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OECD organisation for economic cooperation and development
■ CSC commission syndicale consultative auprès de
OCDE l'organisation de coopération et de développement économiques

**G8 LABOUR AND EMPLOYMENT MINISTERS' CONFERENCE
STUTT GART, 14-16 DECEMBER 2003**

**Growth and Employment:
The Future of the Working Society in a Changing World**

TUAC EVALUATION

Introduction

1. Labour and Employment Ministers from the G8 countries met in Stuttgart together with representatives of the ILO, the OECD and the EU Commission, to discuss the key issues facing both national and international employment policies. Based on the optimistic assumption, that the global economy is in the process of recovery, Ministers gave particular attention to three inter-related themes:- (i) how to create the conditions for sustainable growth and employment; (ii) how to improve labour market efficiency by balancing flexibility and security; and (iii) how to achieve closer cooperation in the field of international employment policies.

2. Ministers' discussions were based on a background document "Growth and employment: the future of an active society in a changing world" as well as on presentations by the OECD, the ILO and - to a lesser extent - on submissions by the BIAC and TUAC.

3. The main new element in the conclusions of the meeting is the emphasis on the need to take the social dimension of globalisation more seriously at the multilateral level. The G8 propose creating "an inter-institutional dialogue forum consisting of ILO, UNCTAD, WTO, World Bank and IMF" (paragraph 16). This is in addition to inter alia the enforcement of core labour standards, respect for the OECD Guidelines for Multinational Enterprises, the "internationalisation of labour relations" and encouragement of the OECD and ILO to work together on growth and employment (paragraphs 17-20). The key question is now the implementation of these conclusions in the respective institutions and cross-institutional setting.

Consultations with Ministers

4. Prior to the Ministerial meeting, on the afternoon of December 14, joint consultations were held between the Ministers and representatives of both BIAC and TUAC. Referring to the submission by TUAC, trade union delegates pointed out that policies aimed to deregulate labour markets do not provide a magic bullet to combat unemployment and to increase employment. On the contrary, positive structural reform policies require growth-orientated macroeconomic policies. Moreover, they also emphasized that the current state of the US economy does not indicate that there is a start of a self-sustaining recovery. Unlike previous

recoveries in the US, the much talked about recovery has not translated into increased employment; it has been jobless.

5. The trade union delegates warned against the assumption that the world economy could once more rely upon the US as the only engine of growth. Therefore they strongly emphasized that Europe is in need of policies promoting growth. In order to promote growth and employment efficiently in Europe, however, they called for a shift in macro-economic policies. Appropriately coordinated monetary and fiscal action aimed to raise economic and employment growth policies must be given priority over the next 18 months, taking into account that inflation is not a serious threat. Delegates called on G8 Employment Ministers to get the message, that employment growth is possible without inflation, across to Finance Ministers and Central Bankers.

6. With regard to the issue of how to improve labour market efficiency and balance flexibility and security, the trade union representatives emphasized the need of a “high-road” approach as opposed to the low-road approach, the latter characterised by the expansion of low-skill, low-wage jobs and precariousness, whereas the former combines well-paid, skilled jobs, improved training opportunities as well as security and flexibility. Moreover, they urged the G8 Labour Ministers, to:-

- Ensure the linkage of active labour market and training policies;
- Keep lifelong learning on the agenda with the objective to make it a reality for all by implementing the G8 Cologne Charter and by raising levels of investment in education and training;
- Base action to increase labour supply on a new approach ensuring the quality and attractiveness of work; health and safety at the workplace; decent wages and salaries, limiting and excluding the risk of being caught in “low pay traps”;
- Ensure gender equality in the labour market;
- Contribute to the improvement of career perspectives and employment security, based on the prevention of precariousness;
- Empower workers and their union representatives to have a voice in the process of managing change;
- Encourage the ILO to undertake a serious assessment of the outcomes of labour market reform in the industrialised countries as well as in the transition countries.

7. Trade union delegates also addressed the need to tackle fundamental social and labour inequities in order to achieve a fair world trading system and to build a social dimension to globalisation. They emphasized that this will require decisive steps, above all the need to:-

- Mandate the International Financial Institutions and the WTO to contribute to building the social dimension of globalisation through joint work with other international organisations, in particular with the ILO. Thus, a forum between these organisations must be created;

- Provide for an effective enforcement of the ILO Declaration on Fundamental Principles and Rights at Work;
- Strengthen the implementation of the OECD Guidelines for Multinational Enterprises, in particular by ensuring that governments do assume their responsibilities in creating efficiently functioning National Contact Points (NCP's) thus allowing the Guidelines to become an effective instrument for corporate social accountability;

8. Representatives of business and industry emphasized in the consultations that the first focus of policies should be on employment creation through more efficiency and flexibility in the labour market. Moreover, they stated that the growth of non-standard forms of work should be seen as a positive advancement toward achieving greater employment opportunities. With regard to the social dimension of globalisation they agreed that the OECD Guidelines on Multinational Enterprises serve as an important reference regarding corporate accountability.

The Chair's Conclusions

Growth and employment

9. Ministers agreed on the objective to promote the creation of more and better jobs through dynamic market and growth-oriented policies (paragraph 2). TUAC's assessment is, however, that Ministers were complacent on the economic recovery hereby welcoming the fact that macroeconomic framework conditions continue to support economic recovery (paragraph 3). More significantly, however, they "advocate stronger networking and integration of various policy fields, in particular finance, economy and social policies (paragraph 4). The conclusions argue that labour markets must be "dynamic and flexible" in order to function properly in the context of rapid demographic and technological change and international competition. However, they emphasize at the same time the need to ensure that labour markets are inclusive and that under-represented groups are given the opportunity to participate more fully in working life, in particular women, older workers and vulnerable groups such as people with both disabilities and low skills.

10. The final conclusions reaffirm the Ministers' commitment to continued training and lifelong learning adopted in Montreal in 2002 (paragraph 5). This reaffirmation is preceded by positive language stating the rationale for investments in human capital and skills development in knowledge-based societies. Paragraph 11 adds useful comment on the need to reconcile education, training and family responsibilities with work. This paragraph specifically refers to gender equality and participation of women, which is good, but the point urging reconciling these aspects of life should also be seen as applying to men. The Ministers do not pursue the broader question of the disruptive impact on families of restructuring, increased mobility, greatly increased distances between home and work, and frequent job changes.

11. Paragraph 12 should be the key point of the conclusion addressing implementation of the objective set out earlier. However, the language of this paragraph remains at the level of generalities. So the Ministers were unable to move beyond the general problem that confronts all parties when dealing with Lifelong learning issues – everyone can agree on the objectives, but there is still a lot of vagueness and failure to seize opportunities to mention possible solutions when it comes to policy proposals aimed at achieving those objectives.

12. Notably, the Ministers failed to take up a key point in the TUAC statement that collective bargaining on lifelong learning issues is an effective way forward and should be facilitated. The reference to “functioning social partnership structure” in paragraph 17 is fine, but sounds like tokenism, rather than a serious acknowledgement of the central role that can be played by trade unions and employer organisations. The role of trade unions as providers of learning, and the concept of learning representatives being seen as trusted intermediaries for employees could have been mentioned here, but was not.

13. The conclusions hint (paragraph 17) at the issue of financing lifelong learning. Labour Ministers should engage with the social partners in each country on the issue of input by employers, individual workers (taking into account time and indirect costs) and input by public authorities, but this is not made explicit. Moreover, there should be caution about the use of language such as “we emphasize that the individual workers must invest in lifelong learning”.

14. Ministers tried to find language that balances security of workers and flexibility. The conclusions state that the “need for more flexibility as well as for security for workers, job seekers, and companies must be taken into adequate account”. They also pointed out that “New work patterns must take into consideration the need for quality jobs with regard to pay and productivity, working conditions and safety at work, working time and the possibility of reconciling work and family life” (paragraph 7).

15. In order to overcome the discrepancies between labour market supply and demand, Ministers stressed also the need to improve the efficiency of employment services (paragraph 9). Ensuring that employment service structures adequately meet today's requirements, so that supply and demand can be matched as rapidly and as accurately as possible by taking into account both the needs of the individual job seeker and the company, should be an aim of pro-active employment policy.

16. Further to previous debates on the national and international levels, Ministers stated that promoting active labour market policies should be based on a clear set of rights and obligations (paragraph 10). Moreover, they claimed –without going into details- that in order to make work pay, tax and social systems should become more employment-friendly. Accordingly, “it should always be more advantageous to accept a job rather than drawing benefits” (paragraph 14).

17. In order to improve the functioning of labour markets and to strengthen the ability of companies to innovate and to manage change, Ministers also underscored the importance of well-functioning systems of industrial relations covering the company or local level as well as the national and, increasingly, the international level.

18. The Ministers make a call for a partnership approach to managing change arguing that “Effective cooperation between employers and workers and their organisations on a partnership basis and the involvement of workers in accordance with national tradition and practice make an important contribution to promoting the quality of jobs” (paragraph 8)

International Cooperation on Employment Policies

19. It is on the question of cooperation between the international institutions in the field of employment and social issues that the conclusions break some new ground. The Ministers “are convinced that the social dimension of globalisation needs to be taken into consideration more strongly at the multilateral level” (paragraph 16). To this end they propose “developing an inter-institutional dialogue forum consisting of ILO, UNCTAD, WTO, World Bank and IMF”. This is an important step towards establishing a standing working forum on the social dimension of globalisation as proposed by global unions. It is an issue that the ILO’s Commission on the Social Dimension of Globalisation should take up in their report to be published in early 2004.

20. The Ministers define the “cornerstones” of the social dimension of globalisation as “good governance, responsible entrepreneurial action, functioning social partnership structures and the implementation and enforcement of globally recognised core labour standards (paragraph 17). They encourage respect for the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration and the Global Compact (paragraph 18). They also note “the internationalisation of labour relations”. Whilst not referring to global government agreements they note “workers’ involvement and participation” and stress transparency (paragraph 19).

21. Finally they call for OECD-ILO cooperation on growth and employment (paragraph 20) which could be a useful contribution both to work on the social dimension of globalisation and in the reassessment of the OECD Jobs Strategy.

21. There will not be a G8 Employment Ministers’ Conference under the US G8 Presidency in 2004 and the next meeting is expected to be under the UK Presidency in 2005 (paragraph 21).