

Chair's Summary
A Forum on the restated OECD Jobs Strategy in Tokyo
30-31 October 2006

As a follow-up to the high-level forum of Employment and Labour Ministers in Toronto in June 2006, which welcomed the restated Jobs Strategy as a good basis for formulating policy, a Forum took place in Tokyo on 30-31 October 2006. Its purpose was to invite policy makers mainly from countries in the Asia-Pacific region, together with academic researchers and social partners from Japan, an expert of the ILO and the OECD Secretariat to discuss:

- i) the challenges of implementing the restated Jobs Strategy in OECD countries in the region (Australia, Canada, Mexico, New Zealand, Japan, Korea and the United States); and
- ii) the relevance of the restated Jobs Strategy for participating non-OECD countries, namely Cambodia, China, Indonesia, Malaysia, Philippines, Russia and Thailand.

1. Policies to promote labour participation and address demand-side obstacles to employment

Participants agreed that promoting labour market participation is especially important in the face of ageing populations. They also considered ways to overcome demand-side obstacles, while also addressing the risk of labour market duality. They also gave indications on practical implementation issues, which are summarised below.

Promoting the effectiveness of activation strategies

- An activation strategy is important from the perspective of preventing individual isolation in addition to securing higher labour market participation, thereby alleviating the social security burden and benefiting both society and the economy.
- In this regard, participants acknowledged that the level of unemployment and other non-employment benefits should be set with due consideration to each country's situation and the interaction between benefits and work-availability requirements. They stressed that it is possible, under certain conditions, to make generous benefit levels consistent with work incentives. These conditions include adequately implementing provisions of counselling, job-placement advice, financial rewards to make-work-pay, job-search, monitoring and compulsory participation in active labour market programmes after a period of unsuccessful job-search, backed of by moderate benefit sanctions if job-searcher do not fulfill their job-search obligations. Participants emphasised the key role of effective employment services, including the need for good coordination between public and private employment

services, in such an activation strategy.

- Participants also emphasised the complementarity between activation and skill development policies, as a way to facilitate participation while also promoting demand. It is indeed essential to improve those workers' skills which meet labour demand and support career development. Therefore, the provision of effective training courses is needed.
- They also highlighted that, when designing activation policies, policy makers should take into account diversified work-life balance objectives. Workers should have the opportunity to enrich their life outside work, notably by facilitating the combination of work with family responsibilities, preventing excessively long working hours and by ensuring adequate working conditions.
- In order to address those problems faced by under-represented groups, an element which was reaffirmed at the recent meeting of the G8 Ministers of labour & employment as being important for their countries, the following points must be especially taken into account:

<Young people>

- * There are many cases in which young people fail to transfer smoothly from school to work and fall into a negative spiral between unstable employment and lack of skill development opportunities. Cooperative support provided by employment services, education, training and other related organizations is effective in breaking this vicious cycle. A key issue is the relative weight to be given in policy design to practical work training versus basic skill development. This is a complex dilemma which will require further scrutiny.

<Older persons>

- * Participants described the approaches that are being taken to establish regulations and practices that help improve employment opportunities of older workers, such as through pension and welfare reform, and analysis of the extent to which mandatory retirement system and seniority wage might affect employment opportunities for older persons.

<People with family commitments>

- * Actions to promote the employment of people with family commitments, particularly women, such as childcare support, parental leave and working-time arrangements, are even more effective if implemented together in combination, rather than separately. Greater participation by men in caring responsibilities would also help promote a better work-family life balance; this would involve a major rethink of the long working hour

culture among men.

- * Some participants stressed the need for new provisions to help ensure work-life balance. This may also help facilitate family decisions.

<Gender Balance>

- * Participants expressed concern about persistent gender imbalances in the labour market. More analysis is needed to shed light on why gender differences emerge early in the career, at least in some countries.

<People with disabilities>

- * Promoting the independent living of people with disabilities in local communities and their transition from welfare to work is extremely important. Therefore, it is necessary that cooperation between employment policies and welfare policies be further enhanced so that counselling and advice concerning work and living can be provided in an integrated manner.

<Regional imbalances>

- * In order to help address regional labour-market imbalances, proper coordination between central government and local government policies is needed.

Tackling obstacles to labour demand while addressing issues of labour market duality

- Participants recognized that sustained economic growth and adequate aggregate labour demand are major factors which help improve the effectiveness of an activation strategy.
- They also recognized that economic growth may be a necessary condition to employment expansion, though not a sufficient one. In order to realize the increase in employment, a good match is needed between labor demand and labor supply, in terms of geographic location of work opportunities and required skill levels, job categories etc. If not, the increase in labor demand might just result in unfilled vacancies coinciding with high unemployment, i.e. labour demand-supply mismatch.
- They agreed that employment regulations and wage-setting practices should not inhibit labour demand. This is especially important in the face of globalisation, which entails significant new business opportunities and holds the promise of more jobs and higher real incomes.
- However, they also stressed that *job quality* concerns should be taken into account when

reforming employment regulations and wage practices. There may be cases where intensified international competition puts further pressure on the wages and working conditions of certain groups. In certain countries, this may also translate into increased labour market duality. Policy makers need to respond to such job quality challenges. Indeed, when the expansion of job quantity and the maintenance and improvement of job quality are both addressed in parallel, a virtuous cycle of job creation and improved productivity and living standards will be created.

- As a response to this challenge, participants supported the need for greater workers' security. Making regulations more predictable to both employers and workers, while avoiding overly-strict recruitment requirements, is one approach. Ensuring a more equal treatment of regular and non-regular contracts –and indeed moving legislation as far as possible towards a single type of contract which provides reasonable dismissal protection in line with seniority-- is another one. While reducing constraints on dismissals for economic reasons may be needed in some countries, it is also essential to ensure that abusive dismissal and discrimination in recruitment and dismissal does not happen. Finally, providing adequate income protection and effective re-employment services in the event of job loss is needed in all countries.
- It is necessary to ensure a balanced treatment between regular and non-regular workers, in terms of wages, skill development opportunities and other working conditions. The key point was made that full-timers and part-timers should be treated in a balanced way with respect to taxes and benefits. Due to the existence of the duality problem, some people from certain groups, notably young people and women, settle for unstable employment against their will. Because of this, we need to provide balanced measures.

2. Relevance of the Jobs Strategy to non-OECD countries

- Participants recognized that some of the challenges concerning jobs which non-OECD countries face are similar to those in OECD countries and the restated Jobs Strategy includes policy issues which are useful to non-OECD countries. However, different weights should be attached to different recommendations, to address the specific problems of non-OECD countries, notably regarding informal employment and the social protection system.
- Participants from non-OECD countries welcomed support by the ILO for addressing labour issues in their countries.
- It was pointed out that migration is a common issue for both the OECD countries and non-OECD countries. It has broad and diversified aspects. Participants agreed that monitoring

of migration flows and concerning policies is very important and supported the annual workshop on migration flows and policies in the Asia-Pacific region which is held in Tokyo on an annual basis.

- Participants agreed that exchanging experiences between OECD countries and non-OECD countries is useful for both of them, and stressed the need for cooperation between the OECD and the ILO to help secure objective.

3. Provisions towards implementation of the restated OECD Jobs Strategy

- It is crucial to evaluate employment policies in order to learn from experience.
- The implementation of the restated OECD Jobs Strategy involves reform, and for promotion of this reform, a broad public understanding is necessary. In this regard, participants found it useful to promote reform dialogue involving a wide range of stakeholders, including social partners and other groups, throughout the process.
- The time taken for individual measures to lead to the improvement of labour market performance varies, and in some cases this can be a lengthy process. A phased approach is sometimes effective for such measures. However, it is essential to move ahead vigorously with the reform agenda.
- It is important to take into account the interactions between different policy areas such as employment regulation, social security, taxes, education, industrial development, macroeconomic policy, etc. This is why reform should be launched as a comprehensive package.
- The changes brought about as a result of the reform often bring disadvantages to some people. We need to prepare an appropriate safety net to minimize and avoid the perpetuation of those disadvantages. The establishment of an appropriate safety net will promote public support for the reform.
- Sufficient dissemination of information to the public is important so that the necessary public support for reform can be mobilized.

4. The role of the OECD, cooperation with related organizations

- The OECD's support is highly significant for each country working on the implementation of the restated OECD Jobs Strategy toward improvement of their labour market performance. That is because we can share the experiences of success and failure and various kinds of

information through OECD activities. The G8 Employment and Labour Ministers at their recent meeting in Moscow welcomed the OECD Jobs Strategy as a point of reference for good practices. They also acknowledged that implementation differs according to the situation in each country.

- The ILO also plays a significant role in realizing the expansion of job quantity and the improvement of job quality at the same time and establishes ‘the Decent Work Agenda’ which aims at a fair globalization in which the goals of economic development and social equality are well balanced.
- Each country will consider the role of the OECD and the ILO and will ask for adequate cooperation from both institutions as necessary. This forum was one opportunity for such a collaboration. We invite OECD to disseminate the outcomes of the forum as appropriate.