

International Labour Office

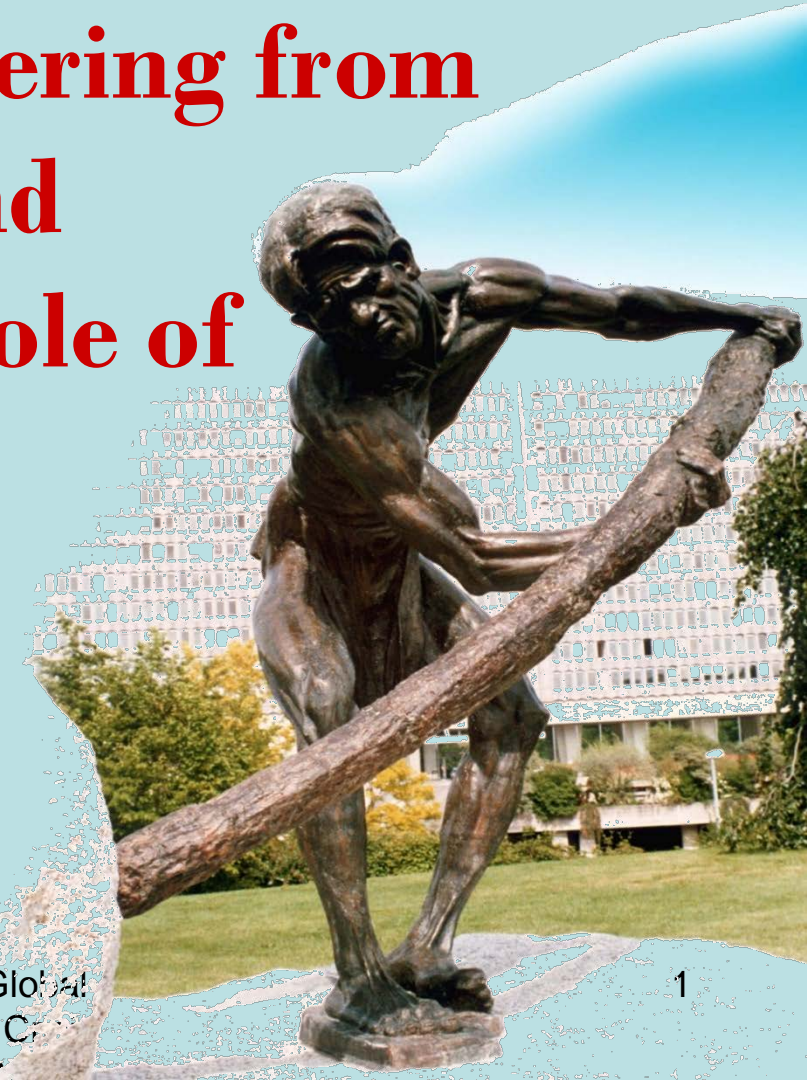
ILO response on recovering from the global financial and economic crisis: The role of trade unions

**Mohammed Mwamadzingo,
Senior Economist, ILO/ACTRAV Geneva.**

**ITUC Africa Forum
Lome, Togo
14-16 September 2009**

15 September 2009

ITUC-Africa Forum on Global
Financial and Economic Crisis
and the Global Jobs F



Outline of the presentation

1. Principles, impacts and outlook for 2009-2010
2. Global vs African perspectives
3. Survey of policy responses
4. What role for trade unions?

I Principles, impacts and outlook for 2009-2010

- The current financial crisis began in August 2007, when a loss of confidence by investors in the value of securitized mortgages in the US resulted in a liquidity crisis.
- Poorly regulated financial system
 - excessive risk-taking leading to sub-prime lending
 - toxic assets spreading through the system
- Unbalanced globalization
 - export-led growth model and limited savings in the US
 - Growing within-country income inequalities

I Principles, impacts and outlook for 2009-2010

UNCTAD Prospects for Real GDP for 2009

Developed countries

Australia	0.4
France ^a	-3.2
Germany ^a	-6.9
Japan	-8.8
United States	-2.6

Emerging-market economies

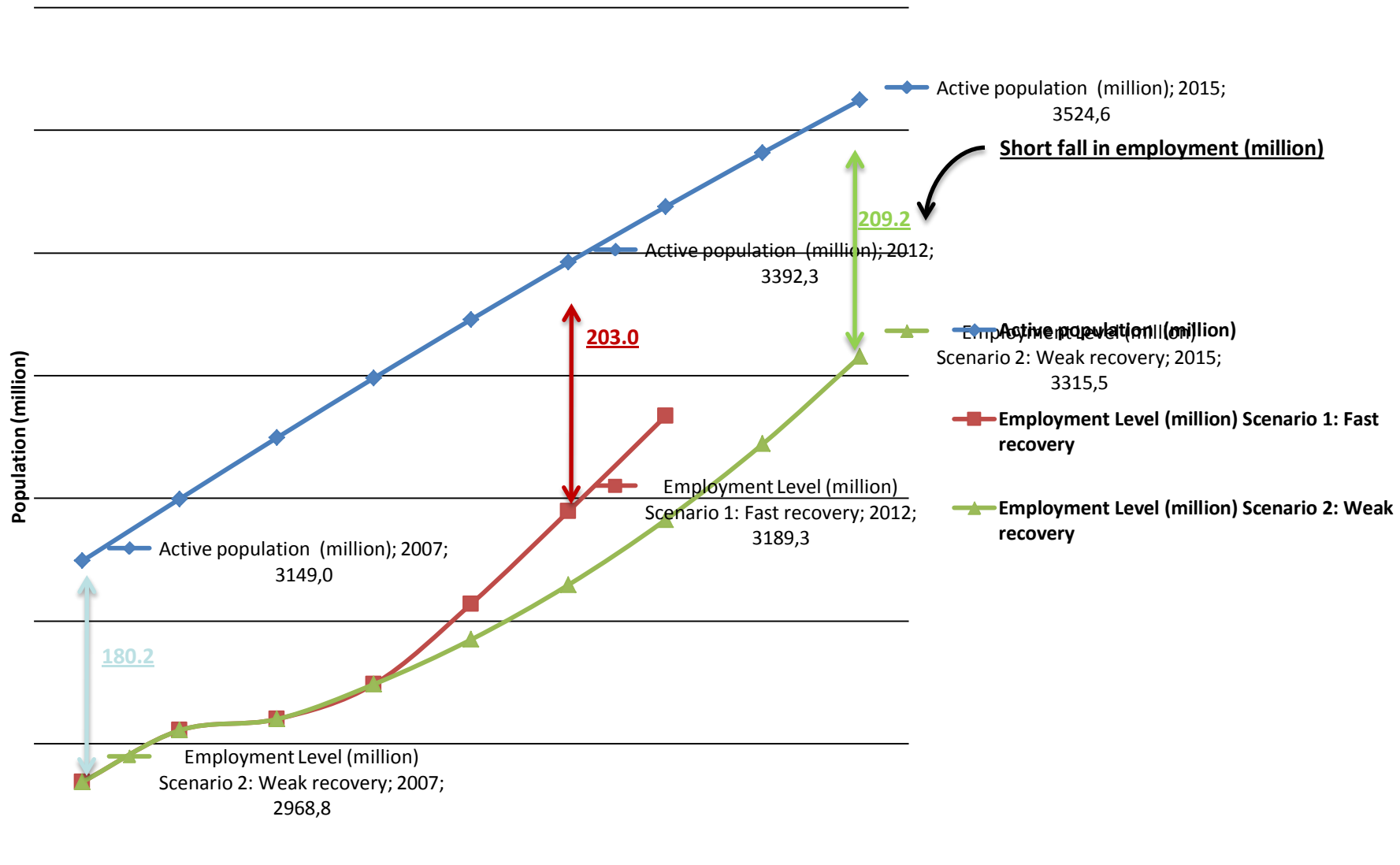
Brazil	-1.8
Chile	-2.1
China	6.1
China, Taiwan Province of	-10.2
Colombia	-1.1
Costa Rica	-5.0
Hungary	-5.4
India	4.1
Indonesia	4.4
Malaysia	-6.2
Mexico	-8.6
Republic of Korea	-4.3
Russian Federation	-9.8
Singapore ^b	-10.1
South Africa	-1.3
Thailand	-7.1
Turkey	-13.8

I Principles, impacts and outlook

UNCTAD Prospects for 2009 and 2010

- Global gross domestic product (GDP) expected to fall by more than 2.5% in 2009
- GDP in the developed countries to contract by 4%
- Output in “transition countries” is expected to fall by more than 6%
- Growth in developing countries to slow from 5.4% in 2008 to 1.3% in 2009
- It could take up to 6 years for many countries to return to levels of GDP reached in 2007

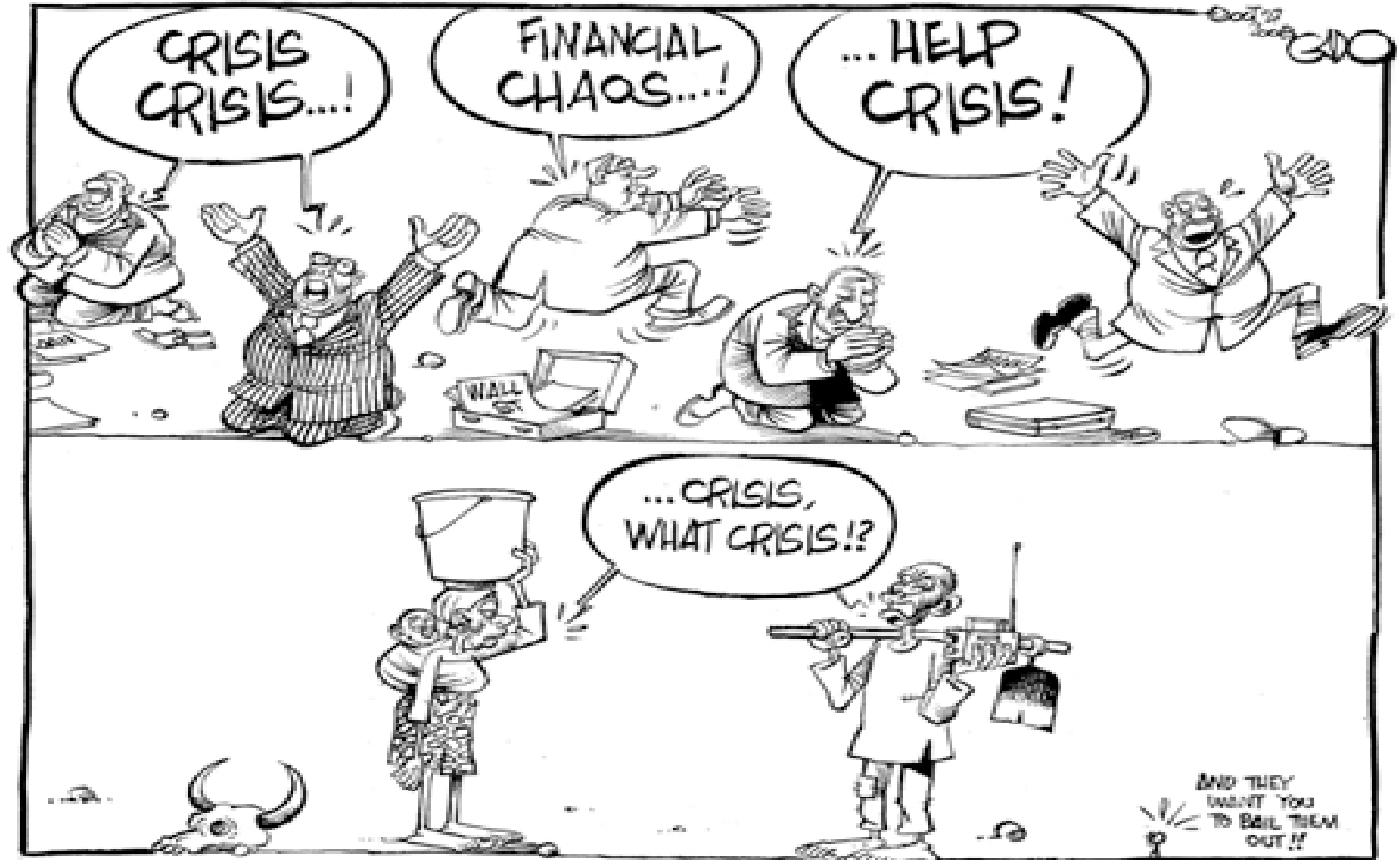
I Principles, impacts and outlook for 2009-2010



I Principles, impacts and outlook for 2009-2010

- If the recovery in output growth is weak and its job content also weak, the world could be in for a 6 year or longer period of severe labour market distress
- If policies to counteract recession and stimulate growth are focussed on job content, the distress can be alleviated within 3 years

III Global and African policy responses



III Global and African policy responses

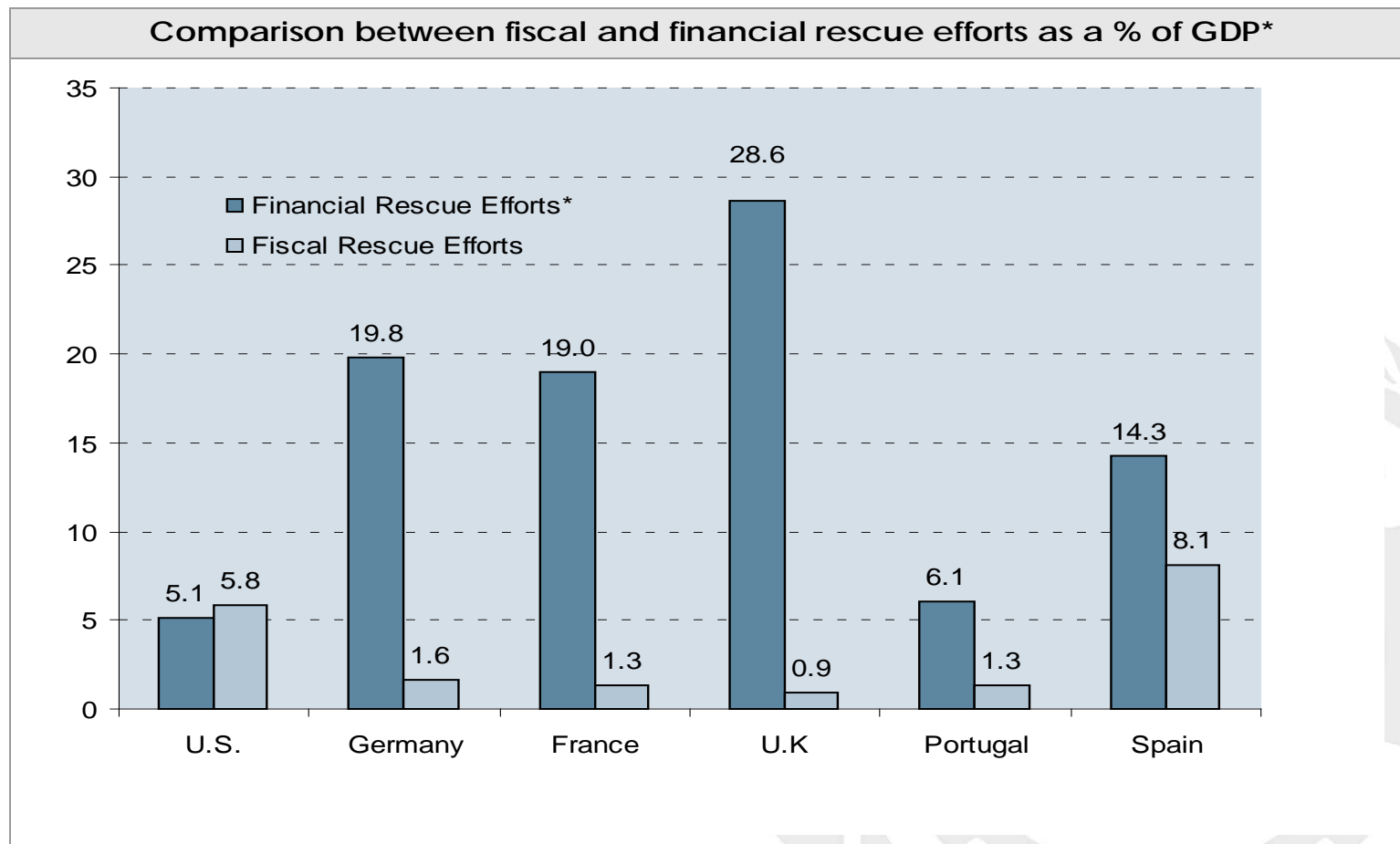
- ✓ Financial rescue measures to avoid collapse of financial system
- ✓ Monetary easing
- ✓ Fiscal stimulus packages
- ✓ Currency depreciation in some countries

III Global and African policy responses

- African perspective of the crisis:
 - African housing market?
 - Mortgages, sub-prime, toxic assets
 - Interest rates
 - An African stimulus package?
 - Infrastructural development
 - Retail prices
 - Government incentives

III Policy responses

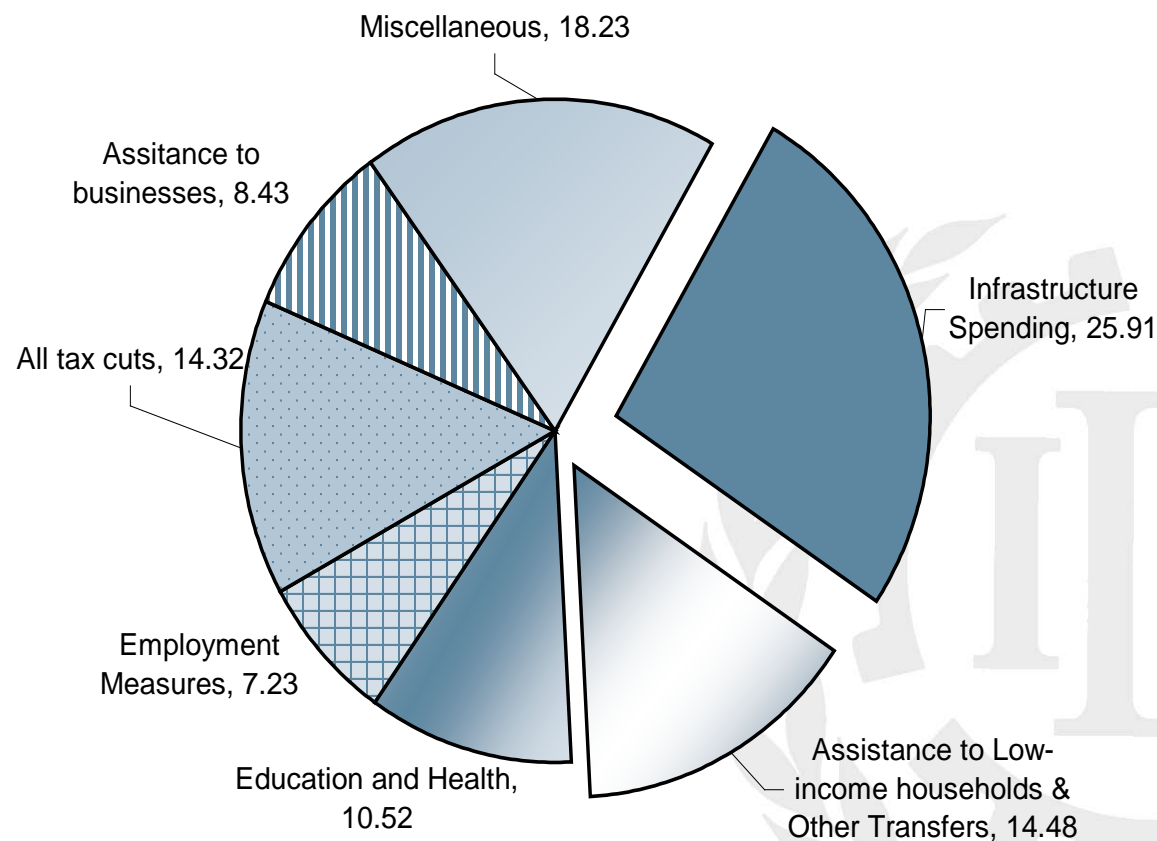
Analysis of 42 rescue and stimulus plans



III Global policy responses

Analysis of 42 rescue and stimulus plans

Decomposition of rescue efforts as a percent of total, by category



III Global policy responses

Have measures succeeded so far?

- What is most annoying is the sounds of champagne glasses clinking again in Wall Street and in the City of London
- It is almost as if the past year had never happened.
- We hear of « green shoots » yet, we all know the economic winter is far from over.
- Confidence in real economy not restored and depression cycle sets in, especially in developing economies: **the global economy is still very, very sick.**

III Global policy responses

Have measures succeeded so far?



IV Recovering from the Crisis

ILO Global Jobs Pact

What is the Global Jobs Pact?

GJP is a framework for the period ahead

GJP is a resource of practical policies for the multilateral system

GJP is a resource for governments, workers and employers.

It consists of five parts:

- decent work response to the crisis;
- principles for promoting recovery and development;
- decent work responses;
- the way forward: shaping a fair and sustainable globalization; and
- ILO action

IV Recovering from the Crisis

ILO Global Jobs Pact

How did the GJP come about?

- Discussions during March 2009 Governing Body
- Preparatory steps before the June Conference
- Discussions at the ILC Committee of the Whole
- Drafting processes
- Acceptance and adoption processes

IV Recovering from the Crisis

ILO Global Jobs Pact

ILO survey of 49 countries spanning all income levels for the period between mid 2008 and June 2009.

The survey identified 33 measures in dealing with the crisis, which we can categorize in four areas :

- (i) measures to stimulate labour demand,
- (ii) market policies to protect jobs and support job seekers;
- (iii) expansion of social protection and food security;
- (iv) social dialogue and rights at work

IV Recovering from the Crisis

ILO Global Jobs Pact

(i) Stimulate employment generation by:

- investing public resources for infrastructure of all types;
- providing additional support through credit facilities, tax reductions and technical guidance to small enterprises in particular;
- granting subsidies and reductions in social security contributions to enterprises to lower the cost of retaining workers in jobs and facilitating new hires;
- retaining workers in jobs through working time reductions, partial unemployment benefits, labour cost reductions and training schemes.

IV Recovering from the Crisis

ILO Global Jobs Pact

(ii) Provide income support to workers and families through:

- extension of unemployment benefits,
- extension of and adjustments in health benefits and old-age retirement benefits;
- expansion of cash transfer programmes and social assistance programmes

IV Recovering from the Crisis

ILO Global Jobs Pact

(iii) Support unemployed and job seekers through:

- strengthening of public employment services;
- expansion of training programmes and facilities



IV Recovering from the Crisis

ILO Global Jobs Pact

(iv) Stimulate social dialogue and consultations with business and labour on measures to counter the crisis through:

- national and sectoral consultations between business and labour and with governments;
- National and sectoral agreements between business, labour and with governments,
- Enterprise consultations and agreements

IV Recovering from the Crisis

ILO Global Jobs Pact

Snapshots of the survey:

On average each country has taken just over 11 new measures.

Each country has taken on average:

- 4 new measures to stimulate labour demand,
- 3 measures to support job seekers and unemployed,
- 2.7 measures to expand social protection
- 1.6 measures to stimulate social dialogue and rights at work.

IV Recovering from the Crisis

ILO Global Jobs Pact

Snapshots of the survey:

- The six most frequent measures :
- Additional spending on infrastructure (43 countries)
- Tax reductions and subsidies for small enterprises (41 countries),
- Additional credit facilities/measures for small enterprises (38 countries),
- Additional training measures and programmes (33 countries),
- Consultations with organisations of employers and of workers (31 countries),
- Expansion of social protection through cash transfer programmes (30 countries).

IV Recovering from the Crisis

ILO Global Jobs Pact

Snapshots of the survey:

Number of measures by category of countries:

- Low income countries : 8.3 measures
- Lower middle income countries: 12 measures
- Upper middle income countries: 10.9 measures
- High income countries: 12.4 measures

V GJP and the role of trade unions

Implementation agenda for trade unions

1. Promote and extend social protection

- prevent increased poverty,
- address social hardship,
- helping to stabilize the economy, and
- maintain and promote employability.

V GJP and the role of trade unions

Implementation agenda for trade unions

1. Promote and extend social protection (continued)

Types of social protection schemes:

- Cash transfers to the poor
- Basic social protection: health care, income security, child benefits, public employment guarantee
- Unemployment benefits
- Skills development
- Coverage for temporary and non-regular workers

V GJP and the role of trade unions

Implementation agenda for trade unions

2: Protect against wage deflation

- Wages to rise with productivity, with minimum wage nominal and real anchor
- Promote social dialogue about wages and working conditions
- Avoid race to bottom in workers' rights
- Ensure women are not affected disproportionately

V GJP and the role of trade unions

Implementation agenda for trade unions

3: Defend and protect workers' rights

- Use of the basket of international labour standards relevant to the crisis as be a central element of country-level responses:
 - C. 95: Protection of Wages, 1949
 - C. 173: Protection of Workers Claims (Employers Insolvency), 1992
 - C. 158 and R. 166: Termination of Employment, 1982
 - MNE Tripartite Declaration, 1977

V GJP and the role of trade unions

Implementation agenda for trade unions

3: Defend and protect workers' rights (continued)

- R. 198: Employment Relationship, 2006
- C. 97: Migration for Employment, 1949
- C. 143: Migrant Workers (Supplementary Provisions), 1975
- C. 94: Labour Clauses (Public Contracts), 1949
- C. 151: Labour Relations (Public Sector), 1978
- C. 154: Collective Bargaining, 1981
- C. 155: Occupation Safety and Health

V GJP and the role of trade unions

Implementation agenda for trade unions

3: Defend and protect workers' rights (continued)

- Eight fundamental Conventions
 - C.29: Forced Labour, 1930
 - C. 87: Freedom of Association and Protection of the Right to Organize, 1948
 - C. 98: Right to Organize and Collective Bargaining, 1949
 - C.105: Abolition of Forced Labour, 1957
 - C. 100: Equal Remuneration, 1951
 - C.111: Discrimination (Employment and Occupation), 1958
 - C. 138: Minimum Age, 1973
 - C. 182: Worst Forms of Child Labour, 1999

V GJP and the role of trade unions

Implementation agenda for trade unions

3: Defend and protect workers' rights (continued)

- C. 102: Social Security (Minimum Standards), 1952
- C. 144 and R.152: Tripartite Consultation (International Labour Standards), 1976
- R. 113: Consultation (Industrial and National Levels), 1960
- C. 135: Worker Representatives, 1985
- C. 122: Employment Policy, 1964
- C. 81: Labour Inspection, 1947
- C. 129: Labour Inspection (Agriculture), 1969

V GJP and the role of trade unions

Implementation agenda for trade unions

4: Push for the necessary global structural changes

The Global Jobs Pact will be difficult to implement and impossible to sustain without restructuring the global financial architecture that is responsible for the current failed economic regime.

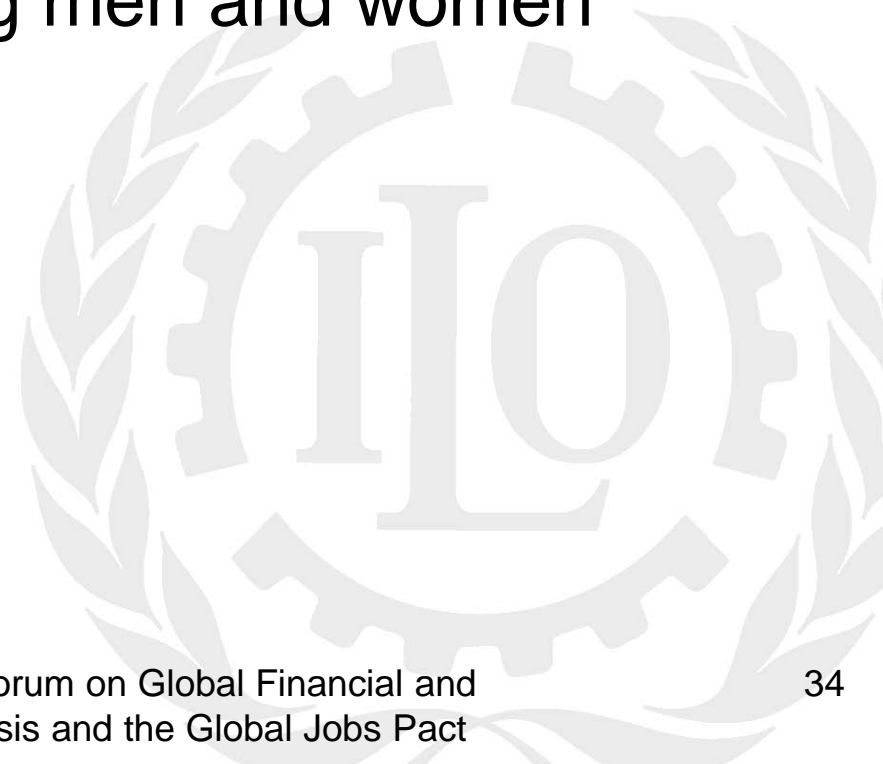
Unions must not waste the crisis! We must use it to change global injustices.

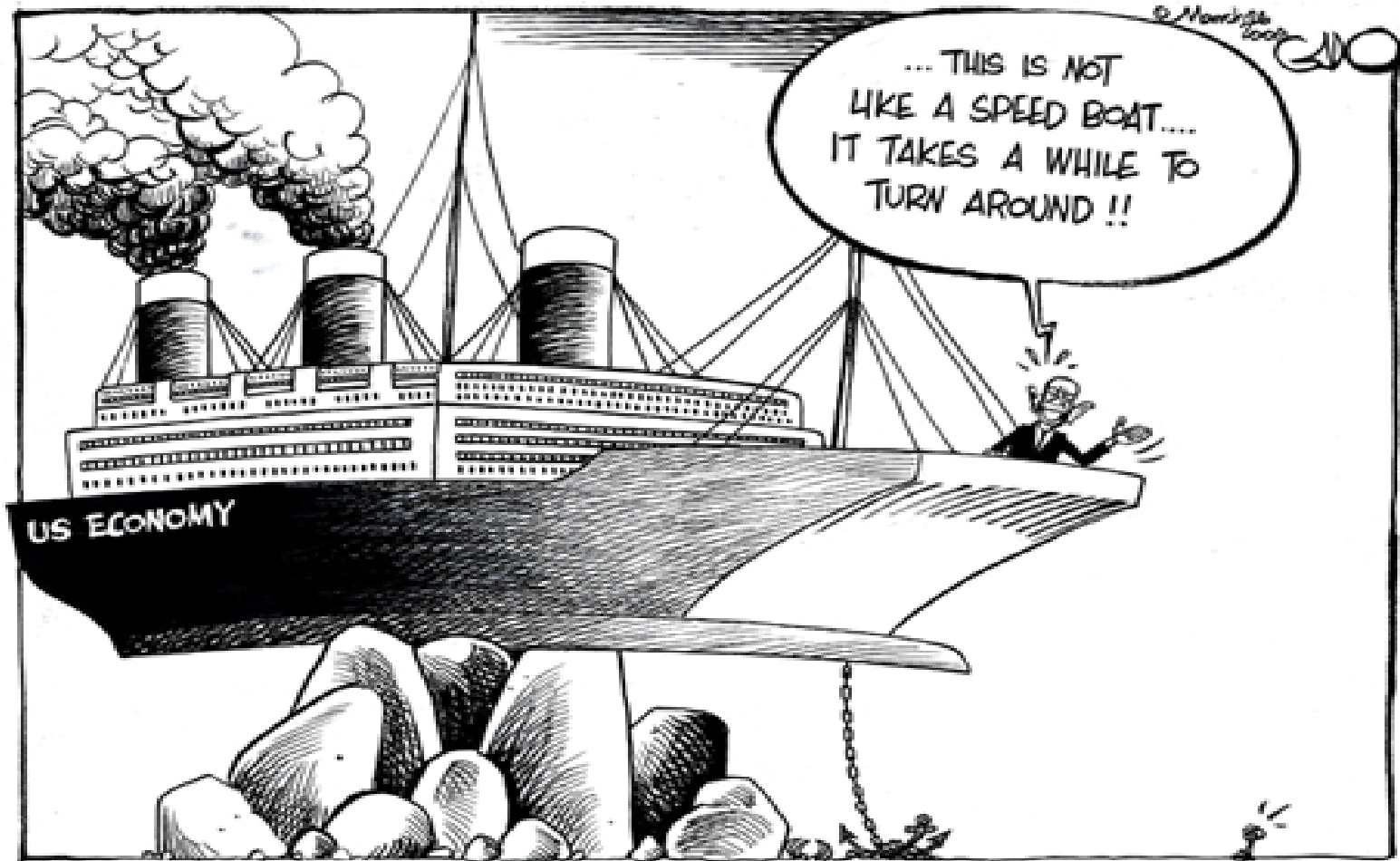
Conclusions

- For trade unions, the global economic crisis current situation is both a challenge and an opportunity.
- Unions must counter monopoly capital's desperate attempt to shift the burden of the crisis onto the people.
- Unions must strive to consolidate their ranks, reach out and organize more workers in the factories, offices and in the communities, build unity with other oppressed and exploited sections in our society and internationally.

Conclusions

- Unions must deepen their understanding of the failure of the free-market globalization phenomenon and call for a new sustainable—economic, social, and ideological—paradigm that favours the working men and women throughout the world.





International Labour Office

Thank you for your attention

**Mohammed Mwamadzingo,
Senior Economist, ILO/ACTRAV Geneva.**

**ITUC Africa Forum
Lome, Togo
14-16 September 2009**

15 September 2009

ITUC-Africa Forum on Global Financial
and Economic Crisis and the Global
Jobs Pact

36

