

## Decent Work 2.0

by Frank Hoffer

Last month, Juan Somavia, the long serving Director-General of the International Labour Organisation (ILO) announced his departure in 2012.

As head of the ILO, he introduced the Decent Work Agenda in 1999 to re-focus the ILO and make it relevant for the 21st century. Twelve years later, the concept of 'Decent Work' is firmly established in the global debate and as an objective of national policy. It appears in many documents of the multilateral system, the G20 and national policy fora. It generates millions of Google hits. It is the subject of much academic research and debate. It is enshrined in several ILO Conventions and Declarations, and the international trade union movement introduced the annual Decent Work Day to campaign for workers' rights. 'Decent Work' is so ubiquitous in ILO documents that some cynics say: "Decent Work is the answer, whatever the question!"

Will Decent Work survive the departure of the Director-General who coined the term and so successfully marketed it? *Should* it survive? The answer to the former question is one of the unknowns of "Realpolitik". The answer to the latter depends on the assessment of what Decent Work means and how it should evolve.

The Decent Work concept recalls the values and commitments of the ILO constitution and the Declaration of Philadelphia in two words. This brevity comes at a price. It broadly expresses a vision about the world of work without explaining how to get there, allowing many people to support it; thus its success as a value statement, as well as its weakness for guiding concrete policy.

Despite its generality, Decent Work is not trivial. It emphasises the importance of work in peoples' lives, independence and dignity. It gives equal recognition to all workers and underlines work as the source of value creation, rejecting ideological and class-based concepts like entrepreneurship, where the rich single out a specific form of work as superior to others, and implicitly diminishing the contribution of teachers, bricklayers, doctors, waste-pickers, designers or caregivers to wealth creation. Decent Work includes the millions of workers outside the formal economy and demands decent living conditions for all who work, as well as for those who should not work or who cannot find adequate work. It embodies the concept of workers' rights, social security, quality employment and collective representation of workers.

The early vagueness of the concept can be justified on three accounts. First, developing a comprehensive concept takes time. Second, it should be developed through a broad delib-

erative process. Finally, the late 1990s saw the high tide of neoliberalism, when any skepticism towards free trade, free markets and the virtues of entrepreneurship was branded as either "loony-left" or as hopelessly old fashioned. The best the world could hope for then was Blairite - third way neoliberalism.

Whatever the reasons, there can be little doubt that the ILO gave priority to promoting Decent Work in the political arena, but underinvested in developing concrete policies to promote its vision. 'Decent Work 2.0' has to deliver in this respect, if the concept is to survive.

Times have changed! Unfettered entrepreneurship has ruined our economies, global free capital markets are no longer part of the solution but part of the problem, and the 'Occupy Wall Street' movement shows that people are fed up with a system that demands that 99% of the population work harder to make 1% of it richer.

Reining in financial markets, building a fair trading system, restoring state capacity to tax and provide quality public services as well as limiting socially harmful forms of market power and competition must be key elements of the resurrection of democratic governance.

Democracy will only survive if elected officials can make policy decisions without merely subordinating their people to the Darwinian logic of a global race to the bottom. Instead of improving democratic control on markets, European leaders seemed to be driven by markets and saw no alternative but forcing the Greek prime minister to abandon the idea of giving his people an opportunity to decide the destiny of their country through a democratic referendum. If there "really are no alternatives", what is the point of having a vote? People, not market power must determine government policy and choices. This requires a global regulatory framework that limits capital freedom and supports sustainable development, social justice and greater equality, respecting and strengthening the policy space for democratic decision making at national level. International Labour Standards (ILS) that address the needs of all working people and that provide a minimum floor of guaranteed substantive social and labour rights is the most important contribution of the ILO to this process.

The recent focus on core labour standards, as defined in the 1998 Declaration of Fundamental Principles and Rights at Work, gave greater visibility and human rights status to the elimination of child labour, forced labour,

discrimination and the right to associate freely and bargain collectively. But neoliberalism plus core labour standards falls far short of the initial aspiration of the ILO that labour standards should guarantee substantive minimum levels of protection internationally in order to support the efforts of national labour movements and societies to achieve higher wages, shorter working hours, greater work place security, full employment, industrial democracy, and equality. More urgently, it falls short of what is needed to prevent a potentially deflationary downward spiral of working conditions in today's crisis.

To this day, the existing framework for labour standard adoption, ratification, implementation and supervision has not delivered the expected results. An open discussion should start on how to overcome the prisoner's dilemma of the current international labour standard setting mechanism, which has seriously limited its effectiveness: all governments would be better off, if they agree to cooperate, but each country fears a competitive disadvantage if it ratifies first.

The ILO has argued for decades that this fear is unjustified, that standards help to ensure social peace and reduce transaction and information costs in societies. Labour standards contribute to dynamic economic efficiency, the violation of workers' rights does not result in better trade performance, there is no trade-off between higher expenditure for social protection and economic growth, and countries with liberalised labour markets such as the US or UK are out-competed by countries with higher labour standards like Germany, Sweden, Netherlands or Austria. The Gini coefficient is lower in countries that ensure workers' rights, and labour market institutions are crucial to reduce inequality and ensure shared productivity gains between capital and labour. In short, the ILO has presented standards as win-win instruments for everybody.

Despite the evidence for the positive or neutral economic impact of well designed labour standards, the ILO has not achieved widespread ratification of its Conventions. It failed to do so because it answered the wrong question. Labour standards are ultimately not contested because of overall economic performance, but rather because of their distributional outcomes and their potential to empower working people.

Labour standards contribute to the common good of social justice, equality and industrial democracy by not allowing for beggar-thy-neighbour policies, providing basic income security and social services to all, limiting the freedom of reckless employers, and depriving them of the pleasure of unlimited power vis-à-vis their underlings. Labour standards also change the balance of power in societies. Inevitably, some lose power. Discussing economic efficiency without mentioning power is convenient for consensual policy statements, but fails to address the key factor that determines the application of labour standards: it is not the economy,

stupid, but power.

A meaningful debate on the future of standards cannot limit itself to basic human rights on the one hand, and economic efficiency on the other. It needs to say upfront what labour market regulation is primarily about: building inclusive and democratic societies by countering the economic power of capital through legal rights and entitlements of working people. In order to achieve this, core labour standards need to be complemented with substantive positive rights like minimum wage, working time, maternity protection and social security.

The ILO is not leading the intellectual and conceptual debate on the future of labour standards. Nor is it providing sufficient innovative ideas to ensure that labour standards fulfill their purpose. Maintaining the existing supervisory machinery is important, but not enough. Some simple steps to improve effectiveness could be:

- Obligatory, regular public hearings in non-ratifying countries with parliamentarians from ratifying countries to promote ratification;
- consolidation and modernisation of existing labour standards without undermining existing levels of protection
- financial obligations for governments that fail to consider ratification or implementation of conventions;
- a global fund to help governments ratify and implement labour standards;
- assessing the policy advice of other international organisations and government policies against the objective of social justice as defined through labour standards;
- measuring Decent Work and providing internationally comparable country data about progress in levels of social protection and labour rights; and
- a Decent Work label for countries that have ratified and implemented an internationally agreed package of relevant labour standards

Markets need to be governed; otherwise they govern us. The need for international rules and safeguards is more apparent than ever after the visible disaster of the belief in the invisible hand. Realizing the potential of ILS is the challenging task and opportunity of Decent Work 2.0. The vision requires effective universal rules and standards to become a reality.

The 'cautious realists' maintain that this dream, in today's world, is unrealistic. For the conservative Utopians of the permanent status quo, change never has a chance. But if the future of Decent Work is the question, cautious realism is not the answer.

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