



Eleventh sitting

Monday, 15 June 2009, 9.10 a.m.

President: Mr Hossain

ILO SUMMIT ON THE GLOBAL JOBS CRISIS

The PRESIDENT

It is my honour to open the 11th sitting of the International Labour Conference. We are now about to begin the ILO Summit on the Global Jobs Crisis. As you know, the Summit is to be honoured by visits from many Heads of State and Government. To explain the proceedings, I now give the floor to the Secretary-General of the Conference, Mr Juan Somavia. One word of procedure before we embark on our work.

The SECRETARY-GENERAL OF THE CONFERENCE

Welcome to the 2009 ILO Summit on the Global Jobs Crisis.

The call today is for leadership – leadership at all levels, and this will be a meeting of leaders in the room and leaders who will come to speak to us.

We are clear about the challenges we face. The world cannot afford to wait for employment to come back several years after economic growth has returned. Rapid recovery of employment and the accompanying social protection must be central to public policy and business decisions. At the same time, we need to rebuild an efficient social market economy that will prevent a relapse into the excesses and inequalities of the past.

I think that we must be attentive, because we can already sense certain interests that just cannot wait to go back to business as usual. We know where we want to go: a world economy that works for all, and delivers on decent work for women and men, social justice at home and a fair globalization in the world. This is our task ahead, and the mandate of the 2008 Declaration, and it cannot be delayed, particularly in a crisis situation.

Dear friends, we have today a great honour, an extraordinary situation for us. We have today the single largest gathering, in the history of the ILO, of Heads of State and Government, Vice-Presidents, labour ministers, presidents of trade unions, leaders of employers' organizations and distinguished international personalities. In the course of these two-and-a-half days, we will have the largest gathering of such personalities in the history of this institution. Their presence honours the ILO, and I thank them for their continued engagement, the guidance they will give us and, above all, the political energy they bring to our work.

This Summit is a tribute to the significance and role of the ILO on its 90th anniversary. An anniversary that you have marked so eloquently in your own countries – thank you for your wonderful

commitment: 200 events in 120 countries, in the course of one week, and there is still more to come. Thank you so much for that.

Dear friends, tested by history, the ILO has been. Tested today, we are again. We have come together to agree on a decent work recovery from the crisis through the ILO Global Jobs Pact. The Chairperson and Vice-Chairpersons will report to us on the work of the Committee of the Whole, and I want to thank them very warmly for their intensive work and results, together with the Drafting Group and the members of the Committee. Our task will be to apply the policies of the Global Jobs Pact to be adopted in order to accelerate recovery at home and coordinate measures internationally, so that no one is left out, no one is left behind.

We need many things to get this done. But above all, leadership. Leadership with a moral compass guiding action. Leadership that dares to take new approaches. Leadership to fix what has gone wrong. Leadership that listens and opens doors. Leadership to find common ground, in a world of nations moulded in different cultures and realities. Leadership that can deliver the national and international agreements that put people first. Strong leadership to give life to the Global Jobs Pact. In each country, in enterprises and workplaces, in the United Nations, in the G20, in regional bodies, in international organizations and in local communities – leadership to make it happen.

In moving forward, we can rely on a strong ILO to pursue our ideas, to carry out our mandates and to deliver for our constituents.

A key dimension of leadership is the capacity to work together. To coordinate, to cooperate, to negotiate, to be a team player. Cooperation and dialogue are urgent, central, indispensable. At these times, what brings social partners together with governments is far greater than the differences. The green shoots of renewed social dialogue sprouting here and there must multiply. Yet, we know that this is one of the biggest leadership challenges that we face to make social dialogue work at home. We know it is not easy. We justify its absence. We find excuses for its underperformance. We sometimes blame each other. But, in the end, the result is that we all lose. If social dialogue does not take root at home in times of crisis, we would be weakening the full potential of a Global Jobs Pact. It is in your hands to make it fly, to make it fly high.

We also need renewed leadership in international cooperation. The Group of 20 assumed the responsibility to act and took urgent decisions. I think it was timely, and we welcome their call on the ILO.

But new forms of local governance are unavoidable, based on the democratic membership of the United Nations. The UN Chief Executives Board is working on nine joint initiatives to confront the crisis, including unemployment and social protection, with the ILO as lead agency.

But overarching political guidance for a convergent multilateral system is not yet there. This requires new political impetus and bold decisions. This crisis must accelerate needed reforms. We must urgently set in motion a process of much greater convergence and coherent cooperation among multilateral institutions. It must cover, through different forms of action, trade, finance, development cooperation, environment and climate change, labour markets and decent work, basic needs and food security, health, education, and innovation, among the principal foundational pillars of a renewed global governance. And certainly, cooperation to implement the Global Jobs Pact will be a priority for us, but also a need. The ILO will not implement the Global Jobs Pact on its own.

Finally, leadership is about legitimacy and relevance. Legitimacy is not just the power to decide. It is the capacity to deliver solutions that work and respond to people's needs, accountability for what we are doing.

I believe all international organizations have to pass, sooner rather than later, a legitimacy and relevance test in this early twenty-first century, including about the policies that led to this crisis. I believe that the ILO is well placed to pass this test. Our concepts of decent work and fair globalization have received wide support and are now global goals. Certainly, this can help open the way to the Global Jobs Pact.

When we do our work well, we come up with policies and solutions that are balanced, geared to the real productive economy and the life of people, crafted by a tripartite eye that can concentrate on the larger spaces of common interests that we all share, rather than stumbling on differences, however important, that we certainly have. This is the sense of the ILO Global Jobs Pact.

It reflects our conviction of what is needed now: high levels of employment and decent work for all; an open economy that delivers opportunity and fairness, alongside a sustainable environment and low carbon growth; a basic floor of social protection, accessible to all, with strong and affordable social security systems; rights at work as a source of dignity; and bargaining, with social dialogue to weave agreements.

Our common future depends on these global public goods taking hold in our society and as a global objective. We believe such approaches are good for productive economies, stable societies, vibrant democracies and lasting peace. We aspire to see such values and principles shape policies and lead change within countries and in a renewed system of global governance.

Dear friends, this Summit can mobilize the leadership to overcome this crisis and chart a new course for a fair globalization, bringing opportunities of decent work for all. I am confident that the governments, employers and workers assembled here will return home energized by this Conference, carrying with them the message and solutions crafted here. The way forward is through bold leadership for action at all levels: in enterprises, locally and nationally; in regions, globally. Our collective

responsibility is to make the voice of the ILO heard, to give immediate effect to our practical solutions, in partnership with others.

So, dear friends, I call on you to act, with your eyes set on a new horizon, a future shaped by our values that have stood the test of time, the collective will to overcome this crisis and the conviction that, however difficult it is, we shall succeed. In this journey, we are inspired by world leaders who have come to the ILO at this critical time. We thank them for their support, we look to their guidance, true to our values, and we say: together we are going to move forward and be successful with what has been done in this Conference.

Mr RAPACKI (*Government, Poland; Chairperson, Committee of the Whole on Crisis Responses*)

You gave us the task of preparing an ILO approach to the crisis and to recovery. I can confidently inform you that we are very well advanced. We have a draft of a document for adoption by the Conference of what we propose to call recovering from the crisis, a Global Jobs Pact.

We are looking forward to these two-and-a-half days of high-level discussions to further enrich the Pact. It is a decent work framework for the period ahead and a resource of practical policies for the multilateral system, government, workers and employers. Our challenge is to avoid the pitfalls of one-size-fits-all policies while ensuring that we coordinate and cooperate to multiply the effect of our national actions. The ILO is uniquely well placed to do this and help the world focus on the priority of meeting the universal expectation of a fair chance of a decent job. Why? I think the answer is our tripartism. A globally coordinated approach that reflects and respects the diversity of national circumstances depends on, first, a very strong foundation of shared principles and values; second, a robust mechanism for dialogue and the identification of priorities; third, trust that all parties to a pact will deliver on their commitments.

Tripartism has those qualities, and this Conference is displaying them for the world to see. The Global Jobs Pact assembles policies that we know work and focuses them on the enormous challenges we face: to sustain enterprises and jobs through the crisis; to prepare women and men, especially young workers, for the new skills they will need in the recovery; to build a basic floor of social protection for the most vulnerable, even in the most vulnerable countries; and to protect and promote rights at work and strengthen the governmental and social partner organizations that make sure we women and men can access those rights fully.

This hall is full of practical people who know how to put these policies into practice, and they are committed to do so. They have a very competent Office of equally committed international civil servants, able to help countries draw on each other's experience. Our policy packages are not costless but they have two qualities that our governments are going to need in the months and years ahead. First, if not costless, they are cost-effective. They focus resources on getting people into work rapidly and ensuring that, if they have a spell between jobs, the risk of falling into poverty is reduced. Second, they are forward-looking. They seek not just recovery from this crisis but they pave the way out of the enduring structural crisis of uneven global development and massive underemployment that leaves half

the world's workers struggling to earn enough to keep their families out of poverty.

Already, I can sense that our Organization, you fellow delegates, are preparing for the next step, taking our Global Jobs Pact to the world of work back home and putting the policies into practice. I think we have the technical expertise to do it. I know we have the political will to do it. I am not so sure that we will have the financial resources to deliver. We may need to convince governments, business and international institutions that the Global Jobs Pact and its portfolio of policies and tools is the best policy investment available right now for scarce resources, and we may need to call on them to give priority in their decisions and resource allocations and investment to the objectives and policy tools of the Global Jobs Pact.

But President, or perhaps I might say Presidents, I think we can and must do that, too.

Let me conclude by saying that I think many of us came to this historic Conference anxious, angry, and wondering whether we could create something that would begin to give the women and men who sent us here some hope that we could get out of this catastrophic recession. I believe we have, together, created hope. If we have, that will be a job very well done.

Mr FUNES DE RIOJA (*Employer, Argentina; Employer Vice-Chairperson, Committee of the Whole on Crisis Responses*)

The financial and employment crisis is truly the pressing global challenge of our times. The crisis is increasingly impacting on jobs and the sustainability of both enterprises and communities, across countries, stages of development and regions.

The crisis is challenging all of us. For the employers of the world, dramatic falls in demand, increasing costs and reduced access to credit threaten their existence.

The loss of an enterprise, particularly the smallest ones, leads to losses of personal income, investments and financial security comparable to those suffered by workers losing their jobs. The crisis also threatens the capacity to offer employment and productive incomes to workers throughout the world. At the micro level, it threatens the social benefits generated by employment. At the macro level, it threatens social cohesion, national development and living standards.

What then are the key concerns and priorities for the employers that we are discussing?

The first was restoring confidence and seeking solutions shaped by market principles and keeping credit flowing. Policy actions should be pursued on the basis of what will work, to get our economies moving again, sustainably and productively.

Second, government actions have to be firm, clear and transparent and restore both consumer and investor confidence. Effective job-generating measures are needed which are supportive of business and respect the 1998 ILO Declaration on Fundamental Principles and Rights at Work.

Three, facilitate doing business and promoting entrepreneurship, helping employers create and maintain jobs. Governments need to make it easier for employers to grow, invest and employ, especially for small enterprises that will play a key role in economic recovery.

Now is the time to address long-overdue regulatory impediments and red tape.

Four, boost spending on active labour market policies whether formulating employment policy, skill policy or active labour market policy.

Five, stabilize the financial sector. The finance sector must recover and play a supportive role in enterprise growth and job creation. For example, their financial regulation can contribute to this.

Six, maintain education and training budgets, support skills development and better matching of skills with labour market needs. We need to think longer term about human resource management, looking at the downturn as an opportunity to build our human resources at all levels.

Seven, give special attention to social protection and support employability. To the extent possible, social spending should be aimed at supporting employability and re-entry into the work force as soon as possible.

Eight, develop environmental policy along market economy lines and ensure effective and sustainable responses.

Nine, support open trade growth because global trade must remain open, and, indeed, further measures such as the Doha Round of trade negotiations must be finalized.

Ten, social dialogue and cooperative work between trade unions and employers can play an important role in enterprise sustainability and a return to growth.

These are the priorities for employers in responding to the crisis. They need to form the integral core of efforts to stimulate crisis recovery. To do otherwise threatens to extend the crisis or to expend significant resources for little or no gain. Efforts through the world have rightly recognized that property rights, the rule of law and freedom of trade are the building blocks of recovery, not areas for ill-judged policy reversal. We stand ready to play our part in trading out of the crisis, contributing to recovery and to creating new jobs.

Governments, workers and employers through their work face the challenge of supporting here the recovery of the crisis. The Global Jobs Pact will be, for sure, a very relevant effort on the road to recovery and a testimony of a strong consensus.

I extend my thanks to the Chairperson of the Committee of the Whole for his extraordinary work.

Mr TROTMAN (*Worker, Barbados; Vice-Chairperson, Committee of the Whole on Crisis Responses*)

We live in times of danger and insecurity. The world has been plunged into a financial and economic crisis unknown since the Great Depression. This has in turn led to a deep social crisis, manifested above all by a jobs crisis and a rise in extreme poverty.

The ILO projects a significant increase in unemployment as a result of the crisis. Furthermore, some 200 million persons risk falling into poverty, surviving on less than US\$2 a day. This is the stark reality of our times. Wall Street has sparked a crisis of global proportions, affecting the lives of ordinary men and women.

However, the roots of the current crisis lie not only in the deregulation of the financial markets. They also lie in over two decades of policies of market fundamentalism, the Washington Consensus and the misguided belief that markets know best. All of the above, coupled with rising inequalities and the lack of adequate global institutional mecha-

nisms to govern globalization lie at the heart of the current crisis.

Over the last two weeks, the constituents of the ILO have negotiated together a response to the crisis and the hardship that we are all suffering from. We negotiated among governments, workers and employers a Global Jobs Pact, a commitment by all of us to tackle the deeply negative effects of the crisis for the world of work, but also a commitment for a better future after the crisis based on decent work and social justice.

We are proud to present this draft Global Jobs Pact to the leaders of the world today and look forward to their reactions and input. The Global Jobs Pact provides governments with the relevant answers on how to deal with the crisis and the jobs recovery. We are also hopeful that another world is possible and that giving effect to this Global Jobs Pact will make it happen.

The Global Jobs Pact has many elements that deserve our heartfelt support. These include the recognition that the Decent Work Agenda and the 2008 Declaration on Social Justice for a Fair Globalization provide a relevant framework to shape a response to the crisis for the multilateral system and for the ILO constituents, the firm effort to place full and decent employment at the heart of recovery policies and stimulus packages and the urgent need to boost aggregate demand and avoid wage deflation by ensuring that an increase in internal demand, a basic social protection floor and minimum wages are part of the overall deal. Furthermore, the recognition that gender equality must be at the heart of jobs recovery and the need for a firm commitment to global coordination in crisis response. This is essential to stimulate global growth, strengthen national efforts to protect and create new jobs and to avoid leakages. The elements of the Pact also include a renewed commitment to respect for international labour standards, in particular the package of ILO standards most relevant to this crisis, and the recognition of the crucial need for social dialogue and collective bargaining to address the crisis. Governments must create the enabling environment based on freedom of association to make this happen and to engage with trade unions as full partners in the discussions on crisis responses. The tripartite negotiations for the Global Jobs Pact have, in our view, set the example.

We further agreed that we cannot go back to business as usual. As stated in the Pact, the world should look different after the crisis. We agreed on the need for the reform and re-regulation of financial markets in order to ensure that the capital markets are at the service of the real economy. Consensus was reached on building a basic social protection floor in all countries, and to strengthen existing systems of social protection.

We also agreed to establish minimum wages so as to build a wage floor into the labour market and to ensure that all men and women earn at least that minimum living wage.

We further committed to a set of new development policies for decent work and poverty reduction. This requires policy space for developing countries to diversify their economies, to invest in productive capacities and to break away from the dependence on a few low value-added export products as drivers of their economies. Trade agreements have to recognize this urgent need for policy space in developing countries.

We reiterate that there is a need to end the Washington Consensus and its conditionalities as well as a renewed commitment to maintain the agreed development assistance needed to meet the Millennium Development Goals.

We also agreed on a more stringent effort to achieve global governance and policy coherence for a fair globalization. In this regard, we restate the need for an economic and social governance framework under the aegis of the UN.

We regret that we were unable to reach agreement on the strong call by workers that we must create the fiscal space to fund the Global Jobs Pact and stimulus packages. Instead of IMF proposals to further reform pension schemes, we must build a tax base that is progressive and prevents tax evasion and tax competition. Furthermore, resources provided by the G20 must, as a matter of priority, be used to fund the Global Jobs Pact and, in this respect, we call upon the leaders present here today to ensure that this takes place.

We also call on the organizations of the multilateral system, the WTO, the IMF and the World Bank, to engage with the ILO in giving effect to this Global Jobs Pact.

Workers are the prime victims of this crisis. We cannot be expected to pay for a crisis created by the greed of others. That is why we cannot continue to argue for the same old policies of more open markets, more deregulation and more flexibility. We, the victims, deserve better.

We call upon our leaders and the multilateral system to join us in embracing the Global Jobs Pact and to join us in the implementation of this Pact. We are hopeful that, together with us, they will commit themselves to the principles of this Jobs Pact, and that together with us, they will help to build this new future, which all peoples in all parts of the world deserve.

The Workers' group considers that this Conference should direct the Governing Body to propose a body of practical recommendations to give urgent effect to the measures contained in this Global Jobs Pact with a view to preventing a recurrence of the crisis.

In conclusion, I would like to point out that history will judge us harshly if we do not act decisively and fairly. Working women and working men who are losing their jobs or falling into extreme poverty will judge us to be irrelevant if we do not embrace policies that will improve their livelihoods. The Workers' group is confident that based on our shared values and firm commitment to social justice, we will – because we can – meet these challenges.

Original German: Mr BRANDNER (Parliamentary State Secretary, Federal Ministry of Labour and Social Affairs, Germany)

During the past two weeks, we have had in-depth discussions on the Global Jobs Pact. One of the key issues in this context is how we can stimulate employment again as quickly as possible in response to the crisis. And it is not just a matter of jobs for the sake of jobs, but a question of quality jobs and decent jobs.

I have read the draft of the Global Jobs Pact and I find it very good. I hope that all of us will be able to promote the implementation of this Pact. It shows that we are all united to take this opportunity, provided by the crisis, to put jobs and social protection

at the forefront of our efforts; and that we want to work together, shoulder to shoulder, despite the different positions of governments and social partners, which of course are based on their particular roles. This strong joint commitment is something we shall need at national and international levels, because experience of the past has shown that even, when there is an economic recovery, there is a certain lapse of time before employment begins to rise significantly again. We may therefore expect a further rise in unemployment both this year and the next.

In Germany, since November 2008, two financial packages have been launched as a response to the crisis. Among other measures, we help enterprises avoid lay-offs by providing them with a system of reduced hours compensation. This programme has just been extended from six to 24 months. This instrument, combined with substantial "skilling" programmes, is extremely effective and has a very high take-up rate. In the spring of this year, we managed to keep over 1 million people in their jobs as a result of these measures – and, in May, the unemployment rate even dipped. We therefore work on the principle that it is better to train workers rather than to let them go.

These measures have allowed us to achieve a policy consistency because, by promoting and maintaining employment, we have underpinned purchasing power, thereby shoring up consumer spending and the economy in general.

In all this, we have not lost sight of the fact that there must be no compromise in gender equality, and this has, moreover, been clearly spelled out at this Conference. But the crisis is not yet over and we must all strive to achieve solutions with employment policy measures, which should also be consistent.

The Global Jobs Pact stresses the importance of social and employment policy measures in economic and financial policy. This implies that growth should, above all, be accompanied by social justice and a fair globalization. It takes account of the different starting positions in the various regions and stresses that the crisis must not be to the detriment of the least developed countries.

We therefore have to implement the Decent Work Agenda so that it will leave its mark on economic and financial policy. This will make it incumbent upon policy-makers to assume their responsibilities and be at the service of people. We want political consistency: consistency between the United Nations and the Bretton Woods institutions, the IMF and the World Bank; consistency between measures taken by States across the world to weather the crisis; and consistency between different policy areas, especially social, economic and finance policies.

Last, but not least, the Global Jobs Pact will, thanks to the unique tripartite structure of the ILO, lead to a substantive and procedural global governance and pave the way for a global social market economy.

I am convinced that the Global Jobs Pact will have a sustainable and positive effect on the world of work.

Original Chinese: Mr YIN (Minister of Human Resources and Social Security, China)

I would like to congratulate the ILO on the opening of the ILO Summit on the Global Jobs Crisis. The Summit has an important role to play in building consensus and strengthening cooperation be-

tween countries in their response to the financial crisis, and in preventing the financial crisis from becoming a global jobs crisis.

The ongoing international financial crisis has brought grave challenges to global employment. As the most populous developing country, China will face serious employment difficulties this century. Employment is our priority because through employment we can ensure economic growth, people's livelihoods and social stability. To this end, the Chinese Government has promptly and resolutely adopted a stimulus package for steady economic development, which gives high priority to employment, and it has implemented an employment policy that actively promotes job creation.

In order to promote employment, first we must increase domestic demand for labour. We have made employment an important objective of the RMB4 trillion stimulus package, which is expected to generate 22 million new jobs in two years.

Second, we are providing support to enterprises to enable them to maintain jobs. Enterprises in difficulty are allowed to postpone or reduce their payment of social insurance contributions. For enterprises that make no or fewer job cuts, we provide social insurance and job subsidies as well as financial support for training programmes. These measures are expected to help retain 20 million jobs.

Third, we are adopting more active employment policies to encourage enterprises to hire the unemployed. We provide them with favourable tax policies and social insurance subsidies. For jobseekers who start up their own businesses or take up self-employment, we provide tax exemptions and reductions, microcredit guarantees, long-term interest subsidies and training. We are also working to create more jobs in public services. We thereby hope to encourage employment through various methods and in a variety of sectors.

Fourth, we are enhancing the public employment service, providing free services and consultancy for jobseekers with a focus on university graduates, migrant workers and the urban hard-to-place people.

Fifth, we are implementing a special vocational training programme, which provides government-subsidized targeted training for employees of enterprises in difficulty, migrant workers who have returned to home towns, those who have lost their jobs and new entrants to the labour market.

Sixth, we are promoting tripartite dialogue and consultations between the Government, employers and trade unions, and hope that their cooperation will help to overcome this difficult situation.

Seventh, we are improving the social security system. We are working to increase the financial input into the social security system and expand its coverage, so that more people will be able to enjoy basic social security.

The abovementioned policy measures have yielded initial results. It is estimated that for this year the registered unemployment rate in China's urban areas will stay below 4.6 per cent. More than 9 million new jobs in urban areas will be generated. Five million people who have lost their jobs will be re-employed, 1 million hard-to-place people will be employed and 8 million migrant workers will be transferred.

In addition, 15 million people will receive special vocational training. We believe that stable employment in China will not only facilitate our own eco-

conomic growth and social stability, but will also contribute to global economic recovery and job creation.

The international financial crisis is a global challenge; to overcome it will require the joint efforts of the international community and the ILO to take on a stronger role.

I welcome the Director-General's vision of putting employment promotion at the heart of countries' policy responses to the crisis and achieving recovery through decent work policies.

I wish to make the following proposals on working together to overcome the crisis' impact on employment.

First, we should give higher priority to stabilizing and expanding employment in economic and social development strategies. Employment is the foundation of people's well-being. The international community should continue to take effective measures to restore market confidence, promote economic growth and boost employment; at the same time, countries should be encouraged in their efforts to formulate their own economic recovery plans and identify their recovery priorities in line with their respective national conditions.

Second, we should stay committed to openness and cooperation in order to promote job creation. To prevent the financial crisis turning into a global jobs crisis, the international community should strengthen cooperation, dialogue and the sharing of experiences, oppose trade protectionism, work towards win-win outcomes through openness and cooperation and create more job opportunities for the workers of all countries.

Third, we should enhance tripartite consultation and cooperation between governments, employers and trade unions. To jointly address the difficulties we face, we need to bring to the fore the ILO's tripartism and vigorously encourage governments, enterprises and trade unions to strengthen tripartite cooperation and dialogue.

Fourth, we should take concrete action to protect the interests of developing countries and promote common development. The international community, particularly developed countries, should assume more responsibilities and obligations to help developing countries maintain financial stability, economic growth and employment stability. It is necessary for international organizations to provide economic assistance, technical cooperation and advisory services to help developing countries enhance their capacity for self-development.

The PRESIDENT

I am honoured to welcome His Excellency, President Lech Kaczynski, President of the Republic of Poland, to the 98th Session of the International Labour Conference.

I give the floor to the Secretary-General of the Conference, to introduce our eminent guest.

The SECRETARY-GENERAL OF THE CONFERENCE

Mr President, it is a great honour to welcome you on the occasion of the ILO's 90th anniversary to this Summit on the Global Jobs Crisis. Your presence here today is highly symbolic because of the special links between your country, yourself and the ILO. You are a doctor in labour law, a former senator, member of parliament, Minister of Justice and Mayor of Warsaw. But most importantly for us, you

were an early pro-democracy activist and a trade unionist – one of the leaders of Solidarność.

The ILO and my predecessor, Francis Blanchard, were at your side, promoting and protecting the birth of Solidarność. That event not only illuminated the vital role played by the trade union movement and the ILO in promoting freedom of association in Poland under authoritarian circumstances, it was also a history-changing event for the whole of Europe.

Mr President, we remember well how, from 1989 to 1991, you participated in sessions of the Governing Body during the Conference as part of the Polish workers' delegation, so welcome back!

I am particularly pleased to welcome you back among us, when the ILO Governing Body is guided by the most able hands of Ambassador Rapacki. You have set the current global crisis and its implications for the economic and social situation in Poland at the forefront of your presidential concerns. In your recent meetings with the Government and social partners, and in your address to Parliament, you placed special emphasis on the importance of dialogue and cooperation. You said, and I quote you, "The crisis is a challenge we can successfully face only by joining all our forces and ideas. In these difficult times, we need Solidarity more than ever." Those are your words, sir.

Joining forces is precisely the reason that governs us here today. It is the objective of the Global Jobs Pact and we look forward to your thoughts and to your vision.

Original Polish: Mr KACZYNSKI (President of the Republic of Poland)

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.

The PRESIDENT

Many thanks, your Excellency, for those insightful words, and for finding the time in your schedule to visit our Conference. We are honoured by your presence.

The situation of the world economy calls for a deep and urgent sense of responsibility on the part of all players and institutions. Simply reading the indicators of economic growth, international trade and unemployment shows just how far we are from the discussions that we have had here in recent sessions of the International Labour Conference. The present international crisis is unique for a number of reasons, over and above its size and depth, which only have a parallel in the Great Depression.

This crisis is structurally much more complex, first of all, on account of the deep integration of the components of the economic system and especially because of the size and preponderance of financial markets in relation to the real economy. It is this deep integration which has meant that a crisis, which started as financial, quickly and markedly became a profound economic crisis, which has had a rapid impact on jobs, with consequences for the regressive dynamics which are well known in this type of crisis.

Secondly, because the global openness and integration of the markets is today much greater than it was in the past. Globalized markets amplify and reproduce the shockwaves of the crisis so there is no comparison with events of even a short time ago. Consequently, there are practically no regions of the world that are not affected by the present situation.

For those who are preoccupied with the prospects for decent work in the world, the situation is, of course, of enormous concern. The jobs crisis, which is the result of a serious deterioration in the international economy, undermines the apparent results of decent work strategies based on the prospects of global economic growth, namely, removing many millions from absolute poverty and opening new horizons for development.

Today these results, which provide access to acceptable levels of well-being for many millions of people, are truly being challenged. Within this framework, we need to find a broad global convergence, bringing together public authorities and economic and labour partners aimed at establishing concerted action based on a strategy to promote global economic recovery and ensure that jobs and well-being are a productive and key part of this equation. This is the basis of the Global Jobs Pact proposed by the ILO, and we should support unreservedly all efforts being made in this regard. This is not an easy convergence, of course. The recent ILO European Regional Meeting, despite the enormous commitment and importance given to the debate, effectively fell well short of our expectations.

I wish to call for a close dialogue between the economic and social players, and the ILO is the appropriate forum for this to be held, and also for a dialogue between all international organizations, with a view to pooling efforts to find shared strategies to combat the crisis.

I emphasize the importance of also supporting the strategy for economic recovery and job creation in relation to issues of decent work, social protection and environmentally sustainable developments. This is an integrated vision that is vital for all. It will be vital for many millions today living in absolute poverty. It will be vital for many others who live in very harsh conditions and who are not far from the poverty line. It will be vital in countries

and regions of the world where levels of development and well-being are lower, but also for all of those – a not insignificant number – living in the richer regions of the world who are in vulnerable situations themselves. Let us not forget: this debate on the global economic and social situation is important for everyone. No one is immune to the enormous crisis that we face.

How to respond to the jobs challenge is increasingly a key issue. It is true that the fall in levels of employment is due to the recession, but today this fall is one of the most serious obstacles to the possibility of economic recovery. It is the greatest threat to the progress achieved in combating poverty and promoting well-being.

For all of these reasons, this social dialogue is not only of intrinsic value for the labour market but a basic instrument for aligning interests, seeking negotiated solutions and establishing balances which are more advantageous and more sustainable for all concerned. In the crisis situation that we are facing, the importance of social dialogue at all levels is bound to be strengthened.

The costs of this crisis, especially as regards jobs and poverty, oblige us to think that, if we need more and better financial regulation, and indeed we do, we must not forget that the competitiveness of our economies must be built with the aim of guaranteeing growth that is more solid, just and sustainable, aimed at job creation and guaranteeing minimum social standards.

This is what we have to do at the present time and this is the mission which can only be strengthened by our presence at this session of the Conference. This is the basis of the Global Jobs Pact proposed by the ILO, and we should support unreservedly all efforts being made in this regard. This is not an easy convergence, of course. As we saw in the recent ILO European Regional Meeting, despite the enormous commitment and importance given to the discussions, meeting the expectations emanating from the debate was extremely challenging.

Mr KUDATGOBILIK (Employer, Turkey)

No other theme for this year's International Labour Conference could reflect better than the "global jobs crisis" the current situation of turmoil, which is shaking almost all the countries on the planet in a similar manner.

Considerable falls in output and incomes, international trade volumes, consumer and business confidence, food and commodity prices: perhaps the most worrying aspect of this picture is the rapidly increasing unemployment rates in almost all developed countries and emerging markets.

Like other emerging market economies, the global crisis has also hit Turkey, although we entered the current era of financial turmoil with an adequate level of regulation in the financial sector. Turkey's financial sector supervisory body has been implementing stress tests on the banks for five years. But, having a relatively sound banking system did not protect our real sector from feeling the global cold winds that blow today in almost all directions. Exports declined and unemployment increased, and it is expected that the economy will shrink in real terms this year.

Alongside our Government's efforts to minimize the adverse effects of the global crisis on output and employment, nine important civil society organizations, including our Confederation, recently started

a countrywide spending campaign with slogans such as “let’s go shopping to save jobs”. This campaign, which was supported by our Government as well as opposition political parties and the Turkish press, has already attracted public attention and support throughout the country.

We have seen that the measures against the global crisis have, with the exception of some efforts at the G20 and European Union (EU) levels, remained on a national level. In fact, as Turkish employers, we are convinced that we need to fight the global crisis at the global level.

In our opinion, the EU must see Turkey as a ray of hope in leading the way out of the crisis. Following the Customs Union that we achieved with the EU in 1996, we have been realizing half of our external trade with EU countries. Beyond this, more than 55 per cent of the 21,300 foreign institutions, companies and joint venture companies in Turkey are from the EU. We have no doubt that these figures will rapidly increase following the crisis. As a United Nations Security Council and G20 member, as well as the sixth biggest EU economy, Turkey is an indispensable political and economic partner, with its young population of more than 70 million, its strategic location, and the opportunities it presents for Europe’s security, in particular energy security.

Today, Turkey has a vital role in its region. It is a major partner in the Balkans, Caucasus, Middle East and Central Asia. The cooperation framework that Turkey recently built with African countries proved Turkey’s power and influence in that vast continent as well.

In short, Turkey is in a position to play the role of a production base, especially for our European partners, on the road to economic recovery. This base has the EU to the west and the Caucasus and Central Asia to the east.

Beyond the regional cooperation opportunities of this type, we firmly believe that the ILO has a very vital role to play to coordinate efforts on an international scale.

Before concluding, I would like to reiterate our belief in the global system. As Turkish employers we shall continue to defend the globalization process, based on the market system and the private sector, which should be kept intact with certain reforms and regulations to be introduced.

As the employers of a country that has ratified most of the ILO Conventions, we are in a strong position to ask for a level playing field. In our opinion, efforts should be focused on the ILO and the World Trade Organization.

Last, but not least, we firmly believe that we should fight protectionist tendencies to the best of our efforts. Free trade must be part of our response to the economic crisis.

Let us hope that next year, at the International Labour Conference, we will be able to discuss post-crisis issues in the world of work.

Original Japanese: Mr KOGA (Worker, Japan)

In order to strengthen the sustainability of recovery policies, these must take into account the circumstances of individual countries and must respect the concept of decent work. This policy space is essential for future success.

Work distribution has been declining in recent years. Workers’ unions have long been calling for a change in the structure of the market from one

based on domestic demand to one with a greater focus on international demand. Regrettably, many governments have failed to set up timely and adequate economic policies. As a result, many workers have been made redundant and their livelihoods have been endangered.

As stated in the Report of the Director-General, in Japan, an agreement on policies relating to job stabilization and job creation has been concluded by tripartite bodies at the national level. This agreement was made between employers and workers at the company level to try to retain jobs through measures such as temporarily transferring redundant workers to other sites where jobs are still available.

At this International Labour Conference, the idea of work sharing is being highlighted and debated seriously. I do not, however, believe that work sharing is a panacea. I am concerned, in fact, that the idea of work sharing has turned into the idea of wage sharing among regular workers, or between regular and non-regular workers, while total wages remain unchanged or are reduced.

Work sharing will not create a win-win situation between government, employers and workers, unless equal treatment for non-regular workers and regular workers, and appropriate protection measures, especially for non-regular workers, are instituted as a prerequisite condition. Without a recovery policy based on fair distribution, the situation of workers will only worsen, resulting in social instability from which recovery will ultimately be impossible.

In the Global Jobs Pact that we are discussing at this Conference, we must adopt an approach that enhances workers’ protection and triggers demand in order to encourage economic recovery by ensuring the fair distribution of income to workers. More specifically, this policy should deal with the full implementation of the minimum wage system, with unemployment benefits and also with the allocation of considerable resources to public training programmes, including assistance to maintain standard of living during training.

For policies to be successful in overcoming this crisis there must be appropriate consultation and collective bargaining at the level of the government, industry and individual companies. The ILO is a unique institution. Tripartism is a democratic framework reflecting a balance between the role of States and the voice of workers, as well as of employers, who together are the engines of the real economy. I believe that strong tripartism is the only way to overcome this global crisis brought about by an imbalanced process of globalization.

I am confident that, through the leadership of Director-General, Mr Somavia, and on the initiatives of the ILO, we will soon see the light at the end of the tunnel and emerge from this crisis.

Original Spanish: Mr BONOMI (Government, Uruguay)

This is the fifth session of the Conference that we have attended since Dr Tabaré Vázquez became President of the Eastern Republic of Uruguay. This year, we will try to give you a report on what we have achieved because from 1 March next year we will have a new President in Uruguay.

We started under this Government with very bad labour relations. Minimum wages were fixed by a market where unemployment was widespread and the national minimum wage – fixed by decree – on average was not above US\$50 dollars; this figure is

now about US\$200. Collective bargaining was practically non-existent, and freedom of association was beaten down at all opportunities.

Labour legislation contravened international labour standards. For example, rural and domestic workers did not have regulated working hours; neither did they have the right to participate in wage negotiation boards. These boards had not been convened since 1991.

Our nation was continuously observed by the ILO supervisory bodies for non-compliance with the Minimum Wage Fixing Convention, 1970 (No. 131).

The policies and measures that we then adopted were useful to deal with the crisis in a different way. Our Government, six days after it took power, convened the wage negotiation boards, and included rural and domestic workers.

Three rounds of negotiations were conducted and agreements were reached by consensus on average in more than 85 per cent of cases. In the few cases where votes were held to agree on sectoral minimum wages and wage increases, 50 per cent of the votes went in favour of the employers, and 50 per cent in favour of the workers. This shows that the negotiations were balanced.

During this Government, a law was enacted to promote trade union activities (Trade Union Immunity Act). Other measures were adopted that subsequently helped employment promotion: the Outsourcing Act, which was amended after the Ministry of Labour intervened, so that the employers' responsibility was reduced when it came to outsourcing; the Home and Domestic Workers Act; the Working Hours (Rural Workers) Act; and the Migration Act, which includes a chapter on sanctions for human trafficking.

We would like to stress that in our country during the present Government, we have established proper tripartism and social dialogue based on the need to negotiate, but this does not mean that there is an obligation to agree. Many tripartite and social dialogue mechanisms were established, for example, the arrangement known as the National Commitment and the National Economic Council, as well as the tripartite integration of the following bodies: the Committee on the Elimination of Child Labour, the Committee on Equality and Gender, the Committee on Occupational Health and Safety, the Committee on the Classification and Grouping of Labour Activities, the Tripartite Committee on the Construction Industry, the Construction Workers' Redundancy and Retirement Fund, the Tripartite Committee on the Metal and Naval Industry, the Tripartite Committee on the Dairy Industry, the Tripartite Committee on the Chemical Industry, the Tripartite Committee on the Safety and Health in Agriculture Convention, 2001 (No. 184), as well as national dialogue on social security.

There are many other bodies, including ones dealing with the work of police or the informal sector. The work of many of these committees was used when drafting laws and decrees, the latest example of this being the sexual harassment bill, which was adopted unanimously a few days ago by the Senate. This bill was the result of the consensus of the Tripartite Committee on Equality of Opportunity and Treatment at Work.

There were also disagreements in this tripartite debate, often small ones, sometimes big ones. The most important and most recent one refers to a bill

on collective bargaining. The employers' sector made a free and sovereign decision to withdraw from the negotiations then used the press to put into question some of the aspects of this bill.

The bill tries to establish three separate levels of negotiation. First, a national minimum wage determined by decree, with consultation between the parties. Second, tripartite negotiations by sector, based on the law on wage negotiation boards which has existed in the country since 1943. The bill updates this law and provides for the establishment of minimum wages by sector and wage increases using these mechanisms. It also provides, as is customary in our country, that when there is an agreement between the parties, without government intervention, the agreed conditions regarding work are introduced. Third, there are bipartite negotiations within enterprises to solve anything that does not come under the responsibility of the wage negotiation boards, production plans, occupational health and safety programmes, training programmes and productivity incentives.

These are some of the things that our Government has carried out to date. We hope that, through a global commitment, for example, and the national employment commitment, we might be able to tell you in subsequent years about the consolidation and strengthening of these practices and concepts.

The PRESIDENT

It is my privilege to extend a warm welcome to Her Excellency, President Halonen, of the Republic of Finland, to the 98th Session of the International Labour Conference, and to thank her for honouring us with her presence.

I now give the floor to the Secretary-General of the Conference to introduce our distinguished guest.

The SECRETARY-GENERAL OF THE CONFERENCE

It is a great honour to welcome you back to the ILO on the occasion of the ILO's 90th anniversary and the Summit on the Global Jobs Crisis. We, of course, feel that you are a member of our family.

Thank you again for co-chairing, and giving political leadership to, the groundbreaking World Commission on the Social Dimension of Globalization, whose conclusions you presented here five years ago. Its proposal for a fair globalization is now universally accepted. Thank you for your relentless effort.

Your Report, *A fair globalization: Creating opportunities for all*, was visionary. It described many of the imbalances that led to today's crisis. The dangers it announced are still very real and so are its Recommendations, which we must revisit soon at the ILO.

You said that the Report, which involves people with very different backgrounds and ideas, was proof of the power of discussions and dialogue, and it certainly was.

Madam President, you also represent a country with a long tradition of caring about the vulnerable. It is the reason that the Global Jobs Pact concentrates on accelerating employment recovery and broadened social protection. Your conviction to put people first, your unflinching support to the Decent Work Agenda and your persuasive commitment to achieving a fair globalization have been an inspiration to us all. I am proud to say that you, Madam President, led the way when many still believed that

globalization was doing fine. Thank you so much for being here with us.

Ms HALONEN (*President of the Republic of Finland*)

It is a great pleasure to be here again and to address this Summit. I would like to thank the ILO for the attention that it is paying to the global jobs situation and for its commitment to address the related economic, social and political issues. It is really the right time to be doing so.

What started as a financial crisis became an economic crisis which has spread at an alarming speed and depth from country to country. We have every reason to make a serious effort to find ways to stop this phenomenon and to minimize its economic and social consequences. When we consider different solutions it is necessary to pay attention to both the effects in the prevailing situation and the possibilities for preventing similar phenomena in the future. The measures that are necessary require broad cooperation and political leadership.

Different G-teams have been welcomed to stop the avalanche of negative events but the active participation of the United Nations and other international institutions is required to achieve the necessary changes in the financial architecture and to develop safe, global ethics.

The lack of trust in financial institutions is a serious problem. The weaknesses of the global financial structures have long been known, as mentioned by Mr Somavia. They were also pointed out by the World Commission on the Social Dimension of Globalization back in 2004, so we cannot claim that we did not know. We knew. Of course we did not know when, where and how the problems would arise but we knew the weaknesses were there.

In dealing with the present crisis, the Commission's recommendations remain as valid as ever. The economic crisis also causes human suffering and that can easily lead to social and political unrest. We must find ways to modernize the international financial system so that it meets the necessary criteria for safety and transparency. To put it simply, we must promote a fairer globalization which focuses more on people and responds to the needs of the workers for decent employment.

We should invest in education to overcome the current economic crisis. We need to pay particular attention to gender equality, both in education and in work life. To cope with the future challenges we need all our resources and capacities. We cannot neglect one half of mankind. One of the fundamental building blocks of the Nordic welfare society is education and lifelong learning. I believe that this model is sustainable and capable also of regenerating itself in the present situation.

The devastating effects of the economic and financial crisis are being felt in particular in developing countries. We must show our solidarity for the most vulnerable and remain strong in our commitment to achieve the United Nations Millennium Development Goals (MDGs).

Finland and the other EU countries have committed themselves to the UN development aid goal of 0.7 per cent of the GNP by the year 2015. The world's poor are also an unused human resource and we should bear that in mind. It is not just about solidarity but also about human resources. Let us give them a chance.

When solving the current problems, we do not need to start from scratch. The 2005 World Summit

endorsed the concept of fair globalization. Productive and decent employment and decent work for all, including for women and young people, has been made a central objective in national and international programmes of action. They have become an integral part of achieving the Millennium Development Goals. The ILO Declaration on Social Justice for a Fair Globalization of 2008 is a clear commitment to making decent work a reality for all people. The solution to the current crisis should fully respect this commitment. Finland offers its support for the Global Jobs Pact initiative which addresses the immediate needs of workers, their families and enterprises. It is important that governments and social partners work closely together in implementing the initiative. At this point I would like to commend the Global Jobs Pact and offer our support.

The global economic crisis must be solved, but nature, our common planet and our common home cannot wait for better economic times. We are facing decisive moments in the fight against climate change. As underlined by the Secretary-General of the United Nations, Ban Ki-moon, we should make every effort to seal the deal at the United Nations Climate Change Conference to be held in Copenhagen in December 2009.

Finland, like the other EU countries, is committed to an ambitious post-2012 regime. All countries, including industrialized and developing countries, major economies and others, should contribute to this wider goal. We should consider the current economic challenges to be an eye-opener. We need to promote green recovery strategies which will stimulate innovation, lead to further development of environmentally-sound technologies and open up the possibility of a good future for us all.

Furthermore, based on the theme of this Conference, these strategies can create new jobs all over the world. It is also true that we must involve women in combating climate change and in the negotiations on a new international climate regime, particularly in poor countries, where the consequences of climate change will be felt the most. Women bear the main burden in everyday life. Sustainable solutions can be found only when both women and men participate equally in making and implementing decisions.

In conclusion, there are solutions to achieve prosperity and ensure sustainable development globally. It is true that they are not easy, but we know what the problems are. We have a whole series of measures which can improve the situation. Postponing things will not improve the situation. It is high time to find common will for sustainable development for the benefit of mankind, people and the environment. I trust in you.

The PRESIDENT

Many thanks, Madam President. The Conference is honoured to receive a true friend to the ILO and I thank you for your presentation, which will help us in the critical work we have before us.

It is my privilege to welcome His Excellency President Guebuza of the Republic of Mozambique, to the Conference. Thank you, Mr President, for gracing this assembly with your presence.

I give the floor to the Secretary-General of the Conference to say a few words of introduction.

Mr President, we are very proud to welcome you here to this ILO Summit on the Global Jobs Crisis and to the 90th anniversary of the ILO. It is a great honour indeed that you are gracing us with your presence here today.

We would like to applaud your achievements, your commitment and your leadership.

I will now address you in Spanish, Mr President.

(The speaker continues in Spanish.)

We extend greetings to the fighter for freedom and one of the designers of dialogue and peace. When you were very young, you committed yourself to the national cause and you were part of the fight for your country's independence. You know well the price of freedom because you were in exile and also in prison. You also know the price and the cost of the traumas of war and you played an essential role in peace negotiations that ended 16 years of civil war.

Mr President, in your political life, you have shown that a country which faces enormous challenges is able to move forward and get results as a result of great national will. We agree with you when you say that it is a historical duty to combat poverty and that this battle can be won only through dialogue and the active participation of all. This means respecting employers and workers and the role they play in society. We also agree with you when you stress the importance of public investment in local initiatives to ensure food security and to create jobs in rural areas.

Mr President, we are indeed honoured to be able to listen to a leader in Africa and a leader of his country who has helped build peace, a peace which we, at the ILO, deem to be essential because we believe that it is the result of social justice.

Original Portuguese: Mr GUEBUZA (President of the Republic of Mozambique)

We extend greetings and congratulate the ILO on the celebration of its 90th anniversary, which represents 90 years of fierce struggle to achieve social justice and economic progress for our countries and peoples. We also wish to reiterate our congratulations to Dr Juan Somavia on his re-election to one more mandate leading the destiny of our prestigious Organization. His re-election to this important position expresses, we feel, the very positive attitude that member States have towards his commitment and his work and our trust and confidence in his ability to continue putting the ILO at the very centre of the world's attention.

Using the synergies that derive from its tripartite structure, the ILO has, in recent years, succeeded in placing and keeping the issue of decent work on the international agenda as part of the promotion and preservation of human rights, as set out in the United Nations Universal Declaration of Human Rights, which was signed 60 years ago last December. It is in the crystallization of these rights that the ILO has also shown clearly and actively that it is an Organization dedicated to promoting programmes aimed at preventing and combating HIV/AIDS in the world of work, strengthening and developing policies on labour administration and designing policies and strategies to promote decent work and social justice. This same context serves as the foun-

ation for the ILO's role in strengthening the tripartite model as a basis for establishing social dialogue, furthering trust between partners and mobilizing parties so that they can work even more wholeheartedly to achieve sustained development in the countries of the world.

Mozambique welcomes the ILO's agenda, which it is proud to have helped formulate, as a member State of the Organization. This is an agenda which reflects and expresses the social and labour policies enshrined in our Constitution, which are translated, in particular, into the Labour Act and the Act regulating labour relations within the civil service. These and other laws defend the principles of promoting the right to work and workers' rights. It is also within this area that Mozambique promotes and applies the principle of tripartite social dialogue, structured around partnership and with multisectoral activities to promote jobs and vocational training. One of these valuable instruments is our national employment and vocational training strategy for 2006–15, approved by the Government, which is the fruit of joint work with the social partners, undertaken with technical assistance from the ILO, and we would again like to thank the Organization for the support given.

Other positive developments in this area can be seen in our new Labour Act, the Social Protection Act and, very recently, our new general statute for the civil service. For example, social protection has become more comprehensive and civil servants are now able to form trade unions, one of several rights they have received as a result of this new civil service statute. Indeed, all of these actions have to a large extent contributed to strengthening tripartism and permanent dialogue as a means of achieving the objectives of social justice.

Staying within the framework of partnership, tripartite dialogue is being consolidated in Mozambique. One of the high points of this partnership are our working sessions, in which the Government, employers and unions sit down at the same table to assess the performance of the economy and to agree a set of principles for improving development indicators and mechanisms for fair and sustainable distribution of the wealth generated by the national economy. The annual conference of the private sector brings together the Government and employers and, at this conference, the implementation of plans agreed the previous year is assessed to ensure continued improvement of Mozambique's business climate. The fact that this Conference has been held for over ten years is a sign that it is a relevant and valuable instrument in enhancing dialogue between the parties, building consensus and monitoring decisions.

With this range of policies and legislative practices, we have extended the possibilities for greater flexibility of the labour market. We have created conditions for further improving the quality of services rendered by the labour administration to our citizens, and we have strengthened the foundations for comprehensive and inclusive economic growth, based on the principles of partnership, with advantages for all players, which has an impact on attracting investment, improving job opportunities, improving the well-being of our people, and protecting our country as a land of many opportunities and much potential and one which is safe for domestic and foreign investment.

In Mozambique, the fight against poverty is waged by Mozambicans under the leadership of their Government and according to their own national agenda. The country's five-year programme for 2005–09 therefore plays an important role in making it possible to achieve the commitments enshrined in the Action Plan for the Reduction of Absolute Poverty (PARPA) and the Millennium Development Goals. Achieving either of these things relies on strong partnership with civil society organizations, including employers and unions.

In the context of fighting poverty, the Government has taken a firm decision to allocate two-thirds of its budget to the areas of education, health, agriculture and rural development, basic infrastructure, good governance, and macroeconomic and financial management. Measures have also been adopted to stimulate the private sector to accelerate job creation and to participate in generating opportunities for self-employment.

In terms of integrated rural development, we have defined rural areas as our focus for development and the advisory councils at various levels as the mechanisms for coordinating this development and decentralizing human, financial and material resources as a factor which will speed up implementation of these decisions. Rural areas are where the majority of our people live, and also where the majority of our natural resources are to be found. It is, nevertheless, in rural areas that poverty is most pronounced and where the majority of the signs of poverty, including hunger and endemic diseases, are most acute.

The decision to set up advisory councils, which are bodies comprising local citizens elected for their exemplary behaviour, credibility and integrity, was intended to change our development paradigms. Our feeling is that, through these bodies, it will be possible to ensure that the beneficiaries of our development actions take an active part in the decision-making process that precedes the implementation of programmes and projects. As far as we are concerned, the creation of well-being is as important as the process that leads us to that goal. We are therefore giving special attention, through the advisory councils, to the need to ensure that the beneficiaries of development understand and participate in identifying problems and opportunities and in finding solutions and using the resources made available to them to promote local development. They are therefore being called upon to prioritize various competing local needs. As we know, prioritizing is a complex exercise and, in the case of the advisory councils, involves reaching consensus among their members. Through this exercise of setting priorities and allocating and monitoring the use of resources, our people's awareness of their responsibilities is increased by guiding and leading local development. They have to recognize what local development is; they have to set the pace and define its form; and they must create a platform for fruitful interaction between their age-old knowledge, the heritage of our people, and new knowledge and experience.

One of the most immediate and direct effects of decentralizing resources, which I referred to earlier, is the creation of new jobs, particularly in agriculture, the building sector, building materials production, and rehabilitation of public and private infrastructure. Even more important is that local capacity is strengthened, which means that new jobs result in

other new jobs and conditions are created whereby more Mozambicans can be actively involved in national wealth generation.

In order to ensure that more Mozambicans are able to take advantage of these innumerable new opportunities to create jobs for themselves and others, we have launched an integrated programme to reform vocational training. This programme was designed with the active participation of employers, the unions and other civil society organizations. Its implementation is set to increase the number of vocational education establishments, from basic to higher level, and it is hoped that graduates from these courses will create more jobs, particularly in rural areas.

The *Férias Desenvolvendo o Distrito* (holidays developing the districts) programme, which encourages students to use their vacations to participate in rural development, is prompting more young people to settle in the various regions of our country. This process is being strengthened by the decentralization programme that we are carrying out. These young people find better jobs in the civil service and in the private sector, which is responding well to this challenge that the Government has laid down. We see most progress in the banking and agricultural sectors, which have benefited from the Government's programme for rural electrification, improvement of roads and bridges, and the extension of the mobile and fixed telephone networks. All these initiatives are together creating many more jobs in rural areas.

In urban areas, we support spontaneous incipient initiatives being made by street vendors, as we feel that these initiatives could be transformed into more organized projects to generate wealth, economic growth and prosperity for our citizens. There are opportunities for strong partnership between local authorities and local residents, taking as a starting point the main responsibilities of local government, including basic drainage and sanitation, hygiene systems, cleaning and solid refuse collection. In this regard, it is even possible to imagine operators who started off as street vendors moving up into the category of small traders and then becoming important market operators.

The international financial crisis could have very negative repercussions on the labour market, thereby destabilizing our societies. We have full confidence that the ILO, as the main repository of specialist knowledge in labour matters, will be able to lead us in developing actions to reduce the negative impact of the crisis. It has the great advantage of its tripartite dialogue model, which will be an important ingredient for its success in this mission. Over and above complying with its mandate as supervisor in the contemporary world of work, the ILO, through its standard-setting activities and mechanisms for monitoring and applying those standards, must act as humanity's social conscience against injustice. Truly, all the Conventions and decisions of which it is guardian are, above all, important instruments for attaining social justice.

We wish to reiterate our thanks to the ILO and to its Director-General for the support that Mozambique has received in promoting decent work for all. With decent work, we can encourage the payment of fair wages, guarantee jobs and safeguard the social security of workers and their families. In the development of individual capacities, we are guaranteeing the exercise of freedom of expression and

creating conditions so that more development players can take part in the decision-making process on various matters that have an impact on the creation of national wealth.

We are sure that, with our total commitment, with our wholehearted commitment, with our desire, all of us together can give this world a true dimension of social justice, without poverty, with more jobs and with the prosperity that comes from a just society.

The PRESIDENT

Thank you, Mr President, for those words of guidance. This session of the Conference takes place at a critical moment, and your perspectives will be of profound interest to its participants in the important work they are undertaking here. Your Excellency has the Conference's warmest gratitude and many thanks.

Original Russian: Mr SHOKHIN (Employer, Russian Federation)

I bring you greetings on behalf of the Russian Confederation of Employers, the largest employers' confederation in the Russian Federation, accounting for two-thirds of the Russian Federation's GDP.

We know that we are today facing a global crisis in the world of work. This is an important opportunity for the global community to seek to move forward, striking the right balance between competitiveness on the one hand and retaining jobs on the other. This is a problem for all countries in the world and, in all countries, as in the Russian Federation, anti-crisis measures have been adopted. We have to be constantly ready to evaluate and monitor the measures that have been adopted in order to correct them when it proves necessary. Only by taking that approach can we ensure that what we are doing is as effective as possible and as productive as possible.

The Russian employers consider that there are a number of key elements that we have to focus on in seeking to undertake anti-crisis programmes.

Firstly, as rapidly as possible, we have to re-establish our financial systems. At the international level, agreements have already been reached on certain changes that will be introduced to the global regulation of financial markets. Nonetheless, we have to recognize that it is now up to the national markets to step forward, because national markets act in accordance with their own legislation and, in some cases, may also be supported by various protectionist measures.

As a result of that, we have to look very carefully at the picture, and we have to recognize that the measures taken thus far have in fact had negative effects in some cases. In some cases, we actually find that people in our economy are holding on to their money, and in many cases the banks cannot make money available to those who really need it and who could invest it in the productive economy.

For that reason, we need to continue to work on this aspect of the task before us. We have to be realistic about the way in which we evaluate risk for borrowers and for potential investors, and we have to try to create a more predictable situation on the credit markets. That is vitally important; it is the first step we have to take.

Secondly, we also have to adopt some stimulus packages. Rather than just providing support for particular enterprises, we have to take a comprehen-

sive approach here. Of course, we know that, in some cases, problems of corruption have arisen. However, it is also the case that, if you only provide support to certain targeted companies, then you cannot solve the problem in the broader context.

We all have to work together. If you are really going to create a viable and competitive economy in the long term then you cannot take a piecemeal approach. For that reason, we Russian employers believe that appropriate economic stimulus measures have to be adopted across the board, and here we have to look very carefully at fiscal policies in particular and try to create incentives for investment and for modernizing our economic processes. We very much hope that at the international, intergovernmental level, we can, at the very least, ensure that we exchange appropriate information among ourselves.

We believe it would be appropriate for the ILO to support the stance that has been taken by the employers to the effect that, in such a crisis period, we should not introduce any measures that would further increase the tax burden on business. After all, the development of business is crucial: if we are to move forward in this area, then it is crucial to resolving the problems we have on the horizon with unemployment and possible social unrest. So we must recognize that.

The third key point is that of infrastructure projects. Even at a time of crisis we have to keep up the level of state investment in infrastructure – that is extremely important – and in the current context it would also allow us to increase the number of jobs available. We have to think about state projects and also those that are adopted in partnership with the private sector. That is the right path to go down. It is so much better than protectionism, particularly if you look at the picture in the long term – looking towards the post-crisis situation for national economies and for the global economy.

I would like to underscore the fact that infrastructure development measures have to be adopted not only for social reasons but also for other reasons, because we have to ensure that, first and foremost, we create for ourselves a modern, appropriate infrastructure, an infrastructure that can take us into the world of tomorrow. That is very important.

Another very important issue is that of training. We need new people to work in this new economy, people with new skills, and that is the case not just for the Russian Federation but in all countries of the world. It is important that we use this crisis as a chance to allow us to move to a more innovative kind of economy. It is not enough just to create new jobs: we have to ensure that the jobs we create are going to be in line with the needs of post-crisis development, and that means that we have to ensure that our workers have the new skills required for that new environment. We have to start training people now for the world of the future. With that in view, and bearing in mind the need for future competitiveness and for future highly skilled workers to be available to them, the employers are staunch defenders of appropriate high-quality vocational training. This is the approach that can allow us to overcome any kind of skills shortage in future.

Another very important point is to recognize that progress can be achieved only if we take a good look at our economic policies as a whole. We are already trying to create jobs, trying to encourage domestic demand, trying to simplify administrative

and other barriers to the establishment and development of SMEs and trying to resolve a broad range of issues, and we have to do all of this across the board in an integrated manner. It is not enough to look at economic policy alone: we have to look at having appropriate legal mechanisms and establishing an appropriate legislative framework. That being so, we employers believe that it is important that we introduce appropriate changes to our legislation, especially to reduce the number of bureaucratic and administrative procedures that have to be faced, for such measures only hinder the development of our economies. At the same time, though, we must of course recognize the rights of workers.

What, then, is the role of the ILO in this? The ILO brings together the voices of employers, workers and governments and, at this time of global crisis, the ILO can only become more important. The ILO has unique experience, particularly through its Decent Work Agenda; it also has experience of working with all the social partners. This kind of experience now has to be brought to bear on banking systems and on anti-crisis strategies for the kind of future we all hope to build. We believe that the ILO's influence can become even more important as we seek to craft appropriate anti-crisis programmes for the whole world. This has to be based on the pragmatic nature of what we do and on the universality of what the ILO can do, thanks to its tripartite consultation procedures.

We know that the Global Jobs Pact, which we have been considering this year, is something that is going to play a key role in that regard, and it certainly is an idea we very much commend, for it lays the foundations for further agreement to be reached among all parties involved in social dialogue at all levels.

In the Russian Federation, when we think about social dialogue today, we are very much in agreement with the kinds of proposals that are now being put forward by the ILO, but also fully cognizant of the reality of economic life in the Russian Federation today. For instance, in May this year, a series of recommendations was adopted in the Russian Federation on the interaction between the social partners at a time of economic crisis. This is in fact a unique kind of pact that has been established in the Russian Federation, in which all of the social partners are working together to seek to overcome the crisis.

In conclusion, I would like to express my well-founded hope that the ILO, as it works with the social partners in the future as in the past, will allow us to design an appropriate strategy to get us out of this crisis. All of these efforts have to be fully reflected in other international programmes, such as, for instance those of the IMF and the World Bank, as well as others who now have to look to the ILO today, along with more organizations that have come into being more recently, such as the G20, for instance.

I believe that if we all work together, showing a spirit of solidarity, we can really move forward together. I think that we do indeed have some grounds for optimism, looking at the prospects for the G8 in July, with a number of very relevant proposals and recommendations being made there. I very much hope they will all be adopted.

Original French: Ms DIALLO (Worker, Guinea)

Allow me, first of all, to congratulate you, Director-General, on having followed up the decision, taken by the ILO Governing Body, to organize this Summit on the Global Jobs Crisis.

We give our full support to the principle of the Global Jobs Pact, which has as its goal identifying long-term solutions to deal with the social crisis.

We workers attach great importance to the discussions and debates in this Conference because it gives us an opportunity to express the concerns of the workers of our region, Africa, in relation to the international agenda, so we can make our voice heard.

I would like to mention the fact that the main concern of the workers is that the financial crisis, and its consequences, could lead to a humanitarian crisis in our region.

We say this because the shock waves of the world markets have already led to companies in our countries going bankrupt and this will lead to disproportionately negative results. Millions of people are already suffering as a result of the inflation of food and oil prices.

Many economists foresee that the financial crisis will have a long-term impact on the struggle to combat poverty in developing countries. They express the fear that a large part of the funds, which should have been used for development, will be used, once again, to restore order in the financial sector.

The severity of this present crisis, and the potential damage it could do as regards growth, and the reduction of poverty in low-income countries, could call into question the attainment of the Millennium Development Goals.

As if that were not enough, we are also told that worse is still to come if rich countries invoke the financial crisis in order to reduce their aid and trade. If history repeats itself, this will be very disconcerting.

The reduction of aid and trade would mean that the populations in the poorest countries will have to pay a very high price for the extravagance and imprudence of the financial markets in North America and Europe.

I would like to focus on two points which are very important to me concerning the implications of the crisis on a labour market which is already weak: first, as regards equality and, second, the informal economy.

We are very seriously concerned that the progress which has been achieved in the area of equality, is now reaching stagnation point. In our countries we can, in fact, perceive some retrogression.

Generally speaking, the export industry sectors, which in many countries provide work in the formal sector, particularly for women, are facing the prospect of a very rapid shrinking of world markets.

Moreover, pertinent programmes and policies must be developed in order to prevent the erosion of women's rights and also to contribute to a reduction in poverty and hunger.

Among the key elements of a response to the crisis, the most pertinent and important for the protection of equality are: the promotion of the core and other international Conventions of the ILO, which support a recovery of the economy and employment and the reduction of inequalities between men and women; the reduction in wage disparities between

the genders; fundamental changes in the development model, which have the backing of the financial institutions and the WTO, with a view to achieving a coherent policy based on decent work and equality; and, finally, the extension of social security and public services to all.

As regards the informal economy, which is the principal source of employment and economic production in the majority of developing countries, it is very difficult to shore up growth in periods of world financial crisis. Moreover, the crisis is threatening to erode the rights of workers and their families by large-scale dismissals, ever fewer opportunities for new people entering the labour market and, by a deterioration of conditions in the informal economy.

In the majority of our countries, we have seen qualified workers in the formal economy sliding slowly into the informal sector. They have to improvise, and find themselves in conditions of work which are even more constraining and difficult than they once were.

We need new global paradigms. The emergence of the present crisis is a clear indication that neo-liberalism has failed. Therefore, the Global Jobs Pact which we are preparing together at this Summit, should be seen as a contribution to bringing about change towards an economic regime which is more sustainable and more equitable and which could reduce inequality, combat poverty and create decent work.

This is in line with the ILO Declaration on Social Justice for a Fair Globalization which was adopted by the International Labour Conference in June of last year.

In conclusion, the international financial crisis has highlighted the need for the ILO to commit itself even more strongly to the debate on macroeconomic policies.

A number of governments have taken emergency measures in order to save the banks and financial institutions. However, what has been lacking, generally speaking, in these efforts has been the recognition of the need to maintain and to support the social protection systems, to help workers and their families who are presently suffering from job and income losses. The crisis is not their responsibility in any way whatsoever.

The present crisis, however difficult and serious, provides us with an opportunity to correct the g imbalance for future generations.

The PRESIDENT

On behalf of the Officers of the Conference and of the Conference itself, it is my privilege to wish His Excellency Luiz Inácio Lula da Silva, President of the Federative Republic of Brazil, a very warm welcome to our annual general assembly of the International Labour Organization.

I now give the floor to the Secretary-General of the Conference to introduce our distinguished guest.

The SECRETARY-GENERAL OF THE CONFERENCE

Mr President, it is a tremendous pleasure and an honour once again to welcome you to the ILO. We are celebrating the 90th anniversary of the ILO at a time of global jobs crisis.

First and foremost, I would like to honour you here in the ILO as the indefatigable trade union leader who brought, suffered and conquered in the struggle for freedom of association and democracy.

I remember your first visit in 2003, when your Government was a promise of hope for the people of Brazil. Since then I have been a witness to the tremendous progress which has been made in Brazil. We have seen the progress in the field of social dialogue and various areas of the Decent Work Agenda: poverty, informal employment, child labour, forced labour, gender equality and race. These are many of the areas in which progress has been made. You have transformed hope into reality, and many countries have been inspired by your policies. In this task, Mr President, we are by your side.

Every time I meet with you I learn of new measures, new initiatives and new policies which are going to be implemented. In fact, this just happened five minutes ago, when I was told about what is going to happen in the next week and the next few months. Therefore, it is extremely important that we have just signed a new cooperation agreement, a few moments ago, for the development of a national plan for decent work in Brazil. This is something which is based on a strong spirit of tripartism. We look forward to seeing it implemented.

We are also receiving here a world leader who represents and defends the interests of the peoples and countries suffering as a result of unjust globalization, and which are made even more vulnerable as the result of a crisis caused by others.

This Summit's main objective is to ensure that economic policies and social policies are brought into line in order to tackle the immediate consequences of the world crisis through the Global Jobs Pact. We hope that this will lead to greater justice and equality.

Your leadership in globalization is very important, and your leadership of the G20 and in the United Nations is something which is of decisive importance. We very much appreciate the concerns which you have shown with regard to the G20.

Mr President, dear friend, we welcome you and we thank you once again for all you are doing.

Original Portuguese: Mr LULA DA SILVA (President of the Federative Republic of Brazil)

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 Familia* (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 and 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 representatives 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 Brazilian 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.)

The PRESIDENT

Many thanks, Mr President, for that frank exposition of your views. Your regional and international perspectives will certainly enlighten the work of the Conference, and help us to achieve the excellent result that we are seeking. That concludes our session for this morning. The Conference will reconvene to continue the work of the ILO Summit on the Global Jobs Crisis this afternoon at 2.30 p.m. sharp. We shall be honoured by the presence of His Excel-

lency Mr Nicolas Sarkozy, the President of the French Republic, at the beginning of the afternoon session, and consequently it is imperative for reasons of security and protocol that all participants be in their seats by 2.15 p.m. at the latest. I declare the 11th sitting of the International Labour Conference

and the first sitting of the ILO Summit on the Global Jobs Crisis closed.

(The Conference adjourned at 12.55 p.m.)

Twelfth sitting

Monday, 15 June 2008, 2.40 p.m.

Presidents: Mr Hossain and Mr Allam

ILO SUMMIT ON THE GLOBAL JOBS CRISIS (CONT.)

The PRESIDENT

We will now continue with the second sitting of the ILO Summit on the Global Jobs Crisis. I give the floor to Mr Kharge, Minister of Labour and Employment of India.

Mr KHARGE (*Minister of Labour and Employment, India*)

Let me compliment the ILO for bringing this crucial issue of the global financial crisis and job losses before this august gathering of social partners from across the globe.

The major social cost of this crisis is borne by innocent people. The proposed Global Jobs Pact is an important initiative, which can deal with this global challenge. The impact of the crisis has not been as critical as in some developing countries, primarily because our banks and financial authorities all along followed prudent and balanced policies. However, export-intensive manufacturing and service sectors are badly affected. Mindful of the magnitude of this still-deepening crisis, the Government of India has taken counter-cyclical measures. At the national level, the Indian Government's response has been swift and, as recent developments indicate, beneficial. The Reserve Bank of India took special measures, and there has been an expansion of liquidity in the banking system. The reflationary package administered through the record increase in central government expenditure and relaxation of prudential norms to assist the employment-intensive infrastructure and housing sector has had a desirable impact. Recent stimulus packages announced by the Government of India include a facility of US\$1.5 billion to support incremental lending to micro-, small and medium-sized enterprises. With lower interest rates, strong rural demand and projections of a normal monsoon, the crisis could gradually be behind us. Some export-intensive sectors will, however, continue to suffer. However, overall business confidence is coming back progressively.

Our Government firmly believes in the principle of tripartism and social dialogue. India has also taken several measures to protect the most vulnerable by extending social protection and unemployment benefits, facilitating additional training and targeted safety nets. The National Rural Employment Guarantee Scheme – under the National Rural Employment Guarantee Act – has provided an important social safety net. This has been lauded and recognized by the ILO. This is coupled with gov-

ernment initiatives to provide a cashless smart card health insurance scheme for the poorest families in the unorganized sector.

The Government has enacted a special law to provide social security to informal workers. We have introduced a new pension system which is voluntary and universal, and which will provide a massive social security net. Skills development is an important policy tool, and the Prime Minister of India is himself leading the initiative. The Government has recently promulgated a national skills development policy which aims to train 500 million workers by 2022. A National Skills Development Corporation has been set up to channel corporate sector support for skill building.

The global crisis calls for international cooperation to reform the financial architecture. We have actually been participating in its fashioning and look forward to its early institutionalization.

The crisis and its adverse implications for international migrant workers provide a timely opportunity for the social partners to discuss issues relating to the provision of social security benefits for migrant workers, including their portability.

The crisis has put the relevance of multilateral institutions to the test. Decent work and sustainable employment are central to recovery, and the ILO has the all-important role of creating the conditions for a fair globalization.

The PRESIDENT

It is my privilege, on behalf of the Officers of the Conference and on behalf of the Conference itself, to welcome the President of the French Republic, Mr Nicolas Sarkozy, to this 98th Session, which marks the 90th anniversary of our Organization. His presence at this session is an honour for us all. I now invite the Secretary-General of the Conference, to say some words of introduction.

Original French: The SECRETARY-GENERAL OF THE CONFERENCE

Mr President, it is a great honour to welcome you here today on the occasion of the ILO Summit on the Global Jobs Crisis.

As the International Labour Organization celebrates its 90th anniversary, your presence here emphasizes the importance of France's place in our institution.

Throughout its history, the ILO has taken counsel from remarkable French individuals, such as Nobel Peace Prize Winner Léon Jouhaux, Albert Thomas and, of course Francis Blanchard, at the head of the

Office – and I would like to thank him for being here with us as former Director-General of the Office – as well as Gilles de Robien, Philippe Séguin, the last French Chairperson – and a great Chairperson he was – of the Governing Body of the ILO, Nicole Ameline, Paul Ramadier, Alexandre Parodi, Yvon Chotard, and the list of great French individuals on the Government side goes on ... There are also Marc Blondel for the Workers, and Jean-Jacques Oechslin and Pierre Waline for the Employers – a long list indeed.

At a time when this Conference is looking into the impact of the crisis on employment, social protection and hence peoples' lives, your presence here has a particular significance. Everyone recognizes your key role in the international response to the crisis, at the multilateral level, as well as in the process of reflection on the changes that need to be made to the economic model that led to the crisis, and on a new global governance.

During your Presidency of the European Union, it was at your initiative that the first international summit on reshaping the international financial system was held. The G20 Summit in Washington was a watershed.

Your international activities have reached the ILO: in a personal message of encouragement addressed to the Governing Body a few days after the Washington Summit, you said that the ILO had made its voice heard in the current debate on the definition of a new global governance.

We responded to your call, and the Governing Body issued a statement setting out six points based on the Decent Work Agenda.

You also called on the ILO to make specific proposals to ensure that the promotion of decent work is at the centre of future regulation for a new world order.

Your call to action and your support have been a great source of inspiration for us. This Summit and the Global Jobs Pact are a logical next step, in line with what we are doing to build a social dimension of globalization.

In June 2008, this Conference adopted an important Declaration on Social Justice for a Fair Globalization. On 10 November 2008, then in March 2009, our Governing Body debated the crisis at length, calling on the G20 to give special attention to the impact on employment. That was your position as well. We are very glad that the G20 has taken this position and has asked for our comments and proposals in this regard.

On this subject and many others, Mr President, we are very eager to hear what you have to say.

Thank you for being here with us.

The PRESIDENT

Thank you, Director-General. I now invite President Sarkozy of France to deliver his speech.

Original French: Mr Nicolas SARKOZY (President, French Republic)

In a few days, the ILO will be celebrating its 90th anniversary. I accepted the invitation of the Director-General, Juan Somavia – to whom I pay my respects for his exemplary work as the head of the ILO – because I wanted to pay tribute to the oldest of our international organizations and the role that it has played since the end of the First World War. Among those who lived through the war and witnessed its deaths and suffering was a group of men

of determination and good will who rose up and said "Never again!". They wanted to ensure that law prevailed over force. So they created the League of Nations to make war illegal. We all know what happened. The Treaty of Versailles put an end to one war and paved the way for another. And this war was even more disastrous than the one before it. All that remained of the dreams of peace in which a scarred generation had put its faith was a pile of ruins, tears, millions of deaths and the memory of the Shoah.

But something survived from this failure. Those who drafted the Treaty of Versailles were at least right on one point, when they wrote that: "universal and lasting peace can only be established if it is based on social justice".

Saint-Just might well have proclaimed that the French Revolution had ushered in the concept of happiness for the first time in Europe; but, in 1919, the war thoroughly dashed the ideals of the revolutionary thinker of 1789.

The creation of the ILO was a reaffirmation that individuals' endeavours should not be seen as an end in themselves. Work could enrich and free them, rather than making them subservient and dependent. Social justice could open the way for peace. This was the very *raison d'être* of the ILO.

It was necessary to have the undying belief of a few lucid and courageous men – and Albert Thomas, the first Director of the ILO, was at the forefront. I would like to pay tribute to this great figure of European socialism, this friend of Jaurès, who, throughout his life wanted to transcend the class struggle. He believed that once men could meet and look each other in the eye, once they could speak together, they were already a long way towards understanding each other, irrespective of the interests which set them apart. He founded the ILO, the only organization where, still today, the representatives of States, employers and workers come together. It was through him that the ILO gained a reputation; he invented social dialogue at the international level.

How is it that democracies were unable to face up to the challenges of the disastrous 1930s? The answer is simple; it is cruel; and it is highly pertinent, given the current situation. The States and Governments were simply not up to the commitments that they had made.

In 1925, Albert Thomas wrote: "I am searching desperately for the road that leads to the ratification of Conventions. Nothing is happening." In 1930, he cried out: "If we let the years go by, the cataclysm will be upon us again and engulf us", and he was right. Too few understood what he was saying, too few heard his words, and of those who did, too few dared to act on them.

So, it is up to me, the President of the French Republic, to ask you a question. Are we going to learn the lessons that history has taught us to ensure that it does not repeat itself, or are we going to make the same mistakes – and the consequences of those mistakes could be equally disastrous this time around, now that the global economy is in a crisis that is unprecedented since 1945?

I ask you all. Can we afford to wait? Given the extreme poverty, hunger, forced labour and degrading living conditions throughout the world, do we have the right to wait? In the face of global warming and the threat that it poses to global stability and the survival of part of humanity, do we have the

right to wait? In the face of the exhaustion of non-renewable natural resources, how long can we afford to wait before we begin producing differently, before we begin living differently, before we start developing different forms of energy? We have seen financial capitalism become completely unreasonable, respecting no rules. Is it reasonable to wait any longer? Can we wait until the economic, financial, social and ecological crises become a major political crisis at the global level before we decide to change? Can we wait that long? The risk is that we will be leaving it too late. Have we not waited long enough to regulate globalization which, alongside the wealth and abundance it creates, also increases pockets of poverty and frustration?

Regulating globalization is the central issue. The world cannot be governed by the market laws of supply and demand alone. Globalization cannot be an excuse for us to evade our political, intellectual and moral responsibilities; but this is exactly what would happen if we failed to introduce global regulation. I could also go so far as to say that globalization will not survive the law of the jungle because there can be no freedom without rules.

The ILO has always supported this cause, often with great courage, flying in the face of a dominant ideology that was firmly entrenched in mentalities and supported by many international institutions.

In June 2004, Philippe Seguin, who had just been elected Chairman of the Governing Body of the ILO, stated that: "Responding to the needs for governance of globalization is a priority for the ILO". He was before his time, even in the not-so-distant past, because very few people in the area of politics and economics were then taking these concerns seriously. Since then, you have responded in part to these needs with the ILO Declaration on Social Justice for a Fair Globalization.

This Declaration now needs to be put into practice, as do the decisions taken by the G20 on financial market regulation.

Everything is connected: dumping, whether it be monetary, social or environmental, must not only be considered as a market distortion resulting in a loss of income for the enterprises concerned. It is the cause of considerable social and human costs. Child labour is not just unfair competition; it also stops children from going to school and learning.

There are two kinds of globalization: one that favours external growth, in which has by whatever means, to grab jobs and markets from others; and globalization which favours domestic growth, that is a development model in which each produces more, consumes more and contributes more to the development of all.

The first is a model which pushes competitiveness to the limit, resorting to all manner of dumping and having a total disregard for purchasing power and living conditions. The second is based on increasing productivity, raising living standards and in the final analysis, improving well-being. The first is conflictual, the second is based on cooperation. The first sets economic progress against social progress; the second, quite the opposite, binds them together. So what is at stake today is to ensure that globalization moves from the first model to the second model.

Those who do not want to change anything – and there are many of them – will claim that my speech is a pipe dream. But my belief is that the real pipe dreams of today – or let me go further, what is to-

tally irresponsible today – is to believe that the crisis is merely a temporary hitch and that, once it is over, everything can go back to normal. Therein lies the road to suicide for each and every one of us.

What is a pipe dream and truly irresponsible is to believe that this system based on speculation, bonds and dumping, which have led globalization into the impasse in which it finds itself today, will be able to continue indefinitely; that we will be able to continue giving everything to financial capital and nothing to the world of labour, that the financial markets will be able to impose their obsession with short-term profitability on the whole of the economy, weighed down by outrageous levels of debt leverage.

What is a pipe dream and irresponsible is to believe that the people of the world will accept without a word the painful repercussions of the crisis; that they will not demand more protection and justice; and that they will put up with, as if nothing had happened, the golden parachutes, the outrageous bonuses of speculators that have been paid for by the work of others.

I truly believe that in tomorrow's world there will be a call for reason, which will be expressed with such conviction that nobody will be able to turn away. There will be no more tolerance for conduct that fails to respect decent conditions. This is something that you recognized when you put forward the concept of decent work.

I say this in all seriousness and knowing full well the importance of my words. Either we shall have reason, or we shall have rebellion; either we shall have justice or we shall have violence, either we shall have reasonable protection or we shall have protectionism. We need rules which can become standards and apply to all.

Now allow me to be clear here. This is not a matter of harmonizing all labour legislations in detail. It is not even a question of imposing upon the poorest countries the social standards of the richest countries. That would simply be absurd. What is required is to introduce, between nations, a system of rules which pulls everybody up, instead of pulling everybody down.

How can we believe that 50 States in the world have not ratified the eight Conventions which define the fundamental rights at work? What kind of world do we want? This is the question that we have to ask ourselves.

France, for its part, is replying to this question by undertaking to ratify the Maritime Labour Convention and the Promotional Framework for Occupational Safety and Health Convention in the very near future. When we want others to do something, the best thing is to set an example ourselves in the right place and at the right time.

The problem of social and environmental standards is definitely one of the most difficult. It obliges us to wonder about the situation in which all human activities are gradually turned into commodities. This has been one of the main characteristics of globalization over the last 20 years. As a consequence, the right to trade has become the highest right of all.

But health, education, culture, biodiversity, the climate and even labour are not goods like any others.

We know the energy that France has invested in promoting the respect of cultural diversity. And it

will do the same for the right to health, the right to work, environmental rights and the right to trade.

France will invest the same energy in resisting the temptations of protectionism and defending the idea that the WTO cannot be the only one to decide on everything. Each specialized agency needs to play its role in defining international standards and, above all, in implementing them.

The International Monetary Fund, the World Health Organization and the International Labour Organization, need more powers to ensure that the standards they establish do not remain a dead letter.

And once we have concluded an ambitious agreement on the climate in Copenhagen, we shall have to create a genuine world environment organization in order to apply the commitments that will have been taken, I hope very much, by all.

What is the point in making standards if nobody respects them?

Global governance in the twentieth century cannot resemble that of the twenty-first century. We have waited too long. I believe that the major emerging countries should be allied to the process of global governance. How can we expect to govern the world if we leave more than half of humanity out of it? I think that free trade should be subject to a principle of reciprocity.

We have waited too long on this point as well. We have completely changed the nature of free trade and turned against it those who should believe in it most. I therefore urge that the interventions of the IMF, the World Bank, development banks and UNDP should be subjected to environmental and social conditionalities.

It is, however, strange that the IMF or the World Bank can help a country without being able to ask them to respect basic rules in the area of environment, labour law or public health.

We cannot accept that international assistance encourages forced labour or pollution, which threaten the very future of the planet. But we cannot broach this problem of environmental or social conditionalities without raising the thorny issue of adjustment policies. We cannot ask a country to respect a certain number of social requirements and then, at the same time, impose adjustment plans which have disastrous social and human consequences. If the international organizations are going to be giving lessons, then they must be able to apply them to themselves.

Neither can we demand that poor and emerging countries make efforts that they would not be able to make without entirely ruining their economies and chances for development. The efforts required need to be reasonable, progressive, and also need to correspond to a heightened understanding of developmental assistance. We can only progress in the interests of all if efforts are shared, and if the most advanced countries share their benefits and show evidence of solidarity.

There will be no progress if development assistance stays at its current level. If we do not consider development assistance as being an essential complement to environmental and social conditionalities, globalization is doomed to failure.

I would also propose another revolution in global governance to ensure that the existing standards in international agreements be effectively applied. What would be the point of having standards in the ILO, of continuing to adopt standards, if they are not mandatory? A standard which is not mandatory

is not a standard; it is a recommendation, a mere piece of advice; it is a piece of paper that can be blown away in the wind. It has no value and serves no purpose.

The revolution I am urging all of us to embark upon is based on the idea that the specialized agencies can participate in international disputes, notably trade disputes, on the basis of harmed interests. Let us create this new global governance so that the ILO can make its voice heard in the WTO, the IMF and the World Bank, as soon as its fundamental standards are threatened.

The international community cannot be schizophrenic – but it is pure schizophrenia when the WTO or Bretton Woods institutions ignore what the ILO is promising. And it is the role of the preliminary courts to prevent this from happening.

In this way, it would no longer be only the trade arbiter who had the last word and trade law would not prevail over all others. The ILO would be called upon whenever there was a dispute involving States, relating to the respect of fundamental labour rights. The IMF would have to respond when a question relating to monetary dumping emerged.

The future World Environment Organization would automatically become involved in cases of environmental dumping. In this way, the trade model would no longer prevail over all others. All the rules would be intrinsic to each international specialized agency, which would have to ensure compliance with them in their respective field of competence.

Now obviously we shall not be able to solve anything before we solve the issue of financial capitalism which imposes upon the economy its own system and its own standards. The meetings of Washington and London will go down in history as major turning points, as long as the commitments that have been taken can be kept. In many areas, it will be necessary to go far further to build a financial system which finances entrepreneurs more than speculators. We have to overhaul everything: surveillance of banks, the regulation of hedge funds, accounting regulations, forms of remuneration.

The crisis has given free reign to our imagination again. It is the time to go as far as we can. It is not the time to retreat. We have no time to lose. We have been, all of us, on the brink of total catastrophe. Do we want to risk going there again?

Now I know that in certain sectors, in certain administrations, now that the markets are faring a little better because the speculators are speculating again – just look at the oil prices – there is a temptation to reduce the scope of what has been decided. Giving into this temptation would be a disastrous mistake.

I say to all the Heads of State and Government of the G20: Each one of us has a responsibility before history to be true to our commitments. We have a once-in-a-lifetime chance, and we must not cede to any pressure group, any bureaucracy or any particular interests.

I would like to say to the President of the United States that America has to be the most ambitious of all because that is what America does well. It is America's role to spearhead the movement. It is because of Wilson's and Roosevelt's America that we have multilateralism, and the same applies to the idea of global regulation and governance.

And I want to say to all the Heads of State and Government of the European Union to set an example because, in so doing, they will be true to their

values and have the opportunity of sharing them. What would the world say if Europe was not even capable of having its own regulations and applying them?

I would say to all those who fear change that change is necessary to build up confidence once again – and that the biggest danger of all would be not to change. I want to tell all these doubters that France will ensure that no debate will be quashed and no issue left unturned.

Look at the debate on the Tobin tax, which is a tax to rein in speculation. I do not know if it is a good idea. I do not know if it can be applied. But how is it possible to understand that no debate has taken place on the Tobin tax, and that it has been pushed under the table before having even been considered?

I can assure you that France will not allow the carbon tax to go the same way as the speculation tax because the carbon tax is a precondition for fair competition and a shared effort to save the planet.

I want to raise an urgent issue, and it demands an urgent answer, if we do not want to have to decide tomorrow between free trade and taking urgent measures against global warming. France wants to have a debate on the reform of global governance. It wants to focus on reciprocity, and social and environmental conditionalities.

I would also draw attention to the fact that there is a need to make headway on reform or should I say, perhaps, a top to bottom overhaul, of the international monetary system. It is blindingly obvious that it is the world of labour that always has to pay the cost of global monetary disorder. We have to recognize that in an unfair competitive world market situation, currencies play the most important role. It is also up to the G20 to look into this matter in the future. It also needs to take into account, to a greater extent, the social dimension of the crisis and the new global order which it wants to contribute to building.

I have argued for the Director-General of the ILO to participate in the meetings of Heads of State and Government at the same level as the General Director of the IMF and the Director-General of the WTO. It is absolutely crucial in my eyes because it will bear testimony to the fact that labour issues are at the core of global debates.

I would also like the ILO to make specific proposals to ensure that the promotion of decent work is firmly entrenched in the rules that tomorrow will constitute a global order which is more respecting of human needs. The crisis in the 1930s taught us that imposing sacrifices on wage earners is no way to respond to the crisis, because recovery then becomes impossible. France would like to see the International Labour Conference adopt conclusions on the Global Jobs Pact.

France would like to see this Global Jobs Pact discussed in a committee on employment, in which the ILO and social partners could participate in order to prepare the next summit of the G20. These revolutions under way in global regulation and governance do require us to break with our habits of the past, to develop new mindsets. I do not underestimate the objections that will be raised, or the fears that that my proposals might provoke.

I know that many of France's partners will not want immediately to go so far, but I believe that it is France's duty to point the way and to encourage the discussion.

France cannot go it alone. But if we do not have these debates now, at a time when the crisis compels all of us to ask questions, when shall we ever have them? Never! That is my heartfelt belief. So, to those of us who look towards the Copenhagen conference with suspicion and mistrust, to those who do not want to ensure that there is greater regulation of the IMF, to those who continually delay the ratification of ILO Conventions, to those who see the creation of a world environment organization as a threat to free trade and an obstacle to economic growth – I would like to say the following: the only thing they need to be afraid of is doing nothing.

As President Roosevelt said in his Inaugural Speech: "The only thing to fear is fear itself". That was in 1933 but nothing has changed. To overcome the crisis, to re-establish trust and confidence, to ensure that hundreds of millions of men and women can look towards the future with hope once again, we need to change our growth model, we need to regulate globalization. We need to remember that democracy, freedom, openness and social progress, are not set in stone. They are not something that we can take for granted.

Allow me to quote Francis Blanchard in this respect. He wrote in his memoirs that the problem was not that of the objectives set in so many formal agreements and at the heart of so many agendas, but rather one of follow-up. It was only strong political determination that would ensure that they were urgently applied in vital areas. Speeches should, he believed, be accompanied by specific commitments which would alone overcome the obstacles in the way of sustainable development.

This is precisely the issue at stake today. And I chose to refer to Francis Blanchard's words because they clearly show that the ILO was only wrong in being right too early!

My message is simple. Let us not wait to act. Let us not wait until it is too late. What world shall we leave our children if we are not even capable of reaching an agreement on limiting greenhouse gases, on tax havens, on the fundamental importance of freedom of association, on prohibiting forced labour, on abolishing child labour and eliminating discrimination at the workplace – or at least seeing these as objectives to attain?

What responsibility would we have to bear in the eyes of future generations and, vis-à-vis, our own consciences if we were to throw in the towel? As I am sure you have understood, France will not fail in its duties.

The PRESIDENT

Mr President, thank you for sharing with us so clearly your thoughts and perceptions on the global financial crisis and the steps to be taken to allow us to move out of the crisis. The Conference has listened very closely to your words.

Original French: Ms GOSSELIN (Deputy Minister of Labour, Human Resources and Skills Development, Canada)

It is a pleasure to be able to participate in this International Labour Conference and to have the opportunity to address you on behalf of the Canadian Labour Minister, Ms Rona Ambrose. I would like to outline the measures taken by the Canadian Government to alleviate the economic difficulties with which we are all currently faced.

The International Labour Conference is taking place at a very timely moment, giving us the opportunity to look at specific measures which can be taken to deal with the social consequences and employment problems being created by this crisis.

In order to counter the fallout from the crisis, the Canadian Government has developed an economic recovery plan to rebuild the confidence of the citizens and to invest in sustainable, long-term growth. It is also there to offer support to Canadian workers and their families.

In Canada, the recovery measures provided for in our budgets, whether those of the federal Government or those of the provincial or territorial governments, concentrate on jobs. Furthermore, many of the components of the global jobs pact provided for here are already included in Canada's recovery plan.

In these difficult times, the Canadian Government has adopted a balanced policy to investment. It is trying to respond to the immediate needs of the Canadian people without, at the same time, losing sight of its long-term objectives. Furthermore, it is being prudent by only making timely focused and temporary investment.

Since employment is one of Canada's main priorities, the Government is investing in a \$8.3 billion Canadian skills strategy. In doing so, we are trying not only to meet workers' needs today but also to prepare workers for finding tomorrow's jobs. The strategy provides for income support to workers who have worked in one sector of the economy or occupied one job for a long period of time, and who are now engaging in long-term training. The scope of our programme for older workers has also been expanded.

Turning to youth employment, student financial assistance is being enriched and young people thus now have easier access to higher education. Furthermore, we have developed subsidies for apprenticeships for the benefit of those who have chosen to go into vocational employment.

The Government has also thought of ways to help families and workers with low to medium levels of income. We have increased tax credits, we have prolonged the period during which the unemployed can receive benefits and we have improved a programme to protect workers whose employer goes bankrupt. At the same time, investment in infrastructure, and in sustainable green jobs, will contribute to creating further employment. Industries in difficulty will receive the support they need. We have extended the lifespan of shared work agreements concluded in Canada and have expanded their scope. Thanks to these investments, Canadians will be able to continue to work despite the economic slowdown.

We should not forget that labour ministries have a very important role to play in this situation by offering support to employers and workers in order to help them overcome the current crisis. For example, they need to make professional mediation services more accessible because this will help both employers and trade unions to find innovative solutions to their problems and avoid labour stoppages in the process. Furthermore, they can reduce the costs attributable to a lack of health and safety at work and ensure that labour standards continue to be respected, despite the crisis.

Leaders of the G20 countries are only too well aware that the human aspect of the current crisis

cannot be neglected and therefore they have urged the ILO, with the help of other bodies, to assess measures already taken to tackle the crisis and determine which of them need to be brought on stream in the future. Because of its unique tripartite structure, the ILO is in an excellent position to assess the impact of the various measures taken and spread understanding and knowledge of best practices which will help job-centred economic recovery.

As part of the Decent Work Agenda and the 2008 Declaration on Social Justice for a Fair Globalization, the ILO will have to build the capacity of national governments to respond to labour challenges. This means helping them to promote job creation, to adopt income support measures and to develop fairer and more inclusive labour markets for both men and women.

Canada is proud of the efforts which it has already made to tackle the worldwide economic crisis and we will be happy to continue to cooperate with the ILO and our partner countries, to develop further appropriate specific measures to guarantee that both businesses and workers in all regions of the world will be able to better tackle the impact of the current crisis.

Original Spanish: Mr GONZÁLEZ SADA (Employer, Mexico)

We are living in a time of great hardship for millions of people, but it is also a time of clear alternatives. If we take such a position and meet the challenges we face, it can be a period of regeneration that will be the impetus for truly sustainable development.

Rather than being alarmist, we should face the challenge openly, with clarity, courage and good sense.

From the point of view of the Employers' Confederation of the Republic of Mexico, as representatives of Mexican employers, we consider that, in both our country and the rest of the world, there is a need to follow a two-step approach.

The formula also applies to each company in its own context, looking at it not just from a business angle, but also as a shared life project for workers and employers.

The first step is the immediate situation, which demands an urgent and sensitive response. Here, we think that the intervention of the public sector, globally and in each country, is vital in order for the markets to recover their dynamism. This, of course, is a responsibility for governments.

We are witnessing a situation that threatens the viability of millions of companies and the jobs that they generate.

There is no need to look at this as a fundamental defect in the principles of democracy and the market economy. What we need to do is make the most of these principles, because there is no better mechanism for resolving the changing political and economic needs of people.

It is as though we have a reservoir that is spilling over and we cannot control the situation with just dykes and provisional repairs. What we need to do is work on its structure so that it works well for many years to come. This is the second step, and we consider that there is a great deal of work to be done on it.

We cannot view the crisis in isolation. As in chemistry, it is an element that is reacting in a compound that is not working correctly.

In Mexico and Latin America, the crisis took us by surprise during a time of transition. Not so long ago, democratic principles and the free market began to establish themselves in practice and became firmly rooted in our countries.

As in all periods of transition, opportunities and hopes run parallel to threats and regression and the natural upset that changes bring. This always creates a breeding ground for political optimism, whether from the left or the right.

Now the risk is even greater. We cannot allow this populism to become confused and profit from the crisis. What we have to do is remove burdens and obstacles out of the way of democracy and the market economy and allow them to run smoothly.

If we cannot do that, we should not be surprised that populist opportunism and ideologies gain ground and bring with them the risks and limitations they have already demonstrated.

The debate on these points in Latin America is a real one. As an entrepreneurial organization, we want to reiterate our solidarity and support for similar associations that, through legal channels, are fighting to defend democracy and entrepreneurial freedom in their countries, as is the case in Venezuela.

Mexico is no exception. Only three years ago we were witnessing a very complicated situation of polarization that we have still not entirely overcome. There are sensitive and legitimate requests made by the lower-income sectors of the population that have not been resolved for decades.

Although the situation is delicate, our countries are in the best conditions to be able to resist, and this is due, to a great extent, to democratic and economic progress. However, it is not just a step, but a leap forward that we need to take to try and consolidate these changes, and we believe that this applies globally.

We have to reject protectionism and populism, taking a definitive leap forward to, for example, keep the Doha Round negotiations going and take the necessary step towards a more human, sustainable and intelligent globalization.

We have to prioritize small and medium-sized enterprises and encourage quality education, training, technological development and innovation at the company, trade union and government level. We have to look to green technologies as a major opportunity for stimulating the economy.

Companies must back innovation, but also remember social responsibility. They have to promote decent employment, the rule of law and the formal economy over the illegal economy. They should also work with deregulation and making the necessary reforms for adapting our economies to new realities.

For example, instead of inhibiting employment, we have to create a legal framework to allow us to make the most of possibilities that are opened up today by new technologies and the demographic circumstances in each country.

The other alternative is to build bridges towards the past. But we cannot allow that. Today, countries, employers, workers, organizations and society as a whole must face the challenge of finding synergies to reinforce the bases for human development and progress.

Mr RAHMAN (*Employer, Bangladesh*)

As a citizen of an LDC, I have a natural inclination to reflect on current global economic events through the prism of a developing country.

It is clear that the growth prospects of the developing world are intimately linked to the growth prospects of the developed world. Several studies have shown that, after the second oil price shock of the 1970s, the global economy experienced a growth slowdown that lasted through the 1980s, and well into the 1990s.

This growth slowdown was led by the developed nations. Over that period the per capita median real GDP growth of developing countries was effectively zero.

Not surprisingly, the 1980s and 1990s have been dubbed by some as the lost decades. For a while the lost decades faded from our collective memory. The beginning of the twenty-first century witnessed a synchronized global boom. During the period between 2002 and 2007, developing countries grew at rates not seen since the 1960s. This spread the optimistic thesis that the global economy had decoupled – that is, the developing and emerging economies led by Brazil, Russia, India, Indonesia and China (the so-called Big Five) would be the saviour of the global economy even if the G3 (that is the United States, the Euro-zone and Japan) languished. The collapse of the synchronized global boom in 2008 and 2009 has debunked the decoupling thesis. The business cycle of “boom and bust” is back with a vengeance.

What happens to the developing countries will depend a great deal on what happens to the G3. The biggest challenge that we face now is to avoid a re-emergence of the lost decades. One hears hopeful stories of the green shoots of recovery. Yet, if the G3 countries cannot fix their national economies, the green shoots of recovery will soon wither.

Of course, there has been a great deal of policy activism. Trillions of dollars have been spent by policy-makers in the developed world to support the financial system. Billions have been committed to fiscal stimulus packages. While such interventions seem insufficient to cope with the magnitude of the challenges that we face today, World Bank projections suggest that the output gap will reach 6 per cent in developing countries and close to 8 per cent in developed countries in 2009 and 2010. The latest projections of the World Bank also indicate that the decline of the global economy in 2009 will be close to 3 per cent rather than a previous estimate of 1.7 per cent. Both the size and the composition of the fiscal stimulus packages in the systemically important nations do not inspire much confidence that such a huge output gap will be reduced in a short period of time. Not surprisingly, many leading economists are calling for a new round of fiscal stimulus packages that need to be sustained over 2009 and 2010.

The case of the financial system is even grimmer, as massive support to the financial system has not led to commensurate bank lending to meet the credit needs of the real economy. The currently moribund financial system will inhibit the capacity of enterprises in the real economy to expand and act as an engine of job creation.

Why has the financial system not responded to such unprecedented assistance offered by governments? One reason, according to two former Wall

Street luminaries, is that structural flaws in the financial system have not been fixed. Global economic recovery will take place only when the developed countries are able to fix their financial systems and engage in a new round of appropriate fiscal measures. At the same time, there is a need to keep their markets open and restrain from engaging in protectionism. They can lend a helping hand to those developing countries that do not have the fiscal space or the institutional capacity to undertake comprehensive crisis mitigation measures, even if they have the political will to do so.

Developing countries have a reciprocal obligation to ensure that external assistance and support are effectively utilized to enhance the welfare and well-being of their citizens. This means sustaining investments in health, education and infrastructure, training and retraining their workers, undertaking initiatives that will over time lead to the emergence of a sustainable social protection system and improving labour standards and the standards of private and public sector governance. Ultimately, it is through acts of reciprocal obligations and a renewed commitment to the ethos of global citizenship that the foundation of a sustainable recovery will be laid.

The PRESIDENT

It is my honour now to extend greetings to Ms Cristina Fernández de Kirchner, President of Argentina, on behalf of the 98th Session of the Conference. We are privileged to have her with us today and we are looking forward to hearing her perspective on the Global Jobs Crisis. I give the floor to the Secretary-General of the Conference to say a few words of introduction.

Original Spanish: The SECRETARY-GENERAL OF THE CONFERENCE

Madam President of the Argentine Republic, Doña Cristina Fernández de Kirchner, it is a pleasure for me and an honour for this Organization to have you as our guest again here in the ILO. You are a friend of the Organization and we are very grateful for the kind words you addressed to us on the ILO's 90th birthday.

We are also grateful for the words you spoke two years ago when you came to this Conference and explained how you felt globalization was going to develop in precisely the direction which has now led us into a crisis situation. You are obviously very far-sighted.

You have served your country in different roles as a member of Parliament at the provincial and national level, as a senator, as First Lady, and now as the first elected woman President of Argentina. I had the honour of attending your inauguration.

Throughout your career you have been consistent in fighting for human rights and dignity at work and against social inequality.

Your country's swift return to economic growth, to employment and to the reduction of poverty shows that the policies applied by the Argentine Government since the beginning of the crisis at the end of 2001 have been successful.

You have given us an extraordinary example of how to tackle problems and difficulties which other countries are facing today. I believe that your experience is one from which many other countries will be able to benefit. It is in complete step with the Global Jobs Pact that we are considering here.

In your own work you have highlighted the importance of dialogue, by setting up the Economic and Social Council. As you know, Argentina holds a special place in the heart of the ILO. But there is more. Your country has been a pioneer in developing a national Decent Work Country Programme. You have been a strong supporter of the ILO's influence in other international forums, particularly in the G20. I would particularly like to thank you for the devotion that you have shown to that cause. You are in good company in that undertaking, as we have heard from President Sarkozy and President Lula.

Before giving you the floor, Madam President, I would like to recall something that you said a very short time ago when you gave us an address on the occasion of the ILO's 90th birthday: "True economic growth is economic growth generated by employment. But wealth does not create jobs. Jobs create wealth". That is precisely what we are trying to achieve. With that, I am happy to invite you to the rostrum.

The PRESIDENT

It is now my honour to pass the floor to Her Excellency, Madam President.

Original Spanish: H.E. Ms Cristina FERNÁNDEZ DE KIRCHNER (President, Argentine Republic)

I would like to begin by saying that I was in this very place exactly two years and one week ago. At that time, the world was a different place from what it is now. The Director-General said to me at the time that what I had to say was important. He has said now that at the time I was very far-sighted in predicting what would happen a few years down the line and what has led us to the global crisis we are now in.

Let me tell you something that happened to me a few days ago in my country, to be more specific, in Rosario in Santa Fe Province. My Government had provided a loan to General Motors to persuade it not to close down and to prevent the loss of jobs. Now if somebody had told me a few years ago that as President of Argentina, I was going to be in a position to offer a loan to a leading US multinational company, which had been nationalized in almost the same week by the first African-American President of the United States, I would have assumed that I was delirious. This story, I think, indicates just exactly how much change the world has been going through.

Now, how has my country, the Argentine Republic, dealt with this change? Last year, in 2008, we completed the greatest cycle of economic growth in our 200-year history. However, that growth was not the kind of growth that we had seen in the past – economic growth of the type that we saw in the 1990s, for example, growth which saw a massive rise in unemployment. Nor was it the kind of economic growth that we saw at the beginning of the twentieth century, which turned us into a country which exported commodities without any kind of value added and which benefited only a very small group of people who accumulated wealth while the rest of the population suffered from unemployment and poverty.

This recent growth, which as I say, is the greatest we have ever seen, took place in a particularly special and different set of circumstances. Since 25 May 2003, we have seen a model of growth based

on job creation and increased production. We know now that wealth can be generated only in so far as it is based on the production of goods and services, a fact we lost sight of during the period of financial globalization and the rise of electronic money.

In the last six years, Argentina, which in March 2003 had almost 25 per cent unemployment, in other words a quarter of its working population, has come a long way. Then, we had barely 9 billion dollars of reserves in the Central Bank, and workers accounted for only 34 per cent of GDP. During the 1990s, our old system of social security had virtually collapsed and we had moved over to a capitalization system administered by the private sector. By 2008, our unemployment rate was down to 7.3 per cent. Now workers account for 43.6 per cent of our GDP, much closer already to a 50:50 ratio. Our Central Bank has reserves of US\$46 billion and we have more than 1,500 collective agreements, which have been negotiated throughout the country. This is the first time, for a very considerable period of time, that we have seen the re-emergence of collective bargaining between our workers and our employers. It has helped us to boost the purchasing power of Argentinian workers and at the same time it has helped us to increase very considerably the size of our domestic market. This has been done by increasing the size of the formal economy.

In 2003, something like 50 per cent of Argentinian workers were working in the informal economy. When we last measured that figure, we saw that we had managed to bring it down to 36 per cent. Now we still have progress to make there but we are heading in the right direction.

At the same time, 2 million people who, as a result of privatization or the actions of unscrupulous employers, had not paid their social security contributions or who had been unemployed for a very long period of time because of our high unemployment, and therefore did not have access to welfare benefits, now have such benefits. Some 2 million more Argentinians are now benefiting from social security coverage and welfare benefits, and I think that figure is probably the highest in Latin America, and certainly one of the highest.

We have also embarked upon a major programme of debt reduction. Look at the figures. In 2003, our total debt amounted to 156 per cent of GDP; now that figure is approximately 49 per cent of the GDP, which is almost US\$300 billion. The result, as you can see, has been to build a solid domestic market that has managed to boost exports and thus become an active participant in the globalization process, at least so far as any country can do. We have been exporting products with added value, and that has created jobs for our own people in our own country. That is also one of the keys of the development model that we have been applying since 2003.

Last year, 2008, we beat our own export record. We exported goods to a value of approximately US\$71 billion, which has meant the highest trade surplus in Argentina's history.

In September, when the Lehman Brothers collapsed, that was our situation, a similar situation, perhaps, to that in other emerging economies. I should also say that we have over the last six years deployed a plan of social and economic infrastructure development, including power supply, housing, roads, schools, and hospitals, which has provided a major impetus to the economy and made it possible for the construction trade union to grow from no

more than 60,000 members in 2003 to, I think, half a million now, and that is, to a great extent, due to the size of the public works and building programme that we have been implementing.

What, then, was our first reaction to this crisis, which came to us from outside our own borders and which, curiously, was caused by those who, for six years, had been discussing and criticizing the economic model that we were implementing.

Just a week before the fall of the Lehman Brothers investment bank, its main advisers predicted that Argentina was not going to be able to meet its commitments and that its economic development model was going to collapse. The same thing was heard from risk assessors and other analysts – who failed to warn trade union leaders, employers and journalists of the impending global crisis. But they were the ones who should have known what was going to happen and at least been able to alert the world to what was coming.

Two years and one week ago, as Director-General Juan Somavia recalled a few moments ago, I was here and I suggested at the time, I believe, that it was impossible to continue to build an economy based on financial capital only. Capital has to be linked to labour and production.

So, turning to the objectives that we set ourselves to tackle this crisis which, as I said, came to us from outside our borders, first of all, we want to sustain and maintain employment, the employment relationship. It is essential for any government, in its policy choices and in the action it takes, to keep workers in their jobs. The employment relationship is essential for any successful economic model, and it is certainly essential for ours because we recognize that all workers are also consumers. If you have a crisis starting outside the country, then the country has to sustain and maintain its own domestic market with its own workers.

The other objective we set ourselves was to ensure that businesses and enterprises survived, because that is where workers find employment. We know that there is no magic formula that helps us to implement such policies successfully. We set up a committee that brings together representatives of the Ministry of Labour, Ministry of Production, our national taxation service and the national social security body, ANSES. One of the most important measures, perhaps, that we have taken, in structural terms, in the last six years, was to ensure that the State took over the administration of certain workers' resources which, until then, had been in the hands of the private sector. This was crucial for the following reason. The private capitalization system, if it is going to pay a minimum pension to those who retired under the private system, and that is about 60 per cent, could not do this without the public sector and the State taking over what the private sector was unable to do. In addition, small and medium-sized enterprises could not have access to the resources needed. What happened was that you had a very select club, as it were, of employers with access to the capital market but others could not. The resources initially contributed by workers are thus now one of the instruments we are using to maintain employment and economic activity, which will in turn help us to maintain the level of capitalization that these systems require.

I will not go into great detail regarding the billions of dollars that were lost as the result of toxic assets held by these administrators; what happened

with those is not dissimilar to what has happened in other countries. But let me just give you an idea. The law that led to the private capitalization system being brought into operation stipulated that 0.5 per cent of assets was to be spent on housing. This would have meant half a million houses being built in Argentina. In fact only 750 were built. With this instrument and with the *Banco Hipotecario*, which is a traditional source of soft loans to Argentina's middle classes, we are providing a line of credit for the purchase, building and expansion of housing, and that will promote economic recovery.

With the committee I was talking about a few moments ago, which meets every Monday, we have done more to ensure that, in each activity and each sector, we know what the problems are. Then, with programmes run by the Ministry of Labour, we can ensure that, if problems do occur, workers' wages continue to be paid. We can also provide loans, with adequate guarantees, as we did for General Motors, to ensure that an enterprise or a business can carry on operating and producing for export.

Let me give you another example. If you have an enterprise or a business that goes bankrupt, we can, through a trust, organize a leasing arrangement so that the workers in it can continue to work, produce and contribute to the activity of the business in question.

Another innovative solution that we have applied is that of modifying our bankruptcy law so that we can have factories that have gone bankrupt reopened by cooperatives set up by their former workers. This has led to the recovery of some 10,000 jobs in 100 factories, through cooperatives run by former employees.

These are the sort of measures adopted in response to the crisis by the State in a very creative and innovative way to maintain employment and economic activity, to protect employment and to protect enterprises.

When I talk about maintaining employment what I am talking about is this. We believe that the most important thing we have to achieve, the most valuable thing, indeed, that we have to achieve, is a situation where workers do not get laid off. There are companies, for example, which have tried, in consultation with their own trade unions, to shorten the working day or working week. You have workers there working three or four days a week, perhaps, instead of five or six, but at least they remain employed. The employment relationship is being maintained.

I am not just saying this as President of Argentina, or as a lawyer. I say this as a woman who has seen what happens when a country and a society are brought to their knees because of massive job losses, when people lose their jobs and their source of income. Any businessman, any trade union leader, any politician must do everything they can to prevent job losses because jobs can be quickly lost but to recover them takes much longer.

This is really fundamental. When you listen to people saying that 50 million jobs have been lost this year, it is not enough just to agree how dreadful it is. It is not just the figure that is important: it is the losses and destruction that have been caused to individuals and to families. It means 50 million people who are living on their wits and nothing else. These are the people we have to think about when we hear people talking pure economics or statistics.

And how have we been doing, in the first quarter of this year, as we have applied these new policies and adopted stimulus measures to boost consumption and maintain demand – the key to maintaining economic activity?

There are only 11 countries out of the 44 for which the ILO has statistics in the first quarter of this year that have not seen an increase in unemployment because they have a strong domestic market. Argentina is one of them. We have achieved that through an intelligent policy of applying measures permitted by the WTO and by MERCOSUR to protect jobs. That is not just a question of maintaining our positive trade balance, although that is crucial to the functioning of our country, and indeed any country. It is also a question of boosting our trade surplus in the first five months by 20 per cent compared to last year, despite the drop in our exports of 20 per cent, as has happened in almost all countries.

How have we managed to allow the Argentinian people to face this global crisis from a strong position? We should recall that in the year of the "tequila effect" in 1994, unemployment, as a result of the Mexican crisis which became a regional one, increased by 7.7 per cent. In the time of the Russian crisis unemployment grew again by about 2 per cent. During the Brazilian crisis in 1999, the same thing happened, we had the same kind of problems with the Caipiriña effect. So, in other words, we saw up to 10 or 11 point increases in unemployment in times of regional crisis. However, in this time of worldwide crisis, we have managed to retain the employment levels that we had in the first quarter of 2008 and that, I would remind you, was the best year we had of the entire cycle in economic terms.

What is interesting is how we achieved this. The keys to achieving it were exactly what I mentioned here, from this rostrum, two years and one week ago.

It was necessary, and we knew it, to have an economic model which is not really just an economic model, but also a political model. One which puts the individual right at the heart of the economy, of society and of politics. If the individual is at the heart of all those three things, then work will continue to be the main source of wealth creation. A future in which only finance and capital matter, without any regard to labour, is really no future at all.

This global crisis, from which we all hope to emerge, demands of all of us a real willingness and effort to learn. This means the strategy I have just described to you, our national strategy, but a national strategy also requires a global strategy to tackle the crisis if it is to work.

For that very reason, a few months ago, in Buenos Aires, at a meeting to commemorate the 90th anniversary of the International Labour Organization, I proposed that this Organization should be a full participant in the G20 meetings because here, in the ILO, both employers and workers, capital and labour, are represented. Those two elements will help us to emerge from the crisis.

I have already participated in two meetings of the G20. There, I listened to addresses from the International Monetary Fund and from the World Bank, but they were always looking at the situation from the point of view of finance. I think we need to look at it from the point of view of the real economy as well, because the real economy is what has not been

represented during the years of the “Washington Consensus”.

We need the presence of this Organization in those meetings, not only so that people can listen to what its representatives have to say, but also so that the Organization can help us to find alternative, innovative ways out of this crisis.

We need strong aggressive infrastructure development plans, backed by international loans, because they can be powerful generators of employment and economic stabilization.

The State also needs to play a far more active role when it comes to supervision, control and regulation because, when it comes down to it, this crisis has been caused by the absent state. It failed to monitor and control the regulators, the investment banks, and it failed to monitor the use of financial capital. In the end, the financial system destroyed itself and took the real economy with it.

We need a global strategy in which capital and labour become again the central elements. We need priority to be given to technological innovation and development, to research, to infrastructure development, and we need to know that it is not simply through greater labour flexibility that we will improve profitability, but also by having workers who are well paid and well trained. That is another crucial point. President Lula, who was here this morning, knows about a very difficult battle which we fought at the recent G20 Summit in London. When others wanted to introduce a reference to “labour flexibility” into the G20 document, we said that if those words were in the final document, we would not sign it. And the reason we would not have signed it was this: Argentina already has experience of people trying to convince us that labour flexibility is the magic way to achieving more and better jobs. We have the experience of seeing endless queues of unemployed people at the job centres. We know that when unemployment climbs into double digits, there is no possibility of decent work or decent wages.

We also have bitter experience in my own country, from 2001 onwards, of knowing what happens when financial capital decides to leave the country. What we need is investment in productive employment so that we can generate real jobs in a real economy. For this reason we believe it is essential for this Organization, the International Labour Organization, to be present at G20 meetings.

And so in conclusion, I would just like to say that when I leave here I am going to have a meeting with the United States Secretary of State for Labor, Hilda Solis. I am going to propose that the newly-elected President, who is fortunately promoting new policies worldwide, as host of the next G20 Summit, should formally invite this Organization to be a full participant at that meeting. That, I think, would be the most important thing we can do at this stage to ensure that the voice of those who are not the problem but part of the solution – the workers and the employers – is heard.

(Mr Allam takes the Chair.)

Original Arabic: The PRESIDENT

Madam President, your views have been of paramount interest to the participants of the Conference and, Officers of the Conference, I would like to thank you immensely for honouring us with your presence.

Original French: Mr SÂRBU (*Minister of Labour, Family and Social Protection, Romania*)

First, I would like to express my appreciation for the Report of the Director-General, *Tackling the global jobs crisis: Recovery through decent work policies*. As usual, it represents a good opportunity to assess the situation and is a source of inspiration for our activities in the future, which will be characterized more than ever by the need to find the best way of countering the crisis we are experiencing.

We support the concept of a Global Jobs Pact that places employment and social protection at the very centre of short-term fiscal and monetary policies, stimulating the real economy and guaranteeing the best results as far as social issues are concerned.

We agree that the implementation of the Pact should take into account the diversity of national situations, needs and resources, but should also make it possible for us to establish synergies and cooperate to strengthen the positive effects overall.

We believe that all governments must adopt measures in order to counter the economic and financial crisis; it is only through their global interaction that the measures will have a beneficial effect.

I hope that, at the end of this session of the International Labour Conference, the Global Jobs Pact will be adopted as a crucial document that will serve to support the efforts to find global economic responses to the crisis, which implicitly requires global solutions.

The Government of Romania has already adopted measures similar to those recommended by the Global Jobs Pact. In order to ensure that jobs are maintained, it is necessary to make major investments in the economy. Since the private sector is collapsing because of the economic crisis, government public investment must, for the time being, replace this deficit in investments. That is why 20 per cent of the Romanian budget has been allocated to investments in transport, agriculture, the environment and health – areas that have a multiplying effect on the economy. This investment is a way of overcoming the economic crisis, and also a particularly necessary way for Romania to modernize its infrastructure.

The effective use of European funds is a priority objective, particularly with regard to human resources to support professional and vocational training. Plans financed by the European Social Fund have been drawn up to support enterprises so that they can employ labour, to provide vocational training for employees and to improve social security conditions in the workplace.

Given that small and medium-sized enterprises (SMEs) are the driving force of economic activity, the Government of Romania recently adopted a plan for social assistance to support and develop SMEs, increasing by 20 times the State budget allocated to SMEs for the period 2009–11. The maximum value of state assistance for an enterprise is about €200,000, which does not have to be repaid. The State provides this assistance so that enterprises can maintain jobs and develop their productive activities.

At the same time, to support people who are already in a difficult situation, the Government of Romania has adopted certain social protection measures, including the extension of the period of entitlement to unemployment benefit for 2009; exemption from taxes and contributions to the State

budget and the social security budget for a maximum period of three months on earnings during periods of temporary lay-off, which will be covered by the State; financial support for programmes of continuing professional development for the employed and the unemployed; the establishment, in two stages, of a minimum guaranteed social pension; and an increase by 15 per cent of the minimum wage.

I would also like to mention the ratification by Romania this year of the Social Security (Minimum Standards) Convention, 1952 (No. 102), which is another measure encouraging a rethink on budget expenditure on the basis of certain equitable principles. In this context, we are working intensively on a single bill for the wages of public sector employees as well as a new law concerning a single system for public pensions.

Because of the difficult social and economic situation, another major objective of the Government of Romania and its social partners is to strengthen and revitalize social dialogue at all levels.

The social partners have participated in discussions by putting forward certain proposals. The measures to combat the crisis have already been endorsed by the three partners and they were the result of an intensive and transparent dialogue.

Representatives of the Government, employers' confederations and trade unions have begun to work on an amendment to the law on the collective labour contract; the law on the resolution of collective labour disputes; the law on trade unions; and the law on employers' organizations. These amendments are included in the Decent Work Agenda 2008–09, which has been endorsed by the International Labour Office.

We intend to sign a socio-economic pact in the very near future with our social partners in order to bring about political, economic and social stability.

The International Labour Organization can, and must, play a major role to promote its standards and values, particularly during a period of crisis. Through the Global Jobs Pact, the ILO could consolidate its position as a principal player in finding a response to the crisis, endorsed by the social partners.

We appreciate that the main objective of the Pact is essential in the present international context: placing employment, social protection and respect for workers' rights at the centre of national policies to mitigate the effects of the crisis.

Romania has very valuable experience in the management of collective dismissals, which accompanied the process of restructuring and modernization of the Romanian economy. It was an important lesson learned during the years of restructuring and, to overcome these difficult times, a balance must be maintained between the economic reform measures taken and social support.

Romania expresses its readiness to support and contribute to the ILO's policies through its active participation also by providing technical assistance and expertise.

Original Spanish: Mrs GONZÁLEZ FERNÁNDEZ (Minister of Labour and Social Security, Cuba)

In the Declaration for the 90th anniversary of the ILO, the Ministers of Labour of the Non-Aligned Movement expressed our very deep concern for the global economic and social crisis and the negative

impact that it is already having on the lives and well-being of millions of people, particularly those suffering from the unjust international economic order.

As always, the countries in the South suffer more from the consequences of the contradictions and irresponsibilities of the capitalist system that have worsened the crisis by imposing neo-liberalism and financial speculation.

The crisis will not be resolved using technical or regulatory measures, nor by strengthening the role of the financial institutions, whose policies played a part in generating this current crisis.

With independent ideologies, or positions adopted by the Left or the Right, we have to recognize that the crisis is an expression of an unsustainable system, the philosophy of which is to gain capital at all costs and at any price, not bothering whether factories are closed, jobs are cut, people have their social protection removed, three-quarters of the world's population is sentenced to poverty and the very survival of the human race is put at risk.

None of the tripartite players in this room will escape the crisis, in particular the workers and the poor countries, who will have to pay a high price for the injustice and the profit of the lifestyle of the rich.

So far, no one can predict the outcome of the crisis, and far less its consequences.

What we can say is that speeches, injections of money to banks that speculate, and high-powered meetings held behind the United Nations' back will not resolve the crisis.

The ILO must play an important role in seeking solutions to this crisis, in conjunction with the bodies of the multilateral system, defending the Global Jobs Pact, stressing the need to strengthen social protection structures, increase public spending, protect fundamental labour principles and rights and, in particular, demand that more resources be made available for official development aid.

Cuba is not exempt from suffering from the impact of the global crisis. It adds to the impact of the blockade by the United States, which goes against the will of the international community and the 17 condemnations that this political genocide has received in the UN.

However, in Cuba, we will not offload the crisis onto the backs of the people. Jobs will not be cut, redundancies will not be allowed and no one will be without social protection. We will share the available resources between everyone, and no Cuban will be abandoned to their fate.

Cuba will continue, without fail, to meet its commitments to the ILO and to strive for a better world of peace and social justice that our peoples aspire to and deserve.

Original Arabic: The PRESIDENT

Thank you, Madame González Fernández.

It is a privilege now to welcome another eminent guest to the 98th Session of the Conference. We are looking forward to the address, Mr Essozimna Gnassingbé, President of the Togolese Republic. I now give the floor to the Secretary-General to say some words of introduction.

Mr President, it is a real privilege and an immense pleasure to welcome you to this ILO Summit on the Global Jobs Crisis.

In you we have a man of reflection and a man of action, qualities that you put to good effect as member of the Togolese Parliament and also as Minister for Equipment, Mines and Post and Telecommunications.

Since your election to the Presidency of Togo in 2005, you have continued to work to consolidate the democratic process in Togo. You have worked for peace in Togolese society, for national reconciliation, the opening up of political dialogue and the strengthening of the rule of law.

You intend to take your country into a new era. Your presence today illustrates your attachment as well as that of your country to the ILO values of equality and solidarity. For example, your national policy of equity and gender equality represents a cornerstone of your reforms.

Since December 2008, you have been a patron of the Pan African Cooperative Conference because you believe in the importance of the social economy for the development of Africa.

You have declared your political will to counter the multidimensional crisis that Africa is currently facing: a food crisis and a social, economic and financial crisis of which Togo is also a victim.

We are with you in your campaign against poverty, a strategy based on the creation of decent work. This is the objective of the Global Jobs Pact.

Today, this assembly is pleased to have the opportunity to share your vision so that together we can seek collective and sustainable solutions to the challenges posed by the global crisis.

(Mr Hossain takes the Chair.)

The PRESIDENT

I am now honoured to invite our eminent guest to address the Conference.

Original French: Mr ESSOZIMNA GNASSINGBÉ (*President, Togolese Republic*)

I would, first of all, like to express my deep gratitude to the ILO, which was kind enough to invite us to participate in the discussions on the highly relevant and topical subject which is on the agenda of this august assembly, the Global Jobs Crisis.

What concern of ours could be more important in the current context of widespread uncertainty.

I would like to take this solemn opportunity to express my most sincere congratulations to the ILO, which for nearly a century has been fighting indefatigably against social injustice in all its forms.

It is a difficult struggle, often waged at the peril of the very existence of this noble institution, and it deserves our profoundest respect. Today, thanks to the ILO's ability to confront boldly the many challenges which have marked its history, the promotion of Decent Work as the principle vehicle of social progress is no longer considered an economic risk, but rather as a sine qua non of sustainable development.

Mankind is in crisis. It is a global and generalized crisis that is threatening all the values which up until now have governed progress in the world. The crisis has called into question all development mod-

els and systems that have been established in countries everywhere, whether developed or not.

It is a crisis of values, a crisis of vision, a crisis of the very foundations, a crisis of survival. The global financial system has been torn apart. Economic standards have disappeared, trade regulations have been sorely tested, public finances have deteriorated, social protection has broken down and jobs have become more and more difficult to find and more precarious.

States are in the throes of uncertainty, enterprises are losing their competitiveness and individuals are left without any real prospects. Capitalism in its present form is in going through the most serious crisis of its history. State interventionism, which a few years ago was and is now at the heart of all the machinery that has been set up to arrest the consequences of the crisis.

The volume of funds directly invested by public authorities to save private enterprises is unprecedented. The crisis, which started off as a financial crisis, has quickly developed into a social and employment crisis.

As you can see, the situation is serious, but I think it is not completely without hope so long as we know how to focus resources, choose clearly and sightedly the right levers and benchmarks to make progress.

It is essential that we rethink our way of life. It is urgent that we revisit certain values and concepts. It is useful for us to change orientation. To do this, we have to find an opportunity to bring together the main actors of economic growth and social progress.

Every year the International Labour Conference, by its unique composition, gives managers of enterprises, representatives of workers and public authorities the chance to take a fresh look at the challenges facing us and to propose solutions.

History suggests that the ILO was right. The Declaration on Social Justice for a Fair Globalization, adopted on 10 June 2008 in Geneva in this very room, bears witness to the accuracy of the analyses made and the pertinence of the solutions proposed by the tripartite constituents.

I would like to come back to a concept which, in my view, offers mankind the fundamental benchmarks that it needs to bring about development, growth and social cohesion. This is the concept of Decent Work, invented and established by the ILO through its secretariat.

Before I continue, allow me to thank the Director-General and all his colleagues for having developed this new and innovative concept. Decent Work, by definition, reflects an exhaustive diagnosis of the major problems faced by men, women and enterprises throughout their life cycle.

A few fundamental questions are enough for one to understand that, if it is really applied in practice, the concept of Decent Work will enable our world to make enormous progress on the path of human development and prosperity.

Can we talk about development without solving problems of unemployment and underemployment? Can we really eliminate poverty without having adequate and universal social protection? Can we talk about a civilized world if women and men are not working and living in freedom, dignity and equality? Can we talk about sustainable development without talking about the social responsibility of enterprises? What serious issues can we usefully

tackle today without a system of consultation and dialogue?

Decent Work provides relevant replies to all these questions as well as guidance in the implementation of solutions. It is a concept, but it is also an objective and a strategy, which places a responsibility on all the players by offering them a vision and allowing them to tackle all these problems and challenges together.

Mr Director-General, for all these reasons I would like to congratulate you again on the Global Jobs Pact as a response that has just been adopted to the crisis, on the basis on Decent Work. This Pact, which we fully support, advocates some very bold and very welcome solutions.

The new millennium has one particular feature. Although global wealth continues to grow, poverty still exists in much of the world. As far as Africa is concerned, the scope and advance of poverty threaten the political, social and economic stability of our states.

Along with the international community, African states recognize the inadequacy of the achievements so far in the relationship between employment growth and growth of the GDP.

The employment sector, which is dependent on the economy, is paying a heavy price because of the financial crisis, with widespread dismissals and the accompanying human distress and social fracture.

Our congratulations go to the organizers of this meeting, who quite rightly ask us to focus our attention on an issue that concerns every one of us. Nobody can remain indifferent in the face of a situation where thousands of men and women find themselves overnight without a job and without hope of returning to the labour market.

In Togo unemployment and underemployment first became a serious issue towards the end of the 1980s, when our economy began to feel the effects of the global crisis provoked by a succession of oil crises combined with the monetary crisis.

Our country had only just recovered from this ordeal when it was confronted by long and ruinous socio-political crisis that severely tested our entire economic and social system. The employment sector took the full force of the collapse of our economy and shrank dramatically in just a few years.

The traditional source of employment in our country – agriculture, craftwork and trade – steadily declined because of a drastic shortage of outlets and relay mechanisms. As a result, unemployment and underemployment has now have now alarming figures.

The marginalization of our country by the international community for so many years has led to the complete exhaustion of our meagre resources and has aggravated an already precarious national situation. The informal sector, otherwise known as the parallel or grey economy, has gone through an exponential phase of development, which shows the fragility and instability of the public and private regulated sectors.

Meanwhile, the public and private training structures launch thousands of new jobseekers onto the employment market where there are no jobs to be had.

This was the gloomy social and economic picture when we took up the highest office in the Government. The situation was explosive and solutions had to be found by tackling the economy head-on.

Meanwhile, the sector was in a state of utter distress.

We decided that the best way of resolving our difficulties was by creating a more peaceful social and political climate. To do this, and realizing that the quickest way to civil and political peace is through industrial peace, all the social and economic actors were invited to join together in a combined effort to institute machinery for managing matters of national interest through consensus.

The result, fortunately, was the organization of broad social dialogue forums during the first half of 2006. With extensive assistance from the ILO, this process of dialogue, greatly assisted by the ILO, resulted in the adoption of a draft agreement comprising nearly 130 commitments.

On the basis of this agreement, the public authorities and social partners was able to make a thorough diagnosis of the evils besetting our country and to devise the most appropriate solutions.

It was the first time that such a forum had been organized in Togo and its success was an important omen for the political dialogue that ensued a few weeks later.

We were in this way able to consolidate our democracy day by day, to improve our country's image and to start talking with our main partners once again.

The holding of peaceful and democratic elections, hailed by all national and international observers as an example, was the crowning achievement of this policy.

Side by side with the improvement of the social and political climate, a vast programme was launched by the Government to set up a national framework for reforming and modernizing the administration, based on a number of goals redefining the mission of the State and promoting an administrative culture based on efficiency, neutrality and the continuity of the public service.

The basic principle is that no reform strategy in any country is possible without the modernization of the judiciary. We thus decided to make the streamlining of our judicial system the cornerstone of our reform process.

The objective of that process has been to improve legal and juridical security and to place the State of law and democracy on a firm footing.

Today the process of modernization of the justice system and its mid-term results have served as a model for a whole swathe of reforms which concern many different sectors including the economy, health, vocational training, employment, agriculture and infrastructures.

One of the essential challenges of all these ongoing efforts is the setting up of a Decent Work Country Programme, which during March 2009 was the subject of a study by a multidisciplinary team of the ILO and all the players of the world of work in Togo. Our country programme is already available. We intend to make a few adjustments but it will be ready for joint signature with the ILO in the next few weeks. It is difficult to give a mid-term balance of our reforms, however, the results obtained so far are already encouraging.

Concerning the specific area of employment, Togo has adopted several institutional, legal and strategic measures, which make it possible to recruit, in an unfavourable international context and a difficult internal situation, more than 13,000 young people into the public or civil service. At the same

time, thousands of others have benefited from part-time jobs in carrying out programmes to modernize the agriculture sector, and also to help in a highly labour-intensive project aimed at strengthening badly eroded road infrastructures, caused by more than a decade of socio-political crises.

We certainly realize that State structures alone cannot claim to solve all employment ills. Because of this, we are focusing our efforts mainly on the promotion of self- and individual employment. I think the number of solutions we have found with regard to the employment situation show that Togo does have the potential and the spiritual resources to deal with these problems and to make the qualitative leap towards social and economic progress.

However, still marked with the stigmata of the crisis which has shaken it to its foundations, Togo needs your support and your assistance to overcome the gap between us and other countries. In order to close this gap, we must not just copy those countries that are ahead of us, but we must also try to find shortcuts so that we can accelerate the creation of conditions which are guaranteed to help our economic take-off.

It is clear that we will not be able to take up this challenge and succeed without a dynamic network in which you will be the main link.

Togo knows that it can count on you for all that we are doing to deal with the economic and financial crisis. We need a trampoline, rather than a brake put on us, in order to bring about social and economic development which is morally healthy and politically realizable. We have to build a wide-ranging consensus if we want to overcome the consequences of the crisis. We must move towards a global understanding which is concerted and preventive, if we want to envisage our future with optimism and confidence. There will be no losers and it will be a win-win situation.

I cannot conclude without reiterating the gratitude of the Togolese people to the Governing Body and to the Director-General of the ILO, for the multifaceted support that they have given to my country. I cannot forget the employers with all their ideas, the brave workers and the very committed organizations who are present at this important Conference.

I would like to take this opportunity to launch an appeal to all the other international organizations to march beside the ILO, to pick up the challenge of growth in justice, because poverty, wherever it exists, constitutes a danger for the rest of mankind.

Long live the players in the world of labour. Long live the ILO and long live social justice.

The PRESIDENT

Mr President, many thanks for the clarity of your views regarding the crisis. Your position will be of the greatest interest to the participants in the Conference.

(Mr Allam takes the Chair.)

Mr BARBER (*Worker, United Kingdom*)

As General Secretary of the TUC of the United Kingdom, I am glad to have the opportunity to take part in this important debate, in the midst of an economic and environmental crisis that has profound implications for working people everywhere.

With countless millions of jobs at risk, with so many people trapped in poverty, and with our planet overheating at a catastrophic rate, we desperately

need to create a very different global economy, where success is measured not just by how much wealth is created but by how widely it is dispersed, where decent work and public services are seen not as a hindrance to growth but as a precondition for growth, and where the climate challenge is not detached from the task of economic renewal but instead is the driver of it. These are noble causes that together we must advance. We have a unique opportunity to do just that.

The trade union movement welcomes the trust that the G20 placed in the ILO, to take forward the idea of a Global Jobs Pact. Our focus must be on the employment emergency, creating decent jobs that pay well (with new minimum wages where none exist), provide a stimulus to domestic demand, prevent deflation and build the green skills a sustainable recovery needs.

None of this will happen by accident. Only if governments and international institutions have the courage to ditch the stifling neo-liberal consensus of the past 30 years will this vision become a reality.

Surely the most pressing task we face is to rebalance the global economy, rethinking the relationship between state and market, labour and capital, and debtor and creditor nations, addressing profound inequalities between and within countries, and moving to an altogether more stable model of globalization where growth is driven not by mountainous debt and financial speculation but by the spending power of ordinary workers.

Never has the ILO's famous dictum that "poverty anywhere is a threat to prosperity everywhere" been more resonant than now. That is why the Global Jobs Pact needs to be backed by resources, why developing countries need policy space, and why there can be no retreat from collective bargaining or ILO standards or from the social protection that must accompany them.

We have reached a critical moment. Some commentators believe the recession is over. It is certainly true that aggressive policies to head off the collapse of the financial system did their job. But while the world economy is not in free-fall, at least for now, that is not the same as recovery. Inevitably manufacturers have run down that their inventory now needs to restock, but where are the export markets?

Too many banks, businesses and consumers are still riddled with debt. The price of oil has shot up again ready to choke off growth. Of course, we should welcome any green shoots, but a few statistics that may or may not turn out to be blips do not make for a recovery. Nor will a technical end to recession mean much if we just bump along the bottom without creating jobs. With global unemployment set to grow for months to come, it does not look like much of a recovery to the millions who fear for their jobs.

I see a hidden agenda at work here. If the economy is on the mend, as the neo-liberals say, then we can go back to how it was before, with no need for action on jobs, regulation or tax havens. But this argument is fatally flawed, because it is only when people are back in work – in good jobs that pay decent wages and support demand – that this crisis will finally be over.

And unless we build a green economy out of the rubble of the greed economy, the next global crisis will surely be even worse.

So the choice we face is clear: to retreat into the comfort zone of “business as usual”, or to give globalization a human face and our planet a fighting chance of survival. Let us make sure we do the right thing.

Original French: Mr MAILLY (*Worker, France*)

Not long ago, the famous American financier Warren Buffet said, “The rich people are doing so well in this country ... We never had it so good. It’s class warfare; my class is winning.” Obviously, there is some cynicism in that statement.

It is nevertheless true that throughout the world workers, who are already suffering with precarious employment, unemployment or informal employment, and are often excluded from any form of social protection, are today the main victims of a crisis for which they are not responsible.

This crisis is fundamentally a systemic crisis – of a system which has led to a more and more unequal distribution of wealth, as emphasized in 2004 by the World Commission on the Social Dimension of Globalization.

The significant growth of inequality has given rise to an increased exploitation of workers. To the list of unemployment and exclusion we must add indebtedness and chronic indebtedness.

It is therefore essentially, nay, vitally important to change the structures of the conditions for the production and distribution of wealth so that the injustices of yesterday and today will not continue tomorrow. We have a combined imperative to respond to the social emergency of the crisis and also change the system in depth.

The ILO must be a major player for the social cohesion of national and international policies. It is the only international body devoted to social issues. Its tripartite structure is an asset for drawing up international standards: its legitimacy and its authority must be strengthened.

Standards must be consolidated: this rules out so-called soft law or flexible standards.

It is high time for the ILO to have primacy in the organization of the economy, for international labour standards to become the *sine qua non* for economic, financial and monetary activities. Placing women and men at the centre means making the economy a tool again.

Amongst the fundamental labour standards are the observance of freedom of association and the right to collective bargaining.

These imbue the work of the ILO, and must be the basis of the Global Jobs Pact under discussion. They must achieve universal validity and application as soon as possible. (I am, of course, thinking of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).)

We must give effect to the Conventions on wages, employment policy, job security, social security, working time and employment contracts.

The crisis only makes the chain from adoption, through ratification and application, to monitoring of standards all the more vitally important.

When it was established in 1919, the ILO made history.

Today, in the face of this systemic crisis, the ILO must make history once again, through its legitimacy, its expertise and an increased influence.

The International Labour Organization can and must work to ensure that social justice trumps mercantile interests – to change the world, so that women and men’s aspirations to liberation, freedom and a future should no longer be in vain.

Original Arabic: Mr ALOBIDI (*Minister for European Affairs, Libyan Arab Jamahiriya*)

I am happy to see the ILO Summit on the Global Jobs Crisis featuring on the Conference agenda.

The Report of the Director-General, *Tackling the global jobs crisis: Recovery through decent work policies*, shows the reality of the world following the global economic and financial crisis and analyses its causes and its social dimension. It alerts us to rising unemployment and worsening poverty. Unemployment rates and poverty are both likely to rise further by the end of 2009. Around 200 million workers will see their incomes shrink to the extent that they fall below the poverty line. Unemployment will affect more than 50 million workers.

The global economic system has manifestly failed over the last 15 years, beginning with the crisis in Mexico in 1994, followed by the crisis in South-East Asia in 1997 and the IT crisis at the end of the 1990s and the beginning of the new millennium. The current global crisis has shown the necessity of rethinking the global economic system that has prevailed since the Second World War with the ascendancy of capitalism and the globalization and the market economies that have accompanied it.

The latest financial crisis has brought down the world’s largest banks and insurance companies and catalysed an unprecedented financial crisis, showing the urgent need not just to bring about reforms in the financial system, but also to restructure that system’s foundations. Many changes have to be made to economic policies and institutions in order to enable developing countries in particular, which represent 80 per cent of the world’s population, to get better results out of globalization. In the past, they were exploited by colonial powers and their resources pillaged. Today these same countries are let down by globalization and experience low income levels, poverty, unemployment and poor education and health care.

The current crisis is not merely financial but economic. To deny its economic dimension would be to focus on solutions for the financial markets and fail to tackle unfair international trade agreements, inadequate intellectual property conventions and the mechanisms that govern international financial and economic institutions such as the World Bank, the International Monetary Fund and the World Trade Organization.

The Communiqué of the G20 Summit of 2 April 2009 stresses that this global financial crisis requires a global solution, and that the global plan for recovery must have at its heart the needs of families not just in developed countries but in developing and emerging countries and the poorest countries, and must reflect the interests, not just of today’s population, but of future generations too. The Communiqué affirms the need to agree to find a new global consensus on the key values and principles that will promote economic activity, to discuss a charter for sustainable economic activity and to establish the foundations of a just world economy.

We must rethink the Bretton Woods financial institutions and admit that they have certain structural flaws, in order to build a new financial system un-

der the aegis of the United Nations. The conditions laid down by the developed countries such as, for instance, the adoption of market-economy policies as a precondition for providing aid and assistance to developing countries, very often have dire consequences on the workers in these developing countries. Donor countries must live up to their pledge to dedicate 7 per cent of their GDP to development aid and to encourage investment. That is the only way to find a solution to the economic and financial crisis by providing new opportunities for work in developing countries.

It is true that the financial crisis has affected every country in the world. However, the effect has been less severe in my own country, which has adopted financial policies based on economic and social development projects and on building infrastructure. These have created many jobs and enabled a large number of jobseekers to find work. At the same time, offering allowances and providing free health care have helped to ease the impact of the crisis.

The appalling aggression against Gaza by Israel in December 2008 led to the killing of more than 1,500 Palestinians and wounded more than 5,000 people, of whom over half were women and children. It left over 100,000 people homeless and completely destroyed Gaza's economic and social infrastructure, including schools, roads, houses, businesses and tens of thousands of buildings, including the headquarters of the Palestine General Federation of Trade Unions. Furthermore, more than 620 barriers and checkpoints separate the villages, towns and camps of the West Bank, paralyzing the economy and development and preventing freedom of movement by workers. We demand the reopening of all the crossing points to the Gaza Strip, which have been placed under a blockade

over the last two years – a blockade that has served only to worsen poverty and unemployment.

We would like to thank the annual high-level mission of the ILO charged with assessing the situation of workers of Palestine and the other occupied Arab territories for its Report. We would, however, stress that this Report does not really reflect the tragic plight of the Palestinian people in the way achieved by reports from other international missions that have visited the region. Furthermore, we fail to understand why the Report persists in calling the Palestinians – to whom the land, after all, belongs – the “population”, which it also does for the indigenous people of the Syrian Golan. Nor does the Report clearly indicate the responsibility of the Zionist entity for all of the crimes it has committed. We wish to reaffirm here our complete support for the legitimate right of the Palestinian people to self-determination.

Lastly, we hope that the ILO will pay greater attention to expanding the use of the Arabic language, particularly in the agenda items and in the other studies carried out by the Organization on the world of work.

The PRESIDENT

I thank Mr Alobidi, Minister for European Affairs of the Libyan Arab Jamahiriya.

(The speaker continues in English.)

The Summit on the Global Jobs Crisis will continue with the first of our panel discussions, which will consider the question of global and regional coordination to address the jobs crisis.

(The sitting was suspended at 6 p.m. and resumed at 6.15 p.m. for the panel discussion, the record of which can be found in Provisional Record 11B.)

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