Foreword

Guy Ryder

This volume and the research project that led to its publication are important in at least two respects. The first is in respect of the organizations whose cooperation brought it about – the ILO itself and our colleagues in the European Commission. I think it is vital that we continue to work together on these issues, as indeed on many others. This second is, of course, in respect of the subject matter, the question of inequality. All three social partners – government, employers and trade unions – are clear that there is a problem.

Growing inequality needs to be addressed, first, on the moral grounds that above a certain level, inequality is socially unacceptable. Different countries and different regions have different levels of tolerance of inequality. But the degree and trends of inequality that we continue to witness are economically damaging and dysfunctional. The chronology of events is quite clear. In the years leading up to the crisis there was a long-term secular increase in inequality. Much of this, though not all, is to be traced to developments in labour markets, connected with the wider ongoing process of globalization but also to conscious decisions taken with regard to labour markets. The crisis itself exacerbated that trend and, as highlighted in this volume, while the situation deteriorated across the board, a number of particularly vulnerable groups were hit harder than others. The question that remains, leaving aside whether we are still in, on our way out of, or beyond the crisis, is where we should go next. Will the pre-crisis trends continue and even intensify, or is there a consensus among social partners and governments that inequality must be reduced, and do we have the policy instruments to hand to make this happen?

Much has been written or said about unemployment in the crisis and proposals that would allow business to return to full health, and for growth to resume. But many of these proposals would also risk entrenching or aggravating inequality. Indeed, it is often unclear whether we are discussing proposals to deal with unemployment, the sustainability of enterprises or inequality. They are not necessarily the same.

This volume shows that two areas in particular remain controversial.
The first is minimum wages. The ILO is engaged in its own debate on minimum wages and minimum wage fixing. One unresolved issue concerns the correct path – which of course can be country-specific – and the correct procedures to follow in respect of minimum wages. Their role in reducing inequality and as an automatic stabilizer is acknowledged to some degree, but other effects remain disputed. The second area of controversy is precariousness and flexibility in labour markets. These are not new debates. They closely resemble those we were having 10–20 years ago, but our current circumstances lend to them a new perspective and a new urgency.

A number of chapters in this book address the positive role of social dialogue. Social dialogue, of course, is a much vaunted comparative advantage of the ILO, but also of Europe. It is recognised as a crucial instrument for dealing with all the issues addressed in this volume, and many others as well. It should not be considered a panacea. We are all very conscious that social dialogue is merely a tool and must be used with intelligence and, above all, commitment. It can never guarantee results, but the crisis gave social dialogue – and perhaps, by extension, collective bargaining – renewed impetus and value, not just in Europe but elsewhere. The crisis presented such desperate circumstances that it concentrated the minds of all parties to find a way forward. The question is whether this boost to social dialogue will last beyond the acute crisis during which its value as a coping mechanism was self-evident.

Equally, collective bargaining is now taking place on a playing field which looks quite different in the wake of the crisis. We see in this volume that the shock has been moving on from the private sector – which has experienced some recovery in real incomes – to the public sector. In some countries, we are also witnessing levels of tension and of potential or real industrial conflict that we have not seen for many years, with all their possible consequences.

There are also a number of other important background factors. A key one of these is the sense of, at a minimum, frustration and, at worst, of acute unfairness and injustice at the fact that the burden of getting out of this crisis is being borne unevenly. The most vulnerable are in the firing line, while others appear to be unscathed. The degree of responsibility for what happened does not seem to have much of a bearing on the burden and the manner in which it is being shared.

We are also in a situation, taking a wider, global perspective, in which – with or without the crisis – we would have to deal with some fundamental issues that cannot be postponed. The need for greening of economies of has not been significantly or fundamentally changed by the advent of the crisis. That agenda is still with us and bears enormously on the way in which labour markets must evolve. Equally, there are demographic chal-
lenges which have not gone away. This affects pension reform, but also a good deal else.

It is also widely agreed that the tectonic plates of the global economy have shifted. If that was not induced by the crisis, it was certainly brought to the surface by it. This crisis looks very different viewed from South-East Asia; from China and India; and from Brazil and Argentina. I find it interesting that the two places where I have heard inequality addressed and spoken of most strongly, most explicitly and with a determination for action are China, where clearly the government has recognized inequality as a major social problem, and the revolutionary events in Tunisia, Egypt and other Arab countries which have their very roots in problems of inequality and unemployment.

To conclude, the ILO has been trying to address the crisis in a number of different ways. The tripartite Global Jobs Pact, negotiated at global level in June 2009, was an early and important response to the crisis. In addition to its content, which concerns the need for a job-rich recovery, it embodies the working method of social dialogue in a very obvious way. We believe it is an important instrument and sends an important signal. The ILO has, of course, been active within the G20 since Pittsburgh, committing itself to meet the call from the G20 leaders to put quality jobs at the heart of the recovery. We also attach very great importance – and I think there are some parallels with our cooperation with the European Commission – to our cooperation with the International Monetary Fund, following the conference that took place in 2010 in Oslo, where there was a quite new and encouraging convergence on the need for our two organizations to work together and find a consensus on the not altogether different objectives constitutionally mandated by the two organizations. The challenge for the ILO, and I would venture to say for the IMF as well, is to apply that Oslo agenda on the ground and to turn that global discourse of convergence into practical consequences.

Finally, I would like to underline again our eagerness to continue cooperating with the European Commission on these issues, and to stress – as we have in this volume – our readiness to play our part in strengthening the multilateral response to the crisis.

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