



FOURTH ITEM ON THE AGENDA

Report on the High-level Tripartite Meeting on the Current Global Financial and Economic Crisis**Chairman's conclusions**

1. The High-level Tripartite Meeting on the Current Global Financial and Economic Crisis was the occasion for an intensive discussion on the causes of the current crisis, countries' policy responses and the role of the ILO in responding to its global employment and social impact. It was attended by representatives from over 90 countries. A large number of ministers, senior government officials and business and trade union leaders offered their views. The Meeting benefited greatly from a broad-ranging keynote address by the Managing Director of the International Monetary Fund (IMF), Mr Dominique Strauss-Kahn, and a subsequent frank and constructive exchange of views with participants. We welcomed his offer of increased cooperation between the IMF and the ILO and invite the Director-General to follow this up actively.
2. We are also grateful for the valuable contributions of Mr Guy Ryder, General Secretary of the International Trade Union Confederation, Mr Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs, and Mr Jonathan Shaw, MP, Minister at the United Kingdom Department for Work and Pensions.
3. Many speakers expressed appreciation for the Office background paper and reports of a series of recent ILO regional conferences.¹ The Meeting was able to benefit from the insights of Mr Vieira da Silva, Minister of Labour and Social Solidarity of Portugal, who had hosted and chaired the Eighth European Regional Meeting, the conclusions of which addressed the crisis. We profited from the contributions of Ms Abdel Hadi (Minister of Manpower and Migration, Egypt), Ms Taipo (Minister of Labour, Mozambique), Mr Kubis (Executive Secretary, UNECE), Mr Hossain (Minister of Labour and Employment, Bangladesh) and Ms Rial, Labour Secretary of Argentina, who were panel speakers in our afternoon session.
4. The Meeting built on the Officers' statement on the crisis from the November 2008 session of the Governing Body and discussions revealed a considerable degree of convergence of views.

¹ The financial and economic crisis: A decent work response (HTM/1), Issues for discussion (HTM/2) and Report and conclusions of the Eighth European Regional Meeting (Lisbon, 9–13 February 2009) GB.304/14/4(Rev.).

5. To facilitate further discussion in the Governing Body and at the forthcoming International Labour Conference, and to provide a summary of the Organization's views for our constituents and partners in the international system, I will endeavour to set out my understanding of these points of convergence. A full report summarizing the contributions of participants is being prepared for circulation after the current session of the Governing Body. I hope that this set of Chairman's conclusions fairly captures the general sense of the Meeting. I think the main points can be grouped under four headings:

- Origins, dynamics, spread and severity of the crisis
- Strengthening the global policy response
- Towards an ILO global jobs pact
- Next steps

A. Origins, dynamics, spread and severity of the crisis

6. The crisis started in the finance sector of one country, spread right around the world, impacting the real economy and leading to a global jobs and social crisis. Furthermore, the deepening recession in employment and the productive economy is feeding back to the finance sector, weakening already distressed banks and thus adding to the squeeze on credit needed by the real economy. We are now facing what the Managing Director of the IMF is calling the great recession – the worst crisis since the depression of the 1920s and 1930s. Prospects for recovery are not yet visible and depend on a restoration of normal credit flows and effective implementation of government stimulus measures.
7. The social effects of the crisis are already extremely disturbing and could worsen. Progress in reducing poverty in developing countries is being set back alarmingly. The middle class in many countries is being weakened. Vulnerable groups are hard hit. There is a serious risk of setbacks in the fight against child labour. Job opportunities for young women and men are very scarce leading to an upsurge in youth unemployment. Workers on short-term contracts, many of whom are women, are not being rehired. Migrant workers have reduced earnings and some are losing their jobs leading to a fall in remittances and return migration. In developing countries, formal economy job losses are growing, pushing workers into the already large informal economy and forcing migrants from rural areas back to their villages.
8. Growing social hardship and economic uncertainty could give rise to political instability and extremism.
9. The current crisis comes after a period of uneven international social and economic development in which imbalances within and between countries enlarged generating instability and a widespread perception of unfairness. In addition, inadequate attention was paid to the environmental consequences of growth.
10. The way forward is to work for a new vision of open market economies with a strong social dimension in which a competitive, efficient and socially responsible private sector and an active and accountable public sector generate decent work for all and a cleaner, fairer and more stable globalization. The 2008 Declaration on Social Justice for a Fair Globalization sets out the role of the ILO in realizing such a vision.

B. Strengthening the global policy response

11. The financial, economic, social and employment dynamics of the global crisis call for equally strong interlinked policy responses in which the ILO with other institutions can play a key role. Strong international coordination is vital to place employment and social protection at the centre of the global response effort and multiply the impact of stimulus measures. In addition, international cooperation must ensure that vulnerable countries receive financial support for their employment and social protection policies. Responding to widespread concern about jobs is the political foundation for such international coordination and cooperation. Inward-looking protectionist reactions must be avoided.
12. The Decent Work Agenda is thus a key part of a broader agenda of immediate and longer term global policy responses which includes active consideration of:
 - *Financial rescue and reform measures:* A restoration of normal credit lines to households and sustainable enterprises, including an end to the virtual freeze in trade finance, is urgent. Stronger and more comprehensive national and international regulation of the finance sector, to avoid dangerous speculative behaviour in the future, favour investment in productive enterprises and decent work, and restore confidence in finance markets. Reform of international financial institutions to increase the legitimacy of their governance structures, strengthen surveillance of all Members' policies and improve the mechanisms of fiscal support to countries facing economic difficulties, especially for social and employment policies. Consideration should be given to further debt cancellation and reduction.
 - *Fiscal stimulus packages:* Greater focus and urgency is needed on social protection and employment-generation measures within fiscal packages. The size and speed of implementation of packages should be kept under review considering the risk of a further deterioration in economic prospects. Measures should also contribute to reduction of greenhouse gas emissions and adaptation to climate change. Official development assistance should not be cut and, wherever possible, increased. A new source of multilateral finance is needed for countries with little or no fiscal policy space to support efforts to generate jobs and protect the vulnerable. Governments should start to plan now for a medium-term reduction in current enlarged fiscal deficits to head off risks of inflation or excessive debt burdens.
 - *Reform of the institutions for the governance of globalization:* The failure to anticipate and prevent the crisis, which was in part caused by uneven economic and social development within and between countries, calls for a strengthening of the United Nations and the framework of multilateral institutions. The main aim should be to improve policy coherence and coordination as well as to accelerate the pace of poverty reduction to achieve the Millennium Development Goals. The role of the ILO in a more effective and coherent United Nations and multilateral system should be strengthened to ensure that the voice of the real economy is heard and heeded.

C. Towards an ILO global jobs pact

13. A much greater focus on the needs of working women and men, their families and communities and the sustainability of the enterprises that generate decent work opportunities is required as part of national and international policy responses. The ILO is the competent international agency to develop what could be termed a global jobs pact – the decent work component of a comprehensive policy package.

14. Such a pact would be agreed to by the ILO's tripartite constituency based on the Declaration on Social Justice for a Fair Globalization and the main policy tools of the Organization. It would constitute the ILO's contribution to national decision-making and to international cooperation and policy convergence on the crisis. The Office would use it as a guideline to support the diversified needs of its constituents. The goal would be to build consensus around priorities and the policies that work to protect the vulnerable and get labour markets functioning efficiently and fairly. It would also be an international pact for the exchange of information and knowledge on good practices, and the coordination of mutual assistance. In discussions about increased international assistance to vulnerable countries, the idea of a global jobs fund to support the global jobs pact should be actively considered.
15. The crisis is impacting countries differently and policy responses specific to national priorities are essential. Nevertheless, many countries do face similar challenges. The pillars of the Decent Work Agenda – employment and enterprise development, social protection, social dialogue and rights – are proving to be a relevant framework for policy design and implementation. This integrated approach is set out in the Declaration on Social Justice for a Fair Globalization to which all ILO Members committed themselves in 2008.
16. Key policy instruments to mitigate the impact of the crisis and shape a sustainable recovery for a new fairer globalization include:
 - (i) Strengthened income maintenance measures for the unemployed such as boosting unemployment benefits (duration, coverage), incentives to employers for work sharing and temporary worker retention, and complementary cash transfer programmes.
 - (ii) Expanding social protection measures and protecting pensions from the devastating decline of financial markets.
 - (iii) Targeted support to vulnerable groups and sectors, such as introducing temporary youth employment programmes.
 - (iv) Stronger active labour market policies to support employment and earnings, such as introducing temporary payroll tax holidays or wage subsidies and expanding training programmes to the unemployed.
 - (v) Investment in the development of worker skills to prepare for recovery during the periods of slack labour demand.
 - (vi) Strengthening of employment services, to facilitate the adjustment of firms and individuals to changing labour market conditions. Employment services are more important than ever in times of crisis as workforce mobility increases.
 - (vii) Support to enterprises, particularly small and medium-sized enterprises, to access credit and overcome cash-flow problems.
 - (viii) Public investment in infrastructure, through emergency public works with employment-intensive techniques, including measures that contribute to adapting to and mitigating the effects of climate change. Incentives and investments in energy efficient technologies and “green jobs” can be an important contribution to job creation and recovery.
 - (ix) Socially responsible restructuring of enterprises and sectors.

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- (x) Strengthened collective bargaining arrangements to facilitate negotiated wage settlements, especially regarding low-paid workers, aimed at sustaining real incomes and thus consumer demand.
17. The ILO and its constituents will increase efforts to facilitate social dialogue at international, national and sectoral levels, and in public and private workplaces.
18. The ILO and its constituents will increase their vigilance to ensure that respect for fundamental principles and rights at work is not weakened during the recession. These rights are the essential underpinning for enhanced social dialogue to ease tensions, identify measures to mitigate the crisis and shape the recovery.
19. The ILO's international labour standards include many instruments of particular relevance to crisis situations. The Office and constituents will give particular attention to the ratification and implementation of these standards.
20. To support the design and implementation of well-targeted policies, improved labour market information is required together with the analysis of policy impacts.

D. Next steps

21. The ILO will continue to reshape its planned activities to support the enhancement of the capacity of constituents to respond effectively to the crisis, including through Decent Work Country Programmes.
22. The ILO will continue to act as an international observatory for the exchange of information and analysis on the employment and social dimensions of the crisis and national policy responses.
23. The Office will step up its policy advice service to meet constituents' requests.
24. The ILO will make response to the crisis the main theme of its 2009 International Labour Conference and further develop the concept of a global jobs pact for discussion with its worldwide tripartite constituency.
25. The ILO will participate actively in all relevant international forums addressing the crisis, advocating increased focus on its employment and social dimensions and the concept of a global jobs pact as part of a coordinated global policy response.
26. The ILO calls on the forthcoming London Summit of the Group of 20 to increase its focus on the jobs and social dimensions of the crisis and invites consideration of the proposal for an ILO global jobs pact that would constitute the decent work component of coordinated crisis response measures.

Geneva, 25 March 2009.