



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)



**SIXTY-NINTH MEETING
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Statement by

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Director-General of the International Labour Office (ILO)
to the Development Committee
25 April 2004

1. I share the sense of relief that the recovery in the global economy is strengthening and broadening. The economic and social difficulties experienced by many developing countries during the downturn that began in 2000 had once again underscored the importance of maintaining high and stable growth in the global economy.

2. Yet in spite of the current cyclical upturn fundamental problems remain unresolved. As the World Economic Outlook emphasises, the task of ensuring the orderly resolution of global financial imbalances remains a critical challenge. Unless this challenge is met there will be continuing uncertainty over growth prospects for the global economy and economic tensions over issues of market access and job losses are likely to intensify. These are potentially troubling for the sustainability of the current process of globalization which has to deliver in terms of higher and more stable growth and of expanding opportunities for decent work for all.

3. Against this background, as the Global Monitoring Report on the achievement of the MDGs states 'on current trends, most MDGs will not be met by most countries'. Particularly disturbing is the fact that income poverty in Sub-Saharan Africa will increase significantly on current trends. It is indeed sobering that even these minimal goals that the international community set for itself at the beginning of the new millennium are unlikely to be met.

4. It is also relevant to note that there had been little improvement in the global employment situation over the last decade of accelerating globalization. China and a few other countries are an exception. Open unemployment remains high in many parts of the world, underemployment is still endemic in many developing countries, problems of employment insecurity linked to informalization and structural adjustment have intensified, and strong tensions have arisen over the distribution of jobs and migration between countries. The informal economy is growing almost everywhere.

5. There is clearly a need for some fundamental rethinking on how the global economy in its current phase of globalization can be better governed in order to deliver economic and social progress to all countries and people. The ILO took a first step in that direction two years ago in setting up an independent World Commission on the Social Dimension of Globalization. This Commission was co-chaired by two serving Heads of State, President Mkapa of Tanzania and President Halonen of Finland, and the 26 commissioners were broadly representative of the diverse and contending actors and issues that characterize globalization today. The members of the Commission included a Nobel Economics laureate, politicians, parliamentarians, social and economic experts, and representatives of business and multinational corporations, organized labour, academia, and civil society.

6. The Report of that Commission, entitled *A Fair Globalization: Creating Opportunities for All*, was published in February. It sends a positive but critical message about globalization. It recognizes the immense potential for good from globalization but at the same time it highlights the fact that too many countries and people are not sharing in the benefits. Accordingly, the report calls for major reforms in the governance of globalization. It contains a large number of recommendations ranging from the need to improve national governance to reforms to the current system of global governance.

7. Some of the issues it deals with are, or have recently been, before the IMFC and the Development Committee. For example, the Global Monitoring Report on the MDGs to the present meeting recognizes the need for developed countries to adopt 'macroeconomic and financial policies conducive to robust growth in the global economy and increased attention to key global public goods'. It recognizes the urgency of increasing ODA if the MDGs are to be met. The related paper on Financing Modalities towards the MDGs discusses the proposed IFF as well as various global taxation proposals. In this connection it may be of interest to note that the Commission supported the IFF and recommended that 'the idea should be pursued'.

8. The Global Monitoring Report on MDGs also emphasises the importance of 'a coherent overall approach to supporting development', noting that in many cases 'there are contradictions in policies, with support in one area undercut by actions in another'. Similarly, it notes the importance for the IFIs of 'improved coordination to achieve greater systemic coherence and effectiveness'.

9. The Report of the World Commission does indeed attach great importance to this issue of policy coherence at both the national and international level. But it takes a wider view of this issue than that of the two examples cited above. One of its key recommendations relates to the need to achieve greater policy coherence within the multilateral system of international organizations as an important means of bringing about a fair and inclusive globalization. Towards this end, it proposes that 'Policy Coherence Initiatives should be launched by the relevant international organizations to develop more balanced policies for achieving a fair and inclusive globalization. The objective would be to progressively develop integrated policy proposals that appropriately balance economic, social, and environmental concerns on specific issues. The first initiative should address the question of global growth, investment, and employment creation and involve relevant UN bodies, the World Bank, the IMF, the WTO, and the ILO.'

10. The choice of the subject for the first initiative reflected the conviction of the Commission that the 'jobs issue' was at the heart of people's priorities worldwide. It arrived at this position as a result of 25 local dialogues it held with a wide spectrum of organizations in all continents during the course of its work. It therefore proposed that 'decent work for all should be made a global goal and be pursued through coherent policies within the multilateral system. This would respond to a major political demand in all countries and demonstrate the capacity of the multilateral system to find creative solutions to this critical problem'.

11. A first step would be for all the agencies concerned to agree on the key issues which need to be examined and on how they could work together to develop new policy options, which would in turn be brought back to the Governing Councils of each organization concerned. With each agency acting within its own mandate, they could agree to evaluate the real possibilities for policy coherence to contribute to achieving better growth, investment, and employment outcomes in the global economy.