

INTRODUCTORY REMARKS

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HIGH LEVEL JOINT MEETING OF THE EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS

COMMITTEE AND THE ECONOMIC POLICY COMMITTEE

15 JUNE 2006

Honourable Ministers, Ladies and Gentlemen,

I would like first to thank Minister Finley for her kind words of welcome. Many thanks too to the Canadian authorities for hosting this OECD forum.

I too would like to welcome you all to Toronto to discuss one of the most important policy challenges facing OECD countries. Your presence here confirms your belief in the value of international dialogue on how to boost employment. As representatives from government, business, trade unions, civil society and academia or highly-regarded experts, **you are vital stakeholders** in today's discussions and I will be listening attentively to your comments and remarks.

1. Raising employment has become a key policy priority for OECD countries:
 - **Population ageing** is indeed looming large. There are four active workers for each retiree in the OECD area and, if nothing is done, this is projected to fall to around two workers to each retiree in 2050. A failure to raise participation rates in the face of these demographic trends will place the sustainability current systems of social protection at risk. It would also cause the long-run rise in living standards to slow, or even halt.

- At the same time, **some 35% of people of working age do not have a job**, on average in the OECD. And the bulk of them are not unemployed people. They are people who are so-called inactive, i.e. not looking actively for a job. Some countries which have managed to cut unemployment significantly now face the challenge of rising numbers of inactive people. And the crucial point is that many of these people in fact want to work! So in fact the goal of higher employment serves both economic and social objectives.

- The challenge of increasing employment is especially acute for **youths, women, older workers and immigrants**: these groups are significantly under-represented in employment in all member countries. Also, promoting greater economic independence for **disadvantaged groups**, by making the shift from welfare to work more attractive, can strengthen social development. Special attention needs to be highlighted to the **gender dimension**. Though young women tend to be better educated than young men, they have worse jobs than their male counterparts. Access to affordable childcare, especially for lower-wage working parents, could improve their employment outcomes. In this regard, quality of childcare is also important, as it should contribute positively to early childhood development, and provide the basis to prepare children for better education attainment and future employment.

- The task of promoting employment is also made more urgent in light of **globalisation**. The key challenge here is to take advantage of the benefits from globalisation and ensure that people and firms are able to adjust quickly to change, the more so as adjustment pressures will intensify in the future when countries such as China and India, with their large pool of labour, become more integrated in the world economy.

- In short, what is needed today is more and better jobs. Today, to succeed in the knowledge economy, we need to improve competitiveness of human capital through education and life-long learning.

2. If the policy goal is clear, it is no simple matter to identify the most effective policies for realising these goals. At the request of its 30 member governments, the OECD Secretariat has thoroughly reassessed the Jobs Strategy — a blueprint endorsed in 1994 and which provided a policy framework for tackling high unemployment. The first purpose of this meeting is to report back to you on the results of our reflections. In a few minutes, my colleague, John Martin, will present the restated OECD Jobs Strategy and summarise some of the analysis underlying this reform agenda. For now, I will simply say that the 4 pillars of this strategy define a comprehensive reform agenda for achieving high levels of employment and broadly shared prosperity. They do this by fostering both high rates of labour market participation and strong job creation, in a balanced manner; that is, by supporting both labour supply and labour demand.

3. The second and more important purpose of today's meeting is to initiate what we hope will be a lively and many-sided exchange of views about reform priorities and, importantly, how to address obstacles to policy implementation. Ministers and other high-level policy makers will discuss these questions at tomorrow's sessions. Undoubtedly, those exchanges will be informed by specific national experiences with implementing policy reforms, as well as examples of the sometimes formidable political obstacles to reform. It is essential that those discussions also be informed by the points of view of the major stakeholders in society and the latest economic research. That is the purpose of today's discussion and I am very much looking forward to it.