



Summary reports of panel discussions (15 June 2011)

Panel 4. “The need for a new era of social justice”

1. Panel 4 was held on 15 June 2011 and moderated by Ms Ritulah Shah, BBC journalist. The panellists were the following distinguished members of the Club de Madrid: Mr Osvaldo Hurtado, former President of Ecuador; Mr John Kufuor, former President of Ghana; Mr Olusegun Obasanjo, former President of Nigeria; Mr Abdulkarim Al-Eryani, former Prime Minister of Yemen; and Mr Wim Kok, former Prime Minister of the Netherlands and President of the Club de Madrid.
2. Referring to the Report of the Director-General to the Conference entitled *A New Era of Social Justice*,¹ the moderator asked the panellists whether they agreed that it was indeed the dominant growth model that had led to the global crisis and that a new growth model was needed.
3. Mr Hurtado underlined that the last decades of the twentieth century had brought unprecedented growth throughout the world but stressed the crucial role of social policies in job creation and improving living standards. He stated that there was no better way to put an end to poverty than getting a job, however modest that job might be. Mr Kufuor elaborated on the experience in Ghana, where the growth model based on industrialization had not led to long-term development. He noted that Ghana had now embarked on a new path of economic development, with renewed attention being paid to growth based on natural resources and agricultural commodities, such as cocoa, with remarkable success. Mr Obasanjo added that Nigeria had not only had a choice between agriculture and industry as the basis for growth after independence; oil had also entered into the equation. He stressed that the main question, however, was how to strike a balance between different growth options and to ensure that economic growth brought benefits for the entire population. Mr Al-Eryani raised the point that many countries in the Middle East, including Yemen, had neglected to take into account a comprehensive growth model and that, because of social and political deficits, many Arab countries were now in a crisis situation, despite good economic growth figures. He stressed that a comprehensive growth model was needed that went beyond pure economics. Mr Kok noted that many countries in the European Union had a long tradition of tripartism, social dialogue and social justice. He expressed the view that currently there was a need not only to recover from the

¹ ILO: *A New Era of Social Justice*, Report of the Director-General, International Labour Conference, 100th Session, Geneva, 2011.

economic crisis and find solutions to reduce the high unemployment rate, but also to reform the whole system to avoid future crises. In that respect, he commended the Report of the Director-General to the Conference, noting that it was instrumental in establishing new thinking on translating economic growth into job creation and growth.

4. In response to a question from a representative from Cameroon on how to achieve social justice, Mr Kufuor highlighted the importance of creating productive employment and the role of tripartite dialogue in achieving sustainable job creation. Mr Obasanjo reiterated the need for tripartite dialogue, as the only way to achieve sustainable development and social justice. Mr Kok confirmed the importance of tripartism, calling for real tripartism that gave all three parties an equal voice and allowed representatives of governments, employers and trade unions to work together constructively to achieve social justice. Mr Kok added that tripartite dialogue had been conducive to job growth in countries where such dialogue was well established. He reiterated that social aspects needed to be on an equal footing with economic and political aspects.
5. Mr Hurtado highlighted the economic and social changes that had occurred in Latin America, Asia and Africa over the past decade, leading to both job creation and poverty reduction. He mentioned in particular that the private sector had started to create jobs, which represented an important ideological shift in those regions, and that primary goods had increased in value while industrial goods had lost value, offering new opportunities for job creation. With regard to the situation in the Arab world, Mr Al-Eryani confirmed the important role of the private sector in creating jobs for the many unemployed, especially for unemployed youth, and that most Arab States needed a policy change and to move away from the assumption that the public sector would create job growth.
6. A representative from Mozambique raised the issue of corruption linked to the exploitation of natural resources in Africa, an issue that he identified as a major problem and source of conflict in Africa. Mr Obasanjo agreed that corruption was indeed present and hindered development in many countries, including in Nigeria, where the discovery of oil had also led to an “oil mentality”. He stressed that, in order to fight corruption effectively, sustained efforts and political will were needed. Mr Kufuor added that corruption was difficult to eradicate unless there was true leadership, laws, an empowered judicial system and good governance. With regard to the issue of corruption in Latin America, Mr Hurtado observed that states with long years of dictatorship were at the top of the list in terms of corruption, because of lack of democracy and transparency. He emphasized the need to consolidate democratic institutions and law enforcement. Mr Al-Eryani added that bad economic policies and corruption were interlinked.
7. Referring to the goal of effective growth, the moderator asked whether the term “growth” should continue to be used, or whether “well-being” should be used instead. Mr Al-Eryani responded that growth should not be measured solely in terms of gross domestic product (GDP) but should take into account factors such as job creation, well-being, environmental protection and social justice. Mr Kok confirmed the need for a new definition of growth that took into account the relationship between economic growth and environmental sustainability, especially in view of the growing world population. The impact of climate change could already be seen. He added that the same consideration needed to be given to social justice and well-being. He referred to recent arguments made by economists Joseph Stiglitz and Amartya Sen that economic growth was not a goal in itself but had to lead to the redistribution of wealth to a growing number of people. Mr Obasanjo said that, while economic growth was needed, it had to be accompanied by development and social justice. Reflecting on the experience in Nigeria, he pointed to the need for new definitions and a new set of indicators to show what developments had been made, which included job creation, the reduction of maternal and infant health problems and better access to

education and medical care. In his view, when those elements were brought together, growth was achieved in economic and social justice terms.

8. A representative from Ghana asked the panellists to comment on the extent to which education systems in their regions had contributed to solving the problem of youth unemployment. Mr Kufuor spoke of Ghana during the immediate post-independence period, when the majority of young people wanted to attain white-collar jobs. The problem, he alleged, was that the education system had then been geared towards liberal arts and limited attention had been given to technical courses or to skills training in the agricultural sector. However, he said, there was now an emerging awareness of the importance of technical training programmes and, as a result, the number of engineering graduates was on the rise and polytechnic institutions appeared to be sprouting up all over the country. It was that change that would provide Ghana with the capacity to develop the necessary infrastructure. Mr Al-Eryani commented that the education system in the Middle East had been unfulfilling for young people. He argued that paternalism in the education system, together with a focus on liberal arts, was hindering youth in his region and impeding the creation of jobs. Like Mr Kufuor, Mr Al-Eryani claimed that the lack of graduates with engineering and polytechnic degrees and middle-level training had been devastating for his region, and called for a reform of the educational system in the region.
9. A representative from the Bolivarian Republic of Venezuela congratulated the panellists for the very important issues they were addressing and expressed the hope that their messages would be heard by current political leaders. She mentioned the challenges that needed to be overcome in order to achieve true tripartism and social dialogue with equity and respect for all parties, and stressed that overcoming those challenges was the only way to achieve social justice.
10. The moderator then turned the discussion to the informal economy, and asked panellists if that sector was in some way beyond social justice. The informal economy, Mr Hurtado replied, was not an ideal place for anyone to work, because of the lack of social benefits. However, he pointed out that the informal sector still provided a great service to societies in developing countries, in other words to people who could not afford to participate in the formal economy (for example, by purchasing goods from formally established vendors) and that when economies modernized, there was an increase in formal employment. He also referred to the relationship between wages and education and between the level of education in a society and the proper functioning of democracy and the economy, and added that an increase in the productivity of democracy and an increase in the productivity of the economy went hand in hand.
11. The next question put to the panellists was whether they thought that the financial sector was restricting policies that would promote social justice. Mr Kufuor replied that the financial sector had been dominant in an unhealthy way, and that the state must be made to act as a moderator. In his opinion, the financial sector had to be reformed so that it would become effective in supporting growth. Otherwise, he argued, the financial sector would continue to take liberties if it was not constantly checked and regulated. Mr Kufuor's concluding remark was that capitalism with a human face was what was most needed.
12. Mr Obasanjo echoed Mr Kufuor's sentiments, calling for the establishment of a world financial organization that would regulate the trillions of dollars worth of international transactions. Corruption, Mr Obasanjo stated, was a two-way affair. However, most of the "givers" (in other words, those who paid the bribes) were from developed countries, and they were often protected. Meanwhile, the governments of developing countries jailed their own citizens for accepting bribes. He added that the United Nations Convention against Corruption should be signed and implemented by all states.

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- 13.** The final question raised by the moderator was about how to make a lasting change to people's economic and working conditions, when politicians found it rather hard to think in the long term and usually had elections in mind. Most panellists agreed that many world leaders tended only to see as far ahead as the next election and failed to consider the next generation. However, it was also pointed out that regimes where leaders were in power for many years did not automatically offer greater social justice. Panellists believed that there were many politicians who genuinely felt that they had a mission and sought to uplift their communities. Mr Kufuor stated, however, that a four- to five-year term was insufficient for anyone to make a positive change, even if they had the best of intentions. The key, he added, was to have a unified party with the same vision so that one leader could take over from the next and so that policies could be sustained over the longer term. Mr Hurtado concurred with that statement, adding that, in Latin America, the countries that had experienced growth had done so because public and economic policies had been maintained over ten to 20 years. Success, he said, was not necessarily a matter of people, but rather of long-term policies and good institutions.
- 14.** The moderator ended the panel discussion by thanking the distinguished panellists and summarizing the main points of the discussion, namely the importance of tripartism in achieving social justice, the role of the private sector in the creation of jobs and the need for a new growth model.

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