

Sustainable Dialogue

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The crisis that surfaced in 2008 had its origins many decades earlier. Its causes are complex and profound. “Recovery” will not come simply from tinkering with financial regulations or through exhortations to leaders of Capital to behave themselves.

George Soros said, “the salient feature of the current financial crisis is that it was not caused by some external shock... the crisis was created by the system itself.” Real, sustainable recovery requires looking at the system. The “financialisation” of the economy – with all of the distortions that it brought – must be scrutinised and remedied. But, such questions need to be placed in the context of what, politically and ideologically, made it possible, even inevitable, that such distortions would occur.

It is completely understandable that there is public outrage at the fact that many of those who created the crisis escaped with golden parachutes while workers lost their jobs and/or were saddled with the huge debt incurred to save the banks. What is shocking is that some were not shocked. But, recovery cannot be about replacing the “bad guys” even if a few of them go to prison, with “good guys” or about the “moralisation” of capitalism. Greed will always be with us, but it must be contained. It can no longer be unfettered or be encouraged. It must be not allowed to propel policy decisions that shape the world.

The successive and ongoing crises; energy, food, environmental, financial, and economic, grew out of 30 years of mistaken and irresponsible policies that contracted out protection of the “public good” to private parties. Globalisation on “autopilot” has proven that it cannot work.

The global community should rethink governance and the role of government as well as the relationship between special interests and the public good. If the crisis results in a re-assertion of values of decency and democratic control, it will be an opportunity in spite of the sacrifice. As Franklin D. Roosevelt said in his first inaugural address in 1933, “These dark days will be worth all they cost us if they teach us that our true destiny is not to be ministered unto but to minister to ourselves and to our fellow men.”

Sustainable Development

The concept of sustainable development is a sensible framework for looking at the system. It

represents a fundamental shift in analysis from the “Washington Consensus”. The idea of examining economic, social, and environmental issues together as three, interdependent pillars of development was a sharp break with the idea that the market was king and that everything else should respond and adapt to it. The ambulances were to be dispatched to retrieve the bodies of the market’s victims from the economic battlefield. And the public was to be responsible for cleaning up the environment, preferably in a way that would generate profits for entrepreneurs.

The crisis showed that the concept of sustainability, by itself, has failed to put the market “in its place”. Some important changes have occurred, particularly in public attitudes, in large part due to the fear of global warming and the resentment of injustice, but those changes have not yet significantly altered the way that we work or co-operate.

The market is an important way to organise the economy. But, it is a mechanism, not a religion. Debate on sustainable development is impossible if it must be based on absolute “faith” in the market.

And, the market and its actors cannot be expected to replace governance or governments. The market has no face and no name. It can neither be elected nor removed from office. Only elected governments have the legitimacy and the mandate to take public decisions.

Sustainable development is long term. One of the reasons that the economy came unraveled is that it became short term. The imposition of requirements for high, rapid returns often left a company without the resources needed to advance and, sometimes, to survive. Leveraged buy-outs have killed companies and cost jobs. They are one of the reasons that the economy was so vulnerable. In recent years, there was much debate as to whether leverage was good or bad for companies and the economy. That debate seems to have come to a grinding halt. Unsustainable, private debt cannot be the model for development. Nor can such colossal failures be shifted without limit onto taxpayers. For decades, private debt has been at risky levels and the bill has come due.

Social sustainable development is social justice. Inequality has grown steadily over decades, as documented by both the ILO and the OECD. It has created a social structure that is “top-heavy”

and that is neither fair nor stable. In recent decades, rather than improving social protections and respect for fundamental rights, risk has been shifted from companies to their workers. The explosion of precarious work, often temporary and/or with blurred or ignored employment relationships, is just one dramatic example of short-termism in the social area. The creation of good, stable, and sustainable jobs should be an integral part of sustainable strategies to overcome the crisis. If not, it will be a “recovery” for the few rather than for the many. And, rights are an important part of sustainability. No worker should, at the same time, lose his or her job and lose any hope for union representation and collective bargaining.

The global warming that threatens the planet and the exposure to hazardous substances and other risks that threaten workers and the general public has also developed over many years. It is clear that urgent corrective measures must begin to be taken, but that their impact will only be felt after many more decades have passed.

The world’s economic, social, and environmental problems have long-term causes and have suffered in all three cases from short-termism. Global, sustainable solutions must be long term. Processes are necessary to stimulate democratic solutions, to improve the observance of rule of law and the quality of governance, to re-build public services, and to generate the sustainable dialogue on which progress is dependent.

The Global Compact and Sustainable Dialogue

The 10th anniversary of the UN Global Compact must not be an exercise in complacency and self-congratulation. In fact, it should not be seen as a celebration at all, but rather as an occasion to reaffirm its principles, reexamine its mission, and its role and potential to contribute to sustainable development.

The universal principles of the Global Compact, enshrined in the UN and its specialised agencies, are legitimate and, by uniting human rights with labour and environmental principles, have, from the beginning, been intended to advance sustainable development. They bring the principles together with major actors in the global economy and global society.

The Global Compact principles are not only linked with each other, but they are fundamental to rule of law and governance. Commitment to and active support of them, if it is to mean anything, should contribute to better rule of law and good governance at global and national levels.

The Global Compact, of course, involves business. But, it also provides for the participation of representative trade unions, part of both the private sector and civil society. And, it engages other groups that are interested and active in human rights and environmental issues. Dialogue was intended to drive the Compact. The kind of dialogue needed for sustainable development will not happen through corporate responsibility regardless of how many reports are written or how many “stakeholder dialogues” are generated. In fact, it will never take place on a purely enterprise-by-enterprise basis. There must be joint and collective action.

Already, significant global dialogues are taking place. Governments are discussing economic, social, and environmental policies and co-operation as never before. Global social dialogue is exploding, with global companies and global unions finding ways to work together and solve problems that arise inside companies and their supply/production/service chains. Growing numbers of firms (from a handful some years ago to around 80 at this writing) are signing global agreements. There is the 2008 Declaration on Social Justice and Fair Globalisation of the ILO that helps define sustainable development’s social pillar. The “Protect, Respect, Remedy” framework on business and human rights put forward by UN Special Representative John Ruggie is generating debate that crosses many boundaries. There are the OECD Guidelines covering social and environmental concerns as well as corruption and other issues. There are a series of initiatives on the environment that engage civil society as well as governments.

The Global Compact should complement and encourage such initiatives. It can help to create a climate for and facilitate dialogue, but only if it understands its nature and encourages its practice.

It is necessary, for example, to accept the existence of other dialogue parties and to understand their respective competencies and contexts. One should not be amazed, for example, if industrial relations are often ‘confrontational,’ rather than co-operative, in countries where companies routinely contest the right of workers to form unions. There should also be respect for all legitimate parties to dialogue combined with understanding of whether they are representative, provide expertise or services or some combination of the three.

Dialogue should be linked to objectives and should lead to results. It will not engage the real players if it is dialogue for the sake of dialogue. That also means that it needs to be linked with

legitimate governments and strengthen democratic control and accountability.

Dialogue should not be confined to that which is 'voluntary.' Global markets need global rules. And, if those rules are to work, they should be developed through dialogue. Much of the discussion of voluntary, agreed or binding measures is ideological rather than logical. All are needed and they are interdependent. There must be a wide variety and combination of private-private (including industrial relations), private-public, and public-public initiatives.

Sustainable development, by crossing so many substantive boundaries, also crosses organisational frontiers. Some organisations do not yet know how to talk with others. Developing trust often requires time and experience. Some parties, including many companies, have a hard time acting collectively. Sustainable development will not be achieved using an atomised or compartmentalised approach. And, many issues related to all three pillars are industrial in nature, but there are very few sectoral collective counterparts to Global Union Federations.

Achieving sustainable development requires an unprecedented level, intensity, and quality of global, regional and national dialogue. It also requires building and strengthening institutions in order to engage in sustainable dialogue that can make a difference. All of this is a challenge for private as well as public parties. Private parties as well as governments need to have more long-term perspectives – whether that means going beyond the next quarterly report or beyond the next election. Consensus will not come overnight, but without progress in that direction, all of us will lose.

The Global Compact contains all of the ingredients to make a difference in today's world just as it did a decade ago. If it can "seize the moment" and combine its principles, mission, links and dialogue function, it will help build the prosperous, fair, and green world that we all seek.

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