



Special sitting

Tuesday, 14 June 2011, 12 p.m.

President: Mr Nkili

**ADDRESS BY HER EXCELLENCY MS ANGELA MERKEL,
CHANCELLOR, FEDERAL REPUBLIC OF GERMANY**

Original French: The PRESIDENT

It is our honour and privilege today to welcome Ms Angela Merkel, Chancellor of the Federal Republic of Germany.

Madam Chancellor, the issues which are important to the ILO are close to your heart.

Just to mention one, I would recall that you were one of the first people to emphasize the importance of the coherence of the multilateral system, which is a particularly important issue for our Organization.

To welcome and present our illustrious guest, allow me to give the floor to Mr Juan Somavia, Secretary-General of the International Labour Conference.

The SECRETARY-GENERAL OF THE CONFERENCE

Your Excellency, Madam Chancellor of the Federal Republic of Germany, welcome to the ILO. Your presence with us today is another tangible illustration of your constant and strong support to the ILO, the values it embodies, the policies it enacts, the distinct tripartite character of our Organization.

Yours is the first ever visit of a German Chancellor to the ILO. Allow me to recall that under your leadership, during the German presidency in 2007, the G8 leaders expressed, for the very first time at Heiligendamm, their strong advocacy for ILO policies in the context of globalization.

In particular, they referred to the ILO Decent Work Agenda, the role of ILO fundamental labour standards and the investments in a broader coverage of social protection because they were all seen as instruments for sustainable social and economic development in the global economy.

I have to tell you this was a key contribution for the acknowledgment that the ILO agenda was on a par with those of economic and financial institutions. You have, of course, been a staunch defender of ILO participation in the G20.

Let me highlight your distinctive sense of policy coherence. Since 2007, you have regularly convened in Berlin the heads of the IMF, World Bank, WTO, OECD and the ILO, and urged us to strengthen our cooperation, and this with a view to building a strong social dimension of globalization and greater policy coherence among our mandates.

These dialogues, under your guidance, have been followed up actively by the ILO with important

joint initiatives with all of them, whose leaders have all addressed the Governing Body of the ILO.

You have been a strong voice for a fairer, more balanced globalization in which much needs to be done by all international organizations.

You have also launched a proposal for a charter for sustainable economic activity which contributed to, and fed into, the framework for strong, sustainable and balanced growth of the G20.

In a recent speech, you asked the question: What have we done to ensure that sustainable growth really happens? You went on to say: the world has to learn to work together better, and on a more durable basis, not only during a crisis but at all times – and we can very well see this in the ILO.

Under your leadership, Germany successfully managed to rapidly recover from the global economic and financial crisis. Your policies have greatly limited the duration of the downturn as well as the employment and social consequences of the crisis.

The world has shown a keen interest in the German word of *kurzarbeit* (work sharing or short-time work) as a highly effective anti-crisis instrument.

There are many orientations in which we can learn from these achievements. They illustrate, in practice, the virtues of a social market economy, a hallmark of the German political consensus which, I think, is very much at the heart of German unity that has evolved so well since the fall of the Berlin Wall.

Effective labour-market policies, functioning institutions of social dialogue, a well-developed social security system and a competitive economy; all of these are part of the social market economy.

Very recently, you have decided to address head on the challenges of the century ahead of us by exiting gradually from nuclear energy, and by giving another strong push for more and better jobs in a future-oriented green economy.

These are just a few of the themes on which your experience is so relevant to the world. I know your audience here, the tripartite International Labour Conference, is eager to listen to you.

Original French: The PRESIDENT

I have the honour to give the floor to Her Excellency Angela Merkel, Chancellor of the Federal Republic of Germany.

Original German: Angela MERKEL (Chancellor of the Federal Republic of Germany)

“Universal and lasting peace can be established only if it is based on social justice.” This is the first

sentence of the Constitution of the ILO and I also wish to start my speech with these words, as they clearly express what the ILO is all about and what it is trying to achieve: universal peace.

From its very inception, the International Labour Organization showed its commitment to serve humanity by placing itself at the service of social justice. In specific terms, this means – and this also applies to the 100th Session of the International Labour Conference that I am honoured to attend – promoting productive job creation, developing workers' rights, guaranteeing decent work, broadening social protection and strengthening social partnership.

All these are issues that have been with us for a long time, and they are still with us now. They have not lost any of their relevance over the decades; indeed, they are even more tangible because globalization is moving forward at such a rapid pace, and we have seen, from the global major economic and financial crises, to what extent our destinies are bound up with one another.

This increasing globalization was the reason why, even before the global economic and financial crisis hit us, I urged the international organizations, including the ILO, to work more closely together and form a common platform on these issues.

Today, and particularly in times of serious crisis, the ILO has come out strongly in favour of fair labour standards, and your Declaration of Philadelphia was eloquent on this point. Let me quote: "All human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity." This is not a Declaration that was adopted today, not during the twenty-first century, but as you very well know, it dates back to 1944.

We are all aware of the barbarous conditions under which German-occupying forces forced people into labour all over Europe during the period of National Socialism. It was precisely at that time that the ILO stated clearly, and I quote: "Labour is not a commodity". So we can safely say that the ILO has always taken up the most burning issues of the day, and has driven them home, and therefore I congratulate you once again on the occasion of this 100th Session.

I thank you for inviting me, not only because I am delighted to be here, but also because I am deeply convinced that the International Labour Organization needs to be a strong advocate for justice. And I should like to take this occasion to stress that this obviously requires the political support of the member States of the ILO.

Let me refer to something that the Secretary-General of the United Nations, Kofi Annan, said – and these words reflect one of the guiding principles of his term of office: "True peace ... encompasses economic development and social justice. It means safeguarding the global environment It means democracy, diversity and dignity ... and much, much more." Your work is a vital component of what the United Nations is also trying to achieve. You strive for dialogue, you look for partners who will also take up the cause of social justice; and, in this way, you have helped bring labour and social issues to the fore in networks that are made up of members of government, international organizations and other international players. And I am deeply

convinced that the principle of dialogue is the right one.

The social market economy as we know it in Germany has only become strong because there has been dialogue, even when this has been difficult. It has not been just a matter of paying lip-service; sometimes the debate was contentious, but the lines of communication were always open.

I would like to mention here your Global Jobs Pact. This was something like a toolkit that the ILO created during the international economic and financial crisis to contain unemployment and secure social protection. Of course, it is not the ILO's role to solve problems that national governments and the social partners have failed to solve. That is the job of the countries themselves. But the ILO may lend a helping hand, and it has a wealth of experience from its member States, so that it could build up a global jobs network from which each and everyone could draw.

This is why I underline yet again how important I deem this principle of social partnership that is guiding you in your work, and that Governments and Workers' and Employers' representatives are shaping policy together. Obviously this will inevitably lead to situations in which one or the other side will claim that their interests are not being sufficiently represented. You must take this seriously but not stray from your course – the one of dialogue between the social partners.

The International Labour Conference strives to integrate and not to separate, and this is what lends a high degree of legitimacy to your Conventions and ensures they are binding.

If we stop to consider the sheer diversity of the situations that you have to contend with – the situation for example in the industrialized countries, the situation in the emerging economies, and also the situation in the developed countries – we get an idea of the enormity of issues you have to handle. But we must never lose sight of the fact, as stated in our Constitution in Germany, that human dignity is inviolable. This should be a guiding principle all over the world, irrespective of the situation on the ground in the respective countries.

In Germany we have had a very positive experience with social partnership, and I should like to tell you something about this.

Mr Somavia has already said that "short-time work" (*kurzarbeit*) is fast becoming an international word, and I am pleased that we are not talking about German *angst* for once, because *kurzarbeit* is at least productive. And I would like to tell you how we approached the crisis on the basis of our long-term experience of the social market economy.

In 2009, our economy contracted by almost 5 per cent because we are so heavily dependent upon exports. As our country basically does not have any natural resources, we had to pause and consider what it is that makes Germany strong. What is the treasure that we have? And it was clear that, on the one hand, our strength lies in our employers – not only our large companies but also our small and medium-sized enterprises – and, on the other hand, our workers, who have often been with a company for a long period of time. We understood that it was vital to keep this bond between employers and employees during difficult times, because we were dealing with very highly skilled workers, and we would have incurred an enormous loss if we had not retained them by extending them a hand.

We therefore introduced short-time work as an instrument proposed by the State; but in the beginning we obviously did not know if the companies, for example family-owned businesses, small and medium-sized companies, would actually accept this instrument as a valid one, because had they not believed in having a future for their own company, they would probably have dismissed people rather than keeping them on – because keeping on staff incurs additional costs for the employer.

The good thing is that it all turned out well, simply because the companies believed that they had a future, and because the State was ready and willing to actually invest quite a lot of tax money into the programme to finance this short-time work.

The programme was part of our fiscal stimulus package at the time and it worked because both sides of industry were ready and willing to accept cuts in their wages, to reduce their working time accounts, and even accumulate a deficit in their working hours with the prospect of making them up later with overtime.

In other words, it only worked because the three partners, who play such a role in the ILO, were ready to assume their responsibilities. And assuming responsibility in times of crisis can only work if the social partnership is established before the crisis is actually there – when it has already been agreed upon by the social partners.

The lesson we may draw from all this is that we should invest more in social partnership in times of economic upturn, so that in times of crisis a reliable partnership is already in place. This was one of the main reasons why we were able, once exports started picking up again, to be able to rely on an established skilled labour force and to use this fiscal stimulus package in such a way that it has actually strengthened us.

One important aspect of the social partnership is free collective bargaining. I do not want to conceal the fact that we are having heated discussions about minimum wages versus the freedom of the social partners to set their own wages.

So maybe it is important to know that in new areas of employment we unfortunately no longer have this high degree of organization that we used to have in the more traditional branches of industry. In those areas, then, it is more common to find minimum wages that are only valid for the branch of industry concerned than it is in areas where the autonomy of the social partners is already firmly established. As I have just been discussing with Mr Somavia, it is therefore vitally important in this connection that you have now adopted this Convention on domestic workers. This is an area which has often lain in the shadows of official employment and for which standards are now being established, step by step, which fully uphold the principle that all human beings have an equal right to protection of their dignity. I wish you every success as an Organization with the application of this Convention; it is bound to take quite a while for it to be ratified by all countries. This can be a milestone for the ILO in establishing fair and equitable conditions of work in whole new areas.

In Germany, employment has been secured in such a way that now we actually have more people working than before the crisis. We have a very specific problem now, one that a number of other industrialized countries share, namely, the problem that we are an ageing society. Many countries rep-

resented in this room do not have this problem. They have a fairly young population, while we will have the problem of maintaining a skilled workforce, and that is a very contentious issue. How can we deal with this through the immigration of skilled workers when we have more than 3 million unemployed people, some of them long-term unemployed? This is going to loom large on the agenda of domestic debate for the next few years in Germany.

The challenge on the international level is, of course, to establish core labour standards more widely in our globalized world. I mean this in the broadest sense of upholding fundamental rights such as freedom of association and collective bargaining, and the prohibition of discrimination in employment, of forced labour and, above all, of child labour. This is the cause that I urge all of you to take up.

The Decent Work Agenda is a universally recognized instrument that now has to produce results, and it is particularly in the emerging economies where we have tremendous dynamism with people's working environment changing every day. I just think of the sheer numbers of people every year in India and China moving from rural to urban areas to work under completely new conditions. In the interests of social and economic peace in these countries, it is crucial to establish the concept of social partnership from the outset to ensure that peaceful and equitable development is sustained.

In recent months the headlines have been filled with the situation in North Africa, which has undergone colossal upheaval and enormous suffering. This has also been the experience of people in other countries, including Syria and Yemen. Naturally we want these countries, too, to enjoy freedom and democracy. This will be inextricably linked to creating reasonable prospects for the many young people who want to work. That is why Germany wants to bring into this process something that we call a "pact for employment", which aims to equip as many young people as possible with training and qualifications and decent jobs back home, in order to inject new dynamism into these countries and give people new prospects.

This was a topic of discussion at the G8 meeting and it should also be on the agenda of the G20 meeting in France. I am very grateful to the French presidency for the fact that Nicolas Sarkozy and Christine Lagarde and also many others placed the world of work and social partnership on the agenda of both meetings from the outset. Especially in the context of the G20, we must ensure that discussions do not simply become an abstract debate on the rules of the financial markets, important though these are. We need to show people throughout the world that this is about them, about their future and their destiny.

That is why, as Mr Somavia has also said, it has been a long-standing wish of mine that international organizations – such as the IMF, the ILO, World Bank, the OECD and the World Trade Organization – should cooperate more closely because they exist, after all, for the people of the world and they are the institutions that are shaping globalization and giving it a structure.

The institution with the greatest legitimacy is obviously the United Nations, but every one of the organizations that I have mentioned has an individual contribution and a particular viewpoint to bring

to this debate on globalization and how it relates to economic policy. The United Nations, after the Second World War, was an institution whose primary role was to ensure global peace and security. Now there is a need for further international cooperation to tackle issues of fair and sustainable economic development. The organizations that I have mentioned, and especially the ILO, have an important role to play here. I am very happy that all of these organizations are now accepted as participants in G20 proceedings and that without their wealth of experience the G20 would now be inconceivable.

So I hope that the International Labour Organization will display just as much passion and courage in its next 100 sessions in tackling areas where issues still have to be resolved. Thanks to the Internet our world has changed completely, and the world of work is also changing. The organization which reacts most quickly to this changed world, which gets the world's people to listen to it, is the one that will be successful. I want the ILO to be successful. For that reason I repeat my congratulations to you and I wish you strength and courage. As globalization accelerates in an unprecedented way, we are all breaking new ground. If people claim to know it all

already, they are deluding themselves. Arguing does not necessarily mean quarrelling, it can be very productive, an attempt to find better ways forward through dialogue. I believe that any organization that is unwilling to take up this challenge will cease to exist within a few decades.

So do take up this challenge, argue in a productive sense, too much is better than too little. But do not forget that results must be achieved all along the line. What you have achieved, for example, with regard to domestic workers and in many other areas shows that you are focused on results. But I know it is a constant battle, and that is why I have been happy to come here today and say: we have seen you leave your mark on globalization and you should continue to do so. I wish you all the best, and thank you very much for inviting me here today.

Original French: The PRESIDENT

Your Excellency, Madam Chancellor, it was an honour and a privilege to hear your message.

On behalf of the Conference, please allow me to offer my sincere thanks.

(The Conference adjourned at 12:35 p.m.)

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