



# GLOBAL UNIONS STATEMENT TO THE G20 SEOUL SUMMIT

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## The G20 must prioritise jobs

**1** G20 leaders meeting in Pittsburgh in September 2009 committed to putting “*quality employment at the heart of the recovery.*”<sup>1</sup> They have not lived up to this promise. It is of deep concern that employment does not figure on the initial G20 Summit agenda. The economic crisis that has wreaked havoc on the lives and livelihoods of working people is far from over. It is now a social crisis. There are currently more than 220 million unemployed in the world, the highest level ever recorded, and an increase of more than 31 million over 2007.<sup>2</sup> An extra 100 million people – mainly in developing countries – have been pushed into extreme poverty. Not only is the global recovery fragile and uncertain, but the rise in unemployment is itself sapping confidence and undermining recovery. Fear of the financial markets is pushing many G20 governments into retreating from expansionary policy in favour of austerity programmes, which if implemented will sharply increase the risks of our economies returning to recession, devastate public services, and reduce living standards. Governments should not accept the prospect of a decade of stagnant labour markets in industrialised countries, the entrenchment of poverty in developing countries and a lost generation of youth shut out from productive activity.

**2** G20 leaders should, in the short term, give priority to reducing unemployment and, in the medium term, pursue a different model of growth and development – one that is balanced, sustainable, creates decent work and distributes income fairly. They must ensure that employment forms an integral part of the discussion under each agenda item at the Seoul Summit. To this end the Global Unions call on G20 governments to:

- Retain recovery measures that focus on job creation, so as to reduce public deficits through sustained economic growth rather than spending cuts;
- Prioritise employment, including creating a standing G20 Working Group on Employment with social partner participation; Put quality employment and social protection at the heart of the G20 Framework

1 G20 Pittsburgh Leaders summit

2 ILO 2010

for Strong, Sustainable and Balanced Growth; and invest in people, through education and training;

- Ensure that climate change policies encompass flanking policies on jobs to create green jobs, and ensure 'Just Transition';
- Put "decent work" at the heart of the development agenda, meet aid commitments and support the Millennium Development Goals;
- Accelerate financial reforms, deliver fair taxation and a financial transactions tax (FTT), curb financial speculation and clamp down on tax havens.

### **Retain stimulus measures that focus on job creation so as to reduce deficits through sustained economic growth**

3 The coordinated and inclusive approach to economic recovery measures that prevailed in 2009 is now being replaced by competitive and premature exit as governments, under pressure from bond markets, move to fiscal consolidation. The crisis has resulted in a massive transfer of private debt to public debt. Cutting public expenditures, wages, pensions and social programmes to pay for this transfer is morally unjust and economically unsound. It will serve to increase inequality – a key factor in precipitating the crisis in the first place – and risks tipping the global economy back into recession with catastrophic results. The growth forecasts of international organisations are being revised downwards. It is essential that governments approach fiscal consolidation through measures that support growth and increase demand, so as to increase output and jobs. In the short term (2011-2012) the priority must be to achieve a faster recovery in GDP. Policies to raise demand should be continued in countries where the recovery is not self-sustaining until the point at which unemployment is on the path of falling to pre-crisis levels.

### **Prioritise employment, invest in people and establish a G20 Employment Working Group**

4 In the immediate future governments should:

- Implement projects with higher employment content including investing in green infrastructure and quality public services in the social sector;
- Extend successful examples of labour market programmes that guarantee jobs or training for young people;
- Halt the growth of precarious and irregular work that is undermining the recovery and increasing insecurity;
- Increase cooperation between Labour and Finance Ministers and establish a standing G20 Working Group on Employment that includes the social partners, the ILO and the other relevant international organisations.

5 Looking to the medium term, the G20 has announced that the Seoul Summit will develop a "*comprehensive action plan*" to implement the G20 "*Framework for Strong, Sustainable and Balanced Growth*". Employment must be made central to the action plan and leaders should:

- Invite the ILO, working with the OECD and the UN ECOSOC, to prepare the employment and social protection components of the G20 Framework. These should be based on the tripartite Global Jobs Pact adopted in Geneva in June 2009 and the Recommendations to G20 Heads of State adopted at the G20 Labour/Employment Ministers' meeting in Washington in April 2010.

- Strengthen social dialogue including collective bargaining to ensure wage growth keeps pace with productivity, combat income and gender inequality.

6 Investing in people through education and training is key to achieving sustainable recovery and equitable growth. Quality in education is a central issue for advanced, emerging and developing economies alike. The G20 leaders should:

- Recommit to attaining “Quality Education for All” (EFA)<sup>3</sup> and invite UNESCO and the OECD to work with key stakeholders to develop the international “Global Task Force on Teachers for EFA” into a dynamic global partnership with a new vision for quality education in the 21st century.
- Task their Education Ministers to present specific proposals to the G20 Summit in France in 2011.

### **Ensure that climate change policies encompass ‘Just Transition’**

7 Climate negotiations appear to have stalled – this is a disastrous situation. Leaders should support concrete steps towards adopting a binding post-2012 framework under the United Nations Framework Convention on Climate Change (UNFCCC), in order to ensure that there are no gaps in efforts to meet emission reduction targets. A new climate agreement must include top-down targets based on IPCC scenarios for keeping the increase in temperature below 2°C and an ambitious framework for climate financing. Governments must:

- Make progress in building a low-carbon, climate-resilient and socially-fair economy;
- Develop a ‘just transition’ strategy, with large-scale and labour-intensive green investments, training and skills development programmes and active labour market policies.

### **Put ‘Decent Work’ at the heart of development strategies and meet aid commitments to attain the MDGs**

8 G20 leaders – and the G8 in particular – must not turn their back on past commitments to developing countries at this time of crisis. Creating jobs and ‘decent work’ must be at the heart of development strategies. OECD governments have still to honour past aid commitments, particularly for Africa. In view of this:

- Resources to meet commitments on universal access to HIV and AIDS prevention should be scaled up;
- Leaders should mandate a multi-stakeholder high-level Committee to draw up recommendations for closing the funding gap needed for countries to achieve Quality Education for All and implement the ILO’s Social Protection Floor through the creation of a Social Protection Fund for developing countries;
- They must ensure that the International Monetary Fund (IMF) shifts its emergency financial assistance to promoting employment growth and social protection – in contrast to the austerity conditions of recent loans<sup>4</sup>. In line with the conclusions of the ILO/IMF Oslo Conference

3 UNESCO, Global Monitoring Reports 2009, 2010.

4 See Global Unions Statement to the 2010 Annual Meetings of the IMF and World Bank.

## Global Unions



IMF  
www.imfmetal.org



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www.ituc-csi.org



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on “The Challenges of Growth, Employment and Social Cohesion”<sup>5</sup>, the IMF should work with the ILO to advocate recovery strategies based upon quality public services, increased wages and productivity, expanded collective bargaining and improved workers’ protections;

- The IMF should use its expanded financial resources to encourage countries affected by the global crisis to deploy counter-cyclical fiscal policies over longer periods of time until they have fully emerged from recession. The crisis underlines the need for a fair and transparent sovereign debt restructuring mechanism that can be used by countries with unsustainable debt levels;
- The G20 should work with the UN to develop multilateral mechanisms for policy discussion applicable to all countries worldwide.

### Deliver fair taxation, curb financial speculation, clamp down on tax havens and accelerate financial reforms

<sup>9</sup> G20 leaders must give priority to progressive taxation that taxes higher income groups and unproductive or speculative assets. A fairer distribution of the tax burden between labour and capital is urgently needed not only to address growing concerns about social injustice, but also to ensure that employment is prioritised. Governments must protect and expand their tax revenue base to provide support for household demand and funding for quality public services and social protection. This requires a break with the policies of the past whereby direct taxation has been cut whilst indirect taxation – inherently more regressive – has increased. In addition:

- G20 governments should develop new sources of finance, including a financial transactions tax (FTT), which would also serve to reduce short-term financial speculation;
- The OECD-led Global Forum on Transparency and Exchange of Information for Tax Purposes needs to be enhanced through multilateral agreement on an automatic information exchange system, as well as through capacity-building for tax administrations in developing countries. The global tax system must serve to strengthen rather than weaken financial stability and accountability. Tax biases that favour excessive leveraging and tax arbitrage between jurisdictions must also be tackled.

<sup>10</sup> The Toronto Summit failed to give much needed impetus to the G20 recommendation on financial reform and the work programme of the Financial Stability Board (FSB). The current reform of the Basel framework for banking prudential rules disclosed in September 2010 has fallen below expectations. Leaders should commit to global and coordinated regulatory measures to reform the financial sector. They should:

- protect retail and commercial banking from volatile and risky investment banking and promote cooperative banking and insurance and public financial services;
- curb excessive risk-taking and irresponsible remuneration by limiting the pay of bankers, traders and other executives by law;
- strengthen the risk management policies of banks by providing for worker representation and protecting working families against predatory lending by adequate consumer protection legislation;
- Ensure that the FSB, which now has a major role in the governance of the world economy, adopt formal consultation processes, including with trade unions, publication of documents for comment, and further standard practices of democratic institutional governance.

<sup>5</sup> See <http://www.osloconference2010.org/>