

9th European Regional Meeting

Oslo, Norway, 8–11 April 2013

Jobs, growth and social justice



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Discussion papers for the high-level & thematic panels

Background paper for the Heads of State or Government/Heads of Agencies' Panel: "How to tackle the consequences of the financial crisis"

Background paper for the high-level tripartite ILO/IMF/EC panel discussion: "Recovery from crisis - coherent policies for growth and jobs"

Background paper for the high-level tripartite panel discussion: "Job-rich growth and quality jobs"

Background paper for the Informal Labour Ministerial Meeting: "Youth Employment in the Crisis"

Introductory note to the thematic panel discussion on Chapter 1:
Shaping policies for job-rich growth

Introductory note to the thematic panel discussion on Chapter 2:
Promoting quality jobs through effective social dialogue and collective bargaining

Introductory note to the thematic panel discussion on Chapter 3:
Tackling the youth employment crisis and the challenges of an ageing society

Introductory note to the thematic panel discussion on Chapter 4:
Promoting inter-national labour standards and policy coherence in Europe and Central Asia

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Background paper for the Heads of State or Government/Heads of Agencies' Panel: "How to tackle the consequences of the financial crisis"

This panel is dedicated to discussing possible ways out of the crisis. Given the seriousness of the employment situation Europe is facing it is urgent to explore the space for a job-rich recovery strategy.

The different phases of crisis response

In the immediate aftermath of the global financial crisis in 2008-2009, a coordinated response strategy was successfully launched. It involved fiscal stimulus packages, frequently supported by social dialogue with social partners. This prevented growth rates from falling too dramatically and contributed to limiting job losses.

However, the bailouts of financial institutions together with the allocations for the stimulus packages led to a sharp increase in public finance deficits in many countries that triggered insecurity in the financial markets, with a negative impact on borrowing costs and sovereign debt.

The fiscal consolidation policies subsequently adopted, with little or no social dialogue in response to this challenge, included sharp cuts in public investment and wages and in allocations for labour market policies and social benefits.

This approach was expected to stabilize financial markets, restore the flow of credit to the enterprise sector and boost private investment and job creation. However, this did not materialize and the already weak aggregate demand in domestic markets was further depressed. On top of that, many enterprises were - due to disproportionately high interest rates for loans - not only discouraged but also impeded from investing, improving their competitiveness and creating jobs. This resulted in a collapse of aggregate demand and did not contribute to reducing fiscal deficits and public debts, rather triggering new fiscal consolidation measures ending up in a vicious circle of more fiscal measures that further depressed the economy. In addition, the strategy did not tackle pre-crisis structural imbalances - such as financial market inefficiencies or, in some countries, a weak

export base - and widening labour market and income inequalities more generally.

The impact in Europe and Central Asia

Economic growth in the Eurozone shrank by 0.6% in the last quarter of 2012, with a significant impact on other countries of the region. Crisis-hit Southern Europe is facing deep protracted recession and unemployment has reached unprecedented levels in the EU and South-Eastern Europe. By November 2012 unemployment had risen by over two million people in the EU-27 compared with one year previously. The plight of youth is particularly dramatic as almost one in four young people are jobless at present while in some Southern European countries this figure has climbed to more than one in two. In all the crisis-hit countries high joblessness coupled with mounting job insecurity and wage and social benefit cuts imposed by austerity measures have raised people's perception of injustice and fuelled both peaceful demonstrations and less peaceful outbreaks of social unrest. Under such circumstances, contagion effects in other European countries are merely a matter of time.

Addressing the challenges: Ways out of the crisis

There seems to be a growing consensus that social dialogue and a social dimension are imperative in order to shape responses to overcome the current crisis and prevent its recurrence. One example is provided by the "Social Investment Package" launched by the EC on 20 February, which represents a paradigm change by underlining that social investment is an indispensable element of generating growth and employment. In this respect, tripartite social dialogue is instrumental for finding and formulating suitable strategies for increasing investment in the real economy and achieving job-rich growth. These are a pre-condition for sustainable economic growth building on strong coordination of economic, employment and social policies. Fiscal consolidation needs to be carefully balanced with the

promotion of sustainable growth, investment into the real economy, and structural and technological transformation to rectify structural distortions, upgrade productivity and competitiveness, and encourage productive job creation while gradually abolishing labour market segmentation.

However, such a policy approach implies certain costs and the question arises of where to find or generate the fiscal space for them. This also relates to the orientation of states' investment and tax policies.

Panellists may wish to discuss the following questions:

- How should responses to the crisis be modified in order to overcome negative social and employment effects? How can adequate fiscal space for such a policy shift be ensured?
- Do we need a new economic governance that reconciles the goals of economic growth and competitiveness with sustainable employment and social policies? What would such a model look like and what could be the role of social dialogue in this regard?
- How can the ILO contribute to regional and national policies boosting job creation and sustainable growth while mitigating inequalities in the world of work?

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Background paper for the high-level tripartite ILO/IMF/EC panel discussion: “Recovery from crisis - coherent policies for growth and jobs”

The objective of this panel is to discuss how economic, employment and social policies can contribute to recovery from crisis and sustained job-rich and inclusive growth. A key issue is establishing stronger synergies between fiscal, monetary and financial policies and strategies to increase the quantity and quality of employment. The panel will thus investigate how the world of work, as represented by the ILO's tripartite constituency, can interact effectively with economic policy makers to achieve the shared goals of sustainable economic growth and social justice.

Promising signals

Since the beginning of the crisis, the multilateral system, international organizations and regional institutions have proposed policy responses to the crisis including initiatives for coherent policies for growth and jobs.

- In 2009, the G20 Pittsburgh Summit welcomed the ILO's Global Jobs Pact and pledged to implement “recovery plans that support decent work, help preserve employment, and prioritize job growth”.
- At the high-level IMF/ILO Conference on the “Challenges of growth, employment and social cohesion” held in Oslo in September 2010, the two organizations examined the need for the social consequences of the crisis to be taken fully into account through, for example, national social protection floors, employment-creating growth and effective social dialogue. Meanwhile, further cooperation between ILO and IMF has taken place at country level including in the EU: tripartite ILO/IMF meetings in Bulgaria and Romania provided the opportunity for national constituents to deepen their economic and social dialogue and in the case of Romania to discuss the impact of the reforms on workers' and employers' organisations and on collective bargaining mechanisms and outcomes.

- In a report to the 2012 Los Cabos G20 Summit, the ILO and IMF together with the OECD and World Bank argued that “in considering further action to accelerate the pace of job recovery, G20 countries may wish to focus on specific areas covering both the demand and supply sides of the labour market.” At the Summit, G20 Leaders agreed in their Growth and Jobs Action Plan that should economic conditions deteriorate significantly further, a number of G20 countries stood ready to coordinate and implement additional measures to support demand.
- At a meeting in Berlin in October 2012 five major international organizations, amongst them the IMF and the ILO, reiterated the need for macroeconomic policies to go hand-in-hand with efforts to increase employment.
- At the European Council in December 2012, the President of the European Council presented a new draft of a roadmap for the completion of the Economic and Monetary Union that explicitly contained a social dimension, including social dialogue as well as solidarity mechanisms.
- Finally, the “Social Investment Package” - launched by the EC on 20 February, represented a paradigm change by underlining that social investment is an inevitable element of generating growth and employment.

Serious damage to the European Social Model

In the immediate aftermath of the crisis, several countries took initiatives for coherent policies for growth and jobs. However, policies shifted towards fiscal consolidation in 2010 as the burden of accumulated bad debts shifted from the private to the public sector. The most exposed countries have been obliged to pursue strict austerity policies. In particular, the economic adjustment programmes implemented by the “Troika”, the European Commission, the European Central Bank and the International Monetary

Fund in crisis-hit EU countries have strongly focussed on cutting fiscal deficits and public debt. The combination of a simultaneous finance-induced recession and a sharp fiscal contraction in several countries has impacted negatively on employment, especially youth employment, as well as on wages and social protection. Unemployment has risen to levels not seen for more than 70 years. Many households, especially the most vulnerable, have slid into poverty.

Policy responses to the crisis, including changes to employment and social policies, have generally been introduced without social dialogue. This has damaged the architecture and functioning of social dialogue and labour relations systems in several countries. The most prominent example in this respect was taken up by the ILO's Governing Body session in November 2012 requesting Greece to bring its labour relations system back in line with fundamental rights.

Reconstruction based on common values

The implementation of internationally coherent policies for growth and jobs is a major political challenge especially in times of crisis when the temptation to opt for national approaches that damage neighbours' prospects for recovery and threaten a downward spiral into various forms of protectionism is high. The strongest political foundation for such enhanced cooperation and coordination is a shared commitment to common values and principles.

International Labour Standards and particularly Fundamental Principles and Rights at Work provide a set of rules and values that speak directly to working women and men in all countries. They thus provide a platform from which to build coherent policies for growth, employment and social objectives. Freedom of association and collective bargaining as well as being basic human rights are also invaluable means for constructing consensus even when choices are difficult and progress of necessity a long term project.

One of the guiding principles of the ILO Declaration of Philadelphia, which provided a values based platform for recovery from WW II in the aftermath of the great depression, calls for the consideration of all international economic and financial policies and measures in the light of the fundamental objective of social justice.

These values are also enshrined in the EU treaties. The Lisbon treaty advocates a "highly competitive social market economy, aiming at full employment and social progress, including the promotion of social justice." It also underlines the "requirements for policy coherence in relation to the promotion of employment, social protection, action to combat social exclusion, education and training." It is this call for policies to invest in the real economy and boost quality jobs that is often missing in crisis responses when they are most needed.

Panellists may wish to discuss the following questions:

- What policies are needed to strengthen the real economy and strong growth and investment in productive enterprises?
- How can the European Social Model be restored in order to counteract social crisis?
- How can the pace and content of fiscal consolidation be calibrated so as to create space for employment recovery?
- Can international policy coordination unlock the door to a better reconciliation of the reduction of public and private levels of debt together with sustaining investment in employment and social policies?
- How could the ILO assist countries in shaping balanced policies for sustainable and inclusive growth?
- Is there an opportunity for enhanced international policy coherence based on analysis, research and policy cooperation between the ILO, IMF and European Commission? How can the ILO and the IMF build on the breakthrough of the 2010 Oslo Conference?

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Background paper for the high-level tripartite panel discussion: “Job-rich growth and quality jobs”

This panel deals with two main pillars of sustainable economic growth: job-rich growth and quality jobs. It seeks to discuss concrete policy options from the different perspectives that Labour Ministers, Finance Ministers, the Social Partners and the European Commission can bring to bear.

Unemployment, labour market segmentation and the quality of jobs

Unemployment is on the rise in the majority of European countries and returning to the employment situation that prevailed before the global financial crisis is becoming an increasingly distant objective. In November 2012 unemployment in the EU was 2 million higher than one year previously. The situation of youth is particularly dramatic as almost one in four young people are jobless at present and in some Southern European countries this figure has even climbed to more than one in two.

The increase in unemployment is accompanied by a growing number of atypical forms of employment such as involuntary part-time, temporary and agency work as well as work in the low-wage sector with little prospect of climbing the career ladder. Already prior to the crisis, the incidence of atypical forms of employment - often less secure, less remunerated and less covered by social protection and collective bargaining vis-à-vis regular employment arrangements - was on the rise. Atypical forms of employment affect disproportionately youth, low-skilled persons, women with family responsibilities and migrants. Many workers accept such employment involuntarily because they cannot find regular employment. While sometimes atypical employment may serve as a stepping stone to regular employment, it has also been used by firms as a ‘buffer’ to adjust their employment levels to temporary demand shocks. The crisis has contributed to increasing labour market segmentation in European labour markets.

The crisis has further expanded informal employment, which is to some extent undeclared work aimed at reducing labour costs and escaping taxes. In less developed countries, informal employment may be part of a survival

strategy of many households because of a lack of good formal/regular jobs.

These developments are accompanied by growing imbalances in wages that are in many countries lagging behind productivity growth. This discrepancy is mirrored by the longer term decline in the wage share in gross domestic product. The crisis has also reinforced long-term trends of low pay and poverty in the region. In 2011, 18.6 million people were experiencing “in-work” poverty in the EU-27 while in South-East and Eastern Europe and Central Asia, 8 million workers live below US\$2 per day. Spending on occupational safety and health (OSH) measures has also been under pressure in many countries.

Decentralization of collective bargaining has accelerated during the crisis. And recent labour law reforms have weakened the role of social partners in negotiations on wages and working conditions as well as in the broader policy-making process. These patterns may aggravate observed trends in atypical employment and slow growth in real wages vis-à-vis productivity gains.

Policy options

The aforementioned developments highlight a need for job-friendly macroeconomic policies that also address the structural transformation and technological up-grading of the economy. In particular, there is a need for an environment for companies, particularly small and medium-sized enterprises (SMEs), that is conducive to investments in the real economy and thus helps boost job creation. This would in turn improve domestic demand and economic growth and contribute to expand public revenues for fiscal consolidation and further investments in effective active labour market policies.

With regard to maximizing fiscal revenues, the challenge of how to achieve the improvement of overall tax collection and the adoption of progressive taxation policies without negatively impacting on economic growth and competitiveness needs to be considered.

There is also a need to assist those in atypical forms of employment through better access to social protection, and more generally, to opt for increasing investment in relevant skills of workers to maintain and improve their employability. This implies supporting employment retention or company redeployment of otherwise redundant workers and expanding access of jobseekers to effective labour market policies facilitating their job placement. Finally, the role of collective bargaining, social dialogue and social partners in designing and implementing job-friendly

macroeconomic policies, balanced wage policies, effective active labour market and social protection policies to reduce labour market segmentation and improve the quality of jobs for all vulnerable groups of workers needs to be considered. This also relates to the question of how to involve social partners in the processes of promoting the creation of formal and decent jobs, combating undeclared work and supporting the formalization of informal firms and informal work, and formulation and implementation of OSH legislation and policies.

Panellists may wish to discuss the following questions:

- What measures do you suggest to boost more and better jobs? What are the key factors for boosting job-rich, productive investment and macro-economic policies? What is the role of Social Partners in designing such policies?
- How should labour market segmentation and atypical forms of employment be addressed and the quality and security of employment improved? How could governments expand effective education, training and other active labour market policies for workers in low quality jobs as well as for jobless and discouraged persons to promote their labour market retention, skills upgrading and inclusion? How could undeclared work and informal employment be tackled? How should work related stress and psychological diseases be addressed?
- What are the most effective forms of social dialogue and collective bargaining in times of crisis? Can social dialogue strengthen the connection between wages and productivity?
- What do Labour Ministers expect from Finance Ministers in terms of creating an environment that is conducive to jobs? What options do Finance Ministers have in order to find or generate fiscal space for investments in the real economy? What is the role of tax policies in this regard?
- Where would you see the most important role for the ILO in enhancing employment performance in the region?

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Background paper for the Informal Labour Ministerial Meeting: “Youth Employment in the Crisis”

This meeting¹ provides an opportunity to discuss policy approaches and experiences in tackling the youth employment crisis, also in the light of the resolution adopted at last year’s International Labour Conference (ILC) “The youth employment crisis: A call for action” and its follow-up actions as endorsed by the ILO Governing Body at its session in November 2012.

High unemployment and low job quality

While the difficult jobs situation of young people is not a new phenomenon at European or at global level, the European crisis has resulted in historically high levels of unemployment. The youth unemployment rate is twice that of adults in low, middle and high-income countries across the European and Central Asian region and in some Southern European countries, this figure has climbed to more than one in two (Greece, Spain and the Former Yugoslav Republic of Macedonia). On top of that, long-term unemployment of youth is rising. In the EU, where the youth unemployment rate stood at 23.7 per cent in November 2012 and comprised 5.8 million young persons, one third had been out of work for more than 12 months.

Furthermore youth unemployment is only the tip of the iceberg as large numbers of young workers suffer disproportionately from decent work deficits. The deterioration of the quality of jobs available to youth is reflected in an increase in atypical forms of employment such as involuntary temporary and part-time employment as well as informal employment. Youth, who often have no other choice but to accept these non-standard forms of employment, suffer from lower wages, reduced access to on-the-job-training and inadequate or in-existent social security coverage and collective bargaining. The crisis has also led to an increase in the number of discouraged youth across the region and a growing detachment from the labour market. In 2011, in the EU 7.5 million young people (i.e. 12.9 per cent of youth) were neither in employment, education nor training (so-called NEETs).

Risks and threats for social cohesion

Young people have borne the brunt of the crisis and there is a real risk of a lost generation, a cohort of disaffected people forced to live on the margins of the labour market. This raises the issue of the costs of youth unemployment both for young people and societies as a whole. Youth unemployment at its unprecedented high levels also threatens social cohesion. At an individual level, joblessness at an early stage of the work-life and concentration in unstable and low paid jobs carries the risk of a ‘scarring effect’ since it can negatively affect long-term earnings prospects and job opportunities. On top of that, there are negative long-term impacts on the financial sustainability of pension systems from a lower level of contributions, which in turn will contribute to increased old age poverty. Taken altogether, these developments put the European Social Model at high risk.

Ways out: suggestions from the ILO and EC

Over the past few years, there has been an increasing commitment by countries to placing youth employment on national and international policy agendas. A growing number of governments have made youth employment a crosscutting theme of their national employment policies or have developed national action plans and strategies on youth employment. At the EU level, youth employment has emerged as an area of prioritized policy action and has become an integral part of the Europe 2020 Strategy. In December 2012, the European Commission adopted a four-pillar youth employment package that aims to smooth the transition from school to work through youth guarantee schemes, ensure that traineeships offer high-quality work experience, improve the quality and supply of apprenticeships, and promote intra EU-mobility of youth.

In response to the unprecedented youth employment crisis, in June 2012 the International Labour Conference adopted a resolution “The youth employment crisis: A call for action”. The resolution affirms that generating jobs for young people is of the highest global priority and underscores the need for a multi-pronged approach geared to

¹ To ensure an interactive discussion, participants are kindly requested to make interventions for not longer than 4 to 5 minutes. Please note that Ministers or Heads of delegation may be accompanied by one adviser.

pro-employment growth and decent job creation. It provides guidance on five policy areas: i) employment and job-friendly macroeconomic policies to increase aggregate demand and improve access to finance; ii) education and training to ease the school-to-work transition, iii) labour market policies to target employment of disadvantaged youth; iv) entrepreneurship and self-employment to assist young aspiring entrepreneurs; and v) labour rights to ensure that young people receive equal treatment and are afforded rights at work. The follow-up plan adopted by the ILO Governing Body at its 316th Session in November 2012 anticipates technical and policy advisory support to ILO constituents, aims to strengthen ILO capacity for knowledge development and dissemination and underlines the ILO's leadership role in promoting partnerships and advocacy for decent work for youth.

Boosting the supply and the demand side

Ensuring a relevant and balanced policy mix aiming at both the supply and the demand side is crucial for tackling the youth employment crisis. While effective Public Employment Services, skills development and the right skills match with labour market needs are essential on the supply side, emphasis needs also to be put on the demand side through job-friendly macroeconomic policies that provide the fiscal space for investment in both active labour market policies and a conducive environment for small and medium-sized enterprises (SMEs). Making public investments in youth guarantee and incentive schemes for public and private employers to recruit young workers also needs to be considered in this context. This raises the issue of generating the fiscal space needed to invest in youth employment.

Participants may wish to discuss the following questions:

- How should the design and implementation of a balanced and multi-pronged approach as proposed in the 2012 ILC Call for Action be integrated into national or European agendas on youth employment? What assistance could the ILO provide in that respect?
- Is inter-ministerial collaboration adequate with regard to the design and implementation of national youth employment plans? What measures can be taken with a view to identifying and generating adequate fiscal space for investing in and boosting youth employment?
- What are the lessons from the most successful school-to-work transition and activation interventions, including technical and vocational education and training, dual apprenticeships and youth guarantee schemes? How can good practices from one country be adapted and transferred to others? Could the adoption of an international labour standard assist in bringing about their broader implementation?
- How can the design, targeting and institutional delivery mechanisms of such schemes enable a more effective outreach to disadvantaged and discouraged youth?
- How can funding facilities including the European Social Fund be used to promote youth employment?
- Can national and regional partnerships for decent work for youth be strengthened?
- What mechanisms should be put in place to foster the exchange of knowledge and experience on youth employment trends, policies, programmes and good practices? What role should the ILO play in this respect?

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Introductory note to the thematic panel discussion on Chapter 1: Shaping policies for job-rich growth

Since 2008, the region of Europe and Central Asia (ECA) has been heavily affected by an economic and financial crisis that has had devastating consequences on the real economy and the labour market. The initial phase of this crisis was successfully addressed by many countries through the coordinated launch of fiscal stimulus packages frequently supported by tripartite social dialogue. However, the bailouts of financial institutions together with the allocations for the stimulus packages led in many countries to a sharp increase in public finance deficits. Fiscal consolidation policies adopted afterwards with little or no social dialogue and with the aim of stabilizing the financial markets and restoring credit for the enterprise sector have driven these countries back into recession while unemployment has reached unprecedented levels in the EU and in particular in the crisis-hit Southern European countries. High unemployment coupled with falling real wages and cuts in social benefits against the backdrop of rising living costs for households has fuelled mounting social protests in many ECA countries. Moreover, there is some evidence that the austerity measures may be undermining sustainable economic growth and social development in the longer-run due to existing structural imbalances as well as widening labour market and income inequalities.

The report considers pro-employment macroeconomic policy approaches that could be reconciled with fiscal goals. Such more balanced strategies would - by gradually slowing down the pace of fiscal consolidation - release funds

for boosting the necessary structural and productive transformation and technological upgrading of ECA economies, including a shift to green technologies that would enhance competitiveness and productivity. Policies could promote sustainability and job-creation capacity of enterprises through establishing a business-friendly environment, improving infrastructure, restoring credit flows to enterprises, in particular small and medium-sized ones that are the main job generators, and for stimulating private productive investment. An additional fiscal space for such policies could be created by expanding the tax base through initiatives to improve overall tax collection, reduce tax exemptions and evasion, increase the progressivity of taxation and launch environmental and financial transaction taxes. Wage policies to ensure fair remuneration of workers and for wages to grow in line with productivity would contribute to income-based rather than debt-based household consumption and further boost economic growth. Simultaneously, job-centred economic policies need to be complemented by effective labour market policies that support lifelong learning and labour market inclusion of vulnerable groups, in particular youth, and by social policies aimed at alleviating poverty, closing the coverage gaps and providing adequate social protection. Social dialogue, partnership and strategic collaboration between employers' and workers' organizations and the government are key for shaping this strategy and identifying and implementing the most effective policies.

Participants may wish to discuss the following questions:

1. The report considers a balanced, job-rich growth strategy that would stimulate the sustainability of development, economic growth and creation of quality jobs not only at national level but also at regional/local level (for example in so called mono-industrial regions/towns or economically depressed regions in general). To make such strategies effective with a view to overcoming and preventing crises, their outlines should be agreed through social dialogue at national or regional level. Do you currently see a real commitment of the government and the social partners in your country to reach such an agreement that would support economic recovery (for example in the form of a social pact)? What should be done to strengthen this commitment and collaboration?
2. The report analyses job-friendly macroeconomic policies stimulating both public and private investment into the world of work and the real economy. Being under tremendous fiscal constraints, this is a major challenge for many countries. Do you agree with this or do you see different roads and options for reconciling fiscal constraints with the urgent need to get Europe back to work? How could more fiscal space be generated and invested? Has your country designed conducive policies in this respect? Could social partners and social dialogue play a significant role here? How can the ILO be of further assistance in general and towards your country?
3. Wage and tax policies can be promising areas for reducing ever increasing income inequalities and for overcoming the current recession by enhancing domestic demand, investment, growth and employment generation. In your view, is this argument relevant for your country with regard to the current political and economic context and is social dialogue strong enough to achieve appropriate changes in wage and tax policies?
4. Accumulation of relevant knowledge and skills of the labour force and managerial and know-how experience in enterprises are key elements of a new industrial policy that would boost competitiveness, sustainable recovery and growth, and decent employment creation, important especially for countries mainly relying on export of raw materials or with a weakly developed export sector. A comprehensive strategy directed towards strengthening technical and vocational education and training systems for youth and adults as well as a deliberate support for domestic enterprises to learn through cooperation with foreign enterprises, including multinational enterprises, are the means to achieve it. In this regard, what are the main obstacles in your country that need to be addressed and what assistance would you request from the ILO to overcome them?
5. Greening the economy is seen as an example of a successful industrial policy. While on the one hand it opens new opportunities for sustainable development and decent job creation, it is also connected with adverse social impacts in declining industries and the regions that depend on them. The ILO Just Transition framework suggests a range of labour market and social policies to cope with this challenge. How can the ILO assist your country in strengthening these policies to achieve the best possible results for workers and employers in adjusting to change?
6. SMEs as well as social economy enterprises are seen as the main job creators at present. Is the current legislative, institutional, investment and policy framework in your country conducive to their development and increasing their employment creation capacity, what are the main barriers and what type of assistance could the ILO provide?

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Introductory note to the thematic panel discussion on Chapter 2: Promoting quality jobs through effective social dialogue and collective bargaining

The crisis has resulted in a significant increase in atypical forms of employment, such as involuntary part-time and temporary employment. In general, workers in such jobs experience lower wages, less access to training and higher occupational risks and are less covered by social protection and collective bargaining compared with those holding regular full-time jobs. While such jobs can serve as a stepping stone to permanent employment, in many cases they deepen labour market segmentation. Recent labour law reforms have added to these trends through relaxing employment protection legislation and decentralizing and deregulating collective bargaining. This calls for a balanced policy approach that would reconcile adequate workers' protection with facilitating the adjustment of enterprises to market changes. Tripartite social dialogue is the appropriate tool for achieving such a balance.

Informal employment has also further increased during the crisis. While undeclared work, motivated by labour costs reduction and tax evasion, is its prevailing form in developed countries, in less developed countries the unavailability of good jobs in the formal economy pushes people into informal and subsistence work. Informal employment is typically associated with poor working conditions and no legal and social protection. For the transition from informal to formal and decent employment, social dialogue can be instrumental in developing a long-term plan of action. This

would encompass promotion of formal creation of good quality jobs, incentives and sanctions aimed at reducing informal employment, and measures building capacity and increasing protection of informal enterprises and workers to help them out of informality. Further strengthening of national labour inspectorates is also important for reducing undeclared work and ensuring compliance with labour legislation. Stronger and more effective labour inspection as well as improved legislation and national tripartite policy in the area of occupational safety and health (OSH) should also rectify the reduction of funds for OSH measures that happened during the crisis.

Collective bargaining and social dialogue can be powerful instruments for shaping effective policies that would contribute towards generating more and better jobs and gaining support of the business community, workers and population in general. The above mentioned labour law reforms were mostly adopted with limited or no social dialogue. They should be reviewed on a tripartite basis with regard to their impact on industrial relations and the autonomy of the social partners. To meet these important tasks, collective bargaining as well as the technical capacities of the social partners need to be strengthened. This is particularly critical in the case of wage negotiations so that wages become closely linked to productivity increases.

Participants may wish to discuss the following questions:

1. In which area(s) do you see the main deficit(s) in the quality of jobs and employment in your country?
2. Is the suggested approach to strengthening of employment retention measures together with active and passive labour market policies the right tool for addressing labour market segmentation and for facilitating labour market transitions?
3. Do you consider the transition from informal to formal and decent employment relevant and feasible for your country? In which of its components - (i) promoting higher formal jobs creation; (ii) augmenting labour inspection so as to apply labour laws effectively throughout the labour market; (iii) reducing informal employment by increasing the costs of informality; and (iv) using training and other incentives to facilitate the move out of informality - would you find ILO assistance most important?
4. How could collective bargaining and tripartite social dialogue mechanisms be strengthened in your country so that the views of social partners on economic, employment and wage policies and on their role in economic and labour market recovery are fully reflected in policy decisions?
5. What are the main impediments for stronger wage bargaining, for negotiating wages to grow in line with productivity and for setting the minimum wage so that it reflects both social and economic goals in your country? Could the ILO help in overcoming these impediments?
6. Is national labour inspection effective enough to enforce labour legislation, ensure safe working conditions and combat undeclared work in your country and would you consider its support as a priority for ILO assistance?

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Introductory note to the thematic panel discussion on Chapter 3: Tackling the youth employment crisis and the challenges of an ageing society

Young and older workers - the two groups at the beginning and at the end of the employment life cycle - are particularly vulnerable to labour market disruptions. In the current jobs crisis, youth unemployment has risen considerably. It has now exceeded 20 per cent in two thirds of European and Central Asian countries and climbed to more than one in two young persons in Greece, Spain and The Former Yugoslav Republic of Macedonia. Furthermore, one third of unemployed youth in the EU have been out of work for more than 12 months. Young people are also disproportionately affected by atypical and informal forms of employment. If no urgent and decisive action is taken to address these challenges, the risk of a lost generation is imminent, with serious political, economic and social repercussions. In contrast, unemployment of older workers is relatively low because in case of redundancy they often withdraw from the labour market. However, with regard to the projected progressive ageing of the population, in many countries these trends will increase poverty due to shrinking social protection budgets.

The ILC resolution *The youth employment crisis: A call for action* adopted in 2012 urges governments and social partners to take a multi-pronged approach that combines pro-employment macroeconomic policies with policies stimulating the development of relevant skills of youth, ensuring broad availability of effective and well targeted labour market policies for young people as well as youth entrepreneurship schemes, and promoting young people's rights. This approach needs to be implemented through

concrete measures facilitating school-to-work transition, such as youth guarantee schemes, internships, activation of discouraged youth, incentives for employers to recruit young people and youth entrepreneurship programmes. Attention needs to be paid to developing relevant and marketable skills of young people through strong technical and vocational education and training systems.

Expanded funds for effective active labour market policies, including increased personalized job placement assistance by public employment services, are imperative for boosting employment in general, and in particular of youth and older persons. On top of that, a comprehensive active ageing strategy should - apart from improving access to targeted labour market policies including recruitment incentives for employers and workers - ensure safe and healthy working conditions, and support adaptation of working conditions to the needs of older workers.

While national social protection systems in many countries are in deep deficit, growing numbers of older population and youth are not properly covered by social protection. There is an urgent need to reform these systems so that the coverage gaps are tackled, systems become financially sustainable and the benefits provided comply with the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102). Social dialogue is an essential tool to achieve broad consensus on the parameters of such reforms. Furthermore, countries need to ensure universal coverage of basic social security in line with the Social Protection Floors Recommendation, 2012 (No. 202).

Participants may wish to discuss the following questions:

1. What are the key issues that should be addressed by youth employment policy in your country? How do such policies correspond to the recently launched ILO Action Plan on youth employment as a follow up to the ILC resolution *The Youth employment crisis: A call for action* adopted in June 2012, and what assistance can the ILO provide?
2. Strong dual technical and vocational education and training including apprenticeship systems and youth guarantee schemes are key tools for promoting youth employment. Would you like to see an international labour standard that would enforce their broad implementation in the region (and globally)?
3. What are the main obstacles in your country to expanding access of unemployed and discouraged persons, in the first place youth, as well as workers threatened by unemployment to active labour market policies including job placement assistance? How should such policies be designed with regard to skills development, matching skills with labour market needs, anticipation of labour market needs through forecasting, and strengthening labour market institutions, in particular Public Employment Services?
4. Do you anticipate future labour shortages in your country due to the ageing population? Is a comprehensive active ageing strategy that would extend the productive use of working lives of older persons through combining lifelong learning with safe and healthy working conditions, broad access to job-placement assistance and appropriate active labour market policies, well-coordinated with social protection, the right answer? What are the most significant challenges and how can the ILO be of assistance?
5. Does a broad consensus exist in your country on the parameters of social protection reform that would balance financial sustainability of the system with good coverage and adequacy of benefits including for first-time jobseekers and those with short periods in employment? Has your country already undertaken such reforms and with what results?
6. In countries that do not currently have a comprehensive social protection system, can a consensus be reached on establishing a national social protection floor that, as a first step, would ensure universal coverage by basic social security? How can the ILO be of help here?

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Jobs, growth and social justice



International
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Introductory note to the thematic panel discussion on Chapter 4: Promoting international labour standards and policy coherence in Europe and Central Asia

While support is regularly expressed for ensuring coherence between economic, employment and social policies, the global financial and economic crisis has put these policy aspirations to the test. Policy decisions that have focussed on fiscal austerity have sometimes been associated with an inconsistent application of international labour standards, occasionally involving the neglect or violation of the fundamental principles and rights at work (FPRW) and particularly the right to freedom of association and collective bargaining. This has aggravated labour market conditions in those countries, further deepened poverty risks and negatively impacted on the social climate, sustainable economic and job-rich growth. This has threatened the European Social Model, which needs to be restored in order to avoid a massive social crisis and political backlash.

In charting a new path for a sustainable recovery, the ILO and its tripartite constituency will need to seek renewed coherence in national, regional and international policies.

A first step towards achieving coherent policies is to recognize the need for a common values and rights-based approach to economic and social policy ensuring the centrality of the FPRW. Macroeconomic, employment and social policies to promote growth and social justice need to be based on respect for common values and principles as

enshrined in international labour standards. Such standards provide a normative guide for achieving coherence between economic and social policies to ensure that economic growth can be translated into improvements in the quantity and quality of jobs, working conditions, skills development, social protection and thus into the social justice that is a guiding principle of the ILO Declaration of Philadelphia and also belongs to the founding values of the European Union. Yet this requires the recognition by all that ratified international labour standards have to be fully implemented and can thus serve as a driver for social and economic development.

A second step to reconciling social with economic development would be to consider a new job-centred paradigm that recognizes employment as a source of growth and targets employment in line with FPRW and social dialogue, alongside economic objectives. This also applies to international, regional and national policies.

The broad involvement of the social partners in such policy approaches is important in ensuring inclusive and coherent processes. In addition, the use of comprehensive early warning mechanisms may prevent imbalances and facilitate the coordination of economic, social and employment policies.

Participants may wish to discuss the following questions:

1. In your experience what role have the FPRW and other international labour standards played in shaping policy responses in your country, and how could such a role be enhanced to achieve balanced macroeconomic policies aiming at job-rich growth and quality jobs? What should be the role of social dialogue in this respect?
2. In which areas do you see gaps in the proper implementation of international labour standards in your country? How could the ILO assist your country in strengthening policy coherence through the implementation of the FPRW and other international labour standards?
3. Many strategies, initiatives and policies favourable to employment and social goals have been launched by the EU institutions. At the same time, the fiscal consolidation measures in many crisis-hit countries have had largely negative effects on industrial relations, employment including youth employment, as well as on wages and social protection. How can national and EU policies of an economic and financial character be reviewed to assess the degree to which they promote or hinder sustainable economic growth and social justice? Should labour ministries and social partners have a stronger say in such policy-making processes? What role can the ILO play in this respect?
4. Policy coherence in the pursuit of decent work is also a matter of coordination and cooperation between international organizations and regional institutions, particularly the IMF, the OECD, the World Bank, the ILO and the EU. How can international coordination reconcile the goal of fiscal consolidation with continuous investment in employment and social policies? Can the ILO and the IMF translate the conclusions of their 2010 Oslo Conference into broader and more intensive cooperation, particularly in countries adopting highly controversial labour market reforms?
5. In order to put in place timely, preventive and remedial policy responses, countries could establish national early warning and monitoring systems based on a number of key indicators as an option to anticipate and detect economic risks, fiscal imbalances, high unemployment and under-employment, inequalities, and shortcomings with regard to the compliance with the FPRW and social dialogue. Do such mechanisms exist in your country? If not, could seek ILO assistance help in that respect?