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Fear infects flexible workplaces: ILO says globalisation has helped to create a world of unhappy employees, with the US scoring high on labour force unease

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Globalisation has led to greater economic insecurity for many of the world's people, and governments need to change course to ensure a more secure, happier workforce, according to a report released yesterday.

The Geneva-based International Labour Office has for the first time ranked countries by the security their workers enjoy in terms of income, union representation, safety at work, healthcare, social security and so on.

The ILO has created an economic security index (ESI) which ranks Scandinavia, western Europe and Canada at the top, well ahead of the United States, with many African, Asian and central American countries near the bottom.

It says a tendency around the world to make labour markets more flexible, reduce unionisation in the workplace and move away from universalism in social benefits has been to the detriment of workers.

"The problems associated with the era of globalisation have made many of the aspects of economic insecurity worse," said Guy Standing, one of the authors of the report, Economic Security for a Better World.

"Unless governments address insecurities directly, we are not going to get more stable, more tolerant and more productive societies."

He stressed that the report was not anti-globalisation but it described the realities facing governments around the world.

The report finds that the most important determinant of happiness within countries is not income levels - although there is a link - but income security, measured in terms of income protection and a low level of inequality in pay levels.

The four main Scandinavian countries, with their extensive social safety nets, take the top slots in the ESI, closely followed by most other western European countries.

Britain is 15th among the 90 nations covered by the report, which account for 86% of the world's

population.

The US is in 25th place, in spite of being one of the richest countries on earth. Whereas the top-tier members are categorised by the ILO as "pacesetters" in economic security terms, the US, along with Australia, is only in the second tier, dubbed "pragmatists".

At the other end of the scale, categorised as "much to be done", are mainly African countries along with Bangladesh and Pakistan. Nepal is in last place.

The report identifies de-unionisation as a key factor in the increase in economic insecurity. "Unless this is reversed, the vulnerable will become more vulnerable. Unionised firms tend to pay higher wages and offer higher security for their workers. But they also tend to do better commercially," said Mr Standing.

Another factor adversely affecting workers around the world is changes in healthcare systems, with workers having to pay more, which raises insecurity and risk.

Work-related stress is growing almost everywhere and there is a chronic lack of worker safety protection in many industries. The ILO identifies this as one of the worst aspects of economic insecurity and one that kills about two million workers a year.

A tendency by governments to dismantle universal, rights-based society welfare systems and move towards targeting benefits with means-testing has had the effect of increasing rather than decreasing poverty.

"These policies are both inefficient, because they are expensive to administer, and are inequitable because they rarely help the poor. The poor either don't know about them or can't fill in the forms," said Mr Standing.

Economic insecurity extends into old age, with 80-90% of people in developing countries and the transition countries of eastern Europe and Asia expecting to be poor when they are old. This was a challenge for pension policies everywhere, he said.

The situation was not hopeless, however, and government policies could make surprising progress, especially if they are linked to moves towards political democracy and civil liberties, both of which are crucial in enhancing economic security.

He gave examples of South Africa's social pensions and Brazil's "bolsa familia", a flat payment to women on condition they put their children in school.

This has had the effect of raising women's incomes, improving their participation in the workforce and society, and improving children's education. "This has been very successful and is a very good policy."

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