



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

**CONCLUSIONS OF THE MEETING  
OF THE OECD COUNCIL AT MINISTERIAL LEVEL  
Paris, 27-28 May 2010**

**EVALUATION  
By the TUAC Secretariat**

*TUAC and BIAC fully participated in the Ministerial Meeting.  
This was the first time they had been invited to do so.*

**1. Introduction and Overview**

1. The Meeting of the OECD Council at Ministerial Level (MCM) took place against a backdrop of speculative attacks against the Euro and sovereign states, with bond markets driving governments into prematurely exiting from stimulus and in several cases implementing draconian fiscal consolidation plans, which will threaten the recovery and with it the jobs and livelihoods of millions of workers around the world.

2. The OECD's latest Economic Outlook 87, released on the eve of the MCM, reported that recovery was stronger than previously expected, although with variation between countries and regions: U.S. growth is forecast to be 3.2% in 2010 and 3.2% in 2011; the Euro area 1.2% in 2010 and 1.8% in 2011; Japan 3.0% in 2010 and 2.0% in 2011. The OECD predicted that unemployment would fall from a peak of 8.5% in 2010 to 8.2% in 2011, thus signalling a nearly jobless recovery. These projections do not fully take account of the austerity measures announced by European governments in the final two weeks of May 2010.

3. In its statement to the MCM, TUAC called on Ministers to act urgently to re-regulate the financial economy and to continue with stimulus measures until a stronger recovery is in place. This message was reinforced in an address to the MCM by Richard Trumka, President of TUAC. TUAC considers that a premature withdrawal of stimulus would be a historic mistake, tipping the OECD countries back into recession with disastrous impacts on employment.

4. Overall, the Conclusions in the meeting are more balanced than many of the speeches made at the MCM by, particularly, European Finance Ministers. Indeed there are several positive elements. TUAC welcomes the commitment made to continue "*efforts to assist the recovery with appropriate measures until sustainable growth in private demand has taken root*" (§4), together with the recognition that fiscal consolidation should not "*jeopardise growth*" (§7.2). TUAC also welcomes the commitment to creating "*more and better jobs*", reducing inequality (§8.3) and supporting skills development in particular with regard to the shift to the low carbon economy and the "*expansion of the health and social sectors*" (§8.4). The commitment to working on youth unemployment and gender equity is also positive (§8.5). The issue remains, however, as to how these commitments will be delivered against the background of the austerity measures already being undertaken by several OECD

governments and the corresponding risk of returning to recession. The OECD Secretary-General admitted in his speech to the OECD Forum that the OECD was being “schizophrenic”.

## **2. Conclusions of the MCM**

### **Preamble**

5. The Ministerial Conclusions begin by noting that our economies are “*picking up as a result of forceful policy responses taken under unprecedented international cooperation*” (§3), but recognise that there is still considerable uncertainty with the “*recovery remain[ing] fragile, with high levels of unemployment...*” and that there are “current tensions in the sovereign-debt markets”. They agreed on the need to make progress on financial market regulation and supervision (§3) and to continue “*efforts to assist the recovery with appropriate measures until sustainable growth in private demand has taken root*” (§4).

### **Fiscal Consolidation**

6. The Conclusions underlined the need for fiscal consolidation in the medium term, recognising that fiscal consolidation plans should not “*jeopardise growth*” (§7.2) and emphasising the role of “*public spending and pursuing growth-friendly tax reform*” (§7.3).

7. This is much more moderate than many of the speeches made and discussions held at the MCM itself. It is also at odds with the recommendations of the OECD’s Economic Outlook, which underlines the fragility of the recovery on the one hand, whilst recommending pushing ahead with fiscal consolidation, on the other.

### **Employment**

8. In a relatively positive section on employment, the Conclusions emphasise the need to “avoid a ‘jobless recovery’ and ‘jobless growth’” (§8.1). They identified short-term priorities as active labour market policies, job search systems, enhancing education and training and ensuring “*appropriate social protection systems and safety nets in combination with incentives to work...*” (§8.2). In the medium to long term, they commit to creating “*more and better jobs*”, reducing inequality and “*...enhancing the functioning of the labour market on both the supply and demand side*” (§8.3). Ministers endorsed commitments made by OECD Employment and Labour Ministers at their meeting in September 2009, to support skills development and training in particular with regard to the shift to the low carbon economy and the “*expansion of the health and social sectors*” (§8.4). The Conclusions also signalled that the OECD would undertake future work on youth unemployment and increasing women’s economic opportunity and gender equity (§8.5).

### **Structural Reforms**

9. Ministers stated their commitment to implementing structural reforms to expand growth potential and strengthen resilience to future shocks (§9.1). They also contended that promoting reforms in product, labour and financial markets in OECD and non-OECD countries, would help address global imbalances (§9.2).

10. Whilst no detail is provided, past experience, together with the Economic Outlook, signals that labour market reform will comprise labour market de-regulation. This stands in sharp contrast to other, more positive, elements of the Conclusions.

## **Sources of Growth**

### Green Growth

11. The Conclusions describe green growth as a “*paradigm to bring about economic growth and development, whilst responding to environmental challenges such as climate change, biodiversity loss and unsustainable use of natural resources*” (§10.1). They welcomed the Interim Report on the Green Growth Strategy and the delivery of a synthesis report in 2011, which will also incorporate the findings of the Innovation Strategy (see §13). Ministers reaffirmed their commitment to reaching a positive outcome at COP16 in Cancun (§10.4).

12. In an address to the MCM by Sharan Burrow, President of the International Trade Union Confederation (ITUC), TUAC supported the OECD Green Growth report as providing a concrete basis for future action. TUAC voiced its concerns that the fiscal consolidation plans would not deliver the investment, jobs and skills required for the green economy. TUAC urged the OECD to call for the G20 and the UN to re-commit to urgent action on a global binding agreement on climate change, so as to avoid environmentally and socially catastrophic climate change. TUAC called again for a “Just Transition” that smoothes the transition to a low carbon economy and involves employers and workers. TUAC is concerned that the Conclusions make no reference to the social and equity dimensions of Green Growth agenda, or the trade union demand for a “Just Transition”.

### Innovation

13. The OECD launched its Innovation Strategy during the MCM following the delivery of its final report. The Strategy has five pillars: Empowering people to innovate; Unleashing innovation in firms; Creating and applying knowledge; Applying innovation to address global and social changes; Improving the governance of policies for innovation.

14. The Ministerial Conclusions welcomed the Innovation Strategy, calling on the OECD to develop a framework for evaluating innovation policies and to ensure a strong link with the Green Growth Strategy (§11.4).

15. TUAC supports the Innovation Strategy. Usefully it frames innovation as not only an end in itself, but also as a means to an end (§11.4). It recognises the importance of an appropriately skilled workforce, vocational education, innovative workplaces, employee involvement and appropriate industrial relations. It also acknowledges that markets often fail to facilitate sustainable and socially desirable solutions and that public policies play a vital role in creating and diffusing the knowledge required to innovate, as well as strengthening demand for innovations, through, for example, public procurement and regulation. This is reflected in the focus of the Innovation Strategy on meeting global and social challenges such as climate change, health and food security.

## Trade and Investment

16. On trade, Ministers reaffirmed their opposition to protectionism and their commitment to “*an early, ambitious, balanced and comprehensive conclusion of the Doha Round*” (§12.2). They made commitments to ensuring that a greater number of major exporting economies apply the OECD’s Common International Framework with regard to their official export credits and to developing a framework for export credits with regard to low carbon and energy efficient technologies (§12.3).

17. In one potentially significant shift, the OECD is to embark on a project that will examine the relationship between trade, growth and jobs and the role of domestic policies in dealing with trade adjustment and mitigating adverse economic and social impacts.

18. On investment, the Ministers commended the OECD’s work on investment rules and called for greater cooperation with other institutions. They also welcomed “*the formal launch of the Update of the OECD Guidelines for Multinational Enterprises*” noting their importance in “contributing to responsible business conduct” (§12.6). TUAC supports, and is fully engaged in, the Update of the MNE Guidelines.

## Measuring Progress of Society

19. Ministers invited the OECD to develop proposals for taking forward work on measuring progress in society (§13). TUAC’s statement to the MCM, had called on the OECD to use these new measurements as the basis for economic and social policy recommendations in, most notably, “Going for Growth” and the OECD country economic surveys.

## **Propriety, Integrity and Transparency**

20. OECD Members, together with Brazil, Estonia, Israel, the Russian Federation and Slovenia, endorsed the Declaration on Propriety Integrity and Transparency (PIT) (§14). The PIT Declaration draws together a number of existing OECD instruments including, *inter alia*, the Principle of Corporate Governance, the Guidelines for Multinational Enterprises, the Anti-bribery Convention and instruments of tax cooperation.

21. In its statement, TUAC supported the adoption of the PIT Declaration, as a vehicle for improving the visibility and coherence of OECD instruments. In its address to the MCM, TUAC called on the OECD to develop a road map for implementation – a recommendation that was included in the Chair’s oral conclusions. TUAC also called for integration with the work of the G20. The Chair stated that the PIT Declaration would be transmitted to the G20 Leaders’ meeting in Seoul in November 2010.

## **Development**

22. Ministers reaffirmed existing commitments to achieving the Millennium Development Goals (MDGs) in 2015 and to monitoring progress in meeting targets for Official Development Assistance (ODA) (§15.1). They underlined the need to use innovative financing for development and for developing countries to mobilise internal resources (§15.1). They welcomed the efforts to move beyond the measurement of inputs to measuring impacts and results and called for “triangular cooperation” between traditional and emerging donors (§15.2). They also commended the work of the OECD on creating effective tax systems in

developing countries and combating offshore tax evasion (§15.3). Finally, they called on the OECD to improve policy coherence and mainstream development across its work (§15.4).

23. Whilst this is positive actual delivery will depend greatly on the progress made in developing an effective accountability framework at the forthcoming G8, in order to hold governments to account for failing to meet their commitments in the future.

### **Global Economic Cooperation**

24. Ministers committed to working within the OECD and in cooperation with other bodies “*towards more sustainable and balanced global growth*” (§16.1) and welcomed the work of the OECD in international fora including the G20 and the G8 (§16.2). TUAC had called for OECD members to respect the basic values that are supposed to be common to the OECD countries: pluralistic democracy, respect for human rights, and a competitive market economy.