

Twentieth sitting

Wednesday, 20 June 2001, 4 p.m.

President: Ms. A. Sto. Tomas

RATIFICATION OF INTERNATIONAL LABOUR CONVENTIONS BY BENIN, LESOTHO AND THE CZECH REPUBLIC

The PRESIDENT — Before taking up our agenda for this afternoon, I give the floor to the Clerk of the Conference to make an announcement.

The CLERK OF THE CONFERENCE — On 11 June 2001, the Director-General of the ILO registered the ratification by Benin of the Minimum Age Convention, 1973 (No. 138).

On 14 June 2001, the Director-General registered the ratification by Lesotho of the Labour Inspection Convention, 1974 (No. 81), the Abolition of Forced Labour Convention, 1957 (No. 105), the Labour Administration Convention, 1978 (No. 150), the Termination of Employment Convention, 1982 (No. 158), and the Worst Forms of Child Labour Convention, 1999 (No. 182).

On 19 June 2001, the Director-General registered the ratification by the Czech Republic of the Worst Forms of Child Labour Convention, 1999 (No. 182).

REPORT OF THE COMMITTEE ON SOCIAL SECURITY: DISCUSSION (*concl.*) AND ADOPTION

The PRESIDENT — We shall now continue with the adoption of the report of the Committee on Social Security contained in *Provisional Record* No. 16.

Mr. PANDENI (*Workers' adviser and substitute delegate, Namibia*) — On behalf of the Workers' delegation from Namibia, I congratulate the President on her election to preside over this session of the Conference.

I wish to address the Conference on one aspect of social security; the other issues, challenges and prospects on this topic have already been clearly mentioned by our Reporter.

This aspect is that the informal economy must become part of the formal economy. We are all aware that this issue needs urgent attention, especially in developing countries. In some developing countries the formal economy is on the verge of becoming an informal economy and, in my opinion, this is linked to globalization. Therefore, a change needs to take place; this is a matter of equity and social solidarity.

We are sure that the creation, enhancement and the extension of social security to the vast majority who are excluded will not only play an important role in creating social protection for these people, but will also create protection for their families and the community at large. This will also influence to an extent

the integration of the informal economy into the formal economy.

I am aware that this will not be easy to achieve but if a concerted effort is made, this can be done. This will only be achieved when the inclusion of the vast majority in social security is realized, thereby making resources in the forms of access to credit, education, training, etc., available to these citizens. It will also advance movement of the informal economy towards the formal economy, and help create employment for those who need work.

We request that the social partners emphasize this integration when entering this stage of implementing this report.

We believe that this will lead to decent living wages, better conditions of employment, regulated business, and, indeed, the decent work we all desire.

In conclusion, allow me to extend my sincere thanks to our Chairperson of the tripartite Committee on Social Security, Ms. Samuel, and the two Vice-Chairpersons, from the Employers and the Workers, for their guidance and valuable contributions during the discussions in the Committee. Last, but not least, my thanks to all those who participated in the discussions on social security.

I recommend that this report be adopted.

Original Spanish: Mr. ESPAÑA SMITH (*Employers' delegate, Bolivia*) — Before making a brief comment on the report of the Committee which I served, I would like to endorse what was said here by the Committee's Employer Vice-Chairperson, Mr. Jorge de Regil. He referred to the quality of the work of the Committee, the efficiency of the Officers, the cooperative spirit of the members of the Committee, the support of the secretariat, which started with the excellent report on the issue submitted to the Conference and the recommendations prepared by the Committee, which are aimed at reactivating activities to extend social security coverage.

Social security is described as a fundamental human right. It is said that it should be integrated and egalitarian. It is a dynamic process which should be founded on certain basic principles. Also, social security should be accessible and aim at increasing employment, particularly of young people, women and senior citizens.

The Committee hopes that the general basic principles will be applied by all. The conclusions leave doors open as regards the structure, the coverage and the ways of administering social security in the various regions and countries, according to the needs of those countries, their capacities and, above all, their economic possibilities and levels of development.

Therefore, from a functional point of view, the Committee, most intelligently, has not opted for any specific approach, option, or model, and has not rejected any either.

Various Latin American countries have had serious difficulties and obstacles in the social security sphere. In some cases, this is due to structural defects and in many others to serious administrative shortcomings. To remedy this, various reforms have been tried, some within the traditional framework of state administration; some involving mixed schemes and some involving partially privately managed systems.

In the light of the report that we are considering, we can take an open approach to these and other options which are open to us to improve and modernize social security systems. These conclusions and recommendations will indeed be most useful when the range of activities and technical cooperation that the Committee suggests should be requested of our Organization are carried out.

To conclude, I would say that the main themes of the work of the Committee and of its conclusions were firstly realism and then flexibility.

The broad-ranging approach taken by the Committee, which did not get bogged down in amendments was constitutes, as I said yesterday in the plenary, a perfect example of discussions in the forum of the ILO, conducted in a transparent manner, with mutual understanding and a true spirit of tripartism and social dialogue.

Original Arabic: Mr. ASFOUR (*Employers' delegate, Jordan*) — In the name of God, the Compassionate, the Merciful! Nations change, peoples prosper and economies develop, thanks to stability and security, which are the very expression of the well-being of society.

Social security is one of the most important factors for stability in a society. Social systems differ from one country to another, and each country seeks progress and a better social system with the participation of the three social partners. We would stress the need to cover all members of society in the social security system if we wish to have a strong economy. All countries, moreover, must pool their efforts to support social security systems for the benefit of all our peoples.

We need to ensure gender equality, as both men and women should contribute to this effort, working for their own social security and stability.

With comprehensive social security we can eradicate child labour, which weighs heavily on so many countries and which the ILO is making every effort to combat. This can only happen if there is comprehensive social security economic stability, with job creation, a reduction in unemployment, the strengthening of social cohesion, a campaign against poverty, better health coverage, income security and social services.

Old age is one of the priorities that need to be studied in order to provide insurance for all the elderly. People who spend their working lives contributing to the economic growth and prosperity of their countries are entitled to expect a dignified retirement from social security.

We need to have a lasting economic system that all generations can rely on. This is why the ILO should take it upon itself to make nations aware of the need to extend social security coverage in the world. This is reflected in the report on social security and in the

corresponding resolution, which encompasses many highly important factors and which is the basis of the social security system to which our peoples aspire. We support this resolution and we would like to express our thanks to the Chairperson of the Employers' group and to the secretariat which, thanks to their efforts, have enabled us to achieve these results. I thank the Chairperson of the Committee on Social Security and two Vice-Chairpersons who, thanks to their competence, have enabled us to conclude our work successfully.

Original French: Mr. THIERRY (*Government adviser, France*) — First of all, I would like to congratulate the Office, the Chairperson, the Vice-Chairpersons and the experts from the three groups for the remarkable work carried out on a subject which is of particular interest to us all.

I would also like to express our warm and friendly thanks to the Reporter and emphasize, as many other speakers did before me, the high level of professionalism of the team of experts from the ILO.

This report and its conclusions are very important for the strategy of the International Labour Organization from many different points of view. I will only go into four points.

First of all, this work is the fruit of a balanced but ambitious consensus and offers the International Labour Office an axis of intervention which is essential for implementing decent work with regard to its social protection component. This is a stage which France believes must be the starting point for developing new ILO activities aimed at greater social security for mankind. This work could lead to an increased human and financial commitment from the ILO as regards technical cooperation on issues relating to social protection, and with an approach that naturally respects the diversity of socio-economic and cultural contexts. This work is an encouragement to all those who, in all countries, are working to implement and improve social security systems. It legitimates their activities and gives meaning to their action.

Second, I would like to come back to a point which has not been taken into account in the conclusions, but appears to be an interesting one. Social security ensures a redistribution of income to the benefit of those who are faced with social risks or substantial personal hazards. It mainly consists of social transfers which redistribute the income of workers to those affected by these risks and hazards. For enterprises and at a macroeconomic level, financing these social transfers is part of the labour costs corresponding to indirect or deferred salaries. It is not, however, at the macroeconomic level, a burden for the nation, nor does it reduce international competitiveness.

Indeed, as soon as the system is well designed and properly managed, it aims above all, to redistribute incomes to ensure that there is solidarity amongst us when encountering daily risks. From this point of view, it is an essential component of a model for social development.

Social income transfers, offering the individual a guarantee against major risks, are an important instrument for the struggle against exclusion, the prevention of precarious situations and a better integration of vulnerable groups. However, this compensatory role or softening of hazards for individuals and social security systems can also come into play collectively for the whole of an economy. We have, for

example, noticed that countries which were less affected by recent economic crises or which were able to restart their growth quickly, were countries which had well structured social security systems.

Third, I briefly wanted to mention the positive impact that the development of social protection has had on employment. In all countries which have a well structured social security system, a substantial economic sector has developed employing sometimes more than 10 per cent of the active population. In many of our cities, for example, health care structures are the biggest employers. During the forum on employment, I believe we should consider this sector of the future, where considerable technical progress is being developed, which will better enable us to make the right to health care a reality.

The fourth and final point that I wish to dwell on is the role that the ILO must play as far as social security at the international level is concerned. It is absolutely essential that, apart from the financial point of view developed by the international financial institutions, we should also be able to make our social voice heard. It is up to the ILO, in conformity with the ILO Declaration of Philadelphia of 1944, to promote social security.

One has to note that the social security economy is not always something that national and international financial experts are well acquainted with. We have to make sure that society's right to social security is taken into account, as laid down in Article 22 of the Universal Declaration of Human Rights (1948), and the International Covenant on Economic, Social and Cultural Rights (1966), and that it is not forgotten that sustainable and equitable human development is the main purpose of the economic and financial system.

The ILO must play its full role as far as social security is concerned on the international stage. We give our full support to the report and to the last paragraph, which advocates that the ILO "should invite the IMF and the World Bank to support the conclusions adopted by the Conference and to join with the ILO in promoting social justice and social solidarity through the extension of comprehensive social security".

As we have recently been speaking of the social dimension of globalization and new initiatives being taken in this area, I think it also opportune to say that the development of social security systems is a very important part of these new initiatives in order to ensure a more human face to the management of globalization.

Ms. BUVERUD PEDERSEN (*Workers' delegate, Norway*) — By putting social security on the agenda for the International Labour Conference, we have been able to discuss one of the major challenges of today. In order to implement the conclusions drawn in this report of the Committee on Social Security, there is much work ahead of us.

It is proposed in the conclusions of the report that a major campaign should be launched in order to promote the extension of coverage of social security. Such a campaign is important, bearing in mind that social security is not available to the majority of peoples throughout the world. For that reason, there is a great need for the ILO to make a serious effort to implement the work programme. In my opinion, three points should be highlighted.

Firstly, the ILO should offer technical assistance when and as needed in order to establish transparent and sound social security schemes so that corruption can be eradicated and administrative costs can be kept as low as possible. This is in the interests of the contributors and of those who should benefit from the schemes.

Secondly, the ILO should support initiatives that result in a better social security outcome for people belonging to the excluded majority. In cases where the excluded majority are forgotten, the ILO must take initiatives for them to be included.

Thirdly, the ILO must convince the IMF and the World Bank to support the conclusions and implement them in their own programmes.

This last point can be expressed less diplomatically. If I should do so, I would have said that the ILO must do its utmost to make the IMF and the World Bank understand the need for changes in their policies, not only in theory but also in practice. They can do so by, for example, supporting the conclusions of this report and work towards implementing them through their own programmes.

The ILO's work for the implementation of these conclusions should start forthwith, in other words, sooner rather than later.

The PRESIDENT — We shall now proceed to the adoption of the report itself, i.e. the summary of the discussions in paragraphs 1-145. If there are no objections, may I take it that the report is adopted?

(The report — paragraphs 1-145 — is adopted.)

We shall now proceed to the adoption of the resolution concerning social security. If there are no objections, I take it that the resolution is adopted.

(The resolution is adopted.)

We shall now move to the adoption of the conclusions concerning social security, paragraph by paragraph.

(Paragraphs 1-21 of the conclusions are adopted.)

We have now completed our examination of the report, the resolution and the conclusions, submitted by the Committee on Social Security.

I should like to thank the Officers, members of the Committee and also the staff of the secretariat for the excellent work that they have done.

REPORT OF THE COMMITTEE
ON THE PROMOTION OF COOPERATIVES:
SUBMISSION, DISCUSSION AND ADOPTION

The PRESIDENT — We shall now proceed with the examination of the report of the Committee on the Promotion of Cooperatives, contained in *Provisional Record* No. 18. I now give the floor to Ms. Supersad, Government member of Trinidad and Tobago, Reporter of the Committee, to submit the report to plenary.

Ms. SUPERSAD (*Government delegate, Trinidad and Tobago; Reporter of the Committee on the Promotion of Cooperatives*) — It is my honour today to

present the report under first discussion of the Committee on the Promotion of Cooperatives. The Committee was convened under the wise and very able chairmanship of Mr. Pliszkiwicz, Government member of Poland; his excellence and performance was equalled by that of the Employer Vice-Chairperson, Mr. Tan of the Philippines, and the Worker Vice-Chairperson, Mr. Patel of South Africa.

Excellence must also be used to describe the contributions of the representative of the Secretary-General, Mr. Henriques, and his team from the secretariat, and also to describe the assistance provided by the Legal Advisers, Ms. Doumbia-Henry and Mr. Picard.

The Committee held 14 sittings and its report, including the conclusions of the Committee, is before you in *Provisional Record* No. 18.

Recognizing the significant political and economic changes that have affected the situation of cooperatives worldwide since the adoption of the Cooperatives (Developing Countries) Recommendation, 1966 (No. 127), the Governing Body at its 274th Session in March 1999 decided to include in the agenda of the 89th Session of the Conference for double discussion the question of the promotion of cooperatives. The Governing Body felt that the development of new universally applicable standards could enable cooperatives to develop more fully their self-help potential and enhance their ability to address a number of current socio-economic problems, including unemployment and social exclusion, and to compete in the global market-place.

To facilitate its discussions, the Committee had before it Conference Reports V(1) and V(2). These reports were highly appreciated as a good analysis of the issues surrounding the subject of promotion of cooperatives.

The Proposed Conclusions that have emerged from this round of the Committee's deliberations are significantly different from the existing Recommendation and represent the efforts of the social partners so far to develop an instrument that is balanced and universal in nature. The conclusions also seek to incorporate, in the words of the Worker spokesperson, "the values of the house".

These values are reflected in the Preamble of the conclusions, where reference is made to the ILO Declaration on Fundamental Principles and Rights at Work and to core Conventions related to freedom of association, collective bargaining, the right to organize, forced labour and discrimination.

The ILO's values are also evident in the insertion of the concept of decent work into the Preamble and are apparent later on in the Conclusions, within the guidelines established by the Committee for member States to develop policies that would promote ILO core labour standards.

Member States are also asked to adopt measures regarding safety and health in the workplace and to promote gender equality in cooperatives and in their work.

The general concern of the Employers' group in this regard was that the Committee may be focusing on the employment situation rather than on the task at hand, which was the promotion of cooperatives. The Committee agreed that the scope of the proposed instrument should extend to all types and forms of cooperatives. It further agreed to a definition of cooperatives that constituted a happy marriage of the

perspectives of the ILO and the ICA, the International Co-operative Alliance. As such, a cooperative is defined as an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations, through the formation of a jointly owned enterprise, making equitable contributions to the capital required, accepting a fair share of the risks and benefits and participating actively in its democratic management. This core definition was further strengthened by the inclusion and itemization in the Proposed Conclusions of the widely recognized cooperative values and cooperative principles.

While fully supporting the concept of autonomy of cooperatives, the Committee grappled with the matter of having cooperatives operate on a level playing field alongside other economic enterprises. It is our view that the concept of a level playing field could only apply in situations where there were equal actors. It was recognized that such situations did in fact exist in some developed countries. Essentially, though, cooperatives were unique organizations that had very distinct social and economic objectives different from those of private enterprises. Cooperatives were not driven by profit but by need and they were also providers of public goods. In recognition of the special nature of cooperatives, the Committee felt that the proposed instrument should encourage the adoption of special measures enabling cooperatives, as enterprises and organizations inspired by solidarity, to respond to the needs of society, including disadvantaged groups, to achieve their social inclusion.

Considerable attention was paid by the Committee to defining the role of the State in the promotion of cooperatives. It was agreed that member States should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the expressed cooperative values and principles.

The conclusions set out unambiguous guidelines for the development of state policies and for the types of support services that should be made accessible to cooperatives. The Committee also felt that the State should promote the important role of cooperatives in transforming what many of us referred to as the informal sector into legally protected work, fully integrated into mainstream economic life.

We also sought to define in the Committee the role of employers' and workers' organizations and cooperative organizations and the relationship between them. Of particular note with respect to the workers' organizations was that the Committee saw a possible role for them in the setting up of new cooperatives with the aim of creating or maintaining employment, including in situations of proposed closures of enterprises.

The Committee viewed human resource development through education and training as an important vehicle for the promotion of cooperatives. We further saw the State as playing a significant role in this area. The Proposed Conclusions therefore specify that member States should adopt measures to assist the membership of cooperatives to develop human resource capacities and knowledge of the values of the cooperative movement through education and training. Governments' policies also seek to develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential and general economic and social policy skills of

members, workers and managers, and improve access to information and communication technologies. Their policies should also promote education and training in cooperative principles and practices at all appropriate levels of national education and training systems and in society as a whole.

As a final comment on the work of our Committee, I should point out that as a result of its deliberations, the Committee has introduced a couple of contemporary concepts into the conclusions. One relates to the issue of cooperative governance in cooperatives, the other relates to the concept of regionalism, and here member States are asked to develop, wherever possible, common regional guidelines on cooperatives so as to facilitate international cooperation.

At our last sitting the Vice-Chairpersons likened our Committee to that of a mini-cooperative where persons voluntarily came together to participate actively and democratically in the first discussion on the promotion of cooperatives. So inspired was our Chairperson by the cooperative atmosphere and successful outcome of our deliberations that he was moved to close our Committee's work in song with an excellent rendition of everybody's favourite New Year's anthem "Auld Lang Syne". Old acquaintances look forward, I am sure, to being reunited for the second discussion in 2002.

I recommend for adoption the document submitted by the Committee on the Promotion of Cooperatives.

Mr. TAN (*Employers' adviser and substitute delegate, Philippines; Employer Vice-Chairperson of the Committee on the Promotion of Cooperatives*) — The report on the promotion of cooperatives we are submitting for adoption today by the Conference is significant in one vital respect. It is not just one more technical item on the agenda of the 89th Session of the International Labour Conference, it is also a break from the past.

The universal character and coverage of the proposed Recommendation will bring to a close the regime of the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127), under which co-operatives were mainly instruments of the State for national development.

With the future adoption of a new Recommendation applicable to all kinds of cooperatives in all countries, irrespective of their level of development, the cooperative will be ushered into the arena of competition, motivated by its values and sustained by the solidarity of its members.

This is the world of cooperatives we hope to create under the guidelines of the future Recommendation. These are the self-help business enterprises voluntarily organized mainly by self-employed members that we expect to become viable vehicles for job creation, so that the unemployed, the underemployed, and, in many developing countries, the marginalized, can improve their survival existence.

In the 14 sittings of the Committee, we, as employers, were guided by this vision, because we recall the mandate of the Governing Body in March, 1999. That mandate was to promote cooperatives as business entities, organized by members for their mutual benefit.

That mandate was to update Recommendation No. 127, not to supplant it with a charter of workers' rights in cooperatives. Yet, at the initial stage of our work in the Committee, we were in danger of losing

our way in the deep woods of labour standards and other orthodoxies of this organization.

The promotion of cooperatives as the centrepiece of our debates was almost sidelined by an obsession to transform an updated Recommendation No. 127 into an international instrument on labour standards and conditions of work.

Fortunately we were back on track when many governments refused to "ideologize" the proceedings of the Committee any further. Only then did we start to move inexorably towards formulating the Proposed Conclusions, which Governments, Workers and Employers can support in their entirety. It is not that we are averse to workers' rights and labour standards. Certainly not, but everything has its own season and each time will create its own heroes.

This is not the season for it. There is no rush to overburden cooperatives, especially the millions of owner-members, with the obligations arising from the application of ILO Conventions on workers' rights, which offer not much hope or meaning in their daily lives.

The Proposed Conclusions appended to the report reflect a consensus of the social partners built on a firm resolve, realism, and reasonableness in crafting a suitable Recommendation in replacement of Recommendation No. 127.

It is evident from the final text that we are resolved to make the cooperative a truly autonomous entity, free from the clutches of state control that many of them were subject to not too long ago.

Likewise, the thrust of the Proposed Conclusions is realistic enough to bring about an environment of free competition, not less favourable than that in which other forms of business enterprises operate. Yet, bearing in mind the special character of cooperatives as self-help organizations, with both economic and social objectives, the document is reasonable in its formulation of what a cooperative can and should do. That is, as a voluntarily organized and democratically managed business enterprise, it aims essentially to enhance the social and economic amelioration of its members.

It is imperative therefore that cooperatives should not be burdened with social and legal obligations that will threaten their autonomy.

We should set them free from constraints imposed on them by governments, and by other organizations. We should let them maximize their potential for job creation and concern for the community in such activities as health care, savings, credit, agricultural production, marketing, education, insurance, and a host of other services from which the State has withdrawn and which other business enterprises may not find attractive for investment.

The proposed Recommendation that will emerge from future discussions will define the very important role of government in this endeavour on the legal and policy framework under which cooperatives will carry out their activities.

If, as encompassed in the report, a level playing field is maintained, so that there is no preferential treatment for cooperatives and that they will compete with other business enterprises in the open market place; if, as envisioned in the Proposed Conclusions, governments should only exercise regulatory functions and leave cooperatives pretty much to themselves; if, as understood in the Committee debates, workers' organizations should limit their interference

in the activities of cooperatives to workers in an employment relation with such cooperatives; if, as explicitly stated in the Proposed Conclusions, employers' organizations should, where appropriate, extend membership to cooperatives and provide support services on the same terms and conditions as for other members, then we can truly give full support to the report, and we urge this Conference to adopt it.

At this juncture, let me express my thanks to the Chairperson and to the ILO secretariat for this splendid and superb job in the Committee. I also pay tribute to the Worker Vice-Chairperson for his competence and help in leading the Committee to a successful conclusion of its work. I say this in all sincerity, and remembering what a French philosopher once said, that the fragrance always stays in the hand that gives the rose.

Mr. PATEL (*Workers' delegate, South Africa; Worker Vice-Chairperson of the Committee on the Promotion of Cooperatives*) — Any quality product is always the result of efforts by many people. At the outset, therefore, may I thank the Chairperson of our Committee, the Reporter, my Employer colleague, Mr. Tan, the many Governments who shared their insights in the Committee and the ILO staff, who have worked splendidly on this Committee.

We have found the tone of the discussions positive, and appreciated the fact that the vast majority of conclusions were adopted by consensus.

The Preamble of the conclusions introduced to you by the Reporter makes reference to the Declaration of Philadelphia, and in particular to the statement in the Declaration which proclaims that labour is not a commodity.

For over 50 years, the ILO has sought to uphold and defend its fundamental conviction, a conviction that has increasingly been challenged by the relentless pressures of competitiveness in a globalized economy. It is fitting that the Committee on the Promotion of Cooperatives has recognized and reiterated its support for the very basic concept that labour is not, and should not therefore be treated as, a commodity.

It is fitting not only because of the universal truth behind the sentiment, but also because it is a conviction that is so fundamentally underpinned by the values of the cooperative movement itself.

It gives me great pleasure to record the support of the Workers' group for the excellent conclusions reached by the Committee on the Promotion of Cooperatives. The conclusions in the report are comprehensive, balanced and appropriate to our times. It is the first ever truly universal instrument on cooperatives. The current instrument, the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127), is confined to developing countries. The proposed new instrument is universal in three senses of the word. It applies to all societies (developing, transition and developed), it applies to all types of cooperatives and it applies to all workers in cooperatives, without distinction whatsoever.

The universal nature of the conclusions is appropriate to a globalized world in which the barriers to economic transactions are disappearing and in which many of the traditional categories and distinctions in economic activity are no longer valid. In this context, we require adequate social and labour protection for all workers in all countries and, where appropriate, at the global level. This proposed

instrument applies this reality to the world of cooperatives.

The conclusions infuse ILO values into the instrument. Decent work has become the defining framework for ILO activities, and through this draft instrument cooperatives are fully integrated into this framework. The conclusions refer to the Declaration on Fundamental Principles and Rights at Work, the core ILO Conventions and a range of other international labour standards. In this way the instrument builds on the distinctive knowledge base and expertise of the ILO, which is in the areas of employment, standards, industrial relations and social protection. It incorporates the comparative advantage that the ILO brings into the international policy framework on cooperatives. These are not burdens, but the very framework for development itself.

The proposed instrument also reflects the values and principles on which the cooperative movement is founded, and which the ILO has now endorsed. These are the values of democracy, equality, self-help, self-responsibility, equity and solidarity. The principles include, amongst others, Members' economic participation, autonomy and concern for the community. These values and principles set the philosophical and moral tone for the instrument and influence its substantive aspects.

The conclusions place emphasis on the supporting role that the State should play in promoting cooperatives. At the same time, the conclusions recognize the importance of autonomy for cooperatives, and state support is promoted with due respect for the independence of cooperatives.

Cooperatives are a form of economic organization that explicitly promotes a range of public policies. The special feature of cooperatives is that the overriding objective is not profit maximization or shareholder value. Rather, their stated objectives include what economists would call "public goods", namely employment promotion and community development. The conclusions recognize this fact and call on States Members to provide support measures enabling cooperatives, as enterprises and organizations, in the words of the text, "inspired by solidarity", to respond to the needs of society, including disadvantaged groups and regions, to achieve their social inclusion. Employment promotion is specifically identified as a key outcome of such support measures.

The conclusions set out a range of very practical support measures and services that can help cooperatives. These include access to finance and investment, human resource development programmes, consultancy services on technology and innovation, accountancy and audit services, legal and taxation services and management information services.

The informal sector has been an important issue for the ILO for over 30 years. Recently, consensus has started to emerge on what should be the policy, the policy framework for ILO work concerning the informal sector. At the International Labour Conference last year, a set of conclusions was adopted that defined the role of public policy towards the informal sector as being to transform what are often marginal survival activities into decent work fully integrated into the mainstream formal economy. This year, we have, through full consensus in the Committee, being able to go one step further and incorporate this concept into a draft ILO instrument. The text recognizes that States Members should promote the important role of

cooperatives in transforming informal sector work into legally protected work integrated into mainstream economic life.

The conclusions signal a deep commitment to the values of non-discrimination and specifically call on member States to promote gender equality within cooperatives and in the work of cooperatives. This commitment is important because, in a number of countries, women constitute the majority of workers in a cooperative, yet in so many cases women are discriminated against in access to finance and credit and are unable to take up full and active membership or leadership roles in cooperatives. Gender equality is vital in order for the cooperative movement fully to realize its own principles and maximize the contribution of cooperatives to society.

Cooperatives are in many cases enlightened in the employment policies, pioneering advanced forms of worker participation in economic decision-making and developing strong relations with trade unions. Yet, in the course of discussions in the Committee over the last two weeks, we have heard of a number of cases where cooperatives are set up simply as a means to bypass employment standards and labour legislation. The conclusions deal specifically with this phenomenon. They call on States Members to promote policies that will ensure that cooperatives are not established for or directed at non-compliance with labour laws or used to implement disguised employment relationships. This clause was adopted with full consensus that illustrates the wide support in the Committee for addressing this problem.

Human resource development has become critical to both economic performance and social progress in the modern world. The conclusions identify a number of components of human resource development and set out a broad rather than narrow remit to such policies. The text calls on States Members to develop policies for technical and vocational skills, entrepreneurial and managerial abilities and general economic and social policy skills. These skills should be fostered among workers, members of cooperatives and managers of cooperatives. In addition, it calls for education and training in cooperative principles and practices within the wider society and at all appropriate levels of the national education and training system.

As globalization reshapes our economic and political landscape, society places greater importance on transparency and openness in decision-making and on involvement, accountability and integrity. These ideas are reflected in the phrase “corporate governance”, a concept that is applicable to the private sector, the public sector and social organizations. The text calls on State Members’ policies to promote best practice in corporate governance within cooperatives.

The conclusions recognize the important role that trade unions and employer organizations can play in encouraging and supporting the growth of cooperatives. A number of specific measures are set out, and trade unions look forward to a strong relationship with the cooperative movement, and to mutual support and assistance.

Finally, in a world where economic borders are disappearing, the conclusions reflect this reality. They appropriately call for greater international cooperation and for the globalization of the cooperative concept.

We have supported these conclusions because we believe that cooperatives are important to the global

economy both because of their size and because of their founding values. Cooperatives are estimated to employ about 100 million workers worldwide. This is a considerable number of people and surpasses even the 86 million workers that multinational enterprises employ globally.

Cooperatives developed in the nineteenth century as a direct response to the vision of economic activity founded on ethical values, on the notion that production and consumption of goods and services is compatible with the promotion of human values and or human solidarity. In our view, these values are even more significant, more timely and more relevant in the globalized world today than ever before.

Original French: Mr. PLISZKIEWICZ (Government adviser; Chairperson of the Committee on the Promotion of Cooperatives, Poland) — On behalf of Poland, I was very honoured to take the Chair at the Committee on the Promotion of Cooperatives. I saw in this an intention to reflect the fact that Poland is a country with a very long tradition and a wealth of experience in the realm of cooperatives.

Cooperatives, like all other enterprises and institutions in Poland have, over the last decade, been confronted by many problems linked to the profound changes which have taken place in the social, economic and political spheres. Cooperatives participate actively in resolving the daily difficulties which are well known to all market economy countries.

I am convinced that the main subject of the Committee’s discussions is of capital importance for those who wish to take up the enormous employment challenges facing a number of ILO Members. It is true to say that cooperatives are a valuable tool for job creation in both industrialized and developing countries. Cooperatives are useful in terms of providing the individual with the means to support himself and benefit from the economic opportunities which arise.

As we all know, cooperatives are a very effective structure to which people may have recourse if they wish to pool their efforts in order to pursue common economic and social objectives.

Based on universally recognized values and principles, cooperatives exist in various forms and at various different levels. They are active in all socio-economic sectors and cover many different groups in our societies.

By forming purchasing cooperatives, small enterprises can pool their resources and acquire goods and services on better terms than if they were acting separately. By joining forces as sales cooperatives, small enterprises can bring about economies of scale and achieve the bargaining power without which they could not face competition on the open market. Sometimes, the cooperative formula makes it possible for small rural entrepreneurs to club together in order to buy expensive equipment which they would not be able to afford alone. Cooperatives also allow households to club together in order to form, for example, consumer, housing, savings or credit cooperatives which meet their needs in a more satisfactory way. Cooperatives have come into their own in meeting the needs of marginalized or disadvantaged groups, as recognized in the conclusions that the Committee is proposing.

The Committee has given a pertinent definition to the term “cooperative”, bringing together all the elements which appear in the definition given by the

International Cooperative Alliance and the conditions proposed by the ILO. We consider that this definition may be extremely useful to States Members in their efforts to promote the potential of cooperatives. Discussions in the Committee, moreover, have shown the enormous importance of the political and legislative context and given specific guidance on what should be the basis of these policies and their implementation.

Discussion has also highlighted the need to provide appropriate support services and shown to what extent they depend on the existence of cooperative structures.

I am very pleased to be able to tell you that the work of the Committee took place in an extremely satisfactory manner, in a spirit of dialogue and consensus. I note that the Report and the Proposed Conclusions bear witness to the high quality of our discussions and I believe that their product is constructive and forward-looking. These discussions bode well for the finalization in due course of a Recommendation which will give Members useful and sustained guidance in their efforts to solve problems of labour, unemployment, unemployment and social exclusion by promoting cooperatives.

The very satisfactory way in which our work was conducted bears witness to the professionalism and the spirit of cooperation manifested by all parties throughout our discussions. I would like to address my warmest thanks to all those who, in one form or another, contributed to the success of the Committee's work. In particular, I would like to express my profound gratitude to Mr. Tan, Vice-Chairperson of the Employers' group, and Mr. Patel, Vice-Chairperson of the Workers' group. They both provided me with considerable help in guiding the work of the Committee at a rhythm appropriate to the Conference programme and in maintaining a good level of debate. I was extremely impressed by their profound knowledge of the subject and by their exemplary human qualities, which came into play especially at difficult moments during the discussions.

I would also like to express my most sincere thanks to the Government representatives who are present in this room today. I received unstinting assistance and support from them in my work as Chairperson of the Committee.

I would like to thank all the members of the Drafting Committee, in particular Mr. Wolas of France, who represented the Government members, Mr. Moorhead, who represented the Employers' group, and Mr. Patel, who represented the Workers' group.

It is largely thanks to Ms. Supersad of Trinidad and Tobago that we were able so rapidly to adopt a report which reflects the ideas and the suggestions of the members of the Committee and which will certainly be very useful in the forthcoming discussions.

I would also like to thank Mr. Henriques and all the members of his team for the extremely useful, highly specialized documentation prepared by them and for their specialist support throughout the work of the Committee, I thank the secretariat for its excellent collaboration and the translators and interpreters for their assistance.

The Reporter and the two Vice-Chairpersons of the Committee have already reported to you on the progress of our work and the documents adopted by the Committee. I would like to ask you to adopt the

documents submitted by the Committee on the Promotion of Cooperatives.

The PRESIDENT — We have now finished our general discussion on the report of the Committee on the Promotion of Cooperatives.

Original French: Mr. ATTIGBE (*Workers' adviser, Benin*) — Before expressing my appreciation of the work of the Committee on the Promotion of Cooperatives, I would like to reiterate my admiration of the way in which the President has led the work of our Conference.

I would like to express my satisfaction to the team which led the work of the Committee and to the members of the Committee, and acknowledge the discipline and the spirit of understanding and tolerance which have characterized its work.

Cooperatives are part of what we today call the "third" sector of the economy, or the "*économie sociale*". This is why the Committee has deemed, above all, that the instrument to be adopted must give an advantage to cooperatives, and make a quantitative contribution to their promotion.

In our view, cooperatives must not be bodies where the rights of workers are not respected; they should rather be models where the work ethic should prevail.

Special attention should be given to the training and the inclusion of the underprivileged and marginalized people of our society. Fortunately, this approach has always been accepted by all the members of the Committee. This is why, with your permission, I would like to ask this assembly to adopt the report of the Committee.

Mr. AMPIAH (*Employers' delegate, Ghana*) — It is a great pleasure for me to share my thoughts with you on behalf of the African Employer delegates of the Committee on the Promotion of Cooperatives.

The report of the Committee, coming after the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), highlights the high priority that the International Labour Organization and this Conference place on the need to create employment for the many unemployed people in the developing economies of Africa and the world as a whole. This strategy, I believe, can help rescue such unemployed people from social and economic exclusion.

The spirit of mutual respect and maturity in which the social partners in the Committee discussed the issues at stake, has helped the members produce the report and Proposed Conclusions, which I am sure will stand the test of time and help to nurture, develop and sustain cooperatives, and enable them to play the role expected of them as enterprises.

This report is the outcome of heated debate and our experience of the difficulties and failures that cooperatives have gone through since the adoption of the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127), many years ago. The protectionist view for cooperatives at the time and direct and state intervention and control in most cases, have led to the inability of many cooperatives to operate in today's world where enterprises can be assured only through competitiveness.

This need for sustainability and viability led the Employers' group constantly to demand a level playing field for all enterprises, including cooperatives.

Enterprise history teaches us that it was those enterprises that enjoyed protection in the past through tariffs, subsidies, etc., that did not develop the internal capacities necessary to compete at the outset of trade liberalization. This historical experience is still relevant today.

To enable cooperatives to survive and play their socio-economic roles, most of the bottlenecks to their growth have been addressed in the report and Proposed Conclusions. It is my wish that at the next stage of the discussion on this subject all protectionist inclinations towards cooperatives are removed so that cooperatives can, and are willing to, stand up to both external and internal market forces.

There is every indication that the report and Proposed Conclusions have given member States new roles to facilitate rather than to intervene at times directly and control cooperatives. I would like to thank the International Co-operative Alliance for the seven principles of cooperatives that they have developed. The roles of employers and workers have also been clearly spelt out in the document.

For us in sub-Saharan Africa, time will not permit us to wait for the finalization of the report and the Proposed Conclusions. The time to start implementing the report is now.

We have to go home with the will and the commitment to our social partners, governments, employers and workers to start implementing the report and its Proposed Conclusions. Our people cannot wait. We will fail them if we do not adopt this report as one of the compasses of hope for the many unemployed.

On behalf of the African delegation, I would like to commend our Chairperson, Mr. Pliszkiwicz (Government member, Poland), and the two Vice-Chairpersons, Mr. Tan (Employer member, Philippines) and Mr. Patel (Worker member, South Africa), and all members of the Committee, and also extend our appreciation to the ILO and IOE for doing a great service to mankind.

Mr. ERIXON (*Employers' adviser, Sweden*) — The task facing the Committee on the Promotion of Cooperatives was precisely what the name implies. However, as a result of the Committee's work conclusions have emerged, as a basis for a possible new Recommendation, that are straying from the stated purpose.

I will share with you my concerns regarding these Proposed Conclusions, and next year's work.

First, the Proposed Conclusions have veered towards an emphasis on social policies and labour standards within cooperatives, since cooperatives already are, or should be, encompassed by social policies and labour standards as appropriate to national legislations, and international instruments duly ratified by member States. This intrusion into a new Proposed Recommendation would serve only to make such a document unduly cumbersome, ineffective and complicated. It would thus be detrimental to the promotion of cooperatives.

Second, the early stages of the proceedings of the Committee, and the replies received from many member States, showed that there is a general and, in my opinion, unfortunate drift towards the unloading of social responsibilities onto cooperatives. Certainly, there is nothing wrong with a cooperative addressing social issues. However, it should do so of its own free choice and in accordance with the objectives set when the cooperative was established.

The tendency to look upon cooperatives as a possible "cure all" for a range of social problems is, again in my opinion, counter-productive to the stated objective of our work, the promotion of cooperatives. This should be our main focus, not a spin-off from other areas.

Third, the Proposed Conclusions leave governments free to give cooperatives preferential treatment in a multitude of ways. The views expressed by some Governments and Workers on these issues, seem to arise from a fundamental misconception of economic realities. That cooperatives are sometimes labelled "non-profit" is misleading. It does not mean that they do not produce a surplus or an added value as a result of their economic activities that they do not make, a profit, if you wish. If they did not, all their economic activities would be useless and counter-productive.

Thus, as far as the role of the cooperatives and the market-place is concerned, it is vitally important that the principle of a level playing field for all economic entities is maintained. Furthermore, for the cooperatives themselves national policies of market-related preferential treatment will do more harm than good in the promotion of efficiency, productivity and overall competitiveness. In this respect, the Proposed Conclusions leave much to be desired.

Last, but not least, the new Proposed Recommendation is supposed to address the issue of the role of local cooperatives in a globalized economy. I would like to bring to your attention the emotional and real values that some attach to the word "globalization".

"Globalization" seems to have succeeded the word "capitalism" as a catch-all for all the economic and social woes of the world. I sincerely hope that the concept of globalization in this context will be addressed in a manner compatible with a free market economy and free world trade. Otherwise, it would do very little to promote the necessary consensus that ought to prevail in the Conference, if its work is to be successful. For these reasons, I submit that a new Recommendation should leave out the aforementioned superfluities and aberrations, which we would then be able to support.

Original Spanish: Mr. DE ARBELOA (*Employers' adviser and substitute delegate, Venezuela*) — On behalf of Latin American employers and, together with Ms. Iglesias, Employers' delegate of Uruguay, I would like first of all to congratulate Mr. Tan, our spokesperson, and Mr. Muia, for the tremendous efforts made in the complicated and difficult work in the Committee on the Promotion of Cooperatives. We are aware of the important role that cooperatives can play in the world of work, depending on the characteristics and needs of each country, and we therefore believe that they should only be promoted by a Recommendation.

Such a Recommendation should be simple, flexible and practical, and should be consistent with the ILO's correct standards policy, thus ensuring universal application, but nevertheless based on national practice and custom, within the universally accepted context of the cooperatist movement. This Recommendation should give us general, clear guidelines in the area of possible policies and legislation, but without going into great detail on issues that really are not closely related to the promotion of cooperatives. We are therefore concerned about the constant reference during the course of discussions in the Committee

that was made to the rights of workers, without drawing a clear distinction between the status of a member and an employer of a cooperative. I would therefore like to stress the belief that all Latin American employers share with the International Organization of Employers that the rights of employers do not exist, nor can they exist, without enterprises and productive work.

Therefore, we must stress the fact that cooperative development should leave the application and regulation of its most specific aspects in the hands of national law and practice, thus achieving the constructive and universally accepted promotion of cooperatives. It is very important, therefore, that the text of the future Recommendation should strengthen the autonomist and democratic nature of cooperatives, without this autonomy in any way implying differential treatment for cooperatives vis-à-vis other types of organizations of enterprises. We, the Latin American employers, are confident that next year we will have a Recommendation that will comprise the points that I have briefly summarized and will take into account national and international conditions, while establishing a fair balance between economic and social needs.

Ms. ANDREW (*Employers' adviser, Canada*) — I appreciate the opportunity to address this Conference concerning this first discussion of the report of the Committee on the Promotion of Cooperatives.

Employers are concerned that the issues of labour standards and workers' rights are excessively prominent in this document. In an instrument intended to focus on the promotion of cooperatives, this will negate the positive contribution of the document. Employers are troubled that the concept of decent work, as referenced in the report, is undefined. Unless this is corrected, future interpretation of this term's application in ILO States Members is likely to be problematic.

Employers believe that the Committee has laboured under an imprecise understanding of the operations of cooperatives, working on the assumption that most are small, struggling, socially motivated organizations. However, given that some cooperatives are large commercial organizations, undeserving of special support or assistance, we are opposed to the report's themes, revisited time and again throughout the document, of special financial and other exclusive assistance to this form of organization. Employers will continue to press for language, clarifying that support must be meted on "equal or

comparable terms" to those afforded to other forms of organization, so as to prevent governments using taxpayers' money to distort commercial business.

On a related point, employers hold that any instrument on promotion of cooperatives must function alongside the important Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189). Since small and medium-sized enterprises are the primary job creators in most economies, it makes little sense for policies dealing with cooperatives to undermine the potential of small and medium-sized enterprises.

The report of the Committee on the Promotion of Cooperatives is the result of diligent work in the first discussion by our tripartite Committee. We hope and trust that its shortcomings will be remedied in next year's meetings so that, as employers, we can give it our full support.

May I take this opportunity to thank all those involved for their contributions.

The PRESIDENT — We shall now proceed to the adoption of the report itself, i.e. the summary of the discussions in paragraphs 1-328. If there are no objections, I shall take it that the report is adopted.

(The report — paragraphs 1-328 — is adopted.)

We shall now adopt the Proposed Conclusions, part by part.

(The Proposed Conclusions — paragraphs 1-20 — are adopted.)

We shall now proceed to the adoption of the resolution to place on the agenda of the next ordinary session of the Conference an item entitled "Promotion of cooperatives". If there are no objections, I take it that the Conference adopts this resolution.

(The resolution is adopted.)

We have therefore dealt with the report, the Proposed Conclusions and the resolution submitted by the Committee on the Promotion of Cooperatives. I should like to thank the Chairperson, the Vice-Chairpersons, the Reporter, the other members of the Committee as well as the secretariat staff for the excellent work that they have done.

(The Conference adjourned at 5.45 p.m.)

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