

BOARD52nd Session
Geneva, November 2010

FIRST ITEM ON THE AGENDA

Report of the Director**Introduction**

1. Consistent with the Programme and Budget for 2010–11, the International Institute for Labour Studies has furthered its research on the depth of the global crisis and policies to overcome it in a sustainable manner. Efforts to diffuse the findings of the work to a wider audience have also been stepped up, in particular with respect to the Institute’s flagship publication *World of Work Report*, as mandated by the Governing Board at its last session. The purpose of this report is to provide a brief account of the main achievements of the Institute’s research and summarize the outcomes of the education programme as well as other activities.

I. Research

2. The completion of crisis-related research includes, in particular: spin-offs from *World of Work Report 2009 – The Global Jobs Crisis and Beyond*; the publication of *World of Work Report 2010 – From one crisis to the next?* on 30 September 2010; and the launch of in-depth country reviews focusing on successful crisis recovery experiences. In addition, progress has been made with respect to the globalization research programme and the ILO Century Project.

A. Global jobs crisis: Sustainable recovery strategies

3. As a follow-up to *World of Work Report 2009*, a policy brief on “Green policies and jobs: a double dividend?” was released in close cooperation with the ILO’s green jobs programme. There is a significant body of research on how the shift to a greener economy can help support environmental objectives. Much less is known, however, about green policies and jobs. This is a key issue, especially in view of the fragile socio-economic situation resulting from the global crisis. The purpose of the Institute’s study was to contribute to fill in the existing knowledge gap, by examining how green policies can lead to a double dividend in terms of environmental and decent work goals. The study found that about 38 per cent of global employment is concentrated in high carbon intensive sectors – highlighting the need to take labour market transitions into account when designing green policies. Likewise, much of the potential for new jobs is located in sectors that require sustainable enterprise responses, adequate skills and decent work conditions. To ensure that so-called “green jobs” are also good jobs, it is important to adopt an integrated strategy that combines policies and incentives to move to a low carbon economy

with observance of collective bargaining and relevant labour standards. Finally, the study investigated the scope for using revenues from green taxes for supporting green transitions (e.g. cut of labour taxes or investment in working conditions).

4. The findings of this work were presented in a parallel session at the Climate Conference in Copenhagen in December 2009, at a high-level conference on green jobs under the Belgian Presidency of the EU (La Hulpe, Belgium) and also as a keynote speech to an international conference in China.
5. Another policy brief entitled “Promoting employment recovery while meeting fiscal goals” was made available as a background document for the G20 Labour Ministerial Meeting in Washington, DC. The brief showed that, by focusing on job-centred policies, it is possible to support employment recovery as part of a medium-term fiscal consolidation strategy. This work was further extended in *World of Work 2010* (see below).
6. In addition, two discussion papers (one on youth and the other on non-regulation employment of Japanese women) helped gain a better understanding of the impact of the crisis on vulnerable groups.
7. The main findings of *World of Work 2009* and follow-up work were used for presentations and discussions at high-level meetings in Argentina, Chile, Germany, India, Portugal and Spain, as well as at the ASEM Employment High-Level Forum in March 2010.
8. The *World of Work Report 2010* analysed the relevance of policies advocated in the Global Jobs Pact. At the start of the crisis, such measures had a double benefit in terms of both boosting aggregate demand and supporting employment. Thus, according to the report, the double-edge nature of the measures helped attenuate the economic recession while also reducing job losses resulting from the economic slump. The report cited examples of such measures, including job maintenance policies in firms faced with lower demand in as diverse a range of countries as Argentina, Belgium, Germany and Mexico. Meanwhile, well-designed social protection has been extended in emerging economies like Brazil, China and India, much to the same effect. Targeted tax measures for small businesses, such as in the Republic of Korea, have also proved effective.
9. The report highlighted the continued relevance of the Global Jobs Pact while economies recover from the crisis. It is still important for governments to stimulate demand in countries where the private sector does not have sufficient strength to grow autonomously – reflecting weak financial systems which do not provide adequate access to credit, especially for small firms, uncertain prospects affecting business investment and a process of “deleveraging” entailing lower spending in order to cut debt levels. In this regard, the report found that a rapid and ill-conceived shift to austerity measures could postpone job recovery. Once job seekers become long-term unemployed, they find it extremely difficult to obtain new employment. Importantly, the measures advocated in the report are not very costly to the public purse. And, given their ability to sustain employment and enterprises – thus the revenue base of governments – they are consistent with fiscal consolidation goals over the medium-term.
10. The report also examined the contribution of the Global Jobs Pact to the rebalancing of the world economy, without which the crisis will not be overcome. Before the crisis, wages tended to lag behind productivity gains, thereby boosting profits in the financial system and fuelling the “bubble” that eventually burst with the crisis. In particular, by promoting a closer link between labour incomes and productivity in surplus countries, world demand and output would be stimulated and decent work prospects would improve in both deficit and surplus countries. The report noted that, in the countries where the crisis originated, financial reform had not kept up with the expectations of the G20.

11. The report further stressed that social cohesion – which had been strengthened at the start of the crisis thanks to the initial emphasis on decent work-friendly policies – was at stake. A shift in the policy stance would entail a significant risk in terms of long-term unemployment, with disproportionate effects on youth and women. Income inequalities are on the rise. And the survival of many businesses in the real economy is also at risk. In the majority of countries, there is a growing sense of unfairness and people worry about their children's future.
12. The report has been extensively covered in the media (see media report tabled in the room). Furthermore, the report was submitted to the annual meeting of international financial institutions which took place in October in Washington, DC. It was subsequently presented to the ILO, at a meeting of the EU Employment Committee and a Decent Work Forum under the Belgian Presidency of the EU, and at an experts' meeting organized by UN-DESA. The report will soon be discussed at a seminar for Asian policy-makers hosted by the ADB Institute in Tokyo. Other diffusion events are foreseen.
13. As indicated in its Programme and Budget,¹ the Institute has launched a pilot project on Country Reviews which look at the inter-linkages between decent work and macroeconomic policies, with a view to promoting a full recovery from the crisis. The reviews, funded from a special allocation, are prepared in close coordination with the regional offices. The first review, on Brazil, is being finalized. In several respects, Brazil has weathered the crisis much better than many other countries. According to the review, this performance reflects: (i) the healthy macroeconomic fundamentals and social policy institutions that were developed before the crisis; (ii) swift macroeconomic action in the wake of the crisis, notably through targeted credit policy, to support sustainable enterprises and jobs; (iii) the boost to domestic demand through infrastructure investments, the introduction of a housing programme (Minha Casa, Minha Vida), tax cuts on new cars, support to the agriculture sector (Plan Safra), expansion of the Bolsa Familia programme and the unemployment insurance system, as well as increased minimum wages; and (iv) adequate design of the programmes, notably through social dialogue and by taking into account the effects on work incentives. Despite these achievements, poverty and inequality remain high by international standards. There is also considerable room for improving the delivery of labour market policies, notably through more effective public employment services. In addition, funding arrangements for social protection require further scrutiny. Lastly, it is crucial to address the destabilizing effects of international capital flows, which have put upward pressure on the Real and may therefore hurt international competitiveness of the Brazilian economy.
14. A draft of the review was discussed in September 2010 with Government, Employer and Worker representatives as well as academic experts. A very constructive engagement with all the partners was observed. Reviews of Germany, Indonesia and Tunisia are under way. A synthesis report will be available for discussion in the Governing Body in March 2011.

B. Globalization in the aftermath of the crisis

15. A chapter of the *World of Work Report 2009* and two subsequent discussion papers show that there is a multiplication of bilateral and regional trade agreements which include labour provisions. Over 30 per cent of the agreements concluded between 2005 and 2009 include labour provisions, compared with almost none in the early 1990s. Likewise, a growing range of development cooperation projects take labour standards into account in their operations. Importantly, in many cases, ILO instruments are mentioned in the trade

¹ INS.B.LI/3.

and development labour provisions. To explore the effectiveness and impacts of labour provisions, a new project has been launched with financial support from the Government of France. The project will also look at how to enhance coherence between macroeconomic and social objectives in a globalized economy. Initial results from the project will be presented at next year's meeting of the Board.

16. In April 2010, the Institute successfully completed its research project "Making migration a development factor: The case of North and West Africa". The project sought to understand how migration, combined with sound labour markets, can better support development prospects in countries of origin. The main output of the project was a synthesis report that examined the channels in which out-migration influences development, including international best practices, in terms of: (i) impact on local labour market and development; (ii) capital returns via remittances (financial resources); and (iii) return migration (human capital – temporary, circular or permanent). The report focused on the countries of Algeria, Mauritania, Morocco, Senegal and Tunisia in North and West Africa. The synthesis report, published in English, French and Spanish, was presented at a Symposium held in Casablanca between 19 and 20 April 2010. The Symposium, organized jointly by the Institute, the Regional Office for Africa and the MIGRANT Department, brought together tripartite members from North and West Africa to discuss the principal findings of the report and the research project more generally. The synthesis report was subsequently presented at a number of country workshops organized in Algeria, Mauritania and Senegal.
17. To complement the synthesis report, the Institute undertook a number of complementary activities that included: (i) establishing a Francophone research network to develop country-specific background papers and organize seminars in each country; (ii) enabling the existing African Anglophone research network (including researchers from the Institute of Development Studies, University of Nairobi, University of Ghana and University of Dar es Salaam) to undertake research projects in a number of thematic areas, including the impact of the global economic and financial crisis, as well as issues of inward, outward and intra-regional migration; and (iii) building partnerships and engaging with the broader academic community to conduct a comprehensive review of international experiences and practices (Programme for the Study of Global Migration, Graduate Institute of International and Development Studies, Geneva).
18. All of the research activities, including the synthesis report, background studies and relevant data, have been made available on a dedicated web site for the project at www.ilo.org/inst-migration.

C. ILO Century Project

19. Since the celebration of the ILO's 90th Anniversary, the Century Project, which is funded from special allocations of the Office's regular budget, has adopted a longer term perspective. It has developed a comprehensive programme with the overall objective of improving substantially the knowledge and visibility of the ILO's role and achievements throughout its history. This means firstly encouraging new perspectives on the ILO's history in the academic community. The Project has supported the publication of a book, edited by Peter Lang, on the impact of the ILO during the 20th Century. Negotiations to establish an ILO Century Series with a prestigious academic publisher are well advanced; the first book of the series should be published in 2011 and will be on the topic of human rights, development and decolonization. Events will be organized, notably in the regions, in conjunction with the release of the book.

20. The Project is organizing a three-day conference with the Centre of Work, Labor and Democracy, which will be held in February 2011 at the University of California, Santa Barbara; the theme of the conference will be: “West Meets East: The International Labour Organization from Geneva to the Pacific Rim”. It has also developed, with the Nantes Institute of Advanced Studies, a project of four high-level seminars on “The humanization of labour since 1919”. The first seminar, on “The meaning of work”, will take place in April 2011.
21. The Project organized two public lectures during the November 2009 and March 2010 Sessions of the Governing Body and two research seminars (with historians from the Universities of Geneva, Oxford, and Berlin) in February and March 2010 on the topic of financial and economic crises, 1929–2008. All the presentations were filmed and are posted on the Project web site. A project has been launched with the ILO Bureau for Workers’ Activities (ACTRAV) on “the ILO and Central and Eastern Europe during the cold war”. A history game is being developed with HRD to capture, in a play-oriented manner, the history and achievements of the ILO since its creation.

D. ILO Knowledge Strategy

22. The Director led the development of the ILO Knowledge Strategy, which was endorsed by the Governing Body in November 2009.² He subsequently participated in the discussions of how best to reflect the agreed Strategy as part of the ILO’s programme of work for the next biennium. The Director also continued his assignment as coordinator of crisis-related research work, as mandated by the Director-General, and as Chair of the ILO Research and Publications Committee – with a view to enhancing the quality of the ILO’s analytical capacity.

II. Education

23. The aim of the Institute’s educational activities is to strengthen the capacity of ILO constituents to analyse key labour and social issues and develop policy responses, and to increase the interest and capabilities of academics, researchers and students in the field of labour and social policy.

A. International internship course on labour and social policies for decent work (Geneva, 13 May–2 June 2010)

24. The annual internship course on labour and social policies for decent work took place from 13 May to 2 June 2010. Twenty-one participants representing the tripartite constituents of the ILO from 14 Latin-American countries and Spain attended this year’s course, which was held in Spanish. The course focused on four dimensions: (i) ILO norms and the institutional framework for promoting decent work; (ii) employment opportunities; (iii) social dialogue; and (iv) social protection systems. The role of social dialogue as an instrument to address the crisis through proposals and policies for sustainable growth, job creation and strengthening of the rights of workers and fostering social peace was often stressed during the presentations and discussions.

² GB.306/PFA/12/3.

25. The course included lectures from academics and ILO officials, workshops, and group exercises. Participants visited the Red Cross and Salines de Bex SA, an enterprise producing salt from the Alps.
26. Participants were encouraged to build on group exercises, evaluate the state of decent work in their countries, and prepare a brief analysis of policies and programmes regarding decent work and the challenges arising from the financial crisis. At the conclusion of the course, participants were invited to evaluate the organization of the course and were encouraged to give suggestions on ways to improve it. Overall, they assessed the course very positively. A CD-ROM with all the pedagogical materials has been made available to participants, and key documentation relating to the course has been placed on the Institute's web site.

B. Visiting scholars and study visits

27. During the year under review, Professor Alfonso Alba-Ramirez (Universidad Carlos III, Madrid,) carried out research at the Institute as a visiting scholar.
28. Eleven study visits, involving 334 professionals from various fields and students from various universities, were organized. The programmes of these visits included presentations by staff of the Institute and specialists from ILO technical units.
29. A Call for Nominations for potential candidates for the 2010 Decent Work Research Prize was launched. The Prize recognizes outstanding contributions to the advancement of knowledge about the ILO's central goal of decent work for all. The Call for Nominations closed on 30 September 2010, and the nominations will be shortly transmitted to the Jury Members. A final decision is expected in the near future, with a view to awarding the Prize during the March 2011 session of the Governing Body. It is proposed to review the Prize at next year's meeting of the Board.
30. In the context of the African Research Project on Migration, Labour Markets and Development, a number of key partnerships and networks were strengthened or created. In particular, the Anglophone Research Network – established during the previous biennium – has been instrumental in supporting the Institute's work in this area. This has included collaborative work with the University of Nairobi's Institute for Development Studies, the University of Dar es Salaam (United Republic of Tanzania), and the University of Ghana. In addition, a network of Francophone researchers was established in North and West Africa to play a complementary role in national-level data gathering and background research regarding domestic policies in Algeria, Mauritania, Morocco, Senegal, and Tunisia. The network includes head researchers from the Moroccan Association for Studies and Research on Migrations and Algeria's Centre de Recherche en Economie Appliquée pour le Développement, among others.

III. International Labour Review

31. The positive trends reported last year were very clearly sustained – and strengthened – over the period under review. The *International Labour Review's* improved research standards, policy relevance and dissemination are indeed reflected in significant further improvements on all available performance indicators, from the journal's impact factor to the number of unsolicited submissions and downloads of articles. These developments have enabled the editorial board to apply ever-stricter selection criteria and peer-review process, raising the rejection rate to ensure that the quality of the research selected for publication continues to improve.

32. The journal's independently rated impact factor has continued on its steady upward trend, more than doubling since last year and nearly quadrupling since the establishment in 2007 of the editorial board chaired by the Director of the Institute. From being ranked 14th among the world's 15 leading research journals in the "industrial relations and labour" category, the *Review* now ranks seventh out of 19. According to the second (April 2010) report of the journal's new publisher, Wiley-Blackwell, the number of downloads of articles in 2009 came close to 41,000, up from 14,000 in 2008 – in addition to the 3,000 printed copies distributed by the Office to the ILO constituents and other selected recipients, and sales copies handled by the publisher. Importantly, the journal is also supplied for free or at very low cost to more than 5,100 libraries in developing countries pursuant to a special agreement with the publisher.
33. Highlights of the four issues of the *Review* published since November 2009 include research contributions on various dimensions of social protection, on the effects and measurement of employment protection legislation, and on pension reform (in issues No. 1 and No. 3/2010, to go on-line by mid-November). The period under review also featured two special issues, respectively devoted to the quality of low-wage employment in developed countries (No. 4/2009) and the global crisis (No. 2/2010), off-prints of which were widely circulated at the International Labour Conference in June 2010.

IV. Staff movements

34. Daniel Samaan joined the Institute to perform modelling work on the employment and social impacts of policies to move to a low carbon economy. Laura Finkelstein joined the Century Project as Assistant, and Peter Auer, Eddy Lee and Francis Maupain continued their affiliation as fellows.

V. Publications

35. A list of publications appeared since November 2009 can be found in the Appendix.

Appendix

Publications November 2009–October 2010

(a) **World of Work Report 2009 – The Global Jobs Crisis and Beyond**

- Editorial by Raymond Torres.
- Steven Tobin, Verónica Escudero and Emily McGirr, with contributions from:
- Uma Rani, Matthieu Charpe, Marva Corley-Coulibaly and Naren Prasad. *The global jobs crisis: Patterns and medium-term scenarios* (Chapter 1).
- Sameer Khatiwada and Raymond Torres. *Making finance work for the real economy: Challenges for policy*. (Chapter 2).
- Franz Ebert and Anne Posthuma. *Rebalancing globalization: The role of labour provisions in existing international trade arrangements and development finance policies* (Chapter 3).
- Juana P. Bustamente, Matthieu Charpe and Raymond Torres. *Green policies and jobs: A double dividend?* (Chapter 4).

(b) **World of Work Report 2010 – From one crisis to the next?**

- Editorial by Raymond Torres.
- Steven Tobin and Verónica Escudero. *World of work outlook: The challenge of job-rich recovery* (Chapter 1).
- Sameer Khatiwada. *Global social climate: Trends and challenges for policy* (Chapter 2)
- Ekkehard Ernst, Matthieu Charpe and Uma Rani. *Job recovery in times of constrained public finances* (Chapter 3).
- Anne Posthuma and Raymond Torres. *Rebalancing global growth: The role of an income-led strategy* (Chapter 4).
- Ekkehard Ernst. *Reforming finance for more and better jobs* (Chapter 5).

(c) **Policy briefs**

- *Promoting employment recovery while meeting fiscal goals*, 2010.
- *Green policies and jobs: A double dividend?*, 2009.
- *Employment-oriented policies: lessons from Argentina and the Republic of Korea*, 2009.

(d) Discussion papers

- No. 205 (forthcoming). Anne Posthuma, Franz Christian Ebert. *Labour provisions in trade agreements: Current trends and perspectives*.
- No. 204 (forthcoming). Anne Posthuma, Franz Christian Ebert. *Labour standards and development finance institutions: A review of policies*.
- No. 203. Rudiger von Arnim. *Employment prospects: A global model of recovery and rebalancing*.
- No. 202. Werner Eichhorst, Verónica Escudero, Paul Marx and Steven Tobin. *The impact of the crisis on employment and the role of labour market institutions*.
- No. 201. Byung-jin Ha, Caroline McInerney, Steven Tobin and Raymond Torres. *Youth employment in crisis*.
- No. 200. Shiho Futagami. *Non-standard employment in Japan: Gender dimensions*.

(e) Articles in the International Labour Review

- Torres, R. “Incomplete crisis responses: Socio-economic costs and policy implications” *International Labour Review*, Vol. 149 (2010), No. 2.

(f) Other publications

- Rani, U. *Social income and insecurity: A study in Gujarat* published by Routledge, New Delhi, 2010 (with Guy Standing, Jeemol Unni and Renana Jhabvala).
- Bacchetta, M. Ernst, E. and Bustamente, J.P. *Globalization and informal jobs in developing countries*. ILO/WTO joint publication, 2010.
- Tobin, S. *Making migration a development factor: The case of North and West Africa*, 2010.

(g) External articles

- Ernst, E. (co-author). “Global dynamics in a model with search and matching in labor and capital markets”, *Journal of Economic Dynamics & Control*, No. 34 (2010).
- Samaan, D. (co-author). “Employment and output effects of climate policies”, *discussion paper*, New School for social research, department of economics, September 2010.
- Prasad, N. and Gerecke, M. “Social security in times of crisis”, *Global Social Policy*, Vol. 10 (2010), No. 3.
- Prasad, N. “Small-scale activities and the productivity divide, small States”, *Economic Review*, Volume 13 (2010).
- Rani, U. “Learning workshops: Informal processes of learning and skill acquisition in auto components forms supplying to global production networks”, *The Indian Journal of Labour Economics*, Vol. 52, No. 4, 2009.