

**First sitting**

Wednesday, 2 June 2010, 10.15 a.m.

*Presidents: Ms Farani Azevêdo, Chairperson of the Governing Body of the International Labour Office, and Mr de Robien***OPENING OF THE SESSION**

Ms FARANI AZEVÊDO (*Chairperson of the Governing Body of the International Labour Office*)

It is my honour, as Chairperson of the Governing Body of the International Labour Office for 2009–10, to declare open this 99th Session of the International Labour Conference.

I should also like to take the opportunity to wish you all a warm welcome to Geneva.

ELECTION OF THE PRESIDENT OF THE CONFERENCE

Ms FARANI AZEVÊDO (*Chairperson of the Governing Body of the International Labour Office*)

Our first task is the election of the President of the Conference. May I now call for nominations for this post?

Mr HANNAN (*Government, Bangladesh, speaking on behalf of the Government group*)

On behalf of the Government group, I have the honour and the pleasure to present to the delegates the candidacy of Mr Gilles de Robien, the French Government delegate, as President of this 99th Session of the International Labour Conference. Mr de Robien is well known to the members of the ILO and to many delegates in this assembly. He is highly regarded for his commitment to the ILO's mission and objectives.

During the last three years, he has been actively involved in the activities of the Governing Body as delegate of the French Government. Before being appointed to the Governing Body, Mr de Robien had an extensive and high-level political experience in his country, where he was elected to local and national office. He was the Mayor of Amiens, a city in the north of France, for many years and was a Member of Parliament in the National Assembly from 1986 to 2002, eventually becoming its Vice-President. He entered the French Government in 2002 to become one of its most prominent figures and stayed until 2007, first as Minister for Public Works, Transport and Housing, Tourism and Maritime Affairs, then as Minister for Education and Research. These were public services dealing with important social issues and very active social dialogue.

Since his appointment to the Governing Body, Mr de Robien has been committed to promoting the role of our Organization in the social dimension of globalization. In the last year, he has been steering a

tripartite working group in France on this theme, with the administration, unions and employers.

Let me express the hope, on behalf of the Government group, that the Conference will accept the candidacy of Mr de Robien and choose him as its President.

Ms FARANI AZEVÊDO (*Chairperson of the Governing Body of the International Labour Office*)

I now call on the Employers' group spokesperson to speak on behalf of his group.

Original Spanish: Mr FUNES DE RIOJA (Employer Vice-Chairperson of the Governing Body of the International Labour Office)

On behalf of the Employers' group, it is an honour and a pleasure for me to second the candidacy of Mr Gilles de Robien. We have seen him work on the Governing Body with interest and with commitment down the years and this is all an indication of his support for social issues, his commitment to the International Labour Organization and to tripartism, and we therefore could not have a better President for this Conference.

Therefore, on behalf of the Employers, we enthusiastically support this candidature.

Ms FARANI AZEVÊDO (*Chairperson of the Governing Body of the International Labour Office*)

The floor now goes to Sir Roy Trotman, spokesperson of the Workers' group.

Mr TROTMAN (*Worker Vice-Chairperson of the Governing Body of the International Labour Office*)

The Workers' group is delighted to have Mr de Robien to be the nominee to serve as the President of the Conference.

We have enjoyed listening to the contributions that he has brought with a passion and a sincerity to deliberations, and we are very satisfied that with him we will have a very able and competent President. We welcome the opportunity to declare publicly our support for his candidacy.

Ms FARANI AZEVÊDO (*Chairperson of the Governing Body of the International Labour Office*)

The proposal made by Ambassador Hannan of Bangladesh on behalf of the Government group has been duly seconded. Are there any other proposals? I see none. So, before I declare Mr Gilles de Robien President of this session of the Conference, I would like to say a few words. As you are aware, this is one of my last acts as the Chairperson of the ILO Governing Body. Throughout my term, throughout the last year, I have been able to work closely with

the French delegation and particularly with Mr Gilles de Robien. I have always appreciated his constructive attitude and the precision of his observations. I have very much enjoyed the partnership that we have established. I recall that Brazil and France organized together, with the support of the International Institute for Labour Studies, a seminar to share experiences in implementing the Global Jobs Pact. I also recall joint statements that we have made together, Brazil and France. We are carrying this through to the Governing Body, which shows that cross-regional initiatives are possible and desirable in this Organization.

I am certain that the experience, the talent, the competence and the leadership of Mr Gilles de Robien will ensure the success of this Conference. I now have the pleasure of declaring Mr Gilles de Robien, Government representative of France, President of the 99th Session of the International Labour Conference.

(Mr Gilles de Robien, Ambassador responsible for the Promotion of Social Cohesion, France, and Government member of the ILO Governing Body, is elected President of the Conference and takes the President's chair.)

PRESIDENTIAL ADDRESS

Original French: The PRESIDENT

First of all, I would like to thank you sincerely for the words of praise that have been addressed to me and for having elected me to the presidency of this 99th Session of the International Labour Conference. I fully appreciate what an honour this is for me and for my country, France, which has had many opportunities since 1919 to show its loyalty to the ILO and to the values it represents. This merely adds to the special responsibility I feel at the opening of this "parliament of labour", which is what our Conference effectively amounts to. Rest assured that I shall make every effort to ensure that this session proceeds harmoniously and that together we achieve results that are concrete, visible and, I stress, clear to the world around us. It will also be a way to pay tribute to the work of our Director-General, which he carries out with great talent.

I am grateful to all those who have placed their trust in me to lead the work of our Conference. I would like to mention my European colleagues, especially Ambassador Jean-Jacques Elmiger, representing the Government of Switzerland, and Ambassador Abdul Hannan, representative of Bangladesh and spokesperson of the Government group, as well as Mr Funes de Rioja, spokesperson of the Employers' group, and Mr Roy Trotman, spokesperson of the Workers' group; I would like to thank them all for the support they have given me on behalf of their respective groups. I would also like to commend the decisive action of Ms Azevêdo, Chairperson of the Governing Body, with whom I have had the pleasure of working and from whom I have learned a great deal about how to work.

In many ways, the 99th Session of the Conference is entirely in the spirit of last year's session and the intensely rewarding days we spent at the ILO Summit on the World Jobs Crisis and during the adoption of the Global Jobs Pact, the relevance of which can be seen every day if we look back over the past year. We can also see how much remains to be done to ensure that recovery and growth are accompanied

by decent work, as the title of the Report of the Director-General suggests.

Without wishing to anticipate our coming discussion, I would like to say that the momentum of the 2009 ILO Summit should be maintained and even stepped up, at a time when we must face a "post-crisis crisis".

Those of you who were here last year will recall that the President of the French Republic, Nicolas Sarkozy, summed up the challenges of the global crisis, emphasizing that globalization would not survive the law of the jungle for the very good reason that – and I continue to quote the President – you cannot have freedom without rules. It is for the ILO to define and enforce these rules. There is no reason why we should not think of ways of making them more effective and adjusting them continuously to the changing reality of today's world.

I am convinced that herein lies the challenge of the 2008 Declaration on Social Justice for a Fair Globalization and its Follow-up, which should be implemented in such a way as to embody every aspect of the work of the Office and the constituents of this Organization. This integrated approach and this coherence should be, as it were, our categorical imperative, in the spirit of the 2008 Declaration. It is my view that we should be fully aware of the implications this has for the work of the Organization and its place in the world, including regard to its standards-related activities. It is the very vocation of the ILO which is at stake, hence the importance of the work we are about to do, in particular as regards employment, to ensure that the 2008 Declaration is implemented in practice. While it is at the very heart of our work this year, both in the plenary and in the committees concerned, the issue of employment should not overshadow the other strategic objectives of our Organization, which are all interrelated, as the 2008 Declaration states. Taken together, these objectives are at the very heart of the ILO's mandate. Therefore, it is more crucial than ever to focus on social dialogue, tripartism and an essential social protection floor, without which it would not be possible to have productive and sustainable employment.

You have entrusted me with this presidency at a very special time. As you know, my country will soon take up the presidency of the G20 – concomitantly with that of the G8 – and I hope that the discussions of this Conference will inspire those of the G20 to promote the values of tripartism and social dialogue. Rest assured that I shall make it my duty to personally advocate those values.

Governance, control of globalization, policy coherence, respect for the rules – these are concepts that reflect the fact that our Organization is not just a standard-setting body, but is first and foremost a moral authority. One of the "great Frenchmen" of this Organization, its first Director-General, Albert Thomas, facing the crisis of the 1930s, was struck by the enormous psychological and moral distress entailed by the economic depression of the 1930s. Albert Thomas spoke out strongly against the fact that "no one dares to take the initiative, no one dares to take a risk". Well, if you agree, let us be the ones who propose, who dare and who take risks so that social justice will be at the very heart of this world that it is up to us to build.

COMPOSITION OF THE CREDENTIALS COMMITTEE

Original French: The PRESIDENT

We shall now begin with the composition of the Credentials Committee. The Conference is called upon, under article 5 of the Standing Orders of the International Labour Conference, to establish a Credentials Committee and appoint its members. I call upon the Clerk of the Conference to announce the nominations made by the groups for this Committee.

Original French: The CLERK OF THE CONFERENCE

The nominations for the Credentials Committee are as follows: Government group: Mr Vines (*Australia*); Employers' group: Ms Horvatić (*Croatia*); and Workers' group: Mr Veyrier (*France*).

Original French: The PRESIDENT

If there are no objections, may I take it that these proposals are adopted?

(The proposals are adopted.)

ELECTION OF THE VICE-PRESIDENTS OF THE CONFERENCE

Original French: The PRESIDENT

In accordance with article 25, paragraph 2, of the Standing Orders of the International Labour Conference, we shall now elect the Vice-Presidents of the Conference. I call on the Clerk of the Conference to read out the nominations made by the groups.

Original French: The CLERK OF THE CONFERENCE

The nominations to the posts of Vice-Presidents of the Conference are as follows: Government group: Mr Robert Nkili, Minister of Labour and Social Security (*Cameroon*); Employers' group: Ms Powell (*Haiti*); and Workers' group: Mr Nakajima (*Japan*).

Original French: The PRESIDENT

If there are no objections, may I take it that these proposals are adopted?

(The proposals are adopted.)

NOMINATION OF THE OFFICERS OF THE GROUPS

Original French: The PRESIDENT

I now call on the Clerk of the Conference to inform the Conference of the groups' nominations of their Officers.

Original French: The CLERK OF THE CONFERENCE

The groups have chosen their Officers as follows:

Government group:

Chairperson:

Mr Hannan (*Bangladesh*)

Employers' group:

Chairperson:

Mr Funes de Rioja (*Argentina*)

Vice-Chairpersons:

Mr Dahlan (*Saudi Arabia*)

Ms Goldberg (*United States*)

Mr Lima Godoy (*Brazil*)

Mr Moore (*United Kingdom*)

Mr Oshinowo (*Nigeria*)

Secretary:

Mr Peñalosa (*International Organisation of Employers*)

Workers' group:

Chairperson:

Mr Trotman (*Barbados*)

Vice-Chairpersons:

Mr Ahmed (*Pakistan*)

Ms Francisco (*Angola*)

Mr Benedetti (*Brazil*)

Ms Wolanska (*Poland*)

Secretary:

Ms González (*International Trade Union Confederation*).

Apart from the Chairperson and Vice-Chairpersons, other Officers of the Workers' group are: Mr Ghandour (*Sudan*), Mr Ntshalintshali (*South Africa*), Ms Kelly (*New Zealand*), Mr Silaban (*Indonesia*), Ms van Wezel (*Netherlands*), Mr Jurca (*Romania*), Ms Anderson (*Mexico*) and Mr Zellhoefer (*United States*).

CONSTITUTION AND COMPOSITION OF CONFERENCE COMMITTEES

Original French: The PRESIDENT

The next agenda item concerns the constitution and composition of the committees that will examine the various items on the agenda of the Conference, apart from the Credentials Committee, which has already been appointed. The Conference may wish to establish the following committees: the Committee on the Application of Standards, the Finance Committee, the Selection Committee, the Standing Orders Committee, the Committee on Domestic Workers, the Committee on HIV/AIDS, the Committee for the Recurrent Discussion on Employment, and the Committee on the 1998 Declaration.

The composition of the committees, as proposed by the groups, is available in the room.

If there are no objections, may I take it that the proposals are adopted?

(The proposals are adopted.)

COMPOSITION OF THE SELECTION COMMITTEE

Original French: The PRESIDENT

I would now like to ask the Clerk of the Conference to read out the nominations made by the groups for the composition of the Selection Committee.

Original French: The CLERK OF THE CONFERENCE

The nominations for the composition of the Selection Committee, in accordance with article 4 of the Standing Orders, are as follows: The 28 Governing members are the regular members of the Governing Body of the following countries: South Africa, Germany, Argentina, Australia, Austria, Bangladesh, Barbados, Brazil, Burundi, China, the United States, France, India, Italy, Japan, Jordan, Mexico, Mozambique, Nigeria, Panama, Poland, United Kingdom, Russian Federation, Singapore, United Republic of Tanzania, Czech Republic, Tunisia and the Bolivarian Republic of Venezuela.

The substitute Government member are: Belgium, Benin, Bulgaria, Cambodia, Canada, Congo, Cuba, Egypt, El Salvador, Ghana, Guinea, Hungary, Islamic Republic of Iran, Kenya, Republic of Korea, Lebanon, Lithuania, Pakistan, Peru, Portugal, Qatar, Spain, Sudan, Sweden, Thailand, Uruguay, Viet Nam and Zambia.

The 14 regular Employer members are: Mr Allam (Egypt), Mr Barde (Switzerland), Mr Dahlan (Saudi Arabia), Mr Ferrer Dufol (Spain), Mr Funes de Rioja (Argentina), Mr Jeetun (Mauritius), Mr Lima Godoy (Brazil), Mr Matsui (Japan), Mr Moore (United Kingdom), Mr Nakoulma (Burkina Faso), Mr O'Reilly (New Zealand), Mr Oshinowo (Nigeria), Mr Potter (United States), Mr Rønneest (Denmark).

The substitute Employer members are: Ms Andrieu (France), Ms Awassi Atsimadja (Gabon), Mr Echevarría Saldarriaga (Colombia), Ms Horvatić (Croatia), Mr Kim (Republic of Korea), Mr Mdwaba (South Africa), Mr M'Kaissi (Tunisia), Ms Muñoz (Bolivarian Republic of Venezuela), Mr Arumugam (Malaysia), Mr Mattar (United Arab Emirates), Ms Regenbogen (Canada), Mr de Regil (Mexico), Mr Thorns (Germany) and Mr Varela (Philippines).

The regular Worker members are those nominated as Officers of the Workers' group, as read out previously.

The substitute Worker members are: Mr Cortebeeck (Belgium), Mr Sithole (Swaziland), Ms Yacob (Singapore) and Ms Burrow (Australia).

Original French: The PRESIDENT

If there are no objections, may I take it that the proposals for the composition of the Selection Committee are adopted?

(The proposals are adopted.)

**SUSPENSION OF CERTAIN PROVISIONS OF THE
STANDING ORDERS OF THE CONFERENCE**

Original French: The PRESIDENT

The next agenda item concerns the suspension of certain provisions of the Standing Orders of the International Labour Conference.

Given that, under article 76, the Conference cannot take the decision to suspend a provision of the Standing Orders until the sitting following that at which a proposal to suspend the Standing Orders has been submitted, and that the next plenary sitting is to be held on Thursday, 10 June, the three Vice-Presidents and myself suggest that the Conference today hold two plenary sittings, to be separated by the special sitting at which we are to receive the President of the Swiss Confederation. At the first

sitting – now under way – the suspension of several provisions of the Standing Orders will be proposed. This will be followed by a special sitting to be addressed by Ms Leuthard. Then, at the following sitting, the Conference will adopt the decision to suspend certain provisions of the Standing Orders which is now being proposed.

As regards the Global Report that the Director-General presents each year under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work of 1998, which this year will focus on the effective abolition of child labour, and the high-level panels which will be held in plenary, we propose to suspend article 12, paragraph 3, of the Standing Orders, which limits the number of statements by each delegation in plenary, as well as article 14, paragraph 6, of the Standing Orders, regarding time limits on speeches.

Lastly, we recommend that, in order to facilitate the exchange of views, the Conference decide not to apply the provisions of article 14, paragraph 2, of the Standing Orders, as regards the order in which the floor is given to speakers.

In addition, and only as far as is necessary to allow the panels to make their presentations, we propose suspending the rules as regards the closure of discussion under article 16.

As regards the Director-General's reply, we propose suspending the second sentence of paragraph 2 of article 23 to allow the Director-General to respond fully in writing to points raised during the plenary discussion on his report. This reply will then be published in the definitive *Record of Proceedings* of this session of the Conference.

Lastly, bearing in mind that there will be no Resolutions Committee at this session of the Conference, we would have to suspend the reference to this particular Committee in paragraph 3 of article 17 of the Standing Orders and paragraphs 4–10 of the same article.

If there are no objections, may I take it that, in accordance with article 76 of the Standing Orders, these proposals will take effect once they have been adopted by the Conference at its next plenary sitting?

(The proposals are adopted)

(The Conference adjourned at 10.45 a.m.)

Second sitting

Wednesday, 2 June 2010, 11.50 a.m.

President: Mr de Robien

PRESENTATION OF THE REPORT OF THE DIRECTOR-GENERAL

Original French: The PRESIDENT

I would like to declare open now the second sitting of the 99th Session of the Conference.

Under article 14, paragraph 8, of the Conference Standing Orders, I propose that we now give the floor to the Secretary-General of the Conference, Mr Somavia, for the introduction of his Report, *Recovery and growth with decent work*.

Original French: The SECRETARY-GENERAL OF THE CONFERENCE

First of all, allow me to thank Ms Doris Leuthard, President of the Swiss Confederation, for her stimulating address to this Conference. Ms Leuthard has raised a number of substantive and governance issues which we will certainly have to take up.

(The speaker continues in English.)

The 2010 session of the International Labour Conference, our 99th, brings us together at a time when tripartism and social dialogue are under pressure as a result of the continued jobs crisis and the uneven and often weak recovery.

Now this is compounded by the sudden reaction of the financial markets pressing highly indebted countries in Europe to cut expenditures, mainly social spending, and the potential spill over effects of this on other countries.

We know that social tensions continue to rise. There was much anger and frustration over a “job-weak” recovery. So today our cultural and social dialogue founded on respect for workers’ rights is needed more than ever.

But let me address, first, our Conference agenda.

The heartbeat of the Conference is, as always, the Committee on the Application of Standards. It is vital and sometimes contentious work, but year after year we reach solid conclusions that help our constituents find ways to sustain progress on their commitments.

This year, we have the opportunity to add to those commitments with a new standard on HIV/AIDS in the world of work. This would strengthen our contribution to universal access to HIV prevention, treatment, care and support – keeping people at work, countering discrimination and protecting the welfare and well-being of all workers, women and men.

We are also starting a discussion on a new standard on domestic workers that addresses the situa-

tion of a large and important, though “invisible” and very vulnerable, category of workers, mainly women, throughout the world. I strongly believe that society as a whole will benefit from this historic initiative, which has attracted worldwide interest.

Accelerating action against child labour, against the headwinds of the global economic crisis, is the theme of our Global Report under the 1998 Declaration. Recently, at the international conference convened by the Netherlands, for which I thank the Government most sincerely, a commitment emerged in the form of a road map charting the elimination of child labour by 2016. Now, we must redouble our efforts to complete the last part of our journey.

I know this is difficult. We have achieved a reduction in child labour, but our last report shows that this trend is not continuing at the same pace so I call on all of you to make a renewed effort. No family in any country wants to see their children working; they want them at school, and their parents want the opportunity to work. That is the way to solve the problem.

The Conference will review the way in which we can best align the follow-up to the 1998 Declaration on Fundamental Principles and Rights at Work with that of the 2008 Declaration. This heralds a new challenge for ILO reports.

You also have before you the report, *ILO programme implementation 2008–09*, which provides detailed information on the results we achieved during 2008–09. As we begin preparation of the next programme and budget, you can help us to ground our proposals for the difficult years ahead in your experience and priorities.

My Report, *The situation of workers of the occupied Arab territories*, depicts the harsh day-to-day reality of occupation, with deep tensions and continued widespread suffering. I salute the immense dignity, persistence and political conviction of the Palestinian people as they move, hopefully as a unified nation, towards a Palestinian State. The strengthening of Palestinian Authority institutions in the West Bank is a welcome development.

I join the Secretary-General of the United Nations in deploring the unacceptable events this week off the coast of Gaza, which have once again demonstrated how the unresolved conflict in the region can so easily explode into tragic loss of life. Our Report highlights the fact that, with the tight closure and blockade of Gaza, the livelihoods of Palestinian women and men, families and enterprises remain confined to very harsh coping strategies.

The follow-up to the 2008 Declaration called for a recurrent item on the Conference agenda to enable us, and I quote, to “understand better the diverse realities and needs of its Members with respect to each of the strategic objectives *and* respond more effectively to them”.

This year, we will start with employment policies, aiming to better define their contribution to social justice for a fair globalization, as part of an integrated decent work approach. The Committee dealing with this issue is a very important one, because the objective is to identify priorities for future attention by the Organization, including adjustments in programmes and capacity-building activities, as well as possible themes for future sessions of the Conference. This will be facilitated by this year’s General Survey on employment instruments. The discussion on employment will take place in the context of the continuing global jobs crisis and the need to secure and sustain a job-rich recovery, and this is the theme of my Report, *Recovery and growth with decent work*, to which I now turn.

I did want to make the point that, however critical the situation we are going through, the ILO has its responsibility at every session of the Conference to deal with key issues which have to do with the real life of people every day. I have therefore gone through the different subjects that we are going to discuss in some detail, as it is essentially because we deal with them well, and are able to produce the results of our tripartite efforts, that the ILO is where it is today.

I will now look at the context in which we are working today, beginning with our crisis response activities.

Increasing instability in financial markets during 2007, culminating in the crash of September 2008, sent the global economy into a severe recession which lasted well into 2009.

As you all know, the political response was unprecedented and extraordinary.

Huge bail outs were made to save the financial sector. The stimulus measures added up to around 2 per cent of world output called for by the Managing Director of the International Monetary Fund. Both governments and financial markets agreed to this approach because it would save the financial system while averting a depression.

We at the ILO saw the signs of the coming storm: already in 2007 and 2008, the Governing Body was developing policies to address the serious consequences for working families and sustainable enterprises of a looming global downturn.

Last year, our annual Conference held a Global Jobs Summit of Heads of State and Government that led to the adoption of a Global Jobs Pact. The Pact is a productive and investment-led approach aimed at turning our economies around, shortening the lag in employment recovery, and ensuring social protection for the most vulnerable.

As you know, our studies show that many countries are following this policy framework, with some explicitly taking inspiration from the Pact.

The Pact was quickly endorsed by the United Nations, through the Economic and Social Council, then the Pittsburgh G20 Leaders’ Summit, and subsequently by many regional and international bodies.

At the beginning of this year, a fragile recovery in output, stronger in Asia and Latin America, seemed to be taking place, but without significant employ-

ment creation. The recovery hinged largely on public stimulus measures, and the private sector remained weak in most developed countries.

In April of this year, the G20 Employment and Labour Ministers agreed in Washington on a recommendation for accelerating a job-rich recovery that draws on ILO analyses and the Pact framework.

In the same week, G20 Finance Ministers said that most countries should continue with stimulus measures in 2010, but begin planning for credible exit strategies beginning in 2011, linked to pickup in the private economy. The timing and context would reflect individual country situations.

So, as of six weeks ago we had an internationally coordinated approach which had used strong countercyclical policies to save the financial system and avoid the danger of a depression caused by a financial crash, with the complete agreement of governments, employers and the financial markets, and with some concern on the part of workers because employment was not picking up.

The approach of the ILO Global Jobs Pact was well embedded in the overall strategy.

We insisted that there was no sustainable recovery without jobs recovery. We still had serious worries about the adequacy of the measures to generate enough employment, but felt that the overall policy direction was right.

And then, suddenly a new crisis emerged around sovereign debt. Pressure from finance markets caused a growing number of European countries to announce deficit reductions more quickly than deemed wise only some weeks before. These measures, as you well know, directly affect jobs and salaries.

The immediate danger of a simultaneous fiscal retrenchment in a significant number of countries is to slow down Europe’s already weak recovery, which could be weakened further.

In turn, this would damage growth prospects around the world in different ways. A contagion effect cannot be ruled out, and you can see simply by reading the press that there is concern in different countries about the impact on other countries of what is now happening in Europe.

Looking forward, we must assume our ILO responsibility to identify the risks ahead for all reasons from the perspective of the real economy that you together represent. And we must contribute to finding workable solutions based on balance and dialogue, which is our trademark. I believe that every time we have seen a global crisis emerge, precisely because of our capacity for dialogue and because our tripartite composition helps us to move towards balanced solutions, we have been able to come up with proposals that are useful.

Today, there is no doubt that the public debt and public deficit of many countries are real and need to be dealt with, as both a national and a global stability issue. The perfectly legitimate question is why these levels of public debt and deficits occurred. We must not forget that part of them went to save the financial system and to avert depression. The question is how and in what time frame?

We should address this new situation, I think, within the orderly process of deficit reductions linked to a sustained pickup in private investment and consumption, to which the G20 and most countries have already agreed, and which some countries are already applying. Australia and other countries are already in the process of withdrawing stimulus

packages because the growth process is already under way, and of course some countries, such as China, India, Brazil and others, are growing. The issue of withdrawing is made easier when it is necessary and you do not have a credit flow problem. The situation is very different in different countries. I am focusing on the European situation because of the spill over effects that this may have on other regions.

ILO and other institutions' research shows that a premature deficit reduction could slow or stop recovery. This would increase unemployment and in the future would likely produce a widening of the deficits as tax revenues sink further still.

Earlier this year, we estimated global unemployment to be around 212 million. That was the highest ever recorded after a big jump in 2009. We hoped that it would peak and begin to come down, given the signs of recovery, but in the first part of this year we see no sign of a reduction in the global rate of unemployment.

Improving employment trends in Asia and Latin America are offset by the continuing rise in the total numbers of jobless in most advanced countries.

We know that this is just the tip of the iceberg of discouraged workers, involuntary part-time and temporary work and increased informality. We, as a tripartite Organization, have to acknowledge that there is still a lot of suffering in working families and communities, and for many small and medium-sized enterprises.

To address these issues, I think that we need a balanced policy convergence strategy.

First, we need to secure a job-rich recovery by getting investment and consumption in the private sector moving. This will reduce the need for public stimulus measures, leading to a productive road to deficit and debt reduction.

Second, recovery has to lead to strong, sustainable and balanced growth. We must prepare to move onto a path of inclusive global development and a fair globalization, creating opportunities for all.

Third, we need to remedy the structural imbalances in the global economy before the crisis, including investment, consumption, trade and countries' private and public debt.

What is the key to this? I think that we need to act on all three objectives together, in a harmonious way, within a short-, medium- and longer term perspective. That is why I call this a balanced policy convergence strategy, because all the elements are interconnected and affect each other. So we do not have "either-or" options. Concentrating on one part of the problem is not going to solve it. We need to have the capacity to integrate the different dimensions that will give us this medium-term stability.

The recommendations of the G20 Employment and Labour Ministers and the Finance Ministers at their Washington meetings are important contributions to this approach. I think that the major challenge of the G20 Toronto Summit is to consolidate and carry forward the historic commitments of the Pittsburgh Summit in this new scenario.

Expressing a strong will to deepen their cooperation and coordination, reflecting both their common interest their contribution to global stability, would be a powerful message in times of uncertainty.

As part of that, a coordinated, orderly, balanced and credible long-term process to deal with public debt and deficits should be set in motion *now*, according to each country's situation and within a

convergent international pattern. The right timing and sequencing are essential. We know from experience – there are many Latin Americans and many Asians here who remember the recurrent crises in Latin America and the Asian crisis in the 1990s – that too much, too fast, will damage job prospects in the real economy and make it much harder to stabilize public finances, risking a double-dip recession.

More people at work with rising earnings means more tax revenue, less unemployment-related spending and thus a lowering of deficits.

As stimulus measures are reduced, those with the biggest impact on vulnerable families' welfare and on employment creation should be kept on to the last.

In many countries, I have to say, public service workers are in the front line of cuts, shouldering the burden of fiscal adjustment. We know well that innovative and efficient public services are essential to quality growth, and when crises require tough decisions – and they may become necessary – they must be applied with a sense of fairness and through dialogue. We need the finance sector, which caused the original crisis, to pay its fair share in restoring government balances.

Despite massive support of the financial system, lending to enterprises and households, particularly in the advanced economies, is still weak. Smaller businesses are being squeezed out. The money is not getting out to the real economy, so we need the policies to get credit flowing and ensure that the financial system serves the real economy.

In the medium term, as I set out in my Report, we need to deepen policy dialogue and agree on policy action on an employment-oriented framework for strong, sustainable and balanced growth.

This will also require tackling a number of deep structural imbalances within countries which will impede sustainable global development in the *longer term*.

Redressing the income and opportunity imbalances in the world is key to more sustainable global growth.

I think that it is time to make high employment creation the priority macroeconomic goal alongside low inflation and sound fiscal management. All three have to carry equal weight as macroeconomic policy goals. We must focus on increasing the job intensity of growth, as well as promoting an income-led growth pattern – not the debt growth pattern that we have up to now – with a fairer relation between productivity and wages.

A conducive environment for innovation and investment in sustainable enterprises is essential. In particular, we need to significantly upgrade the financial, managerial and technical support to what I would call the "small" economy in all its forms, as the one that produces the most jobs, as is well known.

In a world of work that is constantly changing, both employers and workers need a policy framework to support employment mobility and thus raise the performance of the whole economy.

Training and capacity building are absolutely vital to growing productivity. We should promote inclusive active labour market policies to help workers and employers manage change, maintain income levels and stimulate a quick return to the labour market for the unemployed. There is much good

practice for social dialogue to draw on through the ILO.

The global jobs crisis has undoubtedly set back progress on poverty, which risks creating long-lasting social scars unless a major effort is launched to accelerate poverty reduction and development, particularly in Africa and in low-income countries.

It is time to progressively expand a basic social protection floor in every country.

With its focus on improving basic social protection and decent work opportunities, the Global Jobs Pact is a highly relevant policy framework for accelerating achievement of the MDGs by 2015. It is a “working out of poverty” approach, in which people say – if you give me a fair chance of a good job, that is how I am going to get out of poverty.

The challenges facing the ILO are thus large and complex. We urgently need to spearhead a job-rich recovery. But in pursuing that immediate goal, we also need to improve the quality of growth, making it greener, more sustainable and balanced for the longer term.

Pre-crisis growth did not yield enough decent work, we already knew that: social divides widened and the productive economy of sustainable enterprises was overshadowed by the growth of an excessively large and volatile financial sector.

Something that I think is very important for us – the ethic of good hard work, with fair treatment and remuneration, as the way you get ahead in life and the foundation of market institutions and contracts, has been badly undermined by wealth creation increasingly unrelated to the real economy. Political, social and financial stability are interrelated, and because of the things that I have been saying, many people believe that some actors in the financial sector have broken the social contract with society.

In this critical period ahead, many public and private policy options will involve choosing between human values and market values; between the interests of the financial sector and those of the productive economy; between what sections of society bear the brunt of the costs of the crisis and how the most vulnerable can be better protected and empowered.

Choices are ahead, and choices are political, but they are also an opportunity for social dialogue. So this is the time for political leadership to come together around the needs of people, families and communities. But it is also a moment for the ILO. The ILO has faced these issues before, and we know that choices must respect the dignity of work and the way in which it underpins stable families and cohesive communities.

The next few years are going to be difficult for all of us – working women and men, productive enterprises and political leaders and the multilateral system, and social dialogue will be more crucial than ever.

The tripartite ILO has, I believe, a responsibility to play its full part in finding a common way forward. We bring two essential ingredients to the process: balance and dialogue.

I am confident that those qualities will be demonstrated in our discussions at this Conference, and in our joint efforts in the period ahead, because I have seen you before, I have seen you react to crisis, I have seen you deal with complex problems. In the end, although you may all have some differences, you know that the balanced solutions, the product of dialogue, that come out of the ILO have an influ-

ence beyond this room. So I invite you all again to exercise the enormous capacity that you have for coming together at a difficult time.

Original French: The PRESIDENT

Thank you, Director-General. On behalf of the Conference, I want obviously to thank you very warmly for this presentation. You have highlighted the most salient points of your Report. The issues are now clearly stated and, as I said earlier in my introductory remarks, we can see what our responsibilities are as regards the concrete actions which need to be taken to better control globalization and ensure that the ILO’s mandate is at the service of consistent economic and social policies.

The observations which you have just made, Director-General, will undoubtedly be food for thought and lead to proposals in the discussion which will take place here next week.

**SUSPENSION OF CERTAIN PROVISIONS OF THE
STANDING ORDERS OF THE CONFERENCE (CONT.)**

Original French: The PRESIDENT

I suggest that we resume our work and adopt the proposal for the suspension of certain provisions of the Standing Orders of the Conference which I made during the first sitting.

If there are no objections, may I take it that this proposal is adopted?

(The proposal is adopted.)

**DELEGATION OF AUTHORITY TO THE OFFICERS
OF THE CONFERENCE**

Original French: The PRESIDENT

Given that the next plenary dealing with items of the agenda will not take place until 10 June, the daily task of organizing the Conference will be carried out by the Officers of the Conference, if the Conference agrees to delegate the necessary authorities for this. The Clerk of the Conference will now read out the delegation authority which is submitted for your approval.

Original French: The CLERK OF THE CONFERENCE

The General Conference of the International Labour Organization hereby delegates to its President and Vice-Presidents the authority to take any decisions or carry out any functions which relate to the purview of the Conference in respect of all matters which need to be dealt with before the Conference resumes its sittings. Unless the Officers feels that the Conference should have a special sitting to discuss a given question, the decisions adopted as a result of this delegation of authority will be announced in the *Provisional Records* of the work of the Conference.

The present delegation of authority will take effect at the end of this sitting and will lapse as soon as the Conference resumes its plenary sittings.

Original French: The PRESIDENT

If there are no objections, may I take it that this delegation of authority is accepted?

(The delegation of authority is accepted.)

(The Conference adjourned at 12.25 p.m.)

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