 million of these are young people. This is the time to forge a global partnership between developed and developing countries to ensure that employment growth policies are put in place to put an end to this scourge of our times - increasing unemployment, poverty and inequality."

Thus there can be no work more important than that directed towards realising the objective of the decision by 150 Heads of State and their governments to support the objective of "fair globalisation, full employment and decent work for all."

This meeting is a strategic opportunity to discuss with governments strategy for implementation of this commitment. We also look to ECOSOC to provide the leadership for the policy coherence that will facilitate success. I was in the room in Jomtien, Thailand in 1991 and celebrated with the world's governments when they committed themselves to "education for all" and then experienced the despair we all have felt as that deadline has been pushed out further and further.

We cannot afford to fail the fair globalisation test of decent work and full employment if we are to secure a future for all nations and their peoples. The good news for this teacher is that any plans for full employment must encompass "education for all" as success requires infrastructure for health, education and childcare services equal to and integrated with growth in industry, energy, technology and transport.

Decent work, work that is underpinned by rights, is central to realising economic development and sustainable employment. These rights include but go beyond core labour standards.

The challenge also extends beyond developing nations. In industrialised and developing countries alike it is ironic that large scale unemployment co-exists with labour shortages and under-developed sectors of the economy. For example, in many economies the health care and social services sectors face critical skill shortages and the potential for new innovative services in these sectors remain under explored. Given expected demographic changes in most developed countries the need to rapidly expand these labour intensive sectors should be a high priority.

Over the last five years ILO publications have described decent work at length. Perhaps the most comprehensive definition to date stated that:

“The Decent Work Agenda promotes access for all to freely chosen employment, the recognition of fundamental rights at work, an income to enable people to meet their basic economic, social and family needs and responsibilities and an adequate level of social protection for worker and family members.”¹

The Oxford English dictionary defines “decent” as “following accepted moral standards and of an acceptable quality”. There is a clear distinction between “decent standards” and what might be termed “basic” or “minimal” standards.

Consequently, it is evident that the decent work concept includes what many people call the core international labour standards. These cover freedom of association, the right to collective bargaining, freedom from forced labour, child labour and discrimination at work.

In 1998 all governments that are members of the ILO committed themselves to these fundamental rights. Yet progress on implementation remains problematic at best. Unfortunately, we have witnessed regression on freedom of association and collective bargaining. Governments like my own have passed legislation that dramatically curtails these rights. They are not alone.

What is particularly distressing is that governments have often been encouraged and praised by certain international organisations when they have curtailed these rights. For example, the International Monetary Fund has been fulsome in their praise of labour legislation reforms in Australia that clearly infringe these basic rights.

This is why the focus on policy coherence within the UN must be broadened and encompass the international financial institutions. All multilateral institutions must use their policies and programmes to promote implementation of all the core international labour standards.

But it is clear that a decent job has to be much more than this. The mere absence of slavery, abusive child labour and the most basic forms of discrimination are not sufficient conditions to make work “decent”.

As the ILO definition I previously quoted indicates, a decent job must also provide fair incomes and social protection.

Decent work is about providing a social floor that is fair. While the core labour standards are absolute and must be implemented in all countries, other components of the decent work agenda are more relative and should be adjusted to the level of economic development within a particular country.

Contrary to popular opinion labour leaders are as interested in profit and investment as employers. The central difference is the distribution of profit share and the rights and entitlements that guarantee decent work. We argue that where employers take a medium to long term view they too understand that both growth and sustainability requires increased consumption. To have millions of producers in our global workforce who have little or no hope of being consumers, or to put it another way, to not have the choice of even small amounts of discretionary income, is counterproductive in a global economy based on capitalism. Thus core labour standards, in particular collective bargaining, have a central role to play. As controversial as it may be, so too does a minimum wage – a living wage based on the level of economic development within countries and perhaps related to the GNP or average wage levels of individual economies.

The social threat to having 25% of the world's labour force either excluded or deeply frustrated by inequity is both a time bomb in global security terms and a threat to a sustainable global economy. As the director General of the ILO says “if we continue along the present path, the world risks becoming more fragmented, protectionist and confrontational”

Employment + decent work (rights at work) = fair globalisation : Can we do it?

We know the challenge is serious. Juan Somavia declared in January at the World Economic Forum that “The world is facing an “unprecedented global jobs crisis with the need to create some 40 million jobs each year over the next decade just to keep up with the growing numbers of workers who are seeking work.”

¹ ILO, “The scope of the employment relationship”, Report to the ILC June 2003.

What I know is that we can't do it off the back of the greed of corporate globalisation. It is not viable for companies to drive down prices and drive up profits where decent work is the cost.

Examine the behaviour of multi-national companies of the west in China. Despite record FDI with close to half a million companies having been set up in China by foreign investors since 1980, very few have delivered decent work to their employees with regard to wages, working time, social security or occupational health and safety, let alone union rights and core labour standards.

Remember that in China 700 million people live on less than \$2 a day, more than 15,000 people die in Industrial accidents each year, millions of workers work 60–70 hours a week and earn less than their country's minimum wage while living in dormitories of up to 20 people in each room. Inequity is growing and there are almost as many recently unemployed people as in the rest of the world combined.

Much of this is our collective responsibility for the "china price" is now so globally entrenched that corporate giants refuse to allow price rises. Rather buyers in both wholesale and retail markets insist on further reductions. As illustrated by Mr Huang, a factory engineer, talking about stereos produced for the US market; "the profit is really small, we have to constantly cut costs to satisfy Wal-Mart".

These cost pressures are equally felt in Africa, in Latin America, in Asia – the world over in the global supply chains of multinational companies. Unless corporate globalisation is tamed such that MNE's have to take responsibility for their supply chains, and governments and international institutions recognise the twin growth engines of public services and SME's such that each sector is supported by investment in both physical and social infrastructure then decent work will remain elusive.

From the perspective of humanity the world cannot stand by and watch the exploitation of working people and their families continue. Children forced to work, too often in bonded or forced labour; women and men forced to live for months, sometimes years, without their families in EPZ's or in migration settings in other countries; Women forced to undergo pregnancy tests to secure work and sacked if they fall pregnant; inhumane hours of work, inadequate or unsafe workplaces, bullying, harassment and worse and no support for the injured, no pensions, no health services – it all happens, we know it and yet the CEO's draw obscene salaries, parade as respectable citizens in their communities and turn a blind eye.

Let me tell you about Madam Chung who, as reported in the China Daily, died on the job. She dies of exhaustion after working a 24 hour shift in a handicraft factory in the southern Guangdong Province. Following weeks of 15 hour days this 30 year migrant woman fell into a coma after a 24 hour shift and died on 3rd Nov 2005. In too many ways she dies for the world's greed. Shocking, yes; extreme, yes; but whether its factory workers in China or the irregular migrants here in the US, working people and their families cannot continue to pay the price of decent work deficits.

But if human dignity and social justice fails to motivate then surely the economic arguments related to key sectors have to command the attention of world leaders.

Adequate education, health, childcare and aged care services can all generate millions of jobs with the good news that the economic multiplier of investment in such services being at least equal to that of other areas of infrastructure investment.

The education sector is an obvious area where there is considerable potential to expand productive employment in developing countries, particularly if the focus is on primary education in poor rural communities. For example, UNESCO estimates that currently 115 million children are not in school. Using a conservative ratio of one teacher to forty children, at least 2.9 million teacher jobs would be created if resources were directed to this priority. However training more teachers or providing additional primary health care workers without the infrastructure to effectively utilise these skills would be wasteful.

The generation of productive public employment requires coordination of policy across a broad range of fields. Consequently, the pursuit of productive employment at sectoral level places a high priority on policy coherence across fields as diverse as training and human resource development, rural and community development, research and development, industry policy, government expenditure policy and infrastructure development. It requires that virtually all aspects of public policy have a strategic employment focus and are closely integrated.

Increasing the quantity of jobs in developing countries will require a renewed emphasis on the rural economy. Policies that facilitate access of the poor to land, seed and fertilizer at affordable prices have contributed to these success stories. On the other hand, one factor explaining high levels of underemployment and low productivity in many low income countries is that the very poor do not have access to resources. In the past these concerns have given rise to proposals for land reform and targeted subsidies. Several of the most successful developing countries carried out major land reforms prior to, or in the early stages of, their development transformation.

To prevent displaced rural workers from swelling the ranks of the urban informal economy in congested developing country cities, a policy focus on the development of rural, non-farm activities makes sense. This should include industries both "downstream" from agriculture, such as food processing and upstream such as tool making. Coherent rural development policies which include increased investments in transport, infrastructure and distribution networks are an important part of balanced development.

Equally there is much work to do to see 1) labour mobility/migration respected for the growth generated in receiving countries, and 2) rights afforded to all migrants while 3) the reciprocal responsibilities for co-development models to overcome brain drain are put in place.

Where companies and unions work in partnership with governments then we can realise decent work. This requires legislative frameworks and company/union relationships to demonstrate that safe workplaces and human resource development, along with a minimum wage and rights inclusive of freedom of association and the right to organise and bargain collectively can sit side by side with growth in productivity. This in turn boosts consumption and promotes more balanced growth in all countries.

This was certainly the story of my own country in the late 80's and early 90's where, on the base of strong migration programs to grow the labour force, the social partners with government facilitated corporate restructure, up-skilling, low inflation and productivity growth and set up our economy, in large part, for the long period of growth it has experienced.

Sadly you can't look to Australia today. Decent work, rights at work, have been torn up by a government in the grip of the greediest of business leaders. The Government has just introduced labour legislation that introduces extreme forms of flexibility and undermines ILO core conventions. These reforms set the scene for growing inequity, industrial defiance and political unrest.

I know many countries are watching the Australian experiment as they did with New Zealand but let me assure you will simply waste time if these forms of corporate greed dominate the global landscape. In our democracies people will fight for social justice, will fight for rights for our children and grand children. Governments of particular persuasions come and go but our efforts must be beyond short term politics as we seek to establish a set a base of global values where all nations can thrive. It needs political will for no political party, just as no corporate entity, should be successful off the backs of the misery of people.

Yesterday, my colleague, Peter Bakvis, highlighted problems with the "Doing Business" report of the World Bank. However the news from the World Bank is not all bad. The World Bank's IFC has taken a massive first step in its decision to include core labour standards as part of the conditionality for loans. There is increasing research that demonstrates that where union bargaining is active not only is discretionary income higher but productivity growth is positive. In the case of a pilot programs with the IFC workers in "Groupe M" saw their wages doubled through collective bargaining outcomes. This in turn will spawn associated jobs in the community to meet retail, construction and service demand.

By contrast the IMF still needs remedial education. When a global institution of such importance views human rights, core labour standards, as labour market rigidities they not only espouse a bankrupt morality and render invisible the crimes against humanity perpetrated by the dark side of unbridled capitalism but they cripple progress in both economic and social terms.

Likewise when their prescriptions fail to recognise that rather than promoting an agenda of reducing the state they should be concentrating on modernising and strengthening the capability of the state they impede growth and development. The ILO recently affirmed that "the idea that the state must get out of the way is wrong". Rather the role of the state with "its institutions, transparent regulations and enabling facilities is a crucial partner for both business and communities to grow". Governments, workers and employers agree that countries need strong, efficient, state institutions, as well as strong and dynamic markets to achieve good economic and social results."

The UN is embarking on an important reform agenda. The ILO can assist ECOSOC and UN agencies with this area of its work. It is uniquely placed to help given its tri-partite structure. Able to bring governments, unions and companies together it can, with policy coherence and partnership across the international family, assist to manage the negotiations necessary to ensure whatever components of development are necessary; industry policy, infrastructure, public services, a rights based management of migration or otherwise.

With the Global Employment Agenda, The multi-lateral guidelines for rights based management of migration and the Multinational Enterprises Declaration the ILO has approved instruments that can support and monitor the efforts required.

The international union movement concurs that we need reform on two levels. At national level we require an increase in aggregate demand and the expansion of industries and services that are employment intensive.

At the international level reforms in the trade, finance and development fields are to give developing country governments more policy space to stimulate and diversify their economies. Consequently, we are delighted that the United Nations is pursuing greater policy coherence. This should be a fundamental objective of the UN reform process. Moreover, this reform process must be comprehensive and cover all the relevant multilateral institutions, including the IMF, World Bank, and WTO. We firmly believe that all international institutions that exert influence on economic policy and globalisation must ensure that their policies and programmes are targeting the UN objective of achieving fair globalisation, full employment and decent work.

There will never be a better chance. Fair Globalisation requires global leadership. Decent work and full employment can be realised if the partnership represented here goes to work. The world's peoples deserve nothing less.