

**Check against delivery**

**INTERNATIONAL LABOUR CONFERENCE OPENING SPEECH - 3 JUNE 2009**

**JUAN SOMAVIA – DIRECTOR-GENERAL**

Dear Minister, Mr Khandker Mosharraf HOSSAIN, (Minister of Labour and Employment and Expatriates, Welfare and Overseas Employment of Bangladesh) my congratulations on your election as President of the 98<sup>th</sup> Session of the International Labour Conference,

Mr Allam (Employer Vice-President)  
Mr Zellhoefer (Worker Vice- President)

Ambassador Rapacki, Chairperson of Governing Body  
Mr Funes de Rioja, Employer Vice Chair of the Governing Body  
Sir Roy Trotman, Worker Vice Chair of the Governing Body

Honourable Ministers and representatives of Governments,

Business leaders, trade union leaders,

Delegates, observers and representatives of international organizations,

Dear Friends,

We meet at a time when we have abruptly moved from an era of changes to a change of era.

The first systemic crisis of the global economy.

We are tested by history and we must respond, as did our forebears, with our values, our vision, our commitment, our conviction.

That is the guidance we receive from the 90<sup>th</sup> anniversary.

Recalling our own past so convincingly, with more than 200 events in 120 countries and more to come this year.

But also recalling our duties of today.

Last March the Governing Body placed the ILO response to the crisis at the heart of this Conference (thank officers of GB, November March.)

You have now decided to establish a Committee of the Whole to address it.

The Office was also instructed to organize a Summit event. More than 10 presidents and 5 vice-presidents have confirmed their participation together with many heads of trade unions and employers organizations and international personalities.

So, tripartism has decided to assume, you have decided to assume a collective responsibility to make ILO's voice heard loud and clear, by tackling the global jobs crisis with a Decent Work approach.

Before I address these paramount issues, I want to highlight other significant questions on our agenda.

## **Gender**

Dear friends, gender equality and non-discrimination are foundational values of this Organization. We want decent work and fulfilling lives for all working women and men in all working places and in society at large.

Much progress has been made in policies, legislation and awareness. But there is not enough implementation, so we must persist. Keep the foot on the accelerator.

Crafting paths of sustained and measurable progress for women and men within the realities of each society, particularly in times of crisis, is the challenge facing the Committee on Gender equality.

I look to strong outcomes pointing the way forward. (Invite higher participation of women in delegation) (Gender stand)

## **HIV/AIDS**

Your Conference is considering a recommendation on HIV/AIDS and the world of work.

Through the ILO Code of Practice on HIV/AIDS, constituents together with UNAIDS and other partners, can sustain progress in combating the HIV pandemic.

We cannot let the current crisis erode our collective effort needed in every country. Your guidance is critical.

## **Programme and Budget**

Your Conference is called upon to adopt the Programme and Budget of the ILO for 2010-11. The governing body proposed to you zero growth in the budget level with only a modest provision for cost increase of 3.6 per cent.

It conveys a strong consensus on the objectives and results to be achieved by the ILO reflected in the Strategic Policy Framework, as well as the follow up to the 2008 Declaration, that underpin the Programme and Budget proposals.

The proposal before you is built on a financially rigorous, results-oriented approach, emphasising transparency, savings, efficiency and effectiveness. It builds on continually improved strategic budgeting as well as management and evaluation capacities.

I am hopeful that the Conference will adopt the budget as proposed.

The Committee on the Application of Conventions and Recommendations will examine the report of the Committee of Experts which received 1,768 (one thousand seven hundred and sixty eight) reports from governments in application of article 22 of the Constitution.

The annual Global report examines progress in eradicating forced labour.

Once again the Conference will consider the unacceptable situation of workers, families and enterprises in the occupied Arab territories as depicted in my report. The ILO will continue to play its part to improve their conditions with our tools and mandate.

On 12 June we will celebrate, the 10th Anniversary of the adoption of the Worst Forms of Child Labour Convention. Convention 182 has seen the fastest ratification in ILO history.

Only 14 more are needed to achieve universal ratification by all 183 member States. (Invite to make a final push). We will be joined by Senator Tom Harkin of the United State Congress, an early and staunch supporter of our work.

### **Addressing the crisis with a Decent Work Approach**

Dear Friends,

Our 90th anniversary recalls the resiliency, adaptability, creativity of an institution consistently true to its values, throughout the monumental changes of these last nine decades.

We were born out of the social upheavals of the end of the 19th century.

We have gone through the Great Depression and the Second World War, through the liberating energy of expanding political freedom: decolonization, the fall of the Berlin wall, the end of apartheid and the consolidation of democracy in so many countries;

All of this followed by the emergence of a global economy.

These last decades have been difficult for us. Dominant economic policy basically disregarded the foundational values of the ILO.

They overvalued the capacities of markets to self-regulate the economy, undervalued the role of the state, public policy, regulations and devalued respect for the environment, the dignity of work and the social services and welfare function in society.

Progressively the short term logic of financial markets undermined the longer term horizon of real economy enterprises.

But we persisted.

We did not give up.

We systematically expressed our conviction that in time our values would be proven right.

Today we have seen the collapse of the financial system in advanced countries, generating a global crisis transmitted to the entire world through multiple channels. And although trade increased, we are now into 15 years without the political will to close a successful global trade negotiation. These key drivers of globalization are in crisis.

In the meantime, the Decent Work Agenda and the quest for a fair globalization have become global goals of the international community.

We should be proud of having stood our ground

We have been a critical voice of something that was going wrong.

So now we have the responsibility to help build a fair and sustainable global economy – an open economy for open societies – where sustainable enterprises and Decent Work can thrive!

The World Commission on the Social Dimension of Globalization which denounced five years ago (2004) the dangers of the imbalances of the world economy, issued useful recommendations. We will need to revisit these issues! But we must now concentrate on the crisis.

## **The moment**

So here we are again; at another moment in history where the ILO can make a difference.

Tested once more.

The 2008 Declaration that you adopted last year, makes it clear that Social Justice for a Fair Globalization must guide the ILO's stance on the crisis.

Our immediate task is to fashion a strong tripartite agreement on a Decent Work response.

This is what the Global Jobs Pact is about.

It is for you, in this Conference,

to shape it,

to fashion it,

to give it life,

to give it the strength of your convictions and your agreements.

## **The data**

What do the data tell us?

45 million persons – mostly young women and men, will enter the labour market in 2009. That means we need around 300 million new jobs up to 2015 just to keep up with the increase in the labour force.

But things are going in the opposite direction.

- the global economy will contract by 1.3% in 2009; mainly in the developed world.
- unemployment is projected to continue rising at least until the end of 2010, maybe 2011;
- Businesses in all countries are operating under stress, many at reduced capacity; bankruptcies are growing exponentially;
- poverty and informal employment are rising, reversing recent gains; and middle classes are weakening;
- Everybody is affected but the impact is different across countries and regions and social conditions.

There are early and welcome signs that the downturn may be losing speed; the free-fall being tempered.

The G20 Leaders, at their London Summit, took bold decisions to stem the downfall in the world economy. I welcome these decisions.

Yet, most analysts predict that, when it comes, recovery will be slow lasting possibly several years.

Much will depend on the success of overall economic and social policies and stimulus packages adopted by countries and a functioning financial sector.

We know from past crises that employment recovers pre crisis levels with a lag of between 4 to 5 years on average.

All of this put together means that the world may be looking at a jobs and social protection crisis of six to eight years' duration.

Not enough attention has been paid by political leaders to the human and social implications of this lag.

Putting people first – not just saying it but doing it –has to be the priority.

We must approach the crisis with a basic sense of solidarity with the most vulnerable. Also conviction among countries that working together in partnership and coordination is much better than short term, inward-looking policies.

### **The mood**

Feelings of unfairness run high. The global economy has derailed. Some were sleeping at the wheel. But we all crashed.

The costs of the crisis are widely distributed. The benefits of earlier growth were highly concentrated.

There is legitimate anger brewing out there.

Certainly in workers worldwide, but also in some entrepreneurs.

You can feel it.

And there is also fear. The little that was yesterday is no longer assured today.

Tomorrow looks uncertain.

### **The risks**

Lack of jobs and social protection breeds instability. Ferments of violence, social unrest, political turmoil multiply.

The United States Director of National Intelligence recently stated: “The primary near-term security concern of the United States is the global economic crisis and its geopolitical implications.” This is surely valid globally.

We cannot afford the risks of an economic recovery a decent work recovery.

### **The hope**

Our tripartite responsibility is to propose policies that significantly reduce the potential 6 to 8 year period of a depressed labour market.

And we know it can be done.

To do so, the ILO put itself in a crisis mode since October last year.

- Our first political conclusion is that the Decent Work Agenda is fully relevant to address the crisis. People are worried about jobs, social protection, dialogue and negotiation, and rights at work.
- We are working with constituents in many countries on emergency crisis policies
- In November 2008 the Officers of the Governing Body issued a statement on six priority areas in responding to the crisis.

- In March 2009, the Governing Body held a wide ranging discussion on areas of policy convergence that could be considered in a possible Global Jobs Pact.
- Concrete policy proposals came out of tripartite meetings in the regions held between January and April 2009, including the regular European Regional meeting; five meetings organised between October and May 2009 highlighted the sectoral dimensions of the crisis;
- And the ILO contributed to the G20 London Jobs Conference and the G8 plus 6 Labour and Employment Ministers Meeting in Rome both in March 2009;

As you can see, we have been pretty active.

All the above flows into the elements of a Global Jobs Pact submitted for your discussion and decision. For you to agree on its shape and form.

Among them, I can list:

- Promoting tripartite consultations on recovery policies,
- Reinforcing active labour market policies,
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- Safeguarding viable jobs,
- Supporting job-seekers,
- Expanding employment guarantee schemes,
- Special attention to young people and vulnerable groups,
- Support to sustainable enterprises, especially small and medium-sized;
- Protecting workers' rights, acting against discrimination at work, promoting international labour standards, particularly collective bargaining to address wage deflation,
- Job-intensive investment in infrastructure and public goods,
- Investing in tomorrow's green economy,
- Investment in food security and rural development,
- Extending social protection and supporting pensions systems,
- Restructuring of enterprises through social dialogue.
- Dealing fairly with migrant workers,

On each one of these issues there is a variety of ILO policy tools and practices, as well as multiple national examples of successful implementation as we speak.

So I call on you, on the tripartite International Labour Conference – the highest governance instance of the ILO – to shape and fashion **your** Global Jobs Pact as a national, regional and global initiative to help workers, families and enterprises weather the first systemic crisis of the global economy and build the foundations of a decent work path to recovery and sustainable growth.”

What are its salient features?

First. It is a collective policy commitment by ILO's tripartite constituency to make employment and social protection a central element of all economic and social policies, and of extraordinary stimulus and recovery packages; underpinned by the tool of social dialogue and the respect for rights at work.

This would give urgent effect, in a crisis context, to the existing commitment of the 2005 United Nations World Summit which gave strong support to fair globalization and the goals of full and productive employment and decent work for all.

Second. It is a comprehensive approach: A portfolio of tried and tested policies, available to all parties wanting to adopt them. It is not a one size fits all solution – But a set of practical policy options to choose from, for national and international decision-making.

Adopted in a comprehensive fashion, these policies can reduce social tensions, protect people in the downturn, stimulate aggregate demand and prepare the growth of tomorrow.

It will be essential to maintain development cooperation commitments and provide additional concessional credit lines to enable Africa and least developed countries to cushion the crisis and apply these policies.

Third. The Pact is a productive vision to tackle the crisis through investment and enterprise promotion. As we know, the financial system lost its way. We cannot go back to business as usual. We need a financial system that is well regulated, manages risks appropriately and is at the service of the real economy so it can create sustainable enterprises and decent work.

Fourth. It is an ILO contribution to stronger policy convergence and coherence, within the UN System and with the Bretton Woods institutions. It will also help us respond to the important request of G20 countries, “calling on the ILO, working with other relevant organisations, to assess the actions taken and those required for the future”. We have a similar mandate from the Chief Executives Board of the United Nations.

Fifth. About resources. It is not just about how much more governments may need to spend, but how they concentrate policies on the issues that people care for, Each country will have to decide how many resources to put behind it. At the same time, Bretton Woods institutions, development cooperation and the United Nations system must play a reinforcing role.

Finally, the Pact is not an international legal obligation. It is an agreement on common policy approaches – eventually leading to national and international programmes.

In all of this, I seek your guidance as to how you expect the Office to assist you. We will certainly need to reinforce and deepen our capacities in some areas.

### **Concluding remarks**

Dear Friends,

Throughout its history the ILO has dug deep into its values to propose realistic solutions that advance the cause of peace and social justice.

Our institution is again at a defining moment.

Our values and our beliefs are a good compass for this crisis.

We are here assembled to rise to the challenge.

Together I have no doubt we will succeed.

So that,  
ten years from now, when we celebrate the ILO’s century

delegates sitting at this Conference can look back at us and say with pride:

Our predecessors were once again tested by history and they were up to it.

The ILO is stronger because of what they did!

Thank you.