



## **ITUC/TUAC EVALUATION OF THE G20 LABOUR AND EMPLOYMENT MINISTERS' MEETING (WASHINGTON DC, 20-21 APRIL 2010)**

### **Introduction and Summary**

1. The outcome of the first meeting of G20 Employment and Labour Ministers has to be judged against the scale of job creation required to halt the rise and then reduce unemployment levels in the wake of the global economic crisis. The Ministers note in their final communiqué that the ILO estimates that government action saved or created 21 million jobs world wide in 2009-2010; however as trade unions have underlined, global unemployment has risen by 34 million since the crisis began and many millions more workers have fallen out of the recorded labour force. Moreover with pressures rising from some quarters to cut back on recovery programmes and reduce public deficits the risk is that premature “exit strategies” could tip the global economy back into a recession with catastrophic results. The risk would be that mass unemployment could become “the new normal”. The Global Unions statement to the meeting called for “an aggressive agenda to ensure more robust growth and growth that delivers more jobs”. In response the Ministers recommended “vigorous implementation of existing policies and consideration of additional employment measures” – this will not be enough and governments must take further steps to support global demand and employment over the months ahead.

2. On several other issues however the Ministers adopted potentially significant recommendations to the G20 Leaders that will be important for trade union follow-up. These include their call for targeted efforts to generate employment for poor households in lower and middle income countries; the need for corrective measures to address widening income disparities over the long term through strengthening of “minimum wage policies and improved institutions for social dialogue and collective bargaining”; the social and economic case for establishing “adequate social protection systems”; and paying attention to the problems of vulnerable sectors of the labour force. It called for international institutions to consider ILO standards and the ILO Global Jobs Pact in their analysis and activities. It also welcomed the ILO’s role in implementing the G20 Framework for Strong, Sustainable and Balanced Growth, as part of enhanced coherence and coordination of government policies. The inclusion of many of these recommendations in the final version of the Ministers’ conclusions bears witness to the advocacy work of trade unions in the run-up to the G20 Labour Ministerial and in the tripartite consultation in Washington DC on the eve of the Ministerial itself.

3. However, the central issue for the period ahead is how these conclusions are to be followed up and implemented. The conclusions make no reference to follow-up (beyond the finalisation of the previously mandated training strategy to be presented to the Toronto G20 Summit) whether through a continuation of interaction between G20

labour ministries, preparation of further recommendations to G20 Leaders or the holding of any second Labour Ministerial Meeting. There is no response to the Global Unions' call for the establishment of a tripartite task force to track implementation of the recommendations – this will require forceful advocacy in the run up to the Toronto G20 Leaders' Summit in June.

### ***Preambular section of Recommendations***

4. The first two pages of the Recommendations begin with a reiteration of the G20 Leaders' assertion in Pittsburgh concerning the high degree of job creation resulting from their stimulus measures over 2008-10. It continues that implementation of measures already announced is needed to achieve a recovery in employment, and that in some cases additional measures are needed. It emphasises that coordinated efforts to achieve growth of jobs and incomes simultaneously across the G20 will buttress global demand, creating still more jobs, and that growth in developing countries is particularly important to achieving balanced global growth.

5. In an important section the next paragraphs commit governments to address "challenges that had been building even before the crisis", to ensure a broader sharing of productivity gains with workers, respect of fundamental workers' rights and the fostering of social dialogue. It endorses best-practice examples being followed between G20 countries. Education is highlighted as a means for achieving sustainable growth, with attention also given to social protection schemes including access to health care and pension schemes.

6. The final paragraph of the opening section welcomes the ILO's background report, prepared with input from the OECD and mandated by the G20 Pittsburgh Summit, as well as the Global Jobs Pact and ILO's Decent Work Agenda. It emphasises the ILO's recommendations which "will make a strong contribution to the G20 Framework for Strong, Sustainable and Balanced Growth and will enhance policy coherence".

7. The next paragraphs merely constitute a repetition of the sub-headings in the following five sections of the Ministers' Recommendations to G20 Leaders, as described in greater detail below.

### ***Accelerate Job Creation to Ensure a Sustained Recovery and Future Growth***

8. As noted above this section only goes so far as to call for "vigorous implementation of existing policies and consideration of additional employment measures". It does however emphasise the importance of employment and labour income to achieving overall recovery, even more than in previous recessions. Among the measures highlighted are the importance of infrastructure investment, support for services such as health, education and public safety, and investing in green jobs – all of which are key priorities from the global union statement to the Ministers. They also note "job-sharing or retention programmes" in a positive light.

9. The report continues with recommendations for targeted efforts to generate employment for poor households and vulnerable groups in "countries with extensive underemployment, informal sectors, and/or high rates of poverty". In this regard it emphasises inter alia the positive effects of public works schemes, investment in rural infrastructure, and programmes to send children to school.

10. Importantly, the Ministers stress the importance of such measures not only in themselves but to “help the global economy by avoiding further contractions in domestic demand and increasing domestic consumption”. Although language on rebalancing in earlier texts has been removed, they “recommend consideration of the impact of these proposals on domestic and global demand as part of the implementation of the Framework for Strong, Sustainable and Balanced Growth” and call for “transition to a more balanced global economy based on sustainable growth”. This interlinkage between boosting incomes and protection and strengthening the global economy is central to the trade union analysis of the key means to raise growth worldwide.

### ***Strengthen Social Protection Systems and Promote Active Labour Market Policies***

11. Social protection systems and active labour market policies must be strengthened, the Ministers assert, because historical experience shows that significant numbers of people stand to remain unemployed even after recovery begins. Particular attention is drawn to the most disadvantaged and to those ineligible for unemployment schemes because of their concentration in irregular and temporary employment relationships. The need to integrate active labour market policies with social protection systems is highlighted, in order to reduce dependency and improve sustainability of social protection systems.

12. Importantly, Ministers again draw the attention of G20 Leaders to the positive macroeconomic effects of such investments, indicating that “spending on social protection systems can also provide significant levels of job creation in the provision of services and multiplier effects, helping to sustain nascent recoveries.”

13. The need for a basic social floor is endorsed, through various measures including “income support to poor households through cash transfers, nutritional assistance, publicly funded access to basic health services, housing assistance and support for children, the elderly and disabled”. Trade unions had called for G20 Ministers to support the ILO campaign for a universal social protection floor worldwide.

14. Ministers “welcome and encourage increased support by multilateral development banks for extension of social protection systems and invite the ILO to assist countries in designing and building such systems.” This should promote an important alternative to the World Bank-driven approach to social protection prevalent in the 1990s.

### ***Place Employment and Poverty Alleviation at the Centre of National and Global Economic Strategies***

15. This important section was absent in the draft Recommendations circulating one month ago. It calls for “greater coherence and coordination of the policies of our national governments as well as between international bodies assigned responsibility for different aspects of international economic policy”, which is to be welcomed.

16. The Ministers “welcome the participation of the ILO among the institutions implementing the Framework for Strong, Sustainable and Balanced Growth to help ensure that decent work, inclusiveness and social sustainability are part of the strong foundation that we seek to build for the future.” This is a step towards unions’ call for the ILO to be recognised as the competent agency to prepare the Employment and Social

Protection components of the G20 Framework being developed so far by only the IMF and World Bank.

17. Ministers “strongly concur with our Leaders that international institutions should consider ILO standards and the Global Jobs Pact in their crisis and post-crisis analysis and policy making activities”. This invitation for greater cooperation between the ILO and the IMF, World Bank, WTO and OECD and others, on the basis of ILO standards and the Global Jobs Pact is welcome.

18. However, the Ministers fail to make any reference to the earlier G20 proposals for a Global Charter for Sustainable Economic Activity that could have incorporated labour standards as a major element for multilateral economic cooperation.

### ***Improve the Quality of Jobs for Our People***

19. This section begins by recognising that “Even before the current crisis erupted, a number of countries had experienced deteriorating or stagnant conditions with respect to wages and terms of employment and widening income disparities.” The Ministers’ call for “corrective measures” to address this long-term problem is highly welcome, as is their advocacy of “minimum wage policies and improved institutions for social dialogue and collective bargaining”. The recognition of the importance of trade unions’ role in achieving a sustainable, balanced economy is a crucial one and contrary to the thinking of several G20 governments and some international institutions up to now.

20. Ministers highlight the “significant growth in irregular or casual employment relationships”. They call for measures in many countries “to ensure that the crisis does not lead to violations or weakening of fundamental rights at work or national labour laws or to the exploitation of vulnerable segments of the workforce, including youth and migrants”.

21. It should be noted however that neither in this section nor anywhere in the document is reference made to gender-specific problems faced by women in the workforce and in society.

### ***Prepare Our Workforces for Future Challenges and Opportunities***

22. The main “training strategy” called for by the G20 Leaders at Pittsburgh is to be delivered to the Leaders in Toronto. The recommendations so far are limited to prioritizing training and linking it to growth strategies although they now also include education and lifelong learning. The section on workforce development and training is geared towards supply-side measures and lacks any reference to the responsibility and role of employers. There is a need for a demand side shift and upgrading by employers in the use of skills.

23. On the positive side there is no reference to cost-sharing regarding training that had appeared in earlier discussions with business and labour. Furthermore reference is made to assisting vulnerable groups, especially young people – in line with trade union demands. Developed countries are exhorted to support developing countries to build and strengthen training capacities.

24. However, again the issue remains of what policy action will be taken as follow up now and beyond Toronto to address lacunae in training provision, against the background of pressures on public expenditure.

25. The ILO is invited to continue its work to provide a training strategy for G20 Leaders, with participation by the OECD, for Leaders to consider in Toronto.

## CONCLUSIONS

26. In the absence of any indication in the Ministers' recommendations, there is a danger that there will be no continuation of the G20 process of cooperation between Labour Ministries to address and prioritise the employment impact of the crisis.

27. Potentially there are significant recommendations in the Ministers' conclusions that G20 Leaders should take forward at their Toronto Summit in June 2010, particularly with regard to:

- Strengthening of social dialogue and collective bargaining
- Establishment and strengthening of adequate social protection systems
- Employment generation for vulnerable groups
- Implementation of the Global Jobs Pact
- Role of the ILO in the G20 Global Framework.

28. However, G20 Leaders must go further with regard to action to ensure a "job rich" recovery that risks being thwarted by a shift to short term deficit reduction by governments.

29. G20 Leaders must further develop Ministers' recommendations regarding the role of the ILO, inter alia by clarifying its role as the primary agency responsible for employment and social protection issues in the context of the G20 Framework.

30. Leaders must furthermore build on the social dialogue references by Ministers by undertaking a formal consultation session with the social partners at their Toronto Summit. The process of cooperation between Labour Ministries should continue and G20 Leaders need to establish an ongoing G20 decent work task force including social partner participation, to prepare for a second G20 Employment Ministerial before the end of the year.

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