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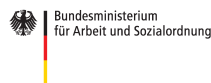


The World Exposition
Germany
The Global Dialogue

Future Works

Labour, Sustainable Business
and Social Responsibility

Hans **Böckler**
Stiftung



edition der
Hans **Böckler**
Stiftung

Hans-Böckler-Foundation (ed.)

Future Works

**Labour, Sustainable Business
and Social Responsibility**

edition der Hans-Böckler-Stiftung 73

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2000 was the first time that a World Exhibition was held in Germany. EXPO 2000 in Hanover, devoted to “Humankind – Nature – Technology: A New World Arising”, showed how the international community might tackle the social, economic and ecological challenges of the future.

Ten Global Dialogues on key EXPO 2000 themes proposed answers to some of the central questions: health, food, mobility, basic needs, the environment, knowledge, poverty, global policy and the future of work. These conferences created a platform for in-depth discussion about the EXPO themes, complemented by displays in the national pavilions and the theme park.

The Hans Böckler Foundation was assisted by 11 partners in organising the 9th Global Dialogue in October 2000 on “Future Works – Labour, Sustainable Business and Social Responsibility”. Here, world-wide trends affecting the nature of work were presented and analysed. Drawing on Agenda 21, adopted at the Rio Summit in 1992, experts from the political, industrial and academic communities engaged in a world-wide dialogue about new roads to socially and environmentally sustainable development.

The Hans Böckler Foundation and its partners had spent more than two years devising ambitious plans for the conference: apart from three focal talk-shows there were also seven fora and eight study groups, the true core of the three-day event. While scientists, entrepreneurs, politicians and representatives of public life debated solutions to urgent problems in the world of work, the study groups took a closer look at specific projects set up to address the same issues.

The event was a tremendous success. Some 800 participants from over 40 countries spent three days in deliberations about the future of work. Apart from the high attendance and fascinating discussions, it was above all this international, indeed global, atmosphere which made the Global Dialogue such a special experience for everyone concerned.

These proceedings will make some of those contributions and findings available to a broader public. They also testify to the high standard of debate and its international character. The publication begins with the two keynotes: the Opening Address by Secretary of State Werner Tegtmeier of the Federal Ministry of Labour and the Speech to the World by Juan Somavia, Director-General of the International Labour Organisation (ILO). These are followed by reports from ILO staff summaris-

ing the fora and study groups on Combating Unemployment, Work and Gender and Social Dialogue. The book is rounded off by four contributions from the fora and study groups which the Carl Duisberg Society held on Sustainable Business and Sustainable Development Through Innovation. These texts have already been published by the Carl Duisberg Society in "5th International Business Forum 'Sustainable Business and Social Responsibility'" (2001). We gratefully acknowledge the permission we have been given to print them again here.

The partners who helped the Hans Böckler Foundation with the spade work and actual running of the Global Dialogue were the Federal Ministry of Labour and Social Affairs, the International Labour Organisation, the Carl Duisberg Society, the German Federation of *Berufsgenossenschaften*, the German Trade Union Federation, the Friedrich Ebert Foundation, the Confederation of German Employers' Associations, the European Trade Union Institute, the French business consultants Groupe Alpha, the European Foundation for the Improvement of Living and Working Conditions and the Protestant Church. If the event was so successful, it is because all these partners worked closely together on the conceptualisation and organisation in a spirit of friendship and firm commitment. For the Hans-Böckler-Foundation I can safely claim that our joint implementation of this Global Dialogue on the Future of Work raised our sensitivity to new issues and opened the door to new joint projects, and I hope that our partners all feel the same way.

Nikolaus Simon

Hans-Böckler-Foundation

Werner Tegtmeier

*Secretary of State, Federal Ministry of Labour
and Social Affairs (Germany)*

FUTURE WORKS – LABOUR, SUSTAINABLE BUSINESS AND SOCIAL RESPONSIBILITY. OPENING ADDRESS

As we enter the 21st century, the global economy is becoming increasingly inter-dependent. Massive growth in world trade and foreign investment, increasing numbers of multinational corporations, globalised financial markets, faster production and transfer of knowledge, global communication networks, cheaper communication and transport. To put it in a nutshell: globalisation opens up opportunities of economic growth and employment, but also brings with it considerable risks.

Compared with earlier periods of intense growth, the difference this time is that the changes wrought by the new information and communication technologies are taking place virtually simultaneously the world over. This was not the case for the process of industrialisation in the early 19th century. In those days, a development that started in a small number of highly developed countries only reached the rest of the world after several decades or even longer. The current development offers enormous opportunities not just to the old, industrial countries but also to the rapidly expanding economies of the newly industrialised and developing countries. The global division of labour can be further refined and used to raise productivity and increase prosperity for everyone.

These new technologies open up the possibility of massive productivity increases for individual national economies, bringing higher incomes and greater prosperity. On the other hand, there is a danger that only certain economies or sectors will make use of the new opportunities and others will be left behind

The former American Minister of Labour, Robert Reich summed up the situation when he said that the most successful economies will be those that bring the highest levels of qualification (in products, services, time-to-market) to global value-added processes.

The result of the varied tempo at which these developments are taking place is that some of the countries and regions concerned are suffering massive job losses and there is a widening gap between rich and poor countries. Another probable result is further environmental destruction by those countries that are left behind,

as they do not have the necessary resources to protect the environment and operate a sustainable economy.

The difficult global economic situation is made worse by the population explosion in the developing countries and the structural changes occurring in the industrial countries, leading to high levels of unemployment and huge difficulties of adjustment. This is why unemployment has reached record levels worldwide. The International Labour Organisation estimates that more than 150 million people are registered unemployed throughout the world and a further 850 million are underemployed. In other words, in the world as a whole, there are one billion jobs too few.

Thus the most important task we face as we enter the 21st century is to create employment opportunities so as to ensure that everyone is able to live a life of dignity. There is now worldwide recognition that this is the case.

The United Nations have started to concern themselves with this issue. Following the Rio summit, which looked at the problems of environmental destruction and sustainable economic activity in the early 90s, the **World Social Summit** in Copenhagen in 1995 focused on the worldwide **battle against unemployment**.

The initiator of this World Social Summit, the present Director-General of the International Labour Organisation, Juan Somavia from Chile, has rightly demanded that efforts should concentrate on creating *decent work*. I am sure that this afternoon he will give an impressive account of his ideas.

The most important precondition for creating more jobs is stronger worldwide economic growth. This will only be achieved if peace and democracy can be established throughout the world. It is also necessary to open up markets, improve the exchange of goods and services, and ensure access for all countries to capital and investment.

At international level we already have the necessary institutions and instruments, even if we have to continually work on improving these. I would draw your attention first of all to the coordination that takes place between the major industrial countries within the G7/G8 Group. Their cooperation, within the overall UN system, with the developing countries plays a crucial role. In particular we need close collaboration between the ILO, the World Trade Organisation, the World Bank, and the International Monetary Fund. These organisations must be used for the global dialogue between the industrial and developing countries.

Otherwise unemployment, poverty and suffering in the world will continue to cause social unrest and even armed conflict.

Of course, the creation of jobs is not enough in itself. The jobs must also involve **decent working conditions**. Here the International Labour Organisation, with almost 200 agreements on the protection of employees and their rights, has made an enormous contribution in the past. The ILO declaration on **“Fundamental Principles and Rights at Work”** of 1998 represented an important step towards taking into account the social dimension of globalisation. These basic rights – for **example freedom of association, the right to sign collective agreements, prohibition of forced and child labour and discrimination**, particularly of women at their workplace – must become a reality worldwide. That is why it is important that this Declaration should now be implemented. Here the developed countries have to help the developing ones.

If employment and social policy is to succeed worldwide, efforts will be required on the part of individual states. Here, regional cooperation such as we have already achieved within the European Union, is of great importance. For that reason I would like to take a look at the situation in Europe and Germany.

In Europe we have created a sound economic basis with the creation of the **Internal Market** and the introduction of the euro as a **common currency**. In 1997, an agreement on a **co-ordinated employment strategy** was added to the existing economic, financial and fiscal cooperation. Ever since then, at European level, we have had both the macro-economic basis and also the necessary framework for undertaking structural reform and formulating a co-ordinated labour market policy for the member states.

In **Germany**, combating unemployment and creating more jobs was identified in the coalition agreement signed in October 1988 as being the most important task facing the new Federal Government following their election success. From the very outset it was clear to the government that it would not be able to solve this task on its own but rather only in co-operation with the social partners. That is why the **“Alliance for Jobs, Training and Competitiveness”** was formed as soon as the government came to power.

This alliance has now been in existence for just under two years, and during that time it has already made a considerable contribution towards improving the economic and employment situation in Germany. The first step was the alliance's involvement in supporting and monitoring the „Jump“ programme set up by the Federal Government to tackle youth unemployment. This programme, which is funded to the tune of DM 2 billion, has contributed to the present welcome reduction in youth unemployment.

In addition to being modelled on the approach taken in Germany as part of its “Concerted Action” policy in the Seventies, the “Alliance for Jobs” took its inspiration above all from the Wasenaar Agreement in the Netherlands. When unemployment in the Netherlands peaked in the early 90s, a long-term alliance aimed at tackling the problem was set up between the social partners and the government. It was a policy that proved to be extraordinarily successful.

Over a period of about 10 years, unemployment in the Netherlands was reduced from a record level of over 18 percent in the early 90s to its present level of less than 3 %.

Another important aspect of the Alliance for Jobs is German industry’s undertaking – reaffirmed several times within the Alliance – to offer **a training place** to every young person able and willing to undergo training.

An important element in a sustained policy of growth and employment is the agreement to pursue a wage policy oriented towards increased productivity and job creation based on long-term collective agreements; these have already been implemented in a number of industries.

We have also transferred this German policy into a European framework: in June 1999, during the German Presidency, we created a **“European Employment Pact”** between the European governments and the European social partners. This launched a macro economic dialogue involving not just governments and social partners but also the European Central Bank.

The Pact also includes structural reform of the goods, services and capital markets and also the co-ordinated employment strategy of Luxembourg.

In Germany we have tackled the necessary structural reforms

- consolidation of budgets
- tax reform
- pension reform

The efforts made at European and national level have in the past led to a considerable improvement in the employment situation in Europe and Germany. Since mid 1997, unemployment in Europe has been reduced from 18.2 to some 14 million. And in Germany, too, the number of jobless people has fallen well below the 4 million mark.

This positive development is likely to continue. I personally think that the impact of the steep increase in oil prices and the weakness of the euro can be overcome. We are moving in the right direction. However it is essential to have patience. In the Netherlands, the developments triggered by the Wasenaar Alliance only began to have a full impact after a period of 10 years had elapsed.

What we must do in the future is to apply this successful policy with patience and determination, not just at national but also at global level. As the prospects for employment and working conditions improve at global level, sustainable, environmentally-friendly economic activity will also become increasingly possible.

Juan Somavia
Director-General of the International
Labour Organisation

DECENT WORK FOR ALL

I must start by congratulating our partners in the global dialogue and my ILO colleagues who have put together an exceptional programme here in Hannover. This is the sort of quality debate and exchange that the world needs. We have to learn from others, look at problems with a caring eye, imagine new ways of doing things – ultimately we must dare to think differently from prevailing “official wisdom”.

Our overall theme is global dialogue on the future of work. Global means the global economy, and what it implies for people and families. Dialogue means voice, debate, partnership and leadership. And the future of work means not so much where we are going, as how can we get where we want to go. Let me address these issues.

FIRST, THE GLOBAL ECONOMY

I believe that we are beginning to close the gap between those who would like stop globalization, and those who think that all is fine and we just need more of the same.

Open markets and open societies have created opportunities for faster economic growth and rising income. Some people and countries are seizing these opportunities. In the global knowledge economy, new types of economic activity and new types of businesses can flourish.

Developing countries too can leapfrog and use new technologies in creative ways.

But the global economy is working well for too few people, its benefits are not reaching enough countries. Inequality has grown as too many are excluded by lack of knowledge, assets or opportunities. Employment is informalizing under the competitive pressures of globalization. Jobs lost are not easily replaced. Many women, men and children feel acutely vulnerable in this changing world.

The answer is to give the global economy the widespread social legitimacy it lacks today by making markets work for everybody. The idea is simple. I believe it's possible. Finding the options that give people a fair deal is not only right and just

– it is also the foundation of long term sustainable growth. The future health of the global economy will be fragile if we don't expand opportunities on a level playing field that is fair to all.

As Vaclav Havel has reminded us, you cannot have sustained globalization without values, without an ethical framework. Nobel Laureate Amartya Sen has also called for a globalization of basic ethics to match the increasingly globalized world economy.

When looking at policy options we need to privilege solutions that improve the lives of ordinary people and their families. To do that we need to provide socially responsible governance for the global economy. We need institutions and policies at the global level which promote and reflect common values and goals.

SECOND, DIALOGUE

To get there we need dialogue and partnership at the global level. But we are not there yet.

- I see a defensive attitude in many developing countries vis-à-vis global changes which they cannot influence or adequately benefit from.
- I see among the winners of globalization an enormous lack of sensitivity for the losers.
- I see many people in the industrialized world with a desire to move forward in the common interest – it was clear in the results of the G-7 meeting in Cologne last year – but they appear to be held back by sectors of public opinion or specific interests in these countries, more worried about their own uncertainties and insecurities.
- I see civil society struggling with the difficulty of coalescing around positive ways of making the global economy benefit more people.
- The natural place for this dialogue to develop is of course the multilateral system, but the major organizations are still going their own way, rather than searching for coherence or building a capacity to deliver integrated solutions. We should all back Kofi Annan's decision to make the UN system more effective.

All of this means – and these are just a few examples – that we are a long way from real dialogue.

What is needed is leadership – political leadership which can give democratic guidance to the development of global governance. We need business leadership

which goes beyond shareholder value to understand the needs and fears of other stakeholders and their communities. We need leadership in the multilateral system and in civil society.

We all have to look beyond. Governments have to look beyond the next election. Enterprises have to look beyond the bottom line. Unions have to look beyond the next negotiation; non-governmental organizations have to look beyond the next demonstration and international organizations have to look beyond their bureaucratic interests. If we all look beyond we may find that the horizon is closer than we think. We all know that in the final analysis, we have more interests in common than those that separate us.

THIRD, THE FUTURE OF WORK

I want to consider the future of work not as the extrapolation of current trends, or speculations about where we may be ten years from now. The future cannot be a forecast – it must be a goal. The question is the future that we want, and how we can make it happen. The future is not yet written.

I believe the future that people want is a global economy that can deliver opportunities for decent work in a sustainable environment.

I have found that the priority of decent work is clearest when expressed through the aspirations of individuals and families. It is about your job and future prospects; about your working conditions; your ability to balance work and family life, to put your kids through school or get them out of child labour; if you're a woman, it's about gender equality; it's about your ability to compete in the market place and keep up with new technological skills; about receiving a fair share of the wealth that you have helped to create and not being discriminated against; having a voice in your community.

In the most dramatic of situations it's about moving from subsistence to existence. And everywhere, and for everybody, decent work is about securing human dignity.

But today there is a **global decent work deficit**. Over 3000 people die every day because of work-related accidents and diseases; 90% of the working age population doesn't have adequate social protection; and half the world's population lives on less than two dollars a day.

At the ILO we are engaged in the struggle to reduce this deficit. Behind the decent work deficit there are yawning gaps in employment, in workers' rights, in

social protection and social dialogue, which urgently need to be tackled, which need partnership and a common vision. Today let me address employment and workers' rights.

The employment gap

The employment gap is a fault line in the global economy. A hundred and fifty million people are unemployed, a figure that grows to more than a billion if you include the underemployed.

But we must be careful to remember that unemployment is not just a statistic. Work is probably the most important single element that affects the life of individual human beings. It is critical to one's identity and future; it is the principal means by which people connect to their communities and to the wider economic system. Work is also the primary route out of poverty.

There are many aspects of the global economy which might be turned around so as to deliver more employment. The knowledge economy is the most obvious, as information and communications technologies open digital opportunities. But today for most people in developing countries the knowledge economy is a possibility, the informal economy is the reality. Both are growing together. We must build bridges between the knowledge economy and the informal economy, use knowledge as the key to raise its productivity and strengthen its capacity to take advantage of widening markets.

There are a number of strategic interventions.

Education, skills and learning are high on the priority list. In the knowledge economy they become the prime determinant of success or failure, inclusion or exclusion. And as the pace of change accelerates, this means constant renewal of skills throughout life.

Gender equality is an equally high priority. Technological change offers opportunities for promoting gender equality, but unless deliberate efforts are made to support this, the old biases persist. Sustained efforts are needed to weaken stereotypes, oppose discrimination and mainstream gender into public and private policy making.

Child labour, beginning with its worst forms, must be eradicated from the face of the earth. It is the very symbol of economic and social systems gone astray.

The key actor in the knowledge economy is the enterprise – new enterprises, with new mentalities, new working arrangements. The firms which grow and create employment are increasingly those which build their success on the knowledge of their workers. And small firms, today's main source of new jobs, need the

capital and skills and networks which will give them market access. If the knowledge economy is to reach everyone, small firms are the key. This is true whether you are in Hannover, Hong Kong, Houston or Harare.

New forms of regulation for the labour market are needed which support innovation and change, but at the same time defend rights at work and access. Protection of income and living standards and protection against unemployment are needed in a more volatile labour market – combining flexibility with security. If jobs are lost more easily, pathways back to employment are required.

Gaps in rights and voice

So to tackle the decent work deficit, we need to deal with the employment gap. But there is also a rights gap which is just as important, and has to be dealt with at the same time. It is important to understand that the decent work approach tackles employment, basic rights, protection and social dialogue simultaneously. They are goals in their own right, but they also reinforce each other.

Work takes many forms. People earn a living in the factory, farm, home or street. They can be self-employed, casual or informal workers; paid or unpaid, or homeworkers, mostly women, who rarely appear in the statistics.

Whatever the situation, every person who works has rights. These rights aren't fringe benefits to be gained at a later date or when the economic conditions are convenient. They have to be in on the ground floor. The ILO's Declaration on Fundamental Principles and Rights at Work sets out the basic rights clearly. We are talking about freedom of association and collective bargaining, the right to refuse forced labour, child labour and discrimination. These rights are valid in all countries at whatever stage of development, from the sweatshops and "inner cities" of the North to the shanty towns and some export processing zones of the South.

The worldwide recognition that these fundamental principles and rights at work constitute the social floor of the global economy was first expressed in 1995 at the Social Summit in Copenhagen. The same rights are included among the nine principles of the Global Compact.

The most fundamental of these rights is **the right to voice** – to organize and be heard, to be able to defend your interests and to bargain collectively. It is the foundation on which other rights can be fully exercised. We have recently published a report, "Your Voice at Work", that highlights how far we still have to go to make it a reality in so many places.

Going back to the knowledge economy, you can't meet the challenges it poses unless the workers concerned can organize and their voice is heard. New types of

organization are needed. Teleworkers can't organize in the same way as workers on the factory floor. Networked or virtual firms don't provide a stable environment for collective bargaining. The global nature of the knowledge economy has made the question of organization a global one too. New global trade union groupings, such as Union Network International, are emerging. Earlier this year, UNI signed a remarkable agreement with the Spanish multinational Telefónica, which covers not only basic rights worldwide, but also questions of skills and access to telecommunications. We can expect more developments like that.

One of the most important priorities we all face is to make these rights become a reality. To do so, there is a wide range of instruments available which cover a very broad front.

- First of all, we have ILO's main responsibility, to legislate international conventions on labour standards. The core labour standards I have referred to have the tripartite support of employers, workers and governments, which gives them a strong base of social legitimacy.
- Then, when they are ratified they become national law. If the national justice system is sufficiently strong, national law gives ILO Conventions local enforcement power.
- The ILO also has an independent supervisory system that can adjudicate disputes on the application of conventions.
- At national level, labour courts, mediation systems, labour inspection systems and other institutions help to promote rights and put them into practice.
- There is a lot of power in simply measuring and publicizing facts and problems. That's the way the ILO's Declaration works. It is linked to a system of technical cooperation, so that countries which have problems implementing rights have a way of requesting help to put them in place. That way you turn a promotional approach into real change.
- Promotion, information and advocacy strengthen groups and NGOs who, in democratic systems, have voice and votes. Public opinion is ultimately a major force for change. We have seen how consumers have made it more difficult for firms to sell goods made with child labour, and the number of such initiatives is growing.
- Many developed countries are incorporating these rights at work into their cooperation policies, and are offering different forms of support to put them into place.
- Beyond conventions and legislation, companies with sound management practice can implement core labour standards in their operations. By now truly successful firms know well that good labour relations are good for business.

At the ILO we must be the articulators of these many fields of action, helping to build dialogue and consensus on how to move forward. The ILO's task is promote these different routes to workers' rights, and make them part of the foundation of a rules-based global economy.

There is still sometimes a tendency in the organizations which manage the global economy to see workers' rights as an obstacle to growth. We believe, on the contrary, that as part of a broader decent work agenda they are essential for growth which delivers what people are asking for in their daily lives – work, security, dignity. Nor are these objectives inconsistent with economic justification – they stand on their own – but in general they are good for productivity too. And where conflicts of interest emerge, institutional frameworks for dialogue and participation can be designed to bring out the positive synergies. That is what decent work is about. And that is the route to making the global economy work for everyone.

Social justice requires guiding policy-making with a moral compass, ensuring that decisions are based on universally shared principles of equity and equality, without losing sight of the need for sustained economic growth and rising productivity. This is about values and dignity, and how policy instruments can promote them. It's about linking justice and economic progress in practical ways. We don't want to live in a world dominated by a divide between those who live on the cutting edge of the information age, and others who live on the bare edge of survival.

Some may think decent work for all is a dream. I would simply remind them that today we celebrate the tenth anniversary of a dream that many believed could not be realized. The lesson of the end of Apartheid, of the end of the Berlin Wall, of the fall of dictatorships across Latin America, is that the demands of people cannot be denied forever.

Arne Klau

International Labour Organisation

INITIATIVES AND GOOD PRACTICES TO COMBAT UNEMPLOYMENT

The Study Group on “Initiatives and Good Practices to Combat Unemployment” had as its objective the presentation of selected examples of projects and policy measures aimed at redressing unemployment and poverty. The sessions of the study group covered three broad topics: micro-finance in industrialised countries, national experience in fighting youth unemployment, and selected policy measures for employment creation in developing countries.

Micro-finance schemes have hitherto tended to be associated with developing countries. However, these programmes have increasingly gained attention in the industrialised world. A recent study by the International Labour Organisation systematically explored the role, scope and limits of credit and other financial services as strategic ingredients of self-employment programmes in seven industrialised countries. The study found that well-designed micro-finance programmes can be particularly useful in re-integrating unemployed people into the labour market.

Friederike Welter (Rheinisch-Westfälisches Institut für Wirtschaftsforschung, Essen) first presented some key issues in analysing micro-finance schemes in industrialised countries. Any examination of micro-finance schemes should comprise a detailed analysis of the demand and supply sides of the respective programmes. In a next step one could answer the question whether or not such programmes would justify public support.

An analysis of the situation in Germany revealed a number of driving forces for a large and growing proportion of start-ups requiring micro-finance. First, the creation of a micro-business was increasingly perceived as a household strategy to obtain a sustainable income. A growing number of people also felt inclined to test their entrepreneurial capabilities or even considered a business start as a “lifestyle”. Secondly, it could be observed that business start-ups were concentrated in “turbulent” sectors characterised by rapid change. Whether or not these business starters need micro-finance depends not only on their survival and success but also on their access to small credits. A small resource base (“liability of smallness”) and lack of business experience (“liability of newness”) are common problems of

many business starters – not all of which, however, want to grow. This fact should be taken into account when analysing the indirect employment effects of micro-finance programmes for self-employment.

Although formally the access of small business starters to the capital market is not restricted, there is a “credit gap” regarding micro-credits: Starters lack a credit history, and larger banks are usually not interested in giving loans to business starters because of the high transaction costs. As a result, only a minor proportion of business starters would obtain small-scale credits under market conditions. The needs of micro-business starters are also insufficiently reflected in the German Banking Act (*Kreditwesengesetz*) which inhibits the allocation of small loans by non-banks. The micro-finance landscape in Germany is characterised by two government-sponsored programmes with national scope. While the Bridging Allowance (*Überbrückungsgeld*) is a grant for unemployed persons wishing to set up their own business, the Startgeld facility is a credit particularly geared to the needs of small business starters. Empirical analyses have found that this external financial support increases the survival chances of micro-enterprises set up by formerly unemployed people. However, there is no clear evidence that the two programmes also increase the success of the newly founded businesses measured in terms of economic growth.

Benoît Granger (MicFin, Paris) expressed his concerns about a number of developments in the traditional banking sector. In most European countries it could be noted that not just the big commercial banks but also local and regional savings banks were less and less interested in catering for low-income customers, micro-entrepreneurs and people with irregular income, as the transaction and risk costs of serving this clientele are quite high in relation to turnover in this market segment. The withdrawal of the banks from low-income clients affected savings and credit services equally.

Against this background Mr. Granger postulated a fundamental right of all persons to a minimum level of financial services. This right was comparable to other basic rights such as the right to have access to water, electricity or telephone. Ensuring that these rights were granted to each citizen should be one of the state’s most important tasks and their denial could lead to a two-class society with a minority of excluded second-class citizens.

A number of studies carried out by the ILO and the European Union had shown, however, that basic financial services could be provided at reasonable cost. Although they are not profitable for the banks, the provision of basic financial services for low-income groups and the unemployed reduces social costs that would

arise from the exclusion of such groups. Unemployed persons setting up their own business with the help of a micro-credit not only bring with them lower costs for society when compared to traditional income support measures, but are also no longer excluded from the mainstream of economic activity. Well-defined financial instruments, such as subsidised micro-credits for the unemployed or the socially excluded, could thus contribute to increased economic efficiency in the sense of reduced income support and social objectives at the same time. The social economy should thus adapt and redefine financial instruments to live up to the original meaning of the word “credit” – trust in people.

The Study Group's second session was dedicated to the problem of youth unemployment. Youth employment problems continue to pervade both developed and developing countries, with a disproportionately large number of young women and men exposed to long-term unemployment or else limited to precarious or short-term work. As a result, many young people drop out of the workforce or fail to enter it successfully in the first place and become inactive. Socially disadvantaged young people are particularly affected, thereby perpetuating a vicious circle of poverty and social exclusion. How can it thus be ensured that young people are employable, both when they first enter the labour market and in the long term?

Jérôme Gautier from the University of Reims presented an analysis of the French situation. France has had one of the highest youth unemployment rates among OECD countries since the end of the 1970's. As a consequence, a number of active labour market policy measures targeted at the young were implemented. In 1998, for example, the French youth unemployment rate was 26.2 % compared with 9.8 % in Germany and 7.2 % in Denmark. In addition, labour market participation amongst French youth was extremely low. This low labour market participation has two particular reasons: a relatively high percentage of the French young attending school and a lower prevalence of the dual system of apprenticeships.

The main reason for the high level of youth unemployment was the overall shortage of jobs. For two reasons, however, young people in France were disproportionately affected by the job shortage. First, the strong relative and absolute rise of the minimum wage during the first half of the 1980's was particularly detrimental to unskilled young people entering the labour market. Secondly, in response to the high overall level of unemployment trade unions protected the “core” of prime-age and old workers with limited employability, their skills being low and hardly transferable between enterprises. As a result, the number of employed people under 25 fell sharply during the 1980's.

In order to reduce the number of unemployed young people, the French government has taken a number of active labour market policy measures. These measures comprise employment subsidies in the market sector, temporary employment in the non-market sector, and dual training schemes. In 1998 more than 1 million workers under 26 years, which corresponds to 38 percent of that age group, worked in an “assisted job” under one of these measures. No other European country had developed more subsidised jobs for young people in the non-market sector.

However, evaluations of the active labour market policy measures targeted at the young yielded mixed results. Temporary and subsidised employment in the public sector reduces the possibility of finding a job with indefinite-term contract. The young people participating in these schemes also tended to have shorter tenure in their jobs and, particularly in the case of young women, were paid lower wages. On the other hand, dual training measures, such as alternating classroom-workplace training, seemed to have a positive impact on the employment rate as well as on the duration of employment, although young people’s wages tended to be lower after they exited programmes compared to the wages of young people recruited directly into a regular job.

Against a background of persistently high youth unemployment, the French government had launched two new programmes in 1998, the New Services Youth Employment and TRACE Programmes, which were quite innovative compared to the previous ones. The New Services Youth Employment Programme provides publicly subsidised jobs in the non-market sector. The subsidy amounts to 80 percent of the national minimum wage, its duration cannot exceed five years. At the beginning of 2000, the number of beneficiaries was over 200,000. Although the programme tried to avoid distorting effects, jobs under this scheme was often perceived as “employment of last resort”, with the additional danger of locking young people into a “secondary” labour market. Unlike the NSYE programme, the TRACE programme was targeted at hard-to-place and disadvantaged young people. The programme seemed to reach its target group, but it would be too early for a systematic evaluation.

Per Kongshøj Madsen (University of Copenhagen) presented some key features of the Danish ‘employment miracle’ of the 1990’s. Open unemployment decreased from 10.1 to 5.2 percent, while inflation rates remained stable. Total employment increased by 240,000 persons of which most formerly unemployed persons found a job in the private sector. The reform of the Danish active labour market policy in 1994 and a simultaneous macro-economic upswing were crucial for this success.

Decision-making was decentralised to the regional level and social partners were actively involved. The duration of passive benefits was drastically reduced and a stronger element of “work-fare” was introduced with a specific focus on the young. Individual action plans were drawn up for all unemployed persons that required their active participation in finding a job. In addition, employers and employees were provided with incentives to make use of paid-leave programmes to allow job rotation with unemployed persons.

The policy measures taken had a number of positive effects on the level and structure of unemployment. The number of marginalised persons dropped significantly, and youth unemployment was reduced even below the average unemployment rate. The concept of job rotation proved to be a comprehensive and successful approach to increasing skill levels and combating unemployment at the same time. As regards training of the unemployed, evaluations had shown that private job training had a greater employment impact than public training. However, it should be noted that a favourable macro-economic environment was of key importance for the success of the measures taken.

In its third session, the Study Group focused on the employment problems of developing countries. With an estimated 1 billion workers un- or underemployed and 1.3 billion people living in poverty, employment creation is of paramount importance. In many developing countries, enterprise creation and self-employment programmes had proved to be an important strategic tool in pursuing the objectives of poverty alleviation and job creation.

Michael Henriques (International Labour Organisation, Geneva) emphasised the particular importance of small and medium-sized enterprises for job creation in developing countries. While in industrialised countries around 50 percent of all jobs were found in SMEs, the respective figure was 60 to 80 percent for developing countries. Programmes to promote job creation through SME development should focus on the creation of a favourable environment, which included an enterprise culture, business-friendly regulation and access to business services.

As regards the promotion of an enterprise culture, young people and university graduates should be encouraged to consider self-employment as a career option. In too many countries the state sector and the big multinational enterprises were still considered the most prestigious employers, with a resulting mismatch in the labour market. What was needed, however, was a culture of entrepreneurship and self-employment. In Indonesia, for example, a TV producer was persuaded to put the problems of a shop-owner at the centre of a popular soap opera.

The objective of creating a business-friendly environment involved a wide range of issues such as regulation, taxation, access to credit and infrastructure. The ILO encouraged member states to review all new legislation for its impact on micro- and small enterprises. The creation of an enabling environment should be a participatory process. The SME sector should be given a voice at national level in order to highlight the constraints and problems it faces. The existence of business development services was crucial for the provision of information about markets, technology and regulation. These services could also provide training and skills development for managers and technicians, as well as advisory services on productivity and quality. Experience had shown that government institutions performed poorly when delivering these services.

In order to foster job creation through enterprise creation, the ILO had launched a global programme called “Start and Improve Your Business” (SIYB). This training package for owners of small and medium enterprises was aimed at raising productivity levels and improving management skills. The training material was put together by the ILO, which also provided the training of the trainers. Course participants had to pay the full cost of the training so that its perceived value would not be undermined. The SIYB programme had also embarked on innovative methods such as distance training by radio in Vietnam. The programme was operational in 83 countries and had so far benefited more than 150,000 entrepreneurs. Taking into account indirect employment effects, the programme had so far contributed to the creation of more than 250,000 jobs.

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THE FUTURE OF WOMEN'S WORK AND GENDER EQUALITY

The objectives of the three-day global dialogue were to identify policy dimensions to promote gender equality in employment and work, and to map cases of successful forward-looking experiences representing different economic and social contexts and geographic regions.

During the first day, a forum on *Women and men – equal partners in the future world of work?* provided introductory overviews of the scope of this central issue and more elaborated details from the perspective of experts representing different world regions. These perspectives were further developed in a two-day workshop on *The future of women's work – policy perspectives and practice*, where participants of the Global Dialogue, members of constituents' organizations, academics and NGO representatives met with coordinators of worldwide projects which are considered particularly successful in terms of their contribution to more „decent work“ in the future world of work.

Speakers and discussants agreed that, in spite of higher and more visible female labour participation worldwide, a „decent work deficit“ for women persists. Promising new approaches to improve women's access to quality work and reduce social exclusion should involve all levels of society. The discussions highlighted the positive effects of enabling national equality policies, including monitoring mechanisms; strengthening social responsibilities of the business community; developing solidarity networks among vulnerable groups of women; and fostering a broad social dialogue on gender equality as a strong pillar of their development agenda.

Parallel to the workshop on gender equality, a special session on gender entitled: *Tripartite social dialogue and gender equality in the labour market*, was organised in the framework of the workshop on „Social Dialogue in practice“. The article on page ... of this publication refers to the main features and the results of the discussions in this panel.

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GLOBALIZATION AND THE SOCIAL DIVISION OF LABOUR AND REPRODUCTION BETWEEN WOMEN AND MEN

To think about work and the future of work is not possible without thinking in gender terms. This was the motto given to the Dialogue by Barbara Stiegler, expert on Labour and Social Policy from the Friedrich Ebert-Foundation. The division of labour, economic and social responsibilities has always been based on gender, in all societies. A problem arises when these divisions are hierarchical in structure, creating inequalities between men and women's access to work, paid labour and social benefits.

The Outcome Document of the Beijing +5 Conference confirmed the controversial *impact of globalization* among women and men in the North and the South. As Christa Wichterich, journalist and development expert pointed out, women have been the winners in the globalization process as most of the new jobs created were in the service sector, but they also became pioneers in new, precarious forms of labour with little or no formal social protection. While more women now have access to paid income, they also have more unpaid family care costs to compensate due to the State's withdrawal from social responsibilities. As a consequence of the feminization of poverty, a greater polarization among women themselves has occurred. But on the other hand, some encrusted gender relations have been breaking up. In many countries, women are now better educated than men. They have gained self-confidence, more autonomy and are more oriented towards a professional career.

Changes in the labour markets have occurred more rapidly than in the hearts and minds of people – traditional „gender images“ and stereotypes still exist, lagging behind in reality but still shaping public policies and making decisions at an enterprise level. Economic and social reproduction seem to belong to separate worlds; women continue to be more educated but are still perceived primarily as „family persons“, in spite of their growing, often forced, geographical mobility and the fact that increasingly women and men are having flexible working lives.

Gender inequality is a vicious circle which takes different forms throughout a *women's life-cycle*. According to Lin Lim from the International Labour Organization in Geneva, the generational approach helps to understand how prevailing discriminatory policies and practices affect women and men at different stages of their life, from childhood to old age. Through a life-cycle perspective it is possible to identify specific needs for protecting the girl child and the older woman, preparing young women for access to decent work and helping them to better combine

work and family life. Male role models seem to be similar worldwide: the defining image for men remains closely related to work. If men's responsibilities in family life and care are to be strengthened, new role models have to be transmitted to boys from an early age.

Several presentations highlighted the crucial relationship between work, the care for women's life patterns and their participation in the labour market and self-employment. *Reconciling working and mothering* is still mainly a woman's problem. Although men have started to take over more tasks, in most societies their participation in family responsibilities and care is usually of a complementary nature. Because women often consider themselves to be the ones who are „truly responsible“ for mothering, they inadvertently hinder a change in attitude.

The findings of ongoing European and German research projects presented by Ute Klammer, Institute of Economic and Social Sciences of the Hans-Boeckler-Foundation, demonstrate that the strategies chosen by the current generation of mothers in Europe are strongly influenced by public social policies. Although there are converging tendencies, differences between the European countries are still significant. This includes not only the availability and quality of benefits for mothers, fathers and families, but also taxation policies and whether society and employers consider women primarily as workers, as wives or as mothers. In addition, social values play a major role in shaping attitudes and behaviour. This is reflected in the still striking differences between West and East German mothers' thinking, even ten years after reunification.

There is a tendency in the *transition countries of Central Europe* to re-emphasize women's traditional role in the family as a way of alleviating the pressure on the labour market. As Katalin Levai reported that for Hungary, after the breakdown of the centralised economies, many people see the family as a domain for living as a „citoyen“, a real private life. Women tend to stay away from the public sphere and are reluctant to enrol in social organizations. This attitude is reinforced by the decline in formal employment opportunities and the fact that a woman's traditional role in the family basically did not change during communism. Although equality is guaranteed by law, women's access to and position in the labour market is often at a disadvantage compared to that of men. There is a lack of effective enforcement mechanisms. The national machinery for promoting equal opportunities has been weakened and strong civil organisations to lobby for women's interests are missing. Restructuring and privatisation caused a significant decline in labour force participation by both women and men. (This also occurred in the Czech Republic, Poland and other transition countries.) However, women are more

affected by long-term unemployment, rising poverty and restrictions to social security benefits. The example of the transition economies shows that the political democratisation process did not necessarily lead to more „gender democracy“.

The example of the *Islamic countries* demonstrate the importance of religion as a factor intervening in the women's and family's decisions on their participation in the labour force. The Koran enshrined the principle of equality between the sexes. Since then, women have maintained high positions in Islamic societies, but there are striking differences from one country to another. Egypt was the first country to give women the right to vote, in 1956. The majority of women in the formal sector are employed in government institutions. Religion has a strong influence on gender attitudes. For example, sexual harassment is unknown to Egyptian women, and night work is not possible, as a Muslim woman has to stay at home at night. Much remains to be done to strengthen women's participation in political decision-making, and trade unions have a major role to play in this respect as well as in enforcing existing laws.

Concerning gender equality, there is a mixed picture in *Latin America*. According to figures presented by Laís Abramo from the International Labour Office in Santiago, during the 1990s, Latin American women played an even greater role in the labour market than in previous decades, compared to men's stagnating participation rates. This tendency included poor women and those in the child-bearing age groups. Gradually, the life patterns of women's economic participation are becoming closer to those of men. However, the problem of the quality of women's jobs is evident – women are over-represented in the informal sector, and domestic service shows a growing importance among the newly-created jobs for women. At the upper end of the scale, highly educated women find it more difficult to achieve the same or similar remuneration levels as men. The average level of education of female workers in the region is higher than the males, but women are required to attain significantly higher levels of schooling in order to obtain access to the same employment opportunities.

Men are not yet willing to take over more household and care responsibilities. Not only society at large, but also women themselves still share the image of *the home* as being a woman's world. The expansion of domestic service in the region clearly demonstrates this.

SEIZING EMERGING JOB OPPORTUNITIES AND ADDRESSING NEW VULNERABILITIES IN THE GLOBALIZING ECONOMY

In recent years, job opportunities for women have been created mainly in two areas, not only in Latin America, but in many developing countries: in the *export processing zones (EPZs)* and as home-based work.

There are well over 2000 EPZs worldwide, mostly in the garment industry, employing over 27 million people, reports Aurret van Heerden, ILO expert from Geneva – and production is likely to expand significantly in future. The majority of workers involved are young, low-skilled women. In general, job quality and stability in the factories remains poor, despite improvements in the working conditions in some countries and enterprises. An abundant supply of cheap labour and the type of production in the zones leads to a high turnover of the labour force. Employers avoid investment in training and workers are often dissatisfied with the poor working conditions and career prospects. It is difficult to change this situation within the enterprises because of the weakness of labour administration systems in the countries concerned and the limited role of trade unions as political actors in the zones. However, in some cases new models of union organisation are being introduced, with the interests and needs of women workers occupying a prominent place. Several enterprises have recognized that better working conditions lead to enhanced productivity and a wider public is now paying attention to the situation of human rights in the zones. The US Department of Labour has launched a campaign to respect women workers' rights in Costa Rican „maquilas“. Consumers, especially in the US and Europe, are more sensitive to the conditions under which a product they plan to purchase has been produced.

EPZs continue creating many new employment opportunities for women workers in the formal sector in developing (and recently in transition) countries. With better access to training, less discrimination in the workplace and a better infrastructure surrounding the zones, the working and living conditions of many women and their families could be significantly improved.

ILO projects in Central America and (South) East Asia demonstrate that a holistic approach is necessary to tackle a complex situation involving competing interests: the women workers themselves have to be empowered and recognize alternative ways of organizing room for negotiation and conflict resolution with the assistance of sensitized workers' organizations. Labour ministries should be better prepared to verify the compliance of workers' rights with legal instruments, and

employers should invest in the development of human resources with emphasis on good labour relations and a gender dimension.

As Janina Fernandez, coordinator of an ILO project in Central America pointed out, taking into consideration cultural differences proved to be an important strategy for obtaining access to the factories, gaining the confidence of workers and employers in the export zones and proposing viable solutions to the existing problems. However, action cannot concentrate on the enterprise level alone. Governmental policies related to employment including structural arrangements for promoting equal opportunities and (women) workers' rights should be revised and strengthened. At global level, social certifications such as SA 8000 based on the fundamental ILO Conventions, are increasingly seen as a differentiation mechanism for good-practice enterprises, leading to commercial success. The enhancement of social dialogue at all levels is crucial, involving other actors from politics and civil society.

Globalization has given a new impetus to another form of flexible and atypical production for the world economy, often closely linked to export processing in special zones based on foreign capital: sub-contracting and home-based work. During the past decades, home work has increased throughout the world, either as dependent piece-rate work or own-account work. Therefore, one has to distinguish between new forms of highly-qualified work such as telework, and the traditional low-productivity and precarious activities in the informal sector, mostly in the garment, footwear or textile industries, which are widespread in developing countries. Increasingly, home-based work has been installed in the developed countries and transition economies – for example, in assembling components for the electronic industry. Common to all described forms of home work is that its characteristic as dependent work mostly remains invisible, that the employer is difficult to identify and that it is excluded from formal systems of legal and social protection. Women constitute the majority of workers in the less productive and more precarious forms of home work.

Interventions in favour of women home workers has started helping them to recognize their identity as workers and given them a voice. There are not many cases of trade unions organising home workers, but two examples of successful organisations are the Self-Employed Women's Association (SEWA) in India and the UK-based international network for home workers' organisations, HomeNet. SEWA combines both a union and cooperative strategy. Its main goals are to organize women workers for decent employment (work, income, food and social security) and self-reliance. Uma Ramaswamy, an Indian social scientist, using South-Indian

examples, explained that solutions to the daily problems of women home workers (such as domestic violence and the organisation of family responsibilities), have to start at the grass-root level. As Jane Tate, director of HomeNet highlighted, basic organising and awareness-raising at the local level has to be combined with advocacy at the national level, in alliance with trade union centres, governmental departments and NGOs. At the international and national levels, HomeNet launched a campaign for ratification and promotion of the ILO Convention on Home Work (No.177, 1996) along with the international trade unions. There is still a need to understand the wider economic context of home work, identifying the chains of production and marketing, based on improved data gathering and processing, as Manuela Tomei, Geneva-based ILO expert on home work, pointed out. This will help to explore to what extent public policies may contribute to broadening the scope of quality home work.

NEW STRATEGIES TO COMBAT PERSISTENT WAGE DISCRIMINATION PATTERNS OF WOMEN IN THE WORLD OF WORK

Pay differentials remain one of the most persistent forms of inequality between men and women. Constance Thomas, ILO expert on equal pay and discrimination issues, made it clear that ever since women entered the labour force, they have been paid less than men. Employment segregation is one of the main recognized causes for women facing differentiated promotion opportunities and remuneration. Data are difficult to compare between one country and the other because of different pay structures and systems. But also within a given country, pay differences are not easy to identify, to compare and to explain. Men and women work in different professions, have different types of qualifications, enter and re-enter the labour market at different age levels, and perform different tasks. But even taking all objective factors and causes into consideration, the pay difference remains (worldwide, women earn 25 % less than men; in the European Union, the figure is 15%) which can partly explained by gender stereotypes, discrimination practices and women's weaker bargaining power. Two aspects seem to be common to all countries: the higher the level of the job, the bigger the pay difference; and no clear tendency towards narrowing the gender pay gap can be reported. This situation varies from country-to-country, from sector-to-sector, and moves back and forth.

In many countries, national legislation based on the ILO Convention No. 100 (1951) on Equal Remuneration includes the concept of equal pay for work of equal value. Supra-national guidelines and directives such as those of the European Union (see page 8 of this article) have an important impact at the national levels. But legislation and regulations alone are not sufficient. More sex disaggregated information and analyses on wages, pay structures and systems is needed. A legally established or recognized machinery for wage determination should be established. Collective bargaining combined with training and other measures in the workplace are another means of promoting the principles of equal remuneration.

Karin Karlsson from the Swedish Trade Union for Local Government Officers reported that even continuous trade union efforts since the beginning of the 1990s have not achieved sustained results in pay equalization between men's and women's work; the tendency is that the gender wage gap increases. In Sweden, three main strategies were applied: job evaluation as a method to achieve upgrading of women's jobs; collective bargaining; and support activities such as education, public information and advocacy. The impact was mostly at a local level. Broader alliances will have to be built between academics and partners outside the workers' organisations. For the trade unions in Sweden, pay equity will continue to be one of their most important goals.

The Swiss government commanded from labour scientists from the Technical University in Zuerich the development of an interesting example of a gender neutral and objective job evaluation method. Marianne Geisser, Deputy Director of the Federal Swiss Bureau for Gender Equality, explained that this method is based on a catalogue of newly-defined characteristics of typical tasks performed by men and women. It has been published and widely disseminated amongst the human resource managers of enterprises, trade union leaders, labour specialists and judges. The results have been positive, although rather limited in scope: at the moment about ten enterprises in the private and public sector in Switzerland and several others in Austria and Germany are regularly using the job evaluation method developed by the Federal Equality Bureau. Its application, in many cases, has led to an upgrading of women's jobs. Future tasks consist of further refining the job evaluation method by including female competencies and skills developed in the household and reproduction sphere. Another area which needs further research and guidelines for action is how to compare productivity in a gender neutral manner. Finally, there is still a lack of monitoring and control mechanisms to assess if the equal pay principle is respected in the workplace.

Participants of the conference agreed that a comprehensive approach to the reduction and elimination of the deep-rooted pay disparity between men and women is needed. This involves interventions at various levels, in the society at large (addressing its cultural values), through public policies, and among the main players in the labour market. Policies that concentrate only on labour market discrimination will not be successful, since external factors appear to be a more significant source of pay inequality than those that create the gender gap within the labour market. As long as stereotyped „gender images“ remain in the heads and hearts of people, the pay issue will continue being „engendered“, as Barbara Stiegler summarized the discussions.

ROLE OF AFFIRMATIVE EMPLOYMENT POLICIES AT THE ENTERPRISE, NATIONAL AND SUPRA-NATIONAL LEVEL

Proactive interventions are necessary to tackle traditional structural inequalities or to address new forms of discrimination in the world of work. While the objective is to achieve equality of opportunity and treatment for all, these interventions can take different forms. The business world seems to favour the „diversity management“ approach. This concept, which originated in the USA in the late 1980s, has inspired the adoption of specific policies mainly by larger multi-national companies operating globally in the industrialized countries. It recognizes that the workforce consists of a diverse group of people of different sex, age, nationality, ethnicity, race, religion and ability, and that they have different personal work habits and lifestyles. The concept views these differences positively, as they create a productive environment where everybody's talent contributes towards reaching the company's goals. Diversity management, contrary to affirmative action, does not concentrate on any specific disadvantaged group but on creating an organizational culture for all employees „to do their best.“ Employees are valued on the basis of merit and efficiency, rather than on skin colour and gender.

Only recently, Brazilian companies started integrating diversity into business. They realized that diversity management helps to create a better corporate image and thus has a competitive advantage perspective. However, for many of them it is not yet clear how to translate this approach into a human resources strategy focussing on competence building in the workforce. Sergio Esteves, head of a Brazilian business consultancy firm, warned that valuing diversity can be no more than a discourse against exclusion if it is not accompanied by a solid plan and an

implementation programme. He believes that diversity management can be a powerful strategy for combatting gender discrimination in the workplace. By critically assessing existing gender stereotypes and giving adequate value to female competencies, business can highly profit from women's potential and experiences. In this context, diversity management in some cases comes close to equal opportunity policies when companies target women, establish non-discrimination based on sex as a company goal, and translate this principle into active career-planning, training and offering family-friendly workplaces. However, in many developing countries, this approach still seems to be rather new. International competition, the dialogue with conscientious trade unions and the advisory services of consultancy firms promoting the combination of business and social responsibility may stimulate a change.

The situation in the transition economies is a different one. Elena Mesherkina, Professor for Social Sciences at the Russian Academy, described the difficulties of introducing the concept of equal opportunity between men and women in Russian enterprises. An ILO sponsored project with the social partners just completed its research phase in three pilot companies in Moscow, assessing the way gender equality is addressed by the organization of production and human resources policies. On the basis of the findings, model collective bargaining agreements will be developed and their implementation will be monitored together with the trade unions and employers. The project has detected that, despite a multitude of evidence, neither the women workers themselves think in discrimination categories, nor is there an awareness among the trade unions or management on the relevance of the equal opportunity principle to the employee's well-being and the company's economic efficiency. Work and family are perceived by all sides as separate matters and mutually exclusive alternatives. Again, the Russian example shows that gender inequalities at the workplace are built into a wider social and economic context and cannot be treated separately.

There are positive examples of how an entire country can address past discrimination on a large scale by creating an enabling environment for promoting equality of opportunity and treatment for the former disadvantaged groups of society, namely women, blacks and persons with disabilities. The Namibian experience of adopting a national *Affirmative Action Policy* is a good example of the importance of law when it is backed by the political will of the government leaders and accompanied by an implementation plan, reporting and supervisory mechanisms, and a broad education campaign. The Minister of Women's Affairs and Child Welfare, Netumbo Nandi-Ndaitwah, stressed that the Act on Affirmative Action in Employ-

ment, adopted in 1998, has not yet been in place long enough to evaluate its impact on the labour market and Namibian society in general. The Act requires that any person or institution employing more than 50 people has to provide regular reports on the adoption of positive action measures for the named target groups to the established Employment Equity Commission. Strong sanctions are foreseen in the case of non-compliance. Although the Labour Minister recently revealed that „only“ 60% of all relevant employers had submitted equity reports, the general adoption and acceptance of the law by all members of Namibian society is to be seen as an achievement, as the Women's Minister pointed out.

Affirmative action laws and policies can play a powerful role as an awareness-raising tool on gender inequality, but also to impart knowledge and skills to the women affected by discrimination. Against frequent counter-arguments it has to be borne in mind that the ILO Convention on Non-Discrimination (No.111, 1958) and other human rights conventions expressively state that temporary special positive measures for disadvantaged population groups are not to be considered discrimination.

In the European Union, a less strong mechanism has been adopted and implemented regularly since 1997 which is causing positive effects at the supra-national level. The *European Employment Guidelines* is an orientation framework for member states aiming at increased economic growth and reduced unemployment rates, which requires yearly national action plans. These have to include measures to meet the set objectives and targets in four areas: improved employability, development of entrepreneurship, increased adaptability of enterprises and the labour force, and strengthened measures for promoting equality of opportunity between women and men. Annually, the Commission and Council undertake a joint evaluation of these plans and publish an Employment Report including recommendations for further action. Since 1999, the Guidelines solicit member states to mainstream gender equality in the first three pillars of the strategy, while maintaining the explicit chapter as the fourth pillar. In particular, they call for actions to reduce gender segregation and the gender pay gap and measures aiming at facilitating the combination of work and family. For Els van Winckel from the Unit for Equal Opportunity Policy at the Directorate-General on Employment and Social Affairs, the Guidelines provide important benchmarks for action at the country level. They also provoked the fact that gender and employment issues are now being discussed at the highest political level in the Union.

The *trade unions* recognize the importance of the Employment Guidelines as a useful tool which obliges national governments to tackle equality issues. Sinead

Tiernan, Adviser to the Equality Department of the European Trade Union Confederation, ETUC, highlighted the critical areas identified by the women's committee through their revision of the national action plans. Although progress has been made concerning mainstreaming, this approach has to be more consistent throughout the four pillars of the Guidelines. More disaggregated statistical information is needed regarding specific areas such as access to and effects of vocational training and precision of part-time work patterns. The gender dimension concerning non-wage labour costs, social security systems, tax and benefit systems and the impact on measures in these areas have to be further reviewed and reported. There are missing links between the identification of gender pay gaps and according action from the national social partners. Regarding the harmonization of work and family life, the focus is still on reconciliation measures addressing women only, rather than both parents. Finally, the role of the social partners in advocating gender equality should be given a stronger emphasis throughout the Guidelines.

SOME CONCLUDING REMARKS

The debates among participants at the Global Dialogue on the future of women's work and gender equality provided an opportunity to enrich everybody's knowledge about reality. It was also a possibility to learn from each other about new ways of bringing solutions to old and new problems. A wide range of topics were covered trying to link the global with the local, the macro sphere with the micro level. An attempt was made to look into the situation and lessons learned from experiences in different geographical regions, the industrialized countries, the developing countries and the countries with economies in transition.

It was evident that „work“ cannot only relate to formal paid work; it has to include unpaid work and that in the informal sector. It was once again confirmed that the global economy is introducing some positive changes as it can actually push for more equality by setting worldwide benchmarks. But it is excluding too many people, and polarization has increased among many social groups and women themselves. Gender equality has to be maintained as a high priority on the development agenda, for all countries. As the ILO's Director-General remarked: „Sustained efforts are needed to weaken stereotypes, oppose discrimination and mainstream gender into public and private policy making“. A gender equality perspective has to be incorporated in all areas and at all levels. The governments are called to create

laws, regulations and enforcement mechanisms backed by labour institutions, both with a protective and promotional character as appropriate. The enterprises are key players with management practices fostering the knowledge of their workers and acting with social responsibility. Workers organizations have to find new ways of addressing the needs of women and men workers adapting to the changing labour patterns. Social dialogue has to become a powerful tool for pushing for gender equality, both in addressing gender issues and giving women a voice. As Jane Zhang, Director of the ILO's Bureau for Gender Equality pointed out, we need to foster broader partnerships, not only through women's networks, but also with other actors of civil society at all levels. In her view, partnerships between women and men in the cause of promoting gender equality cannot be stressed too strongly. Beijing +5 reconfirmed a series of commitments at the global level; now it is for us to identify priorities in our areas of competence and contribute to their accelerated implementation.

Will the future world of work bring more equality between women and men? This question posed at the beginning of the Dialogue cannot be answered in a straight-forward way. Globally, economies are increasingly built on knowledge and diverse human capital. This, combined with the development of new technologies could facilitate a more gender neutral approach to the competencies and potentials of women and men. The workshop confirmed a worldwide tendency for more converging patterns of women's and men's work. However, it will depend on various factors if these new opportunities can lead to more gender equality. It starts from „a new deal“ at the household level leading towards a equal share of family and economic responsibilities. At the community level, voices of both women and men have to be equally heard, and at the societal level, a gender perspective has to be more systematically incorporated in policy and operational programmes. Multi-dimensional and joint efforts are needed to make the goal of “decent work for all” a reality.

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EMPLOYMENT SUCCESSES IN SMALLER EUROPEAN COUNTRIES – A MODEL FOR LARGER ONES?¹

Can small countries show the bigger ones how to create jobs? Denmark, Ireland, the Netherlands and Austria have demonstrated that “employment successes can be achieved even in European welfare states” according to an ILO study.² The reasons for this success – social dialogue, and important changes of course in macro-economic and labour market policy – are worth looking at in greater detail, as they may point to possible solutions for the unemployment problems suffered by Europe over the last two decades.

In contrast to some of the larger states in Europe, which are still suffering from weak labour markets and at times high unemployment rates – especially youth and long-term unemployment – the labour markets in Denmark, Ireland the Netherlands and Austria have achieved a remarkable recovery or have maintained low unemployment levels in the long-term.

Furthermore, in some of these countries, employment rates and the actual number of people in employment have rapidly increased. In most cases, gender-related differences have also been reduced, although they still remain, according to the IAA study. Youth and long-term unemployment has also been reduced. The countries covered by the study are relatively small, accounting for only 10 percent of European Union GDP and 7 per cent of its workforce.

1 This article is an updated version of a contribution published in the Federal Labour Gazette 7/8 1999 and was one of the documents used as a basis for a discussion on “Does social dialogue lead to better employment?” during an event entitled “Wissenschaft im Dialog” at EXPO 2000.

2 The study appeared in January 2000 in the form of a book entitled “Employment Revival in Europe: Labour Market Success in Austria, Denmark, Ireland and the Netherlands” by Peter Auer. It was a follow-up measure to the World Social Summit in Copenhagen in 1995. At that meeting the signatory states undertook, amongst other things, to take measures aimed at achieving freely selected, productive full employment. The study contains the results of country-specific ILO studies of unemployment in Denmark, Ireland, the Netherlands and Austria and four comparative thematic reports. The four country-specific studies were examined and commented on by the labour ministries and social partners in the four countries concerned.

Despite the onset of recession, the Netherlands (2.2 %), Denmark (4.4 %), Austria (4.0 %) and Ireland (4.1 %) were amongst the EU countries with the lowest unemployment levels in November 2001. This is all the more noteworthy given that in 1993 unemployment in Denmark was still 10 per cent, in Ireland it was 17 per cent in 1985 and in the Netherlands 12 per cent in 1982. These countries have also achieved a significant reduction in youth and long-term unemployment - both of which were extremely high in the past. Austria is also one of the few countries whose unemployment rate has always been less than half the EU average. Denmark has by far the highest levels of employment and is also the country in which gender-specific differences in employment are smallest.

In terms of full-time jobs, the Netherlands have a relatively low employment rate, as part-time working plays an important role. This is also the reason for the wide gender gap in this country, as many women work on a part-time basis.

Even if the Dutch unemployment figures are close to the usual definition of full employment (3% unemployment), none of the countries mentioned has actually achieved this target, especially when qualitative criteria are taken into account.

Much has still to be done for it to be possible to talk in terms of absolute rather than relative success. On the other hand, these successes on the unemployment front, though linked to a change from full-time and permanent employment to more heterogeneous forms such as part-time and temporary working, have been achieved without any reductions in real wages and have also not led to any significant increase in social inequality.

The study comes to the conclusion that "at least three countries – the Netherlands, Denmark and Austria – which can be classified as adhering to the northern and central European social and economic model - have produced less inequality than countries pursuing a free market model". This, according to the study, can be explained in terms of the influence of a system of "neo-corporatism" (political control based on negotiation between representatives of employees, employers and the state) on labour relations and also in terms of the efficiency of social benefit payments.

SUCCESS FACTORS COMMON TO ALL FOUR COUNTRIES

The study ascribes the relatively good labour market performance of these four countries to three factors: social dialogue, macro-economic policy and labour market policy.

- **Social dialogue** within an institutionalised social partnership enables a wide-ranging exchange of information and discussion of current issues to take place at national level, and also makes possible the implementation of reforms at sectoral and company level; wage restraint becomes easier and the diverging interests of specific social groups are brought into line with the interests of society and the economy as a whole.

Three of the countries examined had strengthened social dialogue after facing economic problems and high levels of unemployment during the 80s. In Austria, such dialogue was maintained throughout the entire post-war period and created a climate of trust amongst those involved. As a result, wage restraint became an integral part of a macro-economic policy aimed at stability. The social partners were also involved in reform of the social insurance system, labour market policy and labour market institutions.

Many of these reforms were not easy for the social partners to accept. Thus the trade unions acceded to changes that were not always in the short term interests of their members. These reforms (for example in administration of social insurance and levels of benefit payments) were accompanied by wage restraint, and the fact that they did not lead to social conflict has to be seen as one of the successes of social dialogue.

The ILO study comes to the conclusion that institutions that permit communication at the highest level are particularly important for social dialogue, but it is also crucial for such a dialogue to take place at all levels of power – not just *between* interest groups but *within* them as well. Where these forms of dialogue do not take place, it is less likely that the “lower orders” will participate in implementing agreements at the highest level.

- **A macro-economic policy aimed at achieving price, interest rate and exchange rate stability**, but also supporting the labour market, is the second success factor. Such a policy provides the economy with limited – but sometimes significant – fiscal incentives against a background of general budgetary consolidation. The study assumes countries that have reduced their budget deficit are once again in a position to exert an anticyclical influence on the economy.

In contrast to the 70s, when public spending apparently spiralled out of control, governments seem at present to be in a position to capitalise on the positive short

term impact of an expansive fiscal policy and then return to a course of consolidation in the next round. In all four countries, but especially in Austria and Denmark, state spending has played a relatively important role for growth and employment, although expenditure expressed as a share of GDP has actually declined. The question arises, however, whether a government is using money efficiently and whether lower spending levels that make lower levels of taxation possible, would not be even better for the economy. Whereas in macro-economic discussions the idea of private expenditure being crowded out by public spending is raised, the ILO study offers no evidence that this actually happens.

On the contrary, the study identifies a mutually reinforcing effect of government spending and private activities. Thus, for example, public infrastructure spending and subsidies contributed to attracting industries to Ireland, thereby creating jobs. Amongst the four countries that feature in the study, Ireland is the one in which the public sector share of GDP has gone down to the greatest extent, whereas public spending in absolute figures (adjusted for inflation) has increased most. The study supports the need for continued consolidation of fiscal policy, but resists suggestions that a “lean” state is the answer to all the European welfare states’ labour market problems. Consolidation should put countries in a situation where they can have a more strongly anticyclical influence on the economy (including via automatic stabilisers)...although this must operate within the parameters set by the European growth and stability pact.

■ **Active and passive labour market policy and labour market reforms** are the third factor involved in success on the employment front, having played a significant role in the recovery of the Danish, Dutch, Austrian and the Irish labour markets. The study links labour market policy and regulation of the labour market. “Passive” income replacements such as early retirement, but also active labour market policies such as the provision of further training and retraining opportunities, are instruments offering employees a greater degree of job security and making it easier for companies to adjust. Without these, the companies would carry the main costs and social consequences of the adjustment process, and the employees would face an uncertain future.

The ILO study shows clearly that labour market policy is one of the pillars of the European welfare state. While this does not exclude the need for further reforms – for example the type of measures envisaged by the European employment strategy to combat long-term unemployment – political decision-makers should be aware of the basic significance of labour market policy and the link between it, protection of jobs and the general function of labour markets. Major reforms are nec-

essary above all with regard to the policy of reducing supply through early retirement and occupational disability provisions that has hitherto been partly responsible for employment successes, as this approach is now coming up against its financial limits. If the present trend towards increasingly early retirement were to continue, the decline in the proportion of younger working people and the rise in life expectancy would be likely to completely derail the system of old age provision. Reforms in the implementation of labour market policy (e.g. via job placement measures) have also contributed to the success of smaller countries, as they are more closely geared to the needs of companies and the local level.

AN EFFICIENT COMBINATION OF POLICIES AND INSTITUTIONS

Success on the labour market is not so much due to individual policy measures as to an efficient combination of factors. The ILO study offers some indications as to how this interplay can function.

The three factors – social dialogue, economic and labour market policy – in various different effective combinations according to the country concerned, have had a positive impact. At macro-economic level a combination of monetary policy aimed at stability, fiscal consolidation and wage restraint has worked well. Austria is a good example of how long-term stability can be achieved by such coordination of policy without reducing labour market flexibility, which is also supported by (passive) labour market policy. For the labour market in Denmark and Austria this means, in particular, that weak dismissal protection (which exists *de jure* in Denmark and, despite extensive regulations, “*de facto*” in Austria) can be compensated for by a relatively comprehensive system of wage protection. Thus a significant part of the need for adjustment has been shifted from the companies to the social level.

In both countries – which are dominated by small and medium-sized enterprises – the social security systems clearly support the economy and the labour market, making the latter more flexible – and the result is lower levels of long-term unemployment and high rates of employment.

The ILO study offers further examples of successful combinations of policy measures such as temporary stimulation of demand in the national economy combined with a job-rotation scheme based on further training measures in Denmark or, in the Netherlands, the interaction of part-time working, a basic pension and the activities of job placement agencies for temporary work.

WHAT CAN OTHER COUNTRIES LEARNED FROM THE SMALLER COUNTRIES?

The study admits that the small size of the four countries concerned may be an advantage. Differences in institutions, traditions and cultures make it difficult to transfer policy measures from one country to another. It would thus undoubtedly be difficult to apply an institutionalised system of social partnership to countries with a liberal, pluralist tradition, even though Ireland has traditionally been closer to the latter. But according to the ILO study, the smaller countries can nevertheless offer at least two lessons to larger ones.

Institutionalised social partnership (also called neo-corporatism) is not in itself the answer to all labour market problems, but it is a form of governance that - in terms of economic policy - is at least as efficient as liberal-pluralistic (market-oriented) forms. However, "when we include questions of social equality, neo-corporatist forms of government perform better", as is demonstrated by the more equitable distribution of income and lower levels of poverty. The problem of countries governed on a neo-corporatist basis in the past was their poorer performance with regard to employment. If they have succeeded in solving this problem in the long-term, then these four countries offer four different versions of a successful socio-economic model.

The second lesson is that opening up the economy pays off, and globalisation has not had any long-term negative impact on the labour markets in the four countries concerned - or at least has not left them with unsolved problems. In addition to these two most important points (form of governance and degree of economic opening) a whole number of examples of policy measures in these countries could be listed that might be of help to the larger (European) countries in tackling their labour market problems.

The study for example sees no reason why larger countries could not introduce a job-rotation scheme such as Denmark's or regulations on part-time working such as are found in the Netherlands. A job-rotation scheme on the Danish model has, incidentally, recently been introduced in Austria, which has institutions that are largely similar to those in Germany. Cuts in the social security system (for example curtailment of benefits for unemployed persons capable of working) are acceptable if, instead of passive benefits, active measures of a certain quality are offered. However this demands of governments and social partners in the larger countries a common perception of the labour market crisis and a will to take joint action to combat it.

It is highly likely, concludes the study, that European monetary union and the European employment strategy will stimulate a convergence of policies and regulations, as both of these will inevitably lead to a greater degree of co-ordination of policy in a wide variety of fields.

For the four countries themselves, the results of the study demonstrate that it is worthwhile retaining a system of social partnership, but this does not mean it cannot be subject to reform. This is, for example, an important lesson for the new government in Austria, which is clearly inclined to introduce a more neo-liberal economic policy of a type usually aimed against social partnership.

COUNTRY-SPECIFIC LABOUR MARKET POLICY SUCCESS CRITERIA

AUSTRIA: strong, stable corporatist control, co-ordinated economic policy, a traditionally strong role for the public sector, occasional extension of fiscal policy against a background of fiscal consolidation, wage restraint, tax reforms, a high degree of labour market flexibility, policy measures to reduce the labour supply, regulations covering dismissals, (apprentice) training.

DENMARK: a return to corporatist control, co-ordinated economic policy, a strong role for the public sector, occasional extension of fiscal policy against a background of fiscal consolidation, tax reforms, wage restraint, labour market policy (leave of absence, early retirement) and regulations on dismissals, labour market reform, (continuous) further training, reduction of labour supply.

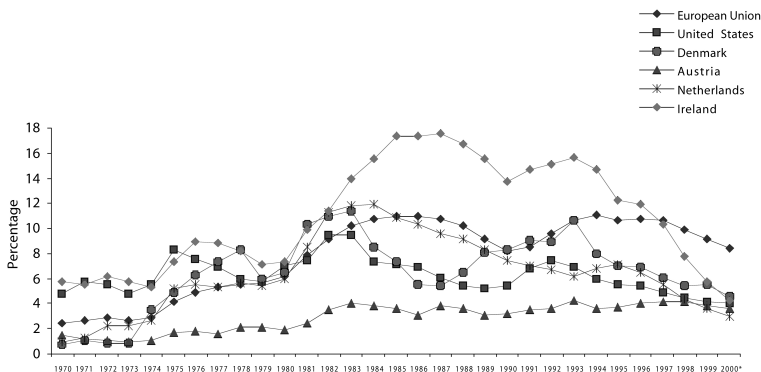
IRELAND: increasing corporatist control and macro economic co-ordination, fiscal consolidation, wage restraint, tax reforms, direct foreign investments, European Structural Funds, active labour market policy, (university) training.

NETHERLANDS: renewal of corporatist form of government, co-ordinated economic policy and fiscal consolidation, welfare state reforms, tax reforms, working time and labour market reforms (part-time and temporary working), reduction of labour supply.

DO SMALL COUNTRIES HAVE SPECIFIC ADVANTAGES?

The three factors for labour market success – a healthy economic environment and sound economic policy, social dialogue and labour market policy – can also be effective in larger countries, but the small size of the four countries concerned entails certain advantages. Firstly, these countries have open economies that are well integrated into the world economy – partly due to the small size of the domestic market. For these countries at least, economic opening and globalisation pays off. Secondly the success of the small countries may partly be due to the smaller circle of elites they have. Informal, close personal relationships are an important element for the success of negotiations and achievement of consensus. On the other hand the small countries are also dependent on economic developments in the larger countries - although they are less susceptible to developments in the labour markets of these countries.

Chart 1: Unemployment rate as percentage of total labour force (1970-2000)



* Data refer to unemployment rate as percentage of civilian labour

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DOES THE SOCIAL DIALOGUE CONTRIBUTE TO BETTER LABOUR MARKET OUTCOMES?¹⁾

Social Dialogue between governments, worker and employer organizations has been used in various parts of the world to formulate economic and social policies in a consensual manner. It was also often used to resolve labour conflicts in a peaceful manner. Increasingly, during the 1990s, social pacts were concluded in various countries to tackle employment, labour market and social protection problems.

In a number of European countries, labour markets are now recovering. In others, mainly the bigger European countries, labour markets are still depressed. It seems that in the smaller countries the social dialogue, seen as the general institutional mechanism which allows socio-economic interests to be expressed and channeled, has contributed to this recovery. It's results have been wage moderation within a framework of macro economic stabilization, more employment intensive growth and labour market and social security reforms which have contributed to create a new climate of confidence in problem solutions. In general, the economic and social dimension seems to be more balanced in countries with a social dialogue.

1. Introduction

In his presentation Peter Auer put forward some reasons for the recovery of the economies and the labour markets in the four small countries he has studied. He showed that in Austria, Denmark, Ireland and the Netherlands the social dialogue was part and parcel of the policy mix which led to recovery. He added that the three factors social dialogue, a stability oriented macroeconomic policy framework and labour market reforms as well as country specific factors are behind employment revival in these countries. He ended his presentation by presenting some evidence why the social dialogue could be a valid method of governance in most regions of the world if local conditions are considered.

1) Draft Summary of the Round Table Discussion Forum 7.

After the presentation the panellists had a discussion on the implications of social dialogue in their respective countries and on future trends.

The first round of debates was on the definition of the social dialogue. The panellists agreed with a wider definition, which includes both tripartite and bipartite relations. In some countries (e.g. Ireland) the social dialogue extends to the civil society and includes selected non-governmental organisations but only special interest organizations such as farmer's organization. The social dialogue has been recognised as an instrument of governance, adding another dimension to democracy, and it should also be seen as a means for defining, implementing and integrating economic and social policies.

All panellists have highlighted the fact that the social dialogue has to fulfil certain conditions in order to function effectively. These are: the acceptance of pluralism, freedom, and application of fundamental workers' rights such as the principle of freedom of association and the right to collective bargaining. However, while these principles are necessary, they are not sufficient because the dialogue can only function if there is a will to dialogue, an acceptance of partners as equals in the discussions as well as continuity in these discussions. It was added that a common data base on economic and social developments used by business and labour would constitute a powerful instrument to come to joint decisions.

During the debate the following main questions were debated:

2. The role of the parties

The panellists have emphasised the fact that social dialogue can work only if it is based on the autonomy and independence of the parties. It requires the existence of the ingredients of a system of industrial relations such as strong and accepted social partners and a well-oiled machinery of collective bargaining. In this regard, the development of the social dialogue is still lacking behind in the countries of Central and Eastern Europe (CEE) and even more so in Africa. For example, there is a strong need to reinforce the role of employers' associations as well as that of unions. The question of the representation capacities of employer associations and unions is also at stake, especially when it comes to the question of who will sit in national social dialogue bodies.

In some countries, interest groups other than unions and employer associations are now sometimes recognised as partners in the social dialogue. The representation of civil society is gaining ground, and several organisations (NGOs) are taking part in consultation and/or negotiation of social and economic policies, as it has been the case in Ireland, very recently.

3. Is the Social Dialogue only a crisis-intervention means?

One of the questions debated was whether the social dialogue is a sound instrument to overcome an economic crisis but turns out to be less efficient in a booming economy. In at least three of the countries' presented, as well as in some countries of Central and Eastern Europe, the social dialogue was (re)discovered in a moment of deep economic crisis. A common acknowledgement of the crisis by the social partners and the government has triggered new efforts for joint solutions.

Now, as many of the countries have re-emerged from crisis, the social dialogue seems to face difficulties: after years of wage moderation, wage rises are on the agenda –especially in face of rising inflation as in Ireland- and some fear that new wage-price spirals could develop.

However, for some countries – e.g. Germany – it was noted that the social dialogue seems to have worked best in periods of high growth. It entered into problems with the economic crisis as the room for distribution shrank. Therefore, no firm conclusions can be made on this issue. However, it has been emphasised that social dialogue is condemned to continue also in boom times, because of the need of distributing the fruits of growth and the requirements of social cohesion. Would it fail, economies could relatively quickly fall back to former situations, which saw high nominal increases in both prices and wages (but little or no improvement in real wages) large scale strikes and in general unstable economic conditions.

In this regard, the present experience of countries like Ireland, Denmark, Austria, Netherlands seem to demonstrate that social dialogue can work both in booms and recessions. But there are different ways to organize the social dialogue (centralised/decentralised, bipartite or tripartite, etc.) although in all countries there is a high degree of coordination which results in a fair degree of coherence between for example wage policies and macroeconomic policies.

However, a general trend is also that the social dialogue must be multi-dimensional across all levels from top to bottom (nationwide and company). And while in some countries the central level has to be reinforced, in others it is the enterprise level.

4. What are the institutions required and the main issues discussed?

Participants in the panel have been divided on the question whether or not the social dialogue does necessarily require an institution or a body for being successful. What is more important are the issues discussed and negotiated between the partners and in particular the results achieved by the dialogue. From this fol-

lows that the dialogue has to be continuously monitored and this at least requires the setting up of monitoring instruments. However, some panellists have also reminded that in transition countries, with the introduction of a pluralist and democratic system, it would have been better to have a stable mechanism of social dialogue (i.e. tripartite institutions, bodies) which would have facilitated meetings between the parties and would have helped the institutionalisation of discussions, especially in the field of employment policies. It was also shown that in some countries (e.g. Germany) while there is no institutions for the social dialogue at the top level, there are many institutions which are governed by tripartite boards. An African participant has put forward two additional conditions: peace and political stability are essential for the introduction of any form of successful social dialogue.

The issues discussed and negotiated in countries where social dialogue has become the norm by now are predominantly linked to employment. Of course, wages have always been at the core of the dialogue, but it is understood today that wages and employment go together. And while social dialogue agreements usually result in wage moderation, the experience of a large majority of European countries shows, that employment issues are discussed and negotiated on a regular basis. These issues usually are:

- improving employment opportunities
- increasing the employment-intensiveness of growth
- reduction of non-wage labour costs
- increasing the effectiveness of labour market policies
- improving the assistance for the long term unemployed

In this regard, the panellists have made a reference to the European Employment Strategy which developed from the White book of Jacques Delors in 1993 through many European councils. The strategy was backed by the Amsterdam treaty in June 1997 which made employment a topic of common concern and at the Luxembourg Job Summit later the same year the instruments (guidelines, national action plans and recommendations and a joint employment report) were defined. It seeks to mobilise all actors concerned in a genuine strategy making employment a matter of common concern at the European level, and incorporating the fight against unemployment in a medium/long term vision of society. The Strategy has four pillars, which aim at improving:

- the employability of the labour force
- the adaptability of enterprises and workers in face of structural change
- the development of an entrepreneurial spirit and of enterprise creation
- the equality of the sexes on the labour market

A set of common issues for discussions as is the case within the European Employment Strategy gives a clear agenda to the social dialogue. However, this European agenda is no substitute to the national dialogue and it has also to be adapted to the different local circumstances. However, linking the dialogue to the employment agenda gave it a boost and made it more dynamic.

5. Has the Social Dialogue a direct relationship with good economic performance?

Again, there were differences of opinion on this question as well. Most panellists have agreed with the findings of ILO research which has demonstrated that four small European countries have overcome their economic and labour market crisis by the dialogue. However, as has been reminded, it was within a stability oriented macro-economic framework and sound labour market policies that the dialogue was successful. Therefore, a dialogue in the absence of the other elements (and additional factors such as sufficient investment in training) might not be successful.

It was argued that the social dialogue might be an important explanatory factor in small countries, but the same would not hold true for bigger countries. The experiences of the countries are varied in this regard: some have good results without much social dialogue (e.g. the US) and the experience of Central and Eastern Europe seems to show that there is no direct relationship between good economic performance and the practices of social dialogue. The latter is applied in a “stop and go” manner by successive governments, for example in Hungary. In Germany, despite consensus and social dialogue lacking at the top (one speaker estimated that the German pact for employment “Bündnis für Arbeit” will not last for long) there is much dialoguing at lower levels in a performing machinery of bipartite collective bargaining.

Some of the counter arguments were: smallness alone cannot be the reason for success, because the countries analysed all had gone through economic crisis and very high unemployment rates (with the exception of Austria) –despite being small- and success only came later. The success lies in a combination of factors of which the social dialogue is only one, albeit an important one. And in comparison with the US, the countries with social dialogue have a better equity-efficiency balance.

In conclusion, all panellists agreed that the social dialogue, while it might be differently organized by country- is a mean to reach a more balanced efficiency-equity growth path and as such contributes substantially to employment promotion, to good economic performance and better social cohesion.

6. Conclusions

The panel discussion ended with some further challenges ahead for social partners. First of all, a new agenda of research focussing on the contribution of the social dialogue to economic performance and to equity is needed. A definition of the social dialogue is also needed, for example in relation to collective bargaining and the administration of tripartite institutions (such as labour market or health and safety boards): are they included in the dialogue or is the dialogue (at top level) an additional layer of the whole system of industrial relations? Some evidence stemming from recent ILO work hints to the fact, that the dialogue is an instrument that does not endanger economic efficiency while leading to a more balanced economic growth. This could be seen by the positive relationship between growth of trade and coverage of collective bargaining or the negative relationship between inflation and trade union coverage. These preliminary results suggest that the extension of collective bargaining (an important instrument of the social dialogue) does not hinder non-inflationary economic expansion and might, to the contrary, even be conducive to growth and employment. Its impact on wages- or rather on take-home pay- could also be explored in a comparative matter. Irish experience suggests that during the period prior to the social pacts there were high nominal but very small real wage gains, whereas in the period when the pacts were concluded nominal wage increase was low, but real take home pay increases were strong as tax policies compensated for losses due to moderate wage growth.

Second, the different levels (national, regional, local) of the social dialogue would need to be better explored, especially in view of the better coordination among these different levels. Third, in the countries with no tradition of the social dialogue the question is whether it could be built from bottom up in the absence of any higher level (national) structures. Fourth, there is remaining controversy about the integration of the civil society in the social dialogue. As was demonstrated in the case of Germany, there are so many interest representation bodies (churches, lawyers, doctors, etc) that it would be difficult and even undesirable to include them in the traditional social dialogue of worker's and employer's representatives. In other countries (Ireland) some NGOs are already included. One has also to avoid the integration of those interest groups (NGOs) which are clearly partisan of specific political parties (i.e. as in the case of some African countries).

SOCIAL DIALOGUE IN PRACTICE¹⁾

1. TOPIC

1. The objective of the workshop “Social Dialogue in Practice” was to discuss the role of social dialogue in promoting economic performance, labour standards and social progress through the presentation of relevant experiences of bipartite and tripartite social dialogue involving governments, employers’ and workers’ organisations and other groups of civil society. The experiences considered in the workshop relate to different national contexts and to different levels of the decision-making process including international, regional, national, sectoral, local and enterprise levels.
2. The presentations and the discussion revolved around the following themes: the social and economic context in which social dialogue develops and operates, the pre-requisites for effective social dialogue, the factors of success and failure of social dialogue, the conditions for sustainable social dialogue, the representativeness of civil society in social dialogue institutions and mechanisms, the potential of social dialogue in addressing the issue of gender equality in the labour market, and the role of social dialogue in promoting labour standards while enhancing efficiency in different production locations belonging to multinational enterprises. These themes will be examined throughout the report.

2. OUTCOMES OF THE WORKSHOP

3. The Workshop opened with a presentation of the wrap-up of the discussion which took place in a parallel Forum entitled: “Social dialogue: does it lead to better labour market outcomes?”
As a basis for discussion in that forum, the results of an ILO study carried out by Mr Peter Auer, which examined the employment success achieved in four

1) Summary of Study Group 8.

small European Countries (Austria, Denmark, Ireland and Netherlands), and the role played by social dialogue in that success, was presented. Basically, it was considered that the outstanding macro-economic performance (high economic growth, low unemployment, improvement in living standard of the population, and so forth) achieved in the four countries considered in the discussion, had a common point in addition to the country specific factors, that is *the existence of a constructive tripartite social dialogue framework at the national level* within which government, employers' and workers' organisations as well as the representatives of other groups of civil society could interact in order to build consensus over policies and actions aimed at overcoming the consequences of the economic crisis affecting their countries. In these countries, social dialogue has enabled all the actors concerned to address effectively the economic problems facing them such as high inflation and national debt, low economic growth and raising unemployment through mutual concessions while maintaining industrial peace and social stability.

4. Even though no clear answer was given to the question of whether social dialogue has a direct relationship with good macro-economic indicators, particularly employment growth, it was considered that a system of tripartism and social dialogue which functions well certainly contributes to the achievement of a good performance in the labour market besides other specific economic factors. It was felt, however, that this relationship needs to be explored further in both developing and developed countries so that we can understand better the role of social dialogue and collective bargaining in enhancing the performance of the labour market.
5. Tripartite national social dialogue cannot work properly if it is not supported by an effective bipartite collective bargaining at the sectoral and enterprise levels in an articulated way. Furthermore, the independence, the capacity and the representativeness of the social partners were considered also as being indispensable conditions for effective and genuine social dialogue at all levels of decision-making.

TRIPARTITE SOCIAL DIALOGUE AT THE NATIONAL LEVEL

6. Experiences of tripartite social dialogue at the national level in three countries – Ireland, Korea and South Africa – were discussed in the first session of the workshop. In these countries, social dialogue has played an important role as

an instrument of economic-crisis solving. In Ireland for example, the social consensus and mutual trust among the parties to social dialogue since the mid 1980s have resulted in the conclusion of four national social pacts, and have counted among the internal determinants of the “Celtic Tiger’s Success”¹. Social dialogue has contributed significantly in getting this country out of the severe economic crisis of the mid 1980s, and in bringing about economic prosperity. The success of social dialogue was attributed to the fact that it was based on some underlying principles such as the acceptance of the independence of each party and greater respect among them, and a willingness to share power, information and influence. Its basic features – such as a shared understanding of key mechanisms and relationships in the economy among the parties, the commitment of all the political parties to the social partnership model, thus securing a continuity in the process of social dialogue, and a shared strategic vision among the parties of the problems facing the country – were also said to have contributed to its success.

7. In South Africa, tripartite and national social dialogue developed with the political change at the end of the apartheid era in 1994. The election of a new democratic government in 1994 led to the setting up of a legislative and an institutional framework for social dialogue within which the representatives of government, employers’ and workers’ organisations as well as those of other civil society groups could build a culture of social dialogue and address burning social and economic problems such as job creation². Despite a fragile culture and tradition of social dialogue, they achieved some significant results in addressing labour market issues, thanks to factors such as a common understanding among the constituencies of the challenges and the ways to address them through social dialogue, as well as the existence of a democratic government which recognises the importance of social partnership in addressing common social and economic problems facing the country. More recently, the different parties to social dialogue have adopted a far-reaching declaration that commits them to engage in social dialogue over substantive issues such as promoting investment and decent work, addressing poverty and underdevelopment, and so forth.
8. In Korea, even though a certain form of bipartite social consultation has been practised since the late 1980s at the national level, under the behind-the-scene

1 Patricia O’Donovan, *Social Dialogue in Practice: the Irish Experience*

2 Dexter Philipp: *Social Dialogue in South Africa: Furthering Socio-Economic Development*.

guidance of the government³ over questions such as wage moderation and income policy, tripartite national social dialogue developed effectively and only became a reality in the wake of the financial crisis of 1997. Confronted with the severe consequences of the financial crisis which hit the country in 1997 and the requirements of the austerity programme imposed by the IMF, the social partners and government engaged in a long and difficult round of negotiation in order to find solutions to the crisis. As a result, they achieved a compromise on the IMF programme, thus avoiding social unrest and a further deterioration of the situation in the country. At the request of the trade unions they concluded the first social pact in the political history of Korea. This dealt not only with labour issues but also with a whole range of labour, social and economic issues and enabled the country to handle the crisis smoothly. For example, trade unions made concessions by accepting wage reduction and a relaxation of the rules governing the employment relationship and employers made efforts in terms of job protection and recognition of workers' rights.

The three actors involved regarded social dialogue as the only means of reaching compromises over the policies and the measures needed to address the crisis. The compromise was possible particularly due to the trade union's acceptance of labour market flexibility in return for improved basic labour rights.

9. The common point of these experiences – even though the national contexts were totally different – is that **social dialogue had developed and operated in a context of economic crisis**. It enabled the actors concerned in each country, namely government, employers' and workers' organisations and sometimes the representatives of other civil society groups, to build consensus and to reach compromises over the policies and actions aimed at overcoming the consequences of economic crisis, hence to avoid social unrest and perhaps political instability. In the case of South Africa, the existence of a legal framework for social dialogue to operate was considered as being an important determinant of social dialogue development as well.
10. The question of sustainability of social dialogue when the economic crisis is over was the subject of an extensive debate among the participants. There was a discussion on whether social dialogue was an instrument only for solving economic crises or whether it has additional roles, i.e. as an instrument of

3 Young-Ki Choi: Social Concertation in Korea: Traditions and Prospects

wealth distribution. Indeed, even though social dialogue had proven its usefulness in time of economic crisis as an irreplaceable instrument for consensus building and smooth crisis solving, its role seemed to be less understood in times of economic prosperity. Some conservative governments, neo-liberal economists and so forth, tend to think that social dialogue is less needed once full employment, economic growth and rising real earnings are back. It was felt among the participants that there was a sort of paradox that was well illustrated by the case of Korea. In this country, as discussed above, the three parties, namely government, employers and trade unions resorted to social dialogue, as an important means of finding adequate solutions to the economic crisis. With the recurrence of double-digit economic growth and almost full employment, the survival of social dialogue was now being put into question.

11. The view that social dialogue was less needed in times of economic prosperity has been contradicted by the Irish example. In this country, the parties to social dialogue consider that social dialogue also has an important role to play in time of economic prosperity. Economic prosperity does not mean that all the problems are solved and that there are no challenges facing the parties. The challenges do exist but are simply different. On the one hand, the parties to social dialogue have in particular a responsibility to manage economic success and make it sustainable. On the other hand, they have to handle the higher expectations of the different stakeholders that have made important sacrifices in times of economic crisis, and to ensure that the wealth generated as a result of economic prosperity is fairly distributed across the different segments of the population. Sustainable social dialogue irrespective of the economic context was considered as being an important factor in gaining the support of civil society for social dialogue institutions and mechanisms.
12. Social dialogue might be confronted with a risk of institutional fatigue as observed by the speakers from South Africa and Ireland because of the feeling of routine among the actors. In the first country for example, after five years of intensive work, the National Economic Development and Labour Affairs Council (NEDLAC), had gone through a serious crisis in 1999. The major organisations of employers withdrew from it, questioning its usefulness, and the trade unions started to do the same. After a few months of absence of tripartite dialogue at the national level, the social partners and the government realised that such an interruption in the social dialogue was detrimental to the country and had to recommit themselves to the process of social dialogue.

If social dialogue is to avoid such a risk, there should be continuous innovation in its processes, a permanent commitment of the parties and a flexibility in its mechanisms and institutions in order to adapt to a changing environment.

13. For social dialogue to be effective, in time of economic crisis or prosperity, it was felt that certain conditions have to be met. First and foremost, the existence of strong, independent and responsible social partners was regarded as a pre-requisite for effective social dialogue. The existence of a political will to engage in social dialogue in particular on the part of government was also regarded as an indispensable factor. The political commitment to social dialogue should come from all the political parties so that in case of a change of government, the political commitment to social dialogue will remain. Social dialogue does not operate in a vacuum, it requires the existence of concrete economic, social and labour issues on the agenda to be dealt with. Finally, the operation of social dialogue at all levels of decision making and a clear articulation between them represent other important conditions.
14. The inclusion of civil society in the mechanisms of social dialogue was considered as being important by a number of participants, since the economic and social issues dealt with through social dialogue are more and more complex and varied, and affect all segments of the population. Therefore, they are of concern for other stakeholders within society which go beyond the traditional tripartite partners. However, the modalities of this inclusion differ very much from one country to another depending on the social, political and industrial relations context. In Ireland and South Africa for example, experts talk about quadripartite social dialogue while in Korea tripartism is the dominant form of social dialogue where the government was supposed to represent the interests of every segment within society.

SOCIAL DIALOGUE AT THE EUROPEAN LEVEL IN ENTERPRISES

15. Social dialogue at the European level in some community-base enterprises has been a reality for some years now. In some sectors such as the chemical industry, it started well before the EU Directive of 1996 instituted European Works Councils (EWCs) in community-base enterprises. More than thirty voluntary agreements have been concluded by chemical companies and groups with representatives of employees providing particularly for cross-border informa-

tion and consultation rights for the workers before the EU Directive came into effect. There has been a very exciting debate between the representatives of employers and trade union over the current state of the art of social dialogue in European-scale enterprises.

16. The creation of the EWCs by the EU Directive was considered by the representative of the German Chemical Industry as being an important tool for creating a modern model of social partnership in the European Union.
17. From the workers' perspective as presented by the speaker from the European Trade Union Institute (ETUI), the establishment of EWCs was considered as being a significant step towards the promotion of social dialogue within European enterprises. However, they felt that this step was not sufficient since the current information and consultation rights of the employees were still weak. They also considered that there were other problems that prevented social dialogue from functioning properly such as the attitude of management, which was not always very cooperative. For social dialogue to be effective, they call for a more positive attitude of management as well as an improvement in the information and consultation rights of the employees as follows:
 - an improvement of the information provided to the employees both quantitatively and qualitatively to allow them to participate more actively in the decision-making process. The information provided to the employees should be timely, clear and should cover more issues such mergers and acquisitions which may have major impact on employees' lives.
 - an improvement of the working facilities for the representatives of employees in EWCs to enable them to meet regularly among themselves, visit plants and access companies' accounts with a view to better preparing the meetings of EWCs,
 - an improvement of the training facilities.
18. From the employers' perspective, social dialogue in European community-scale enterprises should go hand in hand with the autonomy of the social partners. The promotion of social dialogue at the European level should result from the voluntary commitment of the social partners rather than rely exclusively on EU directives. Employers consider that more voluntary social dialogue and less regulation were needed to strengthen social partnership in Community-scale enterprises. Furthermore, they consider that the right to information and consultation for the employees should run parallel with the respect of the employers' prerogatives. According to the representative of the German Chemical Industry Federation, the information and consultation of employees through

EWCs did not mean that there should be a prior consent of employees as a pre-condition for corporate decision-making.

THE EMERGING ROLE OF SOCIAL DIALOGUE IN MULTINATIONAL ENTERPRISES

19. The emerging role of social dialogue in multinational enterprises was illustrated by the discussion of three cases, namely the Norwegian oil company STATOIL, German car manufacturer Volkswagen, and the Swedish Company IKEA. The presentations showed how the development of across-the-board enterprises and the internationalisation of their activities have been accompanied with a globalisation of social dialogue.
20. In the case of STATOIL, an innovative and voluntary agreement has been signed by the management and the Federation of Chemical, Energy, Mine and General Workers' (ICEM) aimed at promoting common values such as fundamental principles and rights at work, participation, mutual respect, decentralisation, safety and health and quality at work, irrespective of the location of the production. The understanding is that the enterprise's competitiveness will benefit from this.
21. From STATOIL management's point of view, social dialogue and co-operation between management and labour are pre-requisites for productive management. In signing the agreement the management has recognised that trade unions have a role to play in the development of the company.
22. The agreement is seen by the trade unions as an important step towards moving into "the next millennium of labour relations"⁴, that is, securing the recognition of basic ILO labour standards, providing safe working environment and deploying best practice standards across a very diverse range of national circumstances within the same company, regardless of national regulatory regimes⁵. This agreement has been described as a "new breed of global agreement". To ensure global implementation of the agreement as well as diffusion of the international values of the company, a bipartite monitoring system has been envisaged, with a view to ensuring that all the subsidiaries are measuring up to the international values of the company. ICEM sees it as a significant

4 THORPE VIC: International Social Dialogue-the STATOIL Case. A Trade Union Perspective'.

5 Vic Thorpe, op. cit.

landmark in the move towards global effective bargaining. However, while providing for common values across the different production locations, the agreement also provides for the respect of local industrial relations practices. The respect of local practices of industrial relations in the different countries where the company operates is seen by ICEM as a key condition to the success of the agreement and the diffusion of the common values it seeks to promote.

23. At Volkswagen, internationalisation of the company's activities has been accompanied by internationalisation of labour relations since the beginning of the 1970s. This trend has been facilitated by a strong tradition of social partnership that characterises the company nationally (in Germany). Trade unions in the company in Germany have also played a major role in this regard, providing significant assistance to their counterparts in the various plants world-wide (Argentina, Brazil, Spain, Czech Republic, etc.) in order to build up their capacity for social dialogue.
24. Social dialogue has been organised at the European and the international levels in Volkswagen. At the European level, social dialogue takes place within the EWC established in 1990. A few years later, VW created the World Works Council (WWC). These two instances have been used as tools for permanent social dialogue between management and the representatives of employees on issues of common interest, such as quality of work environment, workers' rights and company competitiveness.
25. The existence of a framework for international dialogue has permitted the diffusion of a culture of dialogue between the different production locations of the group. In Argentina and Brazil for example, when the plants were confronted with a decrease in the demand for cars due to the financial and economic downturn affecting both countries, instead of resorting to massive layoffs, management, in its negotiation with trade unions, explored alternative solutions to save jobs that have already been tested in Germany, such as reduction of working time and wages. Such a strategy has proved very positive in both countries, since social dialogue has enabled the enterprise to overcome the consequences of the economic crisis without massive redundancies.
26. The Swedish Company IKEA operates in a sector, namely the Forest and Wood Industry, which is known in various countries for its low wages, low level of unionisation, poor labour protection (due to poor compliance with labour legislation⁶), and the use of forced and child labour. In addition, this industry has a reputation of over-exploiting forests, thus destroying the environment.

6 Poschen Peter: Negotiating Sustainability and Social Responsibility in the Forest Industry.

In order to rid public opinion of this negative image which also affects IKEA, and to inject social responsibility into the different units of the company, the management of the company and the International Federation of Building and Wood Workers (IFBWW), have come together and negotiated a framework agreement aimed at promoting labour standards and social responsibility. This agreement provides for compliance by IKEA with national legislation as well as with ILO conventions and recommendations, particularly the most fundamental ones, wherever it operates.

27. The challenge for this type of innovative agreement rests with its implementation world-wide. The monitoring system foreseen in the agreement involving both parties, namely the management of IKEA was considered in the discussion as being insufficient when trying to ensure effective implementation. It was felt by the participants that the strengthening of the social partners and social dialogue mechanisms in every plant of this company throughout the world is what is needed, in order to ensure effective promotion of labour standards and sustainability every- where.

SOCIAL DIALOGUE AND GENDER EQUALITY

28. The experiences of several developing and transition countries, namely Argentina, Chile, Brazil, Tanzania, Uruguay and Ukraine) were discussed in the workshop. It emerged from the discussion that the development and strengthening of the democratic process in all these countries has been accompanied by a desire to achieve equity and social justice. Social dialogue has been one of the main instruments used to achieve that objective.
29. Tripartite institutions involving, government, workers' and employers' organisations as well as representatives of civil society, particularly women's organisations such as in Brazil and Tanzania, have been set up in these countries to address the issue of gender equality in the labour market. Even though the composition, the role and the rules governing the functioning of the tripartite institutions are different from one country to another, one can say that they have two objectives in common: the first is to sensitise the social partners to the importance of introducing a gender perspective into their labour policies and structures; the second was to make recommendations for the government aimed at revising the legal framework and public policies.

30. In Chile, for example, the social dialogue council that was established when President Ricardo Lagos took office in 2000, undertook an assessment of the overall position situation and of women in the labour market and submitted a report to the government containing a whole range of recommendations on child care, social security, sexual harassment and so forth.
31. In Ukraine, the National Council for Social Partnership has taken several initiatives to improve the situation of women in the labour market, particularly concerning employment and vocational training. On the other hand, through social dialogue the social partners and government have taken initiatives to attenuate the consequences of the problem of non-payment of wages primarily affecting women. For example, a bipartite agreement has been concluded between the Ministry of Labour and the Federation of Trade Unions to ensure better observance of the law regarding the payment of wages.
32. In Tanzania, the tripartite task force on gender issues in the world of work has provided a permanent forum for dialogue on issues such as the impact of a structural adjustment programme (SAP) on women's income and employment. As a result of the implementation of the SAP and its corollary the restructuring of the public sector, a number of women found themselves without wage-employment and income and had to find activities in the informal sector in order to survive. The tripartite members of the task force have examined the different possibilities of helping women working in the informal sector to organise themselves with a view to better defending their interests and rights. An action plan has been formulated as a result of the deliberations of the tripartite task force aimed at promoting more decent employment and income for women. This action plan was endorsed by the Minister of Labour on behalf of the government and presented to the donor community for funding. At the same time, the tripartite task force has made several proposals for the government to amend the labour law in order to incorporate gender equality concerns.
33. The common point of these various experiences is that efforts have been made by the social partners and governments to include this issue on the agenda of social dialogue and public policy. In a sense, social dialogue has become a means for addressing the problem of discrimination against women in the labour market. However, despite these efforts, the participants pointed out that the gap between men and women is still significant. In countries such as Chile and Brazil for example, despite the increase of women's participation rate in the labour market, women still represent the lowest-earning group and have

the highest rate of unemployment. In Tanzania, even though progress has been made in sensitising the social partners and public authorities to the issue of gender equality a lot still remains to be done. All in all, it was felt by the participants that bringing the issue of gender equality on to the agenda of social dialogue was admittedly a step forward, but remains insufficient. It was pointed out that these tripartite institutions often do not function properly, because of a lack of resources and political commitment. Furthermore, the social partners are weak and poorly equipped to deal with this issue. It was considered that there was a need for a more integrated and comprehensive approach including equipping the social partners themselves with the necessary skills to deal with this issue and to reach out to female workers, as well as setting up the machinery and the formulation of a pro-active policy.

SOCIAL DIALOGUE AT THE LOCAL LEVEL

34. Social dialogue also has an important role to play in boosting local development. This role was demonstrated through the discussion on an interesting experience of local development through social partnership, namely the experience of the Chausson plant in France⁷. When a decision was made by the management of Renault Company in 1995 to close down this plant, thus threatening to lay off 1,095 workers, the mobilisation of all the actors, particularly central government and local authorities, trade unions and management of the plant was immediate in view of the expected major impact of such a decision on the lives of the workers and their families as well as on the stability of the whole district where the Plant was located. They came together and decided to find alternative solutions for all the workers affected by the decision. Through intensive and very long negotiations, they came up with an action plan aimed at redeploying the site where the Chausson Plant was located by attracting new businesses and expanding the existing enterprises with the overall objective of providing jobs for all 1,095 workers who had been made redundant. At the same time, they decided to launch a training programme to help those workers concerned gain the skills required to enable them to take up new jobs. The tripartite partners entrusted the implementation of these two

7 Noel Huret: Redeployment of the Labour Force and Territories Through Social Dialogue: The Experience of Chausson Plant in France.

missions to a consultancy firm, namely SODIE, with a single mandate: to offer a job to each of the 1,095 workers made redundant within 3 years. This firm executed its mandate under the close supervision of a tripartite committee. By the end of its mandate, 1,178 new jobs had been created and 95% of the workers of the ex-Chausson plant had found a new job.

35. This experience was considered by the participants as a demonstration of the potential of innovative social dialogue and committed social partners in overcoming severe economic shocks and boosting local development. There was an interesting debate on whether social dialogue works more effectively at the local level than at higher levels, i.e. national and sectoral levels. Even though it was recognised that it might be easier to mobilise actors at the local level rather than at the national level on a particular issue, there was no clear conclusion drawn as to the appropriate level for effective social dialogue. The argument was that social dialogue works, irrespective of the level at which it operates, if certain pre-conditions are present particularly the existence of willingness and commitment among the parties to share visions and solutions.

SOCIAL DIALOGUE AT THE SECTORAL LEVEL

36. The role of social dialogue in enabling the social partners and government to elaborate global responses to address problems of specific industries has been illustrated through the discussion of the case of the forestry industry in Chile. As mentioned earlier, this is a typical industry where the problems are varied and complex: working conditions are difficult with low wages and it has a poor record in terms of safety and health, the existence of child labour, the impact of mismanagement, exploitation on the environment, poor distribution of income to the detriment of local communities, and so forth.
37. In Chile, the social partners and government felt that no sustainable forest development was possible, unless negotiated solutions were found through social partnership to address the above industry's specific problems. In 1997 a national tripartite committee on forest industry was set up to reflect on the ways and means of improving methods of forest exploitation with a view to promoting rights at work, decent wages and safety and health and enhancing productivity while protecting environment. This committee has formulated a "code of forest practices" which has become a sort of guide for all the enterprises of the sector, be they private or public, and also for the representatives

of the workers and local public authorities in carrying out their activities. The tripartite committee is monitoring implementation of this code.

38. Three years after its adoption, the implementation of the provisions of this code seems to be poor. One of the major obstacles has been the low diffusion of the provisions of the code and a lack of control on the part of the labour administration. The weakness of the trade unions has also been singled out as an obstacle to an effective implementation of tripartite decisions.
39. Another interesting experience of social dialogue at the sectoral level that was mentioned during the workshop was that of Tunisia. In this country bipartite social dialogue has been existent for more than 20 years and seems to have played an important role in ensuring industrial peace and thus social stability, which is ultimately favourable to business and to workers. Every three years, employers and workers organisations in the different sectors of economic activity negotiate agreements covering a whole range of issues ranging from wages, to training and working time arrangements. The three-year commitment provides both employers and workers with a certain stability in their relationship. Employers can plan their activities while benefiting from a certain security and workers can count on stability in the evolution of their income.

3. CONCLUDING REMARKS

40. The workshop provided an excellent opportunity for an exchange of views and sharing of information among experts from governments, employers' and workers' organisations, civil society and academic circles on the practice of social dialogue at different levels of decision-making and in different contexts. Participants were given a unique opportunity to understand and to discuss such issues as the context in which social dialogue develops and operates, the factors of success and the obstacles preventing social dialogue from functioning properly, the issue of representativeness of civil society in the mechanisms of social dialogue, the role of social dialogue in enhancing gender equality in the labour market, and so forth.
41. The potential of social dialogue is enormous. It fosters economic efficiency and promotes labour standards at all levels of decision-making. It enables the actors, namely government, employers' and workers' organisations to find balanced compromises between these two requirements. If the role of social dialogue is now fully recognised in solving economic crises while avoiding major

industrial unrest, its role in times of economic prosperity, to secure a fair distribution of the wealth created, seems less understood and thus needs to be further enhanced. This could be explored through applied research.

42. For social dialogue to be effective, there is a necessity for strong and independent social partners as well as commitment from all the parties, including government, to share visions and understandings of common problems and challenges as well as of policies to address them. For social dialogue to be sustainable, the commitment of the parties has to be permanent. Moreover, the institutions and mechanisms of social dialogue should be flexible enough to be adjusted to the evolving economic and social context.
43. Social dialogue has a role to play at all levels of the decision-making process, including the international, regional, national, sectoral, local and enterprise levels. At the international level, it ensures that the globalisation of economy is accompanied by an internationalisation of labour standards and social responsibility. It also provides an excellent forum for raising awareness among the social partners of national policies and their formulation aimed at improving gender equality in the labour market.
44. Social dialogue can play an important role in consolidating emerging democracy in some countries like Benin and Senegal in Africa. It allows the different actors in society to express their concerns and to have a say in the process of formulation of economic and social policies, thus strengthening democracy.

Peter Johnston

European Commission

TOWARDS A SUSTAINABLE INFORMATION SOCIETY¹⁾

We are presented today with an opportunity: We can leave behind the era of capital, national institutions and industrial regulation and make the transition to an information society. This transition will not only be characterized by high growth rates and a sharp increase in productivity, but also by a high degree of social inequality between the new knowledge and service economy and the old agrarian and industrial economy.

In the past, the creation of value took place mostly in manufacturing; today, the creation of value takes place mostly either in the conception and design process or in retailing. Manufacturing has shrunk in terms of added value and moved out of Europe.

Previously unpaid services have been transformed into professional services, a trend that is especially evident in food production and preparing meals. While the preparation of food used to be an unpaid activity at home, many people in Europe today eat more meals prepared for them outside the home than meals they have prepared themselves.

Globalization does legitimately raise fears. In Europe and North America, it has raised fears that, in the global marketplace, investment capital and jobs will move to places either where labor is cheapest or where environmental protection standards are lowest. In developing countries, it has raised fears that there will be a new phase of commercial colonization, fears that the major multinationals will be able to permeate indigenous economies to an even greater extent. However, globalization is not only a conscious political project, it is also an almost inevitable technological process based on innovations and the integration of communication systems. We may therefore simply have to live with globalization and its consequences.

We have to prepare for lifelong education in its broadest sense. Our schools not only have to teach basic computer skills, they also have to instill in students the ability to continuously be retrained. *Learning to learn ought to be the core objective of every curriculum.* Innovative businesses are at the cutting edge of the trend towards lifelong learning. For example, some new economy businesses invest as much as 10 percent of their payroll in retraining measures for their employees.

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Clearly, there is a business motivation to invest more in training throughout an employee's lifetime, but it is a motivation still not fully understood by many European businesses.

On the average, the information society will create more jobs than it destroys. All European governments agree that the acceleration of the transition to an information society will protect and extend employment. The economic objective of competitiveness can therefore be reconciled with the social objective of sustainable economic growth and social cohesion. To actually meet those objectives would be miraculous, but we need the perspective to be able to pull in the same direction. Not only do we have to reduce unemployment in Europe, we also have to draw more people into employment by extending the total work force, since the working age population in Europe is expected to grow from 61 or 62 percent of the total population in 1998 to 72 percent in 2010.

Today, full participation in society is only possible through participation in work, although the significance of work has changed. Work is no longer seen as simply selling one's working hours for an economic return. It is now seen as a fundamental element of self-fulfilment and social integration. Women in particular are taking the important step from unpaid work into the labor market. Female employment is now at 75 percent of male employment, a level which has been helped by increased labor market flexibility and that is expected to continue rising.

Labor mobility in Europe has decreased due to the equalization of living standards between northern and southern Europe. If labor is not mobile, then jobs have to be. Tele-work is one important element in this process of job transfer.

In the Amsterdam Treaty of the European Union, sustainable development is mentioned as an objective. While the social dimension of sustainable development has mainly been dealt with in terms of social inclusion, the economic dimension has largely been put to rest by creating a single currency and the stability pact. We have a real problem, however, in the environmental aspect. A knowledge economy, one would think, should be able to reduce its resource use. After all, it deals mainly with immaterial products and services. But the new economic system does not function this simply. In Europe, the number of cars and air miles travelled have doubled since 1980. During the same period, the number of car miles travelled increased by 60 percent and freight traffic rose by 75 percent.

Our model of office work and commuting between home and office could not possibly be extended to more than half of the world's population without causing an environmental catastrophe. We have to learn to make better, multiple use of our natural and our working environments and to share our facilities with others.

Heinz Putzhammer
German Trade Union Federation

SUSTAINABLE DEVELOPMENT FROM A UNION PERSPECTIVE¹⁾

In the past, there has been a distinct polarity between those who promoted economic growth and those who warned ever more forcefully that unrestrained economic growth without regard to Nature would lead to global impoverishment and destroy future opportunities in both rich and poor countries. Unions used to be on the pro-growth side, because jobs and opportunities for their members were at stake.

However, further discussion showed that the contradiction is not a fruitful one. Rather, it is necessary to develop ideas that include economic growth, social justice, and a mode of development that does not put the future of humankind at risk by recklessly exhausting the Earth's vital resources. Unions began to understand that they themselves are part of the debate that needs to be developed to bring together the three ideas mentioned above into one whole. That means that *the unions have vital interests in the discourse on sustainable development, and see themselves as partners in the process.*

At the start of the discussion on environmental problems and the "Limits to Growth", the emphasis was on state sanctions, rules, and regulations, aimed at restricting the worst contamination and greatest damage to the environment by reactive measures. However, proscription and end-of-pipe approaches are not enough anymore. We need to base protection of the environment on the precautionary principle – which means we need to organise the production process in such a way that damage can be avoided from the outset.

What is at stake is an integrated concept of environmental production that requires completely different measures. In the future, there will also have to be state regulation to help prevent environmental damage, to achieve sustainable growth, and to ensure that rich countries do not develop at the expense of poor countries. Of course, voluntary measures won't always suffice. Dangerous and toxic substances, for example, need to be prohibited. On the other hand, compulsory

1) By kind permission of Carl Duisberg Society, published in: Carl Duisberg Society, 5th International Business Forum Sustainable Business and Social Responsibility (2001).

measures can go too far when new products or new procedures based on the principle of sustainability need to be developed by making use of creativity, entrepreneurship, and inspiration in business. The future will therefore see a mixture of different measures, including less state regulation and more joint efforts to ensure sustainable development in business. Environmental auditing is one example. Audits should be voluntary, but they need to be certified and evaluated if rights to develop or sell certain products are to be attached to the audit.

Management and employees of companies need to participate in such measures. Where unions exist at company level, they must, as workforce representatives, have the right to participate and co-operate when it comes to providing for sustainable production that is environmentally friendly and secures employment.

Unions do not generally reject market-oriented measures such as national and international trading of emissions certificates. However, we have to see to it that rich countries are not able to buy their way out of their direct responsibilities with the help of black markets. Some countries, especially from the Organisation for Economic Co-operation and Development (OECD), must not obtain this opportunity through certificate trading. If it stimulates business, certificate trading is definitely a possibility. However, if we really want to achieve the targeted reduction of CO₂ emissions, we also need rigorous objectives.

Since Agenda 21 was drawn up in Rio de Janeiro, it has become more important than ever to link the question of environmental protection with issues of growth and social justice. The debate on sustainability sometimes remains very biased. The environment, however, should not be the only topic. Millions of people still suffer from starvation because they do not have a job with which they can earn a living. Therefore the problem of social justice is at least as important as the environmental problem. The problem of sound economic development has to be dealt with as well, because people who need jobs now in order to make a living cannot wait for the future. This means that everything depends on the extent to which it can be ensured on an international basis that environmental objectives, together with crucial objectives of so-called core labour standards, are translated into binding regulations for international trade.

Where core labour standards are concerned, the objective is not for industrial countries to dictate rigid rules for production that prevent developing countries from developing. Rather, the objective is to prevent child labour, slave labour, a lack of freedom of association, and a lack of collective bargaining rights from becoming competitive advantages. That is why unions maintain that the issue of sustainable development and environmental standards is linked to questions of labour

standards and human rights for workers. Unions in less developed countries that have succeeded in banning specific violations are particularly fierce advocates of preventing other developing countries from this kind of social dumping on world markets.

It is worthwhile to keep on working on the notion of sustainable development together. Struggling against each other is not constructive. Within the framework of sustainability, it is also no longer necessary. Of course, the notion of sustainable development does not suddenly eradicate all contradictions. We do not live in an ideal world and will not do so in the near future. Sustainability also does not mean that there are no more contradictions between economic growth, demands for environmental protection, and social requirements. Certain contradictions will remain and cannot be rendered invisible.

However, the idea of sustainability thrives on discussing contradictions like these on a basis of equality. One frequently forgotten advantage of the idea of sustainability is that it is based on joint, consensus-oriented dialogue and not on rules, conflict or contradictions. All stakeholders in the discussion are called on to further develop their ideas in a joint dialogue, so that we can find a way of doing business that guarantees a social livelihood and social justice and, at the same time, passes on to our children an Earth that is intact and inhabitable.

Brian Whittaker

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CORPORATE SOCIAL RESPONSIBILITY – A BUSINESS PERSPECTIVE¹⁾

The private firm is increasingly viewed as critical in the process of social and economic development. At stake is whether we can strike a balance between private interests and public concerns. A lot of time and energy has gone into thinking about ways in which private firms can be made more productive. Now, we are more and more concerned with the question how their activities can be made more responsible.

Placing the firm within a framework will help to clarify precisely in what sense and to what extent firms are socially responsible. At its most basic level, the firm is the site of primary economic activity, and its role is to produce goods and services for profit. On a secondary level, the firm is part of its immediate community, and its role is to support that community. At a tertiary level the firm is also part of a wider society, and its role is to engage itself at the state level in a productive fashion.

CHALLENGES

A number of challenges are arising from this framework.

1. Clarifying ideas

We need to clarify our ideas about the social responsibilities of firms. At least four different opinions are held about the issue of companies' social responsibility: The first asserts that the only social responsibility a firm has is to maximize its profits. Ultimately, this is a strategy of avoiding responsibility. A second, contrary opinion maintains that private firms carry a special or even unique responsibility for the welfare of society, which is another way of forcing firms to be responsible for their actions. The third way of thinking affirms that socially responsible investment increases profits, which leads to a strategy of embracing responsibility simply because it is profitable. Finally, the fourth opinion suggests that companies and communities are interdependent, which implies a strategy of shared responsibility.

1) By kind permission of Carl Duisberg Society, published in: Carl Duisberg Society, 5th International Business Forum Sustainable Business and Social Responsibility (2001).

This idea of shared responsibility is one of the strongest concepts within the greater domain of social responsibility. Firms operating within the communities of which they are a part and within a larger society improve competitive conditions, not only in the firm itself, but also in the society as a whole. That idea is certainly reminiscent of the work done by Fukuyama on trust and its importance for competitiveness, by Porter on clusters, and by Moss Canter on the way in which firms and localities compete together. Their point is that firms are no longer independent competitors.

2. Enhancing the contribution

We need to enhance the social contribution of a firm's primary economic activity, the firm's contribution to the community of which it is a part, and its contribution to society as a whole. Which is not to say that the range of social contributions and investment which firms already make is not impressive. In South Africa, for example, for every 100 units of profit a firm makes, 13 units are spent on the training of employees and 280 units on salaries and wages.

At the level of a firm's primary economic activities, critical factors for enhancing social contribution are the empowerment of the formerly excluded and the expansion of the scope of private firms. These could be implemented, for example, by developing the private provision of public services more effectively. At the community and the society level, local economic development and crime reduction may serve as concrete examples of strategies for the enhancement of the social contribution of firms (see table).

Roles	Enhancement	Examples
Producing goods and service for profit	Expanding the scope of private activity	Housing and infrastructure
	Enhancing the impact of private activity	Economic empowerment
Engaging the state productively	Influencing public policy	Education policy
	Enhancing delivery capacity	Crime reduction
Supporting the community	Enhancing community capacity	Local economic development
	Building partnerships	Social investment

Table: The contribution of business at each level of business engagement

3. Building capacity

As an example from South Africa will show, firms need to build the capacity for a wider social contribution. During the 1970s and 1980s, there was a great deal of social pressure in South Africa. A survey among the leading firms in the country asked what would drive competitiveness over the next decade, and nobody believed that the central issues would be internal to the firm. The central issues were all seen to be located in the environment surrounding the firm, since it was obvious that South African society was crumbling. Among firms, there was a clear understanding of the significance of their contribution but a strong scepticism about their ability to act on it.

We need to think about ways of developing coalitions to help mobilize resources, provide mutual support among firms, and avoid the impression of lobbying. We also need to develop interlocutors – academics, NGOs, and consultants.

4. Developing leadership

We need to develop leadership with the help of these coalitions so that private firms can overcome a bad reputation. They must become firm social partners in a venture based on values, vision, and trust.

RESPONSE

An example from present-day South Africa will help to illustrate what a response to the challenges of social responsibility could look like. Confronted with the new democracy in South Africa, intense global competition, slow economic growth, high social pressure and low social trust, a group of business leaders began to talk about how they could respond. The Business Trust was formed, and the word ‘trust’ in the organisation’s name underlines the significance placed on building trust in a society previously divided.

The question the Business Trust was trying to come to terms with was: „How can we develop our potential to meet these challenges?“ It was decided that it would seek significant support from a large number of private firms. The target was to raise one billion Rand, roughly US\$ 130 million, in donations. Up until now, 800 million Rand has been raised for use within a five year period. The initiative wants to create one hundred thousand new job opportunities, to improve education for over one million pupils, and to reduce crime.

PERSPECTIVES

As we enter the 21st century, the central issue is how we can reduce poverty and social inequality. In seeking to do so, the roles played by private firms will be absolutely vital. If you come from a developing country, then you know that the attraction of investment and the development of commercial activity is the basis of the development debate.

We need to bring private firms to an awareness of greater social responsibility. On the other hand, we need to have a commercially aware public policy, so that there are incentives and rewards for companies, not in financial terms, but in terms of respect for private firms as social partners. We need to develop the vision, the values, and the trust that makes this possible. Much will rely on leadership. That is where the international community – especially training organizations – will play an important role.

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MIXED WORK AND SUSTAINABILITY¹⁾

Triggered by the Brundtland Report in 1987 and intensified through the United Nations Conference of Environment and Development in Rio de Janeiro in 1992, international discussion on sustainable development has produced at least five widely accepted social norms or principles of sustainable development. These are (1) the satisfaction of everybody's basic needs, or more precisely the needs of (2) living generations (intra-generational justice) and (3) future generations (inter-generational justice), (4) the balancing of the economic, environmental and social dimensions of sustainable development and (5) the participation of all stakeholders in the development and implementation of strategies of change.

Only rarely was the future of work at the center of the debate. Environmentalists took only the social dimension – the destructive consequences of our life-styles and the necessary changes in our consumption patterns – into account. Labor unions vehemently rejected this kind of sufficiency strategy and underlined the quality of our present living standards. Environmentalism was of relevance to unions only where it interfaced with social and economic interests. At an international level, debate was primarily about “core labor rights”, while the future of work and concepts of good or sustainable work were not given due consideration.

A recently completed research project on “social sustainability” at the Social Science Research Center Berlin, highlighted the fact that it is evident that employment dynamics must be a central vantage point for sustainability strategies and that a concept of “good work” is fundamental to sustainable development.

Influenced by processes such as individualization, globalization, economization and “technicalization”, employment dynamics trigger an erosion of the “normal” work relationship (standard employment contracts, normal working hours and standard employment careers). Four dimensions of this erosion can be distinguished:

- the differentiation of employment through the flexibilization of intra-firm or external contracts;

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- the blurring of boundaries between paid and unpaid work (care work, community work, and individual work);
- the blurring of boundaries between work and life through the flexibilization of employment, the increasing significance of entrepreneurship in work and life and the general economization of day-to-day living;
- the growing significance of environmental conditions and results of work processes and products reflecting the overload and the destruction of natural resources.

“Mixed work” is a translation of the German term “Mischarbeit”, which refers to the simultaneous performance of different kinds of work (paid work, care work, voluntary work and individual work), as well as individual combinations of these kinds of work and their recombination in a biographical perspective. The new model of mixed work envisions a partial integration of employment into other spheres of life, thereby pushing back economic rationality. Mixed work comes along with mixed income, mixed qualifications and a new mix of forms of social security. Six preconditions have to be met in order to stimulate mixed work:

- a general reduction in working hours;
- a redistribution of work along gender lines and between generations;
- an appreciation of informal work;
- an introduction of a general basic income;
- the regulation of combinations of and transitions between different kinds of work;
- supporting measures

What does mixed work have to do with sustainable development? The implementation of mixed work strategies will meet a number of core social and environmental criteria of sustainable development, amongst which are:

- greater social justice along gender lines and between generations regarding labor market participation and more social justice regarding the distribution of necessary and useful informal work;
- the protection of families and the community through an appreciation of care and community work;
- protection of employee health through the limitation of exposure (duration, intensity and flexibility) to paid work;
- the reinvention of paid work as part of mixed work by appreciating the principles of care, economization and solidarity in paid work;
- a rise in consciousness about social and ecological processes and support of their circulation between life and work.

At the interface of sustainable business and sustainable work, business in Germany has concentrated on the following issues, combining paid work and environmental protection:

- information and training for employees regarding the environmental aspects of their daily work;
- healthy and environmentally-friendly design of workplaces, work processes and products;
- introduction of environmental officers;
- improvement of employees' collective rights of co-determination.

These management measures need to be extended and channeled into a strategy of sustainable business development. Business employees volunteering for community services is an example of one element in this kind of strategy. Within the framework of sustainability, the concept of mixed work offers a wide and fundamental perspective: Not just the organization of paid work in ways that stimulate its social and ecological re-design, but also the combination of different kinds of work and the re-design of the work-life-balance. If those who share a vision of mixed work start building networks, the collective action problem that mixed work strategies face may be solved.

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