



# TAKE ACTION ON JOBS TO SUSTAIN THE RECOVERY

GLOBAL UNIONS' STATEMENT  
TO THE G8/G20 ONTARIO SUMMITS  
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<b>INTRODUCTION AND SUMMARY</b>	<b>1</b>
<b>ATTAINING MORE JOBS, GROWTH, SKILLS AND SOCIAL PROTECTION</b>	<b>4</b>
Jobs and Growth	4
Education and Skills	4
Social Protection	5
<b>CURBING SPECULATIVE ATTACKS RAISING FISCAL REVENUE AND RE- REGULATING GLOBAL FINANCE</b>	<b>6</b>
<b>ACHIEVING DEVELOPMENT OBJECTIVES</b>	<b>8</b>
<b>ADDRESSING CLIMATE CHANGE THROUGH 'JUST TRANSITION'</b>	<b>10</b>
<b>PREVENTING ANOTHER CRISIS: A NEW PARADIGM FOR GLOBAL GOVERNANCE</b>	<b>10</b>
<b>CONCLUSION</b>	<b>12</b>

## INTRODUCTION AND SUMMARY

**1** As G20 Leaders meet in Ontario, it is clear that the economic crisis that has wreaked havoc on the lives and livelihoods of working people is far from over. Not only is the 'global recovery' fragile and uncertain, but in the Eurozone the financial crisis has evolved into a wave of speculation against major currencies and sovereign states. The coordinated and inclusive approach to stimulus is now being replaced by competitive and premature exit, as governments, under pressure from bond markets, move to fiscal consolidation. This risks tipping the global economy back into recession with catastrophic results. It also threatens to trigger social unrest. Events in Greece illustrate the consequences of governments getting it wrong and failing to deliver a fair response. It is likely to prove to be a historic mistake.

**2** Workers around the world are experiencing the devastating impacts of rising unemployment and the threat of a decade of stagnant labour markets in industrialised countries, the entrenchment of poverty in developing countries and a lost generation of youth shut out from productive activity. Global unemployment has risen by 34 million since the crisis began, with millions more workers unable to find regular employment but who are not recorded as unemployed. The UN estimates that over 300 million new jobs will need to be created to return to pre-crisis levels of unemployment.<sup>1</sup> The latest twist – deflation provoked by financial speculators – will serve to exacerbate the effects of this crisis.

**3** It is essential that governments approach fiscal consolidation through measures that support growth and increase demand, so as to increase output and jobs. This crisis has resulted in a massive transfer of public finance to the private financial sector. Cutting public expenditure to pay for this transfer would be morally unjust, as well as economically unsound. Workers and their trade unions reject public spending cuts that reduce wages, pensions and social programmes, thereby increasing unemployment and reducing health and education budgets and other social expenditure that affects employment

<sup>1</sup> Keeping the promise: a forward-looking review to promote an agreed action plan to achieve the Millennium Development Goals by 2015. Report of the Secretary-General, United Nations, 12 February 2010.

and the living and working conditions of working families. Such measures will serve to increase inequality – a key factor in precipitating the crisis in the first place.

4 Governments must abandon this failed orthodoxy. They must retain stimulus, build growth and focus on revenue-raising, giving priority to progressive taxation that taxes higher income groups and unproductive or speculative assets. They should also develop new sources of finance, including a financial transactions tax (FTT)<sup>2</sup>, and step up work on combating tax evasion and tax havens. Governments must also learn the lessons of the past. They must ensure that the International Monetary Fund (IMF) stops promoting austere “adjustment policies”, together with conditions on loans that require the deregulation of labour markets and the weakening of worker protection.

5 The recent attack on the Euro serves as a sharp reminder of the need for G20 Leaders to prioritise the re-regulation and downsizing of the financial sector and to return it to its legitimate function of serving the real economy. G20 commitments to reform made in 2008 have amounted to nothing as global finance continues to run amok. The now urgent need to curb speculation provides further impetus for the implementation of an FTT.

6 G20 Leaders need to support concrete steps towards adopting the next agreement under the United Nations Framework Convention on Climate Change (UNFCCC), which must include measures to attain the target based on IPCC recommendations of keeping the increase in temperature to below 2°C. They should work with trade unions to deliver a ‘Just Transition’ towards a low-carbon, sustainable economy.

7 G20 Leaders – and the G8 in particular – must not turn their back on past commitments to developing countries at this time of crisis. The latest figures on progress towards the Millennium Development Goals (MDGs) reveal a steady rise in the number of people going hungry, that the risk of women dying in child birth remains critically high and the number of people infected with HIV is still rising. While primary school enrolments have improved, 72 million children of that age remain out of school, child labour remains shockingly prevalent and 71 million adolescents are denied secondary school or vocational education. All of these problems are most acute in Sub-Saharan Africa. Yet OECD governments have still to honour past aid commitments, particularly for Africa. In 2009 a number of G8 governments significantly reduced their aid budgets – Italy (by 31.1%) and Germany (by 12%) most of all.

8 At earlier G20 Summits, Leaders agreed on the crucial role of jobs in achieving economic recovery and rightly invited the ILO to their Summit in Pittsburgh and called the first G20 Labour Ministerial in Washington in April 2010. They must now go further to achieve a paradigm shift that makes employment the primary objective of economic and social policy, cementing an on-going process for increased and continuing cooperation between Labour Ministries through an Employment Working Group, together with the ILO and an enhanced role for the social partners in the G20 process.

9 Global Unions therefore call on the G20 leaders to:

- *Retain stimulus measures that focus on jobs and growth:* design policy responses to ensure robust growth that delivers job-centred recovery, rather than exiting from stimulus prematurely before adequate growth levels have been attained, bringing the danger of a double dip. This should be backed by measures to place a sustainable labour market

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2 The Parameters of a Financial Transaction Tax and the OECD Global Public Good Resource Gap, 2010 – 2020, TUAC, February 2010.

model based on decent work at the centre of the post-crisis policy framework: strengthening collective bargaining and combating income and gender inequality in the labour market and building a skills strategy for quality employment, working with the social partners, and prioritising in particular skills for 'green' jobs (§11-13);

- *Halt speculative attacks on currencies and deliver fair taxation:* develop progressive tax reform and a financial transactions tax (FTT) that would curb speculative behaviour, as well as help to pay for the cost of the crisis and contribute to social development, attaining the MDGs and adapting to climate change, as part of a series of financial reforms (§20-22);
- *Reform the financial system:* take urgent and coordinated action at G20 level to reform the financial system, so as to break the vicious circle whereby government decision-making is being driven by an un-reformed financial system in the short-term, which at the same time retains the volatility in the system that could trigger another crisis in the medium-term (§23-24);
- *Ensure that climate change policies encompass 'Just Transition':* undertake large-scale and labour-intensive investments in green infrastructure, develop training and skills development programmes, provide social protection and support social dialogue (§32-34);
- *Build a new paradigm for global governance based on full employment:* establish a standing G20 Working Group on Employment based on social partner participation and the increased and ongoing cooperation of Labour Ministries and the ILO, convene a second G20 Labour Ministerial, invite the social partners for formal consultation and participation as a regular feature of G20 Summits and the Financial Stability Board (FSB), invite the ILO to prepare the employment components of the G20 Framework for Strong, Sustainable and Balanced Growth and implement the new Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance (§35-40).

**10** We call on G8 Leaders in particular to:

- *Meet aid commitments and support the MDGs:* agree on an Action Plan for meeting the MDGs together with a robust and transparent framework for monitoring delivery of commitments, invest in public services, place decent work at the heart of development assistance and support strategies for creating quality employment, especially for women (§26-31);
- *HIV and AIDS:* publish a time and resource bound plan ahead of the MDG Summit in September 2010 for scaling up resources to meet commitments on Universal Access to HIV and AIDS prevention, treatment, care and support, strengthen workplace-based peer education programmes and replenish the Global Fund for AIDS, TB and Malaria (§29);
- *Education:* mandate a multi-stakeholder high-level Committee to draw up recommendations for closing the funding gap needed for countries to achieve Education for All (EFA), develop relevant vocational education and training, hold a G20 key ministerial meeting on this topic in 2011 and launch a Global Partnership for Teacher Education (§30);
- *Social Protection:* implement the ILO's 'social protection floor'<sup>3</sup>, through the creation of a Social Protection Fund and ensure that emerging and developing countries are given both the resources and the policy space for its implementation (§17-19).

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 3 This includes: universal access to basic health care; a universal basic pension for the old and those with disabilities; income or subsistence security for all children; and income support for working-age poor and under- and unemployed.

## ATTAINING MORE JOBS, GROWTH, SKILLS AND SOCIAL PROTECTION

### *Jobs and Growth*

**11** Whilst the most recent figures for many G20 countries indicate that unemployment rates stabilised in the first part of 2010, there is still little cause for optimism. The effects of the crisis are being compounded by rapidly growing labour forces in developing and emerging economies. Moreover, labour markets in many countries have suffered such a haemorrhaging of jobs that even if recovery were to continue at a growth rate in line with that of previous recoveries, unemployment would only return to pre-crisis levels in 2017 or 2018. The deflationary twist resulting from the continued speculation of financial markets risks tipping the global economy back into rising unemployment.

**12** In the short-term, governments must avoid a premature fiscal exit strategy that would jeopardise recovery and hobble essential public services. Removing government support for employment prematurely would not only prolong the jobs crisis, but also compromise fiscal goals in the medium term and worsen fiscal deficits by 2015, compared to a job-centred strategy, according to the International Institute for Labour Studies<sup>4</sup>.

**13** Leaders must accept that there can be no sustainable recovery in the economy until there is a recovery in jobs. G20 leaders must adopt an action plan to apply the G20 Employment and Labour Ministers recommendations adopted in Washington and:

- Refrain from exiting from stimulus until there is a sustained recovery in demand and employment;
- Ensure that a greater proportion of recovery package expenditure is committed to employment creation and measures are targeted to maximise the employment impact;
- Take additional measures to strengthen employment growth, including investment in direct public works, so as to create new jobs quickly and strengthen demand and growth;
- Support measures to tackle gender pay inequity so as to increase the wages of women and thereby boost aggregate demand;
- Guarantee a job or training place for young people who have been unemployed for more than a certain period, so as to avoid the highly damaging and marginalising effects of youth unemployment;
- Undertake large-scale and labour-intensive investments in 'green' infrastructure, such as energy efficiency, buildings, renewable energies and public transport, so as to create 'green' jobs, ensuring that they are also 'decent' jobs;
- Provide support for job subsidy programmes and short-time schemes designed to keep workers in their jobs so as to facilitate recovery;
- Mobilise resources at national level to support the ILO Global Jobs Pact through 'Pact Implementation Plans' that involve trade union and employer organisations.

### *Education and Skills*

**14** G20 Labour and Employment Ministers, who met in April 2010, recognised that "*enhanced training for our workforces represents a high-return invest-*

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<sup>4</sup> "Promoting Employment Recovery While Meeting Fiscal Goals", ILO/IILS, March 2010.

ment in the future productivity of our economies and the job satisfaction of our workers". They underlined the important role of training in equipping and adapting workforces to the changing nature of jobs, including the green jobs required to build a greener, more sustainable economy. They also recognised that the *"supply of work-related education and skill development should be informed by the demand for particular work skills in our economies and in high growth sectors such as health care, elder care, education and public safety"*. The Ministers' recommendations integrated education and skills strategies into an overall strategy for growth, job creation and improved quality of jobs.

**15** Global Unions consider that G20 Leaders should give high priority to developing accessible and inclusive training for workers and take forward the recommendations of their Labour and Employment Ministers. In particular they should strengthen a sectoral approach to skills development and delivery. National sectoral skills development and training strategies are an effective means of matching skills to demand, while embedding a lifelong learning approach to the needs of young adults, experienced workers and employers. It is critically important to take measures to avoid a lost generation of youth. Leaders should ensure that there is a 'whole-of-government' approach to training such that Labour and Employment Ministries work with education, finance, investment, trade, health, transport and rural development ministries.

**16** Global Unions call on G20 Leaders to:

- Support the ILO, drawing on the work of the OECD and working with representatives of governments, labour and business, in developing a complete training strategy and implement the strategy through dialogue with the social partners;
- Mainstream training into broader development programmes and strategies, but also take a "bottom-up" approach based on the needs of local and regional labour markets;
- Establish sectoral councils so as to better match skills delivery to the demand for skills and to assess the quality of training programmes, and work with sectoral social partners and other labour market stakeholders to identify skills gaps and shortages;
- Ensure that skills programmes are inclusive and accessible to disadvantaged groups, including the unemployed, low-skilled, women, youth, migrants, those affected by HIV/AIDS or working in the informal economy or precarious employment. Focus on achieving gender equity and put in place bilateral and multilateral arrangements to support migration together with agreements that recognise the skills of migrants.

### **Social Protection**

**17** G20 governments have consistently recognised<sup>5</sup> the importance of social protection in mitigating the worst effects of this crisis and building a fair and sustainable future. Most recently, G20 Labour and Employment Ministers recommended that governments strengthen existing social protection systems and active labour market policies, where needed. Yet, proposals for fiscal consolidation threaten social protection and undermine the rights of workers to have a decent, adequate and secure pension.

**18** G20 Employment and Labour Ministers also recommended that *"all countries establish adequate social protection systems"*. Outside the industrial-

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<sup>5</sup> The G20 Pittsburgh Summit identified the need for the G20 Framework for Strong, Sustainable and Balanced Growth to "improve safety nets" and "continue to provide income [and] social protection, and training support for the unemployed". The G8/G14 Rome Social Summit identified supporting "the income of people and their families through effective and responsible social protection systems..." as key for addressing the crisis.



ised countries there is little or no social protection, although some emerging economies have implemented effective programmes in the context of past crises: Argentina, *REPRO (the Federal Productive Reconversion Program)*, Mexico, the *Oportunidades/Progresas Program* and Brazil, *Bolsa Familia*. In Asia-Pacific, just 20% of the unemployed and under-employed have access to unemployment benefit and only 30% of older people receive pensions.<sup>6</sup> In Africa, in the majority of countries, most workers earn their living from informal economic activities with no access to social protection.

**19** Global Unions call on G20 Leaders to:

- Strengthen existing income support through expanded unemployment benefit schemes and temporarily relaxing rules for entitlement to unemployment benefits, increasing replacement rates and extending the duration of entitlement and expanding coverage for temporary and short-term income compensation for workers in precarious employment;
- Adjust social safety nets to cover young workers by increasing eligibility for unemployment benefits, social assistance and access to training provided by labour market programmes;
- Commit to sustainable pension systems (tax-based, “pay-as-you-go”, or pre-funded) that provide adequate retirement security for workers and protect them against market and longevity risks;
- Reduce vulnerability by implementing the ILO’s ‘social protection floor’ through the creation of a Social Protection Fund and ensure that emerging and developing countries are given both the resources and the policy space for its implementation. The ILO has shown that this could be funded with just 3% of gross world output;
- Ensure that those in precarious work, together with migrant workers, have the same rights as other employees to social protection, expand the experience of the *Multilateral Ibero-American Social Security Convention* on the portability of pensions, and ratify the *UN International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families*.

## **CURBING SPECULATIVE ATTACKS RAISING FISCAL REVENUE AND RE-REGULATING GLOBAL FINANCE**

**20** It is essential that governments focus on revenue, not just expenditure, in designing measures to reduce budget deficits and debts, which are predicted to reach unprecedented post-war levels. The scale of the social unrest seen in Greece underlines the dangers of implementing public expenditure cuts and reductions in public pensions that are both harsh and unjust. Such measures are being strongly opposed by the labour movement.

**21** Governments must give priority to developing new sources of finance and support the development of a financial transactions tax (FTT)<sup>7</sup> as a fair and practical means of paying for the crisis. The IMF has recently proposed a two-tier system consisting of a balance sheet-based Financial Stability Contribution (FSC) and a Financial Activities Tax (FAT). The proposal for a FAT has advantages as it would address the current VAT-exemption that benefits the financial sector and reduce the size of the financial sector. However, unlike the FTT, it would not tackle the problem of short-term financial speculation,

6 Achieving the Millennium Development Goals in an Era of Global Uncertainty: Asia-Pacific Regional Report 2009/10, February 2010.

7 The Parameters of a Financial Transaction Tax and the OECD Global Public Good Resource Gap, 2010–2020, TUAC, February 2010.

which has come to the fore with the recent attacks on the Euro. The labour movement, together with other groups and organisations, is campaigning for the introduction of an FTT.

**22** Work to combat tax evasion and tax havens should also be stepped up. The recent decision of the OECD Global Forum to launch country-by-country reviews<sup>8</sup> on tax transparency and information exchange represents a positive step towards the elimination of tax havens, but does not go far enough. Governments should ensure that the OECD Global Forum works on developing automatic and multilateral tax information exchange system, as well as supporting capacity-building for tax administrations in developing countries and providing financial support for the recently established OECD Task Force on Tax and Development.

**23** Despite G20 claims to the contrary, progress on re-regulating global finance has been slow. G20 Leaders have committed to ensuring that the Financial Stability Board (FSB) oversees concrete reforms that would return the financial sector to its primary and legitimate role of serving the real economy. In reality there has only been a series of reports and principles for future reform, but no concrete change. The content of these reports further reveals the extent to which governments and supervisory authorities have lost control over global finance.

**24** Meanwhile, the shadow financial economy is back to 'business as usual' engaging in speculative attacks on major currencies, in particular the Euro. The recent FSB/IMF proposals to reform the Basel II Framework for banks and to introduce new taxation on large financial institutions – banks and hedge funds – represent too little too late and fall far short of the bold and ambitious action that is needed to deliver the necessary change and quell the rising tide of public anger.

**25** There can be no sustainable recovery until G20 leaders take action to downsize and regulate financial markets. Global Unions call on G20 governments to:

- Ensure that fiscal consolidation policies do not jeopardise the capacity of the public sector to provide services and social protection that are needed for a fairer and more sustainable economy. OECD governments should invest in public services and social protection;
- Develop progressive tax reforms that contribute to social cohesion, step up the OECD's work on tax evasion and take measures to reduce tax competition;
- Take urgent steps to develop and implement a financial transactions tax (FTT);
- Clamp down on the 'shadow' financial economy by taking steps to regulate all markets, all institutions and all jurisdictions. Regulatory exemptions that benefit hedge funds and private equity should be ended and any financial product and derivative that cannot be traded on an organised exchange banned. Tax havens/offshore financial centres should be eliminated;
- Crack down on speculative behaviour by taxing currency, securities and derivatives trading, tying derivatives trading to the effective ownership of the underlying asset and banning proprietary trading;
- Downsize and diversify the financial sector by applying additional capital surcharges and taxation to uncontrolled large financial businesses, placing careful restrictions on banking structures to protect

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<sup>8</sup> Tax transparency - Global Forum launches country-by-country reviews: <<[http://www.oecd.org/document/4/0,3343,en\\_21571361\\_43854757\\_44855876\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/4/0,3343,en_21571361_43854757_44855876_1_1_1_1,00.html)

retail and commercial banking from volatile and risky investment banking and promote cooperative banking and insurance and public financial services;

- Curb excessive risk-taking and irresponsible remuneration by limiting the pay of bankers, traders and other executives by law, strengthening risk management policies by providing for worker representation and protecting working families against predatory lending by adequate consumer protection legislation.

## ACHIEVING DEVELOPMENT OBJECTIVES

<sup>26</sup> The crisis is fast extinguishing hope of achieving either the Millennium Development Goals (MDGs) or nationally agreed development objectives, especially in low income countries. The latest report from the UN reveals a yawning gap. The number of people in the world who are hungry (MDG1) continues to rise, standing at 1.02 billion people in 2009 compared to 873 million in 2004-06. More than 72 million children of primary school age do not go to school (MDG2) and a staggering 126 million children are reported to be involved in hazardous work, while UNESCO reports that 71 million adolescents are denied secondary education or vocational training. The risk for women of dying in child birth (MDG5) remains high and the number of people infected with HIV (MDG6) is still rising due to a failure to put adequate resources into prevention. All of these problems are most acute in Sub-Saharan Africa.<sup>9</sup> The most vulnerable are the hardest hit: migrant workers, the rural and urban poor, landless farmers, female-headed households and women workers.

<sup>27</sup> Governments will meet in September 2010 at the United Nations High-Level Plenary Meeting on the MDGs to agree future action plans on “accelerating progress” towards the MDGs by 2015. Yet the latest aid figures<sup>10</sup> show that governments are still failing to honour past commitments with G8 members such as Italy and Germany even reducing net ODA (by 31.1% and 12% respectively).

<sup>28</sup> Globally, the number of people becoming infected with HIV is continuing to rise as prevention fails. AIDS2031, a panel set up to look at the 50<sup>th</sup> Anniversary of the recognition of the disease, estimates that there may be two million new infections a year in 2031. Yet the money available for prevention

## GOVERNMENTS FAILING TO MEET PROMISES

■ In 2009, Official Development Assistance (ODA) rose by 0.7% to USD 119.6 billion, representing 0.31% of combined gross national income. Net bilateral ODA to Africa in 2009 totalled USD 28 billion, representing a 3% increase in real terms over 2008;

■ For 2010, ODA is “estimated at USD 108 billion expressed in 2004 dollars, an increase of USD 28 billion over the 2004 baseline, with the ODA/GNI ratio rising... from 0.26% to an estimated 0.32%”. This represents a shortfall against 2005 commitments of USD 18 billion (in 2004 dollars). In 2009 prices, ODA is estimated to be USD 126 billion – an increase of nearly USD 6 billion over 2009. Africa in 2010 is predicted to receive just USD 11 billion of the USD 25 billion increase envisaged at Gleneagles.

<sup>9</sup> Keeping the promise: a forward-looking review to promote an agreed action plan to achieve the Millennium Development Goals by 2015, Report of the Secretary-General, United Nations, 12 February 2010; p5.

<sup>10</sup> Preliminary ODA Figures for 2009, OECD, 14th April 2010.



and treatment is declining as donors, including G8 countries, cut budgets either as a result of the global recession and/or because they are prioritising other diseases, which are cheaper to treat.

<sup>29</sup> Donors must not turn a blind eye to the devastating consequences of reducing funds for HIV/AIDS on individuals, families, communities, economies and development. They must re-focus their priorities. In addition to ensuring that people particularly in low-income countries have access to the drugs they need, donors must prioritise prevention to stem the flow of new HIV infections. This should include the use of work-place-based HIV peer education, which has been identified as an effective but under-used method of prevention.

<sup>30</sup> In April 2010, G20 Employment and Labour Ministers underlined the fundamental importance of basic primary and secondary education. In June 2009, G8 Leaders meeting in L'Aquila reaffirmed the right to Education for All (EFA), their commitment to providing the necessary resources, and gave their support to the reform of the EFA Fast Track Initiative (FTI). However, these commitments have failed to mobilise the resources necessary to meet the financing needs of low-income partner countries. Ministers also recognised the need for governments to *"enhance the quality of education... through the recruitment, training, retention and better management of qualified teachers"*.

<sup>31</sup> Global Unions call on G20 Leaders – and the G8 Summit in particular – to meet these development challenges and:

- Honour commitments on the MDGs and ODA that were reaffirmed at the G20 London Summit, particularly for sub-Saharan Africa, meet targets of spending 0.7 percent of Gross National Income (GNI), ensure that additional ODA is made available for climate financing and that ODA expenditure is transparent;
- Develop and publish an action plan for delivering existing commitments ahead of the UN MDG Summit (September 2010), including the support of maternal and child health initiatives that incorporate full reproductive health and maternity rights, and make ambitious new commitments where commitments have expired and beyond 2015;
- Develop the G8's preliminary accountability report and put in place a robust and transparent framework that enables monitoring of G8 and G20 commitments including mandatory peer review;
- Invest in a New Global Deal for publicly-owned public services to rebuild our economies and societies, support protection and immunisation programmes for public health workers in developing countries and tackle the global shortage of workers in health and education;
- Publish a time and resource bound plan ahead of the MDG Summit in September 2010 for scaling up resources to meet commitments on Universal Access to HIV and AIDS prevention, treatment, care and support and to attain MDG6 and replenish the Global Fund to fight AIDS, TB and Malaria;
- Mandate a multi-stakeholder high-level Committee involving senior representatives from governments, business, education, trade unions, NGOs and international organisations to draw up recommendations on improvements in the overall design and delivery of support for EFA and hold a G20 key ministerial meeting on this topic in 2011;
- Launch a *Global Partnership for Teacher Education* to mobilise financial and human resources in support of national initiatives to train qualified teachers and achieve quality education for all, and building on 2009 G8 commitments, include educational strategies within broader development policies in the spirit of the "Acting Together" Oslo Declaration

(2009) and support aid policies aimed at overcoming marginalisation in education in line with the Addis Ababa Declaration of January 2010.

- Place decent work at the heart of development assistance, support women's economic empowerment, and tackle informal and unprotected work;
- Engage civil society, including trade unions, in development decision-making processes in line with the Paris Declaration/Accra Agenda for Action;
- Ensure that the Doha Development Agenda becomes a genuine development round that supports the creation of decent employment in both industrialised and developing countries and take steps to ensure that structural change is not a zero-sum game by making it possible to manage change in firms, industries, regions and labour markets in socially equitable ways.

## **ADDRESSING CLIMATE CHANGE THROUGH 'JUST TRANSITION'**

<sup>32</sup> G20 Leaders need to move on from the disappointing outcome of the United Nations Framework Convention on Climate Change (UNFCCC), which met in Copenhagen in 2009, and take the steps necessary to shift our economies and societies on to a low-carbon and sustainable basis. They need to demonstrate their support for the UNFCCC process and start working towards the next agreement, which should include the target – based on IPCC scenarios – of keeping the temperature increase below 2°C. This means achieving a 25-40% reduction in emissions by developed countries by 2020, on a 1990 basis, and a global emission reduction of 85% by 2050. Global Unions also urge G20 Leaders to ensure that sufficient funding is available to support adaptation to climate change in developing countries. This is a prerequisite for re-building trust between developed and developing country governments, which is essential for moving forward towards a global agreement.

<sup>33</sup> Global Unions also urge G20 Leaders to work together with workers and their trade union representatives in the transition towards a low-carbon, sustainable economy to achieve a 'Just Transition' that will deliver change that is fair and sustainable. The trade union proposals for 'Just Transition' are being discussed in the UNFCCC.

<sup>34</sup> Achieving an ambitious, fair and binding agreement on climate change and delivering a 'Just Transition' remain key priorities of the global trade union movement. Global Unions call on G20 Leaders to:

- Promote investments in green and decent jobs, as well as in greening the economy;
- Invest in educating, training and re-training workers;
- Ensure that institutions for social dialogue incorporate climate change in their decision-making;
- Broaden the scope of social protection schemes so that they meet the needs of those affected by climate change and climate-related policies;
- Promote local economic diversification policies.

## **PREVENTING ANOTHER CRISIS: A NEW PARADIGM FOR GLOBAL GOVERNANCE**

<sup>35</sup> Trade unions welcomed the commitment made by G20 Leaders in Pittsburgh (and reiterated by G20 Labour Ministers in April 2010) that, "*international institutions should consider ILO standards and the goals of the Global Jobs*

*Pact in their crisis and post-crisis analysis and policy-making initiatives*". However, just as we have seen the financial markets return to 'business as usual', so the IMF has returned to the failed policies of the past, prescribing austere public spending cuts in response to the Eurozone debt crisis. Trade unions reject policies that reduce wages, pensions and social programmes, thereby increasing unemployment and reducing health and education budgets and other social expenditure that affects employment and the living and working conditions of working families. These measures will serve to increase inequality – a key factor in precipitating the crisis in the first place.

**36** The G20 Labour Ministers in April 2010 endorsed "*the participation of the ILO among the institutions implementing the Framework for Strong, Sustainable and Balanced Growth to help ensure that decent work, inclusiveness and social sustainability are part of the strong foundation that we seek to build for the future*". This is a step towards unions' call for the ILO to be recognised as the competent agency to prepare the Employment and Social Protection components of the Mutual Assessment Process (MAP) under the G20 Framework for Strong, Sustainable and Balanced Growth, being developed so far by only the IMF and World Bank.

**37** The labour movement further supports the initiative to build a new governance architecture for the global economy and welcomes the commitment to develop the Charter for Sustainable Economic Activity that would give a normative underpinning to global markets. It also welcomes the endorsement of the Declaration on Propriety Integrity and Transparency (PIT) for International Business and Finance by OECD Members, together with Brazil, Estonia, Israel, the Russian Federation and Slovenia, as one step forward in improving business conduct and increasing coherence between different policies and standards.

**38** Ensuring effective implementation of all these policy commitments, however, depends on upgrading the level of social dialogue and consultation at national and international level. Trade unions in G20 countries and beyond and their international organisations stand ready to participate fully and constructively in substantive consultations with governments and with employers' organisations. Trade unions need to play a full part in the formulation of new governance and advisory structures to international organisations, using their institutional links to the OECD as a model. The ILO also needs to be assigned a central role. The Financial Stability Board (FSB), given a major role in the governance of the world economy, needs to adopt formal consultation processes, including with trade unions, publication of documents for comment, and further standard practices of democratic institutional governance.

**39** The G20 itself must be fully representative and needs to work in tandem with the United Nations system. Key regional bodies such as the African Union (AU), the Association of Southeast Asian Nations (ASEAN) and the Organisation of American States (OAS) need to have a statutory place in the G20, just as the European Commission (EC) does.

**40** To advance these issues, Global Unions call on G20 Leaders to:

- Establish a joint Working Group, which comprises governments, international organisations and social partners supported by the ILO to take forward the outcomes of the G20 Employment and Labour Ministers' Meeting, and hold a second such meeting at the earliest opportunity;
- Ensure that the International Monetary Fund (IMF) stops promoting austere "adjustment policies", together with conditions on loans that require the deregulation of labour markets and the weakening of worker protection;

- Build on commitments made in Pittsburgh and take immediate steps to ensure that loan conditions and policy advice of the IMF, as well as the World Bank and the Regional Development Banks on both global and country levels, are consistent with ILO Core Labour Standards and the goals of the Global Jobs Pact, giving clear indications of the need for further action where necessary;
- Ensure coherence between economic, trade, social and environmental policies at the national, regional and global level, and meet with leaders of the ILO, IMF, World Bank, WTO, OECD and relevant UN bodies to start the process of assessing the coherence of their crisis and post-crisis analysis with ILO standards and the aims of the Global Jobs Pact. This should be carried out in collaboration with the social partners;
- Strengthen the role of the UN development system in responding to the economic crisis and its impact on development;
- Support the OECD in its implementation of the Declaration on Propriety, Integrity and Transparency for International Business and Finance as a vehicle for improving coherence between OECD instruments and raising standards of business conduct globally. The Standard should also form a building block of the G20 Global Charter for Sustainable Economic Activity that must encompass the full decent work agenda and deliver the means to ensure the respect of workers' fundamental rights;
- Invite the social partners for formal consultation and participation as a regular feature of G20 Summits and at the Financial Stability Board (FSB).

## CONCLUSION

<sup>40</sup> Workers around the world have already paid the price of this crisis by losing their jobs, livelihoods, homes, savings and security. Today the outlook is no less bleak. There is a real risk that ordinary women and men around the world will continue to pay for this crisis for many years to come – as workers, tax payers and citizens paying with their jobs, their taxes, and finally the effects of austere and unjust public sector cuts. Meanwhile those responsible for the crisis have returned to 'business as usual'. The scale of the social unrest seen in Greece is a sharp reminder of the need for governments to deliver a fair and sustainable response to this crisis. There is much at stake. G20 Leaders must act swiftly, boldly and fairly to deliver a post-crisis economy that marks a new beginning. They must lay the foundations of a *new model of growth that is fairer, more environmentally sustainable and balanced between regions. This requires a paradigm shift in economic thinking.*



# TAKE ACTION ON JOBS TO SUSTAIN THE RECOVERY

GLOBAL UNIONS' STATEMENT  
TO THE G8/G20 ONTARIO SUMMITS  
CANADA, JUNE 2010

