

New York December 11. 2007

Michael Sommer

Overcoming the Legitimacy Gap of Globalization by Promoting Social Policies and Decent Work

**Madam Dr. Migiro, UN Deputy Secretary-General,
Honourable Excellencies,
Dear Guests,
Ladies and Gentlemen,**

Happy and honoured to share these moments with you, I want to thank the Friedrich-Ebert Foundation and my friend Jürgen Stetten to have organized this meeting and given me the opportunity to develop some reflections from a trade unionist's point of view on a strategic issue of present world affairs.

It's the contradiction of our times: on one side globalization provides economic dynamic and wealth, but is felt on the other side as an ongoing attack against the welfare state and against – what we call in Germany – the social market economy.

It is a contradiction, that the world becomes closer and closer and prosperity seems at hand, but the social gap between North and South and between the rich and the poor becomes deeper and deeper.

We as trade unionists have a simple sounding answer to overcome the challenge and resolve the contradiction: we must construct, better we have to reconstruct the globalization socially.

It's not the question of being in favour or against globalization, globalization happens and is nothing new.

But what we need, following the conclusions of the World Commission on the Social Dimension of Globalization, is a fair globalization with opportunities for all.

In her speech, Dr. Migiro referred to the endorsement of the 2005 World Summit of the strategy of decent work for all, developed by the ILO as a comprehensive concept and agenda since the late nineties.

This concept has captured attention around the world as a viable objective that can make a significant difference to people's lives everywhere, and which can help to bring our diverse and often diverging world together.

Last but not least the G8-Summit in Heiligendamm this year under German presidency committed itself explicitly to promote decent live for all in it's four inseparable pillars:

- **respect for core labour standards,**
- **decent employment for all, including for women and young people,**
- **strengthening social security**

- and fostering social dialogue.

These conclusions of the most powerful global players are, modestly spoken, even the result of sound consultations of the president, our chancellor Ms. Angela Merkel, with the trade union leaders of the G8-countries, the general secretary of the ITUC (International Trade Union Confederation) and with the general director of ILO, my friend Ambassador Juan Somavia, one of the predecessors of our brilliant chairman, Ambassador Heraldo Muñoz.

The international acceptance of the decent work strategy opens a window of opportunities, as it provides political options that might offer effective responses to the effects of globalization.

The international trade union movement will not waste this opportunity, as it may not come along again for quite some time.

Last year in November we founded the new world wide trade union centre, the International Trade Union Confederation, not only as a merger of two traditional international trade union organizations but even with the inclusion of former independent unions from all over the world.

I'm now on the way to Washington, where we will have the next Executive Council Meeting of the ITUC, that will discuss profoundly the strategies to create a new internationalism of the trade unions in front of the challenges of globalization.

With the decent work concept as a sort of framework and guideline for our debates we have to develop our capacities to master better than in the past the following agenda:

- globalization and the transformation of investment and employment structures;
- how to combat poverty, discrimination and social exclusion in working place and society;
- modernizing the governance of the world of work with sound industrial relations systems;
- looking for the impact of decent work on the international development agenda.

These are the challenging questions and our answers have to lead to the following aims:

- a balanced approach to sustainable development;
- more coherent policies for trade, finance, investment and employment;
- promoting socially just transitions to green jobs;
- stopping the wage squeeze and the increase of inequalities that threaten social and economic stability.

We need nothing less than an integrated strategy across social, economic and environmental dimensions.

The international system, including the United Nations and the ILO, has not yet built the strong synergies and coherence between social, environmental and economic sustainability.

There is a painful gap between declarations and commitments on paper and the little progress that has been made in terms of policy convergence and practical results.

There is a strong evidence: market-driven economies, without effective public policies and strong social partners, do not automatically promote social inclusion, nor do they create enough routes to productive and decent work for the disadvantaged.

There is a strong evidence: unregulated markets do not internalize environmental costs or reflect them in price structures.

There is a strong evidence: social inequality within and between nations, exacerbated by the uneven distribution of the benefits and costs of globalization, is the main threat to sustainable development.

There is a strong evidence: financial conditionalities, imposed by the Bretton-Woods-Institutions, have been implemented in such a way that they have added to social and political instability in too many countries and have set back efforts to follow a path of equitable and sustainable development.

There is a strong evidence: the labour share in national income is declining, while that of profits is rising in most countries.

Our goal, therefore, must be to develop coherent policies for investment, growth and employment which ensure that the global economy, as well as the national economies, follow a path of sustainable and well balanced increases in productivity and employment.

Against the mainstream thinking of the last decades we, therefore, insist: it is necessary to strengthen the capacity of States and governments for action in social, economic and environmental policies.

Against the mainstream thinking we insist: it is necessary to strengthen the capacity of the International System to establish binding rules for global players, states and enterprises not only for fair competition, but more for respect of human rights, social standards and the protection of our environment.

Against some mainstream thinking we insist: it is necessary to strengthen the capacity of the social partners, trade unions and employers, and civil society for cooperation.

Ladies and gentlemen, my arguments are reflections of the debates in the international trade union movement, in the ILO, my own organisation DGB, the German Confederation of Trade Unions, proved in discussion and dialog with employers, politicians, governments in Germany and abroad.

I am grateful for this opportunity of discussion in this informal but splendid round table.

Thank you very much for your attention.