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**Relevance of the ILO in the twenty-first century**

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## **Editor's Foreward**

This paper publishes the text of the thirteenth Warwick-Acas Lowry Lecture, given to an invited audience at the University of Warwick on 31<sup>st</sup> March 2014. The annual lecture is organised in honour of Sir Pat Lowry. A former chair of the Advisory Conciliation and Arbitration Service (Acas), Sir Pat was for many years an Honorary Professor at the University of Warwick, a long-standing member of the Business School's Advisory Board, and a source of valued counsel to IRRU in its work. His outstanding contribution to the practice of industrial relations commenced when he joined the EEF in 1938. He went on to become the Federation's Director of Industrial Relations. He left in 1970 to join British Leyland as Director of Industrial Relations. In 1981, Sir Pat was appointed as Chair of Acas. He stepped down six years later with Acas' reputation for impartial and constructive advice enhanced, in the face of an often turbulent industrial relations landscape.

Guy Ryder became the Director-General of the International Labour Organisation in October 2012. Although the ILO has a tripartite (governments, employers and trade unions) governance structure, he was the first Director-General coming from one of the social partners, having been the General Secretary of the International Trade Union organization.

In his lecture, Guy Ryder addressed the challenges that the ILO faces in the XXI Century, when growing concerns with global labour standards and inequality coexist with increasing difficulties for international organisations to provide effective governance. He starts by making a new case for social justice, for peace, social stability and economic reasons. He then moves on to assessing whether tripartism can still play a function for social justice, in face of old and new criticisms. Finally, he highlights the newest priorities and challenges of the ILO in today's world of work. Without shying away from any sensitive issue, the lecture provides an important clarification of the role of the ILO at a time when global labour issues are becoming increasingly topical for policy as well as research.

Guglielmo Meardi

Let me begin by thanking ACAS and Warwick University for the opportunity to deliver this year's Sir Pat Lowry Lecture and all of you for having come to listen. I feel very honoured.

You give me the chance this evening to put to you the case that the International Labour Organization has an important role to play in tackling key challenges in the world of work of the twenty-first century, which are themselves I believe key challenges to our societies as a whole.

I intend to make the best use of it, not only because the opportunity is rare but also because the challenge is considerable. I come to it with sufficient realism to understand that for many the ILO is a rather distant, not well known, Organization. Well intentioned maybe but with questionable effectiveness. Venerable certainly but showing its age as well.

My job is to convince you otherwise. I am going to start with a bit of history, which you probably think will not help my cause – but don't worry, it will help me get to the point eventually.

In 1981, when Pat Lowry became the Chair of ACAS, I joined the Trades Union Congress as a very junior staff member. It was a 12-million strong organization with Brendan Barber already the energetic leader to what we then called its Press and Information Department.

Those were turbulent days for industrial relations in this country and, as we can now see with the benefit of hindsight, transformative as well. It seems accepted by all that Pat Lowry's – and ACAS's – great achievement was to occupy the uncomfortable middle ground of arbitration and conciliation, to blunt the sharper edges of the extremes whose voices were often the loudest, and to reconcile the apparently irreconcilable. Or, in Pat Lowry's own words, to allow "ministers to sit back and let somebody else take the obloquy".

You have no idea how true that rings in my ears having just done two weeks of refereeing a rather stormy session of the ILO's tripartite Governing Body.

More elegantly, the Lowry approach finds its echo in the words of one of my predecessors as Director-General, David Morse, when he received the Nobel Peace Prize on behalf of the ILO on its 50th anniversary in 1969. What the ILO's tripartite approach offers the world, he said, are "the procedures and techniques of bargaining and negotiation to replace violent conflict as a means of securing more humane and dignified conditions of work".

You cannot help thinking Pat Lowry would have been a good ILO man. And indeed he was – serving as United Kingdom Employer delegate to our Conference on a number of occasions.

On the basis that you cannot know where you are going if you do not know where you came from, let me just take you back to the origins of the ILO. They tell us something about its proper purpose in today's world.

You will know that the ILO was one of the products of the peacemakers who gathered in Versailles after the slaughter of the First World War and one of the better ones we might think of a Treaty best viewed as a pretty mixed bag.

And if Lloyd George, Woodrow Wilson, Clemenceau and all the others had the creation of the ILO on their agenda it was because they had Bolsheviks on their minds. It is quite difficult today to grasp just how imminent the prospect of global revolutionary upheavals really seemed to the limited group of world leaders and victors (no G20 this) who carved out the post-war settlement. In any case, it certainly focused the minds of those who founded the ILO and brought from them the seminal proposition contained in the Preamble to the ILO's Constitution that:

“Universal and lasting peace can be established only if it is based upon social justice.”

And so the ILO was established for the explicit purpose of promoting social justice and in so doing to preserve peace. It was created as a unique, global tripartite Organization, bringing together representatives of governments, of employers and of workers as joint decision-makers, something which seemed entirely proper and uncontroversial at the time, and it had the formulation of international labour legislation in the form of Conventions recognized as the crucial instrument for the improvement of working conditions and working life.

The question before us this evening then is simply put. Does the idea of a global, tripartite organization, expressly dedicated to the promotion of social justice and whose action is rooted firmly in the adoption and implementation of international labour standards really have value and relevance to our contemporary circumstances, and does peace really depend upon it?

And if the answers to these questions are “Yes”, are there any reasons to believe that the ILO has real prospects of delivering on that mandate in circumstances in the world of work which are so radically changed?

Let me begin with the point about social justice and peace. Is it not a bit fanciful to believe that failure to deal effectively with even basic work problems implies a risk of conflict? Have we not developed rather more sophisticated ways of avoiding wars?

If one takes a closer look it is obvious that for many of the ILO’s member States the link could not be clearer. The President of Liberia, Ellen Johnson-Sirleaf, told our Conference in 2006 that for us “peace is synonymous with jobs”, and two weeks ago the Prime Minister of Somalia told our meeting on Fragile States that unless jobs were found for the country’s young it was difficult to see a peaceful national development path.

But these are extreme cases. Does the same apply more broadly? Yes, it does. The Arab Spring not only took hold in the region that has long suffered the highest levels of unemployment in the world but was triggered in Tunisia by educated youth excluded from labour markets.

Coming a bit closer to home, ILO research records substantially increased risk of social unrest in Europe since the current crisis took hold. In 27 EU countries, our “social unrest index”<sup>1</sup> rose by 12 percentage points in the five years up to 2012. It also went up – but a bit less – in other regions.

I think none of this can be truly surprising – it is what we feel intuitively. With youth unemployment at 50-60 per cent in Spain for example and in Greece we all know social stability is at stake. Personally, I take the view that what is surprising is that we have not already seen greater social unrest. But we will get a clearer political message at the European elections in May.

In any case, I am quite confident that most in this room will join me in the view that the case for social justice does not rely solely on the avoidance of conflict as such or instability. It is rather about ideas of fairness and the type of societies that we live in, their coherence and the shared values which drive them.

These are admittedly subjective elements, no doubt, but they are not “soft” issues. One of the lessons of the response to crisis in Europe is that public acceptance and hence the legitimacy of measures taken depends upon three things: democratic involvement in their formulation; belief that they will actually work; and, above all, the perception that they are fair with the burden being shared with due regard to the capacity to contribute and to

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<sup>1</sup> As calculated by the ILO in its 2013 World of Work Report.

responsibility for causing the problem in the first place. Unfortunately, in a number of countries none of these criteria have been met.

More recently, a third, and potentially powerful case for social justice has been made from some unlikely sources. It is the economic case that not only current and growing levels of inequality make our economies more volatile and crisis-prone (we have heard that for some time) but also that the levels of inequalities are bad for growth. I think it significant that the International Monetary Fund has been increasingly vocal on this, just as it is encouraging that the World Bank has decided to make the improvement of the income of the bottom 40 per cent of the population of our countries one of its two strategic policy goals. Inequality seems to be on the agenda.

The conclusion then is that social justice matters. The ILO's mandate is relevant. So, I pass to the second question: is tripartism a good way of moving it forward?

No ILO Director-General can say anything other than that tripartism is a good thing. I have the advantage of actually believing that to be so. But there are alternative views out there. Among them is the belief that difficult or complex decisions are best taken by Governments in the exercise of their electoral mandate. This thinking casts tripartism as conspiracy against good decision-making and tends to go with the mindset of conviction politics which plays down the value of the sometimes painstaking construction of consensus and the accommodation of competing interests, something Acas knows much about. One of the more damaging features of crisis response in Europe has been not just the removal of major policy questions from the ambit of well-established mechanisms of social dialogue but the side-lining too of national Governments themselves. This has been done by international actors in the name of extreme financial urgency, nevertheless it is far from



clear that the sought-after financial outcomes have been achieved. What is clear is that social dialogue has been damaged – or even destroyed in some countries – and industrial relations systems disturbed or dismantled. There are better ways to do these things.

Of course, even in normal circumstances, notions of social partnership, and the strength and nature of the institutions of social dialogue vary greatly. Europe is rightly identified as the heartland of such arrangements which find a key place in the European Social Model. We know that model is under strain, and we must beware of drawing the wrong conclusions from Europe's current travails.

Its social model did not cause Europe's crisis; Europe will not get out of the crisis by abandoning that model. Instead, it must be rehabilitated and strengthened.

The fact of the matter is that the crisis has demonstrated with the greatest clarity for those who care to look that strong social partnership has been a powerful factor of resilience in many countries which have weathered the crisis relatively well. It allowed Germany, for example, to limit significantly employment losses when production fell sharply in 2008. That contrasts the situation of the United States that suffered dramatic job destruction in near identical conditions of economic contraction.

There are plenty of other examples: the Nordic and Benelux countries; Austria and, yes, even France. Tripartism works – if you work at it. And it is encouraging that that message is being taken on board in other regions. In Brazil and in Indonesia, for example, tripartism has been given a boost by crisis response.

A different and, to my mind, more serious challenge to tripartism, at least as practised in the ILO, comes from the issue of "representative legitimacy". Put simply, the question is whether

the trade union organizations and employer organizations which sit in the ILO's decision-making bodies are sufficiently representative to give them the credibility to speak for working people and employers.

Unsurprisingly, this is not a popular subject of discussion at the ILO, and there has been an unhelpful tendency to dismiss it as ill-disguised hostility to tripartism and with a sort of hermetic defensiveness.

It would be more helpful to acknowledge the challenge involved, to point out that the trade unions and employers' organizations at the ILO as democratic membership-based organizations have representational mandates which no other actor – in civil society or elsewhere – can lay claim to, and to get on with the task of reaching out to those outside existing membership – in the informal economy in small and micro-enterprises for example.

I have said that international labour standards – the Conventions and Recommendations adopted through tripartite discussion at the annual ILO Conference – were from the beginning seen, and still are by most, as the ILO's defining achievement and instrument. Building up a body of international labour law, carefully designed to be universally applicable, to regulate working conditions in the interests of social justice and of fair competition in the global economy was inherent to the founding vision. What is left of that vision today?

Well, we have a lot of Conventions. The most recent – on domestic workers – was No. 189, although only 77 are today considered up-to-date and applicable. These Conventions are ratified by member States to very varying extents, and the most recently adopted ones have generally tended to attract fewer ratifications. I should point out that ratified Conventions do have the force of international treaties and their application is monitored by a supervisory system generally acknowledged as among the most effective in the multilateral system. It is

equally fair to say also that while the ILO has the capacity to denounce strongly violations of Conventions – sometimes to remarkable effect – objections have been raised that it ultimately has no effective powers of enforcement. These issues are controversial. People disagree as to whether the ILO does or does not have teeth and how sharp they are and they disagree about what to do about it.

I must limit myself to a few basic points about ILO standards, beginning by saying that there is principled agreement on the need to act to ensure that they are fully up-to-date and in line with the needs of today's world of work through the establishment of a standards review mechanism. We have not got to that yet though because the Organization has become immersed in a controversy of considerable importance which has been triggered by disagreement about whether or not the relevant ILO Convention – No. 87 – on the right to organize and collective bargaining does or does not imply the existence in international labour law of a right to strike. The controversy seen more broadly also calls into question the authority of the ILO's supervisory system as a whole. For that reason, it needs to be resolved as a matter of urgency and we are working on that.

In line with the founding vision I have referred to, the role of ILO standards in the context of the accelerating globalization process of the 1990s led to very focussed and renewed attention to their potential for setting the labour rules of the game of globalization. Let me take you back to the setting up of the World Trade Organization in 1995 which was seen as a critical moment in globalization and triggered fierce debate about the merits of incorporating respect for ILO standards in the regulation of trade liberalization – the so-called social clause debate. As we now know this agenda, strongly supported by trade unions and some industrialized country governments, and fiercely opposed by developing

countries as disguised protectionism, subsequently failed, but it has had very significant consequences nonetheless.

Specifically, at the ILO, it led to the adoption in 1998 of the Declaration of Fundamental Principles and Rights at Work which for the first time recognized a package of eight ILO Conventions as underpinning and defining a set of rights to be respected by all ILO member States regardless of ratification. They concern the rights to organize and collective bargaining, freedom from discrimination and from forced labour, and the elimination of child labour. Fifty years exactly after the adoption by the United Nations of the Universal Declaration of Human Rights, the ILO gave itself what looked like its equivalent, and it has had a profound effect in many areas – including in the field of corporate social responsibility and in the inclusion of labour clauses in a large number of bilateral and regional trade agreements.

The many complexities attached to ILO standards activity permit me conclusions which risk being over-simplified but are as follows:

- that our standards-setting and supervisory system is indispensable to the work of the ILO and we cannot imagine the ILO without it;
- that whatever criticisms are levelled at it, it has a proven record of achievement in numerous settings – I can cite Myanmar as a recent example, Chile and Poland as more distant ones but the list is actually very long;
- that it has adapted, and will need to continue to adapt, to evolving circumstances, it is not something that is set in stones for ever and never changes;
- that despite the generally inhospitable environment towards labour market regulation in recent decades, the ILO's global membership has, in the context of the

current controversy over the right to strike, demonstrated in the strongest way its support for the ILO standards system and its political resolve to maintain its authority. That is encouraging.

So, that is the case for a global, tripartite, normative, values-based Organization dedicated to the pursuit of social justice.

I want to speak in conclusion now to some of the major challenges we face today and what I think we need to be doing to meet them.

It is important to underline that the ILO has, throughout its history, adapted and responded to changing circumstances, without departing from its mandate of social justice. In the process, it has become truly universal in membership, having today 185 member States, compared to the 44 with which it started. And one of the key drivers of change in the Organization today is the way in which the emerging economies – including the BRICS (Brazil, Russia, India, China and South Africa), but not only them – are taking up an increasingly assertive and important role. That process has been accelerated by the crisis. Uncomfortable as it may be for some, the Western ascendancy which marked the ILO for much of its history is today in decline. This rebalancing is inevitable, it is good for the ILO, but its ultimate consequences have yet to be fully played out.

In retrospect, the ILO's history can in fact be fairly clearly marked out into different phases:

- the early pioneering years up to the mid-1930s (without by the way the membership of either the Soviet Union which continued to denounce the ILO as a reformist conspiracy to frustrate revolution, but also without the United States going through a periodic bout of isolationism);

- the stresses from the rise of authoritarianism up to the Second World War under which the League of Nations fell apart, leaving the ILO as a sole survivor;
- the post-war decades, in many countries the heyday of social and economic progress, and of decolonization, for which the ILO developed the technical cooperation capacities which today stand alongside standards as a key ILO means of action;
- coexisting with this, the Cold War confrontations which dominated the political alignments in the Organization and subsumed normal tripartite interest representation to the logic of East-West confrontation;
- and then in the post-Cold War era from the 1990s until the present, the efforts of the Organization to prosecute its social justice agenda in the context of market-driven and increasingly financialized globalization.

I think as I speak to you that we are now at the beginning of a change of the same magnitude.

In the last phase, my predecessor, Juan Somavia, took steps of considerable importance which I am fortunate to inherit as a major legacy of political capital. We have the ILO's Decent Work Agenda – combining the strategic objectives of employment, social protection, standards and rights, and social dialogue. And a strengthened place for the ILO within the multilateral system with a clear protagonism in the construction of social dimension of globalization and a seat at the G20 table.

For my part, after a year-and-a-half in the job, I can see some clear avenues of action which the ILO needs to advance. All of them will need to be followed with two ever present considerations in mind. The first is resource constraint; the cold winds of austerity blow around the ILO building in Geneva just as they do around every public administration. We are told to deliver value for

money and we must. The second is the need to bring the ILO closer to what goes on in the world of work.

For these reasons, the ILO cannot rely alone on its traditional interaction with the nation States who are its Members and who are legally responsible for discharging obligations to it. We have the unique advantage of tripartism but that is not enough. What I want to pinpoint here is that the global economy is now characterized by production systems which are increasingly fragmented and spread over many countries and regions. It makes less sense to think in terms of national products exchanged between two Nation States and more and more to think in terms of value-added along extended supply chains through complex interactions of global non-State actors.

That means that the ILO needs to be able to work effectively in these new realities by establishing new relationships with the private sector and finding new methods of intervention. I have heard the corporate social responsibility boom of recent years described as the unwanted child of globalization, born of the inability or unwillingness of governments to subject enterprises to effect binding regulation. Whether you agree with or like this, or not, the ILO has not been quick to act on these new realities, and it now has to do so.

An example will help to illustrate the issues and their complexities. When the Rana Plaza factory collapse killed some 1,100 workers nearly a year ago, there was a global outcry – to identify those responsible and to act to ensure this never happened again. Neither of these things were very easy.

But the ILO had brokered a tripartite agreement in Bangladesh within the month, covering legislative change, structural factory safety inspection, the reinforcement of the country's

labour inspection services, and worker education. I am pleased that the United Kingdom Government is one of those financing work for its implementation.

In addition, we have served as neutral chair of the initiative of Global Union Federations (UNI and IndustryAll) and some 150 garment retailers sourcing in Bangladesh aiming to ensure protection of worker safety and rights. We have provided services for a Trust Fund to channel compensation to Rana Plaza survivors and the families of victims. And we have moved in our Better Work programme – active already in several countries – to monitor and report on factory operations.

All of this, in addition, has paved the way for a major ILO Conference discussion on supply chain management which I hope will move us on much further forward.

Bangladesh tells us what the ILO can do if it acts in an innovative way with new partners and with the degree of assertiveness necessary for the carrying out of our mandate. I believe that other examples will follow. Recent contacts with the Government of Qatar give hope that we can start work to address some of the most unacceptable circumstances that migrant workers are obliged to endure – notably but not only in the Gulf countries.

And that takes me to the next challenge. To be faithful to its social justice mandate, the ILO must do more for the most vulnerable and disadvantaged in the world of work. We do have an honourable record of achievement – helping bring down child labour by a third since the beginning of the century for example, and giving impetus to the liberation of the world's 21 million remaining forced labourers.

But we have been less successful, or assiduous, in reaching the global underclass trapped in the massive informal economy. That is where 80 per cent of Africans and South Asians work



and nearly 50 per cent of Latin Americans. We know they are hard to get to, but they are only invisible if we look the other way and only without voice if we choose to ignore them. By making formalization of informal work an ILO priority, we have made an important choice. The same is true for the world's 52 million domestic workers, 231 million migrants and for others.

Necessary as all this is, the ILO needs as well to address the structural roots of growing inequality and injustice in the world of work. I am very hopeful that the long-term decline of the labour share of national income in so many countries – and all of its consequences – will now come to be recognized as a major policy problem to be addressed not just a phenomenon to be observed (and occasionally applauded).

That can take us into some familiar areas of fundamental significance. The notion of a living wage for all is present in the ILO's founding texts, but got lost somewhere along the way – and we have allied concepts of a minimum wage, or a fair wage. It is not always clear what is intended by these ideas, and I believe we need to look at the concepts and at means of delivering anew. That means looking at government action, and how to restore the role of collective bargaining as and when it has been eroded. That means also progressing ILO mandate to promote social protection floors and prepare the post 2015 Millennium Development Goals.

I find it of concern to see some governments and even international organizations apparently calling into question the effective exercise of that right because its economic outcomes might be considered sub-optimal or detrimental to collective bargaining.

Underlying these challenges which seem to me to condition the overall capacities of the ILO to advance social justice, I need to close with reference – telegraphic no more – to three specific themes of the highest priority:

- the need to get the world’s youth back to work – we have nearly 75 million under-25 out of work – and the ILO is taking up its responsibilities, along with others, to rescue that generation - we know that long unemployment has long-lasting scarring effects ;
- a major and innovative initiative on women at work which seems to be required because existing strategies for equality despite their achievements do seem to have run up against the buffers in the task of removing continued circumstances of discrimination and disadvantage; and
- finally, the transition of our productive systems to a sustainable development path, as a matter of necessity and not of choice. The greening of the ILO’s social justice agenda, more than any other single factor, will need to distinguish the second century of ILO work from its first.

These then are some of the thoughts, ambitions and challenges of the ILO as it closes in on its centenary in five years’ time. I want to bring the ILO in the 21<sup>st</sup> century on the basis of a wide spread reflection on the future of work, engaging all actors, beyond the ILO, and Warwick can help us on this.

I want to thank you for listening to my thoughts, to tell you again that your interest and your inputs can help us enormously, and to express my real appreciation for the work done here in Warwick and by ACAS.