

Commission for Social Development, 45th Session
Agenda item 3(a) - Chairman's Summary

Full Employment and Decent Work for All

1. The world is currently facing decent work deficits which are characterized by high and increasing unemployment and underemployment, poor quality and unproductive jobs, unsafe work and insecure income, lack of rights, and gender inequality. In this context, globalization has both positive and negative effects on the economies of countries. While it has opened up new opportunities for development, it has also contributed to labour market deregulation and flexibility, which in some cases has led to the decent work deficit.
2. The Ministerial Declaration adopted at the ECOSOC High-level Segment in 2006 provided a platform for concrete action to promote full employment and decent work. The Commission should contribute to the implementation of this Ministerial Declaration, and ensure greater coherence of its work in this regard. In this context, the importance of ILO's decent work agenda cannot be overemphasized. More effective coordination of work is needed between the different United Nations agencies and other institutions at the country level in the context of the current United Nations reform process.
3. Full and productive employment and decent work for all are key elements of sustainable development for all countries, and should therefore be a priority of international cooperation. The challenges of achieving full employment and decent work require a comprehensive approach at the national and international levels. The World Summit for Social Development placed the goal of full and productive employment at the forefront of the United Nations development agenda. Making full and productive employment and decent work for all a central objective of national and international policies is imperative to reach the internationally-agreed development goals, particularly the goal to reduce poverty.
4. Creating an enabling environment, based on an integrated and coherent set of policies at the national and international levels is essential. In pursuing this goal, policies at the international level should support growth, poverty reduction and creation of decent jobs for all. Thus, trade barriers should be dismantled to ensure all countries equal access to markets. Furthermore, democracy, good governance and infrastructure are essential for the creation of an enabling environment for full employment and decent work for all.
5. Unemployment is a major cause of poverty, and full employment and decent work are important pathways for poverty alleviation. However, the large number of working poor demonstrates clearly that for many people work alone is not enough to provide a decent living. There is also an emerging consensus that economic growth alone does not automatically lead to the creation of jobs, as had been previously assumed. Social security systems should be improved to assist those in need, and these efforts should include extending labour standards and social protection programmes to workers in the informal economy.
6. Key challenges to employment expansion include low levels of economic growth, low rates of investment, poor planning, an underdeveloped agricultural sector, high rates of population growth, low technology and skills base, weak public institutions, workers' associations and civil society, as well as corruption. Changes in information and communication technologies, new management practices and organization of work, as well as a need to match knowledge and skills to changing economic activities, pose challenges to employment creation as well.
7. National policies for full employment and decent work should be considered in an integrated way, taking into account both demand and supply factors. Skills improvement has to be accompanied by

job creation, with more emphasis on vocational and technical training. Policies are needed to promote growth, investment and small enterprise development in order to expand and improve opportunities for employment. Investment and access to credit, including microcredit, are also essential for growth and job creation; other components include employment services, access to education and vocational training for unemployed as well as social protection. The agricultural sector and rural areas, where the majority of poor people work, need to be given priority attention. Active labour market policies should aim at facilitating smooth adjustment to changes brought by trade liberalization and globalization.

8. At the Geneva special session of the General Assembly in 2000, a commitment was made to ensure that macroeconomic policies reflect and fully integrate, inter alia, employment growth and poverty reduction goals. At that time it was agreed that countries would reassess, as appropriate, their macroeconomic policies with the aims of greater employment generation and reduction in poverty levels while striving for and maintaining low inflation rates. Regrettably, very limited progress on these two commitments has been made since that time, and the challenges for achieving full employment and decent work still remained daunting.

9. Policy makers must consider not only the financial and stabilization objectives of macroeconomic policies but also the social impact of these policies. Given the adverse impact of recent stabilization programmes on employment and social protection, there is now an increased awareness to find ways of reconciling, at the policy level, market forces with the social imperative of employment. Macroeconomic policy is an important instrument for employment generation and development, and full employment and decent work should be given a more prominent role in macroeconomic policy and not treated as peripheral or residual objectives. Although many governments include full employment and social protection as objectives of their monetary and fiscal policies, they assign varying degrees of priority and importance to these objectives in relation to other objectives.

10. Monetary policies of central banks can contribute to employment generation, principally through exchange rate, interest rate and credit policies. Sound monetary policies can encourage confidence in the economy, promote private savings and investments and thus contribute to economic growth and employment creation. However, with increasing financial liberalization, direct intervention by central banks to influence credit and interest rates is increasingly considered inappropriate by international financial institutions. A major challenge for monetary policies is the volatility of capital flows, which has accompanied financial liberalization. In some countries, such volatility has brought about large financial crises with increased unemployment and growth of the informal sector.

11. Macroeconomic policies traditionally consider price stability as essential for achieving the broader objective of the stability of the whole economy, including the achievement of full employment. However, price stability has in many cases not helped to create an environment for sustained growth and adequate levels of employment. Indeed, low and stable inflation, assumed to support economic growth in the long run, may in some cases have led to slower growth and rising unemployment. While macroeconomic stabilization and structural adjustment programmes help to reduce budget deficits and to maintain inflation within acceptable limits, these measures have failed to improve growth rates substantially. In other cases, inflation reduction through tight monetary policies can lead to an appreciation of the real exchange rate, reducing export competitiveness, encouraging import penetration, and shifting of the distribution of resources towards non-tradable sectors, with a negative impact on employment and growth, as had been demonstrated in the Middle East and North Africa region.

12. Structural conditions have a strong impact on the prospect of employment generation in an economy. In certain countries and regions, structural change may be needed where there is a disconnect between the real economy and the financial sector. For monetary policy to impact employment and growth targets, the financial sector needs to be improved to effectively intermediate monetary and fiscal

stimuli. In addition, there is need to address other structural issues, including balancing the dominance of the public sector with private sector development; moving from resource-dependence to more diversified economies; opening closed or inward-looking economies; and liberalizing rigid exchange rate regimes.

13. Social protection and social dialogue can have positive macroeconomic effects and thus contribute to raising productivity. Social protection can provide stable income which helps smooth the impact of cyclical swings of the economy. Such support systems can help to maintain demand and economic growth at levels which can contribute to creating new employment opportunities. Social protection can also improve labour mobility by providing income security that helps stabilize the economy and facilitate transitions and adjustments on the labour market. However, there have been cutbacks in social protection as a result of macroeconomic stabilization efforts.

14. Social protection is still an underutilized pillar of the decent work agenda, and social transfers should become an essential solidarity-based development tool. Social transfers support the poorest, reduce income inequality and poverty. Implementing transfers is a clear indication of political will to address vulnerability and support the poorest. Social protection has a positive impact on school enrolment, attendance and performance, access to healthcare and better nutrition while universal pensions contribute to old age poverty reduction.

15. Although investment in social protection can be quite small relative to the variety of positive outcomes it produces, there are still concerns about the affordability of these social protection schemes. Social security provision, as a rights based approach should be progressively expanded to include informal workers. Also, for many of the poor, having any work, let alone decent work, is a matter of survival, since there are few safety nets and in some countries, very few possibilities of making a decent living outside the formal sector.

16. Social dialogue, through partnerships between governments, the private sector, labour organizations and trade unions can create strong collective efforts for full employment and decent work. Social dialogue through tripartite bargaining can serve as a stabilizing force between social partners to mitigate the impact of inflation and bargaining demands for realistic wages. It also helps in reaching consensus on reforms aimed at improving the labour market while preserving protection for workers. Multi-stakeholder partnerships and joint efforts by governments, citizens, trade unions, and business organizations, should be encouraged by donor agencies and intergovernmental organizations. In this regard, there is a need to support capacity building of ministries and institutions that are directly responsible for designing and implementing comprehensive social and employment policies.

17. Emphasis should be given to the importance of the private sector for sustainable and productive jobs. Enterprise development, enabling environment for small- and medium-sized enterprises, education and training, labour intensive methods, flexible labour market policies, flexicurity (lowering barriers for adjustment for firms while ensuring income and employment security for employees) and effective labour market policies for the management of change are also to be considered. Creating incentives for employment creation through investment in productive sectors, transfer of technology, microfinance and microcredit and the promotion of employment in rural areas, as well as public works programmes are also advocated.

18. Job creation is important to address the demographic challenges many countries are facing, such as ageing populations and large youth cohorts entering working age. There is considerable concern over the lack of employment opportunities for marginalized social groups such a youth, older persons, and women. While women have achieved progress in employment in many countries, gender discrimination has persisted in employment.

19. Increased longevity is both an asset and a challenge for many societies. Older people often must continue to work due to a lack of retirement protection. The availability of part time work for older workers is important, as are social protection such as pensions and health care.

20. As a result of demographic change and pressures of globalization, increasing numbers of people are migrating within and across borders for work. Labour mobility is an important and growing phenomenon, especially among youth throughout the world. While close to half of the world's jobless people are youth, young people in many countries are facing a severe lack of opportunities. Over the past few decades, economic growth has not led to creation of new jobs, which has particularly affected young people. High youth unemployment in developing countries, together with conflict and a desire for improving livelihoods, are among the main reasons for high rates of youth mobility, particularly among college graduates.

21. Labour mobility provides advantages and disadvantages for both the receiving and sending countries, and the movement of people can help to balance demographic differences. Labour mobility also generates remittances that are very important to the economies of many developing countries, sometimes exceeding official development assistance in many countries. Such financial flows can help reduce poverty, and there is evidence that they contribute to infrastructure development. Furthermore, those working overseas acquire and develop skills that can be used to stimulate economic growth at home, and develop networks useful for exchange of information and entrepreneurship. At the same time migration can pose significant disadvantages arising from the forced separation of families for extended periods of time, and gender roles could also be affected. However, the full effects of migration on sending and receiving countries, as well as on the families of migrants and migrants themselves, are not yet fully understood.

22. In a world where goods and large sums of money are freely moving across borders, people should be able to move too; they should be able to do so in a way that ensures both physical and financial security as well as protection. Fair rules and adherence to international labor standards need to be accompanied by similar rules for movement of people across borders. Cooperation between countries of origin and destination should be enhanced to ensure that migrant workers are protected, especially women migrant workers. Despite the fears that migration could displace jobs, reduce wages, and cause long-term separation of families, labour mobility has raised incomes and productivity for both developing and developed countries. Remittances help increase household consumption and are often used for education and healthcare, and thus contributing to poverty reduction. Coordinated immigration policies enabling families to reunite are important, and there is a need for partnerships and bilateral programmes financing agricultural development to slow migration flows.

23. In many developing countries, the public sector cannot absorb highly educated workers. Immigration policies in receiving countries often favour highly skilled individuals. These factors contribute to the outmigration of high skilled and educated individuals, known as "brain drain." Remedies to prevent and reverse brain drain include a funding pool to attract workers to return to their home countries, and packages by countries to increase the attractiveness of returning for its highly-educated nationals.

24. There are several good practices relating to full employment and decent work. A family stipend programme - the Bolsa Familia - provides small cash transfers for 11 million low income families and has the long run goal of poverty reduction through increases in human capital among poor families. In another case study, early strategies had produced limited effects on curbing unemployment and limited sustained benefits for the poor. A recent proposal for a basic income grant for all had emerged as a good practice model for alleviating poverty, and for empowering the poor to improve their livelihoods. Under the proposal, a monthly cash grant would be issued to each citizen up to pensionable age. Another example

described a National Rural Employment Guarantee programme providing one adult member of rural families 100 days of paid employment on a guaranteed basis every year. The main goals of this programme include the provision of a social safety net for vulnerable groups and the enhancement of livelihood security in rural areas by generating wage employment through works that develop the infrastructure base of the area.

25. In conclusion, all individuals, regardless of age, sex, ethnicity, race, or disability, have the right to equal opportunity and decent work. Decent work and equality are important for economic development, inclusive societies, security and stability. In this regard the importance of the four pillars of the decent work agenda, including productive and freely chosen employment, rights at work and core labour standards, social protection, and social dialogue should be emphasized. The decent work agenda should aim at balancing economic performance with social justice, thus creating an enabling environment to tackle poverty. In sum, failure to address unemployment and the lack of decent work poses a threat to humanity, stability and world peace.
