



Tenth (special) sitting

Thursday, 8 June 2006, 10.15 a.m.

President: Mr. Sajda

**ADDRESS BY HIS EXCELLENCY MR. OSCAR ARIAS
SÁNCHEZ, PRESIDENT OF THE REPUBLIC OF COSTA
RICA**

The PRESIDENT

It is my great honour to open the tenth (special) sitting of this session of the International Labour Conference and to welcome, on behalf of the Conference, His Excellency Mr. Oscar Arias Sánchez, President of the Republic of Costa Rica.

I shall now give the floor to the Secretary-General of the Conference, Mr. Somavia, to welcome our distinguished guest.

Original Spanish: The SECRETARY-GENERAL

Mr. President, Mr Oscar Arias, friends, the International Labour Conference has the honour of receiving today a great statesman, a man of political vision.

His great humanitarian task and his commitment for peace have transcended the boundaries of Central America. He is today a leader of worldwide influence.

As a Latin American, allow me to highlight your tremendous contribution to encourage and find ways of peace at the most sombre moments that Central America has witnessed.

Generations of Central Americans will remember you as the historic figure who saw to it that war amongst brothers became a nightmare of the past. Your conviction to keep dialogue alive, your dedication to find the roads to peace and your personal leadership have conferred upon you one of the greatest recognitions of our time, the Nobel Peace Prize. It is a great privilege to have you with us.

When you finished your first presidential term more than 15 years ago, you continued your tireless work for just causes within the Arias Foundation for Peace and Human Progress.

The International Labour Organization, since its inception, promotes peace through equity. In the Preamble, we established that “universal and lasting peace can be established only if it is based on social justice”. The ILO, inspired by the wisdom of these words, has fought for years for social justice, for social dialogue, for the defence of freedom and labour rights. Its work also has been crowned with a Nobel Peace Prize.

What better tribute to our origins than to welcome you in this house, the international house for dialogue, for activity, in the world of labour. As you well know, in the ILO we are currently striving to

make decent work a global objective and a national reality. We wish to put into practice what all the Summits of Heads of State and Governments which have taken place in the past years have repeated: that the creation of decent work is the most feasible road to overcome poverty and respect the dignity of work and families. People do not want handouts; they want employment opportunities.

You, who has always been a politician who has listened so carefully to the voices of the people, who has always been a politician able to interpret these needs, have said this quite clearly in your proposed government programme. You said: “There is no better tool against poverty and for a better individual and collective quality of life than to have dignified, well-remunerated employment.”

But today the current global model for economic growth has not been accompanied by the creation of sufficient high-quality jobs which people call for and need, and this is affecting the confidence in democracy.

You warned, in your inaugural speech, when you said, and I quote: “The great achievement of the current generation of Latin Americans is that of having left behind the interminable night of military tutelage, and this achievement could be shipwrecked unless we address the secular afflictions of inequality and exclusion.”

And in that same speech, you outlined the way ahead so that, from an economic growth respectful of people’s requirements, also emerges the hope for a more dignified life within everyone’s reach. You held that and I quote again: “We will focus our activities on the most important objective that a policy of production could have, that is create more and better employment.”

Knowing that a politician of your stature thinks in this way and will act this way honours us and fills us with optimism, and this is why your message today is of such importance for us.

We are honoured that the ILO be the first international organization you are visiting, thank you very much for this.

We recognize in you the leader of one of the most stable and the respected democracies of the American continent. The ILO is with you and Costa Rica at this new stage of your unflagging willingness to serve the public. We wish to accompany you in the great task of bringing dignity to work, hope to families and peace to communities, and to do this with an open mind, without dogmatism. And you stressed the importance of this open, non-dogmatic

attitude; when you received the Nobel Peace Prize you quoted Pascal, who said "We know too much to be sceptical, we know too little to be dogmatic."

Thank you for being here with us, thank you for the persistence of your convictions.

The PRESIDENT

Thank you, Mr. Somavia. Now it is my great honour to give the floor to President Arias Sánchez. Your Excellency, you have the floor.

Original Spanish: Mr. ARIAS SÁNCHEZ (President of the Republic of Costa Rica)

I would like to thank the Director-General, Mr. Juan Somavia, for his kind invitation to me to address the International Labour Conference. I am particularly happy to have this opportunity at the start of my term when, for the second time, I have the honour and the responsibility of governing Latin America's oldest democracy. I am happy because I feel a great affinity and a great sympathy with the values and principles that the International Labour Organization promotes, and because I firmly believe that these values and principles hold the most important keys to make civilized human coexistence possible.

As you know, I have devoted a large part of my life to fighting for peace, reconciliation, human development and dialogue, having respect for democracy and social justice. These are the same fundamental values that have been enshrined in the Constitution of this Organization since its inception, values for which you are working daily and to whose practical expression the ILO has contributed, and continues to contribute, in many, many ways. For its contribution to promoting these values, and for its permanent commitment to making a difference to the lives of workers, this Organization was also awarded the Nobel Peace Prize. This is no accident, for there is an essential link between decent work and peace, between work and the defence of human dignity. The right to work is a fundamental right, and without respect for fundamental rights peace is nothing but a chimera.

The ILO and Costa Rica share a common creed. In defending social dialogue, peace and democracy, this house harbours the best of my own country's historical experience. In aspiring to reduce poverty, eliminate discrimination and social exclusion, and promote employment and decent work for all, this house is a haven for the most cherished dreams of my people. For this reason, for giving a home to the best of the past and the best of the future of Costa Rica, this house is one that I feel to be my own.

We are summoned to this place to face major and urgent challenges. We are brought here by the concern of how to progress towards a fairer globalization, to consider how we may react to the dizzying technological and economic changes that we are witnessing. The Director-General of this Organization, and all of you, have done commendable work in this respect because the ILO has become the essential point of reference when it comes to social matters in a globalized world.

Through the negotiation of international Conventions, and by providing a new focus that recognizes the central place that should be enjoyed by decent work in the economic and social policies of countries, the ILO is doing more than anyone else to ensure that the social dimension of globalization is not relegated to oblivion or subordinated to the impera-

tives of economic accumulation. It is a matter of record that the Government of Costa Rica energetically supports these ideals not only in words but also through practical action. The best support that can be afforded to an organization like the ILO is working to ensure that the guidelines it issues are put into practice and respected by every national system.

A more humane globalization cannot be built on words alone. It can only be built with a constant ethical commitment and values to take difficult decisions and to embrace causes that are frequently controversial. Humanity has come to a crossroads. It must now take decisions that are loaded with moral implications. What we cannot do, either as citizens, or as opinion formers, or as intellectuals, and still less as political leaders, is to evade our responsibilities.

We cannot blindly trust in the hope that the immense scientific and technological changes of our time they will automatically resolve the major dilemmas facing the human race. How can we preserve life on our planet, which is more and more threatened by greed and lack of foresight? How can we make possible civilized co-existence among our peoples, ever more beset by political and religious fundamentalism and by the progressive weakening of international law? How can we give practical effect to the precept that we are all children of God and equal in His eyes? This precept is denied in practice by the increasing levels of inequality worldwide and the phenomenon of poverty which, notwithstanding the progress that has been made, continues to be incompatible with everything we say we believe in.

None of these problems can be resolved in isolation, because it has been shown that neither economic progress nor scientific progress necessarily result in a raising of the ethical standards of humanity. Ethical progress is not inevitable. It is no use waiting for it, the way you wait for a comet to pass by. We must desire it, and we must construct it with all our efforts.

We make ethical progress when we place decent work and the defence of human dignity at the centre of our public policy. At the recent summit of the countries of the European Union, the Secretary-General of the United Nations, Mr. Kofi Annan, made an admirable speech, in which he emphasized the essential concern of the ILO, which is also my own.

The Secretary-General said: "There is an urgent need to prioritize employment in decision-making. Traditional policy discussions treat job creation as an inevitable outcome of economic growth. As a result, economic policy formulation has focused more on keeping inflation to check and increasing output than creating employment. Yet there is mounting evidence that growth alone, while crucial for employment, does not always lead to enough jobs.

We must re-evaluate our approach, and place job creation right next to economic growth in national and international economic and social policies. For instance, when discussing macroeconomic policies there should be an institutionalized reflex which constantly asks "what can this do for jobs?"

The concern to make the creation of decent work a global target is not sufficient in itself. We have to translate this concern into effective strategies, both nationally and internationally, and in practical

terms. This, as we all know, is no easy matter. However, recent experience shows us that there are some strategic tasks which are vital for creating of work and combating unemployment. Here, I would like to mention two of them: investing in education and facilitating free trade among countries.

There is no greater obstacle to the creation of decent work than inadequate education. In Latin America, one in three children never attend secondary school. Meanwhile, in sub-Saharan Africa, one-third of all children never even cross the threshold of a primary school. This is not only an affront to our values, but a brutal testimony to the lack of economic vision of some societies. Today, more than ever, we have to understand that educational failure today means the failure of our economies tomorrow.

Combating these problems is a challenge and a responsibility that falls primarily to the State. As governments, we must aspire to have ever more capable, ever more committed and ever better-paid teachers. These are essential prerequisites for the success of any educational system. We must make the necessary investment to maintain our educational infrastructure in a proper state and to provide our schools with better resources, particularly computers and IT networks. We must make great sacrifices to ensure that our students have the opportunity to learn several languages. If our countries wish to be successful in a world dominated by knowledge-based industries, then language skills are, without doubt, an absolute necessity.

Furthermore, it is vital that we ensure full gender equality in access to education. As is well known, women's access to education and the levels of school attendance among the female population are among the most important factors when predicting the human development of any society.

Ensuring fair access to education is only part of our task. We also have to make sure that education in the classrooms leads to the full emancipation of women, rather than perpetuating their subordinate role.

We also have to make possible the complete translation of educational equity into equity in employment and this is a step which is anything but automatic. Even in my country, where the levels of school enrolment and schooling for girls and women are actually higher than those for boys and men, the female population continues to be discriminated against with regard to wages and working conditions. This is unacceptable.

Solving the problems of the education systems in developing countries almost always requires more resources, but, above all, it requires political will and clear priorities when it comes to public investment. I am very clear in my own mind, in particular, that the fight for better jobs through better education is closely bound up with the fight for demilitarization and disarmament. It is shameful that the governments of some of the poorest countries continue to equip their troops, acquiring tanks, aircraft and weapons, supposedly in order to protect a population which is actually consumed by hunger and ignorance.

My region of the world has not escaped this phenomenon. In 2004, the countries of Latin America spent a total of US\$22 billion on armaments and troops, a sum which has increased by 8 per cent in real terms over the past decade and which has risen alarmingly over the last year. Latin America has

begun a new arms race, despite the fact that it has never been more democratic and that there have been almost no military conflicts between these countries in the past century. In saying that we do not have the resources to educate our children, we are acting like a poor man who, while being hungry, feeds his bread to the birds. Worse still, this is an alarming sign of ignorance of the past because, if the history of our region teaches us anything, it is that the resources that Latin America has dedicated to military spending have, at best, been wasted and, at worst, been used to suppress the very people that have paid for them.

I believe that we Costa Ricans have a right to feel proud in this regard. In 1948, thanks to the vision of a wise man, our former President, José Figueres, Costa Rica abolished the army, declared peace on the world and opted for life. Costa Rican children have no knowledge of soldiers or battle tanks; they go to school with books under their arms and not with rifles over their shoulders.

There is an old saying to the effect that "Every time a school is opened, a prison is closed." In Costa Rica we believe that "When a prison is closed, a school is opened." Every time a soldier takes off his army tunic, he makes it possible for many children to put on their school uniforms.

This is a path which neither my country nor I myself are prepared to abandon. Moreover, this is a road that we would like to see the whole of humankind go down and for that reason I should like to make a proposal today. I propose that we should all of us give practical effect to the Costa Rica Consensus whereby mechanisms would be created to write off debts and give international financial support to those developing countries which invest more and more in education, health and housing for their peoples and less and less in arms and soldiers. It is time for the international financial community to reward not only those who spend in an orderly manner, as has been the case so far, but also those who spend ethically.

Another fundamental element in solving the problem of employment is international trade. I know that this house harbours a wide range of opinions about the best means of achieving global trade which is both fair and flourishing. I personally consider that free trade is the most appropriate way of achieving this objective. I am convinced that it constitutes a path which, if we follow it properly, will lead to the creation of more and better jobs for all our citizens.

Costa Rica is a country of 4.5 million inhabitants, one of the smallest countries in the world. For countries such as my own, and, indeed, for all of the developing countries, there is no other option but to become more fully integrated into the global economy.

Only if we open up our economies will we be capable of attracting direct investment flows that will make up for our own chronically low domestic saving rate and of benefiting from the most advanced technology and know-how that, in the end, will help our own local employers. Only if we open up can we develop dynamic productive sectors, capable of competing internationally. But, above all, only if we open up will we be able to create sufficient high-quality employment for our youth, because it has been clearly demonstrated both in Latin America and in Costa Rica, that jobs linked to foreign in-

vestment and export activities are, nearly always, formal and better paid than the average job.

At a time of globalization, the choice faced by developing countries is both clear and crude. If we are not capable of exporting ever more goods and services, then, in the end, we will export more people. Fortunately, this is something that we in Costa Rica understood a long time ago and, as a result, we are one of the few countries in Latin America that is not forcing its young people to seek employment abroad.

In Costa Rica, the gradual opening up of the economy and increased trading activity with the rest of the world have proven to be viable and positive development strategies. Our per capita income has increased significantly over the last 20 years and unemployment has remained low, despite the fact that we have had to absorb a great many immigrants. Our exports have also diversified greatly in recent years.

Twenty years ago, our main export goods were, as many of you well know, coffee and bananas. Now, tourism and the export of computer chips represent many times the combined value of our traditional exports. Our economy no longer depends on the capricious rise and fall of commodities prices and it is not by chance that Costa Rica is virtually the only Latin American country that has not suffered a major economic recession in the last two decades.

Let me be clear: the opening up of our economy and the search for free trade have been positive for my country, but they are not perfect. In Costa Rica, we have growing problems with the distribution of wealth and we still have unacceptably high levels of poverty. However, our problems would be worse, much worse, were we to insist on going backwards. However much the nostalgic few refuse to admit it, the hard truth is that the isolationist experiments that were for many years the characteristic of Latin America and much of the developing world only created protected and inefficient productive sectors, swollen and corrupt government bureaucracies and a proliferation of pressure groups constantly seeking favours from the bureaucracy. And this is a path to which we will not and cannot return. But what does free trade mean for workers' rights? Some believe that reducing economic barriers leads inevitably to a weakening of labour standards, by making countries that give less protection to their workers more attractive to outside investors. I am not convinced that this fear is justified. Each of our governments should insist that all free trade agreements respect labour rights and even consider this respect to be an essential condition for any agreement.

For example, all of the countries that are signatories to the Free Trade Agreement between the United States, Central America and the Dominican Republic agreed in this instrument to adopt a set of ILO labour standards. We are asked to strengthen these standards, to adhere to them, and any countries that fail to do so may be held to account internationally. This is an example of how trade can enable countries to enter the international community, which requires, as a price of entry, respect for the fundamental principles and rights at work.

For the Government of Costa Rica, there are not, and cannot be, any compromises when it comes to protection of workers' rights. I know that there are some who, irritated by decisions taken in absolute independence by our judges – who fortunately enjoy a level of autonomy that is unknown in virtually

the entire developing world – have attempted to create the impression that in Costa Rica we do not respect labour rights and, in particular, collective agreements.

This is a false, biased impression that is totally inconsistent with our long tradition of protecting human rights. I wish to clearly state here the commitment of my Government, not just to protect and regulate the right to bargain collectively, but also our commitment to a labour reform that will make judicial procedures more expeditious in protecting the rights of workers.

I want Costa Rica to continue to be, above all, a country of law, in which we always respect the decisions handed down by the courts, but where the courts also take on the responsibility of ensuring full and expeditious justice for all workers.

Trade liberalization can therefore be defended on its merits and because of its benefits for workers. However, I wish to emphasize that the defence of free trade must be both honest and consistent. International trade must be equal and free for all countries. One cannot ethically defend the practice of developed countries whereby pressure is exerted for the elimination of trade barriers only in sectors where they have a clear comparative advantage.

Developing countries need, and also demand, free trade in agriculture. This means that there must gradually, but visibly, be an end to the more than US\$250 billion of subsidies that member countries of the Organisation for Economic Co-operation and Development provide to their agricultural sector. Until we have made progress in this area, we will have to continue to paraphrase the well-known quote from George Orwell – when it comes to free trade we are all equal, but some are more equal than others.

Developing countries need development assistance and solidarity from industrialized countries, but, above all, we need them to be consistent. That is, if they advocate a free market, then let it be truly free; and if they defend and practice admirable forms of social justice in their own countries through their welfare states, then let them use some of that philosophy at the international level. If they advocate and live democracy within their own borders, then let there be a more balanced distribution of power in international organizations.

For the world, the tasks of ensuring universal access to education and moving towards free trade are too difficult to be regarded as inevitable, but they are too important to be considered optional. Much more than mere economic growth is at stake in the world. Since as both tasks are decisive for the creation of decent work, the very future of democracy and peace rests on them.

It is no coincidence that many of the most serious threats to peace and democracy that we face today come from countries with high rates of unemployment and underemployment. The failure to implement successful policies that will create better opportunities for our youth will create the greatest danger to our security. The frustration that derives from lack of opportunities leads our young people to embrace radicalism and violence and, in the end, wounds all of humanity.

As Nobel Prize laureates, we both know that decent work is at the heart of peace, because peace cannot be the mere absence of destruction, but rather the struggle to create a dignified and worthy life for all human beings. This is what peace is; it is

a daily effort, a constant vocation, an ongoing task. There is one thing that I would like politicians, citizens, employers, workers, soldiers and members of the civilian population to understand more than anything else: that peace is the most honourable form of endeavour and the strongest form of honour.

My dear friends, the ILO has been drawing our attention to the need to reassess our approaches and to put productive employment and decent work at the heart of our economic and social policies, both at national and international levels. I recognize this need and accept the resulting challenge. It is for that reason that I have pointed to two strategic tasks that are a priority if we are to move towards this goal.

Whether it is through the reduction of trade barriers, or a worldwide effort to invest the money that we currently spend on weapons in schools instead, the workers, employers and governments of the world are more closely tied to each other than ever before. As never before, our destinies are intertwined, and this is the reason why the ILO's dialogue is essential.

Now, on the eve of the start of the World Cup, I have one final message to impart to you. The time has come for us to think about others, to think of each worker, each trade union, each employers' organization, each employer and each government, as players on the same team. If we do this, as I hope will be the case in Costa Rica as of tomorrow, we will score many goals against unemployment, poverty, injustice and, above all, war. Therefore, the time will come to celebrate our victory and to undertake, together with the ILO, new battles in the unending struggle for human dignity.

The PRESIDENT

Thank you, President Arias Sánchez, for that inspirational speech.

Even at a gathering of the size of the International Labour Conference, it is rare for two Nobel Peace Prize winners to be found together as they are today, and because of this we have all listened very attentively to your words. Those words expressed sentiments shared by other figures who have honoured this assembly, who have called for greater social equity, decent work as a fundamental human right, stronger social dialogue and democracy, greater gender equality and an end to discrimination.

Today, you have emphasized that employment is the heart of peace. You have emphasized that if we wish to progress ethically, we must place decent work and the defence of human rights at the centre of our public policy decisions. These sentiments also echo the Preamble to the Constitution of the International Labour Organization of 1919, which states that "universal and lasting peace can be established only if it is based upon social justice".

It is therefore all the more natural, when we hear such a harmony of vision and values, that you should regard this house as your home. The affection all of us present here share with you for this institution binds us as a team and lends us hope and inspiration for the future of all our societies.

In your conclusion just now, you spoke about the World Cup which is to start tomorrow. The World Cup is an extraordinary event of great significance which certainly brings nations together, but in the end only one country is a winner. You called for greater social justice and democracy. If we follow that call, it is not one but every country in the world that will win.

Many thanks for sharing your vision and wisdom with us.

(The Conference adjourned at 11.05 a.m.)

CONTENTS

Page

Tenth (special) sitting

Address by His Excellency Mr. Oscar Arias Sánchez, President of
the Republic of Costa Rica..... 1

Speakers: The President, the Secretary-General, Mr. Oscar Arias Sánchez