



## **G8 Social Summit**

### **People First**

#### **Tackling together the human dimension of the crisis**

##### Conclusions from the G8 Labour and Employment Meeting

1. Labour and Employment Ministers from the G8 countries and the European Union Commissioner for Employment, Social Affairs and Equal Opportunities met in Rome from March 29 to 31, 2009, together with the Director-General of the ILO, the Secretary-General of the OECD and the First Deputy Managing Director of IMF to discuss the theme “People First. Tackling together the human dimension of the crisis”. In preparation for the meeting, Ministers held consultations with representatives of the social partners on March 29. Labour and Employment Ministers from Brazil, China, India, South Africa, Mexico and Egypt joined the Summit on the second day.
2. We, the G8 Labour and Employment Ministers, discussed and identified sound and effective policies, based on common principles, to tackle the impact of the severe global economic downturn on labour markets. We believe that the way out of the situation the world is currently facing requires an integrated economic and social approach.
3. Tackling together the human dimension of the crisis is important for economic, social and political stability. Mutually reinforcing economic, employment and social policies are essential to addressing the significant job losses produced by the crisis, providing income relief and training and retraining services for people and households affected by the economic turmoil, preserving human capital. Good macroeconomic policies must be linked to employment and social policies that prevent unemployment, enable a quick re-entry into the labour market and prevent the risk of social exclusion.
4. Labour market conditions are weakening in all G8 countries and the OECD area, in some cases at an unprecedented pace. The OECD average unemployment rate reached 6.9% in January 2009, almost one percentage point higher than a year earlier. This implies that in the year to January 2009, almost 7.2 million more workers joined the unemployment ranks in the OECD area. But job losses are rapidly spreading and a much bigger increase in unemployment and working poverty has taken place globally.
5. The latest OECD projections indicate that the unemployment rate in the OECD area could approach 10% by 2010 compared with 5.6% in 2007. This implies that there could be about 25 million more unemployed people in 2010 compared to 2007, by



far the largest and most rapid increase in OECD unemployment in the post-war period. The ILO estimates that worldwide unemployment could increase by 40 million people by the end of this year.

6. Keys strategies that can help address the crisis include:
  - a. promoting job creation and effective employment and labour market policies in order to restore confidence;
  - b. supporting the income of people and their families through effective and responsible social protection systems (social security and labour protection), with the aim of sustaining rapid recovery, through reinvigorated consumption and investment;
  - c. fostering human capital developments through appropriate education and training policies to enable people to remain employed, to prevent social exclusion and to support aggregate economic growth and individuals' career prospects;
  - d. actively addressing social as well as financial and economic issues to achieve sustainable growth and development.
  
7. We reaffirm the relevance of structural policies as tools for reducing the persistence of the current turmoil and we should ensure the consistency of employment and social protection measures with structural policies to sustain growth, productivity and social cohesion in the long run. We underline our commitment to advance the social dimension of globalisation and to enable people to better cope with challenges emerging from the current financial turmoil.

#### The need for action

8. We agreed that our countries take further coherent actions to reduce the impact of the crisis on employment and maximise the potential for growth in jobs in the period of economic recovery. We identified a number of common measures that could be taken in an integrated way to protect existing and increase new jobs, to develop skills and to strengthen social protection. These fall into four broad areas:
  - i. Promoting targeted effective active labour market policies to help reduce unemployment;
  - ii. Enhancing skills development and matching jobs with labour market needs, to help people maintain their connection with the labour market and to prevent mass unemployment, including through partial unemployment schemes (e.g. compensated short time work or work sharing) combined with training provisions;
  - iii. Ensuring effective social protection systems to help affected workers and families;
  - iv. Enabling labour markets to respond to broader structural changes.



9. Active labour market policies combined with well-designed unemployment benefit systems can improve the chances of jobless people re-entering the labour market and prevent long term unemployment. Our Governments should ensure that such policies are delivered through efficient, modern and well functioning public and, according to national policies, private employment services, which combine payment of benefits with effective job-matching services, as well as providing a way to other labour market help for those who need it.
10. Investment in people is a crucial tool to increasing productivity and for successful recovery. Policies that focus on upgrading skills should help ensure that future labour market needs are met. We therefore should ensure that people have access to good quality education, maintain and restore employment and employability by focusing on training and skills, with a particular emphasis on re-skilling and up-skilling. This is essential to keep workers attached to the labour market, to prevent long-term unemployment and to allow unemployed or underemployed workers to improve their skills so as to increase their chances for a more sustainable (re-) integration into work and to take advantage of new opportunities when the upswing comes. While most training takes place in the workplace, government-supported programs and the employment services have to cooperate closely with firms, social partners, and other stakeholders when carrying out training and qualification measures.
11. The global economic crisis is accelerating structural adjustments in G8 labour markets. As a result, different sectors are being impacted to varying degrees. Governments must put in place measures on skills and training to ensure that workers are equipped with the right skills for emerging jobs. We note the potential for new employment opportunities arising in the future through environmental technologies as emphasised in the Niigata conclusions (*green jobs*). The social service sector (i.e. health, education and care for children, older persons and people with disabilities) also provides opportunities for employment while helping achieve other crucial goals.
12. Effective and responsible income support programs, including minimum wages where appropriate, must protect the poorest and most vulnerable in our countries, while at the same time ensuring incentives to look for work. Social protection has important economic benefits in terms of automatic stabilisers and maintaining consumption, as well as underpinning consumer confidence and contributing significantly to job creation. It is also important that the early retirement of older workers is not used as a means for reducing unemployment.
13. To best adapt to the changes brought forth by the global economic downturn, it is crucial to ensure the effective functioning of the labour market. Several measures can be considered: a) active labour market policies, including temporary employment subsidies and job placement services; b) training and skills upgrading especially for the unemployed and people at risk of redundancy; c) temporary flexible work arrangements, including part-time, and working time reductions that can prevent lay offs, save considerable firing and (re)hiring costs for firms and prevent loss of firm-specific human capital.



14. In addressing the employment and the social impact of the global downturn, it is important to actively involve the social partners. A strong, effective and meaningful social dialogue, including greater involvement of workers in the economic restructuring process, may mitigate the effects of the crisis for workers and employers as well as to achieve high economic growth and improve living standards. Strengthening social dialogue enables the active participation of social partners in international fora.
15. Our societies have benefited from integration in the global economy. Protectionism is one of a major risks of this crisis and should be avoided. Closing national borders would not ease the pressure coming from the financial meltdown and would jeopardise our capability to respond to it. Addressing the global job crisis tackles such risks at its roots.
16. We are committed to promoting dialogue and cooperation with governments of emerging and developing countries and international institutions, to preserve and develop human capital, to contribute to addressing employment and social challenges arising from the current financial crisis at global level, to enhance and ensure a more sustainable development and to promote social cohesion. The ILO's Decent Work Agenda and its further development also represents an effective means in order to achieve these goals.
17. The current downturn should not be taken as a pretext to weaken workers' rights to which countries have committed. Rather it is an opportunity to reassess and extend - where feasible - social protection schemes to ensure they are efficient, effective and indeed helping all those affected by the crisis, especially the most vulnerable. In countries where adequate social protection measures do not already exist, timely actions should be undertaken to implement new measures to protect them. In this regard, full respect and effective implementation of the ILO Declaration on Fundamental Principles and Rights at Work and the 2008 ILO Declaration on Social Justice for a Fair Globalization is particularly important.
18. Promotion of Corporate Social Responsibility (CSR) initiatives, in line with G8 Dresden Chair's conclusions, would also reinforce the efforts to restore confidence of workers and business. In this context, while it is the role of Governments to ensure that labour standards are implemented, it is important to promote sustainable enterprises and CSR. Building on the strengths of the ILO's Tripartite Declaration on Multinational Enterprises and Social Policy and the OECD's Guidelines for Multinational Enterprises, the two organisations should continue to cooperate in fostering the positive contribution of international business to social progress.
19. In the new context of global governance, better policy coherence at all levels is a priority. The social dimension is a necessary part of a more integrated governance, combining social, labour and employment priorities with economic and financial challenges, including with a view to the debate on promoting sustainable economic and social activity. In addition, international organisations are encouraged to work



together to develop comprehensive indicators that help monitor the connections between social and economic policies.

20. We invite international organisations, in particular the IMF, the OECD and the ILO, to take into account the labour market and social impact in their advice and cooperation with Governments and to share lessons and draw up more detailed recommendations, based on the principles in this document, for effective employment and social protection policies to mitigate the impacts of the crisis and to ensure sustainable recovery. We encourage the current G20 process to acknowledge the work of these and other relevant organisations.
21. We are committed to continuing our dialogue on the future actions needed to promote employment and employability, improve social protection and create more jobs. The coming G20 London Summit will be a relevant occasion to present the outcome and messages arising from this meeting. We note with interest that the 2009 International Labour Conference will consider proposals for a “Global Jobs Pact”. The G8 Maddalena Summit in July will allow leaders to continue this discussion and to promote new actions. The OECD Ministerial Meeting on Employment will provide additional opportunities to examine these issues in greater detail.
22. We, the G8 Ministers, value this forum as an important venue to promote the overall G8 agenda. We therefore encourage Canada to positively consider, in its presidency of the G8, reconvening this forum in 2010.