

ILO Director General –

Remarks to OECD Ministerial Council Meeting (Paris, 29 May 2013)

Item 3: “It’s All About People: Jobs, Equality and Trust”

*Second Session: Jobs, Labour Markets and Skills - Institutions Matter:
Rebuilding Trust and Confidence*

1. The severity and length of the crisis places the issues of “Jobs, Equality and Trust” at the top of national and international policy-makers agendas. We are short of all three.
2. It is worrying sign that now five years into the crisis, the OED Economic Outlook and the papers prepared for this meeting point to a failure to generate sustained recovery and arrest a deepening social malaise in many countries. Whatever positive construction we may seek to place on the evidence, the global reality faced by people is one of growing unemployment.
3. So the opinion polls that show that citizens are losing trust not only in what their governments, individually and collectively, are doing but even in whether they are actually able to manage events at all should come as no great surprise to us. This is dangerous – for democracy and for the international development and cooperation that the OECD and the ILO were established to foster. It is dangerous too because the other side of the coin is a loss of trust in established institutions and actors – leading to a placing of faith in alternatives which should be of concern to us.
4. In this session we are invited to look at policies to alleviate the difficulties faced by the particularly vulnerable. The reality is that special policies for each group will only help overcome the barriers and discrimination they face if we get economies growing again. We need growth that generates enough decent jobs to meet societies’ needs – inclusive growth.

5. I will highlight four points that seem to me critical to a rethink of the current policy stance.
6. First, we should address youth unemployment head on quickly, with actions including youth guarantee schemes that ensure young people a job or a training place. The ILO welcomes warmly the OECD's Action plan "Giving Youth a better start". It is very similar in its proposals to the ILO Resolution on "The youth employment crisis. A call for action" adopted at our 2012 International Labour Conference. The lesson to draw is that we need to work together, as well as at the G20 in the work that is already being prepared on training and apprenticeships.
7. The current situation of youth unemployment is scarring a generation and undermining economies' growth potential. Yet perhaps the most destructive scarring effect is in terms of the current youth generation's distrust in policy actions as, if our eyes are open, we see on our streets.
8. Second, we need to sustain our social protection systems so they can perform the role of economic and social stabilizers. And in emerging and developing countries we need to start building social protection floors along the lines envisaged in the recently adopted ILO Recommendation on social protection floors.
9. In that regard, we need to also act on what OECD reports call the "market" income distribution. I applaud the growing number of countries that are acting to increase or introduce minimum wages. Together with the promotion of collective bargaining coverage to help ensure that wages do not continue to lag behind productivity growth, minimum wage rises across our economies can restore some buoyancy into the growth and jobs outlook as well as easing fiscal pressures. Perhaps the biggest structural problem our economies face is ending the prolonged wage squeeze that has

upset the balance of consumption, saving and investment so crucial to sustained growth.

10. Third, as you, Chair, know very well, the role of social dialogue and social partners in building consensus and fostering compatibilities between economic and social goals was a focus of the ILO 9th European Regional Meeting, which was held in Oslo in April. Our theme was very similar to that of the Ministerial Meeting, “Jobs, growth and social justice”.
11. It concluded that one of the institutions that matters most is social dialogue. Social partners can be instrumental in identifying and formulating suitable strategies which balance and sequence fiscal consolidation, structural reforms and competitiveness on the one hand, and stimulus packages, investment in real economy, quality of jobs on the other. So it is to be regretted that social dialogue has very frequently been a victim of the crisis. Where it has broken, it needs to be put back together.
12. Fourth, let me stress that while countries must act and focus on policies that address national specificities, we face a global jobs crisis and that requires a coordinated response. As well as coordination across countries we need coordination across policy domains. To tackle the jobs crisis we need to act on both the demand and the supply side of labour markets.
13. People see a vicious spiral in which ever increasing unemployment and inequality weakens growth which widens fiscal deficits provoking further cuts. They see a situation that is wrong, misplaced and unfair. People think we just don’t get it. That perception has to change.
14. Thank you.