



L20 TRADE UNION STATEMENT TO THE G20 EMPLOYMENT AND LABOUR MINISTERS' MEETING

GUADALAJARA, MEXICO, 17-18 MAY 2012

“We firmly believe that employment and social inclusion must be at the heart of our actions and policies to restore growth and confidence.”¹

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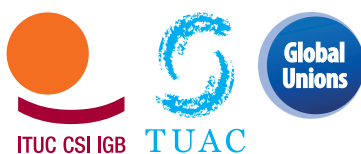
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Introduction and Summary

1 The G20 is facing a jobs emergency. Governments are failing to deliver on their commitments made in successive summits to prioritise employment. After over three years of crisis, global unemployment has grown to around 200 million. The OECD and ILO estimate that 21 million jobs need to be created each year merely to return to pre-crisis employment rates by 2015.² Yet with several European economies in recession, other OECD countries experiencing low rates of growth, and growth slowing in emerging economies, unemployment is likely to rise further. Precarious and informal work arrangements are likely to grow. This is unacceptable in itself. In addition, it will push social tensions to dangerous levels.

2 In the eighteen months following the onset of the crisis in 2008, the G20 demonstrated its effectiveness with governments taking coordinated action to stabilise global demand and agreeing on proposals for financial regulation. But momentum has been lost as governments have shifted to austerity, without putting in place an employment-centred growth plan to increase demand and thereby reduce debt in the medium term. At Los Cabos, G20 Leaders must reassert their relevance and commitment to fighting recession and building sustainable growth. Labour and Employment Ministers have a central role as they must provide specific jobs creation proposals for G20 Leaders to implement.

3 In their political statements and messages, G20 governments and inter-governmental organisations identified the need to tackle the jobs crisis in a way that restores



1 G20 Cannes Summit Final Declaration, November 2011.

2 ILO-OECD Statistical Update for the G20 Meeting of Labour and Employment Ministers, 26-27 September 2011.

confidence and trust to working families by addressing the *quality* as well as the *quantity* of jobs. However the reality is that labour rights are under attack at domestic, regional and international levels. There are efforts to break up collective bargaining structures, to lower minimum wages and to remove employment protection. There are also significant cutbacks in public sector employment. These are misguided policies. They do not restore growth. They will only destroy workers' confidence, eliminate public support and widen income inequality – now recognised as one of the major contributory factors to the crisis.⁵

4 The escalating jobs crisis is hitting young women and men particularly hard, with an estimated 75 million young people around the world unemployed.⁴ Together with rising long-term unemployment, an increasing youth unemployment rate threatens to weaken long-term growth potential and increase the risk of social break-down and political instability.

5 G20 Employment and Labour Ministers must make the practical implementation of past commitments their cross-cutting objective. They have a responsibility to work with Finance Ministers to ensure that the G20 coordinates its efforts. We call for an early joint meeting of G20 Finance and Labour Ministers to implement commitments to reduce unemployment. The G20 must increase economic cooperation and boost demand through priority investments so as to prevent a renewed recession, restore sustainable growth and raise quality employment levels. This requires a shift in macro-economic policy. To exit the crisis, G20 leaders need to move away from austerity towards employment-contingent growth policies. Structural policy needs to be focused away from wage flexibility and weakening employment protection to strengthening labour market institutions including collective bargaining. Quality public services need to be strengthened, not destroyed.

6 The G20 Employment and Labour Ministers must:

- Work with Finance Ministers to ensure increased public investment in infrastructure and green investment to kick-start the recovery and hold a joint G20 Finance and Labour Ministers' meeting (§7-8);
- Support social dialogue and labour market institutions to re-orientate labour market policies towards the creation of decent jobs and the reduction of income inequality (§9-13);
- Take measures to halt precarious and irregular work by strengthening labour market institutions, reinforcing labour rights, strengthening social protection and paying particular attention to the gender dimension (§11-13);
- Work with the social partners and create a G20 Youth Jobs Pact to invest in education, training, skills, innovation and in work programmes, with a special focus on unemployed youth (§14-17);
- Build a strong “green jobs” component in the Rio+20 declaration that includes plans for green investment (§18-19);
- Commit to introduce global social protection floors through the creation of a G20 action plan and fund, support for the International Labour Conference discussion and fast-tracking pilot schemes. They must also strengthen the effective application of social and labour rights (§20-24);
- Renew the G20 Task Force on Employment and work on an implementation agenda for the G20 in 2013 (§25).

3 “Inequality, Leverage and Crises”, Michael Kumhof and Romain Rancière, IMF, November 2010.

4 “Global Employment Trends 2012: Preventing a deeper jobs crisis”, January 2012.

Building Quality Employment

Macro context

7 A dangerous gap is appearing between G20 Leaders' commitments on jobs and G20 governments' failure to prioritise employment in their economic policy-making. Governments have shifted their policy to austerity and short-term deficit reduction. Yet the rise in unemployment now represents the biggest obstacle to deficit reduction. Workers and consumers need confidence in their future, just as firms need confidence if they are to invest their profits. A fundamental change in policy is needed to avoid self-defeating collective deflation. Public services and transfers have played a key role in stabilising demand in the crisis, yet are now under attack. They need to be strengthened not destroyed.

8 Trade unions, gathered together in the L20, are calling on G20 Labour and Employment Ministers working in conjunction with Finance Ministers to:

- Agree on coordinated investment in decent job creation programmes;
- Put in place, where and when appropriate, job subsidies and targeted reductions in payroll taxes designed to maximise job creation impacts;
- Invest in infrastructure, prioritising projects with the highest growth and jobs creation potential, including "green" investment and "green" jobs within the framework of national green economic strategies;
- Undertake public investment in education, training and innovation so as to create employment;
- Increase spending on child care, health care and provision of services for older and retired people ("the care economy");
- Support women's participation in the labour market and reduce women's precarious and informal work;
- Establish decent employment targets and indicators to be used in the G20 Mutual Assessment Process for "Strong, Sustainable and Balanced Growth", as well as indicators of relative income and wealth inequalities.

Structural agenda

9 The crisis should once and for all put paid to the ideology that promotes models of deregulated labour markets. To restore trust and confidence, working families require decent work. There are continuing attacks on wages and collective bargaining structures in parts of Europe and in the US, where several states have outlawed public sector bargaining. The OECD's most recent report on inequality⁵ identifies the push towards "flexible" labour markets as one driver of income inequality. Its 2012 "Going for Growth"⁶ report concedes that "there is some evidence that in "bad times", certain labour market reforms (of unemployment and job protection in particular) can make the economic situation temporarily worse". Those labour market reforms do not only make the economic situation temporarily worse. They may extend and worsen "bad times". Countries that have pursued alternative "internal flexibility" policies during the crisis, such as short-time working schemes to retrain rather than "dispose" of workers, have fared better than deregulated labour markets.

10 Global Unions are calling on the G20 Employment and Labour Ministers to learn the lessons of the crisis and:

- Ensure that the policy recommendations of the IMF, OECD, ILO and World Bank on job creation are consistent with the decent jobs agenda;

⁵ "Divided We Stand", OECD, November 2011.

⁶ "Going for Growth", OECD, February 2012.

- Step up efforts to support social dialogue to help implement the ILO's tripartite Global Jobs Pact;
- Invest in active labour market policies that keep workers in the labour force;
- Speak out against the attacks on workers' rights and wages and on collective bargaining structures.

Income distribution

11 It is essential that governments address the “crisis before the crisis” of rising income inequality in almost all G20 countries, together with the global decline in the share of income going to labour. In addition, governments must reduce the gap between men's and women's earnings which has remained stubbornly unchanged at around 20% in most OECD countries.⁷ The OECD finds that “*the single most important driver (of the growing gap between rich and poor) has been greater inequality in wages and salaries*”.⁸ In OECD countries, financialisation and labour market deregulation have also been key factors behind the significant shift from wages to profits of the past twenty years.

12 According to the OECD “*...the most promising way of tackling inequality is more than ever by the employment route. More and better jobs, enabling people to escape poverty and offering real career prospects, is the most important challenge*”⁹. The 1st G20 Labour and Employment Ministers' Conference (April 2010) recognised that “*measures such as minimum wage policies and improved institutions for social dialogue and collective bargaining may need to be strengthened*”.

13 The L20 is calling on Labour Ministers to:

- Ensure that policies strengthen labour market institutions;
- Take steps to support a wider coverage of collective bargaining;
- Agree to set minimum wages through law or collective agreements at a level that ensures a decent “living wage” and by doing so, establish floors in labour markets to prevent a downward spiral of deflation of earnings and prices;
- Identify measures to halt precarious, irregular and contract work by extending social protection and labour rights across the labour force, paying particular attention to the gender dimension in view of the larger share of women in precarious work;
- Step up action by governments to reduce the gender pay gap, including support for collective bargaining and in their role as public sector employers, and by strengthening the rights of part-time workers;
- Ensure that tax systems are reformed to become more progressive and reduce wage inequality;
- Limit top corporate remuneration by supporting corporate governance reforms.

Skills

14 Increasing investment in skills for all workers and unemployed people must be a central part of strategies to improve the quality of employment and reduce inequality and long-term and youth unemployment. Yet investment in education and skills by both governments and companies remains lamentably low.

15 The L20 is calling on Labour and Employment Ministers to:

- Increase training opportunities, in particular workplace-based training, and promote social dialogue and collective bargaining at the enterprise, sector and

7 Frozen in time: Gender pay gap unchanged for 10 years, ITUC, 8 March 2012.

8 “*Growing Unequal*”, OECD, 2008.

9 *Ibid.*

national levels to create incentives for investment in skills and knowledge, as outlined in the G20 Training Strategy¹⁰;

- Deliver a strong message on the value of trade union involvement in the design and implementation of training policies, as well as in the assessment and revision of training curricula;
- Support collective bargaining in relation to participation in and access to training;
- Tackle under-investment in skills development and training by the private sector through the implementation of train-or-pay levy/grant schemes so as to encourage employers to increase their levels of investment and commitment;
- Promote high performance workplaces that increase the effective use of skills;
- Introduce workplace training entitlement for workers as a means to secure higher take-up of skills training and subsequent occupational mobility;
- Work with other Ministers to invest in infrastructure, education, training and innovation.

Youth Employment

16 Global Unions welcomed the creation of the G20 Task Force on Employment, including the decision that, in its first year, it should focus on youth employment. It is essential that the Task Force's ambitious and targeted recommendations generate action and follow-up at the 3rd G20 Labour and Employment Ministers' Conference (LEMC). Trade unions, through the L20 process and beyond, are ready to play an active role, working with the B20, to help meet the challenge of youth employment. However, G20 governments must provide strong leadership.

17 Global Unions expect the Task Force to recommend, *inter alia*, in its report:

- Creating a G20 Youth Jobs Pact to ensure young people receive quality employment or a training place once they have completed their formal education. ILO research suggests that for additional spending of at least 0.15% of G20 GDP, a six-month "training and work programme" could be introduced for half of the unemployed youth aged 15-24 in the G20 countries;
- Setting national commitments on social dialogue to develop further vocational education and training for youth, whether full-time or associated with employment, resulting in qualifications;
- Establishing national commitments on apprenticeship and quality internship programmes: trade unions are ready to work with employers' organisations to develop a template for quality apprenticeship systems. G20 governments should support this as a direct and practical follow-up to the Task Force conclusions;
- Implementing active labour market programmes oriented towards young workers;
- Ensuring that young workers are protected at the workplace and paid fairly;
- Designing social security safety nets specifically targeted at young people so that they have adequate income support.

Green Jobs

18 Moving to sustainable growth is essential for continued prosperity, but governments must also recognise how greening economies can create decent jobs. Such opportunities exist across developed, emerging and developing economies in a range of sectors including

10 A Skilled Workforce for Strong, Sustainable and Balanced Growth, A G20 Training Strategy, ILO, Geneva, November 2010.

power generation, energy efficiency and retrofitting, public transportation and rural development. Research by the ITUC and the Millennium Institute suggests that investing 2% of GDP in green infrastructure in just six G20 countries in each of the next five years could create up to 42 million jobs¹¹. Realising this potential requires immediate and significant action, which in turn will help building the confidence of workers that new jobs will be secured and that the transition to a more sustainable economy will be just.

19 The L20 is calling on G20 Labour and Employment Ministers to use the opportunity provided by the upcoming United Nations Conference on Sustainable Development (Rio+20), taking place in Rio de Janeiro, Brazil, 20-22 June to:

- Encourage governments to commit to an agreement on the principles of the green economy, which must include social equity, gender equality, decent work including trade union rights, democracy and a Just Transition for workers;
- Agree on national 5-10 year plans with targets for creating decent and green jobs and transforming existing jobs in decent and green jobs to be reached in the next 5-10 years, with accompanying decent work policies through green investments of at least 2% of GDP.

Social Protection Floor

20 Today, 1.4 billion people are struggling to survive on less than \$1.25 a day, some 84 million more than before the crisis. There is a risk that key Millennium Development Goals (MDGs), including MDG 6 on HIV/AIDS, will not be reached by the target year of 2015. Urgent action must be taken to get progress towards the MDGs back on track. This means putting social protection at the heart of the international development agenda.

21 At Cannes, G20 Leaders recognised “*the importance of social protection floors in each of our countries, adapted to national situations*” (C#6) using the ILO’s four-part definition comprising: “... *access to health care, income security for the elderly and persons with disabilities, child benefits and income security for the unemployed and assistance for the working poor*”. The Cannes Communiqué also noted “*the report of the Social Protection Floor Advisory Group, chaired by Ms Michelle Bachelet.*”

22 Trade unions support a horizontal and vertical “double extension” of social protection entailing both social protection floors and the ratification and implementation of ILO Convention 102, Social Security. The L20 is calling on the 3rd LEMC to ensure that the G20 Los Cabos Summit Ministers deliver on commitments on the Social Protection Floor (SPF) by making the following recommendations:

- Elaborate a G20 action plan to support implementation of the SPF at national levels;
- Establish a global SPF fund co-financed by G20 governments, the World Bank and multilateral development banks;
- Support the adoption of a strong international instrument on the SPF at the International Labour Conference in June 2012;
- Assist a self-selected group of pilot countries to fast-track the implementation of the SPF with the support of all relevant international organisations;
- Increase cooperation between the ILO and IMF to support countries in creating fiscal space for the implementation of the SPF;
- Support the full integration of the above into the World Bank’s Social Protection Strategy 2012-2020;
- Create an interagency mechanism coordinated by the ILO and involving all relevant UN agencies, IFIs and regional entities to promote the implementation of the SPF at global, regional and national levels as advocated by the UN Bachelet report;

11 Unions challenge G20 Finance Ministers to unleash green jobs investment (<http://www.ituc-csi.org/unions-challenge-g20-finance.html>)

- Endorse the proposal that all governments have in place, as a minimum, a SPF, based on relevant ILO standards, by 2020.

Labour Rights

23 Strengthening the social dimension of globalisation is essential for building a fairer and more sustainable global economy. Central to this is the stronger enforcement of fundamental workers' rights, agreed in the ILO. At the 2nd G20 LEMC in Paris, Ministers committed to stepping up efforts to “*promote effective application of social and labour rights*” on the basis of the ILO Declaration of Fundamental Principles and Rights at Work. They also recommended that G20 Leaders “*fully implement the 2008 Declaration on Social Justice for a Fair Globalisation*”.

24 The L20 is calling on the 3rd LEMC to:

- Promote action by all G20 countries to ensure ratification of ILO core conventions;
- Ensure that the policies and programmes of the international organisations (IMF, World Bank, European Union, OECD and WTO) do not, in any way, undermine those rights;
- Strengthen the ILO and ensure that it is equipped with the necessary resources and tools to achieve compliance with international labour standards;
- Request the ILO to undertake impact assessments of the policies and programmes of all international organisations in terms of core labour standards and to monitor their promotion of decent work;
- Take action to secure the highest levels of workers' health and safety standards, tackling occupational diseases and strengthening international norms (notably the Rotterdam Convention's coverage of asbestos);
- Promote action by all G20 countries to ratify ILO Convention 183 on maternity protection, Convention 156 on workers with family responsibilities and ILO Convention 189 on domestic workers;
- Support the rights of migrant workers, including through the promotion of inter-governmental cooperation on social security schemes;
- Call for adoption by the World Bank of a safeguards clause that would require respect of core labour standards across the entire spectrum of the Bank's own operations;
- Recognise the need for trade and investment agreements to require the respect and enforcement of both national labour law and internationally-recognised labour rights;
- Commit to the effective implementation and promotion of international instruments for responsible business conduct, including most notably the UN Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration on Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises.

Governance, Social Dialogue and the Road Ahead

*“Convinced of the essential role of social dialogue, we welcome the outcomes of the B20 and L20 and their joint statements”.*¹²

25 The 3rd LEMC must ensure that it bolsters the G20’s credibility and legitimacy and that the G20 reasserts its relevance in the fight against the recession and for sustainable growth. The L20 is calling on the Guadalajara LEMC to:

- Encourage coherence between economic, trade, social and environmental policies at national, regional and global levels, with close involvement of the ILO, IMF, World Bank, WTO, EU, OECD and relevant UN bodies to assess the compliance of their crisis and post-crisis analyses with ILO standards and the aims of the Global Jobs Pact. This should be carried out in collaboration with the social partners;
- Establish reciprocal arrangements for observer status between all international economic, social and environmental organisations;
- Resume its preparation of a new global standard on the key values and principles to promote sustainable economic activity, through a Charter for Sustainable Economic Activity incorporating a Decent Work agenda to give a normative underpinning to global markets;
- Upgrade the level of social dialogue and consultation at national and international levels so as to ensure effective implementation of policy commitments;
- Facilitate the direct representation and interaction of the social partners, organised in the L20 and B20, with G20 Leaders as the basis for effective and pragmatic discussion of workplace concerns;
- Mandate the G20 Task Force on Employment to follow up its proposals on youth employment over the course of the year and renew the G20 Task Force on Employment beyond the existing one-year period, draw up an agenda in consultation with the social partners (see *BOX*) and report on progress to the 4th LEMC (Russia, 2013).

G20 EMPLOYMENT TASK FORCE – THE ROAD AHEAD

Social partners should be consulted over the months ahead on the future Task Force agenda. This should cover as a priority:

- (i) Tracking the implementation of the Task Force’s recommendations on youth employment in conjunction with the social partners and the ILO and OECD;
- (ii) Preparation of the engagement of G20 Labour Ministers with G20 Finance Ministers on the implementation of past G20 employment commitments;
- (iii) A work programme aimed at halting precarious and irregular work that is undermining the recovery and formalising informal workers, paying particular attention to the gender dimension;
- (iv) Maximising the creation of green jobs and skills in the light of the Guadalajara G20 outcome.

12 G20 Final Summit Declaration April 2010.



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