

9th European Regional Meeting

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Jobs, growth and social justice



International
Labour
Organization

Background paper for the high-level tripartite ILO/IMF/EC panel discussion: “Recovery from crisis - coherent policies for growth and jobs”

The objective of this panel is to discuss how economic, employment and social policies can contribute to recovery from crisis and sustained job-rich and inclusive growth. A key issue is establishing stronger synergies between fiscal, monetary and financial policies and strategies to increase the quantity and quality of employment. The panel will thus investigate how the world of work, as represented by the ILO's tripartite constituency, can interact effectively with economic policy makers to achieve the shared goals of sustainable economic growth and social justice.

Promising signals

Since the beginning of the crisis, the multilateral system, international organizations and regional institutions have proposed policy responses to the crisis including initiatives for coherent policies for growth and jobs.

- In 2009, the G20 Pittsburgh Summit welcomed the ILO's Global Jobs Pact and pledged to implement “recovery plans that support decent work, help preserve employment, and prioritize job growth”.
- At the high-level IMF/ILO Conference on the “Challenges of growth, employment and social cohesion” held in Oslo in September 2010, the two organizations examined the need for the social consequences of the crisis to be taken fully into account through, for example, national social protection floors, employment-creating growth and effective social dialogue. Meanwhile, further cooperation between ILO and IMF has taken place at country level including in the EU: tripartite ILO/IMF meetings in Bulgaria and Romania provided the opportunity for national constituents to deepen their economic and social dialogue and in the case of Romania to discuss the impact of the reforms on workers' and employers' organisations and on collective bargaining mechanisms and outcomes.

- In a report to the 2012 Los Cabos G20 Summit, the ILO and IMF together with the OECD and World Bank argued that “in considering further action to accelerate the pace of job recovery, G20 countries may wish to focus on specific areas covering both the demand and supply sides of the labour market.” At the Summit, G20 Leaders agreed in their Growth and Jobs Action Plan that should economic conditions deteriorate significantly further, a number of G20 countries stood ready to coordinate and implement additional measures to support demand.
- At a meeting in Berlin in October 2012 five major international organizations, amongst them the IMF and the ILO, reiterated the need for macroeconomic policies to go hand-in-hand with efforts to increase employment.
- At the European Council in December 2012, the President of the European Council presented a new draft of a roadmap for the completion of the Economic and Monetary Union that explicitly contained a social dimension, including social dialogue as well as solidarity mechanisms.
- Finally, the “Social Investment Package” - launched by the EC on 20 February, represented a paradigm change by underlining that social investment is an inevitable element of generating growth and employment.

Serious damage to the European Social Model

In the immediate aftermath of the crisis, several countries took initiatives for coherent policies for growth and jobs. However, policies shifted towards fiscal consolidation in 2010 as the burden of accumulated bad debts shifted from the private to the public sector. The most exposed countries have been obliged to pursue strict austerity policies. In particular, the economic adjustment programmes implemented by the “Troika”, the European Commission, the European Central Bank and the International Monetary

Fund in crisis-hit EU countries have strongly focussed on cutting fiscal deficits and public debt. The combination of a simultaneous finance-induced recession and a sharp fiscal contraction in several countries has impacted negatively on employment, especially youth employment, as well as on wages and social protection. Unemployment has risen to levels not seen for more than 70 years. Many households, especially the most vulnerable, have slid into poverty.

Policy responses to the crisis, including changes to employment and social policies, have generally been introduced without social dialogue. This has damaged the architecture and functioning of social dialogue and labour relations systems in several countries. The most prominent example in this respect was taken up by the ILO's Governing Body session in November 2012 requesting Greece to bring its labour relations system back in line with fundamental rights.

Reconstruction based on common values

The implementation of internationally coherent policies for growth and jobs is a major political challenge especially in times of crisis when the temptation to opt for national approaches that damage neighbours' prospects for recovery and threaten a downward spiral into various forms of protectionism is high. The strongest political foundation for such enhanced cooperation and coordination is a shared commitment to common values and principles.

International Labour Standards and particularly Fundamental Principles and Rights at Work provide a set of rules and values that speak directly to working women and men in all countries. They thus provide a platform from which to build coherent policies for growth, employment and social objectives. Freedom of association and collective bargaining as well as being basic human rights are also invaluable means for constructing consensus even when choices are difficult and progress of necessity a long term project.

One of the guiding principles of the ILO Declaration of Philadelphia, which provided a values based platform for recovery from WW II in the aftermath of the great depression, calls for the consideration of all international economic and financial policies and measures in the light of the fundamental objective of social justice.

These values are also enshrined in the EU treaties. The Lisbon treaty advocates a "highly competitive social market economy, aiming at full employment and social progress, including the promotion of social justice." It also underlines the "requirements for policy coherence in relation to the promotion of employment, social protection, action to combat social exclusion, education and training." It is this call for policies to invest in the real economy and boost quality jobs that is often missing in crisis responses when they are most needed.

Panellists may wish to discuss the following questions:

- What policies are needed to strengthen the real economy and strong growth and investment in productive enterprises?
- How can the European Social Model be restored in order to counteract social crisis?
- How can the pace and content of fiscal consolidation be calibrated so as to create space for employment recovery?
- Can international policy coordination unlock the door to a better reconciliation of the reduction of public and private levels of debt together with sustaining investment in employment and social policies?
- How could the ILO assist countries in shaping balanced policies for sustainable and inclusive growth?
- Is there an opportunity for enhanced international policy coherence based on analysis, research and policy cooperation between the ILO, IMF and European Commission? How can the ILO and the IMF build on the breakthrough of the 2010 Oslo Conference?