



Special sitting

Wednesday, 15 June 2011, 10.45 a.m.

President: Mr Nkili

**ADDRESS BY HIS EXCELLENCY MR VLADIMIR PUTIN,
PRIME MINISTER OF THE RUSSIAN FEDERATION**

Original French: The PRESIDENT

We have the honour and the privilege today to welcome Mr Vladimir Putin, Prime Minister of the Russian Federation. In order to welcome and introduce our illustrious guest, I would like to give the floor to Mr Juan Somavia, Secretary-General of the International Labour Conference.

The SECRETARY-GENERAL OF THE CONFERENCE

Your Excellency, welcome to the ILO. What a great honour it is to welcome you today, here, in this august assembly of the world of work, governments, employers and workers.

At this 100th Session, your presence marks a historic moment. You are the first Head of Government of your great country to address our Conference.

Russia has been at the centre of some of the most remarkable transformations in world history, and the journey has not been easy. In these changing times, Russia continues to be a central actor and we have much to admire and learn from your experience. You have been a major architect of change, and your presence here is a strong expression of Russia's commitment to the Decent Work Agenda.

At a time of transition, Russia recognized the significance of the ILO's values and the role of tripartism. You have paid particular attention to the ILO standards system in achieving better outcomes for your people with the ratification of some very important Conventions and others to come, as you mentioned to me today.

Our collaboration continues to grow. In March 2010, our partnership was reaffirmed with the signing of our tripartite cooperation agreement for the period 2010–12, which is being implemented with great success.

The Russian Federation has also been a strong partner of the ILO and its objectives at the international level, including in the context of the United Nations, the G8 and the G20, which adds even more significance to your visit at this time. And I look forward to deepening that collaboration in the framework of the BRICS, which I see as a very important global evolution.

Your Government's response to the recent global crisis has reflected the desire to live up to the ILO's fundamental principle that "labour is not a commodity". These have been complex times requiring

leadership and difficult choices. Your Government resorted to dialogue and tripartism as the best way of charting the way forward, and I am happy to see you accompanied by the Russian social partners.

These same ideas continue to guide the recovery and the normal policies towards the future. Your Government's commitment to the social dimensions of life may be best summed up by what you said in your recent report to the State Duma, where you said that "Russia is a social State according to its Constitution and we shall never, ever, renege on our social commitments, whatever happens; the Government can guarantee that." These are most heartening words, especially now that we are seeing signs of "back to business as usual" policies, the very policies that took the global economy to the brink of collapse in the first place.

We are certain that you, that Russia, will not hesitate to defend those balances that work better for all, for workers as well as for enterprises, for families and communities as well as the economy, for an individual country as well as for the world community.

We know that Russia is not immune to the challenges and threats of globalization. But judging from past and present experiences, Russia has the endurance, the spirit and the knowledge to confront them head on.

We are on a common journey. We truly believe that with the choices we are making here at the ILO – betting on social justice, on decent work, on sustainable enterprises, on equality – we are standing on the right side of history and we are honoured that today you are standing here beside us and with us, precisely when we are celebrating our 100th Session with very productive results. Thank you very much for honouring us with your presence.

Original French: The PRESIDENT

I now have the honour to give the floor to His Excellency Mr Vladimir Putin, Prime Minister of the Russian Federation.

Original Russian: Mr Vladimir PUTIN (Prime Minister of the Russian Federation)

It is a great honour for me to address such a representative forum and share some of my assessments of recent economic and social trends. But first of all I would like to note the very important role played by the ILO, which is one of the oldest, and undoubtedly one of the most authoritative, bodies in the international arena. In different political situations, during economic slumps and recoveries, the ILO has consistently defended the interests of work-

ing people, their right to a decent and safe working environment, to reliable social protection. The Nobel Peace Prize conferred on the ILO in 1969 was an acknowledgement of the institution's merits.

The effectiveness of the ILO is based largely on its unique tripartite structure, which gives governments, employers and trade unions an equal voice in decision-making. It is constructive social dialogue that enabled the ILO to propose some considered and useful solutions during the global financial and economic crisis of 2009 and 2010, when the international community faced critical challenge.

The global economy is now gradually recovering, but the consequences of economic turbulence are still felt. Russia, for example, has not yet fully recovered. Although the trend towards recovery is clear – we have managed to recover more than two-thirds of our economy – we have not yet managed to return to pre-crisis levels, and in such conditions it is all too easy to rush to adopt solutions that will infringe fundamental human rights and freedoms and engender new risks. We are all aware that economic problems and imbalances are systemic in nature and it is very difficult or even impossible to eliminate their root causes through cosmetic and palliative measures. It is clear that we need a more sustainable and harmonious model of economic growth that will ensure progress, not only for a chosen few individuals or even for individual States, but for the entire international community.

In this regard, I would emphasize that States, businesses, and international political and financial organizations, must not forget their fundamental responsibility towards their citizens, their social mission. This, in our view, is one of the basic lessons of the global crisis and must be borne in mind as we shape a long-term development strategy. Human beings, their right to a decent life, to develop and apply their knowledge and their abilities in freedom, must be the main focus of that strategy.

In the twenty-first century, human labour cannot be regarded as just some impersonal cog in the production process, a faceless tool for achieving economic indicators. We have to rethink our fundamental ideas about the role and value of labour. I would go so far as to say that modern societies and economies will not develop normally and sustainably if human capital is not made the top priority, if we fail to create the conditions that will allow us to tap the creative potential of every individual.

This idea might seem obvious, logical and impossible to argue with, but in reality interests often do not coincide, to put it mildly. In my private conversation with the Secretary-General just now, we touched on a number of the problems which we are now facing, and he made a very important point: that we need to strive for balance. It is very difficult to argue with this.

For almost any government, I can assure you, the key task is, first of all, to achieve social goals, but in order to achieve those goals governments also have to ensure sufficient economic growth and tax revenue; they have to mobilize the resources needed for major public programmes. All too often, it is difficult to look beyond those programmes to see the social problems, which are then neglected, while the programmes become an end in themselves. Some of those programmes, though, such as defence and security programmes, do not coincide at all with other interests and social initiatives. Businesses for their part strive to increase productivity, reduce costs and

increase profits, often by cutting wages or even by cutting jobs, and all too often, unfortunately, neglect safety when planning production processes. For workers, on the other hand, the important thing is to obtain decent working conditions, fair wages for their contribution to the wealth creation process. I have to be frank here – we are in constant contact with our trade unions, and we quite often have disagreements – and say that it is essential for workers' representatives to be economically literate and for their demands to be realistic, because wild and unrealistic demands may cause the system to break down. It is nonetheless true in general terms that economic efficiency and the wider interests of the State do not always coincide with the imperatives of social and humanitarian development.

This fact, unfortunately, has to be acknowledged. The question is: how are we to reconcile the interests of the State, the business community and employees? How to create the conditions for decent work while maintaining key economic and market indicators and growth rates? To date, no one has a universal, systemic solution to this problem. This is why it is so important to launch a broad stakeholder discussion on ideas, concepts and different views, and to open a debate that is not confined to professional circles but is conducive to finding the right answer. Of course, our Organization, the ILO, is in an excellent position to launch full-scale brainstorming exercises. Again, the ILO's uniqueness lies in the fact that it brings governments, business and trade unions together in one forum. In other words, it provides an enabling environment for developing truly balanced solutions. The fact that this problem has already been the focus of attention in the ILO is borne out by the Global Jobs Pact, which was adopted – unanimously – in June 2009. The underlying contention of this groundbreaking document is the rejection of simplistic solutions in addressing the crisis, especially those which consist in cutting wages and social guarantees for workers. I would like to point out that Russia not only endorses the Global Jobs Pact, but is doing everything possible to ensure that people do not bear the burden of economic shocks alone. This was our guiding principle when we developed and implemented our national crisis response programme. I would like to emphasize that this was the result of a concerted effort between our country's Government, business circles and trade unions.

Our own experience has convinced us of the importance of having tried and tested mechanisms in place to regulate labour relations, of well-functioning mechanisms of social partnership that enable problems to be solved through dialogue and compromise, taking account of the interests and actual possibilities of each party. As a result, we have succeeded in maintaining basic social standards and preserving constructive relations among all the social partners. I will tell you frankly that we are very grateful to the representatives of the business community and trade unions for that. The dialogue is never easy, but on the whole we have managed to set a constructive tone, to create a constructive climate and ultimately reach consensus. Not only did we avoid freezing pensions, benefits and wages of state employees; we actually moved forward on all fronts. We did not postpone projects to modernize the health-care and education systems or demographic and family support measures. Russia is the only country in the world which, at the height

of the crisis, designed and implemented a sweeping reform of its pensions system. Last year pensions in Russia were increased by 45 per cent in a single step. And not only pensions: all social benefits, without exception, were linked to the cost of living index. Everything that had been planned before the crisis was carried out. Of course, it was not easy to index-link the pensions of state employees, but at the end of 2008 we increased the wage fund in the public sector by 0 per cent in one step. Unfortunately, in 2010 we did not manage to index-link public sector wages, but they will be increased by 6.5 per cent this summer and we will probably take the next step, which is not even foreseen in the budget, in the autumn of this year.

One of our most effective crisis response tools has been an essentially proactive social development policy. I can only agree with the Secretary-General when he said during our talk today that when we support the poorest sectors of the population, we are doing the right thing, because these are precisely the people who do not put money aside for a rainy day – they go to the shops and spend that money, mainly supporting national agricultural production because they tend to buy cheaper items and that generally means domestic products.

We have continued to improve our labour legislation, including incorporating the highest international standards, as laid down in ILO instruments. In 2010, we ratified four ILO Conventions, including the Workers' Representatives Convention, 1971 (No. 135), which extends facilities for trade union activity in enterprises. The Government of Russia has made the maximum use of its reserves and capacities to support the national economy, and especially the real economy where most jobs are concentrated. A package of state measures was implemented to stimulate demand in the automobile and machine building industries and other production sectors. The construction industry also received substantial support. We succeeded in averting mass bankruptcies, plant closures and a dramatic surge in unemployment, while laying the foundation for modernizing our enterprises and increasing their efficiency.

Large-scale employment programmes were launched in collaboration with the regions. The State provided subsidies for public works, retraining, small business start-ups and occupational and geographical mobility. We proposed a special package of projects for single-industry cities, that is, towns that are entirely dependent on one or two enterprises. As a result, in 2009–10 alone, 4 million jobs were created or restored in Russia. The unemployment rate, calculated according to ILO methodology, dropped from 9.4 per cent in February 2009 to 7.2 per cent in April 2011 – although we realize that this figure is still rather high.

Overall, of course, I do not wish to give the impression that the steps we have taken to minimize the effects of the crisis have been anything like ideal, but the fact that we have tried our best to take social factors into account is beyond doubt. The Government of Russia intends to go on pursuing an active labour market policy, and to focus not only on finding jobs for people, but also on raising the professional, and consequently social, status of workers, on creating conditions in which people can obtain new, more relevant specialist qualifications, and on modernizing vocational education.

I also just told my colleagues that we intend to take a number of further steps following on from the anti-crisis measures that we developed and agreed on a tripartite basis with a view to supporting the labour market. We are allocating resources, including from the federal budget, to training and retraining, not only for those who have lost or are at risk of losing their jobs, but also for stay-at-home mothers, women on leave to care for small children and women who work in hazardous industries. We have also made this money available to parents bringing up children with special needs. In other words, after we had formulated a range of measures to overcome the crisis in the labour market, we extended them to cover other groups of people not formally classed as unemployed. I think this is absolutely justified and should yield positive results.

We intend to help the most socially vulnerable groups: those with health-related problems, parents of children with disabilities, as I mentioned before, and so on. In short, we are creating and will continue to create all the conditions necessary for the development of our country's human potential, as a key contribution to national success and progress.

According to our figures, by the start of next year, perhaps even by the end of this year, the Russian economy will have fully overcome the effects of the crisis. But we are already working in earnest on long-term plans and strategies for post-crisis development. We are setting ourselves an ambitious task: to make Russia one of the five largest economies in the world over the next decade and to raise our per capita gross domestic product from its current figure of US\$19,700 to more than US\$35,000. In order to achieve these goals, it will be necessary to at least double our labour productivity. In technological sectors other than oil and gas, this represents an even greater challenge: productivity will need to increase by three or four times. The public sector must leave behind non-productive employment, but no fewer than 25 million modern, high-paying jobs have already been created. This is not a simple task, but it is entirely feasible. We are planning to create new jobs and to revamp existing posts, transforming the jobs we have and imbuing them with new qualities.

To give you an idea of the scale of this, I should say that the Russian economy currently employs around 69 or 70 million people, and we need to modernize one job in every three. This will be a task for the whole country for the next 15 or 20 years, and we will only be able to accomplish it if the whole of society pulls together. I really want to emphasize that, in so doing, we will not abandon the high level of social guarantees we have established and we will not, for example, allow an increase in the 40-hour working week. We will not economize on industrial safety or environmental standards. In fact, in terms of industrial safety, over the last year the Government has adopted a number of new normative, legislative and lower-level acts increasing the responsibility of the State and business for industrial safety.

Dynamic economic development, innovation and modernization are not important to us in and of themselves. The essential thing is that they should open up new opportunities for people, lead to increases in wages and vocational qualifications, a rejection of work in dangerous or hazardous industries, establish a foundation for prosperous and strong families, raise and maintain standards of liv-

ing – in short, transform the quality of people's lives. We must therefore concentrate our efforts on establishing new working conditions that meet the needs and requirements of people today.

Our steps are following the path carved by the ILO towards decent work. We share its fundamental precepts. Moreover, we are ready to help promote them actively in the global socio-economic agenda. In that regard, we have a specific proposal: to hold an international high-level conference in Russia, in autumn next year, on the practical achievement of the ILO's goals as embodied in the concept of de-

cent work. I hope that this initiative will receive the support of the Members of this Organization.

In conclusion, I wish to express the conviction that the ILO will continue to devote the greatest attention to the vital problems of social and economic justice, thereby ensuring genuine respect for the fundamental human rights and freedoms.

Original French: The PRESIDENT

On behalf of the Conference, allow me to thank you, Prime Minister, for this message, which gives us a great deal of food for thought for our work.

(The Conference adjourned at 11.15 a.m.)

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