

## STANDARDS OF THE INTERNATIONAL LABOUR ORGANISATION AND PROSPECTS FOR DEVELOPMENT\*

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The International Labour Organisation is a specialised United Nations institution established after World War II. For 58 years it has been dealing with work and social security standards. It has adopted 185 Conventions and 194 recommendations that have formed code of international work standards. These standards have been developed thanks to the cooperation of governments, trade unions and employers' organisations (trilateral). This requires particular activity of this organisation, as it is difficult to adopt any standards in an institution that unites governments, and it is even more difficult, when trade unions and employers' organisations are concerned.

The process of adopting of conventions is very expensive and long lasting. It requires intensive research, discussions, organisation of conferences attended by thousands of delegates from all over the world. All these works require enormous financial outlays. However bearing in mind the number of adopted conventions and recommendations, there is no other body in the world that would so consistently and systematically focus the attention of the international community over the entire century.

The first conventions dealt with such issues as work and social relations. Why were these areas treated with priority? The answer is, because the society of the 19 Century was industrial. Sometimes people used to wonder what to do to make the workforce more productive. Solution of this problem was intended to contribute to stabilising of economic growth and transition towards a more advanced society, which finally happened in the 20th Century. Every new convention covered only a part of the puzzle concerning the issue of workforce productivity, referring to such matters as work safety and hygiene, training, social security, dignity of employees etc. At the end of the 20th century the main elements were put in the form of fundamental principles of labour law that were proclaimed in 1990 by the International Labour Organisation in its Declaration of Fundamental Principles and Rights at Work.

These principles made no reference to social security, but somehow the International Labour Organisation's convention and the entire international community arrived at the same conclusions at the end of the century – i.e. that the provision of social security is indispensable. In 2001 the International Labour Organisation held a great debate on the issue of social security. It was then determined for the first time that social security is a basic human right. If social security is correctly managed, it will contribute to productivity and balanced economic growth. Without social security, workforce productivity cannot be achieved.

If we have a look at the map of Europe, presenting the countries that ratified Convention 102 of the International Labour Organisation on minimum standards of social security (Poland ratified this convention 2 years ago), we will find there a confirmation of this

assumption. This map clearly shows the borders of ratification of this Convention. It turns out that these borders are exactly the same as those that divided Europe into Western and Eastern for 50 years in the 20th Century. We can also tell which employees were productive, and in which countries social security played a role in maintaining workforce productivity. One of the reasons behind the collapse of communism was that employees became unproductive. On the other hand the entire Western Europe ratified Convention 102 on minimum standards of social security, which is now a European principle used in the entire Western Europe. This border runs further eastwards. More and more former socialist countries are thinking about ratifying this convention, and are undertaking steps aimed at doing just that. In 2004 Rumania, Moldova and Lithuania declared their preparedness to ratify this convention. Therefore as we can see, this border has moved even further towards the east, while social security – as the minimum right – is becoming a Paneuropean concept.

Therefore we have reached a moment, when the issue of social security has become a European wide concept. This took a lot of work over 85 years. If we have a look at the first generation of standards, it will turn out that they make up a sort of a basis. These include conventions adopted by the International Labour Organisation before World War II. They covered precise risks applicable to specific categories of employees and were strictly limited to social insurance programmes.

After World War II, in 1952 a new, second generation of standards was adopted. Convention no. 102 is practically a systematic and versatile a standard, which has united all nine areas, previously adopted separately. This convention included these areas into a uniform social security system, based on uniform financing and control principles. Then Convention no. 118 was adopted, which dealt with equality of local and foreign citizens in these nine areas. Therefore these are basis of second generation standards.

On this basis further conventions were developed. The third generation of standards included Conventions adopted by the International Labour Organisation between the 1960s and now. They ensured not only higher standards, but also covered certain elements of states' social policy, and integrated individual areas, e.g. Conventions no. 121, 128 and 130.

On the other hand the third generation standards constitute the foundation of the fourth generation standards, towards which we are already heading in the 21st Century. However what we need to ask is what form these standards will take. The International Labour Organisation is seriously thinking about it.

I would like to expose certain issues to a general debate. Those three generations of standards could more or less conform to the concept of social insurance, which were the foundation of everything at the beginning of the century. Subsequently social insurance was combined with welfare, as the right for all

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those, who were not covered by the insurance programme. This concept of social security and welfare were presented in 1944 in Recommendation no. 67 concerning guaranteed income. It directly reflected a reform in the international law as well as the Atlantic Charter, new way of thinking, post-war reconstruction as well as development and end of fear.

Now we have social security systems, Convention no 102 and higher standards. It turned out that it was an all new experience that social security principles were developed in conjunction with various social services, as additional regulations, and activities for the beneficiaries. They dealt with such issues as employment, work related accidents, medical care, rehabilitation and protection of the unemployed. Appropriate employment services were established, including employment officers, professional works search and training etc. were offered. Therefore one can say that the establishing these services had contributed to fluent transition to the general concept of social security, which characterises the third generation standards. Therefore now we have petty insurance, welfare for those who need it as well as relevant services developed in various areas of life.

All that needs good management. On the other hand management of social institutions results in adoption of social policy by states. However a good social policy is a totally new area. There are many countries that have no social policy at all. We could ask if the EU itself has social policy as such. We could also ask another question: what will the new stage in the development of our societies be? What standards will be applicable? What can we offer in the 21st century? What are the future activities of the International Labour Organisation in the area of social security? These are the questions that we face.

It seems that the primary problem that we are facing at the moment is that the process of globalisation divides countries and exacerbates the inequality between the rich and the poor. This inequality has been exacerbated to such great an extent that according to the International Labour Organisation, this social tissue may soon break. This results in a whole steak of conflicts and regression in the world. Over the last decades the number of underdeveloped countries has not decreased, on the contrary it has even increased. The International Labour Organisation decided to appoint a commission that will deal with the social dimension of the globalisation. This commission includes many outstanding scientists and experts from all over the world. The commission has two chairpersons (from Finland and Tanzania). The Commission spent two years working on solutions that should redirect the process of globalisation so as to make certain that it will create potential for gradual development. Certain aspects of globalisation can be beneficial for the society, as they have the potential of boosting the living standards.

In spring 2004 the Commission presented its report, which clearly showed that the world was at the turning point in its course of development. If the leaders and the politicians do not change the direction in which the world is heading now, then generally speaking we are bound to face problems such as unstable social and economic growth. This can result in serious social and ecological catastrophes. The content of the report is very disturbing, as it presents a list of problems that now face the humanity. The report presents also proposed solutions.

One of the proposals is to extend the subjective scope of social insurance, so as to make sure that it covers and protects a greater number of social groups. The International Labour Organisation has started a worldwide campaign, which is intended to increase the reach and the scope of social security systems. Very few countries have such systems, and they cover only a small portion of the worldwide society. It is a problem on a global scale. Many people do not know what social insurance system is. It is therefore absolutely necessary to extend the scope of social insurance. In this process of extending the scope of the formal social insurance system into informal sectors, we have to develop creative and

inventive solutions. We need to invent new forms of social solidarity that could be applied in this so called informal sector. The International Labour Organisation is hoping for creative reactions and best practices that can be found in the 175 member states. Their knowledge will help us to solve this problem.

Another potential solution is to reinforce the cooperation with our partner organisations: i.e. the Council of Europe and the European Union. These organisations are the main sponsors of the campaigns and activities conducted by the International Labour Organisation in developing countries. This particularly includes Eastern European countries, where the informal economy is sometimes bigger and stronger than the formal one. Therefore the need of extending of the formal social security system into the shadow economy will significantly increase the number of people covered by this system. It will also improve the functioning of the entire mechanism. It is an important problem of all Eastern European countries.

One of the tools used for rectifying of this problem are the standards of the International Labour Organisation. However these standards were developed before World War II and are now slightly outdated. They do not ensure the meeting of certain guidelines concerning the development of social policy, set out for the member states.

The International Labour Organisation has therefore conducted a secondary analysis of these standards. It resulted in identification of those standards that no longer provide solutions to the contemporary problems.

Generally speaking the basic set of conventions has been maintained, i.e. Convention no. 102 and the minimum social security standards as well as the third generation conventions. These conventions are being used as instruments for creating of common legal space or ground, where we could ensure respecting of relevant social security regulations and a participation model of management of these systems. In this common legal space the International Labour Organisation wants to ensure proper adhesion to and implementation of social policies based on general principles and human values.

These values and principles are also adhered to by the Council of Europe and the European Union. We can use various terms, but generally their meanings are identical. Here we are dealing with the issue of solidarity of social security systems. The Council of Europe has developed a strategy of social coherence. The International Labour Organisation speaks about decent working conditions, while the European Union deals with issues such as proper quality and working conditions. There are various terms and words, but more or less their meanings and prospective are identical.

I wonder what the fourth generation of social policies in the 21<sup>st</sup> Century would look like. Does it imply new conventions, new global recommendations that would more clearly and more precisely set out the direction to be adopted in development of new social policies and new social security systems?

The International Labour Organisation has established a work team made up of labour law and social security law professors from all the continents. This team is headed by a French scientist – a labour law specialist – professor Supiot. He is a very well known person in the European Union. He supervised the project that involved forming of local laws at the United Nations' level. The team under his leadership is charged with the task to develop a model for the fourth generation of social security systems. Report prepared by this team as well as conclusions from general discussion, which took place during the international labour conference in 2001 on income security in the world, will indicate the direction that we should be heading towards.

One of the two concepts recognised by the European Union and the International Labour Organisation says that social security is not a burden for economic growth and is not a waste of money. Social security systems are governed by laws of their own, while their existence is a prerequisite for stable and balanced economic

growth. These systems ensure that the European economy is competitive, and make the European social model one of the best on the global scale. However this system will operate correctly, only when individual social security systems are correctly managed.

At this point the concept of proper management and adherence to social security principles becomes of utmost importance. What does it mean? What is the responsibility of each party participating in the process of implementation of social security systems – including entities, individuals, employers and states? What's more, what are the duties of institutions responsible for social security systems? What is the scope of duties of pension funds? What institutional investors in global financial markets are like? Money used to support economic growth also comes from pension funds. If this money is used solely for speculation, we can end up with a huge financial crisis and a stock exchange crisis. However if this money is used in a responsible manner, e.g. for social purposes or social investments, then it will support all those institutions that are socially responsible, justly remunerate their employees, respect work safety and hygiene regulations, do not exploit children labour etc. Therefore money accumulated by people in pension funds should be used for social purposes. It should be used to fund socially responsible activities.

Recently the International Labour Organisation established a so called global social fund, which will be used as an instrument for social stabilisation, supporting various countries in their coping with reforms of their social security systems during times of financial hardship. It will be one instrument that will ensure proper management of resources associated with social security at the global level. But the global level is not everything. Social security systems should be properly managed in each and every country. In this respect we have a number of principles that are a part of the International Labour Organisation conventions. One principle that should be particularly respected is that people covered by social security systems should participate in their management. The International Labour Organisation is against privatisation of social security systems. Private insurance companies exclude insured employers from the managing of these systems. According to the International Labour Organisation democratic countries should ensure that everyone covered by a social security system can participate in the process of management of that system. These people should participate in the management of the money that they contribute to the system. For the International Labour Organisation this is a guarantee of proper management and functioning of national systems as well as proper functioning of the global system.