

## CEC Bulletin

(January, 2008)

### Call for Delegates

#### June 2008 International Labour Conference

The CEC would like to invite members to nominate participants to attend the 2008 International Labour Conference, from May 27 to June 7, 2008 (inclusive) (*two representatives will be required to stay until June 12<sup>th</sup>*). Topics on the agenda for 2008 are:

1. Skills for improved productivity, employment growth and development” (General Discussion - ILO note attached).
2. Strengthening the ILO’s capacity to assist its members towards its objectives in the context of globalization (General Discussion),<sup>1</sup>
3. Promotion of rural employment for poverty reduction (ILO note attached)

As in past years, the CEC Advisor for the *Applications Committee* has already been committed. These appointments are for a period of three to five years, subject to the discretion of the Board.

The CEC delegation will be composed of five business representatives, and will ensure good representation of the interests of Canadian business. Applicants must be associated with and endorsed by a CEC member. Advisors will be asked to attend one meeting in Ottawa (half day) prior to the June ILO Conference at their own expense (this may be negotiable). Most expenses associated with the June Conference are paid (on a formula basis). These include lowest priced economy flights and hotel (hotel is already booked), along with a small per diem to cover food and other expenses. Details will be provided prior to the Conference.

If you are interested and able to commit, submit a case for selection by February 19th, along with your resume, to Andrew Finlay, Business Representative on Governing Body, at [andrew.finlay@scotiabank.com](mailto:andrew.finlay@scotiabank.com). Delegates will be selected with regard to their qualifications and potential contribution, as well as with consideration for the need to involve a broad cross section of members in such delegations.

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<sup>1</sup> This is the second year of discussion. Interested members may review the report of the 2007 session at <http://www.ilo.org/public/english/standards/relm/ilc/ilc96/pdf/pr-23.pdf>.

If you wish to have more information on the Conference, please make use of the ILO web site <http://www.ilo.org/public/english/standards/relm/ilc/index.htm> or contact recent delegates. They include Norm Coté (BMo), Clement Tang (TELUS), Sonia Regenbogen (Heenan Blaikie), Judith Andrew (CFIB), Bruce Chapman (Prawn Producers / Fisheries Council), Pascale Gauthier (Conseil du Patronat), or Elizabeth Cameron (Navcan), or Andrew Finlay (Scotiabank).

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## Topic 1

Excerpts from ILO proposal for the topic of “***Skills for improved productivity, employment growth and development***”

Skills development has a critical role to play in improving productivity and promoting employment growth and development. Many countries have made considerable investments in education and training, but these investments have not always yielded the benefits intended. The countries that have been successful were those that linked carefully targeted investments in skills development to investments in physical capital and industries.

A significant feature of these countries’ experience is that not only did they manage to achieve high economic and growth rates, but they managed to reduce poverty substantially at the same time. These issues were initially discussed in the 2000 general discussion on human resources training and development, and the 2003 and 2004 discussions leading up to the new Human Resources Development Recommendation, 2004 (No. 195). This discussion would build upon this earlier work as well as the 2005 general discussion on youth employment. It could provide the opportunity for governments and the social partners to discuss the practical measures, including methodologies, strategies and tools to link skills development with other economic and social development policies to facilitate improvements in productivity, employment growth and development.

## Background

In terms of the impact of skills development on productivity and employment, the objectives, *or rationale*, of education and training are set out in the Conclusions adopted by the ILC at its 88th Session (2000), as follows:

*Education and training ... have a dual rationale: develop skills and knowledge that will help countries, enterprises and individuals utilize the new opportunities and enhance the employability, productivity and income-earning capacity of many population groups that have been adversely affected by globalization and changes in society at large. Education and training are necessary for economic and employment growth and social development. They also contribute to personal growth and provide the foundation of an informed citizenry. Education and training are a means to empower people, improve the quality and organization of work, enhance citizens’ productivity, raise workers’ incomes, improve enterprise competitiveness, promote job security and social equity and inclusion. Education and training are therefore a central pillar of decent work.*

The Conclusions set education and training in the broadest possible perspective. While it is clear that training cannot create jobs, it can assist individuals’ access

and retain jobs, improve their mobility in the labour market, and raise their productivity, performance and earnings at work. It may also aim at non-economic outcomes: e.g. reducing criminal behaviour and drug use, a desired outcome of many youth training programmes.

With this premise in mind, it is important to identify under *which conditions* the objectives can, and have been reached, using examples at the level of individuals/ population groups, enterprises and entire economies. The necessary conditions may include, for example:

- a favourable macroeconomic environment that ensures sustained economic and job growth;
- an environment and incentives that encourage enterprises and individuals to invest in education and training; and
- supportive science, technology, industrial, social and other policies.

### **Skills, employability and productivity**

In considering the impact of skills on productivity and employability, it is important to look at the broad macroeconomic picture of countries, and major sectors within countries, which have invested massively in education and training, as an integral element of their economic and social development strategies, and reaped benefits in terms of exemplary employment, income and productivity growth. These are countries such as Ireland, Finland, Republic of Korea, Singapore and Mauritius. They have combined carefully targeted investments in education and skills with investments in physical capital and industries.

Singapore, for example, by establishing strong linkages between education and training investments and trade and industry policies, was able to shape its national human resource policy to provide the necessary education and skills for each successive stage of development. The preliminary evidence shows a correlation between investment in education and training and productivity, employment and economic growth. A significant feature of these countries' experience is that they managed to achieve not only high economic and employment growth rates, but managed to reduce poverty significantly as broad sections of the population were provided with education, training and job opportunities. Poverty reduction was a significant side benefit of increases in employment and productivity. However, inferences about causality that investment in education and training *accounted for* this growth may be more difficult to make from this evidence.

Some insights may also be gained by examining, at sector level, the relationship between investing in education/training, and productivity and employment growth in that sector and related sectors. The ICT sector is perhaps the most obvious example. The cases of Costa Rica, Israel and Finland could be possible examples.

*Firstly*, the discussion could examine the effects of education and training on enterprises' productivity and performance. Most training in the world is done by enterprises to improve their productivity, performance and profitability, but in many enterprises also to enhance their workers' general employability, beyond the immediate needs of the enterprise. The ILO's work and, among other sources, the findings of the ILO publication on workplace learning, 9 and its case studies in Africa and Asia on learning and training in SMEs could be useful background material. This work shows that learning and training, when *supported* by other enterprise policies and work practices, have contributed to improved individual and enterprise productivity and performance. To support this discussion, other information available could be drawn on, e.g. studies of effects of training on changing enterprise practice, including productivity, but also studies that measure productivity effects indirectly. These include case studies of job training, surveys of employers' training costs and statistical comparisons of matched plants and sectors. 10

*Secondly*, the discussion could test the proposition that investment in marketable knowledge and skills improves *individuals'* labour market performance. This performance may be measured by means of various indicators such as employment rates, stability of employment, etc. after training. It would be critical in the discussion to look at examples of how learning and training have increased earnings. Has training increased *decent* work, for example, by increasing job satisfaction? It would also be important to consider the contextual factors (type and quality of training, demand-driven training, buoyant labour markets, changes in work organization, etc.) that account for favourable outcomes, as there may be a number of programmes, particularly some labour market programmes that have had little effect on the labour market performance (and productivity) of participants. The discussion could also draw some lessons from their (relative) failure.

## **Conclusion**

The proposal reflects the critical role skills development plays in improving productivity, and promoting employment growth and development. The *World Employment Report 2004-05* on employment, productivity and poverty reduction and the Human Resources Development Recommendation, 2004 (No. 195), emphasize the linkage between skills, productivity, employment growth and development. A general discussion would build upon the elements identified in the preceding sessions as well as the 2005 general discussion on youth employment. It could provide an opportunity for governments and the social partners to discuss the practical measures, including methodologies, strategies and tools that have been successfully applied.

### Topic 3

Excerpts from ILO proposal for the topic of “**Promotion of rural employment for poverty reduction**” (*General discussion based on an integrated approach*)

Three-quarters of the world’s poor live in rural areas, where decent work deficits are most daunting. Agriculture is still the predominant employer in the developing world, but its importance is declining. Lack of productivity in rural areas and imperfections in global production systems contribute to rural poverty.

Without massive investment in rural employment generation, rural-urban migration is likely to accelerate. These are some of the issues the proposed general discussion will review, with the aim of setting the framework for a comprehensive strategy and integrated ILO programme of work to promote decent work in rural areas.

Self-employment in small-scale agriculture and wage employment in commercial agriculture represent 44 per cent of the total and 70 per cent of rural employment in the world. An additional 30 per cent of rural employment in developing countries is found in non-farm activities.

Many rural labourers are temporary, casual or migrant workers who are particularly vulnerable to poverty. Likewise, small and marginal farmers, as well as wage workers and the self-employed in low productivity non-farm activities, often live below the poverty threshold. In total, 75 per cent of the world’s poor live in rural areas where decent work deficits are greatest.

Even though urbanization is accelerating, the rural population still represents 59.5 per cent of the total population in developing countries, and the shift away from agriculture to manufacturing and services continues worldwide, the farming sector is still the main employer in most developing economies. Agriculture has the greatest dominance of female employment in the poorest regions of the world, 15 and prospects for young people are particularly bad in rural areas leaving them with no option but to migrate in search of work in urban areas.

Poverty in rural areas may be caused by factors such as:

- low productivity in smallholder farms, often as a result of lack of access to basic education and skills training, or political instability;
- the sudden dismantling of input subsidies and price stabilization mechanisms under structural adjustment policies without offering rural producers appropriate coping strategies;
- unequal access to land in some countries;
- persisting import barriers in industrial countries and falling world market prices for major agricultural commodities; and

- the absence of efficient farmers' organizations and comprehensive local development strategies.

Much agricultural work is beyond the reach of labour standards for a variety of reasons, such as the pattern of land ownership, the size of farms and the seasonal or casual nature of paid farm work. Agricultural workers and subsistence farmers are most exposed to accidents and diseases, yet least covered by social protection schemes and occupational safety and health programmes. Many rural families do not have access to safe drinking water, sanitation, health services and basic education. Less than 10 per cent of the world's waged agricultural workers are organized in trade unions or rural workers' organizations.

Some 70 per cent of all child labour is employed in agriculture. The HIV/AIDS pandemic is particularly difficult to control in rural areas. There is a need for establishing rural employment policies for ensuring the creation of decent work addressing these issues.

During the 1990s, rural development was largely neglected by researchers, policy-makers and international organizations. Interestingly, this was the time when poverty reduction rates began to slow down in the world. The global debate around poverty reduction strategies in the context of the MDGs has reversed this trend and once again drawn the attention of international agencies to the critical importance of rural development in the fight against poverty. Examples include:

- the United Nations Economic and Social Council called for a wide-ranging integrated approach to rural development;
- the World Bank has adopted a new strategy to fight rural poverty under the title "Reaching the Rural Poor" (2003);
- the final report (2004) of the World Commission on the Social Dimension of Globalization called for the design of comprehensive local development strategies to enable rural people to seize the opportunities, and meet the challenges, created by globalization;
- the Plan of Action adopted by the African Union Extraordinary Summit of Heads of State on Employment and Poverty Alleviation in Africa (Ouagadougou, 2004) recognized agriculture and rural development as priority domains for action; and
- the report "Our Common Interest" (2005) published by the Commission for Africa highlights the importance of accelerated growth in agriculture for poverty reduction in Africa.

ILO involvement in rural employment promotion dates back to the earliest days of the organization. The International Labour Conference adopted Conventions Nos. 12, 25, 36, 38, 40, 99, 101, 110, 129 and 184, which define the social security standards and working conditions of agricultural workers. Some of these have been revised by later instruments.

In addition, the Rural Workers' Organisations Convention, 1975 (No. 141), and its accompanying Recommendation (No. 149), and the Promotion of Cooperatives Recommendation, 2002 (No. 193), are of particular relevance to rural employment.

All four sectors of the ILO implement work programmes in rural areas; examples include IPEC in sector I (Standards and Fundamental Principles and Rights at Work), the employment-intensive investment, skills development, social finance, small enterprise, local economic development and cooperative promotion programmes in sector II (Employment), programmes for the extension of social protection, occupational safety and health and improved working conditions in sector III (Social Protection), and the collaboration of ACTRAV and ACT/EMP with rural workers' and employers' organizations, as well as the Sectoral Activities Programme in sector IV (Social Dialogue). Different units carry out research in the field of rural development.

The promotion of rural employment was the subject of a general discussion during the 75th Session (1988) of the International Labour Conference. The background report (Report VII) and the Conclusions of this Conference might serve as a valuable basis for an updated background document on rural employment, which would take into account the fundamental political and economic changes that have taken place since 1988. Such changes include the reform of the international trade regime, the adoption of the Millennium Development Goals, and the emergence of local-global production systems.

### **Some issues for discussion**

A number of important issues need to be discussed in order to explore the conditions and parameters that would make decent work in rural areas a reality. Among these are:

- What macroeconomic policies are best suited to ensure a balanced growth in rural and urban areas?
- What mix of institutional, policy, organizational, technological and financial measures has the greatest potential to enhance productivity in small-scale agriculture, and what is the anticipated impact of such productivity increases on rural employment and rural-urban migration?
- What economic and social sectors are most likely to create sustainable off-farm employment opportunities, and which complementary *urban* strategies are required to provide employment, basic services and shelter for rural migrants?
- What measures should be taken to gradually remove import barriers that prevent developing countries from selling agricultural products in industrialized countries?
- What are the most cost-effective ways to improve rural infrastructure and deliver basic education, vocational training, microfinance, social services,

- occupational safety and health, as well as pre- and post-production services, to the rural population?
- What special measures might be necessary to promote decent rural employment for special groups such as indigenous peoples, youths and landless citizens?
  - Which types of local organizations are best suited to represent the voice and interests of small-scale farmers, casual and seasonal farm workers, and rural non-farm producers?
  - What is the best way to mobilize local communities for rural employment generation?
  - What measures will enable employers' and workers' organizations to reach out to rural producers and workers?
  - What role should the ILO play in implementing the above, possibly in partnership with other international organizations and development partners?

### **Intended outcomes**

The intended outcome of the International Labour Conference general discussion would be:

- a stocktaking of the nature, magnitude and changing patterns of rural employment in the world, with a particular focus on developing countries. This would include a review of the international labour standards mentioned in paragraph 28;
- a comprehensive strategy to promote decent work in rural areas around the world;
- an integrated plan of action for the ILO to implement this strategy, including a conceptual framework, standard setting, technical cooperation and knowledge management.