
Panel Discussion 1 “Globalization and the World of Work”

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NATIONS AND THE TWIN PROCESSES OF GLOBALIZATION

Moderator Takahashi:

First let me present the direction of this panel discussion. Globalization tends to mean the process of rapid globalization mainly occurring in the marketplace. Market globalization has both advantages and disadvantages, possibly leading to various problems that the world must address, including a widening gap between the rich and the poor, environmental destruction, and regional conflicts. In making such efforts, global connections, led by NGOs and civil society have been established, and they have been participated by international organizations, including the United Nations, and assistance agencies in developed countries. Another process of globalization led by citizens has started.

Currently we are faced with a complicated situation where these twin globalization processes exist and nations must seek to fulfill their own responsibilities in this context. Each country's responsibilities, affected by the two processes of globalization, are changing from traditional roles, such as being a watchman state or a welfare state. Some nations have established the rules of market globalization, ask people to abide by them, and make new rules where deemed necessary, while also facing the new responsibility of strengthening the other citizen-led globalization process. Nations' responsibilities are being pulled in two different directions.

A Process Led by Scholars and Experts

In the course of the G7 summit meeting and the UN summits, the world has made a variety of

efforts in the course of the 1990s to change itself into a global community from that with an axis of the East versus the West and the North versus the South, which had its origins in the Cold War. The world community was tired of big conferences. The September 11th terrorist attacks occurred, which pushed the world into a more complicated chaos.

A different process this time led by scholars and experts has now started, rather than an intergovernmental process. This new process has provided or will provide the world with six reports: 1) Eminent Persons Group on Human Security led by Japan; 2) A Fair Globalization, a World Commission report; 3) a report on “Civil Society” released in June this year; 4) a report on “Security Challenge” released in New York yesterday; 5) a report on “Global Public Goods” to be released next April; and 6) a report on the status of the United Nations Millennium Development Goals (MDGs) to be released early next years. What impact will these reports have in a globalized world after September 11th?

Positioning Decent Work in the New Process of Globalization

The content of globalization will be created by three major players, namely the market, the citizens, and the nations. The six reports mentioned earlier, provide the background, against which we consider how to position decent work as a key component of this new globalization. The World Commission report raises important questions to advance discussions.

I hope that this panel discussion will be an opportunity to deepen the discussion how Asian countries, which have attained rapid economic growth and will be dynamic leaders in the world economy, will deal with globalization focusing on decent work.

Attending a Discussion of the World Commission

Mr. Nishimuro:

The World Commission faced difficulties in its work of consolidating varied opinions. However, I think that it was very meaningful that, in the end, the commission was able to send a positive message that globalization can contribute to both economic and social growth, despite diversity and differences in the members’ opinions.

The report stresses that “beginning at home” is important to utilize globalization in achieving growth in economy and society. Globalization does not mean that nations will become mere background or that international boundaries will disappear. A nation’s involvement in globalization basically depends upon what policies or systems they will adopt in seeking for people’s happiness. It was a fruitful experience for participating countries to again acknowledge that it is important for each country to take the most effective policy in view of their own domestic conditions.

Corporate Responsibility

The report states that the governance of globalization requires nations as well as all the actors such as international organizations, multinational corporations, workers, workers' associations and civil society to act their parts well, aiming to establish a better society and achieve an equitable globalization.

On corporate responsibility, the report emphasizes that, in any country, decent work is essential so that all may benefit from globalization. To get decent work, involvement in corporate activities in whatever form is the key. Forming enterprises in a variety of ways or participating in corporate activities will be a step to access wealth by finding ways to earn money and escape from poverty. Besides providing economic safety, work is also important to connecting people to the society and enabling them to feel dignity by becoming independent. Businesses must continue in their work and keep up their efforts to provide more people with more wealth, in other words, create jobs, increase the number of jobs, and further improve the quality of those jobs. Corporations not only initiate globalization but are also subject to the effects of globalization and have to cope with ever-intensifying international competition. They should believe that strengthening competitiveness through innovation and continuing activities to create added value will eventually contribute to the expansion of decent work. Also, they should develop operations that follow this direction. I believe that, in addition to such efforts, businesses need to fulfill their corporate social responsibility (CSR) and contribute to the sustainable development of society so that they may continue to exist as social entities.

Viewpoint from Asia

Compared with other regions, Asia seems more successful in alleviating poverty and improving living standards by taking advantage of globalization. Asia, which can be characterized by its diversity, is taking a variety of approaches in dealing with globalization. We can find cases of success in Asia in attracting direct investment, growth through export expansion, and the utilization of information and communications technologies (ICT). A challenge for us living in Asia is to learn from a variety of successes and failures experienced in Asia to find the best policy for each country.

What we can see in common behind the cases of success in Asia is a large amount of investment in education. A nation's ability depends on the ability of its people. To have excellent human resources as leaders in government and industry, or to have skilled workers within industries is the key. With our expectations for the youth who will forge the future, which is the theme for today, I believe that both governments and corporations should make greater efforts to foster human resources in boldly tackling globalization.

The Erroneous Expectation that the Market Will Maintain a Balance

Moderator:

Ms. Halimah Yacob from Singapore, please.

Ms. Yacob:

A fair and nonexclusive process of globalization is what we urgently need. The present process of globalization is no longer sustainable. The greatest challenge for us today is to address the erroneous expectation that the market will maintain all the balances and bring about an equilibrium. Strong policy intervention either on an international or domestic level will be crucial to alleviate poverty and create job opportunities. Governments used to strive to achieve full employment, but it is no longer a target for many of the developed countries. Instead, economic growth and measures to deal with inflation draws the most attention. Creating job opportunities seems to have been dropped as a target for development and economic growth. I think that is one of the root causes of the problem.

Imbalances Seen in the World

Income imbalance is deteriorating both within countries and between countries. Looking at the world as a whole, many are still poor in spite of their hard work and are lacking in basic assistance in housing, elderly life, and health. In India, for example, GNP is growing yearly by 6% on average over the last 20 years, but the growth of job opportunities remained at 1%, including the informal sector. It can be said that while GNP is growing, the problem of poverty, under employment and joblessness still remains.

In the U.S., the upper income brackets that occupy just 1% of population earn as high as 17% of national income. Short-term contract workers are increasing, making them feel insecure about their economic future. While in Japan, jobs have been created but wages are decreasing because the number of part-time workers, contract workers, and temporary employees has increased.

In today's world, 115 million children in developing countries do not go to school, 65 million of whom are girls. More and more women are facing poverty all around the world.

It will be necessary for us to correct such imbalances and achieve a socially and economically nonexclusive globalization and growth. A World Commission Report says the problem does not lie in globalization itself, but in its governance. Although the global market is expanding, the necessary social or economic systems have not been established, hampering the smooth function of globalization. If people are not placed at the centre of development and the globalization process is not fair, it will not be sustainable in both domestic and international fields.

The Role of Labor Unions

Workers and poor people must be given opportunities to influence the globalization process. We have to recognize the role and the contribution to society made by labor unions. A labor union is the place where ordinary people's voices are heard and, further, the organization can

input such voices into the process of globalization. I think this will help make the globalization process nonexclusive. When labor unions are weak and less organized, they are relegated to a lower status and that will place a pressure on the incomes of workers and prevent workers' quality of life from improving. Labor unions must send representatives to (governmental) programs or institutions and participate in establishing social and economic policies. Not having the right to speak means they are deprived of opportunities to express their wishes.

In Singapore, labor unions are represented in major institutions such as the Housing and Development Board and the Economic Development. This ensures that we are able to influence economic and social policies which have an impact on workers. Being able to input the views, opinions, and wishes of workers will certainly contribute to realizing a fair globalization.

Establishing an agenda of decent work in each country also means that realizing basic working rules such as freedom of association, protecting the right of collective bargaining, the elimination of discrimination within labor, as well as the elimination of child labor and forced labor. Therefore, protecting workers' basic rights and the rights of labor unions protects a nonexclusive globalization process at the same time.

Role of Companies

In today's society where companies operate beyond their national borders, they may lose the sense of responsibility in the country where they are operating. We want them to be responsible not only for shareholders but also for workers, regional society, and the environment. In Singapore, we are promoting corporate social responsibility as an initiative made up of three parties.

Another responsibility lies in the field of employment. This is an important point to stabilize income and improve economic development. Without employment, there will be no stable income. Even if a company cannot provide lifetime employment to its employees, the company and the government must at least develop workers' employability so that they can become competitive and find future work.

Although businesses say that workers are important assets for them, it seems that they are not investing enough to develop their potentials.

Role of the Government

In ILO's core treaty, it is stated that primary education is a basic human right. I sincerely hope that government officials will discuss ways to implement lifelong education and ability development on a national level.

As lifetime employment is becoming less popular, labor transfers between corporations must be made smoother. In transferring employment among businesses, social security networks will be essential to avoid disorder in society.

Fair and nonexclusive globalization is attainable. To this end, influential activities by labor unions, integrated macro-scale policies by the government and development centering on employment will also be important. Further, we need to secure fair and transparent government policies.

The Effects of Globalization

Moderator :

Next, Vice Chairman Kim from South Korea, please.

Dr. Kim:

Advancement of globalization can also be described as a unification process of the global economy. Highly developed information and telecommunication technologies affect trade volume, for example, increasing the amount of international trade fairly. This trend also applies to international direct investment and short-term capital movements.

Looking at other figures, income gaps widened in the U.S. and the U.K., while remained unchanged or narrowed in Sweden, Germany, and France. Comparing the income gap of the 20 richest countries and the 20 poorest countries in terms of per capita GDP, it stood at 121.1 times for the period from 2000 to 2002, while it was 53.9 times from 1960 to 1962.

In South Korea, wage gaps exist in accordance with the size of business, and it is gradually widening. Globalization is the cause of problems between employers and employees, as well as between companies such as small-, mid-, and large-sized companies.

In that context, many people point out that globalization has both advantages and disadvantages. The failure to adapt to globalization actually leads to economic inequity. On another front, globalization has contributed to human prosperity, and at the same time, encouraged job creation, and created improvements in productivity and economic growth.

Adapting to Globalization

South Korea faces a variety of difficulties in relation to globalization. Examples include unstable labor-business relations and a rigid labor market. These hamper the transfer of both capital and workers. Under such circumstances, foreign capital or foreign investors are reluctant to invest in South Korea. Other examples are expensive production costs due to excessive government intervention and regulation, housing costs, and the exclusive attitude of labor union to foreign workers. I believe that one key to adapt to globalization lies in the acceptance of globalization in a more harmonized way. We need legal and institutional reform as well as a reform of our attitudes, traditions, and actions.

The Relationship between Trade and Employment

Moderator:

As the final speaker, Professor Higuchi, please.

Prof. Higuchi:

I would like to comment from a neutral standpoint of view, independent of the government, ILO, or employers or labor unions.

First, there are two issues in globalization. One is the development of globalization through international trade, in other words the transfer of goods and services beyond national borders. The other is what is happening in the international direct investment or foreign investment in Japan.

Looking at the real status of exports and imports without consideration of price fluctuations, exports and imports account for more in terms of GDP. In Japan, exports have exceeded imports for a long time. From the aspect of employment, trade has had a significant effect in job creation in Japan. When price fluctuations are considered, the price of export goods and import goods have been decreasing considerably compared with the price of domestic services and fiscal expenditure. In such circumstances, businesses have been faced with harsh competition, including the lowering of prices and forced cost reductions. I think this has led to wage repression, job cutbacks, and business streamlining.

Relationship Between Foreign and Domestic Direct Investment and Employment

I'm going to focus on the number of foreign workers that Japanese companies employ overseas through foreign investment, and that of Japanese workers employed by foreign companies in Japan. Foreign companies employ a maximum of 350,000 workers in Japan, while Japanese companies have created four million jobs outside Japan, particularly in Asia. Although Japanese companies employ foreign workers overseas through international direct investment, foreign businesses do not employ so many Japanese in Japan, which has a negative impact in job creation in Japan. It can be said that trade (exports and imports) has a positive effect but direct investment has a negative effect in job creation in Japan.

Looking at the number employed in Japan by companies directly investing in foreign countries, their direct investment in foreign countries does not necessarily lead to a decrease of jobs in Japan. Companies that have expanded overseas are gaining added value for their products and enjoy competitiveness. Considering this, discontinuation of globalization will not result in stopping the decline of employment in Japan. What is important is how companies take advantage of globalization to be more competitive and to create jobs through globalization. At the same time, they must foster suitable human resources to develop value-added products.

Polarization of Young People in the Wake of Globalization

In Japan, less educated people are more affected by cutbacks of permanent staff by businesses. Globalization has an uneven effect, bringing advantages for skilled workers and disadvantages for unskilled workers at manufacturing sites.

Next, the number of irregular employment positions, including temporary workers and part-time workers, has evidently increased in recent years among young people from 15 to 24 years old. Fifty percent of women and more than forty percent of men in the workforce are employed in irregular positions. Globalization makes the employment status of young people unstable and decreases the number of permanent workers.

While part-time workers are increasing, more and more workers are working for longer hours since the '90s. Young workers are polarized—those who work for shorter hours with low wage and those who work for long hours but with stable employment.

Challenges for Governments and International Institutions

Overall demand for unskilled workers is decreasing in Japan because of the shift of unskilled jobs to overseas. On the other hand, as demand for highly skilled workers is increasing, job training and education will increasingly play an important role.

The Japanese government has subsidized companies in education and job training. However, as more and more people are changing jobs, the government must provide direct support for education and training. Examples include a scholarship system to help develop careers or establishment of a tax relief system for self-development costs.

As the competition becomes more severe, companies must seek for cost reductions, cutting not only wages but also skills-development costs. Therefore, the government must assume a greater responsibility in ability development for irregular workers.

Furthermore, in an age when companies can choose the country to invest in and foreign direct investment is easy, providing an arena for internationally fair competition is essential. I hope international institutions, including the ILO, will take the leadership. I expect that disseminating decent work advocated by the ILO will be a key to upgrading jobs in terms of quality and volume.

The Most Important Point in Placing Decent Work at the Center of Globalization

Moderator Takahashi:

I would like all the panelists to describe in a nutshell what is the most important issue in order to place decent work at the center of globalization.

Mr. Nishimuro:

The first point is that each country must adopt a policy to clearly aim at decent work. Second is that companies actually offering jobs should consider decent work in a sincere manner.

Ms. Yacob:

First, governments should position employment at the center of development, both in terms of quantity and quality. Education, employability, skills training, re-training, social dialog, and a three-party participation system must be strengthened in promoting decent work. This will help workers to participate in a fair and nonexclusive globalization process.

Dr. Kim:

I agree with the others. I think the definition of decent work will be important. As countries are all different, I think a rigid definition will not be accepted. I completely agree with the importance of skills training and education.

Director General Somavia:

I think the most important point is organization. We tend to forget about the power of local government, which is the closest to the people. I believe that the role of local governments will be important.

Also I would like to comment on how to define decent work. Decent work itself is the objective. The four important pillars are rights at the workplace, job creation, social protection, and social dialogue, but these do not define a universal standard for decent work. That's why each country can implement the decent work agenda according to its priorities. This is also why organization plays a central role. Organizations represent social opinion. Dialogue is key to finding solutions to the challenges of globalization.

Prof. Higuchi:

As the word "decent work" is a little bit abstract, we need a more concrete definition. Moreover, we have to recognize that the definition of decent work is diversified and need to consolidate opinions in each country. To that end, a numerical target for each country will be necessary.

Conclusion and Q&A from the Floor

Moderator Takahashi:

We now have a clear understanding that each country has started its own efforts on employment. To be more specific, education in the broadest sense has been pointed out as one important element.

What we should be concerned about is that there is a higher possibility that economic growth may be achieved without job increases or wage increases if we do not take proper countermeasures against market forces. When international competition intensifies, companies must reduce costs to survive in the competition, which often forces workers to change their jobs. Under such circumstances, a safety net provided by society in general, rather than the

traditional safety net provided by companies, will be important. In making such efforts, globalization mainly in the marketplace may gradually provide the focus on decent work.

Next, I would like to have any comments from the floor.

Comment from the floor:

I agree with Professor Higuchi that globalization has various impacts in each country and the definition of decent work is diverse. Work should be considered with each country's history, tradition, sense of ethics, and social practice in mind.

Comment from the floor:

I agree with Professor Higuchi in general, but local people will face difficulties if they lose the jobs they have at present.

Comment from the floor:

Young people are not benefiting from social protection. In view of the basic rights and principles that ILO advocates, we need broader social provisions that provide fair opportunities in employment.

Comment from the floor:

Facing the situation where there are so many unemployed people all over the world, what matters most is that every one of us is a worker. Whether the work is "decent" or not counts less. Both in Japan and South Korea, companies are cutting back jobs. I doubt whether these companies are executing their corporate social responsibilities as the number of people out of work is ever-increasing.

Director General Somavia:

Unemployment is commonly at the heart of social instability, so we will not achieve stability unless joblessness is solved. In a situation where many people have no jobs, some see no alternative but to take any job regardless of working conditions. This puts pressure on workers' rights. Our aim is to promote opportunities for productive work which also respects human dignity and which takes into account the quality of work. If the work force is treated as a product, human and family dignity will not be respected, bringing social tension. This must be treated as a political or social problem, not a technical one. As the global jobless rate is at a historical high, society on the whole must address this problem. As I said in my earlier address, we need sustainable and environmentally-friendly growth. This will connect producers and job creation.

The ILO integrates fundamental rights and principles in the definition of decent work. Fundamental rights in areas, such as freedom of association and child labor are universal – they are the same for all countries and must be respected as such. Countries themselves decide whether or not to ratify ILO Conventions. The ILO is different from other international

institutions in that we agree on a decent work agenda as an Organization without forcing member States to pursue it. Each country makes that decision and has the responsibility of implementing the agenda. I believe that labor and management can find appropriate and productive ways to make progress towards the objectives of the decent work agenda depending on the specificity of each situation.

Prof. Higuchi:

I think the gap between job creation and the jobless rate in the regions is really widening. The Japanese government has made efforts to narrow the regional gap by adopting macro policies and fiscal policies. But considering the limitations of macro policies, we should transfer power to local governments so that each region can develop its own employment strategy to create more jobs. In the wake of globalization, localization will be essential. Local people or local governments, not the national government, know best what can be done in that region. Effective measures can be taken by changing traditional ways to those conducted by local people and the local government, together with labor unions and businesses. The national government should support establishing a system of developing strategies for local employment. The national government will be required to take the responsibility for fostering human resources.

Dr. Kim:

We understand the pain of workers caused by business restructuring, as well as the responsibility of management for creating jobs and maintaining employment. Compare a company to a human being. If a person gets too fat, he or she is susceptible to serious diseases such as high blood pressure or cerebral injury. If a daily health check is performed, there will be no problem. But without such checks, it can become a major problem causing pain and a threat to life. Daily care of the human body is the daily restructuring for a company. Another way of restructuring is through innovation. Restructuring is not an option but is essential for companies.

Mr. Nishimuro:

In my first presentation, I said that companies should continue their business so that they contribute to the creation of social wealth and to the provision of jobs. To this end, it will be essential for them to maintain international competitiveness in the climate of globalization. In order to maintain international competitiveness, many things are required, including technological development, capital investments, and marketing. But the most important is the highly skilled employee. Companies need to provide continuous training and a variety of opportunities for each employee. Without skilled employees, companies will not be able to maintain international competitiveness. Therefore, what is important is to retain the internationally competitive workers they have fostered. If companies are forced to cutback their workforces, they must help their employees to fully understand that there was no

alternative in order to survive.

This happened to electrical industries in 2001. Manufacturers, including Toshiba, reduced the number of regular employees, which was a tough decision for all of us. Although we invested a considerable amount of money in education and maintained highly skilled workers, faced with severe international competition, we had to make such a decision. Fortunately, companies have regained their competitiveness and are gradually increasing the number of jobs. Our most important goal is to develop competitive companies that can grow up together with highly skilled employees. At the same time, we will make every effort not to have to cut back our workforces against our wishes.

Ms. Yacob:

Let me comment on restructuring. There was an explanation that to maintain international competitiveness, restructuring will be necessary or it will be difficult to maintain the current employees. However, companies are able to alleviate some of the workers' pain. For example, they can invest in skills training for their workers. Such training will be effective when workers change jobs and move to growing companies. I think it is important that governments, together with enterprises, invest in training for reemployment. This will make career changes easier if workers lose their jobs. I also hope companies will shift extra workers to expanding departments within or outside the company, before making a decision on restructuring. Job counseling for reemployment or supporting activities for job hunting at company facilities before laid-off workers leave the company will also help alleviate their distress. Social security will also play an important role. With social security, workers can accept restructuring or reemployment. Lastly, I would like to stress that, in my opinion, switching regular employees to irregular ones in the course of restructuring should not be acceptable.

Moderator Takahashi:

Reaching a conclusion on this subject will be difficult even if we continue the discussion all night long. As time is limited, let me end this session here.

Thank you all.