



ITUC-TUAC TRADE UNION PRIORITIES FOR THE MEXICO PRESIDENCY OF THE G20 IN 2012

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“In 2012, Mexico must be the locus of a reassertion of the relevance of the G20 to fighting recession, with decisions to enhance economic cooperation and boost employment, increase financial regulation and implement a financial transactions tax, attain a social protection floor and support development, address climate change and promote sustainable growth, and achieve more democratic and equitable global governance.”

Background

1 G20 Leaders recognised in Cannes that “global recovery has weakened, particularly in advanced countries, leaving unemployment at unacceptable levels.” The end-November OECD Economic Outlook made clear the very real threat of double-dip recession, with growth forecasts now falling practically daily. Yet the financial market irresponsibility and greed that were largely responsible for the recession have not been curbed; inequalities are still rising to the benefit of the 1% and even more of the 0.1% at the top, while sovereign debt crises put ever greater strain on the Euro, creating a context in which unemployment is quasi-certain to rise further. The emerging economies in the G20 are being affected too, and face particular social tensions in finding jobs for millions of young people seeking work. And the 1.4 billion women and men living in extreme poverty face little prospect of improvement in a context of global economic stagnation.

2 However, many of the world’s governments and institutions appear set on a path that will worsen inequalities and unemployment still further. Trade union rights are under attack from a variety of quarters with pressure for more labour market “flexibility” persisting from the OECD, IMF, and the European Commission, so creating the conditions for even more of the income inequality which contributed to the crisis in the first place. This risks depriving G20 economies of the positive demand impact of higher wages and setting the basis for further social tension and confrontation.

³ The G20 Toronto Summit in 2010 marked a premature pivot away from supporting growth to fiscal contraction. This has contributed to the collapse of growth and the vicious circle of rising unemployment, rising deficits and lack of confidence. In Cannes there was a measure of commitment in the communiqué and declaration to growth and employment. G20 Leaders said that *“We firmly believe that employment and social inclusion must be at the heart of our actions and policies to restore growth and confidence”*.

⁴ In 2012, Mexico must be the locus of a reassertion of the relevance of the G20 to fighting recession, with decisions to enhance economic cooperation and boost employment, increase financial regulation and implement a financial transactions tax, attain a social protection floor and support development, address climate change and promote sustainable growth, and achieve more democratic and equitable global governance.

I. Jobs as the basis of countering recession

⁵ The priority must be to coordinate efforts to increase demand so as to prevent recession, restore growth and raise employment levels. The G20 should:

- Declare a moratorium on the Toronto targets to halve fiscal deficits;
- Ensure that government expenditures focus on measures to raise demand in the short-term, including coordinated investment into job creation programmes in light of the positive impact of wages and collective bargaining on aggregate demand;
- Put in place pro-recovery tax measures designed to maximise their immediate impact on job creation;
- Make employment a formal indicator in the Mutual Assessment Process for “Strong, Sustainable and Balanced Growth”;
- Ensure that the ILO/OECD/IMF/WB employment recommendations that have been requested by the G20 are coherent with the decent work and Global Jobs Pact agenda, and include national social dialogues to achieve growth by raising wages, strengthening social protection, green jobs, training and education, and reducing the gender wage gap – and not upon the labour market deregulation that contributed to the crisis;
- Decide that in order to achieve maximum coherence between economic and employment policies, the G20 Finance Ministers will hold a joint conference with G20 Labour Ministers on the occasion of the third G20 Labour and Employment Ministers’ conference (LEMC) in April/May 2012.

⁶ The 3rd Labour and Employment Ministers’ Conference (LEMC) will receive the first substantive report of the G20 Task Force on employment, which will focus on Youth. It should recommend, inter alia:

- A G20 “Youth Jobs Pact” that would ensure young people receive quality employment and a training place once they have completed their formal education;
- National social dialogue to develop further vocational education and training for youth, whether full-time or associated with employment which lead to qualifications;
- Apprenticeship and quality internship programmes together with incentives for workers and employers that make them effective;
- Youth job guarantee schemes;
- Active labour market programmes oriented towards young workers;
- Social security safety nets are designed to assist young people.

- 7 The 3rd LEMC will further need to provide rapid responses in light of the worsening severity of the crisis, as a basis for its recommendations to G20 Finance Ministers and subsequently to the G20 Leaders:
 - It should look at best practice examples for creating quality employment, by contrast to the negative impacts on working conditions of the recommendations of the IMF and European Commission in the crisis-hit countries of Europe;
 - It should establish a dynamic agenda for the G20 Task Force in consultation with social partners to develop analysis over 2012-13 of national experiences of successful labour market policies in various G20 countries with a view to their application in crisis response in others, including the social tensions and economic losses caused by long-term unemployment;
 - The Task Force should be given a mandate to consider means for increasing the participation of women in the workforce, as advocated in Cannes;
 - The Task Force should be instructed to begin a work programme looking at halting the growth of precarious and irregular work that is undermining the recovery and at tackling the long-term social and economic costs of the growth of the informal economy through a formalisation process;
 - As in the Cannes conclusions, the Task Force should look at the integration of older workers into the workforce;
 - The Task Force should over 2012-13 and in consultation with the social partners further consider a range of other urgent employment issues including reducing labour market inequalities, implementing successful training and vocational training practices, promoting green jobs and skills, developing employment-intensive infrastructural investments, sharing best practice occupational health and safety experiences, and broadening and deepening social security systems.

- 8 Trade unions will meet in the L20 (“Labour-20”) again in June 2012 in Los Cabos, Mexico:
 - Consultation processes need to be developed further in Mexico in line with the Cannes Declaration’s commitment to include social partners - *“Convinced of the essential role of social dialogue, we welcome the outcomes of the B20 and L20 and their joint statement”*;
 - The social partners should have the ability in Mexico for a direct presentation and interaction with G20 Leaders, as a basis for achieving an effective and reality-based discussion of workers’ concerns by the world’s political leadership.

II. Restoring the financial regulation agenda and raising resources through fair taxation

- 9 Governments need to step up international cooperation and regional governance to tackle the fiscal situation through collective support for countries at risk, such that:
 - Government exposure to the risks and contingent liabilities in the banking sector – through explicit and implicit public guarantees – are brought back to pre-crisis levels;
 - Household debt is restructured through government intervention where necessary including through reductions of home mortgages in countries where real estate values have collapsed,

- Sovereign debt service payments are brought back to sustainable levels across the G20 including through collective action such as the issuance of “Eurobonds”;
- the European Central Bank must expand its role to under-write the Euro.

10 Further to the Cannes statements on taxation and the FTT, additional work is needed to develop the Financial Transaction Tax (FTT) at different levels, in view of its dual benefits of taxing unproductive speculative activities at the same time as providing resources for government revenues:

- The IMF and FSB should analyse the impacts of adoption of an FTT at global, regional (including European) and national levels and offer technical assistance to those countries that decide to put in place the FTT;
- The G20 should support adoption of the FTT at global, regional and national levels.

11 The G20 must accelerate and reinforce the implementation of the G20 action plan on financial regulation including through:

- Introducing legal liability of rating agencies and reducing reliance on their ratings in official measurements of liabilities;
- Implementing the Basel II and III framework on bank capital adequacy across all G20 jurisdictions and eliminating regulatory arbitrage through effective regulation of “shadow banking” (banks’ off-balance sheet transactions and private pools of capital);
- Limiting the size and complexity of large financial conglomerates, including through mandatory separation of commercial and investment banking activities;
- Shifting all standardised derivatives currently traded “over-the-counter” (OTC) to organised exchanges and enforce strict prudential requirements for the remaining OTC products;
- Preventing speculation in food prices by setting position limits on the amount of money that traders can engage and implementing similar measures to curb short termism on other markets, reviewing the functioning of the credit default swap markets and banning high frequency trading;
- Establishing effective consultation mechanisms between the Financial Stability Board (FSB) and trade unions and other civil society representatives.
- Upgrading the standards of the OECD-led Global Forum on Tax Transparency to include automatic exchange of information between tax authorities, and enforcing sanctions on jurisdictions that fail to pass “Phase 1” of the Forum’s peer review process.

III. Development and the Social Protection Floor

12 A Social Protection Floor (SPF), as welcomed by the G20 in Cannes, should now be secured by the G20 through:

- Elaboration by the G20 of an action plan to support implementation of the SPF at national levels;
- Ensuring the necessary funding is made available through the G20 itself, the World Bank and multilateral development banks;
- Creation of an interagency mechanism involving all relevant UN agencies, IFI and regional entities to promote the realisation of the SPF at global, regional and national levels, as advocated by the UN Bachelet report;

- Increasing cooperation between the ILO and IMF on supporting countries in creating fiscal space for the implementation of the SPF;
- Assisting a self-selected group of pilot countries to implement a SPF with accelerated speed with the support of all relevant international organisations;
- Full integration of the SPF approach into the World Bank's Social Protection strategy 2012-2020;
- Endorsing the proposal that all governments have as a minimum a social protection floor, based on relevant ILO standards, in place by 2020.

13 In line with the Cannes G20 Declaration statement that “*Aid commitments made by developed countries should be met*”:

- G20 countries must maintain and strengthen their commitments regarding Official Development Assistance (ODA) in priority to achieve the MDGs;
- They must meet commitments on universal access to HIV and AIDS prevention and treatment, particularly to break the link of poverty and renewed economic insecurity to increased rates of HIV transmission;
- The G20 should endorse the full implementation of the conclusions of the Busan 4th High-Level Forum on aid effectiveness (November 2011).

14 The G20's ongoing work on investment through the Seoul mandate to the ILO, OECD, UNDP, UNCTAD and World Bank to jointly make recommendations to maximise private investment and to “*support the regulatory framework for foreign and domestic investment*” needs to be based upon the authoritative international instruments in this area, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights adopted by the UN Council of Human Rights in June 2011 and the ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy.

IV. Green jobs as a basis for sustainable growth

15 G20 governments should build on the outcome of COP17 in Durban towards the Rio+20 conference on sustainable development and then to COP18 in December 2012, by confirming the priority for:

- achieving a successful multilateral agreement to provide a legally-binding architecture for the climate regime in order to limit the temperature increase to below 2°C and consider reducing it to 1.5°C ;
- Full implementation of the Green Climate Fund, with resource commitments to make that possible;
- Putting decent work and trade union consultation at the centre of a just transition effort to respond to climate change.

16 The G20 Summit, which takes place immediately before the Rio+20 Summit, should encourage governments in Rio to commit to

- an agreement on the principles of the green economy, which must include social equity, gender equality, decent work and trade union rights, democracy and a Just Transition for workers;
- country by country self-identified commitment on decent and green jobs targets to be reached in the next 5-10 years, with accompanying decent work policies;

- working towards the creation of a UN Environmental Organisation with strong powers and authority, and the creation of a Sustainable Development Council.

V Governance and the G20

- 17 The G20 must move to bolster its legitimacy and ensure its relevance:
 - It should 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 ;
 - It should upgrade the level of social dialogue and consultation at national and international level so as to ensure effective implementation of these policy commitments;
 - The G20 should ensure coherence between economic, trade, social and environmental policies at national, regional and global level, with close involvement of the ILO, IMF, World Bank, WTO, OECD and relevant UN bodies to assess the coherence of their crisis and post-crisis analysis with ILO standards and the aims of the Global Jobs Pact. This should be carried out in collaboration with the social partners.



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