



**Address by Juan Somavia  
Director-General of the International Labour Office  
to the opening of the  
Eighth European Regional Meeting**

**Lisbon, Portugal  
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Mr Chairman, Minister José António Vieira da Silva,  
Prime Minister José Sócrates,  
Ministers,  
Vice chairs,  
Delegates,  
Guests,  
Dear friends,

Welcome to our [2009 Regional Meeting for Europe and Central Asia](#).

What a pleasure to be back in Lisbon. Many of us were here just over a year ago for the very successful ILO Forum on Decent Work for a Fair Globalization.

Mr Prime Minister, Mr Minister, we are honoured to return. Your invitation is a reflection of your generosity as well as your commitment to ILO values.

Dear friends, we come together for the first major ILO meeting in this our 90th anniversary year.

It is four years since we last met in Budapest.

There we established a clear work programme.

Our Regional Director Petra Ulshoefer will introduce the report on the outcomes we have achieved together with you.

They are based on practical, concrete and specific requests from constituents. We can show much for our work together.

In Budapest, we also sounded an alarm based on the findings of the World Commission on the Social Dimension on Globalization.

Globalization was operating in an ethical vacuum making it morally unacceptable and politically unsustainable.

The economic upswing was not creating enough decent work. Inequalities within and between countries were widening.

The role of markets were overvalued, the role of states undervalued and the dignity of work devalued.

In other words, there was already a crisis before the current financial and economic crisis.

Now in 2009 we can see it worsening still further into a potential global social recession provoking tensions, political uncertainties and even possible security risks.

The latest projections for 2009 from the International Monetary Fund show an economic decline of 2 per cent in the Euro area and of about a half per cent in both European and Central Asia and the countries of the Commonwealth of Independent States.

Only three months ago, Russia foresaw an expansion of 3.5 per cent. Now a fall of 0.7 per cent is expected.

The ILO forecasts that, depending on policies implemented, global unemployment could increase by around 50 million in 2009 from 2007.

We expect almost 8 million of this increase or one fifth of the global total to be in the 51 nation European region—with nearly half coming from the EU-27.

But let me be clear. I say this not with a sense of despair but with a sense of confidence that the world acting together can reverse these trends.

And this is what this meeting is about. About action.

First, responding to people's needs and expectations.

That means a convergence of policies to maintain and create jobs and get credit flowing to enterprises; to expand and deepen social protection; to promote social dialogue, particularly critical in times of crisis; and to ensure that workers' rights are respected.

This is the people's agenda. This is the Decent Work Agenda.

Second, Europe and Central Asia must play a leading role.

It must deal in a coherent way with its own different problems in different countries and also help to construct a coordinated global approach.

I think your region can play a special role in achieving much better policy coherence and better regional and international coordination to avoid protectionist policies that might emerge.

Third, begin preparing the future along a sustainable development path.

This, based on productive investments and sustainable enterprises, expanding decent work opportunities and protecting the environment through greener consumption and production patterns.

Fourth, the crisis has exposed a global policy vacuum to confront this first general downturn and recession in the era of globalization, as some key ideas of the last 30 years stopped functioning, and produced great damage.

And there is also an institutional vacuum, as we lack an effective coordinating international body to agree on what to do.

Hence, the G-20 taking the lead to mobilize international action has been an encouraging first step.

## **1. Decent work: The people's agenda**

Dear friends, a deepening sense of uncertainty and mistrust is affecting working families, first time job seekers, pensioners and the business, labour and government community represented here.

They see European, Central Asian and other countries moving further into a dangerous downward spiral of falling production, cuts in investment, reduced exports and remittances and increasing unemployment.

I sense a huge popular frustration brewing.

Governments are trying to stop this steep decline with massive bail outs of the banks where necessary, as well as big increases in government spending, tax cuts and other measures.

Hopes are pinned on results, on governments knowing what they are doing and are doing enough.

This European Meeting of the ILO can be a part of the vital tasks of both stopping the slowdown and building a new stronger, cleaner and fairer economy for the future.

With our tripartite structure—bringing together workers, employers and governments—we represent the real economy. We have a special responsibility to promote an integrated approach to the crisis—to protect people, support productive enterprises and safeguard jobs.

I would highlight six key priority policy actions reflected in the November statement of the Officers of the Governing Body:

- (i) ensuring the flow of credit and stimulating demand;
- (ii) extending social protection, training and retraining opportunities, and other employment policies, with particular focus on the vulnerable—young women and men, workers in precarious employment, and migrant workers;
- (iii) supporting productive sustainable enterprises, particularly small enterprises and cooperatives; employment-intensive investment and green jobs;
- (iv) ensuring that fundamental principles and rights at work are not undermined and respect for decent labour standards is promoted;
- (v) strong cooperation between the ILO and the multilateral system, and deepening social dialogue and tripartism; and
- (vi) maintaining and expanding development aid and other investment flows to vulnerable countries.

Many countries have acted on elements of this approach but stimulus packages must become more employment oriented with sound social protection packages.

Countries working together will have a stronger stimulus impact than piecemeal measures. Coordinated action is critical.

Your discussions can give us detailed guidance on all these issues.

## **2. Europe's central role**

Europe, with its dense network of international institutions, can help lead the way towards a new architecture with a common action plan.

But many countries in Europe are not in a position to launch a recovery programme on their own because their international credit rating makes borrowing on the scale needed virtually impossible.

Even within the Eurozone, the variation in the fiscal space for action is causing tensions. When we look to the more vulnerable countries outside the Euro area the situation is even more grave.

Some of these economies are in danger of deep recession and we need to find ways to help them implement countercyclical measures, not structural adjustment measures with the much higher social costs they entail.

We need a new approach. And Europe can help guide the way.

Europe must take the lead using institutions like the European Bank for Reconstruction and Development or the European Investment Bank to raise capital for social investments in vulnerable countries.

A social investment approach based on the ILO Decent Work Agenda offers immediate relief in terms of the generation of job opportunities and a basic social and economic floor of empowerment and opportunity to counteract rising poverty.

But it also aims to strengthen economies for the future through training, a new infrastructure for a greener economy and support to small- and medium-sized enterprises.

Three-way talks between governments, employers and unions, nationally and internationally, are key. Europe must deepen its practice of social dialogue.

The foundations of the global economy have been shaken—but in many ways the European social model has been reinforced globally. From different starting points, countries all over the world are looking for what they can learn from the European model.

## **3. Forging a sustainable development path**

Painful as it is, this is also an opportunity to look beyond. In confronting the crisis, we must look to longer-term solutions along a sustainable development path that do more than simply get us back to where we were before.

We bring to those discussions our Declaration on Social Justice for a Fair Globalization.

It reaffirms our commitment to open economies and open societies but calls for stronger action nationally and internationally to achieve social cohesion, and to combat poverty and rising inequality.

It sets out a vision for the ILO in the twenty-first century and a practical programme for the Organization as a whole to strengthen itself and its constituents.

And it also recognizes that we need to pursue our Decent Work Agenda in cooperation with others as part of a more effective and coherent multilateral system.

This is our contribution to making sure that once the mess is cleared-up, there will be no room for the destructive behaviour of financial actors to ruin people's lives and the real economy.

ILO's tripartism can make a significant contribution towards a new balance between state, market, and society.

#### **4. Filling the global policy and institutional vacuum**

And, finally, filling the global policy and institutional vacuum is key.

This was the main subject of a meeting last week called by Chancellor Merkel with the heads of the International Monetary Fund, the World Bank, the World Trade Organization, the Organisation for Economic Co-operation and Development and the ILO to discuss how to work together better to foster recovery and establish a stronger, cleaner, fairer economy.

Two ideas were discussed.

The first is that a synthesis of the principles on which our different international organizations are founded could serve as a basis for a new charter for coherent and sustainable economic governance. This would include the pillars of the ILO's Decent Work Agenda.

The April 2009 G-20 Summit in London should give consideration to these ideas and very particularly to the need to address the jobs crisis.

Lord Mark Malloch-Brown, United Kingdom Minister for the United Nations, is coming to the ILO on 4 March to present a first-hand view of preparations for the London Summit.

President Sarkozy, who sent an important message to our Governing Body, and Prime Minister Zapatero, who visited us, have already called on the tripartite ILO to participate in the formulation of new global governance institutions. Italy, currently presiding the G-8, has emphasized the importance of ILO's role in the social dimension of globalization.

The second idea is that we need a new global economic and social council at the highest level under the aegis of the United Nations. It should be sufficiently compact to be effective, sufficiently representative to be legitimate and sufficiently open to be accountable.

#### **Building a foundation of shared values**

The foundation for our capacity to think and work together is our shared values and our common commitment to ensure a moral compass to the global economy.

Building a new system will require a reassertion of universal human values such as those expressed in the ILO Constitution, and our Declarations on Fundamental Principles and Rights at Work, and Social Justice for a Fair Globalization.

We will have to be extremely vigilant about a resurgence of political reactions to uncertainty and economic distress in the form of race and religious hatred, discrimination against immigrants or ethnic minorities, victimization of union representatives and protectionist economic policies that would aggravate the crisis.

The ILO must reassert the inclusive internationalism which inspires us and is our proud heritage.

The world needs a strong tripartite ILO. Europe needs a strong ILO. And governments, enterprises and working women and men whom you represent need a strong ILO.

This will, in turn, reinforce the voice and policy space of our constituents—ministers of labour and employment, workers and employers—to influence decisions in their respective countries and internationally.

Dear friends,

Institutions are tested in times of crisis. We also know that they offer opportunities.

I have no doubt that we will have the wisdom and the ability to project the vision and values of our tripartite ILO:

- to help defeat the crisis; and
- to prepare a better future for working families and productive enterprises.

We can and we shall prevail.

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