OECD COUNCIL AT MINISTERIAL LEVEL
Paris - May 27, 2010

Talking Points
by Richard L. Trumka, TUAC President

- **Despite early signs of recovery, this crisis is far from over. We are still mired in the most serious jobs crisis since the Great Depression and the recovery is extremely weak, uneven and fragile.**

- **The U.S. economy has been growing for three quarters, but much of the growth is due to extraordinary policy support expected to wane over the coming months. Sustainable private demand is still far too weak to substantially reduce unemployment.[1]**

- **Moreover, the recent European sovereign debt crisis has excited calls for draconian fiscal austerity in many countries. If heeded, these policies will weaken, if not cripple, a nascent recovery and drive us back into recession.**

- **Working people were not the cause of the financial crisis, or the Great Recession. But workers are the real victims of the crisis and we are paying with our jobs, our homes and our savings.**

- **The Great Recession has opened an 11 million job hole in the U.S. labor market[2], over 15 million workers are now unemployed and the unemployment rate is stuck near 10 percent.[3]**

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[1] Final demand for domestic product is growing at an average of 1.6 percent over the past three quarters.
[2] Over 8 million jobs have destroyed by the recession in the U.S. and 3 million more would have been created if the recession had not occurred.
[3] Also: Underemployment is now over 17 percent; a record 46 percent of unemployed workers have been without a job for six months or more; and one out of every five working age men is <u>not</u> working, either unemployed or out of the workforce.

- **The ILO reported to G20 Labor Ministers that the Recession has increased global unemployment by 34 million, bringing total unemployment worldwide to 212 million, the highest total ever recorded.[4]**

- **The economic, social and political implications of this level of joblessness are simply unacceptable.**

- **OECD governments must muster the same level of political will that was used to save the global banking system to put our workers back to work and assure that the jobs of the future are good jobs.**

<u>First, governments must resist premature "exit strategies" and misguided calls for fiscal austerity.</u>

- **As financial markets began to stabilize and growth resumed, governments were already planning "exit strategies" from the policies that saved us from a full-blown depression. However, if these strategies are executed before there is robust employment growth; millions of workers will be left behind.**

- **It is critical therefore that OECD governments sustain robust fiscal and monetary support for the recovery until there is clear evidence of strong and sustainable employment growth and full employment is in sight.**

- **Removing government support for employment prematurely would only prolong the jobs crisis, but also compromise fiscal goals in the medium-term and worsen fiscal deficits by 2015 compared to a job—centered strategy, according to the International Institute for Labour Studies.[5]**

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4 ILO report to G20 Labor Ministers, "Accelerating a Job-Rich Recovery in G20 Countries," (April 2010).

5 ILO, International Institute for Labour Studies, "Promoting Employment Recovery While Meeting Fiscal Goals," (April 2010).

Second, governments must also address the growing gap between productivity and wages.

- **Even before the crisis wage shares were falling in most OECD countries. Indeed wage shares have been falling faster in Europe than the U.S. and faster in Japan than Europe.**

- **We do need labor market reform, but not deregulation. Indeed, many of the countries with effective labor market protection suffered much less unemployment than the U.S., the most "flexible" labor market in the OECD.[6]**

- **If the jobs of the future are to be good jobs, we must restore balance between workers and their employers by ensuring workers in all countries enjoy their fundamental rights to freely associate and, if they choose, form unions and bargain collectively.**

- **Unless workers' rights are enforced in all countries, there will be a "race to the bottom" in wages and working conditions, a race that will undermine decent work everywhere.**

[6] Germany, in particular, had a bigger drop in output than the U.S. but suffered much less unemployment because of their "short-work" program and protective labor legislation.