

It is with great emotion that I come to Geneva to celebrate the 90th anniversary of the ILO. It was here in May 2003 that I gave my first speech in a UN body. On that occasion, I recalled my path in the world of work as a lathe operator, union leader, and founder of the Workers' Party and the National Federation of Workers (CUT) in Brazil, pointing out that the agenda of this entity coincided with my personal and political agenda.

I would like to congratulate the ILO for calling this Summit on the Global Jobs Crisis. At a time when we are experiencing the worst global downturn in the economy for many decades, it is essential that the international community unites in the search for answers.

The ILO is the right place for seeking coordinated solutions to the impact of a crisis that affects us all. Only this year 50 million workers could lose their jobs. Some people try to shift the burden of this crisis onto the weakest, and this is the hidden, cruel face of globalization. Xenophobia is growing and migrant workers are now becoming the scapegoats of this crisis.

The international community cannot allow this to happen. Barely two months ago, during the G20 London Summit, the leaders of the G20 acknowledged that the priority was not to bail out banks or financial institutions which were bankrupt but to safeguard jobs. We made the commitment to support the most affected countries, especially the poorest, to create new jobs and to generate and distribute income.

At a time when so many paradigms are disintegrating, the ILO represents a "reserve", in political, ethical and moral terms. This can be seen from the proposal for the Global Jobs Pact presented here by the ILO's Director-General. This document contains important contributions for developing a new model that will result in fewer concentrations of wealth, more solidarity, and greater humanity and fairness. The Global Jobs Pact could make a major contribution towards action marked by true solidarity at both the domestic and international levels.

Brazil has supported the ILO's participation in the G20 meetings. I was very happy, together with President Fernández de Kirchner of Argentina, to send a letter to Prime Minister Gordon Brown underscoring the importance of ILO participation in the G20 discussions.

When this crisis was triggered in the rich countries, Brazil was ready to face it. The counter-cyclical policies that we had been adopting since the year 2003 increased workers' employment and income, and we created a vast social security network. The *Bolsa Família* (family grant) programme alone reaches 11 million Brazilian families and is being expanded on the periphery of the affected urban areas.

By linking the receipt of this benefit to commitments in healthcare and education, the programme has an important human development and assistance component by keeping children in school. Contrary to what conservative economic thinking might suggest, we showed that substantial public investments and social welfare programmes are not incompatible with macroeconomic balance.

Millions of Brazilians were included in the labour markets, leaving poverty and hunger behind. The

number of Brazilians employed in the formal economy increased from 49 per cent of the total population in 2003 to 53 per cent in 2008. Income has grown mainly in the poorest strata of the population, reflecting greater social mobility. Between 2003 and 2008, a total of 10 million formal jobs were created and the actual minimum wage increased by 65 per cent. We managed to combine a threefold expansion of our exports with the construction of a large domestic mass consumer goods market.

Despite the heavy impact of the crisis on our labour market, we already started to create jobs again in the first quarter of 2009. All the work and infrastructure of the growth acceleration plan entailing investments of US\$300 billion were maintained. We launched a new programme to build a million houses, especially benefiting the poorest families and at the same time creating hundreds of thousands of new jobs.

I have always believed in solidarity as the route to social development. Brazil wishes to share successful experiences because it believes in South-South cooperation and in partnership between those that experience similar realities. With the support of the International Labour Organization we are strengthening our cooperation with Latin American, Caribbean and African countries in the area of social protection. We also helped to draft the social security legislation in East Timor and undertake an actuarial assessment in Cape Verde. Trade unions in Angola have been the recipients of distance learning with the assistance of the ILO and Brazil.

In addition, we have supported the fight against child labour in Mozambique and Haiti collaborated to implement the fundamental ILO Conventions. These cooperation initiatives have no strings attached to them. They enhance knowledge and equip the beneficiary nations to manage the results of these projects themselves.

This year we celebrate the tenth anniversary of the Worst Forms of Child Labour Convention, 1999 (No. 182), which Brazil was the first country in the Americas to ratify. To force a child to work is to steal its future. Mention should also be made of our condemnation of forced labour, a crime that is a serious affront to human dignity. In order to eradicate this evil once and for all, we have adopted measures for the rehabilitation and compensation of victims and for holding criminals liable for their actions.

Brazil greatly welcomes the Global Report entitled *The cost of coercion* and the commendations of the Brazilian Government's efforts, but we also set great store by social dialogue to humanize work. Next week we – the workers, the employers and the Government – will sign a historical agreement to improve working conditions and labour relations in the sugar cane plantations. Work in this industry will become safer and more decent and Brazilian bio-fuel production will be accompanied by more safeguards with respect to labour standards, the environment and food security.

Creating a fair labour market for everyone also means combating all forms of discrimination, especially those based on race and gender, and taking into account the needs of workers' families. All these issues will be reflected in our Decent Work Country Programme, regarding which I have just signed a declaration with the ILO Director-General. Here, attending this meeting, we have representa-

tives of the workers and employers of Brazil in recognition of the fact that the plan is being drafted with the full participation of civil society.

When I was here in 2003, I said that my Government would do much more for the world of work than had been done previously in my country. Six-and-a-half years later, I have the satisfaction of saying that we have indeed made great progress in combating inhuman forms of work, in increasing income, in education for work, in the creation of formal jobs and a more mature social dialogue. I am certain that Brazil can continue to count on the ILO's support in this task. Concerning the Governing Body, I would like to thank the ILO for the confidence that it has placed in Brazil and wish it every success in its work.

Having ended the formal part of my speech, I would like to add that the times we are going through now are difficult, but at the same time very special. We need to learn from this crisis instead of crying over spilt milk, we have to reflect instead of just complaining and we need to make proposals because the world needs new alternatives.

You are all witnesses to the fact that during the crises of the 1980s and 1990s, the IMF and the World Bank had plenty of solutions to offer to the poor countries. Now, when the crisis is happening in the United States, Japan and Europe, neither the IMF nor the World Bank has any proposal for solving the crisis.

Major private banks that spend all day assessing the risk ratings of Angola, Argentina, Brazil, Mexico, Mozambique, Paraguay, Peru, South Africa and Uruguay, all these banks that are such specialists in gauging our countries' risk levels did not stop for one minute to assess their own risk levels, and so they went bankrupt.

Last September at the UN General Assembly, I said in a speech that the time had come for politics to confront these global crises. This was especially true given the failure to conclude the Doha Round of the WTO owing to political issues. Elections were coming up in the United States and in India, and this prevented the agreement from being concluded despite completion being so close.

What did we want from the Doha Round? We wanted more flexibility in the agricultural markets of the rich countries so that the less developed countries of the world could produce and sell goods to them. What did we want essentially? We wanted the United States to cut its subsidies so that it could make a contribution to the productive capacity of the poorer countries, which are chiefly in Latin and Central America, the Caribbean and Africa.

It proved impossible. For a whole year I talked on the phone to almost all the Presidents, saying that our experts had reached the limits of their action and now it was time for the political leaders to take decisions. But it was not possible. We stopped virtually on the brink of signing an agreement. And then came the economic crisis, which started out without us knowing its exact scale, because it began with the sub prime crisis in the United States and then spread out into a web of financial speculation which was unprecedented in human history.

What we mere mortals, ordinary human beings, failed to understand was how the price of oil could increase from US\$30 to US\$150 a barrel. We failed to understand why agricultural commodities almost doubled in price in just two months last year. The most simplistic explanations put the blame on Bra-

zilian ethanol, when Brazil actually uses only 1 per cent of its arable land for ethanol production. What lay behind this simplistic accusation? Because of the sub prime crisis in the United States, major banks stopped speculating on oil in the futures markets and switched to speculation on commodities. In a situation involving buying and selling without any actual production, sooner or later the bubble is bound to burst. And that is precisely what happened.

These times call for a tougher attitude from employers, workers and governments. We cannot go on living with tax havens, we cannot live with a financial system that creates paper mountains of speculation without generating a single job, without manufacturing a single nail, a single shoe, a single shirt or a single tie. We cannot go on ignoring the fact that more than 1 billion people still face a struggle to eat at least once a day.

Now is the time for us all to seize the opportunity to draw up a new proposal which needs to be heard by the G20, heard within each country and heard by every political leader. It should be included in the debates and discussions in the United Nations General Assembly. For the moment, unemployment is purely a social issue. It will only become a political issue when you begin to take action, when you start to make demands, because it is unthinkable that we could end the twenty-first century in the same way that we ended the twentieth.

If the African continent is the cradle of humanity, there must be something seriously wrong when Africa remains a very poor continent while possessing so much wealth.

We implore the rich countries to draw up development projects and Brazil proposes to establish tripartite projects with them for productive investment so that the people can produce and create jobs. It is impossible to develop a welfare state without production, wealth and employment.

During recent visits to a number of Central American countries, I learned that in some countries the tax burden is around 9 per cent of GDP, in others about 12 per cent. But in truth, a country with a 9 per cent tax burden cannot possibly exist as a State. Unlike the poor countries with small tax burdens, we might need to be presented with the levels of taxation that exist in Finland, Norway or Sweden, in France, Germany or Italy, to make us understand that those countries which have the best-developed social and welfare programmes are precisely those which have a fiscal policy geared to meeting the needs of social justice.

And so this economic crisis opens up an enormous perspective in which everything can be discussed by everyone.

Before this crisis, we had the Washington Consensus, which seemed to be the solution for the planet, but was not the solution. Then came neoliberalism, advocating minimum state intervention, since the market would solve all problems. The market did not solve the problems either, and when the crisis came, there could be no action from State institutions which had been sidelined for half a century. But in the moment of crisis where did the American banks turn to for help? To the State. Where did the German banks turn to be rescued? To the State. Because it was only the State which could guarantee enough credibility to do what the markets had been unable to do.

*(Applause.)*

For this reason, I turn especially to the union leaders in saying that this is an exceptional opportunity for all of you to consider and develop alternatives together with employers, so that we can change the relationship between the State and civil society once and for all and create in our countries a world which displays much more fairness, much more solidarity and much more humanity.

I am the President of the Republic, but in a year and a half I will just be an ordinary citizen of the world striving to improve things, because Brazil has just given an example. As regards the rich world putting the blame on migrant workers, this week the National Congress in Brazil passed a law, on the initiative of the Government, to legalize all undocumented migrant workers in the country.

*(Applause.)*

