

GB.267/ESP/3/2 - Governing Body

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267th Session

November 1996

Committee on Employment and Social Policy **TC**

THIRD ITEM ON THE AGENDA

Effect to be given to resolutions adopted by the Conference at its 83rd Session (June 1996)

**(b) Resolution (and conclusions)
concerning employment policies in a global context⁽¹⁾**

International action

1. Paragraph 10 of the Conclusions invites governments to commit themselves to adhere to common rules in order to reap the full benefits of globalization. They are encouraged to adopt and maintain open economic and trade policies and to refrain from policies that confer on them an unfair comparative advantage. This implies, among other measures, effective arrangements to overcome problems associated with the increasing globalization of financial markets, increased international assistance for the least developed countries and the promotion of higher growth among major industrial economies,

and boosting worldwide sustainable economic and social development, through improved international economic cooperation.

2. Paragraph 11 of the Conclusions calls on governments to enhance the adaptability of their labour markets through measures combining employment and flexibility, and to make efficient use of human resources. Central to these policies is the need to provide universal access to basic education, vocational training and further education, as well as to skill development and opportunities for lifelong education.

3. In paragraph 15, developing countries with high levels of poverty and inequality are called on to encourage policies and programmes designed to strengthen the capacity of the poor to respond adequately to new economic opportunities. A greater effort is needed to facilitate access to education, rural infrastructure, credit schemes, extension services and public works programmes.

4. Concerning the former centrally planned economies of Central and Eastern Europe and of Central Asia, paragraphs 16 and 17 appeal to governments to do their utmost to raise labour productivity and to move away from genuinely uncompetitive activities.

5. In paragraphs 18 and 19 industrialized economies are asked to build a strategy based on policies to restore higher growth in output, productive capacity and productivity. This requires the compatibility of macroeconomic objectives, wage developments and other aspects of the labour market. Consideration should also be given to how governments and the social partners could best fulfil these objectives.

Action by the ILO

6. Paragraph 21 defines the major role assigned to the ILO in assisting member States to achieve the objective of full employment. This is shown by the mandate given to the ILO by the World Summit for Social Development (Copenhagen, March 1995) on this question. It involves action on a wide front.

7. In this regard, paragraph 22 stresses four activities that should remain at the core of ILO priorities: the importance of the social dimension in the ongoing process of economic globalization; the promotion of full observance of fundamental international labour standards; the strengthening of ILO dialogue with other international organizations, especially the Bretton Woods institutions; the need to highlight the merits of programmes of economic reform based on a consensus among the social partners which include employment objectives; and, finally, the extended time needed by the Governing Body's Committee on Employment and Social Policy to discuss employment issues. In response to these requests to the ILO, the following activities have been undertaken.

- *World Employment 1996-97: National policies in a global context* will be published in late November or early December 1996. This new publication has the feasibility of full employment as a lead theme and discusses policies for attaining it in industrialized, transition and developing countries. It will include the full text of the resolution.
- Concerning the ratification of the seven fundamental ILO Conventions, [\(2\)](#) it will be recalled that the Director-General sent letters on 25 May 1995 to all member States. Since the commencement of the Director-General's initiative, there have been seven new ratifications of these Conventions. In more than 30 cases the Office was informed that it could expect a ratification shortly, and in numerous other cases reference was made to

possible other ratifications once new constitutions were adopted or amendments to specific existing labour laws made. Several replies mention that decisions are awaiting input from employers' and workers' organizations, either individually or through tripartite advisory committees. The Director-General sent a memorandum on 20 February 1996 to all ILO Regional Directors asking them to take new initiatives to obtain a response from countries that had not yet replied, and complementary information from those that had. It is proposed to report once again to the Governing Body, at its 268th Session (March 1997), on any further progress in ratification, on further information received, and on any assistance rendered.

- The development and strengthening of cooperation with the Bretton Woods institutions has been reported to the Committee on Employment and Social Policy on several occasions since 1993, whether in relation to the issue of structural adjustment (November 1993 and November 1994), or in the course of a more informal discussion (November 1995). The third item on the Committee's agenda at the present session is again devoted to this matter.

8. Paragraphs 23 and 24 specifically request the ILO to assist governments in establishing an employment policy framework and developing mechanisms that would enable ministers of finance and economic affairs and ministers of labour to review the policies that need to be followed with the social partners. This aim will be pursued, inter alia, through an initiative that the ILO has taken to conduct comprehensive country employment policy reviews, which will involve the active participation of several government agencies and ministries and the social partners. In the first instance, seven countries are being reviewed within the framework of the UN ACC Task Force on Employment and

Sustainable Livelihoods, for which the ILO was designated by the UN to act as Coordinator. An ILO team was specifically set up in July 1996 to ensure coordination of this activity being carried out as a follow-up to the World Summit for Social Development, held in Copenhagen during March 1995. The first seven country reviews will be completed by the end of 1996. In each of these countries a national seminar will be organized in the months to come in order to discuss the results of these reviews. Several ministries including ministers of finance, planning and economic affairs and ministers of labour will be invited to attend. Great care was exercised in the choice of countries to ensure that the sample is representative of economies at different levels of development. The reviews are being conducted with full consent and commitment of the member countries concerned, and in close consultation with and participation of the social partners. At the end of these reviews, a synthesis report will be prepared by the ILO, to be submitted to the ACC meeting in April 1997. This subject is described at greater length in a separate paper before the Committee at the present session.⁽³⁾

9. In paragraph 25, the ILO is called upon to carry out comparative analyses of the main problems faced by member States in the design and implementation of their employment promotion policies. Two major ILO activities are designated in the 1996-97 biennium to deal with these issues. The first addresses labour market information systems and indicators, the second focuses on the employment effects of globalization and regional integration. These activities will be continued and expanded during the 1998-99 biennium if the Governing Body decides. They may include an action programme on the effects of globalization on the location of enterprises and employment on the one hand, and on labour market information systems for

human resource development, on the other.

10. *The Governing Body may wish to request the Director-General to bear in mind the requests made in the conclusions in implementing current and future activities.*

Geneva, 8 October 1996.

Point for decision: Paragraph 10.

1. The text of the resolution and conclusions is appended.
 2. Forced Labour Convention, 1930 (No. 29); Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Equal Remuneration Convention, 1951 (No. 100); Abolition of Forced Labour Convention, 1957 (No. 105); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Minimum Age Convention, 1973 (No. 138).
 3. GB.267/ESP/1.
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Appendix

Resolution concerning employment policies in a global context⁽⁴⁾

- The General Conference of the International Labour Organization,
Having taken note of Report V on employment policies in a global context;
 1. Adopts the following conclusions.
 2. Invites the Governing Body to request the Director-General:
 1. to bring these conclusions to the attention of member States and of employers' and workers' organizations, including by attaching

them to the questionnaire for ILO constituents on the assessment of the impact of globalization and trade liberalization on the attainment of ILO objectives;

2. to take the conclusions into account in the preparation of the Programme and Budget proposals for the 1997-98 and subsequent biennia.

**Conclusions concerning the achievement of full employment
in a global context: The responsibility of governments, employers and trade unions**

The challenge

1. Unemployment and underemployment are currently at unacceptably high levels in nearly all regions of the world. Many developing countries have experienced a rise in poverty, unemployment and underemployment since the early 1980s, while mass unemployment has emerged in the transition economies since 1990. Similarly, high and persistent levels of unemployment have plagued a majority of industrialized countries for the past two decades.

2. Apart from the lack of employment, there is also the problem in some countries of the growing numbers of the "working poor" whose job fails to pay a living wage. Income and wage inequalities have also risen. In addition, social exclusion and long-term unemployment have grown. In many countries women and young people are particularly adversely affected by these problems. Without social justice, social cohesion and the stability of democracy are threatened.

3. These problems have occurred against a background of rapid technological change and growing integration of the world

economy through trade and investment flows. The creation of a global market offers the potential for achieving higher growth of output and employment worldwide but is also a source of growing dislocation and insecurity. Indeed there is widespread anxiety over the job-destroying effects of new technologies, the speed of information flows and the risks of job loss and job relocation in the wake of intensifying competitive pressures. It is therefore imperative to translate the potential benefits of rapid technological change and globalization into reality and to distribute these benefits widely. Recognizing the essential role of enterprises for creating jobs, a key means for achieving this is to raise the rate of growth of productive employment and incomes worldwide. Tripartite consultation on economic and labour market issues can assist in the spread of information about the potential benefits of globalization as well as in the promotion of social cohesion and sustainable economic growth.

The objective of full employment

4. The objective of full, productive and freely chosen employment through higher, sustained economic growth should remain a major goal of economic, social and employment policies as governments, employers' and workers' organizations adapt to a rapidly changing global market. High and productive levels of employment through enterprise development are fundamental means of combating poverty, of ensuring equity, of meeting people's aspirations for participation in economic and social life, and for preserving social cohesion. They are also prerequisites for the full utilization of human and capital resources, the maximization of the rate of growth of output and the improvement of living standards. Moreover, full employment reduces expenditures required for unemployment and related benefits and, hence, contributes to the reduction in fiscal deficits.

In contrast, high unemployment breeds exclusion and other social ills, increases poverty and inequality, and inflicts a high human cost on the unemployed in terms of reduced well-being and loss of dignity.

5. The definition of full employment as a level of employment where all those available, able and actively seeking work can obtain it remains fundamentally valid. Nevertheless, changes in the structure of employment in terms of what constitutes full, productive and freely chosen employment need to be taken into account. These structural changes include new forms of flexible employment, a higher turnover of jobs, and a growing trend towards shorter and flexible working time. In consequence, new policies for ensuring employment security, social protection and labour market flexibility need to be developed through, amongst other means, collective bargaining and legislation. These include the enhancement of "employability security" through expanded opportunities for lifelong training and retraining, continuous skill upgrading and the matching of skills with emerging labour markets. Systems of work-related benefits that offer commensurate coverage to the growing numbers in non-standard employment should be developed with due regard to their impact on job creation.

6. Full employment remains an achievable goal despite anxieties over the possible job-destroying effects of rapid technological change and intensified international competition. Both technological change and globalization can be harnessed to achieve higher rates of growth in output and productive employment. This requires the creation of an economic environment which provides clear incentives to enterprises for investment and job creation. At the same time, it requires social policies and institutions which facilitate labour market mobility

and flexibility, promote systems of worker involvement and collective bargaining and provide adequate levels of social and contractual protection. Policies to prevent social exclusion and to reintegrate retrenched workers into the labour market are vital for ensuring the social sustainability of adjustments to the new global economy.

7. The objective of full employment is valid for all countries although the concept may have to be interpreted differently for developing countries. Since in many of these countries, only a minority of the employed are in formal wage employment in the modern sector (the rest being in peasant farming, casual and contract labour or low productivity self-employment in the informal sector), progress towards full employment must be measured by using a combination of indicators. These include the rate of growth in modern-sector employment and changes in real average earnings and the degree of open and disguised unemployment and underemployment in the rural and informal sectors. Given the presence of widespread underemployment and poverty in developing countries, it is clear that attaining full employment is a long-term objective, but this does not detract from its usefulness as an overarching policy objective.

Furthermore, medium-term objectives need to be set and progress monitored. Full employment provides a notion around which policies can be formulated for raising both the volume and the quality of employment and, thereby, for ensuring that economic growth is equitable and poverty-reducing.

8. ILO Convention No. 122 on employment policy, which has been ratified by 84 member States, recognizes that full employment is more than the avoidance of unemployment. Full employment also requires work to be productive and furthermore stipulates that there should be freedom of choice of employment and the fullest

possible opportunity for each worker to qualify for, and to use his or her skills and endowments, in a job for which he or she is well suited, irrespective of race, colour, gender, religion, political opinion, national extraction or social origin. The commitment to full, productive and freely chosen employment was reaffirmed by the World Summit on Social Development (1995).

A framework for policy

(i) Creating an enabling global environment

9. Full employment for women and men can only be achieved in a stable political, economic and social environment. This requires a number of enabling factors. These include appropriate policies to achieve economic and financial stability and hence the absence of excessive price inflation and abrupt exchange rate movements. Exchange rate volatility makes it very difficult for employers to stabilize production and thereby jobs, and for unions to bargain rationally. Other factors include a legal and institutional framework that guarantees human rights, including freedom of association, secure property rights and the enforceability of contracts. A competent, effective and accountable public administration is also essential.

10. In order to fully realize the benefits of globalization, a number of actions are required at the international level to promote stable and open economic relationships among nations:

1. All countries must commit themselves to adhere to common rules in maintaining open economic and trade policies and refrain from policies that confer on them an unfair comparative advantage. In a number of countries the loss of jobs, especially among the low skilled, risks igniting protectionist sentiments. Universal compliance with basic labour standards, as confirmed by the World Summit on Social Development, contributes to equity and

respect for human rights in the face of rising international economic competition. The ILO's Tripartite Declaration on Multinational Enterprises and Social Policy provides a reference point for foreign direct investment.

2. Effective arrangements to overcome problems associated with the increasing globalization of financial markets, such as the rapid growth of volatile short-term financial flows which destabilize economic growth and employment, are needed. Means to discourage speculation and promote productive investment should be examined.
3. Many developing countries face considerable problems in meeting intensified international competition given the fast pace of technological change. They also face difficulties with the implementation of structural adjustment programmes and in compensating for the often negative social outcomes of these programmes. Increased international assistance for the least developed countries, most of which are in sub-Saharan Africa, is needed to reverse their marginalization, reduce their burden of external debt and bring about a desirable reduction in international inequalities and world poverty. This should be in line with the commitment made at the World Summit for Social Development to find effective, development-oriented and durable solutions to external debt problems, including cancellation or other debt relief measures.
4. Improved international economic cooperation and implementation of macroeconomic and structural policies for higher growth among major industrial economies will provide a major boost to world output, and promote sustainable economic and social development, including in transition and developing economies.

*(ii) Enhancing the adaptability of the labour market
and the efficient use of human resources*

11. Countries at all levels of development should have clear policy priorities to create and expand employment, and improve its quality, including conditions of work. Central to these policies is the need to provide universal access to basic education, opportunities for further education, vocational training, skill development and opportunities for lifelong education. These include the need to:

1. adapt training systems so as to improve the supply response to skill needs and also provide an appropriate system of incentives and support for employers to offer and workers to seek training, so that economic expansion is not restricted by a mismatch of skills;
2. adapt the training system to meet the needs of the self-employed, especially where few jobs in the formal or modern sector are being created;
3. encourage cooperation between private and public, large and small and medium-sized enterprises to exchange information and take other actions so as to nurture new entrepreneurial and management skills with the goal of increasing employment;
4. assist the development of small and medium-sized enterprises in order to encourage the creation of jobs by facilitating their access to capital markets and credit on reasonable collateral, interest and repayment terms, taking into account the need to encourage women entrepreneurs;
5. design policies and programmes aimed at providing equal employment opportunities for women and men. This includes special measures to enhance the employability of vulnerable groups, such as legal migrant workers, disabled workers and

young workers, and reintegrate the long-term unemployed as active members of the labour market. There is also a need to improve possibilities for workers to combine family responsibilities with their working life.

6. establish measures to allow workers to adjust to the changing pattern of international production and trade and promote their security of employability;
7. combine employment security and flexibility in the utilization of labour through, amongst other means, collective bargaining on the reorganization of work and investment in appropriate skills;
8. examine whether or not there is a need for reform in the labour market, and the nature of such reform, from a case-by-case examination of the empirical evidence;
9. promote labour-management cooperation, which contributes to productivity enhancement and facilitates product innovation, including effective systems for involving workers and their representatives in decisions at the enterprise and the workplace levels with a view to promoting creative policies and measures of job creation, flexibility and security.
10. encourage capital investment and research and development activities in order to upgrade product quality and preserve international competitiveness; and
11. develop tripartite forms of social dialogue among governments and workers' and employers' organizations in support of employment generation as a priority item on the national policy agenda. Such national employment strategies should concentrate on raising production through enlarging production capacity as well as productivity. With the growth of regional trade and integration arrangements, parallel regional employment strategies should also be developed among governments, with the

full involvement of employers and trade unions.

Employment growth: The top priority for developing countries

12. Economic conditions overall and employment conditions in particular, have deteriorated in many developing countries, in many cases amounting to an increase in poverty and a decline in income levels since the early 1980s as a consequence of the debt crises, declining commodity prices and subsequent adjustment problems. However, the growing diversity of employment conditions is a striking feature of the development process. A critical condition for reversing the deterioration in employment conditions, where it has occurred, is to restore higher and more stable rates of growth. Only high economic growth and financial stability can provide the preconditions for a sufficiently high rate of growth of productive employment. This would include putting in place appropriate mechanisms, with follow-up, for financing in the informal sector and micro- enterprises in order to facilitate their gradual integration into the formal, modern sector of the economy. These actions are required to cope with high rates of labour force growth as well as to reduce the existing pool of unemployed and the share of low productivity jobs in total employment and thereby contribute to the alleviation of poverty.

13. Many developing countries still face considerable challenges in implementing economic reforms in order to move towards a more open and market-oriented economy. This involves trade and currency liberalization as well as various micro-economic reforms to remove price and other distortions and achieve greater efficiency in resource allocation as well as better labour utilization. It is particularly important that trade be integrated with all countries. Successfully implemented and reinforced by other appropriate programmes and policies, such reforms should

lead to higher growth and an increased pace of productive job creation. Successful reform is thus the cornerstone of efforts to put developing countries firmly on the path of achieving full employment.

14. But there is likely to be a high social cost associated with the reform process. Jobs in uncompetitive activities, which may be high status jobs, are likely to be destroyed faster than new jobs, which may be worse paid, can be created in competitive sectors. There needs to be a balanced approach to economic liberalization and any resulting labour force restructuring so as to mitigate any worsening of unemployment and poverty. The process of job creation is likely to be more successful in economies that are open and market oriented. The pace of the process towards this objective will vary from country to country but earlier success can be achieved where there is a high degree of social consensus.

15. While market reforms are essential for sustainable employment growth and poverty alleviation they are unlikely to be sufficient. Especially in countries with high levels of poverty and inequality, market reforms need to be supplemented by policies and programmes designed to strengthen the capacity of the poor to respond adequately to new economic opportunities. A greater effort is needed to develop, for example, access to education, especially at the primary levels and for girls, rural infrastructure, especially transport and communications, credit schemes, extension services and public works programmes. Land and tenancy reform measures are also important where the pattern of land ownership is highly unequal. Outside the rural sector, programmes to promote the growth of labour-intensive, small and medium enterprises are particularly important. These should be extended to micro-enterprises and self-employment activities in the urban informal sector. Programmes to combat

child labour exploitation such as the ILO's International Programme for the Elimination of Child Labour should be developed in order to take children out of work and into training and education, and to create employment opportunities for their parents. Programmes should also be developed to assist women, especially in rural areas, to overcome the barriers preventing them from finding productive and freely-chosen employment. In addition, the capacity to design and implement programmes to compensate for the adverse effects of economic reform and of structural adjustment programmes needs to be strengthened.

Restructuring employment in countries in transition

16. Many of the former centrally planned economies of Central and Eastern Europe and of Central Asia have experienced a rapid emergence of mass unemployment since the beginning of the process of transition to a market economy. The non-payment of wages is an acute problem in many countries. In other countries open unemployment has been replaced by short-time working, extended leave and other measures. Frequently a difficult fiscal situation restricts the financing of active and passive labour market measures. Significant progress has been made in this transition process in many countries, although the achievements have been uneven across countries. But even in the countries most advanced in the reform process much remains to be done, especially in the area of enterprise restructuring, before they become competitive market economies. Adjustment will be eased if present policies hampering restructuring, such as tax-based incomes policies, are replaced by a system of collective bargaining on wages in line with market forces.

17. A major policy challenge is to reduce current high levels of unemployment and underemployment while pressing ahead with the transition process. However, a key objective of further

reforms is to raise labour productivity and move away from genuinely uncompetitive activities. This implies a further rise in unemployment, unless new jobs are created rapidly. Promoting job creation in competitive new private sector and viable public sector activities is therefore a vital element of employment policies. The expected run-down of employment should be matched, wherever possible, with these job creation activities. This requires a strengthening of the capacity for macroeconomic management in order to ensure a supportive economic environment, a continuation of market reforms to provide the right incentives for investment and enterprise growth and the development of a comprehensive legal framework for the operation of small and medium enterprises and the reform of labour law in line with ILO standards. Attention also needs to be given to removing constraints on labour mobility, especially from regions of high unemployment to regions of greater employment potential. Regions earlier dependent on a single industry are often suffering high levels of unemployment. Their vulnerability can be reduced by encouraging the diversification of economic activities which would also enrich the skill structure of the labour market.

Emerging features of a full employment strategy in industrialized countries

18. In most of the industrialized countries tackling the problems of high unemployment, widening wage inequalities, labour market costs and rigidities, and increasing disparities in job opportunities are a major preoccupation for governments and the social partners. Although the degree of consensus on the causes of these phenomena or on the policies required to overcome them is limited, there is, nevertheless, scope for building a strategy based on policies to restore higher rates of growth of output, of productive capacity and productivity.

19. Such a strategy involves the implementation of macroeconomic policies aimed at securing an adequate framework for faster growth, fiscal equity, job-creating investment and a more stable balance between supply and demand, side by side with:

1. labour market policies to improve the functioning of labour markets, increase equality of opportunity and, thus, raise the employment prospects for all and particularly low-skilled workers. Active labour market policies should include the development of local employment initiatives and the provision of high quality employment services; and
2. a reduction of non-wage labour costs without affecting levels of social security, aimed at the low skilled and low productivity end of the labour market.

To boost investment and employment, the macroeconomic part of the strategy could involve, wherever possible, a reduction in real interest rates, fiscal deficits, public debts and governments' debt servicing burden. Economic growth and lower unemployment are effective means for attaining a sustained reduction in public deficits and debt through increased tax revenues from higher growth and savings on social security.

20. Improved coherence between economic and employment policies will ease external deficit problems, soften the losses of competitiveness generated by inflationary tensions, and most importantly, reinforce the credibility of policies of deficit reduction, thereby sustaining economic growth. Such an approach would help to build confidence in financial markets that a sustained reduction in real interest rates is consistent with faster growth and pursuit of the objective of full employment. In addition, in order to maintain incentives to invest and to contain

inflationary pressures, macroeconomic objectives, wage developments and other aspects of the labour market should be compatible. Consideration should be given to the methods by which governments and the social partners, taking into account their respective responsibilities, achieve these objectives. With a view to increasing employment opportunities, the social partners may wish to consider examining different means of reorganizing working time. The promotion of new forms of work in the environmental protection, community and social service sectors should also be examined.

The international advocate for full employment and social justice:

The role of the ILO

21. The ILO has a major role to play in assisting member States to achieve the objective of full employment through economic and social policies as governments and the social partners try to adapt to rapid changes in the world of work. This role was reinforced by the mandate given to the ILO by the World Summit for Social Development to lead the international inter-agency effort to promote full productive and freely chosen employment. This will involve action on a wide front.

22. At the international level, the ILO should continue to highlight the importance of the social dimensions of the ongoing process of economic globalization including through the regular preparation of the World Employment Report. It should strengthen its efforts to promote the full observance of basic international labour standards including by upgrading the supervisory machinery for the application of ILO Conventions and by technical assistance for their more effective application. This is an important means for the ILO to play its role connected with the opening-up of global markets and ensuring the equitable

distribution of the benefits of economic liberalization and globalization. The ILO should also strengthen its ongoing dialogue with the Bretton Woods institutions, the OECD and the business and industry and trade union advisory committees (BIAC and TUAC) to the OECD and the WTO with a view to promoting a better mutual understanding of the interrelationship between economic, social and employment policies. In this connection, the ILO needs to stress the merits of programmes of economic reform which are based on consensus among the social partners, which allow for raising both the quantity and quality of employment with the goal of full employment, and adequate compensatory programmes of social safety nets and which do not require vulnerable sections of the population to suffer high and immediate costs in return for uncertain future benefits. The introduction of employment targets into structural adjustment programmes should be taken into account. The Governing Body's Committee on Employment and Social Policy should be given extended time for discussion of employment issues. Enterprise development and the improvement of industrial relations within enterprises should continue to be given high priority by the ILO.

23. Consideration should be given, both nationally and by the ILO Governing Body, to developing mechanisms that would enable ministers of finance and economic affairs and ministers of labour to review jointly with the social partners the policies that need to be followed in order to ensure that employment and social objectives receive high priority in national and international economic policies.

24. At the national level, the ILO should assist all governments, with the fullest involvement of the social partners, in establishing an employment policy framework, in articulating this framework in institutional terms, and in the development of effective

monitoring and evaluation machinery. Such ILO assistance in formulating an employment policy framework could be provided through the series of employment policy reviews being launched as a follow-up to the World Summit for Social Development. Such reviews, undertaken only at the request of and with the full commitment of member States and the social partners, should examine the legislative or other similar means by which commitment towards achieving full employment has been expressed as well as the forms of tripartite consultations available to review progress towards that goal and the weight given to employment considerations in economic policy-making. Each country review should include background and analytical work, the identification of key problems, an examination of the effectiveness of institutions with a role to play in job creation, the elaboration of policy recommendations and suggestions for convening a national employment summit. Among the issues which any review should analyse are the following: the impact of globalization on the country's employment situation; the functioning of the industrial relations systems; obstacles to enterprise creation, rural unemployment, the role of wage and non-wage labour costs, the interests of all vulnerable groups including the disabled, ethnic minorities, indigenous people, migrants, young workers and long-term unemployed; and the effect of employment policies on levels of employment. Reviews should also examine the appropriate roles of the private and public sectors in generating employment and alleviating poverty. These reviews should be carried out in consultation with the Governing Body Committee on Employment and Social Policy. Undertaking country employment policy reviews will allow the ILO to identify and document good policies and practice in the employment and training field and disseminate this information to member States.

25. In addition to this country-specific assistance, the ILO should undertake a comparative analysis of the principal problems faced by member States in the design and implementation of employment promotion policies. This will require:

1. The development of an expanded range of indicators of labour market performance in order to assess the effectiveness of active labour market programmes such as retraining, job subsidies and self-employment promotion in creating sustainable jobs at a reasonable cost. Additionally, indicators need to be developed which can reflect job characteristics which are not conventionally measured. These include such alternative forms of work as casual or temporary jobs and fluctuations in hours worked and earnings. The ILO should assist member States on improving the collection of labour market information and widening the availability of labour market indicators to include new employment trends.
2. The undertaking of comparative policy analyses of common employment policy issues that are relevant to countries at all levels of development. These will serve as a basis for advice to constituents and for discussion with the Bretton Woods institutions and should include the following:
 1. the impact of trade and financial liberalization on the level and quality of employment, particularly with respect to women's employment;
 2. appropriate forms of government support for infrastructural development and training, in order to achieve higher levels of productivity and international competitiveness;
 3. forms of support for the development of small and medium-sized enterprises, including the provision of appropriate credit schemes, infrastructure, etc., paying particular attention to the problems of women entrepreneurs;

4. the design of labour market institutions and regulations which can best satisfy the twin imperatives of higher employment growth and competitiveness, on the one hand, and employment security and an adequate level of social protection on the other.

4. Adopted on 19 June 1996.

Updated by VC. Approved by NdW. Last update: 26 January 2000.
