

**Introductory Remarks**  
**John Evans**  
**General Secretary TUAC**  
**High level joint meeting of OECD Employment Labour and Social Affairs**  
**Committee and the Economic Policy Committee**

**Toronto 15 June 2006**

TUAC welcomes this opportunity to be present at this meeting along with representatives of our Canadian and US affiliates and present some comments on the Revised Jobs Strategy of the OECD that is being debated at the meeting today and tomorrow. Written comments have been submitted by TUAC and will be available for participants shortly. These are the fourth set of written comments that we have submitted on the Jobs Strategy documents since January which is a reflection of the priority that this work represents for TUAC. In one sense it will shape the relationship between TUAC and the OECD for the next ten years.

On the plane to this meeting I was reading the press coverage of the OECD Employment Outlook that was released in Paris two days ago and that contains the main findings of the Reassessment. The variation of the headlines was striking – varying from “liberalization is not the only way to high employment” (the Guardian) to “rising disability rates test policy makers” (the Financial Times). Let me give you TUAC’s interpretation of what we recognize is an important piece of work.

Firstly we support an evidence-based approach to employment policy reform. The OECD’s empirical work reflected in the reassessment is now more solid and the results are a more balanced set of conclusions. This suggests that the “usual suspects” seen as the cause of high unemployment in the earlier Jobs Study – minimum wages, employment protection legislation (EPL) and collective bargaining are not the major causes of unemployment problems and that is an important conclusion. John Martin’s presentation earlier showed the Table (Figure 7.1) from the Employment Outlook which showed a slight positive correlation between union density and unemployment - however I would point out that if you turn the page to 212 the headline reads “the effects of trade unions and employment protection legislation are statistically insignificant”.

Secondly it is important that the Reassessment recognizes that there are different models with different combinations of institutions and policies that can achieve good employment results and small European countries have achieved as good results as deregulated labour markets. However – if the objective is widened to include equity, relative poverty rates, child poverty and other social objectives it is clear in our view that the so-called “Nordic Model” out performs the US model. This should be reflected in the policy recommendations that also flow from the reassessment.

Thirdly whilst there are variations between some of the elements of successful institutions and policies in Europe e.g. with regard to EPL – there is one common feature

of all the successful European countries – they all have strong unions. Strong unions are able to coordinate bargaining, handle technological and industrial change for their members, and ensure that adequate training takes place and that it is equitably distributed. It should be of concern to the OECD and governments that against the background of globalization and the excessive rise in profits and executive remuneration, unions elsewhere are having increasing difficulty to raise the wages of workers. A disconnect is taking place between wage and productivity growth.

Fourthly TUAC and our union partners would emphasize, more than is in the current OECD documents, the centrality of macroeconomic policy in achieving positive employment results. Monetary and fiscal policy has to be symmetrical and stimulate growth when there are persistent output gaps as well as controlling inflation when there are capacity constraints.

Fifthly the Reassessment does not say much about the dynamic approach to competitiveness and growth that OECD countries need to adopt against the background of globalization. That has to be based on the high skills, high productivity approach to development. OECD countries will not be able to compete on the basis of low wages. To paraphrase the EU's Lisbon Strategy – the OECD needs to have “competitive, dynamic economies capable of sustainable Economic growth with more and better jobs and social cohesion”. The Jobs Strategy needs to reflect also the OECD Growth Strategy.

Finally the Reassessment also must lead to a rethinking of the approach to implementation of the Strategy in the future. The “template” approach to recommendations that became a feature of the EDRC process in the OECD in the first Jobs Study is not appropriate when it is recognized that different policy and institutional settings can produce desirable results. There is a need to integrate the ELSAC far more in the process of implementation, widen the objectives to include social factors and also, integrate the Social Partners – BIAC and TUAC in the process of application.

There is a window of opportunity for getting real shared ownership by working people of recommendations in the reassessed Jobs Strategy that was never possible with the original study. That opportunity needs to be seized by governments and the OECD.