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Can the ILO Be Saved from Itself?

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For the better part of the past two years, I have had the great privilege of heading the Department of Labor's Bureau of International Affairs. Simply put, it's the agency that carries out the international responsibilities of the Department of Labor.

One of my major responsibilities has been representing the Department of Labor—and, indeed, the United States government—in international organizations that deal with labor and employment issues. And, of course, the major international organization I have worked with is the International Labor Organization.

My bureau works closely with the ILO on a number of projects.

- We oversee labor programs funded by the State Department and implemented by the ILO in the Middle East and Latin America.
- We oversee numerous projects that are implemented by the ILO's International Program for the Elimination of Child Labor (IPEC). Over the past decade, the U.S. has funded nearly \$370 million worth of programs in over 75 countries. As a result of these programs, we have rescued more than a million children from exploitive child labor.

On a regular, ongoing basis, we also represent the United States government at the ILO's annual conference and at its Governing Body meetings. We do this along with the AFL–CIO, which represents American workers, and the U.S. Council for International Business, which represents U.S. employers. Both of these partners, I should add, have been helpful and dedicat-

Talking Points

- The International Labor Organization has been a strong voice for worker rights, promoting democracy, fighting child labor, and building strong open-market systems in Eastern Europe and could be very useful in addressing issues that the world faces in the era of globalization.
- Regrettably, it is veering from that useful role and addressing social and economic issues that are far beyond its core mandate.
- Under the ILO Declaration on Social Justice for a Fair Globalization, select conventions on employment and social protection could take on the status of agreed international principles without our consent.
- The new Administration should push the ILO to create better opportunities and workplaces for working people, promote job creation, help provide businesses with skilled workers, and help boost economic development and prosperity around the world.

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ed to making the ILO a strong and effective voice for democracy and rights.

I think this is an opportune time, with the current economic challenges, to talk about the ILO itself: to give you my perspective on what it does well, what concerns the U.S. government has had, and what we at my Bureau see as the road ahead.

The Mission of the ILO

When I worked here at The Heritage Foundation, I would look up every day at the words in gold letters on the wall in the foyer that read: “The Heritage Foundation is committed to building an America where freedom, opportunity, prosperity and civil society flourish.” Those words certainly have guided my work at the State Department and the Labor Department over these past seven years.

I recall once, shortly before leaving Heritage to move over to State, that I had suggested at a strategy meeting on foreign policy priorities that we needed to change just two words so that the vision would be, “Building *a world* where freedom, opportunity, prosperity and civil society flourish.” So it’s appropriate for me to ask: How does the ILO fit into that vision?

The International Labor Organization was created in 1919, in the wake of World War I, with the purpose of creating an international institution that could bring governments, employers, and workers together to improve living and working conditions and help preserve social stability in the new post-World War I order. As the sole remaining component of the League of Nations, and as a member of the present-day U.N. system, the ILO has been a strong voice for worker rights, for helping to build democracy in Poland and South Africa, and building strong, open-market systems in Eastern Europe after the collapse of the Soviet Union.

The ILO continues to be a beacon in promoting freedom in some critical places across the globe. For example:

- In Burma, the ILO is the sole U.N. agency that plays a useful role on the ground. It has been

directly responsible for enabling victims of forced labor to report on their treatment without fear of reprisal. The ILO’s special adviser in Burma has helped people get out of jail, has helped rescue child soldiers, and has actually engaged the military in dialogue on forced labor.

- In Belarus, the ILO’s Governing Body has been in perfect sync with the Bush Administration’s goal of pushing for democracy, both by condemning Belarus for its lack of freedom of association and by at the same time offering to work with the government to move forward.
- In Zimbabwe, thanks to the workers and employers—and with *no* thanks to countries like South Africa or China—the ILO has been in the forefront of criticizing the atrocities of the Mugabe regime. In the labor area, this includes the systematic arrest, detention, and harassment of trade unionists. At its last session, the Governing Body decided to send to Zimbabwe a Commission of Inquiry, one of the highest-level investigatory missions available.
- In regard to Iran, the ILO has regularly condemned the Iranian government for arresting and imprisoning independent trade union leaders and for its record on discrimination in the workplace.
- And in Colombia, the ILO—largely at the behest of the United States—has established an office on the ground to help address key labor issues, including violence against trade union officials. The Colombian government, the business community, and the labor unions themselves supported the establishment of the office.

In addition to the tremendous work on child labor, forced labor, and trafficking, the ILO also supports U.S. efforts to bring about democratic reform in the Middle East, assisting the Department of Labor with State/Middle East Partnership Initiative-funded projects in Bahrain, Oman, Morocco, and Egypt, and work mandated by Congress that supports the CAFTA-DR¹ trade agreement. And in collaboration with the ILO, we’ve recently launched new projects in Tanzania and Haiti.

1. The Central America–Dominican Republic–United States Free Trade Agreement, signed on August 5, 2004; text available at http://www.ustr.gov/Trade_Agreements/Bilateral/CAFTA/CAFTA-DR_Final_Texts/Section_Index.html.

The Other Side of the Story

There's also another side to this story. Go to the ILO Web site or look at the Director-General's speeches over the past few years. You won't find very many references to all of the good work I've just described. What you will find are articles and speeches that deal with the ILO's role in:

- Climate change and energy policy,
- Reforming the international monetary system,
- Changing the rules of the international trade system,
- Addressing international investment issues,
- Addressing the global food crisis,
- Mandating social policy for individual countries, and
- Suggesting that the ILO take the lead in addressing global social policy in the current economic crisis.

Here's an example: Speaking at the Vatican on Human Rights Day in December, ILO Director-General Juan Somavia said, "We have a multilateral system that is underperforming. It is not delivering the type of policy coherence we need today. There is a profound need...for a new form of global governance...a global community of multiple actors including, but going beyond governments."²

Here's another example: In November, the officers of the Governing Body issued a statement calling for six steps to be taken to address the financial crisis. I won't enumerate them, but among them were:

- Ensuring the flow of credit to consumption, trade, and investment;
- Supporting productive, profitable, and sustainable enterprises, together with a strong social economy and a viable public sector, so as to maximize employment and decent work;
- Maintaining development aid as a minimum at current levels and providing additional credit

lines and support to enable low-income countries to cushion the crisis.

I would note that in the discussion of the crisis at that Governing Body in Geneva, only one party noted the importance of the ILO working to ensure that basic workers' rights would not be lost in the shuffle: It wasn't the workers' group or the European Union—it was the United States.

In short, the key problem is that the ILO is seeking to become the world's lead institution in addressing the social consequences of globalization. This is not a conspiracy theory; rather, it's a point made regularly by the Director-General. The world of work, a challenging field unto itself, suddenly loses importance and instead becomes a platform for launching all sorts of social projects.

That's why we have been very concerned about a new instrument that was adopted by the organization's conference just this past June, called the ILO Declaration on Social Justice for a Fair Globalization.³ The title alone suggests exactly what is wrong with the ILO at this time. What is worrisome is that it opens the door to efforts to attribute universal applicability to conventions that heretofore would be relevant only if a country formally ratified them. That means, for example, that select conventions on employment and social protection could conceivably take on the status of agreed international principles without our consent.

Now we, of course, would not honor this. Suffice it to say, it would be appalling, both morally and in terms of economic efficiency, if an international organization were to determine the "right" balance between employment and social protection.

Management

How well are these resources managed? In short, not well. The ILO fails to ensure adequate impact analysis of its programs. We receive reports from them on what they did and how they managed programs, but we can't get answers to questions like,

2. See International Labor Organization, "ILO Director-General calls on G20 to Address the Social Implications of the Global Economic Crisis," press release, December 10, 2008, at http://www.ilo.org/global/About_the_ILO/Media_and_public_information/I-News/lang--en/WCMS_101001/index.htm.
3. Adopted June 10, 2008; text available at http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf.

“What do we get for the \$10 million spent on Project X?”

When our Secretary of Labor raised this with the Director-General, he replied, “You have to realize that it’s sometimes very difficult for the ILO to measure the impact of what we do. After all, we don’t sell shoes. We hold seminars. We give advice. And how do you measure the impact of advice?”

Perhaps there is something to be said for that question, but for an organization that spends almost one-half billion dollars per year, that’s not enough.

Tripartism

The ILO is the only tripartite organization in the U.N. system—that is, the only organization in which each country is represented three ways: by representatives of the government, employers, and workers. In my view, this tripartite nature is both the strength and the weakness of the organization. The good part is that it includes the private sector and civil society. But there are two difficult issues.

- *First*, the ILO is disproportionately run by workers—and, to be exact, by trade unions. Workers see the ILO as *their* organization, but if its outputs are going to be useful, governments and employers have to see it as their organization too. This drove the International Organization of Employers earlier this year to stand up and demand that the ILO ensure “that employer priorities, objectives and resources are treated on an equal basis with those of the workers.” This might not be easy: Just a year ago, during a discussion on “sustainable enterprise,” the representatives of workers objected to any inclusion of the word “entrepreneur.”
- *Second*, governments are being marginalized. If workers and employers agree on an issue, the views of the governments—the funders of the Organization—become irrelevant because the worker-plus-employer majority is declared to be “consensus.” Something must be done to address this issue.

At some point, the ILO’s tripartite structure must be evaluated. Is it right that the 10 percent of workers in this country who are unionized should be allowed to speak for the entire American workforce? The same holds true for many other countries.

There are many times when the interests of organized labor and the interests of other employees may differ significantly. Perhaps thought should be given to including other worker groups—maybe professional associations or entrepreneurs or non-governmental organizations—to better represent the real workforce. I don’t have an easy answer to this, but it’s something we will surely have to deal with in the future.

What Should the ILO Be Doing?

What should the ILO be doing? Here’s what I would suggest. It may not be glamorous, but we think the ILO could—and should—focus its activities on helping countries improve their capabilities in these areas:

- **Labor Law and Implementation.** The United States strongly supports the principles underlying the ILO’s core conventions in the areas of freedom of association, collective bargaining, forced labor, child labor, and discrimination. These principles are included in our trade laws and are regularly taken into account in making many important foreign policy decisions. I believe that the ILO can and should promote worker rights and democratic labor policies.

But the balance between drafting standards and implementing laws and policies must be redressed on a very large scale. Much attention is given to the adoption of new instruments, but implementation, which is what affects most people, receives much less attention. Syria and Iran have ratified numerous ILO conventions, but it is the United States that is taken to task by the workers for its low record of ratification of ILO conventions. The ILO should shift its focus away from endless legislating toward more real-life implementation.

- **Building Capacity.** Open-market systems work well when there is an infrastructure that supports well-operating workplaces and well-trained workers. The ILO runs quality programs that promote training, skills development, and entrepreneurship development. It helps developing countries build their labor administrations, including their programs for addressing working conditions, inspection systems, and the oversight

of occupational safety and health. Unfortunately, none of this is of much interest currently to the leadership in Geneva.

- **Child Labor, Forced Labor, and Trafficking.** The U.S. funds most of the ILO's efforts in these areas. They do a great job. The ILO gave a lot of publicity to these programs when they started but very little now. These are core ILO issues and should receive the appropriate attention.
- **Fewer International Meetings, More Work in the Field.** The ILO tends to view international meetings as the ultimate step in addressing issues. They divert tens of millions of dollars that could be better spent on country programs. Conferences are glamorous and field work is not, but focusing on the delivery of services and programs brings about real results for real people.
- **Corporate Social Responsibility.** One other area the ILO might focus more on is corporate social responsibility (CSR). Public-private partnerships are increasingly becoming the way of the future. The ILO should do more in this area—not by becoming a rule-making operation (i.e., corporate codes of conduct), but by more directly furnishing advice, information, and guidance to enterprises that are genuinely committed to strengthening compliance with appropriate international standards. Many companies already do this, but the ILO could be of great help to those that need assistance.

Conclusion

As we look at the problems and the potential of the ILO, it's worth asking the question, "If the ILO disappeared tomorrow, would we need to replace it?" Or, as I said in the blurb for this meeting, "Can the ILO be saved from itself?"

The short answer is yes; the ILO could be a very useful tool in addressing many of the issues the world faces in the era of globalization. Both the United States worker and employer representatives agree on this.

Unfortunately, the ILO is veering further from, rather than closer to, being in a useful position. I hope that the new Administration, which has given much attention to labor issues, will use its influence to push the ILO to do its real job: to create better opportunities and better workplaces for working people, to promote job creation, to help provide businesses with the skilled workers they need, and to help boost economic development and prosperity around the world.

—Charlotte M. Ponticelli, at the time of this lecture, served as Deputy Under Secretary for International Affairs at the U.S. Department of Labor. She has also served in the U.S. Department of State as Senior Coordinator for International Women's Issues and Senior Advisor to the Assistant Secretary for Population, Refugees and Migration, and on the U.S. Commission on Civil Rights.