

Key-Note Address Maria van der Hoeven “Just Jobs”

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Introduction

Ladies and Gentlemen,

- The Netherlands is a small country, that benefits greatly from globalisation. As an open economy, we have always profited from open international economic relations. That was the case 400 years ago, when in what is now New York the Dutch settlement the New Netherlands was established. And that remains true until today. We may be the 16th economy in the world measured by GDP. But we are the world's 5th exporter and 6th largest receiver of foreign direct investment. As an investor abroad we take the 5th position. Here in the US, the Netherlands is the third largest investor, whereas for US firms the Netherlands is the first most important country to invest in. Exports from the US to the Netherlands, combined with Dutch investment in the US, make up for 850.000 US jobs. And indeed it is jobs that we are talking about to day in this seminar.
- But let's be fair: globalisation does not work out for every country and not for everybody. Large parts of the world population have not been able to profit from world wide economic growth. And recently, the economic and financial crisis has led to vast job losses in both the developed and developing world. Recovering employment is therefore one of the main challenges we face in combating the current crisis.

Need for sustainable and balanced growth

- This is why at recent summits G20 leaders pledged for economic growth that is both sustainable and balanced. For sustainable and balanced growth is what we need to avert new, destabilizing booms and busts.
- At the Pittsburgh summit G20 leaders also acknowledged that the majority of the world population, over 4 billion people, are still insufficiently integrated in our global economy. This is caused by a lack of education, capital and technology.
- And this is why this seminar is called 'Just jobs': we need more jobs, but not only jobs, we need jobs that are sustainable, jobs that are just.

Ladies and gentlemen,

- The Netherlands feels that globalisation should lead to higher welfare and higher living standards world wide. We must reduce inequality between rich and poor.
- As the Minister of Economic Affairs it remains my strong conviction that there is only one way to do so. This way is making developing countries profit from world wide trade and international investment. Trade, income growth and job creation go hand in hand. Not only now, but also in the future.
- An important issue that I feel has received insufficient attention is the responsibility of companies: Corporate social Responsibility, abbreviated as CSR. In my opinion CSR is an important way to a higher quality of jobs. And to a higher quality of production
- Please let me first deal with the advantages of globalisation and then focus on how my government together with Dutch companies promotes corporate social responsibility.

2. **Balanced growth: Reduction in poverty thanks to globalisation**

- UN figures show that poverty declined by globalization. In 2009 the UN reported that poverty reduction has been among the most successful Millennium Development Goals: “those living in extreme poverty in developing countries accounted for slightly more than a quarter of the developing world’s population in 2005, compared with almost half in 1990.” A comforting thought, after more than 25 years of globalization.
- The UN has also shown us that poverty among employees has declined. Between 1997 and 2007 the rate of employees living in extreme poverty declined from 41 to 27 percent. Which proves that people in developing countries do not suffer from lower incomes through globalisation.
- The opposite is true: due to the crisis and due to the collapse of world trade, the UN has estimated that in 2009 an extra 55 to 90 million people entered extreme poverty.

Differences between developing countries

- Yet, a joint ILO/WTO report written last year shows large differences between countries. It seems that integration in the world market does not automatically lead to less inequality.
- Figures of unemployed people living in extreme poverty in East-Asia (i.e. China) indicate extreme poverty declined from 38% in 1997 to 11% in 2007. Meanwhile labour productivity in these countries increased by over a 100%. And if we look at Sub-Sahara African figures, the number of people living in extreme poverty declined by a meagre 8 percent. It was 64% in 1997. And in 2007 it had only declined to 58%. During the same period, labour productivity only increased by 25%.

Let's share benefits and burdens and let's together build capacity

- To eliminate this inequality, we need joint efforts of both developed and developing countries. Countries should share benefits and burdens. For at the end of the day, globalisation leads to new sources of demand and a more competitive global playing field.
- Developing countries should work on better institutions to protect their populations and to improve their wealth distribution. At the same time, developed countries should help developing countries to expand their employment and to improve social protection.
- With regard to the latter -social protection- as many as 75-80% percent of the global population does not enjoy social guarantees yet. Which means they are not able to deal with unacceptable risks inherent to everyday life. As a result of the economic crisis, this number has increased in recent years.

3. Sustainable growth: let's encourage CSR

- Let me say a few words on how my government and Dutch companies co-operate on promoting corporate social responsibility to improve better production and better jobs elsewhere.
- My government has taken a number of initiatives to promote international CSR. By doing so, we try to improve the quality of jobs elsewhere.

- First, we invite all OECD countries to join in an effort to truly reform the OECD guidelines for multinational companies. These guidelines are the Constitution of international CSR and comprise all important ILO standards, human rights conventions and environmental conventions. Discussions have started this year. We have a serious chance to improve the effectiveness of these guidelines.
- Secondly, the Dutch government wants to set a good example by being an international leader and requiring government procurement to be 100 percent sustainable from 2010. The government has an important role as a purchaser.

Thirdly, I am currently investigating if Dutch parent companies can be held legally responsible in the Netherlands for violations of internationally recognized human rights, labour and environmental standards by their foreign subsidiaries. To give you a concrete example: can Indian, Nigerian or Columbian victims of international human rights violations take legal action in Dutch courts? I am not saying they should be able to. But I do think it's important to look at this question and explore international best practices.

Fourthly, as a government we give guidance and information to companies. As for child labour, we look at a list prepared by the American Administration of high-risk products. If I am correct, deputy Under Secretary Polaski is directly involved. Products on this list are likely to be made with child labor or other forced labor. I am looking at how to translate US best practice to our Dutch situation. And we have also asked the EU to study how to implement this at the EU level. I do not only mean translate - that would be too easy. But also want the list to be adapted to the Dutch situation in order to provide more guidance to companies.

Ladies and Gentlemen,

- CSR pays off. Applying CSR principles to the entire value chain optimises production and increases competitiveness;
- By imposing high standards to ourselves, Dutch companies and other companies in developed countries, can set examples for the rest of the world. Thus, we spread an international rules-and-norms based trading system.
- By now 15 Dutch companies have been listed on the influential Dow Jones Sustainability Index. One of them, Triodos Bank has been ranked as the world's most sustainable bank. But also KLM, Unilever, AkzoNobel and Philips rank among the top companies on the Index in their industries.

Conclusion

Ladies and Gentlemen,

- This crisis has affected many people, both in the developed world and – even more so - in the developing world. Millions of jobs were lost as a result, and also, the quality of jobs and poverty worsened as a consequence.
- Many believe that globalisation that globalisation is to blame for that. Many believe that globalisation automatically implies a short-term, narrow focus on financial gains. And indeed this crisis has illustrated quite dramatically what happens when responsibility and sustainability are disregarded. In today's markets often-times short-term economic profit is what dictates behaviour. Especially in the world of banking little attention was paid to longer-term consequences of risk-taking lending and investment.
- Globalisation, however, does not necessarily lead to a race to the bottom. Instead, it could open up a race to the top. It is possible to combine economic growth and competitiveness, with a strengthening of our social system –in developed and developing countries- and the environment.
- Trade has proven to contribute to economic growth and employment, also in developing countries. I consider this a very important tool to achieve more income worldwide. But the fact remains that now is the time to think about a fairer distribution of the pie. Developed countries should engage in burden-sharing to alleviate poverty and under-development in the Third World.

- Wealth disparities within national borders should be tackled by redistribution. This is the responsibility of developing countries themselves. Of course, there is a role for developed countries to help them build the capacity needed.
- It is my opinion that the social dimension of employment, is a concept we need to discuss further. The issue of social protection will be on the agenda of the International Labour Conference, in 2011.
- I also want to ask your attention for the conference in the Hague on May 10 en 11th – the Global Child Labour Conference, organized by the Dutch Ministry of Social Affairs and the ILO. During this conference we will discuss how to reduce child labour and to how to work on a world free of the worst forms of child labour by 2016.

Ladies and Gentlemen,

- These are difficult times, with so many families all over the world being affected by the crisis. And these are therefore the times to act together. To create jobs. According to the ILO the combined crisis response of the G20 countries has helped to save 21 million jobs. But also to create better jobs, that are more sustainable. Not just jobs, but just jobs. The Netherlands is strongly committed to make sure that we move in that direction. I look forward to discuss these issues further with you today.

I thank you for your attention.