

STATEMENT BY THE MINISTER OF LABOUR, EMPLOYMENT AND SOCIAL  
SECURITY OF ARGENTINA

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High-Level Roundtable on Employment and Industrial Relations:  
Promoting Responsible Business Conduct in a Globalising Economy

Mr. Secretary-General of the OECD, Angel Gurría.

Distinguished panel members,  
Officials of both organisations,  
Ladies and gentlemen,

In Latin America the situation right now is highly auspicious with respect to its political and economic variables. Its democracies are demonstrating unprecedented durability and continuity. The economies of the region are gaining strength under new patterns of growth, which are posing a key question: can we conceive of an economic development model that relies on labour as the source of progress and social integration? With some shadings of emphasis, most of our interlocutors from European and the United States will give a rather negative answer to this question.

Yet in Argentina, and I dare say in Latin America, development and civilised modernity are not going to come about through the "end of work" but rather through the promotion of work. In saying this, I recall the words of Ralph Dahrendorf, a contemporary thinker, to the effect that governance and social order are unthinkable without an offer of work that is economically useful for all.

As the ILO has reminded us, there is a recurrent theme in the world that amounts to a universal aspiration, and this is the need to make decent work a reality for all. There can be no doubt that this is a challenge for governments all over the world that are seeking to promote decent work as a fundamental tool not only for building cohesive societies but also for consolidating democratic governance.

The Government of Argentina has introduced this concern in the context of the United Nations Millennium Development Goals. We are convinced that work is the fulcrum of a programme for economic growth with human and social development.

It is also an enormous challenge for the private sector, for which it represents at the same time an opportunity to construct a pattern of competitive economic development in a global context. And, I should add, it is a particular challenge for human resource management in a sustainable firm.

Sustainable firms view people as a source of competitive advantage and they treat their employees as agents of positive change. We share the conclusion that business productivity depends increasingly on workers and on their companies' human resource management

Yet growing economic globalisation has had adverse fallout for workers in most countries of the world, especially the less-developed ones, which include those of Latin America. Declining labour standards, employment instability, low wages, the lack of social protection, long working days, and the exploitation of child labour are just some of the most alarming results of the neoliberal policies that have been applied in my region.

Inequity is not just an ethical issue; it is also one of the greatest barriers to economic and social development.

Market institutions have betrayed serious shortcomings over recent decades in correcting these social imbalances. As early as 1944, the Philadelphia Declaration insisted that labour is not a commodity. Today there is a renewed worldwide consensus around the notion that there can be no fair globalisation with decent work.

Corporate social responsibility or “CSR” policies constitute an interesting strategic response by the world’s private sector to the challenges posed by globalisation. The growing interdependence of markets, communities and people is such that a business vision focused solely on profitability is now too narrow.

Businesses can no longer hope to create long-term value without taking into account the social, economic and environmental impacts of their activities, for it is their management of these impacts that will allow them to reduce costs and control risks.

The shifting perception of the role of business that underlies CSR responds to the central message of sustainable development, the principal tenet of which is that the objectives of economic growth, social cohesion and environmental protection are intrinsically interrelated.

The international community has some very useful instruments that can reorient business activities, and those instruments are the focus of our attention today.

We have before us the opportunity to compare, debate, analyse and develop the contents of two very important instruments: the OECD Guidelines for Multinational Enterprises, to which Argentina has subscribed, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, adopted by the ILO Governing Body at its 204th meeting in November 1977. Both of these were revised in 2000.

When we compare the Guidelines and the ILO Declaration what stand out are their points of coincidence.

The OECD again takes up the values of freedom of association, the right to collective bargaining and, as an indispensable prerequisite, the right to information. It also insists on the commitment that all multinational enterprises must assume with respect to their economic, social, labour and environmental surroundings, because of the high impact of their presence on the host country.

One point in common between the OECD guidelines and the ILO declaration has to do with the voluntary nature of corporate social responsibility, and the voluntary nature of the guidelines.

This brings me to the value of consensus and the value of the ILO methodology for ensuring compliance with its standards and decisions.

Consensus must be accompanied by political will, and political will in turn must be accompanied by clear objectives about what we want to achieve and what we must achieve in order to have a world that is fairer for everyone.

I want to point out that, while the general principles of CSR are set out in this framework of international initiatives, their contents cannot be the same in all countries of the world. The need to adapt CSR to the conditions in which each nation is developing explains why in Argentina the contents relating to the labour dimension have been receiving increasing attention in the agenda for public debate, along with the importance accorded to work in the definition of national economic and social development policies.

In the labour field, it is clear that, with the convergence of globalisation and the restructuring of production and distribution systems, the indiscriminate liberalisation of trade, both regionally and globally, the flexibility policies that have been adopted over the past decade, and the failure of the State to fulfil its supervisory role, the result is that labour standards and working conditions have deteriorated.

Thus, since May 2003 we have been working to raise awareness and to promote strict respect for the principles of decent work in all firms, regardless of their size or sector of activity, in order to pursue a sustainable path in this globalised world.

However incipient or relative it may be, the notion of CSR is a useful one for moving forward with equity. It is universally accepted that the socially responsible enterprise will not use layoffs as a first resort for reducing costs. Nor will it confine itself to complying with international labour rights incorporated into national provisions, but will instead invest in training its workers and improving working conditions. It will allow its workers to organise, and will not discriminate in any way. Its pay, benefits and career policies will be designed to upgrade the skills of its workers and allow them to achieve their full potential. It will also take great care to ensure health and safety in the workplace.

These basic points of departure and this respect for fundamental labour rights are essential of course, but in our country and in our region the scope of informal employment is still one of the most serious problems facing the labour market. And the other great social deficit that must still be addressed is to make more employable those workers who find themselves unemployed or working in marginal or low-productivity jobs.

In Argentina, the Ministry of Labour has spearheaded the "Network for Corporate Social Responsibility and Decent Work" to promote a culture of quality in work and to foster social dialogue as a condition for developing an inclusive, sustainable and competitive economy. The Network embraces more than 100 leading business firms and associations, with the support of public and private universities and academic institutions and civil society organisations, and the sponsorship of ECLAC, UNDP and ILO.

It seeks to raise awareness among the social partners by championing the concept of a sustainable enterprise that strives to internalise policies to promote decent work through a combination of government policies and social responsibility policies embodied in innovative programmes that are jointly designed and implemented. This represents a new approach to managing public policies by fostering private-public synergy that will take us beyond the old confrontations between State and market.

After nearly 3 years, this network of social stakeholders succeeded in putting together a Commitment to Corporate Social Responsibility and Decent Work, which it signed in 2007 in the presence of the President of Argentina, with the intention to move beyond mere compliance with labour legislation and to give explicit recognition to the ethical dimension of labour relations, and to promote more and better work with equal opportunities.

The Network has mounted a programme targeted at young people from vulnerable groups, by offering them opportunities to complete their studies and to acquire vocational training certified by the State and by the member companies, while our Public Employment Office and society organisations act as a national platform for labour intermediation.

At the same time we have designed, jointly and on the basis of a shared vision, a manual to encourage industries to adopt minimum contracting and procurement standards that will ensure respect for labour and social obligations, with a system of audits to assess the performance of suppliers and contractors, as well as the design of a programme for training suppliers. The insistence on high-quality products and services must be accompanied by high-quality employment.

On another front, we are working jointly with the business and labour partners to develop a collective bargaining model that will improve the contents of agreements and facilitate dispute settlement through a training programme for union and business negotiators, focused on building trust.

After three years of intensive effort by the Ministry of Labour and other areas of the national government to encourage corporate social responsibility, our society is beginning to realise that the development of productive strategies to generate high-quality employment is the engine of business and national development, and that measures of inclusion for workers marginalised by unemployment and job insecurity are one of the main indicators of this social responsibility.

To date, the CSR agenda has been shaped by multinational enterprises, consumers, investors and governments in the industrialised countries. According to a World Bank report, however, it has not been incorporated to the same extent into the public sectors of emerging countries. Yet it is in those countries that this agenda is of the greatest importance. And that is why we are here.

It is quite reasonable for OECD governments to urge their businesses to observe a set of recognised principles and standards wherever they operate, but what is important for our emerging countries is the recommendation to encourage their local managers or business partners, including distributors, suppliers and subcontractors, to apply the principles of responsible corporate conduct.

In large firms, and especially in multinational enterprises, the concept of decent work needs to be re-emphasised, recognising that the influence and power of this business dimension will have an influence not only on direct labour relations but on the entire value chain, on the local economy, and on the quality of life for all or a portion of the population.

When people in the home countries talk about outsourcing, they are referring to a virtuous kind of outsourcing based on specialisation which will raise quality standards. On the other hand, I am sorry to say that when those same firms operate in emerging countries, outsourcing frequently means insecurity. I am referring to the evasion of minimum standards, cost-cutting in the worst ways, and the degradation of working conditions.

The effect of these practices is to transfer labour risks to the subcontracted party, just as happens with environmental risks. That obliges us to maintain joint liability ["juridical solidarity"] as the only way to control risks.

How much better it would be if we could achieve the desired objective through voluntary observance of the OECD guidelines and the recommendations in the ILO's Tripartite Declaration on Multinational Enterprises!

The message we want to transmit to leading businesses, then, is that we expect them to make a special point of telling their distributors, suppliers and contractors about their values and codes of conduct as guiding elements. They must hold those parties to the same principles of social responsibility. They must insist that those parties observe the same patterns of conduct towards their workers, and they must monitor compliance at every stage of the value chain and throughout the world.

For a long time now the executives of leading companies have been aware that improving product quality has the natural and inevitable effect of improving productivity.

Now, recent ILO studies show that improving the quality of working conditions can also have a highly positive effect on productivity, mainly by boosting worker motivation, reducing absenteeism, and cutting the risk of accidents.

We are convinced that firms, including the smaller ones, can enhance their productivity if they offer high-quality jobs and a healthy and safe working environment.

As the woman who is CEO of a major multinational recently put it, being a good company today means much more than turning in a strong financial performance—it means valuing employees and making contributions to improving public health and the environment. It means combining what is good for business with what is good for the world.

To wrap up, we believe it is possible to develop a model that accommodates the process of globalisation and specific national circumstances. The idea is to try to shift the direction of that globalisation, and to do that we must have a social project that takes account of the transformations wrought by the third technological revolution now under way.

As we see it, that social project must be to build a "society of work", by which I mean a market economy that is committed to creating socially responsible enterprises with a focus on paid employment protected by legislation and, as our President Cristina Fernandez de Kirchner has said, with strong participation by the social partners: intelligent businesspeople and strong unions.

The loss of political legitimacy of the models of the past is not something we can be complacent about. Our peoples aspire to a society—a society of work with social protection. Perhaps we need to build a new social contract, to establish a political and ideological environment that returns the economy to the service of mankind, and to make sure that those who have responsibilities to the citizens of the world develop the political will to strive for a better redistribution of income.

Decent work and social responsibility are not just nice words to use when the occasion calls for them. They are central values of a society that wants to feel proud once again of what it is, and to create its future. There is no market and there is no democracy that can survive without them, and they are essential to social justice in our countries.

All of us here today know this, and we must together assume the commitment of instilling those values in business and in society.