

First of all, I would like to thank you for the honour of giving this presentation at this Conference, at which we are celebrating the 90th anniversary of the International Labour Organization. Many years ago, I was a regular participant in ILO meetings, and for a short period of time, I was a deputy member of the Governing Body.

I am therefore familiar with the structure and tasks of the Organization, and that is why I believe that it is extremely important for it today to keep on expanding its activities and, even more than in the past, forging new ideas. Why is this so?

The main reason is not so much the crisis that has descended on the world since 2008, as the particular circumstances surrounding it.

We have long known that the economy follows cycles and we have seen national, continental and even global crises before. History tells us, then, that this is nothing new.

But this time the reasons that lie behind the crisis are different; more than anything, they are far more complex than before.

I realize that what I am saying has been said before, but there are a number of points that we need to bear in mind. We must not forget that the crisis was caused by specific circumstances in the global financial sector – and here I am thinking especially of the financially most important countries.

There is a credibility crisis that stems from the virtual nature of certain operations in the banking sector, which in turn derives from the extreme complexity of the products that the banks have created. Investment banks and credit banks have become separate entities, and there has been a great deal of speculation on the real estate market.

It is these factors that are at the root of the brutal financial crisis we are now facing.

The crisis, which started in the financial sector, has been self-perpetuating, and this has had repercussions on the real economy, where it has provoked a major unemployment crisis even in the rich countries of the world, even in the European Union. While in some cases the unemployment rate is still below 3 per cent, elsewhere it is as high as 18 per cent.

We have to face the fact that, according to ILO figures, there are going to be 45 million newcomers on the labour market every year, and this poses a serious threat in terms of unemployment and social unrest in the years ahead.

I would now like to turn to the Director-General's presentation on 3 June. Although a number of steps have already been taken, what we need to do is re-think our entire approach. We must take a close look at the actual machinery of the world economy, which is no longer what it was 20–30 years ago.

The liberal way of thinking has always entailed a certain risk. In the past the more advanced countries implemented policies that were based on interventionism and on the introduction of more and more social protection measures. Over the years, these policies have begun to develop negative aspects, in the form of zero-growth inflation and rising unemployment. We therefore have to find a new approach, or perhaps a combination of approaches, bringing together several of the theories that have

evolved in recent years, while maintaining the principle of a free market.

It may be advisable, too, to take a broader view and try to discover how the world economy can best operate, since up to now nothing really seems to have worked. I represent a country which for 40 years applied another economic system, and the result was total failure, total bankruptcy.

The planned economy proved to be inefficient because it was impossible to apply. Yet at the same time market rules cannot be valid for everything and for everyone.

It is on the situation as it exists today that we must focus our attention and our analyses. The most recent of the 188 Conventions that the ILO has adopted since its inception have dealt with occupational safety and health strategies, but we also need to give some thought to the structure of the world economy.

Currently, this structure is dominated by the International Monetary Fund and the World Bank which, for all their merits, look at things differently.

We must ask ourselves whether these institutions are perhaps due for an overhaul. Though I do know not the answer to that question, the fact is that, here in Geneva, there is an Organization with 2,500 international civil servants and, if I am not mistaken, 181 member States which is well equipped to develop new methods and new approaches. I refer of course to the International Labour Organization, which I believe is well on the way to filling that role.

The Global Jobs Pact is proof of the diversity of the ILO's approach, created, as it was, as a means of dialogue among three parties, employers, workers and governments.

This tripartite structure, which was devised over 90 years ago, continues to be effective and relevant. Let us not forget it!

But let us not forget, either, that a structure that is based on cooperation in the field of labour relations and on the existence of strong trade unions is not as effective as one that is founded on the principle of an individual employment relationship, which is more a question of civil law.

During the past 25 years the regime in many countries, like my own, was based on the premise that the rules and regulations contained in labour legislation were no longer valid. The ILO has helped us greatly in this respect.

I live in a country whose Labour Code explicitly prohibits forced labour, whether by an institution or by a private employer. Yet in practice there are many people who, although declared as independent workers, in fact work for an enterprise. I believe it is common practice in many countries.

Today, this is a major problem, and it is one which the ILO, which has adopted a great many Recommendations, needs to look at as a matter of urgency so as to prevent such dangerous practices as far as possible.

Opinions in Europe, United States, Asia and Africa differ as to when the crisis will come to an end. The most powerful countries, whose economies have a major impact on the world economy, as a whole tend to be more optimistic than others. For my part, as a citizen and President of a country that has so far been relatively spared by the crisis, I can see that unemployment is rising, even though it is still lower than at the end of the last century.

Although the world economy has slowed considerably, our gross domestic product shows no signs of decline. This year, however, we could be facing zero growth. Compared to the European and world context, that is still encouraging and should be a reason for congratulations. But I fully realize that the Polish economy is somewhat different in that it is less dependent on exports – and that in itself is not a good thing for the economy.

The fact that we have managed to avoid the financial crisis is encouraging, but the truth is that Poland has a very large number of small and medium-sized enterprises that do not have much recourse to bank credit and are therefore largely outside the global financial system. Consequently, the very negative developments in that sector have hardly affected

SMEs, which make up 90 per cent of Poland's economy.

However, this cannot be the answer for the world as a whole, and we must find solutions to the world crisis elsewhere. We must look at the situation differently, devise new structures, and I believe that the ILO is the United Nations organization best placed to do so.

I wish the Governing Body, which for the first time has a Polish Chairperson, and the Director-General, Mr Somavia, every success in the task that lies ahead. If we do succeed, it will be the success not just of institutions and individuals, but of the international community as a whole in its fight to eliminate the scourge of unemployment and social unrest.