

**Second (special) sitting**

Wednesday, 2 June 2010, 11.05 a.m.

*President: Mr de Robien***ADDRESS BY HER EXCELLENCY DORIS LEUTHARD,
PRESIDENT OF THE SWISS CONFEDERATION***Original French: The PRESIDENT*

Dear colleagues, we have the great honour today, and I would also say the great pleasure, to welcome the President of the Swiss Confederation, Ms Doris Leuthard.

In order to introduce our distinguished guest, I give the floor to Mr Somavia, Secretary-General of the Conference.

Original French: The SECRETARY-GENERAL OF THE CONFERENCE

Madam President, I would say that it is an honour but it is also a source of happiness to be able to welcome Doris Leuthard to the International Labour Conference as President of the Swiss Confederation. It is the first time that a President of the Swiss Confederation has spoken during the opening session of the International Labour Conference. It is an historic moment for an organization that has its headquarters in Switzerland.

This “first” gives you an opportunity, Madam President, to set your mark on the work of the Conference. You are here in a dual capacity: first of all, as President of the Confederation, but also as Minister of Finance and the Economy, with particular responsibility for dealing with the ILO. Switzerland has played a key role, as the host country, since this Organization was founded, and this is why with your support, with Swiss support, the International Labour Office, the secretariat of our Organization, was able to establish its headquarters in Geneva right at the beginning, in 1920, laying the foundations of Geneva as an international city.

Over the years, many Swiss citizens have also contributed to the life of the ILO. I would mention William Rappard, and Jean Möri, of the world of workers. More recently, Michel Barde represented the Employers, and Jean-Jacques Elmiger was Chairperson of the Governing Body and President of the International Labour Conference. But this interest of Switzerland in issues relating to the world of work goes back before the creation of the ILO. We have to mention the determinant role of your country in drafting international labour legislation, and this may explain why our headquarters is in Geneva. We must remember that it was in Basle in 1901 that the International Association for the Legal Protection of Workers was founded, and I would also recall that it was on the initiative of Switzerland in 1905 and 1906 in Berne that several

intergovernmental conferences were organized which led to the adoption of the first two international labour Conventions.

I would also like to refer, Madam President, to your statement at the 90th anniversary of the founding of the ILO, when you emphasized that the pursuit of globalization and efforts to combat the effects of the crisis by ensuing social justice were not mutually contradictory but complementary. What better way of summarizing the ILO’s message and activities?

You were the federal Councillor for the Economy during the economic crisis, which meant that you bore the main responsibility for developing recovery measures for your country. In 2010, in an address to the diplomatic corps, you also warned that, when the economy is in trouble, and unemployment strikes, social tensions and even armed conflict are never far off. You have emphasized collective responsibility to produce a universal response to a universal crisis. I would also add that the response should be coordinated and coherent between States and international organizations. Of course, as Minister responsible for liaison with the WTO, the ILO and the OECD, you are very well placed to promote greater coherence in international economic policies and to encourage that cooperation.

In the report on Swiss foreign policy in 2009, you stressed the importance of coordinating economic policy with social and environmental policy. Last year, your visit was an opportunity to mark your personal commitment to the ILO, and the support of Switzerland, by signing a cooperation agreement between Switzerland and the ILO. What better proof could there be of your personal commitment and that of Switzerland to the values of our Organization?

Thank you very much for coming today, Madame President, you have the floor.

Original French: Ms Doris LEUTHARD (President of the Swiss Confederation)

The Government and people of Switzerland are very happy to host this 99th Session of the International Labour Conference here in Geneva. I should particularly like to convey our greetings to Mr de Robien, the President of the Conference, whom I would like to congratulate on his election, and to Mr Juan Somavia, Director-General of the Organization; I would like to wish you, Sir, every success in your very important tasks.

You have granted me the very special honour of addressing you at the beginning of this annual International Labour Conference. For me, this is an

opportunity to emphasize Switzerland's attachment to the ILO and its support for the Organization, and also to confirm my personal commitment to the work done by the Organization to bring about decent work in Switzerland and throughout the world.

Since 1919, the ILO has built considerable international legitimacy and that is something to which I would like to pay very strong tribute. It has, with conviction and tenacity, become the leading Organization for promoting social justice through decent work and fundamental social and labour rights worldwide. By virtue of its mandate and its tripartite structure, the ILO has been a pioneer in contributing, thanks to international social dialogue, to creating the most appropriate conditions for fair and equitable economic and social relations between and within countries.

Switzerland has been a Member of the Organization since it was established and is proud to have contributed to ensuring that the labour of men and women is no longer considered simply as a means of production but, rather, as the cornerstone of economic activity. Social justice has made work a means of achieving fulfilment, emancipation and social integration. All in the service of peace.

The ILO's activities and its core purpose are based on values to which Switzerland is also very much attached in the world of work. These values are: social partnership and the promotion of employment. The ILO's Decent Work Agenda has aimed at creating further jobs and more high-quality jobs. My main concern in Switzerland is precisely to ensure that all men and women have access to a job, because that, after all, is the major factor in social integration. Secondly, coherence and solidarity are equally important. In trying to create jobs, I try to make sure that enterprises and businesses can operate in circumstances which encourage them to hire workers. Consequently, the Swiss system gives priority to an integrated approach to economic and labour market policies. To this end, we have brought them together under one single ministry, the Ministry of the Economy. In so doing, we have been able to benefit from globalized economic integration, while at the same time, to a certain extent, minimizing the potential problems which they can sometimes create for the social aspects of policy. Consensus, solidarity and coherence – by focusing on these, Switzerland has managed to gain for itself, to a great extent, a very privileged situation. We have a particular responsibility, however, to promote international efforts to further policy coherence with social sustainability.

The multilateral context we face at the moment and circumstances in individual countries are changing constantly. This has proved to us, I think, that a new type of world governance is necessary because financial capitalism appears to have reached its limits.

True, the global economy does seem to be moving towards recovery but I do not think that we should let ourselves be dazzled by the encouraging signs that we see, even though, of course, we welcome them. We should not fall into the trap of returning to "business as usual". We cannot believe that we have fully emerged from the recession while we still have widespread unemployment and underemployment. Unemployment is still a central concern for most governments and we must put our shoulder to the wheel in order to clear up the mess which the recession has left behind in the labour market.

Last week we received some OECD forecasts which indicated that in the euro zone, for example, unemployment will remain at an average of at least 10 per cent throughout 2010.

During periods of growth, globalization made it possible to bring millions of people into the global economy and to improve their prospects for the future. However, the recession has taught us that the interdependence of financial markets, in particular, can very quickly cause serious problems for societies worldwide, even when the problems actually originate in just one country. What we need is international organizations that are capable of acting swiftly to prevent crises from spreading. It is unacceptable that some businesses and enterprises take risks which end up driving the world economy to the edge of an abyss. As a small country, Switzerland cannot take initiatives to deal with these issues on its own, but it does support discussions on them taking place in the appropriate forums. We therefore need to consider the possibility of setting minimum standards for capitalization, for example, so as to avert a situation in which ordinary people in the end finish up paying the price for the excesses of others.

To avoid financial and credit markets panicking at the first sign of trouble, rules on minimum liquidity levels are also essential. Lastly, it is essential that the State build up reserves during periods of growth so as to ensure that when the difficult times come, the tools for dealing with them, such as unemployment benefit and other social welfare provisions, are there and ready to be used.

This crisis cannot be considered to be a passing phenomenon. We need to learn lessons from it and act responsibly in order to avoid problems in the future. That means not being paralysed by fear of change or innovation, and seizing the opportunities that are always offered to us by any crisis.

It is not a question of throwing out our political, intellectual or moral beliefs. Nor is it a question of re-inventing the wheel. What we need to do is to try and make the existing system more solid and more effective, and then we can move on to define new rules if those rules are needed to minimize risks. The new type of world governance should provide a stable and reliable framework for globalization, to prevent it from serving only the interests of a small elite, which is already rather privileged. Globalization must not be founded on the law of the jungle, because freedom is inconceivable without a framework for ensuring a balance between the forces involved and a fair distribution of the benefits stemming from the operation of a market economy. Albert Camus wrote that "if men fail to reconcile justice and freedom, they fail in everything". What we need, therefore, is courage and boldness, coherence and solidarity, to achieve that reconciliation between justice and freedom.

Sustainable social development should encourage stability and re-establish confidence. The new interdependence that binds us together means that we have to cooperate better and act in a more coherent fashion. That, of course, applies to governments, but it applies just as much to the social partners. That is essential if we are to meet the challenges of development and deal with the economic, social and environmental concerns facing individual countries. This is where the ILO comes in, because it is the ILO's priority to respond to the needs for social regulation of globalization in a constantly changing world.

Last year you adopted the Global Jobs Pact which provides us with guidance on the measures to be taken to ensure that economic recovery also means recovery of our social fabric. The ILO, for example, is developing a training strategy to offer young people and those who are, for the moment, excluded from the labour market, an opportunity to become integrated again and recover their dignity in the process.

In 2008, you adopted the Declaration on Social Justice for a Fair Globalization. The ILO thus proved that coherence and solidarity, hand in hand with decent work, are, and should remain, the central principles of our policies.

But, that is still not enough. We should spare no effort to strengthen even further international social standards to ensure that they are universally promoted and that they are coherent and coordinated. Only this will guarantee their effective implementation.

We do have a very considerable set of standards regulating trade and social and environmental issues. The links between them can sometimes lead to conflicting goals or even lead to conflicts of interest, which may be difficult for governments to resolve. However, there is an obvious complementarity between the ILO's objectives and the objectives of the multilateral trade system, and indeed, international environmental protection objectives.

The liberalization of international trade has been a major source of economic growth and, consequently, of prosperity. For 60 years it has contributed very considerably to improving living conditions in the world and to social progress. Generally speaking, it is those countries that are most open to the international trading system that tend to have the most sophisticated mechanisms for redistributing the benefits that stem from it. Given the growing interdependence between production and markets, globalization is not and cannot be either an ideology or a political programme. It is basically the result of a technological change followed by economic development which is inevitable and, we hope, dynamic. The economic crises, however, have shown yet again that the economic system must have an appropriate legal framework. Who will now claim that social progress comes automatically from opening up to the international trade system? That may indeed be a prerequisite for achieving social progress, but taken in isolation, it is not enough. After all, there are both winners and losers when a country opens up to the international trade system.

The countries most open to the international trade system, as I have said, have the most effective and sophisticated mechanisms for redistributing its social benefits; but can we turn a blind eye to the situation of many other countries, particularly developing countries, which do not have the necessary circumstances for building a reliable and solid social protection system?

The leaders of the G20 countries are admittedly assuming their political responsibilities, but does it make sense that they, in some cases, represent countries that have not accepted the eight fundamental Conventions of the ILO and, in some cases, infringe them very frequently? Do we not have a situation of double standards between the many countries that ratify the Conventions and apply them, but remain excluded from the process of world governance, and those that tend to dictate the rules of that governance?

The 2008 Declaration stipulates that violations of fundamental principles and rights at work cannot and should not be used or abused as a comparative advantage. It also stipulates that labour standards should not be used for trade protectionist purposes. In accepting the Declaration, States and governments committed themselves to ensuring that the ILO's fundamental standards are both universally ratified and universally applied. Ratification of, and respect for, these standards would indeed contribute to the observance of rules which are essential for a fair competition on open markets which would, in its turn, encourage equitable distribution of the benefits.

This year you have an excellent opportunity to strengthen the implementation of the 1998 Declaration on Fundamental Principles and Rights at Work, and to further enhance the standing of the ILO in the process. I urge you to forge ahead in ensuring that the failure to ratify and to respect fundamental standards no longer has a baleful influence on the principles of fair competition between countries, between businesses and between workers. I ask you to ensure that these fundamental labour standards and principles become a reality based on the eight core labour standards of this Organization. That will ensure that decent work does not become isolated from the reality on the ground.

This, I think, would be justifiable because it will make it possible to tackle controversial issues on the trade policy negotiation agenda, and in particular to ward off the spectre of protectionism. Trade issues, on the one hand, and social issues, on the other, have to be dealt with in a coherent manner so that, for example, issues such as the social clause do not become a pretext for protectionist measures. The current economic and financial crisis has made that temptation very strong. Many countries are currently facing budgetary difficulties and an increase in unemployment, and that means that pressures at home to close the country's borders to the international trade system are increasing. Using trade protection measures to deal with social issues or budgetary problems is not, however, the right approach. On the contrary, it will only worsen the economic situation for everybody, diminishing the prospects of a solid economic recovery worldwide and rapid reduction of unemployment.

I am sure, however, that many countries share the Swiss viewpoint, that promotion of decent work needs an opening up to the international trade system and enhanced cooperation. It is essential that decent work be placed in the context of the worldwide trade system. Multilateral discussions will make it possible to shed more light on the situation and to gain a better understanding of the relationship between the two areas.

The ILO's voice, as part of a fair system of worldwide governance, needs to be heard more clearly, and I am convinced that the ILO having observer status in the World Trade Organization would help to bring that about. That would be a key which would open the door to closer cooperation between the two organizations.

As I mentioned a few moments ago, we have to ensure a coherent implementation of social and labour standards. It is the ILO that acts as the world's "social legislator" and guarantor of workers' rights. Nothing should distract us from the major challenge of strengthening the supervision of standards by the

ILO itself. It is, after all, the image and the credibility of the ILO that are at stake in this matter.

For more than 90 years now, this Organization has had a system for the supervision of its standards based on persuasion, and on moral and political pressure, and the results of that have been obvious. Even so, some people still consider that the ILO is nothing more than a “paper tiger”. If labour rights are to be effectively promoted and implemented worldwide, then the supervisory system for labour standards needs, in my view, to be simplified. That will help us avoid contradictory interpretations of standards to suit the convenience of the moment. It would also prevent the proliferation of different procedures and, in so doing, make the whole system easier and clearer to understand.

The ILO Constitution does provide for the possibility of establishing a tribunal to rule on these issues. You have, I believe, already begun to discuss this issue, and I invite you to continue to do so, because I think that would tighten up international social law in a very helpful way. In the same way, it can no longer to be deemed acceptable for serious violations of labour standards to remain unpunished for ten or 20 years. To prevent this, the procedures to deal with them not only need to be simplified, they also need to be speeded up. The use of the penalties provided for by the ILO Constitution should be strengthened and facilitated, particularly when a country is gaining unfair political or trade advantage from its violations of labour standards. This should enable us to put an end to market distortions linked directly to the failure to respect these standards.

Switzerland supports efforts to strengthen the ILO's standards-related activities, provided that they are strengthened in such a way as to consolidate and revise standards when those have some added value. Standards-related activity should furthermore be backed up by the action of a strengthened Governing Body and Conference which have been reformed in such a way as to make them fully representative, and able to take and stand by major strategic and political choices.

Coherence among different regulatory mechanisms also means enhanced coordination between international organizations responsible for the various aspects of global governance.

The ILO is the natural partner of the IMF and of the World Bank, of the WTO, of UNCTAD, UNDP and the OECD. The objectives of these different institutions are equally essential if we are to achieve economic globalization with a real social conscience in the world of tomorrow. The ILO already has considerable credibility, which it should strengthen by ensuring that decent work is at the centre of any activity undertaken by these organizations. In that way, the ILO will be able to confirm its status as one of the three fundamental pillars of the new economic order, those being finance and trade, social issues and the environment. Switzerland will work to improve cooperation among these institutions.

I would like to put on record my appreciation for the efforts made by the Director-General to ensure that decent work is taken into account in the activities and work of the World Bank and the IMF. With the World Bank, these efforts have been taking shape with the implementation of specific projects, particularly in the area of employment policy, and Switzerland had participated in those efforts.

I would also like to welcome the efforts being made by the Director-General to improve cooperation with the WTO and with the United Nations.

At the Vienna World Conference on Human Rights, which was held in 1993, we all agreed on the absolute necessity of respect for human rights and fundamental freedoms, which can contribute to the stability and well-being so necessary for building and maintaining peaceful and friendly relations between nations.

Promoting human rights and decent work means promoting good governance in accordance with principles and good practices already being applied within the institutions to which I have been referring. Cooperation must therefore be strengthened, so that the coherence of the policies and programmes of the financial, trade and development institutions, ensures the full respect of fundamental social rights.

We cannot make progress in everybody's interest without combining and coordinating our efforts. Structural adjustment policies, for example, must also be coordinated and coherent so that we match the efforts we are requiring of countries which benefit from aid with their adjustment capacity. If we do this, we will be able to strengthen their economies and their development potential while ensuring, through social dialogue, that structural adjustment programmes in a given country are supported by the country's social partners and the majority of its population.

Of course, we need to be speaking the same language throughout the multilateral system for any of this to be possible, but coherence also requires bilateral commitments. Bilateral commitments, to promote social standards as part of the ILO's technical cooperation programmes, must be developed emphatically and without applying political conditions.

Coordinated use of the various technical cooperation instruments available to us should ensure not only greater complementarity between the activities of the various organizations around decent work, but also ensure that the social partners are fully involved.

Coherence and solidarity mean, for Switzerland, adopting a clear overall policy in relation to the ILO. With its social partners, Switzerland is going to draw up a national strategy to ensure an integrated approach to decent work in Switzerland and to promote decent work worldwide, and to work for a strengthened International Labour Organization.

I would like to put on record here Switzerland's willingness to be a member of the Governing Body for three years beginning in 2011. I would also like to emphasize my country's intention to move rapidly to ratification of the Maritime Labour Convention adopted by your Conference in 2006. The procedures are currently under way within the Swiss Parliament.

The news headlines show every day that getting the world economy moving again by strengthening international economic cooperation has not yet been sufficient to eliminate the disparities between countries and to absorb unemployment and underemployment. Switzerland – and I am sure it applies to all your countries as well – is going to work hard to ensure that starting here, in this international city of Geneva, we make sure that both the economy and the labour market serve individual women and men; that we promote globalization which will harness

both economic progress and social progress in such a way as to contribute to the development of all. This will boost productivity, increase living standards and, I believe, enhance the well-being of women and men everywhere.

I would like to wish all of you the commitment and strength you will need in this Conference to achieve success and progress along what is sometimes a very difficult route.

Thank you for your attention.

(Applause)

Original French: The PRESIDENT

Madam President, I think I am reflecting the opinion of this Conference in thanking you very cordially. I would say that you have found the right words to describe Switzerland's attachment and commitment to our Organization, not just as host country but more than this, by *conviction* – political, intellectual and moral conviction. I am convinced that these convictions which you hold, the strength of your plea in favour for greater international coherence of international labour standards and their

universality, and your call for courage, will receive a favourable echo among many delegations here. You also mentioned, very forcefully, a number of questions and made a number of proposals concerning the essential aspects of our mandate. I am thinking in particular of your suggestions concerning the observance of core standards, the supervisory machinery for international labour standards, or the mechanisms for enhanced cooperation among multilateral organizations, including the WTO.

Whatever may be the respective and respectable positions of those present in this room, I am sure that everyone will have been interested in your address which I take as invitation to continue the discussion at an appropriate time.

It used to be said no one is a prophet in his own country, but Switzerland has here borne witness once more, through you, to the strength of its commitment to serving humanity. Thank you once again for your statement.

(The Conference adjourned at 11.50 a.m.)

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