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President: Mr Alburquerque de Castro

**ADDRESS BY HIS EXCELLENCY
MR GIORGIO NAPOLITANO,
PRESIDENT OF THE REPUBLIC OF ITALY**

Original Spanish: The PRESIDENT

The International Labour Conference is honoured today to receive the visit of His Excellency Mr Giorgio Napolitano, President of the Republic of Italy. I now give the floor to the Secretary-General of the Conference, Mr Somavia, to welcome and introduce our distinguished guest.

The SECRETARY-GENERAL OF THE CONFERENCE

Signor Presidente Napolitano, thank you for making this journey to the ILO. We are deeply honoured by your presence – the first visit of a Head of State of Italy to our Conference. And, with much respect, Mr President, allow me to say that it is a true personal pleasure to welcome you to this Conference, which will be my last as Director-General of the ILO.

You are a symbol. You have been a lifelong activist for social justice. Out of the destruction of war you committed to building peace; out of pain and division you have fostered understanding and unity. You bring the wisdom of experience to the demands of the present. And today's challenges only serve to sharpen your vision for the future and your advocacy for rebirth and renewal.

Mr President, in this complex world, your analysis of national and global issues is incisive and constructive. You have an open eye on things and you shed light where there is none. You are truly a visionary giant, the product of a life of intellectual honesty, political clarity and concrete action.

Europe today faces profound challenges, and we have heard your call for fidelity to the foundational values of Europe in shaping strategies for today and responding to new realities and new expectations.

Those of us who share and admire the values of a Europe painstakingly constructed in the aftermath of war have been greatly heartened by your words. It is not only in Europe that there is worry about its future; it is also in the rest of the world of those who admire Europe. Your piercing insights have gone to the heart of the global crisis leading to the need for a new system of rules for effective global governance. As you so aptly put it, “globalization of problems demands globalization of solutions”.

Perhaps nowhere is your concern for the future better expressed than in your preoccupation about the threat that looms over young people and specifi-

cally, and I quote you, “the danger of a serious recession, a future generation robbed of the prospect of employment and social affirmation”. This led you to conclude, and I quote you again, “youth unemployment and frustration need to be at the centre of our concerns, concerns which affect the very fabric of society”.

I cannot overemphasize how much those words resonate in this hall and at this Conference.

Mr President, you embody that elemental principle of your country's constitution, and I quote, “Italy is a democratic Republic founded on labour”. Your interpretation of this principle has led you to emphasize that the value of work as the basis of the Republic demands more than ever, and I quote you again, “a positive recognition of the right to work ... and it also demands the protection of work in all its forms and applications”. We find this in our own founding principles – our Constitution says “labour is not a commodity” – and the essence of decent work.

Dear President Napolitano, your country is a founding Member of the ILO, a steadfast friend and supporter of the Organization and its values. Voices such as yours have been instrumental in sustaining that belief and action. The Italian commitment is expressed in so many areas, from the ratification of Conventions to strong engagement with us as a partner in development cooperation, and also in support for our contribution to the G20 process. And as I speak of the G20, let me note that in 2009, the ILO was welcomed most warmly to the G8 Summit at L'Aquila – the first to which we were invited, and it paved the way for our subsequent G20 participation.

I also must acknowledge with great appreciation Italy's support for the ILO International Training Centre in Turin. Mr President, you took the time to visit the Centre in 2006 – another expression of your support for our work.

We draw inspiration from your unwavering convictions – strength in union, the imperative of dialogue, unity in diversity and the possibility of a world order based on justice. In a world often lacking leadership, your convictions provide the leadership. You are a much needed beacon for political action and for policy-making.

Mr President, you have urged young people to set their sights on Europe and – here I quote you again – “especially on that social commitment that has always been an inherent and distinctive element of the European vision of economic development”.

This message of social inclusive growth is of global significance, but it is of course very pertinent here in the ILO.

(The speaker continues in Italian.)

Mr President, allow me to express our strong solidarity to all Italians who have been struck by the force of nature in their daily lives – starting with l'Aquila and continuing until now. We share the pain of the families and communities in Italy at this time.

Mr President, thank you for honouring this Conference with your presence.

Original Spanish: The President

I now have the honour of giving the floor to our distinguished guest, Mr Napolitano, President of the Italian Republic.

Original Italian: Mr NAPOLITANO (President of the Republic of Italy)

I wish to thank Director-General Somavia for inviting me here today and for his very warm words of introduction. Allow me also to take this opportunity to welcome and offer my very best wishes to his successor the Director-General-elect, Guy Ryder. We feel a very close bond with the ILO. Indeed, Italy is very proud to host one of its offices in Turin.

Jobs, or rather the lack of jobs, especially for our younger citizens, are a crucial issue for all of us. The problem is more acute in many developing countries experiencing strong demographic growth and it is particularly destabilizing in advanced economies suffering from recession or from weak growth. But it is even impacting economies enjoying strong and rapid expansion as this does not always result in an equally rapid creation of jobs. There can be no doubt that the questions of achieving a satisfactory employment rate and of strengthening employment rights are posed in very different terms in the different economic regions of the world. In my brief address today I shall refer to those differences. And at the same time I will highlight a leitmotif, the committed effort that your Organization can both suggest and inspire.

Naturally, I speak from the vantage point of the European Union, of which Italy is an integral part. My country has been gravely affected by the financial and economic crisis and the resulting employment crisis that has hit the eurozone in particular. As a consequence, Italy is making every possible effort to emerge from the difficulties that are linked in particular to the burden of public debt which has been accumulating over the decades. But the European institutions and the Governments of the major member States are seeking to address the difficulties not just of Italy but of other countries as well and in their discussions the question of boosting growth is being thrown into increasingly sharp and pressing relief, for growth is a vital and urgent complement to the fiscal consolidation policies designed to decrease the burden of sovereign debt and lessen the pressures exerted on that debt by the financial markets.

There are no easy remedies able to bring about market recovery and economic growth. The call, today, is inevitably for sustainable growth and we can easily understand why and in what way this qualification seems necessary.

The financial crisis that broke out in the United States in 2008 spread from there to other parts of the world and it turned out to be extremely severe in the eurozone. This crisis has unveiled the fragility and the unhealthy aspects of the development that, until then, had been generated in some countries but on artificial grounds, and I am not only referring to growth and public spending and public budgets, but to financial and housing bubbles that subsequently burst. Kick-starting growth on foundations that are no longer precarious and unhealthy, on foundations that are financially sustainable and sound and durable in terms of competition, this is the right course to follow, but we must fully realize that it is a difficult and demanding path that requires innovative approaches.

A resumption of production, a return to substantial rates of GDP growth in the eurozone countries, and most notably in a country like Italy, will not automatically bring about a strong recovery in employment, a necessary response to the problem of unemployment, especially youth unemployment. We would note with satisfaction the effort that is now being made in order to steer the proposals for growth resumption in this direction, as indicated in the communication addressed on 18 April by the European Commission to the other institutions of the Union. The title of that communication, and its substance, are very significant indeed: *Towards a job-rich recovery*. Now, the objective formulated in the 2020 growth strategy is to get 75 per cent of people aged 20–64 a job by 2020, while we are starting out from the very harsh reality of a fall in Europe's employment rate to 68.9 per cent in 2011 and a steep rise of unemployment last February to over 10 per cent. Therefore, the communication that I have just mentioned appropriately sets out a broad range of policies that have been specifically designed to support job creation. It formulates policies and goals for labour market reform and even airs the possibility of a true European labour market. The pillars of the strategy to revitalize growth in Europe, a strategy aiming for a substantial increase in jobs as an essential guarantee of equality, should include, along with structural reform, a decisive boost in public investment in infrastructure, human capital and research and development, especially in regions lagging behind in terms of development. To achieve that we will need to draw on European resources, we will need to mobilize new instruments such as eurobonds for common projects, and plan and manage the Union's existing tried and tested structural funds more effectively.

But this by no means implies a return to theoretical approaches that neglect the risks of an active deficit-financed fiscal policy or that overestimate the immediate effect of public spending on aggregate demand and that attribute a positive function to inflation in relation to growth or that underestimate the importance of financial frictions and the role of credit and money and therefore the potentials of monetary policy. These and other shortcomings in certain theoretical and operational approaches of the past were mentioned recently by Mr Mario Draghi in his recent warning in a very sophisticated and academic address that also provided him with an opportunity for a rigorous classification of the decisions made by the European Central Bank under his presidency.

We must, in fact, pursue growth through a correct combination of structural reforms, fiscal consolida-

tion and targeted increases in public investment. Above all, we must rediscover our commitment to cultivating the goals and values of European integration. As the Treaty of Lisbon says, the Union "shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress". This was also the spirit underlying the Lisbon Strategy in 2000, however disappointing its results may have been.

Now, the reality is that the European development and welfare model is more than ever facing arduous tests and challenges as an effect of the profound transformations that have taken place on a global scale in recent decades. Very briefly, as we have said, growing competition from emerging countries, the reorganization of production processes on a global basis, the speed of innovation, the increasing fragmentation of career paths, with jobs becoming increasingly non-permanent, the greater instability of families, declining fertility rates, the prospective decrease in the workforce and the aging population – the set of risks faced by individuals throughout their lifetime has changed significantly. Hence the review and evolution in a number of countries of social protection systems is a necessary step that no one can shirk if they do not want to put at risk the civil model that, in the second half of the twentieth century, made united Europe a global benchmark.

The European experience is not, naturally, an example that can be easily transposed in any respect to other continents. It does, however, provide us with plenty of lessons and food for thought. Europe today is largely looking inwards to seek solutions to its own internal crisis, yet it has a duty to provide far-sighted input, inspired by solidarity, regarding the questions of growth, jobs and employment rights that are being posed in complex situations, which in turn are highly critical, such as those affecting areas of the Mediterranean and Africa that are being strongly impacted by new forms of political and social turmoil.

In the countries of the Arab Spring, youth unemployment has recently grown by five points, therefore, we need to be aware – the European Union needs to be aware – of the potential repercussions that this spreading exclusion and poverty could have on the younger generations, repercussions that could undermine any attempt at, and hope of, stabilizing, on democratic foundations, those movements that sprang up in a spirit of rejecting dictatorship and making courageous claims for freedom and dignity.

At the same time, rapid and sweeping processes of transformation and growth, especially in the past decade, have seen major countries in Asia and Latin America emerge as driving forces of the global economy. These processes have, however, given rise to problems that are critical for the quality of working conditions and workers' rights in those same countries and, indirectly, in the most socially advanced European countries.

The welfare gains that have been increasingly subjected to tensions arising from the explosion of global competition were concentrated in the countries of the old G7; countries that made a decisive contribution to the production and distribution of the world's wealth. Is it inevitable, therefore, for us, for countries like Italy, to relinquish the well-being that we worked so hard to achieve in the years fol-

lowing the Second World War, to renounce those hard-won gains in order to meet the difficult new challenges of a competitiveness that knows no frontiers? Those challenges call for profound innovations at all levels in the countries that were the first to industrialize and that have achieved the most widespread material well-being. Without a doubt, not all of the achievements of the past can still be considered sustainable, or even equivalent, when compared to new concepts and measures of well-being and quality of life.

It is significant, for example, that in a number of countries the emphasis has shifted to choices that recognize the trend towards an inevitable increase in labour market flexibility and mobility, choices that place a growing value on lifelong learning and efficient re-employment, or outplacement policies that are linked to new job opportunities. It is precisely in the interests of the emerging countries, however, and indeed necessary if we are to achieve balanced global growth, that we should take steps to define social protection floors, in the form of a Recommendation, and this is what your Conference is preparing to adopt tomorrow.

The International Labour Organization can, in this area, reassert the unique historic role that it has played since the dawn of the United Nations system. More generally, the leitmotif of our efforts, no matter where we are called upon to operate, and in the most diverse conditions, must be a strong, convinced and impassioned reaffirmation of the value of work.

We need to overcome the obstacles posed by the judicial, technical and operational complexity of the situations faced and decisions to be made. In this respect, too, the decisive factor will be a resolute effort to inject new life into those grand ideals that the tragic experiences of the first half of the twentieth century led us to embrace and which were sealed by the birth and growth of the United Nations.

The Great Depression and unprecedented large-scale unemployment produced by the crisis of 1929 led, on the political level, to the establishment of authoritarian and warmongering regimes in Germany and Japan, while the existing regime in Italy put down stronger roots. From the terrible lesson of the Nazi fascist dictatorships and aggression and, finally, from the devastation of the Second World War, the victorious democratic forces that re-emerged everywhere from the ruins drew the lesson of the imperative need for a determined and concrete commitment to pursue policies of development and social justice.

In Western Europe, in particular, with the decisive contribution of the United States, three decades of exceptional advances and progress began. Three decades that were called the Golden Age of capitalist development, predicated on democratic foundations. For Italy, those were the years of the economic miracle, which peaked in the years between 1958 and 1963, and the fundamental policy that was pursued, and which summed up all of the unprecedented progress being achieved at that time, was full employment.

There is no denying that in recent years full employment, even if it is enshrined in constitutions and, as I have mentioned, in the European treaties, has never again occupied a primary position, either as a watchword or as a public policy objective. Well, it needs to regain that status, albeit in the

knowledge that it is a much more problematic and complex goal today than it was in the 1950s and 1960s in Western Europe.

We must not hesitate. We cannot mark the goals to be achieved only in terms of GDP growth or greater financial stability. Because, as the late and most distinguished Italian economist, Federico Caffè, wrote “[f]ull employment is not only a means of increasing production ..., it is an end in itself, since it leads to overcoming the servile attitude of those who find it hard to obtain a job opportunity or live in constant fear of being deprived of one”.

Achieving full employment should, therefore, also and above all be measured in terms of human dignity. In the words of a most sensitive Italian writer “in work lies man’s very existence and his history, work is freedom”. And are freedom and human dignity not two of the supreme ideals of Europe and the United Nations?

Original Spanish: The PRESIDENT

Thank you, Mr President, for conveying to us your national and international political vision,

which is entirely consistent with the principles and objectives of the International Labour Organization. Your voice has been heard in defence of fundamental rights at work, in favour of fair globalization and of a world based on the principle of social justice.

Your political experience and your view of society are sources of inspiration for the younger generation fighting to build a better future. To paraphrase the great Italian poet, Vittorio Alfieri, we can truly say that, during your very full career, you have always remained faithful to the words “*Volli, e volli sempre, e fortissimamente volli*” (“I willed, and willed always, and willed with all my strength”).

On behalf of my fellow Officers of the Conference, and of all those present, and on my own behalf, I would like to extend our thanks to you, President Giorgio Napolitano. We have been very honoured to receive your visit today.

(The Conference adjourned at 12.45 p.m.)

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