



Weathering the jobs crisis

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Moderator: Loïk Berrou, Senior Editor, France 24, France

Jean-Baptiste de Foucauld, Chairman, Association solidarités nouvelles face au chômage (New Solidarity against Unemployment), France

Philippe Egger, Deputy Director of the Office of the Director-General, ILO

John P. Martin, Director, Employment, Labour and Social Affairs, OECD

John J. Sweeney, President, American Federation of Labour – Congress of Industrial

Unemployment is rising sharply. Are already stretched governments equipped to cope? The crisis will be challenging, but also presents opportunities for innovative labour policies.

Loïk Berrou introduced the panel recalling how, in 2004, a new idea emerged during the EU presidency of the Netherlands about the need to make job markets more flexible while at the same time increasing security for workers – the idea of *flexisecurity*. Now, four years later “the stock market is gaining ground, while the job market is in dire straits” – leading one to question the sustainability of the former models, solutions and systems supposed to promote employment.

John Martin presented a grim timeline for job market recovery: unemployment in OECD nations is expected to approach 10% by 2010, meaning about 25 million more people will find themselves out of work than in 2007, while the severe social consequences of this lost income will be exacerbated by increased healthcare problems and crime rates. Unfortunately, Mr Martin points out, history shows that recovery follows only slowly after such periods of rapid job loss. Following past recessions, the US job market has typically required four to seven years before unemployment rates returned to pre-recession levels, while it took no less than 18 years in the extreme case of Finland’s downturn in the early 1990s. So even if the economic recovery is underway, Mr Martin warns, a massive policy effort will be required to get people back to work. He urged “active” labour market policies on the part of governments (job search assistance and so on), but Mr Martin cautions against repeating the past error of encouraging early retirement in a bid to create new jobs: “it didn’t work before, it won’t work now”.

Jean Baptiste de Foucauld highlighted two salient features of the job market: first, that the unemployed have no say in public debates; and second, that society shows little solidarity with jobless people. But Mr Jean Baptiste de Foucauld also expressed hope that the ongoing crisis should provide an opportunity to generate innovative solutions. He mentioned five main issues to be addressed: public employment services, which are currently overwhelmed; better access to training programs; more effort to

create jobs in the non-profit making sector; measures to facilitate job sharing; and encouraging those in secure jobs, such as civil servants, to help those who lose out. Jean Baptiste de Foucauld acknowledged the high cost of these policies, but saw no need to be grim, expressing faith in innovative labour policies and a change towards more sober social attitudes. “We haven’t seen innovative labour policies debated since the first oil crisis (in the 1970s)” he said.

Philippe Egger also drew attention to the delay between economic recoveries and the end of job crises and highlighted the peculiarities of employment crises in many developing countries: there is no steep rise in unemployment numbers, but rather a reduction in the workforce, with workers often shifting to the informal economy. Mr Egger spoke of the ILO’s adoption of a world employment pact, aimed at reducing the adverse effects of the looming jobs crisis, and which consists of three main pillars. First, the recommendation of retaining workers in their current jobs for as long as possible, by reducing work time if needed, for instance. Mr Egger cited India, where the poorest Indians are guaranteed 100 days of work thanks to government-sponsored schemes. Second, the expansion of social benefits, such as those implemented in Brazil, where transfer benefits contribute to the income stability of a fifth of all households. And third, the redeployment of job-seekers towards new sectors that require labour, such as the “green economy”. Mr Egger said he believed “all countries can fund basic social protection” for their people, and that a just, fair globalization with basic social protection for all is needed.

John J. Sweeney painted a grim picture of dramatically declining welfare for millions of unemployed workers as a result of the global economics crisis. He warned that “a few months of stock rallies do not amount to sustained economy recovery...while we can hope for the best, we must be prepared for worse”. Describing labour markets as being at the “vortex” of the crisis, he urged governments to act more aggressively in order to stem job losses and thereby reverse the recessionary spiral that now grips the economy, qualifying as insufficient the measures taken to date. Mr Sweeney called on OECD countries to undertake immediately an extra annual stimulus of at least 1% of GDP, sustained over the next three years. The aim should be to stimulate labour-intensive activities and demand in the short run, and raise productivity in the medium term. Mr Sweeney concluded by outlining a list of proposals on active labour market policies, income support measures, international labour standards, increased dialogue with social partners, and a call to develop “green jobs” by shifting the world economy on to “a low-carbon growth path”. Mr Sweeney also called on OECD governments to address the pension fund crisis by ensuring that employers “take their fair share of the pension risk”.

In comments from the floor, **Sophia Kalantzakos**, deputy minister of employment in Greece, commended Europe’s collaborative response to the jobs crisis, and provided details of the Greek government’s specific policy response, aimed at sustaining employment—from state-subsidised internships, to German-inspired subsidies to sustain employment, to financial help for doctors to establish medical practices. While acknowledging the dangers of the state becoming too big an employer, Ms Kalantzakos also expressed her confidence that Europe was operating within “prudent” parameters.

Another member of the audience asked if the world had the resources to fully address the crisis. Mr Egger responded by saying that the situation is difficult: while governmentally-subsidised job programmes, such as those currently in place in Germany, represent an effective means to minimize the impact of the crisis, such measures do not always appear feasible in the long term. Mr Martin reiterated the need to keep a burgeoning ageing population working longer. For his part, Mr Sweeney said that governments must lead the way in job development, with particular emphasis on expanding “green jobs.”

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