

TD(X)/Misc.9
15 February 2000

Original: ENGLISH

United Nations Conference on Trade and Development
Tenth session
Bangkok, 12-19 February 2000

INTERACTIVE DEBATE

Keynote speaker: Mr. Juan Somavia

Summary

Prepared by the UNCTAD secretariat. Not an official record.

I. Keynote statement

Mr. Somavia focused his presentation on the need to examine problems from the perspective of the people affected by them to ensure that policy mistakes are avoided. Usually policy makers base their decisions on aggregate measures and macroeconomic parameters, ignoring their impact on the livelihood of the people. Uncertainty, insecurity, and anxiety permeate today's society, and the pace of globalization is too fast for ordinary people to cope with. People feel unable to influence governmental and intergovernmental decision-making. On the fundamental issue of social justice, Mr. Somavia believed parents are concerned that their children will not have the same chances as they had.

Globalization creates space for private business — one of the central elements of economic development — but lacks concern for the social dimension. Whereas major opportunities exist in the dynamic sectors of the economy, for example, information technology, entertainment and financial services, the traditional sectors, such as agriculture and textiles, are faced with increasing uncertainties. There is a race to the bottom as a result of globalization. Mr. Somavia explained that the most obvious source of uncertainty is poverty and exclusion for which solutions must be found. These issues were dealt with at the Social Summit in Copenhagen. In addition, the disappearance of some basic certainties are leading to the disintegration of the social fabric. He

highlighted the impact of increased competition on the cohesiveness of society which means that in difficult situations individuals are left on their own.

Employment is key to social integration. He referred to the concept of “decent work”, that is work which enables people to support the minimum needs of their families, including education, health and shelter, as well as the rights to a pension and to decent treatment. These are reasonable aspirations for all human beings, which the global economy has been unable to fulfil, resulting in a backlash to globalization.

A new divide has been created between the formal knowledge-based economy and the informal economy, which has increased the vulnerability of those working in the latter. The inclusion of a social pillar into the globalization process is primordial in order to ensure that social efficiency is considered in parallel with economic efficiency. At present, the decision-making process is sectorally divided and there is no connection between the different components of the development agenda.

Mr. Somavia distinguished between what could be referred to as communications-related globalization, which was irreversible, from the policies that accompany globalization, namely monetary, trade and social policies, that are prone to modification. For instance, monetary policies can be more growth-oriented, and multilateral financial institutions can emphasize the role of productive capital. Trade policies can provide additional opportunities for developing countries to ensure a more inclusive economic system. He questioned the basic thinking behind structural adjustment policies, the cost of which is mainly supported by the poor and the weakest. Market fundamentals must respect the basic needs of people, and UNCTAD should play an important role in ensuring this.

In the second part of his presentation, Mr. Somavia addressed the role of the ILO in promoting social dialogue. Citing the original mandates of the ILO, he laid particular emphasis on the work programme relating to the rights of workers. He considered the protection of employment as key to social stability. In this respect, he highlighted the role of SMEs in employment creation. He believed that very large enterprises had less scope for job creation. As for trade and labour standards, the role of the ILO is defined in its constitution and in a number of Conventions and Declarations. The Conventions require ratification by member States before coming into force. However, seven of these Conventions relating *inter alia*, to freedom of association, collective bargaining, child labour, forced work and discrimination at work were taken up at the Social Summit and they represent the social clause for our global economy. Therefore, the principles contained in them should be respected whether or not they have been ratified and policies of the World Bank and the IMF should not undermine them. Technical assistance should be the main means of ensuring their implementation. At the same time, they should not be used as protectionist measures. Furthermore, management principles based on these social considerations need to be developed, taking into account best practices.

II. Ensuing discussion

Regarding the relationship between labour rights, the political economy and regulation of the globalizing world economy, some speakers believed that there is a need for a systematic and organized dialogue best conducted under the aegis of the ILO. It was felt that it is a serious mistake to bring labour rights within the ambit of the WTO as an item for negotiations and to make them actionable in that organization. As an economic management institution for trade negotiations and enforcement of trade rules, it is ill-equipped to deal with such social issues. Nevertheless, there is a need to integrate social and economic issues; in that respect, the interrelation between debt relief and human rights, for instance, was particularly stressed.

While recognizing that globalization is an irreversible process, some speakers emphasized the need to make appropriate policy changes. Some of them also stated that cultural values should be respected by Governments and the world at large. In many countries, what matters most is whether jobs are available, then comes the issue of decent jobs. In that respect, some speakers expressed worries regarding the possible use of labour standards as a form of protectionism against exports from developing countries.

Special attention was given to the problems of child labour, to women's role in the world economy and to the impact of globalization on women's employment and its effect on domestic life. A number of speakers also stressed the role of SMEs in employment creation in developing countries and believed that ways and means should be found to open up opportunities for them and increase their access to markets. It was also pointed out that UNCTAD and the ILO should study the negative implications of financial crises and the impact of mergers on jobs and the level of unemployment.

Many speakers emphasized that poverty is still the major problem to be solved; in order to reduce poverty additional financial resources should be made available. Several speakers supported the idea of a Fund for poverty reduction and highlighted the crucial importance of the implementation of the Convention on worst forms of child labour. It was also pointed out that the work of international organizations such as the ILO or UNCTAD, is constrained by limited financial resources.

In response, Mr. Somavia emphasized the importance of social justice, fairness and equity, and the need for political commitment to these basic principles. He pointed to the shrinking of resources in the public sector as well as problems associated with inappropriate channelling of these resources. Therefore, there was a need for joint public and private funding. On the issue of child labour, he emphasized that the Convention on the Worst Forms of Child Labour had been adopted unanimously by all Governments. The major reason for the exploitation of children in the work place is clearly underdevelopment. He wondered what kind of global economy allows 50 million children to work worldwide and why the vulnerability of children should be exploited. He proposed that eradication within the next 10 years of the worst forms of child labour should be made a worldwide cause.