

**ILO Director-General Juan Somavia
acceptance speech upon receiving the
Doctorate Honoris Causa
from the University of Kassel
3 March 2009**

President of Kassel University Dr. Rolf-Dieter Poslep,

Mayor of Kassel, Bertram Hilgen,

My Dear Friend HeideMarie Wieczorek-Zeul

Dear Profesor Ernst von Weizsacker, founding President of Kassel University,

Professor Kibele, Dean of Studies of the Faculty of Social Sciences,

Dr. Gunther Horzezky, State Secretary for Labour and Social Affairs,

Sir Roy Trotman, Vice-Chair of the ILO Governing Body,

Members of the Faculty, Students,

Distinguished Guests, Dear Friends,

Thank you for honouring me today. It is a privilege to be here for this significant occasion, so dear to me personally. A recognition that touches me deeply. Thank you so much.

It is tremendously energizing to be in Kassel with you. The campus has grown out of the grounds of a former factory. This symbolizes the capacity of the human spirit for regeneration and transformation. It also reflects the spirit of your region. It thrives on industry, entrepreneurship, education and academia, international cooperation; the very ingredients of development. With youthful vigour, your University is responding to the issues of the times in many innovative ways. Notably through interdisciplinary learning, meshing technology, the environment, arts and social sciences. Integrated and multicultural thinking is the foundation of the future. All problems are interconnected. All societies are interdependent. What better example than the innovative Global Labour University involving trade unions and academic institutions around the world. The ILO has been pleased to be a partner since 2004. Through the master programme for trade unionists and the research it supports, it is an important avenue for strengthening the capacity of workers and their organizations to reinforce their struggle for social progress. Today needed more than ever. I commend your partnership within Germany, and with Brazil, South Africa and India. You have all my support for your initiative for an

International Center for Development and Decent Work. I hope that you will receive the necessary backing.

Dear Friends, The ILO speaks for the real economy. Our voice stems from the life experience of our constituents, governments, employers and workers, throughout the developed and developing world. The ILO – perhaps more than any other organization in the multilateral system – is based on the dynamics of social change, what actually happens in the economy and society. Our values are clear and our policies are shaped by its tripartite membership rooted in enterprises and workplaces. While today's honour is conferred in my name, and I am speaking in my name, I accept it also on behalf of this unique institution that I am privileged to lead.

Dear Friends, My presentation centres on social justice. Basically two points:

First, how do we ensure that, today, policies to address the global crisis respond to people's uncertainties and insecurities and understand the growing anger out there. That policies are based on social justice. We face the danger that leaders will concentrate only on refloating the economy, recovering some levels of growth, declare victory, and then go back to business as usual. We must not forget that there was a crisis before this crisis. We must ensure that the policies of today open up avenues for a world of more social justice, of global social justice, with greater respect for human dignity, the environment and the needs of development. And,

Second, how to extricate social justice from the suffocating grip of a globalization model that fosters inequality and has become morally unacceptable and politically unsustainable – as the World Commission on the Social Dimension of Globalization stated already some years ago. The crisis of today only confirms this. We must construct the building blocks of a fair and inclusive globalization for the future. A new model of globalization. As always, we will be told it is not possible. Don't even think about it we'll hear. And we will respond that we will persist, that we won't give up, that the spark of dignity in the human spirit, can be contained, even momentarily defeated, but it cannot, it can never be destroyed. The only history that makes sense, and is worth fighting for, is one that delivers peace and social justice. This is my belief. This is my struggle. This is my commitment to you and the young students of this university upon receiving your doctorate Honoris Causa. In many

ways, I also feel you are honouring all those that have dedicated their lives – even sacrificed their lives – to the struggle for social justice.

Let me address the crisis. We meet at a time when so many things, so many certainties, are falling apart, causing hardship and frustration to billions throughout the world. Fuelled by a global financial meltdown and an expanding global economic recession, forecasts suggest at best stalled growth for 2009. Recovery is still a distant prospect. We witness a social crisis that, if not checked, will become a social recession of major proportions. Last January the ILO forecasted that by end 2009 world unemployment could increase by 50 million over 2007 reaching 230 million; and the numbers of working poor by 200 million; absent strong countervailing measures. Fragile social progress achieved at pains over years is in a matter of months at risk in so many countries. The progress in poverty reduction and the Millennium Development Goals are backsliding and middle classes everywhere are weakened. The crisis is exacerbating economic, social and political tensions that existed before. These are now threatening global stability and peace. Security risks are emerging in the horizon. People, families, and communities did not create the crisis and yet they carry the highest human costs. And they are legitimately protesting. People don't understand – I think that most of us still don't understand – how the combination of irresponsibility and greed with misguided economic ideology could drag the world down in this way. Worse still, many feel the policies being put in place do not address their problems. As somebody said to me "billions for banks, pennies for people." There is a responsibility to protect. There is also a responsibility to prevent. How governments and business manage the social challenges of the crisis will fundamentally shape their image in society towards the future. After so much talk of corporate social responsibility, this is now delivery time. And so it is with governments. People must trust that they are doing the right things by them. Governments are understandably concentrating on getting the banking system and credit flows going again, without much success for the moment. But meanwhile people are suffering. We need social justice now. We need international coordination that reaches beyond the inward-looking policies of today. They have the seeds of anti-migrant attitudes and closed doors economic policies. We must deal with the social problems of the crisis with one eye on social justice now and another on a more stable future. To do so, I believe that we must focus on three key international

understandings based on policy convergence and international cooperation with a sustainable development approach:

One, put in place urgently a social protection floor for the most vulnerable, adapted to the diversity of situations in different countries, covering health, education, housing, food and income transfers. Development cooperation should be available to the poorest countries. The IMF, the World Bank and all United Nations organizations must work together to support this objective.

Two, agreement on a global jobs pact to protect and promote job creation. It would span employment intensive infrastructure investment, active labour market policies and support for the millions of small and medium enterprises. We must ensure a productive recovery through the promotion of sustainable enterprises. Now is the time for stimulating a greening of production and consumption – with public and private investments and incentives for new technology and clean energy packages.

Three, a global commitment to respect the 1998 ILO Declaration on Fundamental Principles and Rights at Work stating that the crisis is a moment to reinforce workers' rights, not to weaken them. This includes a decision to foster much more social dialogue and collective bargaining by which enterprises and workers can find together the best options to address problems in their own enterprises or sectors as well as regionally, or nationally. The stabilizing power of dialogue in crisis conditions is irreplaceable. These are the pillars of the ILO Decent Work Agenda, rights, employment, protection and dialogue, taken together to broaden the opportunities for all women and men to obtain work in conditions of freedom, dignity, security and equity. It was conceived in normal times to promote a better distribution of the benefits of growth and productivity. Today, this is also an agenda of response to the crisis as seen from the perspective of people. These are issues that the next meeting of the G20, the different organisations of the multilateral system and the General Assembly of the United Nations should work on together, urgently. Getting a balanced set of agreed international priorities is the biggest test that global governance faces today. Now in facing the future, we must remember there was a crisis before the crisis. I now turn to my second social justice point.

We need to replace a certain model of globalization; a model which overvalued the market; undervalued the role of government and regulation; and devalued the dignity of

work, the welfare function of society, and the protection of the environment. In the process the development agenda never became a true priority. Politically and philosophically the ILO was inherently ill at ease with this model. The ILO's very history pleads for markets underpinned by a strong ethical and regulatory framework, developed in a tripartite manner through international conventions freely adopted by countries. Its Constitution speaks of social justice; of ensuring a just share in the fruits of progress to all; that labour is not a commodity. And the ILO has always believed in open economies and open societies. The ILO has been an early and consistent critique of the model. In the 1980s, it warned against capitalized private pension funds as the only option; In the 1990s, the ILO was an active participant in the World Summit for Social Development in Copenhagen. I had the honour to organize and chair its preparatory committee. There we forged a consensus that economic growth had to result in social progress if growth and globalization was to be sustained. There, the global acceptance of a set of core labour standards was born.

In 2004, the ILO-convened World Commission on the Social Dimension of Globalization sounded a global alarm bell arguing that globalization needed a strong social dimension; this was exactly five years ago. Now, the time has come to agree among all countries of the world on a global framework for a fair and inclusive globalization which would permit a balanced and sustainable economic, social and environmental development. It would constitute the foundation of a new balanced system of global governance. Such a framework would include:

- the dignity of work through the Decent Work Agenda in its four strategic dimensions;
- priority to productive investment and sustainable enterprises, with the financial system at the service of the real economy;
- a social floor of empowerment and protection for all ensuring against risks and hazards, and nurturing the capacities to seize opportunities;
- a progressive greening of production and consumption;
- expanding domestic markets and local purchasing power, not only export markets,
- strong development cooperation, particularly for low income countries,
- a new United Nations Social and Economic Security Council,
- a continuing commitment to gender equality.

Such a policy agenda requires a new balance between:

- the function of the market in allocating resources and promoting efficiency through competition;
- the role of government in correcting the imbalances and excesses of the market, providing education and a basic floor of protection and opportunity to all; and
- a vibrant civil society rooted in representative democracy that empowers people, with strong employers' and workers' organisations.

A global coordinated strategy to raise living standards through these balanced economic and social policies would build on the positive gains of competition through innovation and efficiency and guard against the negative effects of destructive competition. This vision is possible. It is realistic. It needs strong political leadership. But it will face resistance and obstacles. Let me address some of them. For example, the unrealistically high returns pursued by financial markets pressured companies in the real economy to do the same. This has led to a constant compression of costs, demands for greater flexibility in labour regulations and a weakening of trade unions. As a result the share of wages in national income has declined consistently in most countries, weakening aggregate demand and domestic markets. At the same time, an abundance of liquidity maintained interest rates very low for a very long time. In the absence of growth in salaries equivalent to productivity, it fueled consumption through debt. So we need to come back to basics. The notion of a fair share for workers in the fruits of progress is economically and socially sound; fundamental rights at work are essential to empower trade unions to negotiate wage increases that are linked to rising productivity without undermining competitiveness. Social justice and democracy are closely intertwined with broad based aggregate demand, the foundation of social stability, rising living standards and a growing middle class.

Another example. Take regulations and government. For decades we have been hearing that government is the problem and not the solution; that public servants are just bloated bureaucracies; and that deregulation is always the best policy. In fact, regulation and deregulation are pragmatic tools to be applied when and where needed. When deregulation is converted into the only sensible policy, it becomes an ideology. And now, when governments are forced to become, overnight, a central actor in the response to the crisis, we see how installed capacities have been weakened. Rebuilding state capacity,

including with regard to labour markets and social dialogue, is indispensable. Of course, we need efficient and effective bureaucracies. But, we are paying a very high price for the ideology of weakening public service.

From another angle, the market economy has lost its ethical compass. A culture of anything goes, of cutting corners, of catch me if you can, has prevailed. This is contagious; it is nefarious and socially destructive. Society is one; rules apply to all. A sense of responsibility must prevail in all, including in the world of work; in enterprises, and workers. You cannot build peace and stability on shifting moral grounds, nor fair markets without ethical standards. The very existence of the ILO reflects the role of work in achieving social justice as a fundamental condition of universal and lasting peace. The ILO's Constitution of 1919 imagined a construction founded on national action guided by international agreements in the form of voluntarily ratified and applied labour standards. International action was perceived as instrumental in offsetting the risk of failure to uphold standards in one country which could undermine efforts elsewhere – Poverty anywhere is a threat to prosperity everywhere, says our Constitution. With the acceleration in international trade and capital flows in the early 1990s contrasting positions emerged which led to the recognition that ILO and WTO had two distinct and equally legitimate mandates. Today an entirely different landscape has emerged. Major milestones were the 1995 Summit on Social Development, the ILO 1998 Declaration on Fundamental Principles and Rights at Work; the Decent Work Agenda that placed labour standards as a development objective; and now the 2008 Declaration on Social Justice for a Fair Globalization. It states in particular that: “..the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes.” Today, it is possible to make this tripartite agreement of the ILO a common policy of the whole international community. Universal ratification of ILO fundamental standards is within reach; only a handful of countries have yet to ratify the eight Conventions, 10 to 30 according to the convention. In consequence, more countries are turning to the ILO to seek assistance on the application of ratified Conventions. And this demand will rise with the crisis. As a result, it is necessary to strongly reinforce the capacity of the ILO to assist countries and its constituents with the application of labour standards. We must also strengthen the ILO's capacity to follow-up with each country on the decisions of the ILO's

Freedom of Association Committee and those of the Committee on the Application of conventions of the International Labour Conference.

Dear Friends, I strongly believe in the power of ideas. Fair globalization, decent work, a green economy, global governance, are powerful ideas; ideas for our times, charting a practical, feasible, agenda. An agenda with immense benefits for all. Now is the time to think boldly. History advances in leaps and bounds, usually at the time of a major crisis. There is a unique opportunity to build something new. Not to turn our backs to the recent past; but to shape things in such a way as to produce different outcomes. A new chemistry. Already we see that many ideas deemed unthinkable only a few months ago are now part of the mainstream toolbox to respond to the crisis. And this reminds me of German history. You have been pioneers in social policy. Bismarck in the 19th century with social security. Adenauer in the 20th century with a social market economy. And I can attest personally to the very active role of Angela Merkel and Franz Münterfering in promoting the need for a social dimension of globalization. I invite you all to take up that banner again in the 21st century. Thank you for your support. A better future can begin today. The times are ripe for a different globalization; a new model based on a reordering of priorities.

- Placing decent work for all working women and men at the centre;
- Combining production and consumption with sustainable energy use;
- Putting finance and trade at the service of employment, social protection and development. Not the reverse.
- Maybe it's the pursuit of a global social market economy based on social justice.

Dear Friends, Universities and academia are essential allies in shaping the ideas for the future. Policies are not abstract entities, they are shaped by people and circumstances, and they chart the courses available to people. And that is why I am so proud to be here today. Let me honour the University of Kassel for its innovations and creativity, particularly the Global Labour University. Let me honour you as you honour me. And as I accept, in all humility, the immense distinction you have bestowed, and the enormous responsibility you have placed on me, by declaring me Doctor Honoris Causa of the University of Kassel. I will do my utmost to live up to this trust.

Thank you.