



# Bringing Coherence to the Promotion of Just Jobs Around the World

From The Just Jobs Report Series

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Sabina Dewan December 2010

*Introduction to the series by John Podesta and Sabina Dewan*



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Center for American Progress



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# Introduction to the series

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## The case for just jobs

The global economy today is inexorably intertwined— sometimes for better and sometimes for worse. This fact was driven home anew to workers worldwide by the recent global financial crisis, the ensuing global economic slump, and the subsequent efforts by governments to recharge their economies. But facing political pressures to “do something” about the widespread job losses, governments are tending to inward-looking policies that impede economic integration and trade. This is cause for deep concern because economic globalization has come with benefits, as unevenly spread among workers as they are.

Just Jobs, a new program at the Center for American Progress, seeks to extend the benefits of economic integration and trade to all of the workers who power the global economy. The moral reasons for providing workers with “just jobs,” including labor rights, appropriate compensation, social protections such as health care and pensions, and opportunities for economic mobility, are well understood. Less understood is how promoting these policies in developing countries alongside developed ones benefits both in a world that is closely connected through technology, flows of people, goods, services, and capital.

Just jobs policies would:

- Allow the gains from global economic integration and trade to be spread more widely among workers worldwide by raising living standards and therefore generating new, sorely needed sources of aggregate economic demand.
- Level the playing field in labor markets worldwide, thereby preventing any one country from leveraging poor labor practices for economic gain.
- Enhance global economic and national security by building a basis for greater confidence within a more integrated global economy.

People need jobs that are just. They need to be able to work in acceptable working conditions, with appropriate protections and compensation, and with the right to organize and bargain collectively.

In essence, just jobs policies are critical for doing economic integration and trade right.

Increasing economic integration and free and unrestricted trade in goods and services contributes to worldwide economic growth, but it is also blatantly clear that tighter economic integration and increased trade leads to a restructuring of economic activity that leaves some workers better off and others worse off. Today the world knows all too well that when workers are out of work they tighten their belts, consuming less so businesses earn less, leading to more layoffs—creating a vicious downward spiral. These shocks transmit across the globe through changes in trade and investment flows, capital flows, and migratory trends.

To have a well-functioning economy, people need jobs that are just. They need to be able to work in acceptable working conditions, with appropriate protections and compensation, and with the right to organize and bargain collectively. In the event that people do lose their jobs, as in times of economic crisis, there is a need for government institutions, policies, and programs that help people adjust to changes in the labor market. These social protections include access to unemployment insurance and pensions to ensure workers are able to maintain a certain level of consumption if they lose their income. And they include access to health care so workers can maintain a basic level of wellbeing to continue to be contributing members of the economy.

All of these facets together help raise living standards. Better standards of living mean that workers in other countries can afford to buy more goods and services, creating global demand and invigorating the global economy. But to be effective, policies have to be implemented. It is not enough for countries to just have these policies and laws on their books. Ensuring the enforcement of labor standards and social protection helps create a more even playing field so that countries with lower levels of development than other countries cannot leverage poor labor standards as a competitive strategy.

Simply put, higher standards of living in developed and developing economies alike cannot be achieved without an appropriate strategy for creating and implementing just jobs around the globe.

Just jobs would in turn help alleviate problems that lead to economic insecurity and global instability. Poverty and economic underdevelopment provide fertile ground for pollution, unsafe working conditions, and for disease, lawlessness, and



violent conflict to spread—to the benefit of international crime and global terrorists. By helping to raise living standards, just jobs serve as instruments for promoting global stability and security.

The Center for American Progress's Just Jobs program seeks to demonstrate that supporting an increase in just jobs in developing countries is a win-win for developed countries as well. Standards of living converge on an upward trajectory. Rules and regulations ensure this happens across the globe. And the resulting economic and political stability rebounds to benefit developed and developing countries alike. Our Just Jobs program will help policymakers develop pragmatic and specific steps to power forward a virtuous circle for workers worldwide.



# Introduction and summary

The global recovery from the worst economic and financial crisis since the Great Depression proceeds at a painfully slow pace. Sustained, broad-based global economic growth is hampered by still telling trade and investment imbalances between and among developed and developing nations, and by the need for additional government stimulus spending against the backdrop of rising fiscal deficits among developed nations.

What's more, some countries in the developed and developing world are leveraging their export prowess to grow at high rates, some even more than 8 percent a year, while others are struggling to return to modest pre-crisis levels of economic growth.<sup>1</sup> Then there are misaligned currency exchange rates, some that are undervalued and others that are overvalued. And some countries have high savings rates and fiscal surpluses while others have deficits.

In short, the current state of the global economy is undoubtedly bleak. But the global economic outlook does not have to be if countries in both the developed and developing world—led by the Group of 20 developed and developing nations, and international financial, trade, and labor institutions such as the International Monetary Fund and World Bank, the International Labour Organization, and the World Trade Organization—get behind a coordinated, consistent, and coherent, or collaborative agenda that focuses on the creation of “just jobs” for rebalancing the global economy.

With 212 million people unemployed around the globe, the most pressing item on the global economic agenda must be the creation of just jobs—employment complete with labor rights; appropriate compensation; social protections such as health care, unemployment insurance training, and pensions; and opportunities for economic mobility.<sup>2</sup> It is imperative that the G-20, the primary institution charged with global governance, develops a coherent set of actions to promote just jobs working with the IMF and World Bank, the ILO and WTO, and regional development banks. They all need to agree on what reforms to undertake to rebalance the global economy and on how to undertake these reforms.

Just jobs is an issue where the respective mandates and policies of the G-20 and these international financial and trade and labor institutions intersect. It is the issue that is the lynchpin linking individual countries' domestic economic agendas to the global goal of sustained, balanced, broad-based economic growth. Good job creation is the one area where countries can find common ground to forge a substantive partnership that will determine the future course of the global economy. It is therefore a good starting point to establish collaboration across countries and the international institutions that they constitute.

Collaboration and coordination around just jobs means all of these global players agree on a coherent set of principles and then act to put them into practice. Specifically, it means that:

- The G-20 must make the creation of just jobs a top priority, with member countries coming up with a plan on what is needed to spur this kind of job creation in countries at different levels of development.
- International organizations must continue to work with the ILO to prioritize more and better employment conditions, especially by working from a common definition of what constitutes decent work.
- Collaboration between and among the G-20 and the international institutions must go beyond rhetoric at conferences and in press statements, instead playing out in tangible terms through employment policy strategies that are crafted and implemented in concert with national governments and other stakeholders.
- This effort should begin in a few pilot countries to demonstrate its effectiveness. But all of these global institutions in addition should survey the work that already has been done in the areas such as labor markets and economic growth and investment policies to point out gaps in just job creation and come up with plans on how to fill these gaps.

This report elaborates on these four recommendations, examining each in turn, in order to prompt the leaders of the G-20 and other international institutions to think about coordinating their efforts around a specific strategy to cope with the pressing challenge of creating just jobs worldwide.

# Creating just jobs among the Group of 20

The Group of 20 developing and developed countries is the primary organization for global coordination and collaboration on international economic issues. The G-20 leaders initially came together in 2008 to respond to the Great Recession that was rapidly spreading across the globe. Since then, the group has addressed rebalancing the global economy by calling for coordinated economic stimulus measures across countries, reform of global financial regulation, and effective job creation and social protection policies. But action has been slow to come, especially on job creation and social protection.

The initial shock of the Great Recession's economic contagion jolted countries into seeing the interconnectedness of their economies. They banded together to coordinate stimulus measures to revive the global economy. But now that the world is slowly starting to recover, each country is looking to solidify its own recuperation and rebuild its own economy. Yet at the most recent G-20 leaders' summit in Seoul, leaders proposed to collectively address everything from balancing fiscal budgets in a "growth-friendly" way to moving toward market-determined exchange rate systems, reforming the International Monetary Fund's governance, and promoting economic development among the world's poorest countries.

As important as most of these efforts are, the Group of 20 cannot do all of this and do it well, especially at a time when countries are pulling in opposite directions. This means the G-20 needs to focus on the creation of just jobs—the lynchpin linking domestic agendas to the global one. Good job creation is the one area where countries can find common ground to forge substantive partnerships that will determine the future course of the global economy. Countries must lay the groundwork now so that the issue is at the forefront of the agenda when France assumes presidency of the G-20 next year.

Yet one of the most glaring observations reported from the G-20 summit in Seoul is that bright ideas on how to spur job growth in this sluggish global economy are seriously lacking. This is perhaps why the G-20 tends to focus more on other

aspects of the global economy where tangible progress might be somewhat easier to achieve, such as on IMF governance reform, though almost no agenda item is completely free of contention. Coming up with tangible ideas to spur good job creation in countries at different levels of development, however, is not a luxury, but a necessity—if only the G-20 coherently focuses on the issue. How? By:

- Exploring the potential for infrastructure projects to generate direct employment
- Examining the prospects for public-sector employment
- Fostering ideas to boost entrepreneurship and the potential for expanding good job growth in the private sector
- Developing new sectors such as the green economy and helping workers get trained and equipped with the necessary 21st century skills
- Ensuring that the productivity and productive potential of the workforce is protected from shocks and adjustments

The G-20 must devote adequate focus to all of these issues. To do so, President Barack Obama should initiate a worldwide job-creation initiative to make just jobs the central priority at the G-20. The initiative would enable countries to share best practices in job creation and worker training as well as provide a platform for developed and developing countries to discuss technical and financial support for these efforts.

# Working with the International Labour Organization

International financial and trade institutions such as the World Bank, International Monetary Fund, and the World Trade Organization must continue to work with the ILO to determine the links between their respective mandated areas of expertise and the creation of more and better jobs. Recently there has been a concerted effort by the ILO—the primary global institution for promoting decent work (see Box 1)—to work with other international organizations. The ILO is working with the World Bank, for example, to explore the nexus of poverty and employment by trying to produce national household survey-based estimates of the working poor, or individuals who are working, but who also fall below an accepted poverty line.<sup>3</sup>

The ILO also is working with the International Finance Corporation, the equity finance arm of The World Bank Group, on the Better Work Programme, which

## The ILO’s “decent work” agenda

Decent work means productive work in which rights are protected, which generates an adequate income and social protection. It also means sufficient work, in the sense that all should have access to income-earning opportunities. It marks the high road to economic and social development, a road in which employment, income, and social protection can be achieved without compromising workers’ rights and social standards.

The four pillars of decent work are:

- Employment
- Social protection
- Fundamental rights at work and standards
- Social dialogue—the right to freedom of association and collective bargaining

Source: International Labour Organization, “Report of the Director-General: Decent Work” (1999), available at <http://www.ilo.org/public/english/standards/reim/ilc87/rep-i.htm>.

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was introduced in August 2006 as a way to improve labor standards and competitiveness in global supply chains by helping enterprises improve their practices according to core ILO labor standards and national labor laws.<sup>4</sup> And the ILO is collaborating with the World Trade Organization to address the direct, and often severe impact of trade on employment. The two organizations jointly released a study entitled “Trade and Employment: Challenges for Policy Research” in 2007 to examine the connections between trade policy, labor, and social policies.<sup>5</sup>

Several important studies are also in the works to emphasize the importance of decent work around the world. The IMF and the ILO joined forces to produce a discussion paper for a joint conference held in September 2010, under the auspices of the Norwegian Prime Minister, titled “The Challenges of Growth, Employment and Social Cohesion.”<sup>6</sup> The two organizations agreed on the need for international cooperation and to build on one another’s strengths to improve policy innovation to bolster the ability of economies to generate enough good jobs.

And most recently, the ILO together with the Organization for Economic Cooperation and Development, or OECD; the World Bank; and the WTO released a report called “Seizing the Benefits of Trade for Employment and Growth” to detail the benefits of trade liberalization for employment and growth to help inform the G-20.

These examples of collaboration between the ILO and other international organizations reflect increasing convergence on the need to explore good job creation, particularly in such difficult economic times. These partnerships are key in maintaining momentum behind this issue and allowing organizations to determine differences in their views and where their views coincide. It is an opportunity for these organizations to be transparent, share methodologies, compare notes, and identify knowledge gaps and methods by which to approach these gaps collaboratively.



# Beyond rhetoric to collaborative and coordinated action

There is an urgent need to translate the outcomes of these collaborative initiatives, conferences, and reports into tangible change on the ground in countries in concert with national governments and other stakeholders such as unions, businesses, and civil society groups. And this is harder since it entails working from a common set of definitions.

Take social protection, one of the four pillars of the ILO's decent work agenda. The ILO's approach to social protection is, de facto, focused more on the supply side, which means it is labor oriented. The ILO is somewhat limited in its handling of other functions of social protection such as health, which is relegated to the World Health Organization and pensions. In contrast, the World Bank sets social protection in a social risk assessment framework. It focuses on targeted protection for at-risk or vulnerable groups such as the very poor, migrants, women, and children, as opposed to advocating for programs and policies that apply to all workers or all citizens.

There is variation in the ways in which these organizations approach social protection, but that does not mean that collaboration is impossible. A good starting point is noting that each of these international organizations recognizes that:

- A minimum level of social protection is mandatory.
- No single social protection model fits all countries.
- National governments are key players in wanting to extend coverage and adopt social protection systems.
- Knowledge on social protection needs to be expanded, especially for developing countries.

These points of agreement create the space for tangible collaboration on specific projects in a select group of pilot countries. International financial and trade organizations working with the ILO, for example, could engage in a project to help particular developing countries design and garner or generate revenue for

specific infrastructure projects that not only directly create jobs but also bolster a country's capacity to engage in trade. Or they could jointly investigate how to enhance the investment climate in specific rural areas to boost more productive and better rural employment.

There are other specific steps to take. Despite vast repertoires of data that each of these organizations collects, there continue to be significant gaps, especially for quantitative information on developing countries, related to the promotion of just jobs. They should survey the work that already has been done in the areas such as labor markets and economic growth and investment policies to point out gaps in just jobs creation and come up with plans on how to fill these gaps.

## Looking ahead

The fledgling economic recovery highlights anew the need for countries and international organizations to work together to boost the recovery and rebuild the global economy in a way that promotes broad-based, balanced, and sustainable economic growth. But to take these efforts to the next level—to put actual just jobs into effect at the country level—will require coordinated, coherent efforts. Alas, the most recent G-20 leaders' summit in Seoul shed some light on the fractures that are starting to emerge in the global partnerships forged to prevent the Great Recession from becoming the second global Great Depression.

Yet the interconnectedness of the world makes it imperative that the member nations of the Group of 20 and the international financial and trade institutions work together to create just jobs across the globe. And promoting just jobs—employment that includes labor rights; appropriate remuneration; social protections such as health care, unemployment insurance training, and pensions; and opportunities for economic mobility—is an issue that resonates with countries at the domestic level and is also crucial to helping aggregate demand rebound to promote growth and rebalance the global economy.

For this to happen, the G-20 must make good job creation the focus of its leaders' summit in 2011 in Paris and President Obama must lead the charge by introducing a worldwide jobs initiative. And the IMF, World Bank, WTO, and G-20 must continue to work with the ILO in embracing the pillars of the decent work agenda.

But these organizations must move beyond conferences and joint press statements to select a tangible set of pilot countries for which to design and implement specific good job-creation strategies. And they must make a concerted and focused effort to identify the gaps in labor market data, especially for developing countries, and then work together to fill those gaps in the pilot countries. The successes from these pilot projects will provide a basis for scaling up while failures will help guide better coordination, collaboration, and coherence.



# Endnotes

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## About the authors

**John Podesta** is the President and CEO of the Center for American Progress. Under his leadership, the Center has become a notable leader in the development of and advocacy for progressive policy.

Prior to founding the Center in 2003, Podesta served as White House Chief of Staff to President William J. Clinton. He served in the president's cabinet and as a principal on the National Security Council. While in the White House, he also served as both an assistant to the president and deputy chief of staff, as well as staff secretary and a senior policy advisor on government information, privacy, telecommunications security, and regulatory policy.

Most recently, Podesta served as co-chair of President Obama's transition, where he coordinated the priorities of the incoming administration's agenda, oversaw the development of its policies, and spearheaded its appointments of major cabinet secretaries and political appointees.

Additionally, Podesta has held numerous positions on Capitol Hill, including counselor to Democratic Leader Senator Thomas A. Daschle (1995-1996); chief counsel for the Senate Agriculture Committee (1987-1988); and chief minority counsel for the Senate Judiciary Subcommittees on Patents, Copyrights, and Trademarks; Security and Terrorism; and Regulatory Reform (1981-1987).

A Chicago native, Podesta is a graduate of Knox College and the Georgetown University Law Center, where he is currently a visiting professor of law. He also authored *The Power of Progress: How America's Progressives Can (Once Again) Save Our Economy, Our Climate and Our Country*.

**Sabina Dewan** is the Associate Director of International Economic Policy at American Progress. She leads the Just Jobs Program that focuses on finding ways to extend the benefits of economic integration and trade to all workers who power the global economy. Sabina works on economic issues ranging from the role of globalization to that of trade, labor market and social protection policies in raising living standards around the globe. She also studies the nexus between development and security, and the function of foreign assistance, capacity building and just jobs in promoting broad-based, balanced and sustainable economic growth and development around the world.

Prior to joining American Progress, Sabina was a research analyst at the International Labour Organization (ILO) in Geneva, Switzerland where she worked on various projects promoting the ILO's decent work agenda within the context of globalization and international development. She then worked as an independent consultant based in Brussels, Belgium undertaking a variety of projects for institutions including the ILO Regional Office in Thailand, the United Nations Girls' Education Initiative and the Directorate-general on Employment, Social Affairs and Equal Opportunities of the European Commission. Sabina has an advanced master's degree in quantitative studies from the Catholic University of Brussels, and a second master's degree in public policy from the University of California, Los Angeles. She received her bachelor's degree in political science from the University of California, Irvine. Sabina has traveled widely living in countries including Afghanistan, India and Sierra Leone.

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Isha has also studied international business at the School of Knowledge Economy and Management in Sophia Antipolis, France. While completing her degree, she worked on international development and poverty alleviation efforts aimed at increasing global food security. Isha instructed a semester-long seminar on the principles of feng shui. Prior to joining the Center for American Progress, Isha spent her summers interning abroad, working at Universal Music Group in Mumbai, India, and at the 61st Annual Cannes Film Festival in France. She is a native of Chandigarh, India.

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