

ITUC/TUAC

# TRADE UNION PRIORITIES FOR THE FRENCH 2011 PRESIDENCY OF THE G20 / G8

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## Background

**1** In early 2011, the global economy is at a critical juncture. The recovery from the great recession of 2008-2010 is uneven and fragile. Corporate profits have surged across the industrialised countries, whilst investment remains stagnant and wages are being cut. In industrialised economies, the effects of the shift in policy from G20 coordinated expansion and recovery measures to austerity policies are beginning to be felt and risk pushing the economy back into recession with further rises in unemployment. Paradoxically, through the depressing effect on growth, austerity policies stand to slow the return to sustainable public finances in the medium-term. The major emerging economies in the G20 have maintained strong growth. However, plans for achieving the Millennium Development Goals (MDGs) are now seriously off track. The commitments made by the G8 at the Gleneagles Summit in 2005 now appear forgotten.

**2** The rhetoric of governments faced with the contradiction of stagnant or fragile growth, on the one hand, and deflationary austerity policies on the other, has been to call for “structural reforms”. Yet the structural reforms proposed – deregulated labour markets, weakened employment protection, tighter conditionality and lower welfare benefits – represent a return to the remedies of the past that fuelled the growth in income inequality which contributed to the crisis in the first place.

**3** The G20 Summits held in Toronto and Seoul in 2010 presided over a shift away from the focus on policy coordination and jobs growth that characterised the London and Pittsburgh Summits in 2009. The French Presidency has indicated its commitment to an ambitious agenda for the G20 and G8 meetings in 2011. Trade unions consider it essential that this agenda includes the following priorities: *returning the global economy to a path of growth and job creation; implementing financial regulation; getting development back on track; coming out of the crisis, shifting to a new sustainable economic growth model; and strengthening G20 governance and transparency.*

## Restoring growth and job creation:

**4** The priority for G20 Governments must be to achieve a faster recovery in economic activity by increasing demand so as to put employment growth on a path

### About ITUC and TUAC

The International Trade Union Confederation (ITUC, [www.ituc-csi.org](http://www.ituc-csi.org)) is the main international trade union organisation, representing the interests of working people worldwide. It has 301 affiliated member organisations in 151 countries and territories, with a total membership of 177 million workers.

The Trade Union Advisory Committee (TUAC, [www.tuac.org](http://www.tuac.org)) to the OECD is an interface for trade unions with the OECD. TUAC's affiliates consist of over 58 national trade union centres in the 34 OECD industrialised countries which together represent some 66 million workers. ITUC & TUAC are members of the Council of Global Unions ([www.globalunions.org](http://www.globalunions.org)).

that is consistent with full employment. This requires governments to encourage income-led growth including ensuring that government expenditure is focussed on targeted measures that stimulate job creation and in particular those targeted to reducing youth unemployment and long-term unemployment.

**5** Governments should implement the recommendations of the Washington G20 Labour and Employment Ministers' Conference (April 2010). In view of the depth of the employment crisis, the 2011 Conference of G20 Labour Ministers should be one of a series of G20 actions designed to ensure the rapid implementation of the Washington recommendations, in line with commitments made in Seoul "*to put jobs at the heart of recovery*". The agenda should address the following issues: employment measures for crisis-hit countries, including the respective roles of the IMF, ILO and OECD; the positive potential impact of collective bargaining on aggregate demand, including the role of international labour standards; best practice examples for maximising quality employment including the lessons to be drawn from labour market responses to the crisis; implementing the G20 Seoul Declaration recommendations on social protection and the Toronto Training Strategy, especially for young people; halting the growth of precarious and irregular work that is undermining the recovery; and further follow-up to the Washington G20 Labour Ministers' Meeting, including its call for corrective measures to tackle "*widening income disparities*", *inter alia* through "*minimum wage policies and improved institutions for social dialogue and collective bargaining*".

**6** It is essential that governments establish a G20 Working Group on Employment that includes the social partners as well as labour, finance and development ministries and the relevant international organisations. Its mandate should be to accelerate, and assist governments in, the implementation of the Labour Ministers' recommendations.

**7** The G20 Labour Ministers' Conference should include consultations with social partners both before and at the meeting. G20 Leaders should also confirm that the G20 Labour Ministers' Conference is an annual meeting held for the purpose of providing employment policy recommendations for all G20 governments.

**8** All of the above issues relate to the ILO's Global Jobs Pact, which was endorsed by G20 Leaders in Pittsburgh. Governments must re-state their commitment to implementing the Pact, which should be used as the basis for accelerating global action to build national social dialogue so as to increase purchasing power, strengthen social protection, invest in Quality Public Services, undertake training and education, reduce the gender wage gap and invest in green jobs.

**9** G20 governments should strengthen the role of the ILO in both the IMF programmes for crisis-hit countries in order to ensure that recovery is pro-growth and high wage (as agreed at the September 2010 joint ILO/IMF Conference in Oslo) and the G20 Mutual Assessment Process for "Strong, Sustainable and Balanced Growth" (as mandated by the G20 Seoul Declaration), and make available the necessary funding. They should also improve the ILO's capacity to provide in-country assistance and to undertake global and national macroeconomic analysis.

### **Moving ahead on financial regulation and taxation:**

**10** Governments should make the commitment to joint implementation of a Financial Transaction Tax (FTT) that would tax unproductive speculative activities and provide resources for development, the environment and quality public services.

**11** The G20 must deepen and accelerate the implementation of the G20 action plan on financial regulation, including the adoption of effective, robust measures against tax havens and other forms of tax evasion, with the assistance of the OECD.

Systemic risk is not the only problem that needs to be addressed. Governments should also take measures to ensure that financial markets return to their original function of channelling savings into productive investment, rather than speculation.

**12** The Financial Stability Board (FSB) should be instructed by the G20 to establish a trade union consultation mechanism.

### **Getting development back on track:**

**13** G20 countries must maintain and strengthen their commitments regarding Official Development Assistance (ODA) to achieve the MDGs, in line with the Seoul G20 Declaration reference to “*fulfilling the Official Development Assistance (ODA) commitments by advanced countries*”.

**14** A Social Protection Floor, as welcomed by the G20 Washington Labour Ministers, should be supported by the necessary funding through the IMF and the World Bank. The G20 actions on social protection mandated in Seoul should provide a leading role for the ILO and result in specific recommendations for closing the funding gap so that countries can achieve a social protection floor as well as Quality Education for All.

**15** The Seoul Summit’s decision to identify and promote the best existing social standards for private investment in value chains, and its mandate to the ILO, OECD, UNDP, UNCTAD and World Bank to work together to make recommendations to maximise private investment and to “*support the regulatory framework for foreign and domestic investment*” need to be based upon the authoritative international instruments in this area, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy. Adhering governments should support an ambitious update of the OECD Guidelines which delivers effective National Contact Points that operate to a common and high standard.

### **Shifting to a new sustainable economic growth model:**

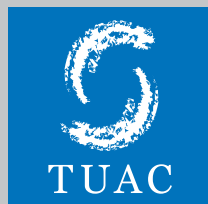
**16** G20 governments should build on the outcome of COP16 (Cancún, December 2010) by making a commitment to achieving an agreement in multilateral climate negotiations, incorporating Just Transition, at COP17 in Durban in December 2011.

**17** The G20 should take measures to implement the G20 Washington Labour Ministers’ recommendations on achieving a fairer distribution of the fruits of growth and strengthening collective bargaining.

**18** The G20 should finalise and adopt the “Merkel Charter” for Sustainable Economic Activity that fully incorporates the Decent Work agenda of the ILO, with an effective implementation mechanism.

### **Strengthening G20 governance and transparency:**

**19** The G20 host should create a “Labour-G20” consultation process in order to strengthen existing processes for trade union consultation in line with the Seoul Declaration’s specific commitment to include trade unions “*in a more systematic way*”. Such procedures should be endorsed by G20 Leaders in November 2011.



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