

Introduction of Secretary General's report

Recovering from the World Financial and Economic Crisis: A Global Jobs Pact

July 11, 2011 Palais des Nations, Geneva

Mr. Chairman,

Distinguished Delegates,

I am pleased to introduce the report of the Secretary-General on Recovering from the world financial and economic crisis: a Global Jobs Pact, contained in document E/2011/92. The report was prepared by the ILO in response to ECOSOC decision 2010/25, which requested the Secretary-General to report on progress made in the implementation of the resolution.

Overall the number of unemployed remained around 205 million at end 2010, essentially unchanged from a year earlier. So, not much progress on one of the key aims of the Global Jobs Pact.

This weak global rebound in jobs stands in contrast to the recovery in GDP and world trade.

Some countries have experienced falls in unemployment and others increases in the first half of this year, so overall we do not expect much change when we next do our global estimations. However it should be noted that while joblessness remains high in most developed economies, there is some improvement in most developing regions.

Most developing countries do nevertheless still face a jobs crisis. Vulnerable employment, defined as the sum of own-account workers and unpaid family workers, stands at a rate of 50.1 per cent, representing an increase of more than 146 million since 1999.

This indicates widespread and rising numbers of informal workers, mostly in developing countries, who have no access to social protection, live with low pay and difficult working conditions and are often unable to exercise fully fundamental rights at work.

Youth are particularly hard hit by the crisis. The unemployed youth population (aged 15-24) numbers around 77.7 million or 12.6 per cent of that age group. This is a particularly worrisome figure considering earlier experiences indicate that it takes more than 11 years for youth unemployment to return to pre-crisis levels.

Social cohesion cannot be taken for granted when economic growth is not inclusive. The evolving shape of the recovery thus reinforces the importance of the policies advocated in the Global Jobs Pact.

The Pact called for coordinated global action to ensure its successful implementation. A number of key intergovernmental processes have endeavoured to strengthen such action notably the 2010 MDG summit, as well as various regional processes such as a Tripartite Caribbean Symposium and an African Decent Work Symposium. The report highlights efforts being made by the Group of 20, emphasizing the pledge by Leaders at the Seoul Summit to prioritize decent work and social protection policies.

Significant steps have been taken to help integrate the policy contents of the Global Jobs Pact into the activities of the IFIs, as called for in resolution 2010/25. The ILO and IMF jointly hosted, together with the government of Norway, a conference on the challenges of growth, employment and social cohesion last September 2010.

The objective was to forge synergies and stimulate discussion on international cooperation and policy innovations for improving the capacity of economies to generate quality jobs and promote social cohesion. Following the conference, the two agencies are examining sustainable financing of national social protection floors and strategies for the promotion of employment intensive growth. Collaboration is underway in Bulgaria, Dominican Republic and Zambia on ways to better connect employment and social policies to macroeconomic policies.

A key feature of the Global Jobs Pact is its potential role in connecting to national employment recovery efforts. A number of countries such as El Salvador, Indonesia, Jordan, Bulgaria and South Africa requested support from the ILO to assist in developing a more integrated set of crisis response and recovery policy measures.

Several countries which embraced elements of the Pact have managed to avoid surges in unemployment and/or recover quickly.

As a support to countries, the ILO has produced a set of Global Jobs Pact country scans. They provide a detailed description of the policy responses using the Pact portfolio as a checklist. Prepared in collaboration with countries, they serve to facilitate further national action along the lines of the Pact.

An additional support are policy briefs developed by the ILO as means of identifying how specific measures can support the labour market such as a social protection floor; gender equality in the world of work and specific policies targeted on youth. Country examples include employment targeting in South Africa; public employment programmes such as India's National Rural Employment Guarantee Act; employment retention practices such as job-sharing as in the Republic of Korea.

An over-arching element in the design and implementation of all successful policies is the full use of mechanisms for social dialogue with employers' and workers' organization.

Several activities for building policy coherence through the UN system are reported. Let me mention three.

In pursuit of the aim of encouraging a stronger and more coherent UN policy response to employment and decent work challenges, the ILO and DESA organized a successful inter-agency technical meeting on building employment and decent work into sustainable recovery and development at the ILO Training Center in Turin, this past December, 2010.

The meeting produced ideas and suggestions to strengthen the plan of action under the 2nd UN Decade for the Eradication of Poverty and provided an up-to-date overview of the current thinking and action within the UN system on key challenges of development, growth and equity.

It was a good example of how well-organized interagency cooperation can yield useful dividends.

At another level, the commitment made by world leaders at the MDG summit in 2010, recognizing the importance of adopting forward looking, macroeconomic policies that promote sustainable development and lead to sustained, inclusive and equitable economic growth is therefore key. On that occasion, world leaders also acknowledged the importance of promoting social protection floors in consolidating and achieving further development gains.

Combining inter agency and intergovernmental cooperation, employment and social considerations in environmental policy are also being elaborated in the run-up to Rio +20. The UN Climate Change Conference held in Cancun, stressed the importance of ensuring a just transition of the workforce and the need to create decent work opportunities.

The report concludes on the importance of understanding the root causes of the crisis in order to rebalance of the global economy to promote strong, equitable, job-rich, sustainable growth in the future.

The Global Jobs Pact looks beyond policies designed to encourage a speedy recovery and strives to put employment back at the centre of the policy agenda.

There was mounting frustration over the course of globalization before the crisis with too many women and men deprived of decent work opportunities and the chance to attain sustainable livelihoods. Decent work opportunities were not growing at the same pace GDP. The share of wages in total income was declining and median incomes were stagnant in many countries, while top incomes were growing rapidly; as happened in the run up to the 1929 crash.

These long-standing imbalances must be corrected in order to reverse the unemployment effects generated by the crisis and create the 440 million new jobs needed in the next 10 years to absorb the new entrants into the labour market.

Rebalancing requires a much closer integration of fiscal and monetary components of macroeconomic policy with employment, social and environmental policies. While the rate of output growth, stable inflation and broadly balanced budgets are important targets for macroeconomic policies, employment targets should be seriously considered as a means of refocusing on the central importance of decent work to peoples' lives and to sustainable development.

During the pre-crisis period, many countries wages grew slower than GDP per capita. Productivity gains relative to real wages generated a reduction of wage shares in total income in many countries. Income inequality widened in many countries.

These trends are likely to have had various causes including technology shifts creating a demand for scarce skills; intensified competition in international trade; weakened labour market institutions; and a growing share of finance sector profits in economic returns.

Policies aiming to boost demand and generate a jobs-rich recovery should therefore focus on raising employment levels and wages and on narrowing income inequalities. Fiscal investments in a social protection floor are a basic component of the strategy to support domestic demand. Repair and reform of financial markets remains vital.

In so doing, a shift must take place from a debt-driven model to an income-led model of development to improve both the quantity and quality of jobs.

Particular attention should be given to ensure that an erosion of labour standards does not take place while trying to manage the jobs crisis.

Evidence suggests that strong labour market institutions upheld through social dialogue promote both robust and less volatile growth while ensuring social acceptance and cohesion. They hold the promise of combining equity and efficiency for sustainability.

Uneven recovery in the labour market reminds us that economic growth does not automatically lead to employment growth and that targeted efforts are needed to ensure decent work for all. Further support by the all partners in the UN system will be needed to ensure a job rich recovery. The resolution before the Council this year as well as the 2012 ECOSOC Annual Ministerial Review on the theme "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the MDGSs", will give an opportunity to review these and other persistent challenges in the labour market.

Thank you.