



TRADE UNION ADVISORY COMMITTEE  
TO THE ORGANISATION FOR ECONOMIC  
COOPERATION AND DEVELOPMENT  
COMMISSION SYNDICALE CONSULTATIVE  
AUPRÈS DE L'ORGANISATION DE COOPÉRATION  
ET DE DÉVELOPPEMENT ÉCONOMIQUES

## **OECD LABOUR AND EMPLOYMENT MINISTERIAL MEETING Tackling the Jobs Crisis: the Labour Market and Social Policy Response**

**Paris, 28-29 September 2009**

### **TUAC EVALUATION**

#### **Meeting overview**

1. Ministers of Employment and Labour from OECD countries, together with their counterparts from Brazil, Chile, Estonia, Israel, Russian Federation and Slovenia, met in Paris on 28-29 September 2009 to discuss how to tackle the jobs crisis and to design and implement labour market and social policy responses. The meeting was co-chaired by Janice Charette, Deputy Minister of Human Resources and Skills Development of Canada and Maurizio Sacconi, Minister of Labour, Health and Social Policies of Italy. Sven-Otto Littorin, Minister for Employment of Sweden, acted as Vice-Chair.

2. The Ministerial meeting focused on three related themes: 1) The Jobs Crisis: the Labour Market and Social Policy Response; 2) Maintaining the Activation Stance During the Crisis; and 3) Helping Youth Get a Firm Foothold in the Labour Market. Ministers also discussed the jobs aspects of a 'green' recovery and the jobs potential of shifting towards a low carbon economy, over a working lunch.

3. The meeting was preceded by a Policy Forum, held on the morning of 28 September, on the theme of "How can Labour Market and Social Policies Best Help Workers Weather the Storm of the Crisis?" and by consultations with representatives from the Business and Industry Advisory Committee (BIAC) and the Trade Union Advisory Committee (TUAC). Delegates from both Advisory Committees also participated in the Policy Forum.

4. The keynote speaker of the Policy Forum, [Professor David Blanchflower](#), warned against complacency based on hopes that the 'green shoots' would translate into a sustained recovery. He warned participants that the crisis, which also represented a failure of macroeconomics, was far from over. He pointed out that banking crises are usually associated with rapid and large declines in output and employment. Moreover, he also emphasised the high human and social costs of increased unemployment, especially among the young. With regard to policy solutions, he recommended that governments maintain or increase aggregate demand and target assistance at the young, focusing in particular on strengthening active labour market programmes, expanding education, providing wage and employment subsidies, as well as incentives for hiring the young in public sector organisations in, for example, education and health. He also, however, recommended lowering the minimum wage for the young, which was challenged by TUAC delegates. Ron Blackwell (AFL-CIO), Chair of the TUAC Working Group on Economic Policy, took part in the panel discussion at the Forum.

## Consultations

5. During the joint TUAC-BIAC consultations with Ministers, TUAC delegates presented the TUAC statement to Ministers. They emphasized that the causes of the crisis were not only financial, but that structural changes in income distribution, and in particular declining wage shares and surging corporate profits that led to high levels of income inequality, were also key factors. They warned that if the root causes of the crisis were left unaddressed, poverty and inequality levels would continue to increase, thereby sowing the seeds of the next crisis. They also emphasized that activation policies had been introduced during a period of expanding employment. At a time of economic crisis with high and rising unemployment and ‘no jobs to go to’, there was an urgent need for both governments and the OECD to shift policies away from supply-side activation. Helping the unemployed back into work calls for an approach other than sanctions. Such an approach should replace a ‘work-first’ strategy by a ‘train-first’ one as indicated in the OECD’s Economic Outlook.

6. With regard to youth unemployment, delegates challenged the OECD Secretariat recommendations, namely that governments should use the current crisis in youth employment “as an opportunity to promote structural reforms” of labour markets and to further relax Employment Protection Legislation (EPL). Rather, TUAC argued, governments should adjust social safety nets and active labour market policies to cover young workers by increasing eligibility for unemployment benefits, social assistance and access to training provided by labour market programmes. Moreover, they urged governments to consider the provision of a “*Jobs Guarantee*” for young people who have been unemployed for more than six months. TUAC delegates also called upon the OECD to create a Working Group on tackling youth unemployment and to invite the Advisory Committees to participate.

7. Regarding the failure of most OECD countries’ unemployment protection systems to provide adequate social security during periods of high and persistent unemployment, TUAC delegates urged Ministers to expand social protection, in particular through income support for the unemployed. They also underlined the need to implement policies that support the job creation potential of the public sector and to use the stimulus packages and infrastructure investment to support a ‘green recovery’ and facilitate the transition to a low-carbon economy.

## The outcome of the Ministerial

8. A number of points of the Ministers’ Communiqué are welcomed by TUAC. The Ministers agreed in light of the severity of the recession, that restoring global growth was vital for tackling the jobs crisis. They confirmed that comprehensive and innovative employment and social policies would be essential to tackle unemployment and promote a return to sound economic growth. In this regard, the final Communiqué refers to a set of common principles, including:

- The provision of access to adequate and effective safety nets for unemployed workers and their families to minimise the risk of poverty;
- Measures to support labour demand in order to reduce unnecessary layoffs;
- The adaptation of activation strategies to the need of the crisis;

- A scaling up of resources for effective active labour market programmes, especially for those at high risk of long-term joblessness;
- Efforts to enhance skills and promote lifelong learning systems.

9. Ministers also agreed that interventions are needed to help youth get a firm foothold in the labour market, in particular, appropriate education and training policies, including actions to prevent early-school leaving in order to ensure a smooth transition from school to work. Regrettably, however, no agreement was reached – as suggested in an early draft of the Communiqué – to consider reducing high youth unemployment as a priority. The final Communiqué is in this respect much less ambitious, merely calling for policies “containing youth unemployment”.

10. TUAC also welcomes Ministers’ commitment to putting in place measures to foster skill development and training to ensure that workers are equipped for future jobs, in particular with regard to new employment opportunities arising from the shift to a knowledge-based and low-carbon economy and the expansion of the health and social care sectors. The request to the OECD to examine changing skill needs and implications is helpful. The necessary analytical work should be started and conducted in a timely manner.

#### **Ministers acknowledged the benefits of social dialogue**

11. TUAC also welcomes Ministers’ acknowledgement that in a number of countries constructive dialogue between the government and the social partners has been a key factor in facilitating labour market reforms and securing good labour market outcomes. The agreement, to build on such experience and to promote continued social dialogue at the national level, is encouraging.

12. Less positively, there was no such commitment in the context of the future work of the OECD and other international organisations on employment and labour market issues. The section of the Communiqué on “International Cooperation for a Global Response to the Crisis” refers only to dialogue and cooperation between governments of OECD member countries and those of emerging and developing countries. Effective steps to address the employment and social challenges arising from the current crisis at the global level must involve both employers associations and trade unions. Ministers did not refer to the ILO Global Jobs Pact or to potential OECD work to support it.

13. Also disappointing was the failure of Ministers to wholeheartedly endorse measures supporting labour demand and avoiding dismissals. Instead, the Communiqué emphasizes that:

- It is important to target, to the extent possible, these measures to viable firms and to the most needy workers and unwind them progressively as the economy picks up and labour demand conditions improve;
- The necessary measures to address the crisis will add a substantial public debt load in many of our countries and that it will be important to ensure that, once the employment recovery is underway, public finances get back on a sustainable path.

## **Adjustment of activation policies**

14. The Communiqué is ambiguous on the need to adapt activation policies to the crisis. Whilst, this is acknowledged in the conclusions, it is not reflected in the section that discusses the short- and medium-term direction of labour market policies, “*Providing effective re-employment services to avoid the scars of long-term joblessness*” Based on an overly optimistic assessment of labour market outcomes attributed to activation approaches, Ministers agreed that “unemployment benefits should be combined with strong job search incentives” and “that now is not the time to relax this strategy.” This policy, in conjunction with efforts to increase labour supply even during the crisis, risks involving the unemployed in a game of musical chairs: only the quickest off the mark (the most employable) will find an empty chair (a job).

## **Insufficiently on the agenda – the creation and provision of better jobs**

15. The Communiqué, states that Ministers are looking forward to further OECD work “on labour market and social policy, to provide new insights on how to promote a fairer, more inclusive and stronger economy.” Such analytical work and moreover bold policy approaches to tackling unemployment, inequality and (in-work) poverty are desperately needed. A key message of the 2006 re-assessment of the Jobs Strategy was the need to provide better jobs. Unfortunately, however, although the Communiqué makes several calls for the OECD to revisit the *Reassessed OECD Jobs Strategy* in the light of the severity of the current crisis and the lessons learnt from the policy responses to it, there is nothing on the quality of jobs or that calls on the OECD to support the transformation of precarious employment into decent work. In this respect, Ministers appear to hold the view that there would be a trade-off between labour market adaptability and job quality.

16. TUAC welcomes the request by Ministers to the OECD to address in future work the “key concerns associated with workers’ well-being, including rising earnings inequality and segmentation of the workforce between jobs with different working conditions and career prospects.” TUAC hopes and expects this work to confirm the strong benefits of decent work.