



FOURTH ITEM ON THE AGENDA

**Report on the High-level Tripartite Meeting on the Current Global Financial and Economic Crisis**

***Addendum***

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1. The High-level Tripartite Meeting on the Current Global Financial and Economic Crisis was held on 23 March 2009. HE Mr Z. Rapacki (Government of Poland) chaired the Meeting. Mr Daniel Funes de Rioja (Employer) and Sir Roy Trotman (Worker) were the Vice-Chairpersons.

## I. The financial and economic crisis: A Decent Work response

2. The High-level Meeting had before it two papers: a background paper entitled “The financial and economic crisis: A Decent Work response”,<sup>1</sup> and a second document with “Issues for discussion”.<sup>2</sup> This latter paper included five appendices covering regional meetings that had recently been convened on the subject of the crisis. The keynote speaker Mr Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF) addressed the High-level Meeting, as did panellists Mr Guy Ryder, General Secretary of the International Trade Union Confederation (ITUC), Mr Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs, and Mr Jonathan Shaw, Minister for the Department for Work and Pensions of the United Kingdom.

### Introduction and keynote speech

3. The Director-General expressed his concerns about the impact of the credit crunch on the real economy. Poverty was increasing as businesses struggled, due to lack of finance, and unemployment was rising, often where social protection coverage was weak. Further, employment opportunities for migrants were decreasing, leading to reduced remittances. The ILO’s analysis of government measures to counter the crisis showed that most of the expenditure had gone towards rescuing the financial sector, while expenditure on employment and social protection had been much lower. The Director-General emphasized key policies for combating the crisis in the real economy which prioritized providing relief to workers. These measures included countercyclical policies to generate domestic demand, support for enterprises through tax incentives, labour-market policies, targeted programmes for young people, and the use of labour-intensive technology in infrastructure programmes, especially those contributing to lower greenhouse gas emissions. Given that the ILO represented the real economy, the Decent Work policy advice and tools were critical contributions to recovery. The ILO’s recommendation of a global jobs pact represented just such an initiative for multilateral organizations to support and collaborate on.
4. Mr Strauss-Kahn stated his desire for increased cooperation with the ILO. He emphasized that the global crisis should not be allowed to create a wasteland of resurging unemployment and poverty, especially in emerging and low-income economies. The situation was dire, with the global economy being projected by the IMF to contract by between -0.5 per cent and -1 per cent over 2009, and advanced economies projected to contract by -3 per cent over this period. There was a vicious feedback loop at work, with the financial crunch seeping through to contract the real economy and devalue assets, which in turn further weakened the financial sector. Further, the theory that emerging economies might decouple from the advanced economies was absurd, given the former’s dependence on exports as well as their frequent reliance on capital inflows.

<sup>1</sup> HTM/1.

<sup>2</sup> HTM/2.

5. Mr Strauss-Kahn stressed that recovery from the crisis in 2010 would only be possible if bold policies were implemented. First, there was a need to boost demand through a global stimulus of 2 per cent of GDP, compared to the 1.5 per cent of GDP stimulus achieved so far. He asserted, however, that it was naive to assume that countries without fiscal space could have stimulus policies, especially when they were close to collapse and the IMF had to make a huge investment in them. Therefore, the IMF's prescription was that there was a need for a global stimulus, but that nationally this would have to depend on the fiscal space available to each country. Second, restoring the health of the financial sector should be a priority, despite the unpopularity of assisting the sector that had caused the crisis. Indeed, Mr Strauss-Kahn insisted that this was even more important than the fiscal stimulus, explaining that the IMF's experience with 122 banking crises showed that the banks' toxic balance sheets needed to be cleaned up through government support, without which the stimulus would be wasted and credit could not be restored to regenerate enterprise and household budgets. To achieve this, the IMF recommended full disclosure of losses, removal of toxic assets to clean up balance sheets, and recapitalization of banks. Third, emerging and low-income economies needed to adjust their budgets, as their reliance on capital inflows which had suddenly dried up had led them to run high deficits on their current accounts and, often, their capital accounts. He noted that the IMF was accused of following pro-cyclical policies, but argued that the outflows threatening some countries were so large that they had to be stopped and market confidence and credibility restored. So in the new IMF programme countries, Hungary, Latvia, Pakistan and Ukraine, for example, countercyclical policy was not possible, budget deficits had to be constrained, and the only latitude allowed was for social safety nets to protect the most vulnerable.
6. Mr Strauss-Kahn concluded by stressing that the global nature of the crisis called for a coordinated response from global institutions and closer coordination between them in general. The IMF was already working in strong concert with the World Bank, and was developing links with the World Trade Organization (WTO). What was needed now was much closer collaboration between the IMF and the ILO, to share information, analysis and policy. This was especially needed at the staff level, with the ILO providing critical inputs into IMF work.

## The panel

7. Mr Ryder opened the panel discussion, emphasizing the gravity of the crisis and describing it as financial, economic, social and, in some cases, political. Noting the particular suffering of the vulnerable as a result of the crisis, he stated that there was a profound and generalized sense of injustice and anger from those who found the most basic aspects of their lives threatened and he called for an urgent and coordinated international response.
8. Mr Ryder briefly presented the ITUC five-point agenda to overcome the crisis which was being delivered to Heads of Government worldwide in advance of the G20 Summit. There was a need, first, for coordinated international recovery measures and sustainable growth and, second, for comprehensive regulation of global financial markets. Third, wage deflation would best be combated by extending the coverage of collective bargaining and strengthening institutions which establish minimum wages. Fourth, countries should aim for a just and low-carbon sustainable future. Finally, there was a need to build mechanisms of global economic governance. As a departure point towards these efforts, Mr Ryder referred to the joint statement of the ILO, IMF, Organisation for Economic Co-operation and Development (OECD), World Bank and the WTO in Berlin on 5 February. He closed noting the centrality of the ILO in ending the crisis and the need for ministries of labour and social partners to contribute to the achievement of decent work for all. The Director-General of the ILO should, therefore, be invited to participate in the G20 Summit the

following week, and the Governing Body should strongly support a global jobs pact and the global jobs fund.

9. Mr Shokhin followed, noting that the main challenge of the London G20 meeting would be to gain international trust and confidence in a coordinated recovery strategy. He emphasized the systemic nature of the crisis, and stated that, since its nature and scope were unknown, there was a need for a mechanism able to redirect policies in response to unforeseen developments. Mr Shokhin continued with a description of measures being taken by the Russian Federation where 12 per cent of GDP was being invested in measures meant to mitigate the effects of the crisis. He noted that one priority common to all governments and financial institutions would be to ensure liquidity in the economy. Mr Shokhin continued by emphasizing that no effects of the crisis could justify an increase in taxes, and called upon governments to strike a balance between providing fiscal stimuli to spur growth and supporting the budget. Referring to protectionist measures, Mr Shokhin noted that a midway solution must be found to accommodate both national fiscal packages and international obligations. In his concluding remarks, Mr Shokhin called for the inclusion of the Russian Federation in the IMF, OECD, WTO and the Financial Stability Forum. He highlighted the central role of the ILO in providing unique mechanisms to combat the crisis.
10. Mr Shaw opened his presentation with reference to the London Jobs Conference to be held in London the following day, noting the key role of the ILO in mitigating the effects of the crisis and developing policies for sustainable and equitable job-rich growth. The international community therefore needed to support the most vulnerable groups by reaffirming its commitment to the Millennium Development Goals (MDGs) and by channelling investment into employment and social protection. A global recovery, he stated, would not be sustainable unless it benefited the poorest and provided them with the opportunities they needed to escape poverty. Observing that the crisis highlighted the need for confidence in financial, economic and democratic institutions, Mr Shaw called for commitment to open markets and for policies to maintain a sustainable form of globalization. He noted that the ILO had been among the first international institutions to highlight the impact of the crisis on the labour market, and that it had a vital role in emphasizing the importance of employment and social protection in crisis response and maintaining a focus on core workers' rights. Mr Shaw mentioned the British Government's own measures in line with the global jobs pact to prevent and tackle long-term unemployment. Finally, he underlined the need for coordinated international solutions as well as the importance of the global jobs fund in the future agenda of the ILO, especially in the lead-up to the International Labour Conference (ILC). Decent work, he said, was "the best form of welfare and the best way to promote social justice".

## Contributions by delegates

11. The Employer Vice-Chairperson welcomed Mr Strauss-Kahn and expressed the hope that his visit would further strengthen the links between the IMF and the ILO, a partnership which the employers had long encouraged. The current crisis was hitting labour markets as never before in living memory. He called for an open and honest debate among all stakeholders to decide on measures to overcome the crisis, and summarized the key elements of a broad policy framework. He called, first, for support for free enterprises, particularly small ones and, second, for open trade, as history had proved protectionism led to disaster. Third, credit had to be kept flowing and, fourth, a more effective supervisory system would have to be put in place for financial markets. Fifth, he called for internationally coordinated fiscal packages to stimulate global demand by means of promoting economic activity and jobs in the short term, while building capacity and infrastructures for productivity and future growth. Sixth, measures to protect the most

vulnerable were needed, including initiatives in the areas of training and retraining, placement services, emergency employment schemes and targeted safety nets. The last point emphasized the need to maintain social progress with special reference to the fundamental values and principles contained in the ILO 1998 Declaration.

12. The Employer Vice-Chairperson also stressed that the immediate task was to restore confidence and reduce uncertainty through decisive action. The business community advocated a more cohesive and effective multilateral system, in which different agencies each focused on their areas of specialization and expertise, while coordinating their initiatives and maintaining the highest technical standards. The ILO's specific task was to revive labour markets, and it should collaborate with other relevant actors such as the IMF and the World Bank in scaling up technical responses and leveraging expertise and tools. ILO action in response to the crisis should focus on providing specific and practical proposals, tools, analysis and information to help the real actors in the labour market.
13. Taking note of the suggestions made by Mr Ryder in his intervention in the panel, the Employer Vice-Chairperson recalled that the International Organisation of Employers (IOE) had put forward a set of policy measures to cope with the effects of the crisis on the labour market in a document prepared for the ILO European Regional Meeting last February. The Employers' group agreed that the 2009 ILC should look at the issues raised by the global crisis. The ILC would provide the appropriate instance to discuss different proposals and reach tripartite consensus on the common steps forward. After thanking Mr Shaw for his views, the speaker indicated that it would be important to have the views of the G20 at the ILC. He suggested that the Prime Minister of the United Kingdom, Gordon Brown, or another representative of the G20, be invited to the Conference to share the results of the London Summit to take place at the beginning of April.
14. The Worker Vice-Chairperson thanked the panel on behalf of the Workers' group and invited the Workers' delegate from Germany to present the views of the group. He agreed with Mr Ryder of the ITUC who had referred not only to the anxiety, but also to the anger which the economic crisis had provoked. The economic crisis had been triggered by Wall Street, but governments and institutions such as the IMF had promoted measures which had created the conditions under which it could unfold and have such devastating effects. These measures included deregulating financial markets, privatizing social protection, lowering working conditions and restricting the policy space of national governments. The IMF was again applying these same policies in Pakistan and Ukraine today, policies which had worsened the Asian crisis of the late 1990s.
15. He asserted that this crisis was systemic and therefore required a systemic response. A new economic paradigm had to emphasize equality, domestic demand and social protection as automatic economic stabilizers. Developing countries should be free to apply countercyclical economic policies, as employment, monetary and fiscal stability were all equally important. Further, developing countries needed additional debt relief as well as stronger representation in the governance of globalization along with the emerging economies. The meeting of the IMF, World Bank, WTO and the ILO convened by the German Chancellor in February had shown a new direction for the governance of globalization under the auspices of the UN system. Relevant international standards including the international labour standards had to be the basis for the policies of all international institutions. The IMF should join the ILO in a global jobs pact. Finally, he called for the ILO to be invited to the forthcoming G20 Summit and for the active involvement of the social partners in policy-making to address the crisis. Decisions about the crisis only had legitimacy if the victims had a part in making them.
16. The Minister of Labour of Jordan, who spoke on behalf of the Asia-Pacific group (ASPAG), went through the negative impact of the crisis in the Asia-Pacific region, and

laid out global and national response strategy. He outlined six specific recommendations from ASPAG, namely: (i) speed up reforms of the international financial system to restore confidence, while ensuring that developing and least developed countries have a say and representation in the reform process; (ii) give new consideration to the employment impact of national stimulus packages; (iii) adopt both active labour market policies and social protection measures to help enterprises and vulnerable groups; (iv) encourage tripartite cooperation and social dialogue; (v) strongly reject protectionism in policy responses; and (vi) firm commitment of the international community to maintaining the flow of official development assistance. As regards the role of the ILO, the speaker suggested that it could support its members through research and monitoring of the impact of the crisis; provision of effective tools and best practices, direct technical assistance; support for tripartism and social dialogue; and cooperation with other international organizations to ensure that employment is a centrepiece of international, economic and social policies.

17. The Deputy Minister of Labour and Social Affairs of the Czech Republic indicated that ensuring a better environment for job creation required improving conditions for business, less protectionism, lower taxes and non-wage labour costs, flexible labour markets, and motivated and independent-minded people. Speaking on behalf of the European Union, he highlighted five points of the EU statement: (i) the EU supported open markets and the strong connection between employment and trade, and emphasized the serious consequences that protectionism would have on the European economy and emerging market economies; (ii) the EU welcomed the action plan within the G20 framework; (iii) the EU labour ministers at their meeting in March had stressed the necessity for timely, temporary and targeted measures aimed at stimulating employment creation and limiting job losses; these measures included easing access to employment, mobility and transition, training and matching skills with labour market needs, helping workers retain their jobs such as through short-term work; (iv) the structural reforms undertaken by EU Member States under the Lisbon Strategy to raise growth and job potential were also effective responses to the crisis; and (v) the EU would continue to act in a coordinated manner and support its position on financial stability and open markets at the international level.
18. Speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), the representative of the Government of Uruguay analysed the negative impact of the crisis in his region and said that it constituted a serious threat to the attainment of the MDGs. He asserted that GRULAC supported the urgent action plan recommended in the statement of the Officers of the Governing Body to combat the crisis. He added that GRULAC considered the four strategic objectives of Decent Work, coupled with the ILO Declaration on Social Justice for a Fair Globalization, an efficient set of policies to respond to the current crisis. The speaker reiterated the importance of tripartism and its foundation, social dialogue, as well as the need for greater and more balanced collaboration between governments, workers and employers in the search for solutions to the crisis. Turning to the role of the Office, he acknowledged the importance of technical assistance and called for exchanges of experiences and sharing of good practices to respond to the crisis. Finally, he conveyed that GRULAC supported the idea of a debate on the crisis at the next ILC and encouraged the Director-General to take part in both the United Nations General Assembly convened for early June and the London G20 Summit to take place in April.
19. A number of delegates asked questions to Mr Strauss-Kahn:
  - The Minister of Labour of Guinea asked Mr Strauss-Kahn to elaborate on his view of the causes of the financial crisis, and specifically on the two interpretations which see financial speculation and pre-existing imbalances in the global financial system, respectively, as the primary cause of the crisis.

- The representative of the Government of France added the problem of social downgrading to the list of risks identified by Mr Strauss-Kahn as resulting from the crisis, concluding that this would give the ILO a critical role to play. In response to the call for closer collaboration with the ILO by the Managing Director of the IMF, he asked what concrete actions the IMF would initiate. In addition, he asked Mr Strauss-Kahn to identify any connections between the economic recovery envisaged for 2010, and the importance of the rescue packages that had already been initiated. Finally, the speaker inquired whether countries with a more elaborated social protection system might be better equipped to absorb the shocks and would therefore overcome the crisis more rapidly than others.
- The Secretary of the Ministry of Labour of India asked the Managing Director of the IMF whether the current economic order was based on inefficient policies and approaches. She also asked how multilateral agencies would reconcile their conflicting views on labour markets. While one view regarded the absence of flexible labour markets as a deterrent to hiring, another, which she also shared, held that considerable job losses were a problem where social security did not exist.
- The representative of the Government of South Africa asked the Managing Director of the IMF to clarify how emerging economies which were already on the “precipice” before the crisis could improve their condition before joining global response initiatives, what policies the IMF defined as pro-cyclical, and whether IMF policies had contributed to the current crisis. He also asked the IMF Managing Director for his views on several ideas: debt cancellation as part of stimulus packages; decent work as being at the heart of the development model; financial protectionism by rich countries; the establishment of a social floor; dangers of wage deflation during the crisis; and the need for an enhanced role for collective bargaining.
- The Secretary of Labour from the Ministry of Labour of Argentina inquired which substantive changes the IMF would make to its previously held position, especially with regard to emerging economies’ recourse to public expenditure and their monetary policies, which in the past had been very rigid. She inquired what kind of social protection policies the IMF envisaged. The representative of the Government of Tunisia asked which role the IMF could play in restoring confidence and boosting global demand. The representative of the Government of Honduras observed that the neo-liberal economic and financial approach had crippled the small, medium and emerging economies. He asked Mr Strauss-Kahn if it could be concluded that neo-liberalism had collapsed. Emphasizing the importance of the Decent Work Agenda for overcoming the crisis, he urged the IMF to support it to the benefit of all countries. The representative of the Government of Italy, while agreeing that there was a need to prevent the current crisis from becoming a social and political crisis, argued that a big fiscal stimulus package could result in high inflation after the crisis, which could in turn have a negative social impact on low-income wage earners and the middle class.

## Speakers’ responses

20. In his response to comments from the Employers’, Workers’ and Government benches, Mr Strauss-Kahn said that he would be candid in the interests of collaboration and cooperation. He recognized that IMF policies in response to the Asian crisis had not been perfect, that they could have been done better, at less cost, but at least the Asian crisis had been contained and countries had got back on to a good growth path, with a large build-up in foreign exchange reserves. In the current crisis, a number of countries faced difficulties in strongly applying countercyclical policies as they had entered the crisis with marked structural problems. Pakistan and Ukraine were facing major reductions in capital inflows

and were obliged to adapt budgets to the new circumstances although IMF assistance eased the impact of these policies. The IMF was not discriminating against low-income countries, as high-income countries like Iceland also had to face up to tight budgetary situations. The key in all cases was that countries should own their policy responses. It was notable that some lower income countries could afford the fiscal space for budgetary stimulus, like China, India, United Republic of Tanzania and Zambia, which was being encouraged by the Fund.

21. Mr Strauss-Kahn reiterated that, while lack of, or poor, financial regulation had started the crisis, underlying global imbalances had also increased the vulnerability of the world economy to a major shock. Financial institutions had made excessive use of opportunities for leverage, which were difficult and costly to resolve. The emphasis on tackling the severe problems in the finance sector did not however mean that jobs should be neglected. For jobs to recover it was essential that growth be restarted. He supported the ILO's inclusion in the upcoming G20 meeting in London, but this was a matter for the hosts to decide.
22. Mr Strauss-Kahn expressed the view that labour-market flexibility was valuable to speedy adaptation to market changes but that, especially in less developed countries, workers had to have a job and could not afford the loss of earnings involved in searching for new employment. There was a need to proceed pragmatically and not ideologically in developing labour-market policies. Social safety nets were important as economic stabilizers. The IMF was also changing its policies. It had been an early advocate of economic stimulus measures having called for boosts equivalent to 2 per cent of GDP in early 2008. It was advocating easing of monetary policy, increasing subsidies for the poor and reducing taxes on food. However, the IMF also realized that governments needed to think of the problems that accumulating excess liquidity and large public debt could cause in the future. In his closing remarks he looked forward to closer cooperation between the IMF and the ILO, with stronger working relations at the staff level.
23. The Director-General said that there could not be a better invitation from the head of the IMF, that the two institutions may not agree on everything, but that they should work together on jobs. He proposed that the ILO work with the IMF in three key areas – macro policy for employment, social protection and social dialogue. The panellists also gave brief responses to the debate: Mr Ryder suggested that cooperation between the ILO and the IMF could begin at the upcoming meeting of the G20 in London on 2 April. He was also sceptical of the linking of labour-market flexibility to reform conditionality. The rising unemployment in the current crisis certainly showed no difficulties in firing people from jobs. Mr Shokhin and Mr Shaw both concluded that a post-crisis exit strategy had to confront issues such as the changed role of the State and the huge budgetary stimulus that was being implemented.

## II. Resumed discussion

24. Following the introduction of the Office background paper entitled “The financial and economic crisis: A Decent Work response”<sup>3</sup> by a representative of the Director-General, Mr José Vieira da Silva, Minister of Labour and Social Solidarity, Portugal, presented the conclusions reached at the Eighth European Regional Meeting, held in Lisbon from 9 to 13 February 2009.<sup>4</sup> The Meeting had shown that the ILO was in a special position to make

<sup>3</sup> HTM/1.

<sup>4</sup> See also GB.304/14/4(Rev.).



balanced proposals on economic, financial and labour issues that could be critical to overcome the current crisis. Both a global jobs pact and national tripartite initiatives with a social dimension were more important than ever and had corresponding potential. In this respect, the Meeting had reached important conclusions. There was agreement that an integrated approach was needed, focusing on the economy and work and not just on financial aspects. The Meeting had called for a rejection of protectionist responses, stimulation of aggregate demand through coordinated stimulus programmes and increased training and skill enhancement. The Minister closed with a personal thought, arguing that the crisis was indeed a truly global one that had spread from the financial sector to the labour market, spared no part of the world and affected different models of organization.

## The ministerial panel

25. The Chairperson thanked Mr José Vieira da Silva for the presentation and opened the panel discussion. The first speaker, Ms Aisha Abdel Hadi, Minister of Manpower and Immigration of Egypt, described the crisis as a symptom of the unbalanced nature of globalization, and as having its geographical origins in the United States from where it spread rapidly to other regions. The world could not afford to continue with the current global economic and financial system, and had to address the social repercussions of the crisis. In developing countries, the impact of the crisis could be felt through declines in five main sources of income, namely foreign direct investment (FDI), development aid, export earnings, tourism revenues and migrant workers' remittances. Making reference to the Report of the World Commission on the Social Dimension of Globalization, the Minister argued that developing countries needed the fiscal and social policy space to adopt measures to combat unemployment and expand social protection. In dialogue with the social partners, her Government had already adopted policies to counter reductions in growth, including incentives for investment and exports and a reduction in interest rates. However, the tools available were limited. The ILO had a crucial role to play in building a new global financial and economic system that protected jobs in developing countries during crises and lessened global imbalances by channelling official development assistance (ODA) to support employment creation.
26. The second speaker, Ms Helena Taípo, Minister of Labour of Mozambique, emphasized that the crisis put the economic and social gains recently achieved in Mozambique and other African countries at risk, jeopardizing the achievement of the MDGs. Despite the acute lack of reliable data on the effects of the crisis on the labour market, it was clear that developing countries were affected by it through a reduction in the global demand for raw materials, a drop in remittances from migrant workers, declining tourism revenues and a decrease in FDI. Many developing countries were working on measures to mitigate the impact of the crisis through the implementation of the Decent Work Agenda. The Government of Mozambique had established an inter-ministerial monitoring group for macroeconomic surveillance through the identification of the most vulnerable sectors, potential areas of intervention and sectors with a comparative advantage. Given that Mozambique and surrounding countries were vulnerable to external shocks, international aid remained crucial to sustain progress in the region. She expected the forthcoming G20 Summit to take concrete measures to, inter alia, reiterate the Monterrey Consensus on increased ODA and strengthen the regulation of the international monetary and financial system. The Minister also called on the Director-General to continue in his efforts to implement the Decent Work Agenda, including through support for employment programmes targeting youth, women and persons with disabilities, enhanced social protection and the promotion of social dialogue.
27. Mr Ján Kubiš, Executive Secretary of the United Nations Economic Commission for Europe (UNECE), highlighted the great diversity among its 56 constituent States. They

included Canada, EU Member States and the United States, and also countries in Central Asia and South-Eastern Europe. Some of these countries had experienced housing bubbles, others were heavily indebted and required rescue packages by the IMF, while some were relatively stable. However, despite this diversity, all were affected by the recession of the real economy. The speaker warned that the crisis might turn into a deep social recession. To prevent this, part of the assistance provided to countries had to be oriented towards providing jobs and better social security. The response to the crisis had to be truly global and coordinated, with strong involvement of the UN system and the specialized agencies. While governments had a key role to boost economic activity during the crisis, the role of the market should not be forgotten and, in the long term, a re-balancing had to take place. Beyond the immediate response, systemic changes would have to be made, especially to the financial system and by creating a new, inclusive world trade regime.

- 28.** The impact of the crisis was still at an early stage for Bangladesh, said Mr Khandker Mosharraf Hossain, Minister of Labour and Employment of Bangladesh, the fourth panellist to speak. Growth was still forecast to be around 6.5 per cent in the fiscal year 2008–09, but Bangladesh faced potential difficulties through reduced revenue from the export of garments and apparel. In addition, remittances were likely to decline as some migrant workers returned from countries in the Middle East and East Asia. The Government had formed a high-powered committee and had already adopted measures to expand the social safety net. These included the Public Food Distribution Service (PFDS), the Rural Employment and Road Maintenance Programme, the newly introduced 100-day employment programme and the recent decision to provide food rations to 3 million garment workers, 90 per cent of whom were female. The Minister also emphasized the potential for international cooperation in concert with these efforts, including support for programmes aimed at vulnerable groups and the adoption of appropriate macroeconomic policies to stimulate the economy. With these measures, the adverse impact of the crisis could be minimized and the goal of decent work could be kept on track.
- 29.** Ms Noemi Rial, Secretary of Labour from Argentina, who was representing Mr Tomada, Minister of Labour, Employment and Social Security, recalled that the first victims of the crisis are the less skilled workers. Given that the recovery of the world of work from the crisis would be much slower than that of financial markets, it was critical to focus on job protection. She asserted that Argentina subscribed to the global jobs pact and the view that the architecture of the global financial system, including multilateral credit organizations, needed reviewing. While acknowledging that protectionism was not advisable, she expressed the view that it was necessary to give priority to internal markets in order to stimulate national economies for employment creation. Referring to the crisis of 2002 in Argentina and its devastating effects on the country's real economy, she highlighted the main policies and strategies of the national anti-crisis plan adopted. These had brought the unemployment rate from 20 per cent in 2002 to 7 per cent in 2003 and 3 per cent at present. Policies by the Government of Argentina to tackle the current crisis were inspired by this success story and had, as a result, already effectively buffered the country's economy. Coming back to the global situation, the speaker called for renewed international cooperation and greater solidarity among countries. While recognizing a role for the United Nations, she considered that, given its tripartite nature and its mandate, the ILO was the best-placed organization to tackle the crisis from the world-of-work perspective. She concluded by reiterating that the desired changes could only be enacted if accompanied by solid policy decisions in support of the economy as well as of social inclusion and fair distribution of wealth.

**Contributions by delegates**  
(summarized by group)

- 30.** Speaking on behalf of the Employers' group, a spokesperson for the United States indicated that the discussions of the day pointed to two major themes: first, the impact of the crisis not only on developed countries but particularly on the developing world; and, second, the danger of protectionism. She went on to draw attention to the release in the United States of a "very unusual letter" from the organized business community and a number of NGOs and faith-based groups, addressed to the President as well as to Congress urging the United States to reject any policies that might harm low-income countries, especially any protectionist policies that could, in turn, prompt retaliation and a race to the bottom. She explained that the idea underlying this letter was the realization that the economic welfare of Americans was inextricably linked with the well-being of people around the globe and, thus, the authors were ultimately trying to secure their own economic future.
- 31.** Observing that history could teach important lessons, she referred to unfortunate measures taken in previous economic crises and recommended four policy actions to avoid a further downward spiral towards uncertainty and instability. First, support for the Doha Round of trade negotiations, and help to close it by including important development objectives. Second, the G20 meeting in London on 2 April should take up the call made at the last meeting in Washington in Autumn 2008, which had firmly rejected any protectionist policies. Third, the trade reform programme needed to be reviewed, especially for developing countries. Finally, there was an urgent need to review development assistance policies, to improve the coherence and coordination of funding. She closed by hoping that these ideas would find some resonance and that the meeting would be willing to further develop them.
- 32.** Employer representatives from several regions took the floor to provide specific information on the implications of the crisis and responses offered. They also contributed ideas on measures to be taken:
- The Employers' delegate from Japan, speaking on behalf of Asia and the Pacific, expressed great concern about the downturn in demand, which created three specific problems for enterprises. First, it led to excess capacity in fixed assets and, second, it led to excess capacity in capital, which was borrowed. Finally, it sadly also led to excess capacity in human resources. A major part of the solution to this dilemma was an increase in productivity. Further, the ILO needed to be very careful in formulating policies that would keep currencies stable. The ILO's limited resources, both human and budgetary, would also require it to collaborate with other multilateral agencies.
  - The Employers' delegate from Nigeria emphasized that in Africa there had been a crisis before the present one and that this current financial crisis had further added to Africa's long-standing problems. He recommended that the ILO focus on several areas of support for the constituents in Africa. These included suggesting monetary and fiscal policies to raise domestic demand, generate employment, improve coverage of social protection, especially for the vulnerable, and reduce poverty. Further, the ILO needed to build the capacity of the constituents to promote enterprises and encourage social dialogue. The solution to the crisis lay not in constraining enterprise, but in effective and smart regulation.
  - Speaking on behalf of Latin America, the Employers' delegate from Brazil placed emphasis on the growing concern among employers in his region about the lack of respect for key ILO principles by governments. Freedom of association, for example, was a principle which also applied to employers and was critical in overcoming the

crisis. The delegate called on the ILO to assist the region in promoting these principles. He also warned against initiatives aimed at restraining free initiative as these were counter-productive and constituted a hindrance to the development of the market economy. Further, protectionist measures taken by some countries of the region also represented a major threat to regional integration. The delegate concluded that there was a need to review government policies, while pointing to the good practice of the *Bolsa Familia* programme in Brazil which helped mitigate the adverse effects of the crisis.

**33.** Speaking on behalf of the Workers' group, the Workers' delegate from South Africa suggested that some clear conclusions, and a high degree of consensus, had emerged from the discussions:

- These conclusions were broadly consistent with those reached by the Governing Body Committee on Employment and Social Policy. For example, there appeared to be strong support for the suggestion made by the Minister of Labour from Egypt that the world required a new financial and economic order with a strong social dimension. This social dimension should be anchored in the ILO Declaration on Social Justice and the Decent Work Agenda, as proposed by the Government of Mozambique. Many governments, including the Government of Portugal, had strongly supported the concepts of a global job pact and global jobs fund as proposed in the Office background paper.
- The global jobs pact should draw on a number of policy suggestions from this document, including: increased public investment in labour-intensive areas; the expansion of social security and safety nets to all in need; the application of the international labour standards which were listed in box 9 of the paper and which were particularly relevant in the crisis; and the prevention of wage deflation which would exacerbate the decline in aggregate demand that all countries were experiencing. The global jobs fund should be an anti-cyclical device geared to preserving employment levels. It should put the quantity and quality of employment more at the centre of economic objectives. Everyone agreed that this was a global crisis and that it required global solutions. It should also be recognized that global solutions required access to a global financing mechanism rather than piecemeal national solutions.
- There was also consensus on a number of process or agency issues. First, there was overwhelming support for ILO involvement in the G20 meeting to be held in London in April. The Governing Body should formally articulate this view and submit a report to the G20 meeting which should include proposals for the wording of the meeting's conclusions. Second, there was also consensus that the 2009 ILC should include a focus on the global jobs and social crisis. The ILC meeting on the crisis should not just be an opportunity for more speeches on the topic. Rather, it needed to generate concrete outcomes that would guide policies and programmes related to the crisis. Third, there was consensus on the need for increased coordination and coherence between the ILO and the rest of the multilateral system in responding to the crisis. This cooperation had to be based on the ILO Social Justice Declaration and the Decent Work Agenda.
- Moving on to a number of other issues raised in the discussion, the representative of the Workers' group first noted that everyone had agreed that implementation of fiscal stimulus packages was highly desirable. At the same time, however, he noted that the IMF had used its influence in some developing and transitional countries to ensure fiscal contraction. This was not helpful and was unfair, given that the fiscal deficit now being contemplated in the United States far exceeded the deficits in countries that required financial assistance from the IMF. We should accept that fiscal stimuli were now also needed in developing and transitional countries. A second issue raised

in the discussion had been the need for a more nuanced understanding of the nexus between economic growth and employment. A return to normal growth levels would not be sufficient to achieve decent work for all. The prevailing economic models and policies in the past few decades were unbalanced with an excessive focus on export-led growth. In future the world would need: a stronger focus on consumption expenditure which, in turn, required a more balanced distribution of incomes; a return to industrialization and a concentration on basic needs; less focus on flexible labour markets and increased attention to international labour standards and centralized wage bargaining systems. The speaker concluded with the third issue that discussions about protectionism needed to be more precise and detailed. The WTO rightly recognized the importance of special and differential treatment between countries at different levels of development and provided policy space that should be utilized. During the Doha Round, many developing countries had rightly argued that asymmetric pressure was being applied on them by industrialized countries when in fact the opposite was needed. Recognition of the above three points meant that, following this current crisis, there could not be a return to business as usual.

**34.** Worker representatives from a number of regions subsequently took the floor to elaborate on and provide concrete country examples of the points raised by their spokesperson:

- The Workers' delegate from Guinea repeated the statement that there was a crisis before the crisis in Africa and that the consequences of the current one would further exacerbate poverty. She quoted alarming figures on unemployment and underemployment in the region and referred to the disastrous consequences of the policy options promoted by the World Bank and the IMF on African economies. She called for people-centred policies, before concluding by offering policy solutions, which were supported in the statement of the Workers' group spokesperson.
- The Workers' delegate from Argentina noted that, since the G20 Summit in Washington, the situation had worsened, particularly for workers. He affirmed that the workers in his region considered that decent work should be at the core of the desired new financial and economic architecture and advocated for the ILO's participation in the G20 meeting. Finally, subsequent debates on the crisis should consider the subregional and interregional dimensions of the economic slow-down, as well as the role of regional integration as a response.
- The Workers' delegate from Pakistan remarked that not long ago his region had been hit by another devastating crisis. He considered that the lessons learned from this previous crisis had not been heeded and quoted growing figures of working poor and unemployed people. This situation, coupled with the erosion of hard-won social rights across the region was raising concern. It therefore called for urgent and resolute action from governments in close consultation with the social partners, and also from the multilateral system in which the ILO had a crucial role to play.
- The Workers' delegate from Norway highlighted the gravity of growing unemployment in Europe. Referring to the conclusions of the ILO's Eighth European Regional Meeting, she stated that the focus should shift to employment-intensive macroeconomic policies to maximize the decent work outcomes of economic stimulus packages. She specified that wage policies were to be at the centre of recovery packages and expressed concern over a dangerous slide into deflation. She advocated the principle of full respect for rights at work by governments and asked for an open attitude to social dialogue on their part in order to involve the social partners in the search for solutions. She elaborated on the dangers of promoting flexicurity and supported the view that neo-liberal solutions to pension systems had failed. She concluded by recalling the broad consensus reached in Lisbon on the need for greater policy coherence at national, regional and global levels and requested that

the ILO provide the region with additional advice consistent with decent work objectives, while appreciating the instruments and institutions available to the European region to tackle the crisis.

- The Workers' delegate from Bahrain indicated that the major challenge in the Arab region was the absence of information and data on the situation of local and migrant workers, as well as the lack of transparency on the real impact of the economic turmoil. Empirical evidence showed, however, that financial markets and the real economy were badly hit despite the fact that some countries were relatively isolated and others had a liquidity surplus. He explained that the trade union movement saw in the crisis an opportunity for financial and labour reforms in the region, envisaging, among other things, a greater role for workers. He asked the Employers to engage in dialogue with the Workers in the search for solutions to the crisis and conveyed to Governments the message that denial and breach of the fundamental principles and rights at work could lead to social unrest. He called for the ILO's assistance and support in the application of the relevant Conventions and to facilitate an effective practice of social dialogue.

**35.** Nineteen Government representatives addressed the meeting, including three as spokespersons of regional groupings. All discussed the origins, dynamics and severity of the crisis, focusing on its worsening impacts on the real economy which could lead to political instability:

- Many speakers shared the analysis of the crisis made by the Office, of which the main points had been highlighted in the presentation of the background paper. While acknowledging that the impact of the crisis varied from one country to another and that policy responses specific to national priorities were essential, significant points of convergence emerged around the main components of the global policy responses to the crisis that should be anchored around an integrated Decent Work Agenda, as set out in the Declaration on Social Justice for a Fair Globalization.
- Thus, the Decent Work Agenda should be a key part of a broader agenda of immediate and longer-term global policy responses including: (1) financial rescue and reform measures; (2) fiscal stimulus packages; and (3) a sound reform of institutions for the governance of globalization. A sustainable global response should pay particular attention to emerging and developing economies and avoid inward-looking protectionist measures. The desired result of the implementation of such policies would be a new era of open market economies with a strong social dimension. Further, these would have a competitive, efficient and socially responsible private sector and an active and accountable public sector to generate decent work for all and, more generally, a cleaner, fairer and more stable globalization. In this regard, most delegates supported the global jobs pact initiative which would bring targeted programmes to promote decent work, sustainable enterprises, social protection and social dialogue and the creation of a jobs fund.
- Many delegates called for the ILO to take an important role in the forthcoming forums discussing the crisis responses, including the London G20 Summit, the G8 meeting, the extraordinary General Assembly on the crisis and other related meetings. Finally, all speakers proposed that the crisis be a substantive item on the agenda of the next ILC.

**36.** In addition to the above generally supported points, Government representatives elaborated on concrete examples of policy instruments implemented by their countries to mitigate the effects of the crisis:

- The representative of the Government of Tunisia, spokesperson of the African governmental group of the Governing Body, read a declaration endorsing the “African Decent Work Crisis Portfolio”<sup>5</sup> which represented the African common position to the High-level Meeting. The declaration called for more resources to strengthen the capacity of social partners in tackling the crisis and expanded technical cooperation. It stressed the importance of regional integration as a means to reduce Africa’s vulnerability to external shocks. The crisis, so the document argued, was an opportunity for Africa to reduce its external dependency and to focus on the search for internal solutions to its challenges.
- The Vice-Minister of Labour of Brazil welcomed the initiative of the Office to stimulate the debate and search for responses to the crisis. He shared the policy measures taken by his and other Latin American countries and how they had led to gains in the social field. As part of his suggestions for responses to the crisis, he referred to the conclusions of the meeting of the Ministers of Labour of Chile, Argentina, Mexico and Brazil in Santiago which endorsed the statement of the Officers of the ILO Governing Body. The ministers had also reaffirmed their commitment to mitigate the adverse effects of the crisis on employment and income through countercyclical policies aimed at safeguarding employment and creating decent work.
- The Parliament Secretary in the Federal Ministry of Labour and Social Affairs of Germany cautioned against the dangers of promoting cutting labour costs and reiterated the need to retain well-qualified workers in times of crisis in order to further qualify them in preparation for renewed economic growth in the future. He stressed the importance of the ILO to his country because of the role it can play in the debate around the crisis, and specifically praised the Office’s valuable analysis of the crisis. Further, he called for a set of short- and longer-term measures to be taken successively, including the preservation of the environment. In such challenging times, workers’ rights needed to be protected and social standards upheld. He concluded by recalling that the Decent Work Agenda applied to challenging and good times alike.
- The Minister of Labour of Spain stressed the importance of concerted action between the tripartite constituents of the ILO, as well as of coordinated action between countries and international organizations. It was in the framework of a multilateral strategy that action should be taken in favour of a global jobs pact. As a representative of a G20 member State, the Minister of Labour reiterated his country’s commitment to advocating for urgent action at the London Summit. After stressing the importance of the ILO’s role in the global response to the crisis, the Minister elaborated on the complex nature of the crisis which affected sectors differently. He stated the importance of labour migration for Spain and explained that sending migrant workers back was not the solution. The speaker concluded by referring to the recent European Regional Meeting which had made some progress in reconciling views on contentious issues, and suggested that such constructive efforts should be made by all countries in the debate on the crisis.
- The Secretary from the Ministry of Labour and Employment of India expressed the hope of receiving guidance from the ILO in the formulation of national and international policy responses to the crisis. The delegate also expressed the hope for greater clarity on the role of the ILO which would allow it to have more influence on other international organizations. In this way, the ILO could help formulate

<sup>5</sup> HTM/2.

systematic and thorough-going policy responses by the international community in future.

- The representative of the Government of France gave an overview of the recovery plan adopted by his country and emphasized that the social, economic and employment dimensions of the crisis were interrelated. He also noted that this plan was in line with the recommendations of the ILO. The delegate further commended the Office's analysis of the crisis and made four specific comments: (1) preserving employment, assisting those who had lost their jobs and boosting demand should remain the priority; (2) a coordination mechanism for policies at international level was needed; (3) recovery plans needed to go hand in hand with maintaining social rights; and (4) the ILO's response to the crisis should be taken to all relevant international forums.
- The Minister of Labour of Sudan highlighted the origin of the crisis and its severity in his country. He indicated that the effects of this crisis had been most tangible on labour markets, increasing the rate of unemployment and obstructing the fight against poverty. Finally, the Minister elaborated on measures taken in his country to mitigate the effects of the crisis, particularly in key sectors of the economy.
- The Deputy Minister of Health and Social Development of the Russian Federation stated that the crisis raised the question of the responsibility of governments in pursuing economic policies and the way in which they achieved social goals. He gave an overview of the measures adopted by his Government to face the crisis, stating that the concept of decent work, as developed by the ILO, was reflected in the components of the anti-crisis policy Moscow was pursuing. The Deputy Minister emphasized the need to observe social guarantees, even during times of crisis. His Government, for example, still ensured that labour rights for workers were guaranteed, despite the challenges presented by the crisis.
- The representative of the Government of China described the effects of the crisis on the real economy of her country, and provided information on the stimulus packages and employment policies adopted to promote economic development and save jobs. She affirmed the Chinese Government's belief that the ILO should play an important role in helping its constituents to overcome the financial crisis. Her Government therefore supported the Organization in enhancing cooperation with other international organizations, such as the World Bank and the IMF, in accordance with its mandate. In addition, the ILO should make full use of its expertise to develop an effective policy package to combat the impact of the financial crisis on employment. She outlined three specific recommendations, namely: (i) putting employment expansion at the core of the ILO's work in the next two years; (ii) setting up a dedicated form of communication on the financial crisis to exchange the experience of different countries; and (iii) providing technical support to countries in times of crisis.
- The representative of the Government of Pakistan highlighted initiatives taken in his country to mitigate the immediate effects of the crisis but stressed that long-term improvement would depend on global policy coherence and the reduction of underlying imbalances in global financial, trading and monetary systems. Millennium Development Goal 8 on global partnership would need to be strengthened to promote socio-economic development. A long-term and sustainable strategy for global economic recovery and growth would require the interests of all countries to be taken on board. While developed and developing countries should play a role in responding to the challenges posed, developing countries needed certain conditions in order to fully contribute to the recovery plan, among others: a pro-development, enabling environment; effective participation in global economic decision-making; a rule-



based level playing field for trade; and support from developed countries and international institutions to pursue growth and development objectives.

- The Deputy Minister for Labour of the United Republic of Tanzania explained that export revenues, foreign investment and aid towards Africa were decreasing while countries were facing increasing pressure for debt repayment. Further, the impact of the crisis on the economy differed according to the sector concerned, with export-oriented industries such as tourism and mineral extraction being particularly hard hit in his country. In addition, the effects of the crisis on labour and employment would differ among African countries, since they had entered the crisis on different footing. He expressed support for the jobs fund, and the need for comprehensive and well-coordinated solutions, including social dialogue. African policy-makers should balance supporting domestic activity while maintaining macroeconomic stability.
- The representative of the Government of Japan referred to the Manila High-level Regional Meeting in February where constituents had discussed the severity of the crisis in the region. Taking the example of his country, he made six points regarding the global policy response to the crisis: first, the need for a mid-term view, with emergency measures emphasizing employment creation that could offer stable and decent working conditions; second, balancing national and international policies, including avoiding protectionism and proper delivery of ODA; third, balancing the stimulus of domestic demand and an export-oriented recovery; fourth, balancing resources among economic and social policies; fifth, paying attention, not only to the quantity but also the quality of jobs; and, lastly, the importance of dialogue between social partners as well as international collaboration and cooperation.
- The representative of the Government of Italy expressed the view that securing the capacity to manage the effects of the current economic downturn on labour markets was the crucial challenge. The link between macroeconomic and microeconomic policies should be carefully analysed, with particular consideration for the social protection systems and the employment policies. Specific measures should prevent a potential depreciation of skills and human capital from prolonged unemployment, particularly for skilled and highly educated young people. Space should also be made for innovation strategies when exiting the economic crisis. The crisis would result in changes in the composition of labour demand and large shifts of employment between sectors, skills and countries. It would be essential to balance labour demand and labour supply, while improving social protection systems to tackle the short-term impact of these shifts and to guarantee stronger job-creation policies. He called for greater international cooperation, leadership and commitment among governments and international organizations.
- The representative of the Government of South Africa affirmed that in tackling the crisis many opportunities had been missed by limiting the role of central banks to targeting inflation. The expansion of the role of central banks should be a subject of social dialogue by constituents. This would be an opportunity for broader society to participate in economic policy development, and for economic policy in turn to take into consideration the interest of society. He stated that the current crisis confirmed that the role of the State could not be limited to the correction of distortions in the market but rather that it should play an active role in the economy, ensuring policy coherence between economic, trade and social policies. He closed by affirming that stimulus packages should not be used to define the growth path, but rather to reverse the effects of the crisis. The growth path, however, would have to embrace employment and decent work.
- The representative of the Government of the Bolivarian Republic of Venezuela shared his country's response to the crisis, within which the clear priority was employment.

He also referred to measures taken at regional level, such as the establishment of the “Banco del Sur”, which were being actively pursued as all solutions to the challenges of the crisis could not be found at international level. He clearly stated that the priority in his country was employment.

- The representative of the Government of Lebanon argued that unregulated globalization was the root cause of the financial crisis. The speaker explained the effects of the crisis on Lebanon and drew attention to the high number of Lebanese living and working abroad, suffering from job losses and consequently considering returning home. Given the tripartite structure of the ILO, the Organization may be able to advise countries in formulating their responses. The whole UN system would have to be involved, especially industrialized countries as it was where the crisis had been triggered. The speaker outlined nine recommendations to address the crisis which broadly supported the points in paragraph 35.
- The Deputy Director of the Federal Ministry of Labour of Nigeria talked about the spread of the financial and economic crisis in the African region in the form of job losses, growing informality and increase of the working poor. Sharing information on her Government’s policy responses, the delegate endorsed the analysis in the Office report. She also supported the initiatives of a global jobs pact and of a global jobs fund.
- The representative of the Government of Cuba, spokesperson for the Non-Aligned Movement, expressed appreciation for the policy responses offered by the Officers of the Governing Body. He called for strict respect for the rule of 0.7 per cent GDP to ODA and urged developed countries to increase their financial investments in developing countries to help them overcome the crisis. He added that the economic measures adopted should be grounded in the principle of the right to development for all including vulnerable groups and finally stated that the global response to the crisis should be firmly anchored around social dialogue and the fundamental rights of workers. He concluded by stating the availability of the Non-Aligned Movement to cooperate with all concerned parties in this endeavour.
- Speaking on behalf of the European Union, the representative of the Government of the Czech Republic emphasized that the principles and values set out in the Treaty of Rome – including the combination of economic integration with social justice and social cohesion – could serve as an inspiration for other regions in the context of the current turmoil. In addition, it would be crucial to build on solidarity to restore confidence and to allow social protection systems to fully play their role as automatic stabilizers. The European Union called for closer collaboration between the ILO and relevant international and regional stakeholders, and further hoped that the different international organizations could be made more complementary, an end to which this High-level Meeting could contribute.

## Speakers’ responses

37. Ms Adel Hadi of Manpower and Migration of Egypt began by cautioning that the Meeting’s discussions should focus on ILO work, especially on achieving fair globalization. She stated that sufficient measures had to be taken to guarantee a minimum standard of living to the poor and most vulnerable in order to prevent the recurrence of problems that had led to the crisis in the first place. The speaker emphasized the need to enable countries to preserve growth and generate wealth by recognizing the State as both the protector of the vulnerable and as a market regulator. She underlined the potential of employment and decent work in guaranteeing growth and development, but added that this could only be achieved on a number of conditions. One such condition was the reduction

in global imbalances. She noted the key role of social partners in overcoming the crisis, especially through social dialogue, highlighting the twin goals of employment protection and the implementation of decent work. The speaker concluded by emphasizing the need to support all those working to achieve decent work.

38. Ms Taipo, Minister of Labour of Mozambique, recognized that participants in the Meeting had presented their views and emphasized how appropriate the ILO was as a forum for discussion of the crisis. She noted the intervention of the private sector and the political issues raised, as well as the worker intervention and the necessary reciprocal relationship between labour and capital, noting that in the past they were wrongly approached separately. Ms Taipo stressed the importance of social dialogue and the need for a reciprocal relationship in order for ILO policies to progress. She concluded noting that there must be a return to the principles of the Declaration on Social Justice, and that the ILO was the only organization which through dialogue and cooperation could ensure a better future for the labour market.
39. Mr Hossain, Minister of Labour and Employment of Bangladesh, followed with his conclusions in which he emphasized the need to face the social dimension of the crisis particularly through tripartite social dialogue bringing together government, employers and workers in close cooperation. He noted that in Bangladesh this process had started, and that, in particular, employers had been encouraged to persist in promoting decent work. He concluded by requesting that the ILO provide clear guidelines on how to proceed with the tripartite negotiations.
40. Ms Rial, Labour Secretary of Argentina, noted key points agreed on by participants on how to overcome the crisis, including the need for careful diagnosis, for regulation of financial markets, and for adjustments of the international system to facilitate investment in production and work. Further, greater flexibility would have to be guaranteed in credit lines for the benefit of the social sector, in particular via the Global Compact. The minister noted, however, that there was a lack of consensus between countries, as could be seen for example in statements in the morning session by the IMF which signalled that comprehensive policies would not be forthcoming. Further, the speaker noted that, while protectionism had been identified as a bad policy for emerging countries, some countries were still being required to lower their tariffs in the interest of fair competition. Ms Rial insisted that countries should protect their workforce and that multinational companies should take into account subsidiaries in emerging countries when making decisions. In this context, she emphasized the importance of social dialogue and collective bargaining as tools for dealing with unemployment and highlighted the need for strengthened social safety nets for the most vulnerable groups. She concluded by reiterating that countries with vulnerable populations needed assistance and rapid action, and underlined the importance of the ILO's role on the world stage.

## Conclusion

41. The Employer Vice-Chairperson stressed the global nature of the crisis and the related employment, equity and credit issues. He highlighted the role of the ILO in support of international cooperation, mutual respect and policy coherence. Concluding with three points, he first emphasized that the global initiative cannot be viewed as the sole responsibility of the Organization. Secondly, he called for social dialogue to further job creation, decent work and sustainable enterprise. Finally, there was a need for dialogue in order to avoid potential conflicts within the Organization and throughout the multilateral system in the struggle to overcome the crisis.

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42. The Worker Vice-Chairperson outlined ten specific recommendations, namely: (i) preparing a statement on the ILO's position to be presented by the ILO representative at the London Jobs Conference of 24 March, preparatory to the G20 Summit; (ii) finalizing an ILO position paper for the discussions of the Governing Body on 26 March and for information and acceptance by the public, (iii) agreeing that this position paper should govern the ILO's work towards the ILC and beyond; (iv) requesting the Governing Body to agree to the global jobs pact and the global jobs fund, the Workers' group considering the latter to be within the competence of the ILO; (v) stepping up policy coherence initiatives centred on decent work in a way that would strengthen the ILO's credibility vis-à-vis the IMF; (vi) ensuring that coherence would embrace decent work rather than just work; (vii) rejection by the ILO of the unfortunate and misguided view that market forces cannot be withstood; (viii) rejection by the ILO of wage deflation; (ix) ensuring that greening initiatives continue to form an integral part of ILO measures; and (x) conveying the message that there could be no return to business as usual.
43. The Chairperson concluded the High-level Meeting by thanking participants for their comments and contributions. He announced that he would prepare conclusions reflecting the main points of convergence to be considered along with the reports of various other Governing Body meetings on the crisis on Thursday, 26 March. In conclusion, he noted that the discussion of the High-level Tripartite Meeting had convincingly emphasized the need for the ILC to review in June 2009 the questions raised by the economic and financial crisis with regard to employment and social policy.

Geneva, 26 March 2009.