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Fabrizio Onida

### **Labour standards and ILO's effectiveness in the governance of globalization**



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*Fabrizio Onida* \*

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\* Paper prepared as independent expert member of CNEL, within the VII Commission (International and EU Policies)

## **Foreword**

As Riccardo Faini wrote in the paper that gave rise to this VII Commission's Working Group, "... today we can see the need for a profound reform of international institutions that eliminate or at least reduce the inequalities that penalize developing countries, one that simultaneously allows the maintenance of an adequate supply of global public goods in terms of social, fiscal and environmental policies but that also does not compromise aspects of the Bretton Woods system which have contributed enormously to a growth in incomes and a reduction of poverty over the past 60 years."

The following notes try to develop a framework of informations and reflections about ILO's mission and performance, with special reference to the issues of trade liberalization and labour standards.

### **1. The structure and historical milestones of the ILO: a short review**

The remote origins of the International Labour Organization (known as the ILO, OIT or OIL) may be found in the Paris Conference of the International Association for the Protection of Workers (1900). The ILO was created in 1919 by the International Labour Commission established by article XII of the Treaty of Versailles (1919), and, uniquely so for international organizations, it was created as a tripartite institution, involving governments, enterprises and labour.

#### **1.1. The organizational structure of the ILO**

The organizational structure of the ILO includes three levels:

- a) a general Conference of four delegates for each member country (two government delegates and one delegate each for representatives of employers and workers). Currently the ILO has 178 member countries, and therefore the Conference embodies 712 delegates;
- b) a Governing Body (GB) of 56: 28 government representatives (10 from the more industrialized countries which are permanent members, and 18 representatives from other countries, rotating every three years), and 14 representatives each of employer and workers' organizations;
- c) the Bureau, or BIT, reporting to the GB which appoints its director-general - the Chilean Juan Somavia since March 4, 1999 – who at the end of 2007 was responsible for a staff of 1717 people (of which about one third at the headquarters) and almost 1000 uniys of technical cooperation.. Branches of the BIT are in more than 40 countries or regions around the world.

The Conference (which is held at least annually) makes resolutions with the presence of at least 50% of the delegates. The admission of new members and the approval of Conventions (which presently number 187) and Recommendations (which

presently number 199) is subject to a two thirds majority vote, as of article 19 of the ILO's Constitution, which in turn is composed of 40 articles and five Annexes. The Conventions are subject to ratification by the member countries. If a country does not ratify a Convention, it must, upon request of the GB, occasionally draw up a report explaining the obstacles preventing such decision. The Recommendations simply require member countries to report periodically whether or not the actions of their governments are following the Recommendations themselves.

The Conventions and Recommendations cover a wide range of issues pertaining to social justice and included in the Preamble to the ILO's Constitution: issues regarding salaries and employment, unemployment, working hours, minimum working age, women's employment, security, vocational training, and the like.

Articles 26-34 of the Constitution are important in that they regulate the complaints that each member country may lodge against other member countries that have ratified the relevant Conventions. The procedures for these complaints are briefly referred to in paragraph 3, below.

## **1.2. Important historical milestones of the ILO**

1919-1936: in its first 17 years, the ILO adopts 67 Conventions and 66 Recommendations, more than a third of its present number.

1926: the Conference votes for the creation of a "Committee of Experts on the Application of Conventions and Recommendations" (CEACR), and its parallel "Conference Committee on the Application of Standards".

1934: the U.S. becomes a member country.

1944: the Philadelphia Declaration is ratified, preceding both the UN Charter and the Universal Declaration of the Rights of Man and giving the ILO the mandate to deal with social policies

1948: under its new General Director, the American David Morse (1948-1970), the Conference adopts Convention no. 87 regarding free association and the organization of unions. (This is an interesting historical precedent for a country such as the U.S., which has never ratified this Convention and in recent years has distinguished itself for its significant level of de-unionization!).

1952: adoption of Convention no. 100 on equal treatment of men and women.

1957: adoption of Convention no. 102 on minimum social security regulations.

1958: adoption of Convention no. 111 on job and vocation discrimination, which complements Convention no. 100 from 1952.

1966: the ILO Development Centre is established in Turin.

1969: the ILO receives the Nobel Peace Prize.

1977: ILO's Tripartite Declaration on "Principles concerning Multinational Enterprises and Social Policy" (to which OECD 2000a made later reference).

1977-80: the U.S. temporarily withdraw from the ILO.

1989: the ILO plays an important role in Polish events (*Solidarnosc*), which accelerate the fall of the Berlin Wall. (Poland had ratified Convention no. 87 as early as 1957.)

1991: a new strategy against child labour is adopted via the ILO-IPEC programmes. (Convention no. 138 on minimum working ages had been adopted in 1973.)

1998: also in response to the missed inclusion of the recognition of the fundamental labour rights in the Marrakesh Accord that sanctioned the start of the WTO and in the successive Singapore Declaration (see paragraph 2 below), the 86<sup>th</sup> Session of the ILO Conference adopts the Declaration on Fundamental Principles and Rights (the four *Core Labour Standards or CLS*) and reinforces the mechanisms of follow up and related supervision of the actions of various countries. A list - updated annually - of the member countries that have not ratified one or more CLSs is provided for. Furthermore, the technical co-operation "InFocus" programme is launched - mainly financed by bilateral development Funds - which involves consultancy to governments to implement legislative reforms regarding welfare, for the training of public employees, and social parties.

*The four "Core Labour Standards" are typically identified by the following combinations of various Conventions:*

*1) freedom of association and protection of Union rights (Convention no. 87 of 1948) and collective bargaining rights (Convention no. 98 of 1949);*

*2) the prohibition of forced labour or slavery (Convention no. 29 of 1939 and no. 105 of 1957);*

*3) equal pay for equal work (Convention no. 100 of 1951) and non-discrimination of gender/sex/race/religion (Convention no. 111 of 1958);*

*4) minimum working age (Convention no. 138 of 1973) and prohibition of the worst forms of child labour exploitation (Convention no. 182 of 1999).*

Today between 144 and 168 ILO's member countries have ratified these Conventions.

1999: the 87<sup>th</sup> Session of the Conference adopts its Report on Decent Work, hinging on the convergence of four strategic objectives (labour, employment, welfare and social negotiation rights). Convention no. 182 is approved which regards the worst forms of child labour, and today is ratified by 165 countries, including the U.S.. (In 2002 over 100 countries had ratified this Convention.)

2004: acknowledging the results of the World Commission on the Social Dimension of Globalization instituted in November 2001 upon initiative of General Director Somavia, the 92<sup>nd</sup> Session of the Conference “A Fair Globalization: The Role of the ILO” underlines the importance of reinforcing the operational role of the ILO in helping governments to implement the Decent Work Agenda, promoting specific national programmes (Decent Work Country Programs, or “DWCPs”).

July 2006: the United Nations’ Economic and Social Council (ECOSOC) incorporates Decent Work as the central objective of its Ministerial Declaration.

2007: the 96<sup>th</sup> Session of the Conference adopts Report V: “Strengthening the ILO’s capacity to assist its Members’ efforts to reach its objectives in the context of globalization”. This Report contains many points very close to our own suggestions about how to increase ILO’s effectiveness. Amongst these suggestions are the following:

- a) A detailed exam by the GB of the periodic country reports, so as to provide a firm and rigorous knowledge base to the priority choices emerging from the Conference
- b) Reinforce the effectiveness of the ILO by promoting results-based management strategies and cross-fertilization of the various experiences and successful practices.
- c) Strengthen the complementarity of the various objectives of the Decent Work Agenda.
- d) Link the actions of the ILO - with its unique tripartite identity - to the programmes of the other UN agencies, especially the UN Development Assistance Framework (UNDAF) and the Poverty Reduction Strategies of the World Bank and the International Monetary Fund.

## **2. The ILO and other multilateral organizations in the governance of globalization: an ongoing story**

Given the great difficulties facing the WTO’s current multilateral trade talks (Doha Round) - and in light of the recent revival of the debate regarding the costs and benefits of globalization – one must rethink with unprejudiced rigour and courage about the boundaries between the tasks and powers of the ILO (regarding social and labour standards) and the rules that apply to the main international organizations, with specific attention to the operations of the various international Agencies (primarily the World Bank-IFC group), and to the ongoing multilateral WTO negotiations (Radighieri 2003).

As reminded by Faini (2000), the draft of the International Trade Organization’s charter of 1947 explicitly states that, “Unfair labour conditions, particularly in the production of exports, create difficulties in international trade.” As we know, the ITO never was born, above all due to opposition from the U.S., which shortly thereafter ratified the birth of the General Agreement on Tariffs and Trade (GATT), whose 38 long articles excluded any reference to “internationally recognized labour standards”, except for the inclusion of “products of prison labour” amongst the exceptions to the commitments to free trade (art. XX (e)).

In more recent years - starting from the Singapore Conference, which marked the birth of the WTO (1996), down to the failed Seattle Conference (1999) and to the recent difficult progress of the Doha Development Round - the U.S. has become less opposed (even in comparison to Europe and Japan) to reconsidering social and labour standards as a matter directly relevant to the multilateral trade deregulation process. This is occurring more so today through strong advancement by unions, and by a Democratic majority in the U.S. Congress that is fearful of “unfair competition” by low-cost labour in emerging market countries. However the current stalemate of the Doha Development Round of talks does not allow for any definite signals in this respect.

As early as August 2002, in extending by five years the Fast Track authorization to the U.S. president to perform as Trade Promotion Authority within the international trade talks, the U.S. Congress had included labour standards (LS) amongst its negotiation objectives. Since then the subject of LS has been included in FTAs that US has ratified with Chile and Singapore (July 2003), Australia (June 2004), Morocco (July 2004), Central America and Dominican Republic (June 2005), Bahrain (September 2005), Oman (June 2006) (Marceau 2008, p. 35).

Notice that - spurred by fears, heavily worked-up by 1992 presidential candidate Ross Perot (the prospect of a “giant sucking sound” of American jobs being cancelled by Mexico following trade deregulation - the North American Free Trade Agreement (NAFTA) included the North American Agreement on Labour Cooperation (NAALC) at the last minute, containing the commitments of its members on subjects that go well beyond the Core Labour Standards (CLS), such as: the right to strike (not union rights as such), equal pay for men and women, social security benefits for job accidents and illnesses, protection of immigrant workers. Failure to abide by these commitments calls for imposition of “fines”. Amongst the first controversies within NAFTA were the objections of U.S. unions against proven violations of union organization rights in Mexico (Grady-Macmillan, 1999, p. 132).

Upon rejecting the request of some countries to introduce an explicit “social clause” in the WTO agreements, the concluding remarks of the Ministerial Conference of the WTO in Singapore (1995) incorporate the following important declaration, whose importance today is perhaps more symbolic than operational, but which anyway has been useful to gain the agreement of many developing countries traditionally opposed to mixing targets of trade liberalization with commitments to improve social standards. *“We renew our commitment to the observance of internationally recognized core labour standards. The International Labour Organization (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increasing trade and further trade liberalization contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly the low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration.”*

Remember that the very Preamble to WTO proclaims “ *trade should be conducted with a view to raising standard of living, ensuring full employment...in accordance with the objective of sustainable development*”

Today the topic calls for even more attention in the debate recently opened on the reform of the UN, aimed at promoting consistent actions of the various UN-led international organizations in view of the Millennium Development Goal. We must avert the danger that this reform would lead to a depletion or a weakening of the ILO’s crucial function of tripartite dialogue (between governments, enterprises and unions) that was shaped during our recent history.

The specific relationship between the ILO and the WTO will be addressed in paragraph 5 below.

Besides its historical task of defining - through Conventions and Recommendations approved at the annual Conferences - the guidelines of a world where economic development and competitiveness are ever-more compatible with the respect of human rights and decent labour conditions, the ILO is in charge of the diffusion and application of these guidelines. To this end, the ILO above all performs a *supervisory* role (monitoring, or the proverbial “*sunshine*”) on the real conditions and commitments undertaken according to the numerous Conventions and Recommendations. It is also however an *actor* able to affect the actual behaviour of governments through the use of incentives (the “*carrots*”) and to some extent, sanctions (the “*sticks*”).

### **3. The ILO as a supervisory body (monitoring, data gathering, complaints)**

The application of the various articles of the ILO Constitution concerning the obligation of governments to supply data, manage complaints, etc. (articles 19-26) involves many levels of monitoring and investigation.

#### **3.1. Existing procedures**

Individual member countries draw up periodic reports that are examined by the Committee of Experts on the Application of Conventions and Recommendations (CEACR), composed of 20 experts (currently only 18) with specific academic or professional qualifications in the field of labour rights. The CEACR meets for about three weeks every year in November-December producing its own annual report (usually in December) that contains its conclusions, which is sent to the Conference Committee on the Application of Standards (CAS) (a tripartite body) in preparation of the annual Conference held in June of the following year.

Parallel to this periodic review, following notification regarding countries that have allegedly failed to fulfil one or more Conventions ratified by them (via complaints), the GB can convene a Commission of Inquiry. Following an investigation, this Commission draws up a report that serves as a base for the Recommendation, which the

GB sends to the governments involved. Within three months, the governments can declare that they consent to the contents of the Recommendation; otherwise they may make recourse to the judgement of the International Court of Justice, which makes the final decision. If a country continues to default, the GB can bring the matter before the General Conference and request a ruling.

### **3.2 Possible improvements**

First it must be noted that a phenomenon has been persisting whereby various countries, including some of the biggest violators of fundamental labour rights, are late in sending their report to the CEACR in time for it to be examined properly: this occurred 53 times in 2005, and 49 times in 2006.

At the end of 2006, at the 80<sup>th</sup> birth anniversary of CEACR and CAS, at its 77<sup>th</sup> Session in Geneva the CEACR promoted a meeting with the participation of numerous experts on the theme of “*Protecting labour rights as human rights: the present and future of international supervision*”. From the debate - which centred on the evaluation of the effectiveness of monitoring and supervisory mechanisms on the conduct of governments regarding social and labour standards - generally positive opinions emerged regarding the model of cooperation between the CEACR and the Conference Committee (ILO 2007, p. 8). The same annual CEACR report remarked however that the causes of a breach in communication on the part of countries is not solely attributable to the lack of goodwill on the part of national governments, since often the chronic scarcity of technical resources available to countries comes into play. In fact, these types of delays tend to prevail amongst member countries that are part of regional and sub-regional areas which lack ILO branches, i.e. the offices that in other countries are usually able to provide the needed technical assistance.

Therefore there is room for improvements from this perspective, although hindered by the limited financial and organizational resources of the Organization. The ILO 2008-09 budget totals almost US\$600 million (approximately €410 million at current exchange rate), an amount that in real terms is unchanged compared to 2006-07, but a significant drop compared to past years, despite the rapid growth of the number of member countries. This reduction reflects the scarce availability of some large countries - headed by the US - which are more oriented towards sustaining bilateral development projects (favouring the so-called “donor interest” as opposed to the “recipient interest”, to use the standard definitions in the literature on public development aid) rather than favouring multilateral bodies and funding.

One implication may be that, if these budget constraints cannot be relaxed, the design of ILO branches should be reconsidered, moving some of them to countries that most urgently require an effective technical assistance in order to face increased violations of social standards. Alternatively, appropriate and well equipped missions could be deployed for specific field interventions.

An important new survey taken by the International Trade Union Confederation

(ITUC 2007) has been made available since 2007. It found 15,111 cases of violations of union rights in 2006 in 138 countries, including 4,959 arrests, 832 cases of tortures/beatings, and 144 killings. More than half of these cases were reported in Asian countries, amongst which surprisingly were the Philippines, which sadly held first place in terms of violence against union representatives, even more than countries traditionally characterized by high degrees of repression such as China, North Korea, Myanmar and Cambodia. Unfortunately most of these countries never ratified Convention n. 87, hence they are not accountable towards ILO. Almost 3,200 cases of union repression were reported in African countries (Zimbabwe in the lead, but countries such as Morocco and Algeria were included). Amongst the 930 reports coming from Latin America, the 78 assassinations of union activists in Columbia is frightening; here the ILO opened a permanent office in November 2006, and has since set up a special investigative unit. A growing link between the ITUC's reports regarding unions and the monitoring performed by the ILO's network of offices is therefore advisable.

Monitoring of labour conditions should also focus on Special Economic Zones (including the Export Processing Zones), a phenomenon that is rapidly spreading in various emerging markets struggling to attract foreign investors looking for international outsourcing and offshoring into geographic areas with low labour costs.

As emphasized in many reports by UNCTAD and the World Bank, these initiatives often perform a definitely positive role in the development of a country, allowing manufacturing activities to take off, and favouring the territorial aggregation of small local suppliers drawn by demand from large and medium enterprises, attracted not only by low labour (and energy) costs but also by considerable fiscal benefits possibly over a period of several years as well as by the availability of relatively efficient and almost free infrastructure. Production of foreign enterprises moving into these zones is targeted to exporting towards either the countries of origin or third markets.

Nevertheless, as highlighted in the CEACR Annual Reports (e.g. ILO 2007a) and the ITUC survey (2007) cited above, there are frequent cases in which local governments lack the standards contained in the Conventions and Recommendations, especially with reference to union rights (restrictions on public meetings, denied access to union representatives, prohibition of any form of collective negotiation, violence against union members, etc.). Some examples relating to Pakistan, Bangladesh, Turkey, South Korea are quoted by Lim (2003). Italian enterprises with significant presence in these countries have also been involved in few cases in which, in order to encourage foreign investment, the local government has encouraged subcontracting with local companies that happen to practice quite unacceptable labour standards. In the past, timely complaints of situations of this type have induced local governments and their multinational clients to face their responsibilities, and take action to end the worst cases of abuse (e.g. Benetton in Turkey, Armani in India).

#### 4. The ILO as an agent and direct player with governments

Considering the ILO's role as an **actor**, let us first mention the permanent action of *moral suasion* through which decisions by legislators and national governments (including the European Commission) are influenced regarding labour legislation, not only about CLSs. The preliminary and conclusive reports of the 96<sup>th</sup> Session (ILO 2007a, 2007b) underline the importance of the ILO's widespread action in inducing governments and parliaments to produce laws and regulations that guarantee non-discrimination of any kind (race, gender, religion, equal pay for equal work, etc.), inclusion of the fundamental principles of CLSs in the regional integration agreements, supply of guidelines to the private sector in adopting codes of conduct coherent with good labour practices.

Gravel and Charbonneau-Jobin (2003) carry a short documentation on countries in which since the late 1970s ILO's initiative has succeeded in inducing governments to enact positive legislation and regulatory measures on matters like union rights, collective bargaining, forced labour and child labour. Some cases concern industrial developed countries.

As far as union rights and collective bargaining are concerned, a fundamental role has been played by Committee on Freedom of Association, a tripartite body started by the GB in 1951 and working closely with CEACR and CAS. Since then there have been numerous and often effective ILO's interventions on single governments aimed at freeing union delegates (Solidarnosc was a famous case, but similar episodes could be found in South Korea, Indonesia, Cote d'Ivoire), stopping arbitrary trials and anti-union violence, cancelling legislation prohibiting freedom of union association, right to strike and right of collective bargaining (Gravel-Duplessis-Gernigon 2001).

The activities of the **ILO Centre in Turin** are especially relevant in this respect; for many years it has been organizing courses and technical aid programmes to train lawyers, judges, public officials, union leaders, academics and labour rights experts. The educational activities of the Centre include the planning of active labour policies aimed at job search, recruiting, placement and job creation programmes. An interesting figure worth noting is that almost 70% of the people that come into contact with the Turin ILO Centre refer to the contents of ILO Conventions and Recommendations in subsequent personal professional experiences back in their native countries. Training at ILO's Turin office has often been effective in guiding and supporting new norms and regulations concerning working codes (e.g., child labour)

More generally, we must distinguish between the effectiveness of possible sanctions (or "sticks") - which are substantially beyond the direct powers of the ILO - and the effectiveness of the various incentives (or "carrots") - which the ILO also cannot directly impose but which it can pressure governments to adopt.

#### **4.1. Limited scope and effectiveness of negative sanctions**

According to article 33 of the ILO Constitution, if a member country does not comply with a specific Recommendation that the GB has made following investigations made by the Commission of Inquiry, the GB itself may ask the Conference to initiate some unspecified “actions” (art. 33).

Without having direct sanctioning powers, the ILO can only ask individual governments to enforce the Recommendations, by making special reference to specific clauses in bilateral or regional free trade Agreements (e.g. NAFTA, Mercosur) or to programs enacted by international organizations such as the IMF, the World Bank or the WTO. The bargaining instruments range from administrative sanctions (i.e. fines) to trade and/or financial sanctions aimed at discouraging the defaulting government from tolerating (or even fostering) the reported abuses.

The (rather meagre) literature regarding the effectiveness of sanctions in obtaining increased observation of labour standards does not allow any optimistic conclusions (Elliott 2000, Elliott-Freeman 2003, Maskus 1997, Singh 2003, Brown-Stern 2007).

It is significant that 81 years from its creation in 1919, just in March of 2000 the ILO invoked article 33 of its Constitution by urging member states to make economic and political sanctions against the forced labour abuses occurring in Myanmar (or Burma; Maupain, 2001). A few months later, the ruling military junta made an initial commitment to receive a special technical mission and to take up “appropriate measures”. After some years it is difficult to state that concrete results have been obtained, especially in the heavy repressive climate that followed the resounding protests made by Buddhist monks in 2007. The recent entente between the ILO and the Myanmar government (which is experimental and will last 12 months!) aims at enforcing the right of the presumed victims of forced labour to make complaints to the ILO liaison officer, and request damages. But we know very little of the actual results.

As regards instruments of foreign policy in general, sanctions are mentioned, be they negative or “smart” (i.e. positive), which in turn can be classified into trade sanctions (e.g. import duties, limits to import licences, prohibitions on arms exports or others, travel restrictions, tax discriminations), or financial sanctions (e.g. funding freezes, credit or export credits blockades, aid suspension, etc.). Hufbauer-Schott-Elliott (2003) counted 170 cases of “negative sanctions” in the 1914-1999 period, calculating that approximately one third had some impact, however with somewhat ambiguous results, especially in very recent years. Overall they conclude that these sanctions remain a foreign policy instrument, with few cases of success even after prolonged use (e.g. South Africa up to the abolition of apartheid; the Soviet Union after the invasion of Afghanistan), but more cases of almost total failure (e.g. Iraq, Iran, Sudan, Libya, Haïti, and North Korea). And above all, they pointed out the inevitable consequence of the effects of iniquity (e.g. impoverishment of the civic population, humanitarian crises, infant mortality) or perverse effects (e.g. hostility of the affected population which reinforces the local dictatorship: the so-called “rally around the flag” effect).

“Intelligent sanctions” try instead to affect the dominant government group and to support opposition (e.g. arms exports embargo, the re-channelling of public aid from government bodies to non-governmental organizations). These sanctions have the advantage of minimizing the negative humanitarian consequences, avoiding the hostility of the local population, and exploiting any possible “internal opposition effects”.

Authors such as Elliott-Freeman (2003) and Hufbauer-Schott-Elliott (2003) conclude that increased effectiveness of sanctions occurs when certain basic conditions are met:

- sanctions are applied on effectively multilateral bases
- the target pursued is relatively limited
- the target country is relatively small and has fairly good trade relations with the countries that threaten the sanctions
- sanctions are applied quickly and using credible terms
- internal legislation is coherent with international standards
- the judiciary system is relatively efficient and not corrupt
- the ILO is involved in the programmes and offers technical aid.

According to others, truly general and acceptable conclusions on the effectiveness of sanctions as foreign policy instruments do not exist; but rather there are only conditions identifiable case by case (Caracciolo 2007).

#### **4.2. Positive sanctions, i.e. incentives**

It being understood that under certain circumstances and within certain environmental conditions even punitive sanctions can reach their aims, the initiatives of developed countries that leverage “positive sanctions” are much more plausible and ultimately more effective. These involve the use of conditioning incentives, such as tariff and non-tariff concessions, as well as development aid and financing. Discriminatory trade concessions are formally incompatible with the Most Favoured Nation clause, but historically they are the instruments that characterize all preferential, bilateral or regional agreements (Customs Unions, Free Trade Zones) that have been increasing in number in the past 15 years, in accordance with article XXIV of the GATT and the interpretation thereof supplied at the GATT 1994 in closing the Uruguay Round (Sacerdoti-Alessandrini, 1994).

Conditional tariff/non tariff preferences or financial aid tend to produce the desired effects, without generating perverse counter-effects.

An interesting example, at least in its initial formulation, is the EU offer to include a third country in the “Generalized System Preference” (GSP+), subject to full acceptance and implementation of CLSs by the country itself as well as to official commitment on environmental safety and drug trafficking (Maupain, 2005). Similar commitments are included in recent bilateral trade agreements between the EU and ACP

countries (Cotonou Agreement), South Africa, Chile (Doumbia-Henri and Gravel, 2006, p. 190).

Other cases concern the North American Agreement on Labour Cooperation (NAALC), the Canadian-Chilean agreement, the U.S.-Cambodia Textile and Apparel Agreement, the free trade agreement between the U.S. and Jordan. Some of these agreements, such as the NAALC, foresee a mixed system of customs preferences and fines, the latter being used only in cases of persisting violations regarding child labour, minimum wages, labour health and safety conditions.

Unfortunately the actual results of similar initiatives in terms of increased observance of LS have been evaluated by Elliott-Freeman (2003) as being quite small, except in the case of the U.S.-Cambodia textile-apparel agreement. However the authors identify the active role of the ILO in terms of monitoring and technical assistance - which fosters collaboration between governments and employer organizations - as being amongst the most effective conditions of these agreements in reaching targets of improved conditions of the labour market.

The link between trade concessions and financial incentives, on one hand, and the commitment to some standards of fundamental labour rights (as well as environmental standards) is anyway a field worth exploring, in order to assess its merits and limits, and possible involvement of the main international institutions, namely development banks and financial institutions. The ILO (2007b) highlights the fact that the IFC (World Bank Group) has started to put some commitments by debtor countries regarding labour and environmental standards (also known as the IFC performance standards) into its development loan contracts. Many national development banks (or “equator banks”) adopt these standards on medium-sized financing projects, i.e. above US\$10 million. The Asian Development Bank, in collaboration with the ILO, has created a proper manual on CLSs (ADB-ILO 2006). The World Bank and the International Monetary Fund have launched some reports specifically aimed at racial discrimination (“Ethnic Audits”) in relation to the Poverty Reduction Strategy Papers (ILO 2007b, p. 101). All of this contributes towards the Policy Coherence Initiatives that are strongly promoted by the ILO.

In many cases the explicit participation of the private sector has proven important, especially regarding child labour in textile-apparel plants in Bangladesh in 1995 and in Cambodia in 1998 following the U.S.-Cambodia Textile and Apparel Agreement (Elliott 2000, Elliott-Freeman 2003).

In this regard the ILO can avail itself of timely reminders of the guidelines for multinational companies that were agreed upon at the OECD (OECD 2000a), which in some way represent a behavioural code, even if attempts to translate these guidelines into actual Multinational Agreements on Investment (MAI) have failed, due to various disagreements amongst countries and the representatives of companies and governments. These guidelines make explicit reference to the ILO’s Tripartite Declaration from 1977 and in their turn are recalled in the revised 2006 edition (ILO 2006b). They make

pressure on heads of enterprises to fully respect not only CLS but also a wide array of standards (such as work safety, minimum age, social insurance), both in the Preface and in chapter IV on industrial and labour relations (OECD 2000, pp. 45-48). Following a paragraph in the Preface referring to General Policies, the commitments contained in the Guidelines include the practices followed not only in plants under the direct management of the parent companies, but also under the management of suppliers and subcontractors (OECD 2000, p. 19). Actual commitments in this respect must of course be subject to severe ILO's monitoring activities.

Also the Heiligendamm G8 summit has relaunched the topic of Corporate Social Responsibility in terms of "Responsible Business Conduct", with reference to ILO's Decent Work Agenda and to UN "Global Conduct" initiative (Hoffman 2008).

An encouraging example of private-public partnership comes from the recent commitment of the Bill and Melinda Gates Foundation to work towards the development of financial insurance products aimed at spreading decent working standards throughout the world.

At the same time, it appears that the direct involvement of local governments is necessary in supplying - perhaps with the support of international development aid - economic and financial compensation packages (unemployment subsidies, family welfare cheques, work-study scholarships, etc.) to families hit by extreme poverty and unemployment. Packages of this type are especially important in the fight against child labour exploitation, which is most hindered by extreme poverty of family incomes. In these situations, just a prohibition against working minors - which is furthermore quite difficult to implement even today in industrialized countries - does not produce the effect of the child being sent to school (if a school is accessible), but rather more easily and dramatically can produce a flourishing of petty crime and prostitution linked to human trafficking (Edmonds-Pavcnik 2005, Basu 2003). We will look at this matter in the following paragraph 5.3.

The same thing applies to temporary subsidies (unemployment benefits) in favour of those who are freed from bonded labour. In order to reinsert people who have been "saved" from bonded labour, co-operative experiences should be encouraged, including those promoted by NGOs.

Public financial contributions are moreover often necessary to pressure small local enterprises to restructure plants that are not in line with workers safety regulations. Elliott (2000) underlines that the launching of co-operation and technical assistance programmes in target countries that present the biggest institutional, cultural, economic and financial obstacles preventing the attainment of results in this field are amongst the factors that raise the probability of success of specific incentives for better LS.

More generally, the promotion of better LS involves macro and microeconomic policies that favour access to capital markets. One instrument that has had notable popularity and satisfying results in this field can be found in private and public microcredit programmes, which allow individual family members - particularly women - to launch quite diversified production or trade activities, thus exiting from total

unemployment and poverty, despite remaining substantially within a context of an informal economy.

The gradual absorption of very large informal economic areas into the formal economic network or market is moreover an unavoidable objective in order to emerge from irreversible conditions of underdevelopment (De Soto 2000): this has also been acknowledged by the World Commission on the Social Dimension of Globalization (ILO 2004). Notice that the weight of the informal economy is estimated to be around 50-60% in a country like Columbia, that has a yearly per capita income of US\$ 6,820.00 (at purchasing power parity), and that in 2004 was considered one of the “middle income” countries, surpassing countries such as Morocco, Algeria and Lebanon (ILO-WTO 2007, p. 69). One of the reasons creating obstacles to the implementation of ILO’s Conventions and Recommendation in many developing countries is the amplitude of the informal economy, which prevents both appropriate regulation and the identification of subjects interested (Maupain 2001, p. 142).

Without these and other economic-financial interventions, and possibly the commitment of the private industrial associations, legislative measures and promotional campaigns aimed at promoting better LS will hardly be effective in the medium-long term.

As a collateral opportunity, more advanced countries may encourage “consumer awareness” campaigns (absent of any duties and official barriers) aiming at boycotting purchase of major products imported from countries that blatantly violate human rights and CLSs. Remember that article XX of the GATT mentions collective measures aimed at preventing the importation of prison labour products.

[In analogy with these incentives linked to international trade regulations - but not directly relevant for the promotion of better LS - the U.S.-Israel-Egypt agreement of Qualified Industrial Zones (QIZ) is worth mentioning, which allows Egyptian companies to export without duties in the U.S. as long as 12% of the intermediate products are derived from Israel.]

## **5. The ILO, trade liberalization and the WTO**

There is plenty of literature on the pro’s and con’s of globalization (such as Stiglitz 2002, 2006; Rodrik 1997, 2007; Easterly 2001; Irwin 2002; Bhagwati 2004; Sachs 2000, 2005; Wolf 2004, Collier 2007). Even the most ardent pro-free trade economists generally agree that rapid economic / commercial/ technology integration in countries with fairly different levels of development, while triggering virtuous processes of market expansion, diffusion of technology, transfer of know-how and increase of entrepreneurship and managerial skills (and even an improvement in the quality of governments), at the same time breeds profound social tensions. The opening of markets brings about a quick reshuffling of domestic jobs, in search for competitive advantages either inherited from the past or attainable in a dynamic context. All this carries

substantial costs in terms of worker and company reallocation - not only within various industrial sectors, but also sectors and products within those sectors. Furthermore the productivity gains stemming from the opening up of markets - and the repositioning of the country on sectors and products in which it at least temporarily holds competitive advantages - does not automatically determine an equal sharing of these gains between salaries profits and rents, considering the imperfectly competitive or monopoly product markets, and at the same time the growing elasticity of demand on the labour market (Rodrik, 1997).

Economic analysis and history tells that, except in very specific cases, the development takeoff produces potentially long phases of transition in which the inequalities between more and less qualified workers are exacerbated, as are those between city and countryside and regions that are more or less favoured by production agglomeration processes and infrastructure growth. Only in the most advanced phases of the development process - when spontaneous market trends meet appropriate redistribution policies and regional development - does the increase in wellbeing tend to accompany a reduction of these inequalities (Kuznets' famous "upside-down U curve"; Kuznets, 1956). Recent trends to fragmentation of production processes and unbundling of tasks along the same filière, via international outsourcing or direct offshoring, tend to increase the complexity of countries international specialization, with ambiguous effects on wage differentials between skilled and unskilled labour in emerging markets. According to many theoretical and empirical findings, more rapid growth does not bring about higher income inequality, at least in countries with basically democratic regimes (Persson-Tabellini, 1994), although there is no uniqueness of empirical results in these econometric exercises, also due to the availability of quite rough and approximate indicators of institutional quality (Rodrik 2007, ch. 5).

### **5.1. Globalization, development and equality are not incompatible**

Following Rodrik (1997) argument, globalization generates at least three types of tensions, each of which involves complex adjustment and social mobility policies: a) greater inequalities in the incomes of workers that are more or less qualified and between regions within a country, against a background of an increased elasticity of labour demand in a world that is more internationally integrated (ILO-WTO 2007 dwells considerably on these aspects); b) conflicts between regulations and social institutions within countries and between countries, unleashed by competitiveness (social and labour standards are the most evident example); c) unsatisfied demand for more social protection against the growing instability of jobs and incomes induced by the competition for imports, direct investment and migration.

The lack of a political answer to these tensions tends to unleash protectionist pressures, the defence of corporative interests that generate static and dynamic inefficiencies, lagging production growth and often social inequalities worse than those that were supposed to be reduced.

One must beware of an oversimplified and often ideological look at the available

theoretical and econometric literature coming to the conclusion that a high degree of commercial and financial openness is a necessary and even a sufficient condition for development.

As highlighted by ILO-WTO (2007) in the second section dealing with policies, there are appropriate social protection policies against job inequalities which do not necessarily conflict with the objectives of market efficiency and job mobility/flexibility in a fast-changing technological and organizational environment. A central point is the ability of these policies to utilize social shock absorbers that always act as a trade-off between development and equality: this theme was closely examined by the World Bank 2006, with some examples of virtuous policies in developing countries. But many emerging countries lack the technical expertise and political experience to identify and practice the redistribution policies that are compatible with development and competition. World Bank (2002) analyses the importance of public institutions favourable to market development.

Indeed globalization of the domestic market is likely to favour sustainable economic growth and accumulation of human capital only if it is matched by macroeconomic and structural policies affecting the fundamental components of development such as: gradual upgrading of production towards manufactures and services creating higher value added than primitive rural activities and extractive industry, investment in education and basic infrastructures, compliance with principles of law and property rights, competitive fight against monopolistic rents and corruption (De Soto 2000, Easterly 2001, Rodrik 2007).

In recent years a growing attention has been addressed- especially by economists fond of “political economy” - to the bilateral causal relationship between quality of institutions (including the important variable regarding educational levels) and development indicators (such as income per capita and other more sophisticated indicators as suggested by Amartya Sen).

As already remarked above, overly-simplifying definitions of variables regarding the quality of institutions (such as government regimes, levels of democracy, electoral systems, etc.) should always be taken with great caution, as should the results of apparently sophisticated econometric analyses. Greater cross-fertilization between economists, sociologists, political scientists, jurists and historians in creating theoretical models and making empirical observations would be very useful in avoiding superficial - or false - conclusions. From this point of view, contributions from economic historians such as Douglas North (North 2005) are important. As suggested by Rajan-Zingales (2006), taking a cue from the various contributors of Acemoglu (Acemoglu et al., 2001), in order to explain the persistence of backwardness one must examine not only conventional variables, such as quality of institutions cited above, but also the historical evolution of the predominant culture of the governing and managerial classes (or constituencies) that ultimately contribute to shape social norms and favour or prevent better quality of institutions, including open and competitive market rules rather than generators of oligopoly revenue.

There is no solid empirical evidence on worsening export performance due to increased implementation of LS. And, whatever the credibility of econometric analyses

conducted on data of uncertain quality collected for dozens of countries, there are also empirical studies finding a substantial positive correlation between export manufacturing ability and union rights indices, or more generally democracy indices (e.g. Kucera-Sarma 2006, cited in ILO-WTO 2007, pp. 67-68).

Economic theory and some empirical evidence suggest that introducing product and process standards generally stimulates innovation and productivity. In particular, on the one hand, imposing better LS in low-wage developing countries generates rising production costs and therefore lower price competitiveness of their exports. But at the same time better LS forces these countries to search for higher labour productivity, which means increased competitiveness in the medium run (Wolf 2004, ch. 10). Several papers on locational determinants of foreign direct investments suggest that low compliance in basic LS does not induce a greater attractiveness for the potential inward investor. When Costa Rica took the decision not to undergo a race to the bottom in competition with other low-wage countries and instead to make substantial investment in education, it managed to attract successfully foreign capital in higher value added activities (Doumbia-Henri and Gravel, 2006, p. 201).

## **5.2. Multilateral trade agreements are not the appropriate forum for the efficient promotion of labour standards**

Does it make sense to attempt to introduce better labour standards in WTO negotiations? Apart from the weak “political” plausibility of this hypothesis, since governments of the main emerging countries are strongly contrary to “intrusions” into their political, economic and social spheres, the prevalent opinion of economists is negative. On the contrary, possible impositions of LS would induce many smaller enterprises (that stay afloat on low wages and low productivity levels) exit the market, thus favouring the return of workers to the informal economy from the formal economy: a situation even worse for the promotion of labour rights and their monitoring by governments and International Organizations. It is equally true that market liberalization and greater openness tend to reduce the informal economy if they are accompanied by large public investments in basic physical and immaterial infrastructure as well as private investments in sectors that can best exploit the productive potential of the country.

The economic literature on social standards distinguishes between “output-related” standards, i.e. that are positively correlated to the per capita income of a country (such as minimum wage and working hours), and “process-related” standards (such as CLSs) that are not directly correlated. The first are not good candidates for proposal as international standards in a strict sense, because their definition and measurement can not be uniformly applied across countries at very different levels of development (or backwardness). The recent history of today’s rich developed countries may be relevant in this respect. The second type of standard, largely coinciding with CLSs that by their very nature should not be subject to negotiation, better lend themselves to this proposal (Singh, 2003; Martin-Maskus, 2001).

The argument is certainly not clearcut, at least for those who do not believe in

pure free markets as the "optimum equilibrium". However it signals a fundamental issue, namely the selection of appropriate measures in order to reach well defined targets in a capitalist market economy. A rather different topic concerns product and process standards (PPM: Process and Production Methods) referred to in GATT 1994. Many interpretations are left open from a legal perspective (Marceau 2008). There are good economic arguments for *network externalities* bearing positive or negative impact on international trade and hence on consumer welfare (health, safety, environment). On the whole the economic literature doesn't reach unambiguous conclusions about whether or not the subject of LS should enter the international trade negotiation arena (WTO 2005). Anyway ILO could well contribute to reach greater tripartite consensus on these matters, without proposing rigid boundaries and rules of government.

### **5.3. Child labour**

The subject of child labour is a case in point.

First of all, a great deal of empirical and historical studies conclude that the reduction or elimination of child labour (not only in its worst exploitative forms) largely depends on the increase of a country's income per capita, since recourse to child labour is largely affected by a series of factors, both institutional (e.g. the incidence of under-developed rural areas or cottage industries and the availability of schools) and socio-cultural (level of education of the head of the family, legislation and above all prevalent social norms) (Brown-Stern 2007, Maskus 1997, Bhagwati 2004 chap. 6). One must not forget that the evolution of fundamental social norms that ultimately affects legislation and the actual conduct of citizens is quite different between continents, countries and even between regions within a country. This naturally applies not just to child labour, but also to other social standards such as gender discrimination, freedom for unions and collective negotiation, etc. An evolution of these national norms in desirable directions regarding universal rights is therefore a slow and complex phenomenon: there is no room for simplistic solutions or solutions that are merely theoretically attractive.

Furthermore, in countries where extreme poverty is still widespread and induces families to seek paying jobs for their children as an additional means of subsistence, restrictive norms on the use of child labour that are not accompanied by financial or income support to this family often produces counterproductive results: if child labour as such were illegal, poverty-stricken families - instead of sending their children to school (where available) - would push their children out of desperation into pockets of rural and urban poverty, where minors are sooner or later exploited for criminal use, drug trafficking, prostitution, or illegal and degrading jobs that are beyond any type of social control (Basu 1999, Edmonds-Pavcnik 2005, ILO 2006).

Better solutions, occasionally practiced by some governments, are those in which specific work-shop schools are set up for minors. This, for example, entails a child working for approximately half the day as a regular worker in sectors that have some market potential and receive a low wage, and in the same structure for the other half of

the day the child attends a school suitable for their age and level of maturity. Thus the family may be induced to favouring this solution, since it contributes to raise the family income above the extreme poverty level, while at the same time it allows an investment in the child's professional ability. There are some experiences, both positive and negative, in countries like Cambodia, Egypt, South Africa and Mexico (the "Progres" programme).

Another argument put forward by some "orthodox" economists appears irrelevant and rather specious. Their tenet is that more stringent imposition of labour standards means additional costs for producers, who then transfer these costs to prices which damage the end consumers of local citizens and those of countries that import those goods.

#### **5.4. Competition from low-wage countries and immigration are not the main causes of growing inequality between the salaries of workers with different skills in rich countries**

The pressure for higher LS in developing countries is very much bolstered in advanced countries by fears of governments, enterprises and citizens-workers that competition from low-cost imports induces a "race to the bottom" of labour standards even in the labour standards of advanced countries. It is an old argument, rife with ambiguities.

Firstly, a number of cross-countries econometric estimates reaches the conclusion that the growing divide between the salaries of skilled and unskilled workers and the consequential increase in the rates of inequalities in the lowest and highest deciles of income distribution - something that can be observed in almost all countries in the past two decades - substantially reflects the well known phenomenon of skill-biased technical change, i.e. the gradual shift in labour demand towards more qualified jobs (a consequence of general technological progress and specifically the spread of ICT), both in manufacturing industries and in services. The competition of products and services imported from low-wage countries contributes to the widening of the gap between incomes, but quite marginally (Rodrik 1997, World Bank 1995, Bhagwati 2004, ch. 10). Downward pressure on incomes of less skilled workers reflects if anything significantly the increased flows of immigration of poor unskilled manual labour, which often goes to fill the demand of low-value added jobs, especially in domestic services and seasonal work (e.g. agricultural harvests), to which the supply of national manual labour is far less responsive.

Secondly, higher internal demand of skilled manual labour from enterprises in advanced countries (and the related increased distance between higher and lower salaries) stems from the delocation of labour-intensive processing phases in low-wage countries, and more generally from growing foreign direct investment (FDI) of advanced countries: strategies that are seldom affected by dominant labour standards in the receiving countries. As already noticed in par. 5.1 above, many studies on FDI geographic trends show that low labour standards and low levels of compliance to human rights are not likely to lure foreign investors. The case of multinational enterprises in energy and other

mineral extractive industries (Wolf 2004, chap. 11) is somewhat different. However, as highlighted by the latest World Investment Report (UNCTAD 2007), even FDI's in these sectors can generate beneficial effects for the receiving country in terms of tax revenues, technology transfer, manual labour and local management training, and infrastructure.

Thirdly, economic theory and some empirical evidence suggest that the introduction of better labour standards in low-wage countries, while increasing production costs in the short term, is likely to foster labour productivity and thereby to increase competitiveness in the medium term (Wolf 2004, chap. 10). And with regards to free association and union representation rights, an additional argument (Faini, 2000) states that in the absence of any kind of union protection, in an economically and culturally backward country that is often influenced by a dominant conservative oligarchic power, workers have little incentive and scarce opportunity to acquire the knowledge and experience to improve their "human capital".

To conclude, market liberalization policies and "trade adjustment" policies must be jointly enacted in order to avoid costs of globalization exceeding the benefits. Unfortunately we are far from having definite remedies: "*The literature does not provide an answer to the question of how to introduce appropriate policies in countries that often lack the necessary administrative and financial capacities.*" (ILO-WTO 2007, p. 87). The poverty trap and the risk of an exasperation of inequalities in income distribution have always been associated to the history of world development.

Free trade and investment policies are more beneficial when accompanied by trade adjustment policies. Taking heed of the fact that any type of liberalization with increased market competition produces social segments of "losers" and "winners", a correct economic policy strategy must include social shock absorbers and active labour policies that favour "welfare to work", able to accelerate labour mobility and professional requalification processes. This is the only way that sustainable development can be enacted, i.e. without generating poverty and a dangerous destruction of human capital, not to mention social tensions unsustainable in the long term.

This is the emphasis of Pascal Lamy's pledge for a "Geneva Consensus": "*a belief that trade opening works for development but only if we can address the imbalances between winners and losers*" (Lamy 2006).

Neither should we forget the hypocrisy of rich countries that - forgetful of their own history - would try to impose upon emerging and often desperately poor countries abstract market liberalization models, while maintaining considerable levels of national protectionism for their own agricultural and manufacturing sectors in which these poor countries are thus prevented from exploiting their major competitive advantages (Rodrik 2007 ch. 9, Brighi 2006, p. 162). The same applies to the (somewhat overly-harsh) criticisms of Stiglitz (2002, chap. 8; 2006 chap. 1-2) of political economy schemes imposed by the IMF on emerging countries caught into financial crises.

With Bhagwati's words (2004, chap. 3), one could conclude that "globalization is a good thing, but not good enough."

## **6. Conclusions and recommendations aimed at empowering ILO's effectiveness in promoting standards of decent work in the framework of international Organizations**

The recommendations listed here largely reflect the foregoing arguments and take into account comments provided during hearings within the CNEL VII Commission's and meetings with ILO and WTO officials in Rome and Geneva

1. Increase the awareness of governments in all countries (be they more or less advanced) that free trade and investment policies are more beneficial when accompanied by trade adjustment policies. Taking heed of the fact that any type of liberalization with increased market competition produces social segments of "losers" and "winners", a correct economic policy strategy must include social shock absorbers and active labour policies that favour "welfare to work", able to accelerate labour mobility and professional requalification processes. This is the only way that sustainable development can be enacted, i.e. without generating poverty and a dangerous destruction of human capital, not to mention social tensions unsustainable in the long term.
2. Start again from the Singapore Declaration (paragraph 2 above) in order to reinforce the ILO's role as an instrument that facilitates and accompanies WTO multilateral free trade talks aimed at dismantling bilateral, regional and multi-bilateral trade barriers (the latter being agreements between two different regionally integrated areas, like EU-Mercosur).
3. In view of the persistent serious violations of union rights and other core labour standards, push towards a timely and consistent range of ILO co-operational and technical assistance initiatives (along past positive experiences such as in Bangladesh in 1995 and Cambodia in 1998), rather than towards traditional trade sanction proposals, which are often counterproductive, ineffective and can be appealed within the WTO. More generally, promote instruments for bilateral and multilateral actions based on incentives (such as the extension of preferential trade and/or aid and loans conditional to removal of the most evident violations and to promotion of social dialogue), rather than the threat of sanctions (i.e. "sticks").

4. Simplify procedures and data processing related to the ILO's monitoring of social and labour standards. Strengthen this monitoring by promoting synergies with ITUC in the systematic reporting of anti-union violence and repressions, as well as cooperation with entrepreneurial organizations.
5. Make pressure upon local governments to supply concrete financial and organizational contributions to programmes arranged jointly with the ILO, aimed at contrasting labour rights violations and introducing shock absorbers that neutralize the social costs of unemployment caused by the reduction of unregulated labour.
6. Push to greater coordination between the ILO and other international organizations (World Bank-IFC-Regional development banks, IMF, UNIDO, UNDP, UNCTAD, OECD, BEI, BERS, etc.) in order to introduce some element of conditionality to human and workers' rights into loan programmes and financial development aid. The same applies to bilateral aid programmes managed by the governments of developed countries (e.g. the Department for the Cooperation of the Italian Ministry of Foreign Affairs). Give strong support to the UN Secretary's initiative aimed at growing links between UN Agencies and Bretton Woods institutions in the field of development cooperation, including effective involvement of civil society. This initiative should contribute to a critical revision of the so-called "Washington Consensus" (Pascal Lamy has recently called for for a "Geneva Consensus") as a guideline for IMF and World Bank policy actions.
7. Launch appropriate communication campaigns about the risk of weakening the crucial ILO's role as the only tripartite international organization (governments, employers, workers), due to budget cuts that ultimately channel national financial resources to bilateral public aid initiatives (almost always inspired by donor interests rather than recipient interests), and to military expenditures.
8. Search for a closer collaboration between ILO and UNDP peripheral units in countries where ILO alone cannot afford a direct stable presence, due to budget limitations, while an effective action against worst abuses needs strong technical assistance to local governments lacking organizational structures and human capital with adequate experience and skills..
9. Strengthen and streamline the actions of the Turin ILO office which, with a staff of about 200 people, manages to provide training activities for about 11,000 clients every year. These activities involve judiciary-lawyers-parliamentary-public officials-union leaders-labour rights experts and even firm representatives, raising their skills and awareness of how local entrepreneurial organizations and the spread of SMEs succeed in job creation within the formal economy. To this end, reduce the dispersion of individual ILO programmes, each of which absorbs

- precious energy in finding sponsors. Currently its budget, strongly supported by the Italian government, draws 70% of funds from "the market", hence more stable funds should be supplied by national governments.
10. Support a campaign for corporate social responsibility of multinational enterprises, also in application of the OECD Guidelines for Multinational Enterprises, in coherence with ILO's Decent Work Agenda and with G8 pledge for "Responsible Business Conduct" (Heiligedammen 2007). Encourage the adoption of "ethical codes" by major multinational enterprises.
  11. Organize a systematic reporting and evaluation of successful or unsuccessful actual results following various actions undertaken with governments and/or multinational enterprises, in order to improve the measurement of the ultimate effectiveness of ILO actions.

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