



The social protection floor for an inclusive and fair globalization and the role of social dialogue

**Opening address by Juan Somavia
Director-General of the ILO at the
ILO-AICESIS International Conference**

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(begins in French)

Mr President, Mohamed Seghir Babes

[AICESIS President],

Minister Moreira Franco

[Minister and Secretary-General of CDES of Brazil],

My dear friend Eveline Herfkens

[Member of the Committee on the Social Protection Floor (SPF)],

Distinguished members of:

The International Association of Economic and Social Councils and Similar Institutions (AICESIS); the European Economic and Social Committee,

Representatives of invited institutions,

ILO colleagues,

Dear friends,

Welcome to this Conference organized jointly by AICESIS and the ILO on the “Social Protection Floor for an Inclusive and Fair Globalization”.

The working relationship between the ILO and AICESIS is long-lasting and regular; there has been a continuous partnership between our two organizations ever since AICESIS was established in July 1999.

The very establishment of AICESIS stemmed from the idea that organized civil society, made up of the social partners and others, needed to be structured at the global level in order to make its voice heard, in particular, in international organizations belonging to the United Nations family. I strongly supported this development. A void needed to be filled and you have filled it admirably.

One of the fundamental aims of AICESIS is to promote dialogue between professional social actors and socio-economic decision-makers. The ILO shares this aim and likewise supports the concept of decent work.

I think it is worth noting the things that we have achieved together.

In May 2004, I had the pleasure of inviting AICESIS to the ILO in Geneva on the occasion of its General Assembly. At that early stage I was already emphasizing our shared approaches and objectives: representation of employers, workers and other civil society representatives on economic and social councils, and social dialogue as the basis for progress towards a fairer globalization.

In 2006, the Governing Body of the ILO granted AICESIS the option of being represented at any ILO meetings of interest. Since then, the ILO has also enjoyed the status of permanent guest at AICESIS meetings.

In June 2007, I had the pleasure of speaking to you to re-emphasize the importance of our shared commitment to the human dimension of globalization and enhanced regulation of the multilateral economic and social system.

Also worth noting is the early and unstinting support of AICESIS for the Decent Work Agenda, following the example of the Inter-Parliamentary Union and the recommendations of the World Commission on the Social Dimension of Globalization, reflected in the regular interventions by AICESIS during the International Labour Conference.

In recent years, the ILO and AICESIS have organized an increasing number of joint events: Cotonou in 2010, and Senegal, Rome and the Dominican Republic in 2011.

All of this goes to show that this relationship works. We achieve things together thanks to your essential contribution.

We will now proceed with the signing of the cooperation protocol.

This is a turning point in the history of the relationship between the ILO and AICESIS. The aim is to put in place a lasting partnership based on shared values geared towards mutually beneficial cooperation.

(continues the remainder of speech in English)

Dear Friends,

This event couldn't be more timely coming as it does just before the International Labour Conference discussion on a possible Recommendation on Social Protection Floors.

What's the background to the issue?

The International Labour Conference in 2009 approved the Global Jobs Pact, which is the ILO's response to the global crisis, acknowledged as a key contribution by the United Nations, the G20 and others. The Pact called for countries to "give consideration, as appropriate, to building adequate social protection for all, drawing on a basic social protection floor".

Recognizing the importance and necessity of adequate social protection systems, the United Nations System Chief Executives Board (CEB) adopted in April 2009 "the Social Protection Floor Initiative" – something that began in the ILO became global. The ILO and the World Health Organization (WHO) were designated leaders of this Initiative and the ILO hosts its secretariat. A real partnership was formed within and beyond the UN family, forming a coalition of more than 19 UN bodies, international financial institutions and more than 14 development partners.

Social Protection Floors promote access to essential social transfers and services. At the International Labour Conference in 2011, tripartite delegates of the 183 ILO member States agreed upon the identity of Social Protection Floors:

“(...) social protection floors, contain(ing) basic social security guarantees that ensure that over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally defined minimum level. Social protection floor policies should aim at facilitating effective access to essential goods and services, promote productive economic activity and be implemented in close coordination with other policies enhancing employability, reducing informality and precariousness, creating decent jobs and promoting entrepreneurship.”

For the ILO, the vision of the floor, its political foundation, originates in the fact that some 75 to 80 per cent of the world’s population lacks access to social security. The basic aim was to secure a global consensus that a social protection floor was necessary in every society. If the objective is to overcome poverty, ways need to be found to adjust macroeconomic policies and extend protection according to national circumstances.

The ILO, in collaboration with the WHO and in the framework of the CEB Social Protection Floor Initiative, convened the Social Protection Floor Advisory Group in 2010, chaired by the former President of Chile Michelle Bachelet. It aimed to enhance global advocacy and provide guidance on the conceptual, policy and implementation aspects of such floors.

The Group was composed of distinguished participants from all regions with both political and technical backgrounds, including Eveline Herfkens who brings her vast experience in national political life and in the UN context – and I am so happy she could be here today.

The final report of the Group was launched in October 2011 and has become a major landmark in social protection – acknowledged by the G20 Summit in Cannes for example, and also by the UN System.

So this intensive process since 2009, launched from the ILO and which has received global support, has now returned to the ILO for discussion of the content of a possible global standard.

This is the institutional context at this juncture and the context for this meeting.

Let me say that the ILO’s standard-setting system operates through the adoption of Conventions and Recommendations. The former are subject to ratification by member States. The latter provide a framework for policy development.

Consequently, if adopted by our Conference, the Recommendation on Social Protection Floors will go a long way in helping to translate this concept into reality by establishing a common framework for its diversified national applications. And let me reiterate – the concept of a social protection floor will translate into different national applications according to national specificity.

The interagency cooperation continues very strongly. In this sense, I want to highlight the multi-dimensional role of such floors: they protect, they empower people to move into the labour market, they serve as economic stabilizers, and – as was seen in countries which responded to the crisis by expanding their social protection systems – they play a role in expanding effective demand. Increasing social protection for the most vulnerable makes an immediate impact on people’s lives and on the economy.

I believe that social protection floors will be indispensable in moving towards models of growth that are inclusive and just. At national level, tripartite social dialogue which also embraces all stakeholders in social protection is critical in shaping policy and its application.

Permit me to take a look at some broader realities of today which I think have to change if this Social Protection Floor initiative is to become truly embedded in our policies and achieve maximum impact.

The feeling has never been more pressing as during these last few years, that we are witnessing the closing of a cycle. We can see signs of a new era wanting to take hold, in the definition of policies, in

the patterns of economic growth, in the contours of globalization, in social progress, in geopolitical balances, in the incredible levels of inequality that have increased almost everywhere. In different ways and with different methods, people everywhere are looking for alternatives. Alternatives based on fairness, social justice, respect for the dignity of the human being, the dignity of work in society.

I must say that I believe that the close of a cycle has been in the making for some time. The global crisis has accelerated its unravelling.

There is an accumulation of unresolved issues, global in nature, seemingly too big to solve for the present governance arrangements, yet felt in every home, enterprise and country around the world.

There is a strong sentiment that powerful forces, often equated with globalization, are shaping our destinies from the very local up to the national, regional and global level. And that you can't do anything about it. Yet the fact is that you can.

The global crisis appears to have mutated into a new phase. Under the pressure of financial markets, some governments are being forced to adopt austerity plans hastily, without consultation, with enormous social costs. Latin America in the 1980s and Asia in the 1990s have been through this experience with the International Monetary Fund (IMF). Today it is Europe. We are seeing the impact of the policy choices.

We have already seen negative consequences for workplace relations through strikes, street protests, deteriorating social climates, and the spectre of growing societal conflict.

This trend is hazardous as it carries the risk of derailing, halting or even reversing the momentum for an already weak recovery. But equally and even more seriously, is its impact on the credibility of governments and political systems and their capacity to find balanced solutions to the present crisis. The fact is that policies being implemented have direct consequences for governments. People will react politically to reject policies perceived as being fundamentally unfair.

The AICESIS know the worries of society. You can channel them and help to find constructive solutions. This task will grow as the disconnect between people and governments grows.

Let me highlight some of the unresolved issues present today:

- First, a misplaced faith in the benefits of limitless financial and capital account liberalization and deregulation led to a fundamental disconnect and imbalance between financial activities and the real economy. This eventually was unproductive and destabilizing and led directly to the financial and economic crisis. The lack of appropriate regulatory and institutional structures is producing highly contagious financial volatility and shaking the foundations of real economy businesses and workplaces. An interesting figure: the combined assets of hedge funds reached over 2,000 billion dollars in 2012, a level reached by the GDP of only eight countries.
- Secondly a dearth of decent jobs exists globally with a record number of unemployed, at 200 million, and 400 million new entrants to the labour market by 2020.
- Thirdly, multiple signs of environmental pressures and extreme weather events causing direct economic damage and social strains, linked by and large to global warming.
- Fourthly, decline in trust and mounting frustrations among citizens, especially the young, with the political and economic establishment. In many places, representative democracy is being perceived to be hollow by people in the streets. They are taking participatory democracy into their own hands in the quest for inclusion. Global surveys show that

majorities in 17 of 22 countries believe that economic benefits and burdens are not fairly shared in their country¹; and the demand for social justice is expanding exponentially.

- Fifthly, global leadership and governance mechanisms basically seem unable or unwilling to come to terms with the many “too big to solve” issues. No global agreements have been reached in the areas of finance, trade, climate change for some time. There is a gap in leadership and people are feeling this at many levels.

I come back to you: all of these issues have both a global and national dimension. We are in between cycles and in a period of uncertainty. A new balance is still to be found. You can play a stabilizing role. You have the capacity to sense what is going on: will tensions produce an explosion, can the disquiet be channelled, can you find an institutional space for constructive discussion? This is the historical role that the AICESIS is called to play.

I see two major challenges in resolving these issues.

One is better integration between sectoral policy areas, in particular macroeconomic policies; finance, trade, labour and social policies, and environmental policies.

There are multiple trade-offs across these areas, but also many complementarities and mutually reinforcing synergies. In order to maximize the latter and minimize the former, and create more national and regional policy space, it is urgent to promote greater cooperation and coherence across global institutions and across ministerial areas of competence at the national level. This is work in progress. But we are late. We need a capacity for “integrated thinking” not just the sum of sectoral policies. It means taking some six to eight key policy areas and making the linkages, if different and better outcomes are to be secured. You have a role to play in this.

Major global challenges cross borders, with implications for all people and countries, and in various ways they are the second defining issue. This includes global public goods, from a development friendly global trading system, a financial architecture which promotes stability and is at the service of the real economy, to clean air, environmental sustainability, and health risks, to oceans, climate, safety, peace.

It also includes the spill-over effects from one country into others in what is today a highly interdependent global economy.

I am mentioning these interrelationships because the ILO’s Constitution states that “Poverty anywhere constitutes a danger to prosperity everywhere”. Likewise decent work, or its absence, is a contribution to global stability or instability. And this includes the application of global labour standards.

Democratic global decision-making in addressing global challenges, common to the whole world, is yet in its infancy. Current institutional arrangements and procedures chiefly around the United Nations, but also through the G20 group of countries, and private initiatives, do not fully respond to what would be required. There is agreement on exploring further alternative arrangements. A number of proposals, at various levels, have been made.

Again, work in progress but insufficient.

Why am I emphasizing these issues here? Because at the heart of it all is dialogue, meeting of minds, agreed approaches: consensus building is at the heart of future progress. It is, in essence, what you represent.

¹ GlobeScan and BBC World Service: Economic System Seen as Unfair: 25 April 2012

Dialogue for action at all levels, social dialogue, political dialogue, community dialogue, international dialogue from subregional to global, will be essential.

But, as we know well, dialogue is built on trust and stable relationships, and both are in flux – the growing disconnect between citizens and governments is one example. Economic and Social Councils play a key role in dialogue – a preventive and a channelling role. The AICESIS, national Economic and Social Councils and other national tripartite bodies have a key role to play in this era of uncertainty and social malaise and in charting a different and better path in which economic and social policy goals complement and do not contradict each other.

Internationally, power and influence are shifting. Right now, for example, there is no country or group of countries capable of exercising policy leadership. The crisis experience was differentiated – emerging countries came out of it better than the developed world. They made their own decisions on how to respond. It reflects a new attitude. And in this complicated situation, a new balance is yet to be reached.

To conclude, let me reaffirm the role of social dialogue as a valuable instrument for promoting social stability.

And let me thank you for being here today.

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