COUNCIL

PREPARATION OF A MEETING OF THE EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS COMMITTEE AT MINISTERIAL LEVEL

(Note by the Secretary-General)
Introduction

1. In view of the scale of possible effects of the unfolding financial and economic crisis on unemployment and the living standards of low-income families, pressure is mounting in OECD countries for ad hoc labour market and social policy measures to help the most vulnerable groups in society. This, in turn, calls for a close monitoring of the consistency of these short-term measures with the need for longer-term structural reforms of labour market and social policies -- in particular policies to promote more and better job opportunities for disadvantaged groups in the labour market -- as highlighted in the OECD Reassessed Jobs Strategy*.

2. In this context, the Employment Labour and Social Affairs Committee (ELSAC) agreed to propose to Council to bring forward to Fall 2009 the meeting of Employment and Labour Ministers that was previously planned for Spring 2010. The purpose of this note is to provide some background to the Council regarding the proposal and to seek its agreement on the principle, date, themes and participation for the meeting.

Date and venue

3. It is proposed to hold the meeting of Employment and Labour Ministers (henceforth “the Ministerial”) in the OECD Conference Centre. Possible dates are 28-29 September 2009. The meeting would last 1 ½ days.

Rationale and proposed themes

4. Labour market conditions have deteriorated rapidly during 2008 as the financial crisis started to affect the real economy. With many OECD countries falling into recession, the prospect is for major job losses and a surge in unemployment in the short-term. According to the latest OECD projections released in November (see Economic Outlook, No. 84), the average unemployment rate in the OECD area is projected to reach 7.3% in the second quarter of 2010 from 5.6% in 2007. This implies an increase in the number of unemployed persons in the OECD area from 34 million in 2008 to just over 42 million in 2010 – the most rapid rise in OECD unemployment since the early 1990s. While these projections embody a recovery in OECD output in the third quarter of 2009, the downside risks are large. Hence, the recovery could be postponed until 2010 at the earliest. In that event, the rise in unemployment could well be larger.

5. Many OECD countries have a well-developed social safety net and labour market programmes to help workers and families affected by job losses. These support systems are likely to come under severe strain in many countries over the coming 12-18 months as the numbers entering unemployment rise sharply. Already, some countries have announced additional ad hoc measures to help those most affected by the sudden rise in unemployment and it is highly likely that many other countries will follow suit. It will be important, however, that short-term measures put in place to respond to the current economic downturn do not compromise the need for, or lead to a rolling-back of, appropriate long-term structural reforms.

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* The last meeting of OECD Employment and Labour Ministers took place in September 2003. At that meeting, Ministers recognised the urgent need to promote higher employment and stronger labour productivity growth, so as to foster equality of opportunity in the labour market and sustain living standards in Member countries in view of population ageing. In this context, the Ministers called on the OECD to reassess the OECD Jobs Strategy and review specific policy options to promote more and better jobs for all. The Reassessed OECD Jobs Strategy was published in June 2006.
Indeed, structural labour market and social policies, as highlighted in the *Reassessed Jobs Strategy (RJS)*, will continue to have an important role to play as part of a comprehensive strategy to strengthen the resilience to economic shocks. In particular, the *RJS* emphasized the need to address the weak employment situation of youth in many OECD countries. It also pointed to the importance of promoting well-designed mutual obligations/activation policies to increase re-employment opportunities of the unemployed and recipients of other social benefits, while mitigating the work disincentive effects embodied in welfare systems. These two structural areas assume a specific relevance during an economic downturn: young job-seekers tend to be particularly affected by worsening labour market conditions; at the same time activating the unemployed will become an even more important, but also daunting, task for the employment services facing a growing number of jobseekers and fewer vacancies in the job market.

One of the main objectives of the proposed Ministerial is to offer Employment and Labour Ministers the opportunity to exchange views on how best to respond to the short-term pressures in the labour market while holding the course of long-term structural reforms. The Ministerial will also offer the opportunity to discuss policies to address specific problems facing under-represented groups in the labour market, such as youth, long-term unemployed people and recipients of other welfare benefits.

Against this background, it is proposed that the discussions at the Ministerial focus on three themes:

- **Coping with the labour market implications of the economic downturn.** The discussion will focus on how best to respond to the short-term effects of the economic crisis on labour market conditions, while ensuring consistency with longer-term structural reforms of labour market and social policies, as highlighted in the *RJS*.

- **Helping youth get a firm foothold in the labour market.** The discussion will focus on policies to enhance job prospects for youth, including policies to facilitate the transition from school to work and improve career perspectives, in particular for disadvantaged youth who are likely to be the most affected by the economic downturn.

- **Activating the unemployed and other recipients of welfare benefits.** The discussion will focus on activation frameworks and policies to promote the attachment to the labour market and employability of jobseekers and social benefit recipients, in a context of depressed labour market conditions and rapidly rising unemployment.

It is currently envisaged that the Ministerial meeting will consist of three separate half-day sessions focusing on the three themes outlined above. Ministers could also discuss how best to present these reforms to worried electorates at a working lunch or dinner.

**Participation**

**Non-Member Countries**

It is recommended that Ministers from Accession and Enhanced Engagement Countries be invited to the Ministerial.

**International Organisations**

It is recommended that the International Organisations that are regular observers in ELSAC (ILO, Council of Europe) also be invited as Observers.
Stakeholders

12. Consultations will be held between the Bureau of the Ministerial and BIAC and TUAC.

Inputs and Outcomes

13. A special Part of the 2009 Employment Outlook will provide background to the Ministers’ discussions on recent labour market developments and short-term prospects. It will do this by presenting the latest OECD labour market projections and focussing on the likely labour-market impacts in specific sectors (e.g. construction, financial services) and for those groups (e.g. immigrants, youth, older workers) that are most likely to be affected by the economic downturn. This special Part will also consider the effectiveness of existing labour market and social policies in counteracting the rapid rise in unemployment and worsening living conditions of low-income families. It will also cover special labour market programmes that may be introduced to provide further support to the unemployed and other vulnerable groups and assess what works and what does not and why, aiming to providing guidance on what might be an appropriate set of labour-market and social policies to respond to the current circumstances.

14. To help respond to the challenge of improving youth labour-market performance, notably the transition from school to work and the employment barriers facing low-skilled youth, the OECD launched a Thematic Review on “Jobs for Youth” in 2006 covering 16 countries. A Thematic Review on “Activation, active labour market programmes and rights and responsibilities” covering seven countries was also launched in 2007 to assess the instruments countries have put in place to strengthen activation of jobseekers and the challenges they are facing in coordinating the different policy instruments towards that goal. The main lessons emerging from these two Thematic Reviews will provide additional background to Ministers’ discussions.

15. The documents to be prepared for the Ministerial will include:

- **An Issues Paper** covering the three themes of the sessions and of the working lunch/dinner;

- **A policy-oriented summary of the special Part of the 2009 Employment Outlook** mentioned above. This document will review labour market developments during the ongoing economic downturn and the policy responses.

- **A Note on policies to promote youth employment** and **a Note on activation policies**. These two notes will summarise the main findings and the main policy messages arising from the two Thematic Reviews mentioned above.

16. An important outcome expected from the Ministerial is to obtain guidance from Ministers on future labour market-related work that they would like the Organisation to undertake in order to help inform, design and evaluate efficient policies to address new structural challenges for labour market policies. This will provide an essential input in the preparation of the Organisation’s Programme of Work and Budget for the biennium 2011-2012.

17. Through its EDG, the ELSA Committee will also negotiate a draft Communiqué which may well include a number of orientations for future OECD work. It is proposed that the Communiqué be endorsed by Ministers at the Ministerial.
Future steps

18. The ELSA Committee will be the main body responsible for the organisation of the Ministerial. It will meet on 6-7 April 2009 and an extended Bureau will also meet on 22 June 2009 to finalise the main themes and review the documentation for the meeting for onward transmission to the Council for review.

19. The Bureau will consist of three Member countries, a Chair and two Vice-Chairs. Informal discussions will start soon to identify which Member countries may wish to put forward their Minister for nomination to the Bureau. The results of these consultations will be reported to Council for decision at a next session.

Proposed Action

20. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

a) noted document C(2008)214;

b) agreed that the Employment, Labour and Social Affairs Committee shall organise a meeting of Employment and Labour Ministers at the OECD Headquarters in Paris on 28-29 September 2009;

c) agreed to the proposed themes of this Ministerial and endorsed the main lines of the draft agenda as set forth in paragraphs 8 and 9 of C(2008)214;

d) noted that consultations will be held prior to the Ministerial between its Bureau and BIAC and TUAC;

e) agreed to invite Ministers from Accession and Enhanced Enlargement countries to participate in the Ministerial;

f) agreed also to invite, as observers at the Ministerial, the International Organisations which are regular observers to the Employment, Labour and Social Affairs Committee, namely the International Labour Organisation and the Council of Europe;

g) agreed to return, at a next session, to the preparation of the Ministerial, including the designation of the Chair and Vice-Chairs of the meeting and the documentation prepared for the Ministers.