

The Social Embeddedness of Transnational Markets

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Abstract 8

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WTO and ILO

Can Social Responsibility be Maintained in International Trade?

The Havana Charter for an International Trade Organisation (ITO) with its ambitious attempt to integrate social aspects into a trade agreement has failed. Labour standards as well as other fundamental social standards are not welcome as an issue on the agenda of the World Trade Organisation (WTO). The collaboration between the WTO and the International Labour Organisation (ILO) seems to be of a very formalistic nature. The World Commission on the Social Dimension of Globalisation (WCSDG) has published a major authoritative report on the social dimension of globalisation, including the interaction between the global economy and the world of work. As the report of the WCSDG says, it is essential that respect for core labour standards form part of a broad international agenda for development. Over many years, a consensus has emerged on a series of “core” labour standards as a minimum set of rules for labour in the global economy. The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998, aims to ensure that social progress goes hand in hand with economic progress and development.

The Fundamental Principles and Rights at Work are gaining wider recognition among organisations, communities and enterprises. They provide benchmarks for responsible business conduct, and are incorporated into the ILO’s own Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The OECD’s Guidelines for Multinational Enterprises emphasise them and the UN Global Compact promotes them as universal values to be achieved in business dealings around the world. A growing number of private sector codes of conduct and similar initiatives also refer to the fundamental principles and rights at work.

Corporate Social Responsibility (CSR) is a concept whereby organisations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation, and sees organisations voluntarily taking further steps to improve the quality of life for their employees as well as for the local community and society at large. The International Standardisation Organisation (ISO) is working on an ambitious guideline regarding the concept of social responsibility for economic and administrative activities worldwide.

The activities of multinational enterprises, trade unions, consumers and other parts of the so called civil society has to fill the gaps of states as well as of supranational and international organisations. Different forms of soft law function as supplements to hard law, often they refer to core labour standards. All these initiatives need transparency, publicity and the cooperation between different members of the civil society, multinational enterprises and governments. The secret catchword behind all these concepts is “embedding economic activities in concepts for growing worldwide solidarity”.