

# "BEATING THE JOBS CRISIS"

## GLOBAL UNIONS STATEMENT TO THE G20 EMPLOYMENT AND LABOUR MINISTERS' MEETING

WASHINGTON, 20-21 APRIL 2010

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*"We commit to implementing recovery plans that support decent work, help preserve employment, and prioritize job growth... We direct our Ministers to assess the evolving employment situation, review reports from the ILO and other organizations on the impact of policies we have adopted, report on whether further measures are desirable..." Leaders' Statement: The Pittsburgh G20 Summit, 24-25 September 2009.*

### Introduction and Summary

**1** There can be no sustainable recovery in the economy until there is a recovery in jobs. Without adequate employment and wage levels, the risk of weak consumption prolonging the crisis will remain high. Growing public deficits must be addressed by growth of jobs and output, not by measures that would risk tipping the global economy back into recession with catastrophic results. Governments must adopt an aggressive agenda to ensure more robust growth and growth that delivers more jobs as well as the reforms to global governance to ensure a far stronger social component for the longer term. These are the key messages that G20 Employment and Labour Ministers must deliver to the G20 Leaders' Summit in Toronto, Canada in June 2010. We cannot afford a lost decade of stagnant labour markets – and with it a lost generation of youth disengaged from productive activity. Governments must now muster the same level of political will that was used to save the global banking system, to tackle the global jobs crisis.

**2** Workers and their families are continuing to bear the brunt of an economic crisis for which they are not responsible. Since 2007, when the crisis broke, 34 million more women and men have become unemployed. Many more millions have given up the search for work as job prospects dim. The situation facing youth is particularly severe with unemployment rates often three times that of adults. An expected 45 million young women and men are expected to

enter the global labour force in 2010. On the basis of current projections, very few jobs will be available. This is a social drama of incalculable proportions.

3 Beyond the industrialised countries, 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 hardest hit, are the most vulnerable: migrant workers, the rural and urban poor, landless farmers, female-headed households and women workers. The ILO has estimated that 100 million women and men have fallen into absolute poverty during the last year.

4 Beyond the short-term, Ministers must address the long-standing erosion in distributive justice, which was a major contributor to this crisis. “Quality employment” must be at the heart of the recovery and a new jobs market that follows this crisis. The de-coupling of low- and middle-income households from the gains of economic growth and increased productivity led to reduced wages and purchasing power of workers. In many countries, the *de facto* restriction of workers’ rights to organise and bargain collectively has accentuated this. At the same time, labour market deregulation dramatically increased the level of precarious work. Inadequate pay, job insecurity, vulnerability and fear have become the staples of working life for millions of workers, and especially women, across the world.

5 The G20 Employment and Labour Ministers meeting in Washington have a dual responsibility: they must first agree on aggressive action to create jobs and ensure that this is followed up by G20 Leaders; they must secondly ensure that the labour market emerging from this crisis delivers quality well-paying jobs.

6 The G20 Governments must:

- *Maintain fiscal stimulus and focus on job creation*: ensure that there is no exit from fiscal stimulus until adequate growth levels have been attained, the danger of a further slump averted and there is self-sustaining recovery in jobs, and that the size, duration, coordination and targeting of stimulus packages, maximise job creation including ‘green’ jobs (§7-12);
- *Strengthen social protection*: increase existing social protection measures, including extending the level and period of unemployment benefits and supporting youth through determined government action, and ensure, globally, that there is a social protection floor for all (§13-17);
- *Provide support for the Millennium Development Goals (MDGs)*: agree an Action Plan to implement the G20 Pittsburgh commitment to achieving the MDGs, ensure that decent work is placed at the heart of development assistance, and, in low income countries, support strategies for the creation of quality employment based on policies of sustainable industrialisation (§11);
- *Support a Just Transition towards a low carbon economy*: develop proposals to ensure that the job creation potential of mitigating climate change is maximised (§11);
- *Help build a sustainable labour market model*: take measures that place combating labour market, income and gender inequalities at the centre of the post-crisis policy framework (§18-24);
- *Re-skill and upgrade the global workforce*: ensure that the G20 skills strategy builds quality skills and employment, through a new surge in vocational education and training, that engages the social partners, makes lifelong learning a reality for all and focuses, in particular, on prioritising skills for ‘green’ jobs (§25-32);

- *Deliver an effective social dimension to global policy implementation:* assess commitments made to align the crisis and post-crisis policies of governments and the international institutions with ILO standards and the ILO Global Jobs Pact, and assign responsibility to the ILO to oversee the employment and social protection component of the G20 Global Framework (§33-38);
- *Upgrade social dialogue at national and international level:* and ensure that workers have a 'seat at the table' (§37);
- *Elaborate further the Charter for Sustainable Economic Activity:* ensure that the Charter discussed at the Pittsburgh G20 encompasses the full decent work agenda and includes an effective follow-up mechanism (§37).

## Job Creation and Social Protection

### Job Creation

**7** Whilst the most recent figures of the IMF and the OECD indicate that unemployment rates are stabilising overall, there is still little cause for optimism. Labour markets have suffered such a haemorrhaging of jobs that even if recovery was 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 open rate of unemployment seriously understates the employment problem. It fails to take account of the many workers who have stopped looking for work, out of sheer hopelessness, or those who are involuntarily working part-time. There is also an increase in long-term unemployment in many countries. Beyond this, there is a need to create an enormous number of jobs in the emerging G20 economies, which are experiencing rapidly growing labour forces.

**8** G20 Employment and Labour Ministers must deliver the message that there can be no sustainable recovery in the economy until there is a recovery in jobs. The toxic combination of persistent labour market weaknesses, rising long-term unemployment and increasing labour-force drop-outs is hugely detrimental for workers and society. Fighting the recession and building a sustainable recovery means taking bold measures against unemployment.

**9** Current public sector wage cuts coupled with extreme wage moderation and concessions in the private sector are bringing about *de facto* competition through lower labour costs. This is the exact opposite of what is required. The risk is that the fragile recovery will be undermined, creating a double-dip recession and a catastrophic decline in output and employment levels.

**10** On climate change, there is significant potential for the retention and creation of green and decent work from a successful process of "Just Transition" that on the one hand provides aggressive investment in the modernisation of industry, technology development, training, new 'green' jobs opportunities and, on the other hand, anticipates potential losses of economic activity, employment and income in certain sectors and regions, and protects the most vulnerable. This requires the social and employment dimensions of the fight against climate change to be fully addressed.

**11** In the short-term, G20 Employment and Labour Ministers must put "Quality Jobs at the Heart of the Recovery", as promised in Pittsburgh, and ensure that:

- G20 countries honour their commitments and do not exit from fiscal stimulus until there is a sustained recovery in quality employment;
- A greater proportion of recovery package expenditure is committed to employment creation and measures are targeted, so as to maximise the employment impact;

- Governments invest in direct public works that can create jobs quickly;
- Governments 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;
- Governments honour the G20 Pittsburgh commitments, which state that “current challenges do not provide an excuse to disregard or weaken internationally recognised labour standards” and “to assure that global growth is broadly beneficial, we should implement policies consistent with ILO fundamental principles and rights at work”;
- Governments undertake large-scale and labour-intensive investments in ‘green’ infrastructure, such as energy efficiency, buildings, renewable energies and public transport so as to create the ‘green’ jobs, ensuring that they are also ‘decent’ jobs;
- Governments provide support for job subsidy programmes and short-time schemes designed to keep workers in their jobs so as to facilitate recovery;
- Resources are mobilised at national level to support the ILO Global Jobs Pact through ‘Pact Implementation Plans’ that involve trade union and employer organisations;
- Ensure that G20 Leaders agree an Action Plan for achieving the Millennium Development Goals (MDGs) that places decent work at the heart of development assistance.

**12** The G20 Employment and Labour Ministers must ensure that there is a ‘whole of government’ response to this jobs crisis. An interim assessment of action taken should be presented at the G20 Summit in Toronto (Canada) in June 2010, with full reporting back at the G20 Summit in Seoul (Korea) in November 2010.

### **Social Protection**

**13** Social protection must also be strengthened so as to mitigate the human cost of the crisis. Social protection acts as an automatic stabiliser in the crisis, by limiting the reduction in aggregate demand. It is particularly important for women who face barriers to entering the labour market and who are over-represented in informal and precarious work.

**14** The G20 Pittsburgh Summit stated that the G20 Framework for Strong, Sustainable and Balanced Growth<sup>1</sup> should “improve safety nets”, where needed and “continue to provide income [and] social protection, and training support for the unemployed”. The 2009 G8/G14 Rome Social Summit “Putting People First” identified supporting “the income of people and their families through effective and responsible social protection systems...”<sup>2</sup> as a key strategy for addressing the crisis. The governments must now deliver on these commitments.

**15** Most industrialised countries do not provide a sufficient level of social security in periods of high and persistent unemployment to prevent recipients from falling into poverty. Moreover, capital-funded pension systems have been undermined by the crisis and public pension systems must be reinforced to ensure effective pension security for workers.

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 1 Adopted in Pittsburgh in September 2009 and launched in St Andrews in November 2009.  
 2 <<[http://www.g8italia2009.it/static/G8\\_Allegato/conclusioni\\_ENG,0.pdf](http://www.g8italia2009.it/static/G8_Allegato/conclusioni_ENG,0.pdf)>>.

**16** In emerging economies there are examples of successful social protection programmes as responses to previous crises including: in Argentina, the *REPRO (the Federal Productive Reconversion Program)*; in Mexico, the *Oportunidades/Progresas Program*; and in Brazil, *Bolsa Familia*. However, for most emerging and developing countries there is little or no social protection. In Asia-Pacific, just 20% of the unemployed and under-employed have access to labour market support such as unemployment benefit, and only 30% of older people receive pensions.<sup>3</sup> In Africa, the situation is even worse – in the majority of countries, the vast majority of workers are in informal work, without access to social protection.

**17** Ministers must ensure that G20 countries honour their commitments on social protection and:

- Tackle poverty and social exclusion by strengthening social protection in the crisis response so as to reduce vulnerability to shocks and support aggregate demand;
- Strengthen existing income support, in particular through expanded unemployment benefit schemes and temporarily relaxing rules for entitlement to unemployment benefits, increasing replacement rates and extending the duration of entitlement. Of particular importance is the expansion of 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;
- Ensure that pension systems provide adequate retirement security for workers;
- Implement the ILO's 'social protection floor'<sup>4</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. The ILO has shown that this could be funded with just 3% of gross world output;
- Confirm the provision of resources to provide Universal Access to HIV and AIDS prevention, treatment, care and support, in line with G8 country commitments made at the G8 2005 Gleneagles Summit;
- Take steps to ensure that migrant workers have the same rights as other citizens, including to social protection.

## Quality Employment for Sustainable Recovery

**18** Prior to the crisis, income inequality had risen both within and between nations. Increases in wages had fallen behind wider growth rates in productivity in two-thirds of the wealthiest countries that make up the OECD<sup>5</sup>, and the share of wages in national income had fallen in all countries for which there are data. In developing nations, even before the advent of the 2007-2008 food price crisis and the current financial crisis, the World Bank noted that in 46 out of 59 countries examined, inequality had increased over the previous decade. The economic crisis is exacerbating these existing inequalities.

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

4 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.

5 "Growing Unequal", OECD October 2008.



**19** Labour market ‘flexibilisation’ has been a major contributor to the rise in inequality. Workers find themselves trapped. Those in precarious work, with atypical employment contracts, often have no right or possibility to engage in collective bargaining and are thus unable to improve their working conditions. They are also the least able to cope with economic shocks when they occur.

**20** There is also persistent gender discrimination across the world. The gender pay gap in twenty countries was recently estimated to stand at more than 22%<sup>6</sup>. Addressing the underlying causes of gender inequality requires strong political commitment, effective public policies and the engagement of the social partners.

**21** Despite structural changes in many G20 countries leading to a shift in workforces away from physically demanding sectors work related health and safety risks remain<sup>7</sup> and in some cases have increased. Workplace health and safety regulations must be strengthened and enforced, labour inspection strengthened and workers and their trade unions given the right to intervene on health and safety issues.

**22** The G20 Framework for Strong, Sustainable, and Balanced Growth committed governments to creating quality employment, aiming to deliver “a durable recovery that creates the good jobs that our people need”. The G20 Finance Ministers, meeting in St. Andrews in November 2009, included “employment creation” and “poverty reduction” as two of the five goals of the Framework. They also agreed a timetable for implementing the Framework.

**23** It is essential that G20 Employment and Labour Ministers and the ILO provide strong input into this process, so as to ensure that the Framework provides a vehicle for effective measures to attain high growth and employment with good quality social policies, rather than an IMF-administered blueprint for a further wave of labour market deregulation. The G20 Labour and Employment Ministers’ recommendations must be reflected in the policy options adopted by the G20 Leaders in June 2010.

**24** G20 Employment and Labour Ministers must therefore:

- Ensure that measures to support decent work and reduce labour market and income inequalities are included in the Framework in the steps agreed under the goals of “employment creation” and “poverty reduction”, including support for labour market institutions and processes, such as collective bargaining;
- Implement the Pittsburgh G20 Statement commitment to ensure that internationally recognised labour standards are not disregarded or weakened and resist efforts to weaken the employment protection of workers;
- Assign the ILO specific responsibility for employment and social protection issues within the Framework;
- Agree to set minimum wages through law or collective agreements at a level that ensures a ‘living wage’ and by doing so establish floors in labour markets to prevent a worsening spiral of deflation of earnings and prices;
- Increase efforts to eliminate the gender pay gap and ensure that achieving gender equity and the elimination of discrimination against

6 ITUC, Gender Inequality in the Labour Market: an Overview of Global Trends and Developments, 2009. The pay-gap is calculated on the basis of data for 20 countries: Argentina; Brazil; Chile; Denmark; Finland; Germany; Hungary; India; Italy; the Republic of Korea; Mexico; Netherlands; Paraguay; Poland; Russian Federation; South Africa; Spain; Sweden; UK; U.S.

7 “European Working Conditions Survey”, European Foundation Dublin, 2007.

women in employment is a priority of the national and international policy agenda;

- End, where it exists, the exemption of young workers and apprentices from the sectoral or national minimum wage;
- Ensure that precariously employed workers – whose numbers are fast increasing in the G20 countries and beyond – have the full right to join a union and bargain collectively with their ultimate and effective employer.

## A Skilled Workforce for the Post-crisis Economy

**25** In the new Framework for Strong, Sustainable and Balanced Growth, G20 Leaders recognised their responsibility to “...invest in people by providing education [and] job training...”, calling for “reforms to create... quality education and training programs” and underlining the need “to ensure access to training programs that support lifelong skills development and focus on future market needs”. The G20 Leaders’ Pittsburgh Statement specifically recognises the role of employers and workers, tasking the ILO to work with these and other organisations to “develop a training strategy for our consideration”. This must now be acted on.

**26** The crisis has turned the spotlight on the need to upgrade the skills of workers across the board. A downturn is the time to upskill. Vocational education and training has many dimensions, often beginning in secondary schools and including post-secondary courses in specialised colleges and on-the-job training in enterprises. There is a need to achieve greater access, so that both young workforce entrants and experienced workers can receive the training they need to develop their potential and contribute to the economy.

**27** Achieving the necessary surge in vocational education and training provision requires the active engagement of governments, employers in public and private enterprises and trade unions from the industrial sectors, as well as from education, representing vocational teachers, instructors and trainers. Today, there is strong and shared political will across the entire spectrum of stakeholders, which governments would do well to capitalise on. Employment and Labour Ministries are well placed to be the brokers of a new and dynamic cooperation, which will help build a sustainable recovery.

**28** The evidence, however, points to a yawning gap between the rhetoric, from both government and industry, on the need to invest strongly in skills development and the reality. Even before the advent of the current crisis, several European countries had already experienced a significant reduction in training provision between 1999 and 2005.<sup>8</sup>

**29** Trade unions are concerned that skills policy approaches to date have been too narrowly focused on increasing the numbers of trained people and have neglected demand and utilisation of skills. There is a need to ensure that skills are used effectively in the workplace and to link education and skills policy to the broader agenda of innovation and sustainable economic and social development.

**30** G20 Employment and Labour Ministers have a specific responsibility to ensure that governments react to the circumstances of this crisis – when the opportunity cost of investing in training is low – to reverse the trend of declining levels of investment in training.

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<sup>8</sup> Behringer, Friederike (2009), Skill Needs in Enterprises: CVTS Results. In: Skills for Europe’s Future: Anticipating Occupational Skill Needs; CEDEFOP Panorama Series. European Communities, Luxembourg, p. 154-162.

- 31** They must ensure that the G20 training strategy:
- Builds quality skills and employment that combines labour market measures with lifelong learning, as an integral part of new post-crisis growth model. Its scope and ambition must not be limited to technical training issues;
  - Addresses the polarisation of labour markets, which are differentiated by high-skilled, high-wage employment at one end of the labour market, and low-skilled, low-wage employment at the other;
  - Focuses on developing skills that will enable workers to move into good quality ‘green’ jobs, with an emphasis on vulnerable communities, such as those affected by the current crisis;
  - Provides for the active participation of the social partners, which have a vital role to play, particularly in ensuring that training provision matches labour market needs.

- 32** They must also ensure that:
- Governments facilitate school-to-work transition by ensuring that young workers have the opportunity to enter jobs on the basis of a stable employment relationship;
  - Enterprises offer sufficient apprenticeships and training places. Governments should consider imposing compulsory training levies on employers, which are proven to lead to higher levels of training;<sup>9</sup>
  - Incentives are in place for young people to stay in further or higher education and that the resources are made available to increase the capacity of further and higher education institutions to take increasing numbers of students;
  - Measures are put in place to reduce the number of early school leavers and education drop-outs by improving conditions for learning and teaching with a particular focus on the needs of youth from disadvantaged social and migrant backgrounds;
  - Governments use public procurement as a means to leverage greater employer investment in skills as part of a ‘whole of government’ response to the crisis;
  - Governments provide the right for workers; particularly agency workers and those on fixed-term contracts, to have their employers bear the costs of training.

## **Delivering Participatory and Effective Policy Implementation**

**33** Trade unions welcomed the commitment made by G20 Leaders in Pittsburgh that, “[T]he 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”. This requires the IMF and World Bank, for example, to demonstrate that their loan conditions and policy advice support rather than undermine the Global Jobs Pact.

**34** Such policy coherence has been lacking to date. Some countries that have received financial assistance from the IMF have been required to curtail wages and pensions or reduce public-sector employment in order to meet specific deficit targets. And until recently, the World Bank promoted reductions in workers’ rights and social protection through its highest-circulation publication, *Doing Business*. While it recently suspended the use of its infamous “Employing Workers Indicator” of *Doing Business*, there is an urgent

<sup>9</sup> Greenhalgh, C. (2001), Does an Employer Training Levy Work? – The Incidence of and returns to adult vocational training in France and Britain, SKOPE Research Paper No. 14, University of Warwick, Coventry.



need for the Bank to go one step further and end the promotion of labour market deregulation and instead work jointly with the ILO to develop a policy approach that focuses on the creation of decent work.

<sup>35</sup> 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.

<sup>36</sup> Ensuring effective implementation of 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.

<sup>37</sup> To advance these issues, Ministers should:

- Establish a joint Task Force comprising government officials, the international organisations and the social partners, building on the outcomes of the March 2009 London Jobs Summit and Rome Social Summit;
- Call on the IMF and World Bank and the Regional Development Banks to ensure that their loan conditions and policy advice, both on global and country levels, are consistent with ILO Core Labour Standards and the goals of the Global Jobs Pact;
- 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;
- Endorse a formal role for the ILO in preparing recommendations for the G20 on the measures required to maximise the expansion of good jobs, as an essential component of a sustainable growth strategy;
- Ensure that the Charter for Sustainable Economic Activity encompasses the full decent work agenda and delivers the means to ensure the respect of workers' fundamental rights, which are key to building equitable societies and sustained and balanced growth;
- Ensure coherence between economic, trade, social and environmental policies at national, regional and global level;
- Invite the social partners to participate directly in future G20 Employment and Labour Ministers' Meetings, rather than holding separate consultation sessions, as currently the case;
- Support the development of a comprehensive Memorandum of Understanding between the OECD and the ILO on issues including *inter alia* the crisis and the G20.

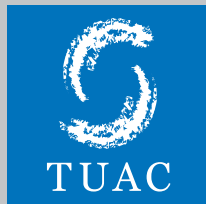
<sup>38</sup> Trade unions are looking to this first meeting of G20 Employment and Labour Ministers to produce significant results that play a major role in beating the jobs crisis. But they know too that the critical situation faced by working families around the globe will not be overcome quickly or easily. For this reason it is important that the Ministers meet again within a reasonable timeframe, in order to continue to take forward the struggle for decent work for all, and to attain the objectives set out by the G20 Leaders.

## Conclusion

<sup>39</sup> Workers around the world have already paid the price of this crisis by losing their jobs, livelihoods, homes and savings. Today the outlook is no less bleak.

In all likelihood workers will continue to pay for this crisis for many years to come, firstly as workers bearing the full costs of the jobs crisis, secondly as tax payers shouldering the burden of debt and, thirdly as citizens suffering the impacts of public sector cuts implemented under the post-crisis austerity measures. The post-crisis economy must mark a new beginning. There must be a new social contract which has quality employment at its heart – a new social contract that places our economies on a surer, fairer and more sustainable footing. It is imperative that the Washington G20 Employment and Labour Ministers' Meeting begins this process.





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