



## **Summary of the high-level panel discussion on “Restoring confidence: Jobs, growth and social progress”, 17 June 2013**

1. The panel, moderated by television journalist Ms Anya Sitaram, was composed of Mr Carlos Lopes, Executive Secretary, United Nations Economic Commission for Africa; Mr Yves Flückiger, Vice-Rector, University of Geneva; Mr Daniel Funes de Rioja, Executive Vice-President, International Organisation of Employers (IOE); and Ms Sharan Burrow, General Secretary, International Trade Union Confederation (ITUC).
2. In introducing the panel, the Director-General noted that, although the realities and priorities in countries varied, there were key issues that concerned all of them. One central, simple question was where jobs were coming from – particularly for young people – and that question was combined with concern about how to create jobs in sufficient numbers and of sufficient “quality” and the associated working conditions.
3. Prior to the presentations, the moderator noted that the economic crisis had led to a three-stage recovery process with emerging and developing economies leading growth, the United States and Japan in the middle ground, and Europe lagging far behind. She posed the question of what that meant for jobs and the quality of work and how the ILO could respond and adapt to such global challenges.
4. Mr Lopes commented on the strong economic growth in Africa. He stressed that Africa must control its own vision and narrative if jobs, growth and social progress were to be achieved. He referred to Vision 2063, which was being developed by the African Union and focused on structural transformation, which included promoting industrialization, restoring national planning systems and generating robust statistics, as well as creating decent jobs and ensuring extended social protection. He emphasized that the size of the informal economy and nature of available job opportunities were challenges. Referring to the Report of the Director-General, *Towards the ILO centenary: Realities, renewal and tripartite commitment*, he remarked that, even in an era of high unemployment, firms had unfilled vacancies owing to a lack of appropriate skills – that was a particular problem with regard to youth employment. He noted the importance of global “megatrends”, in particular the changing demographics that required Africa to prepare to play its role as the factory of the world. He mentioned the Declaration of Philadelphia of the ILO as a key reference with respect to the inequality debate. Inequalities remained a challenge and one that a post-2015 development agenda must take into account. In conclusion, he stated that restoring confidence through job creation and social progress meant inclusive and equitable structural transformation. The ILO must contribute to the formulation of a new inter-generational social contract between Africa and the rest of the world.

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5. Mr Flückiger noted the need for a better balance between fiscal consolidation measures and policies to support economic recovery and jobs. He highlighted a number of efforts that would be needed in that regard, notably: (i) efforts to strengthen social policies and widen social security systems; (ii) labour market policies aimed at bringing about the activation of unemployed individuals; (iii) fiscal measures that weighed less on the most immobile production factors, particularly unskilled labour; and (iv) measures to ensure equity in access to training, jobs, and social security. He emphasized the importance of equity, which was a necessary condition for the improvement of economic efficiency and added that the ILO had an important role to play in that context. In addition, he said, it was necessary to ensure a subtle balance between protection and flexibility and between wages that helped create jobs and decent minimum wages. He also noted that equity was crucial in the financing of social security and in the treatment of individuals in differing conditions of employment. Moreover, it was imperative to enhance evaluation and experimentation in the application of labour market policies. As a final remark, he drew attention to the central role of social dialogue in tackling all labour market issues in an effective manner.
  6. Mr Funes de Rioja acknowledged the need to restore political, economic and social confidence in order to promote sustainable growth and stressed the importance of supporting sustainable enterprises through the removal of obstacles that hampered their development. He referred to the importance of tripartism and social dialogue as part of the solutions to the crisis, stressing the need to base social dialogue in trust and responsibility. In both cases, the ILO had an important role to play. He acknowledged that there were growing inequalities and that a medium- and long-term approach to address that reality was needed. An enabling environment for businesses provided a basis for the growth of middle-income groups of the population that could also contribute to the reduction of inequalities between developed and developing countries. He explained that social safety nets had proved to be efficient mechanisms in fragile and critical situations but that their success depended on their capacity to promote mobility in the labour market and to stimulate job creation. He underlined the role of efficient and systematically evaluated active labour market policies and investment in education and skills in order to attain a sustainable recovery. Finally, he mentioned the issue of informality, which was hampering economic development and social progress.
  7. Ms Burrow underlined that the global economy was no more secure now than at the outset of the crisis and that more far-reaching measures were needed. Acknowledging the optimism in the BRICS countries (Brazil, the Russian Federation, India, China and South Africa), she noted that weakening of growth in advanced economies would slow progress and emphasized that rapidly implemented austerity policies should not have been considered during a crisis. She emphasized that growing inequalities must be addressed by the ILO using the distributional tools of social protection, liveable minimum wages and collective bargaining and by placing them at the centre of debates with other international institutions. She further highlighted the scourge of youth unemployment that left inter-generational scars. She recalled the recommendations to improve job creation put forward by the B20 and L20 as part of the G20 process, notably with respect to the much-needed investment in infrastructure which the Workers' group estimated as likely to cost €1 trillion. She also placed emphasis on the care economy and on green jobs for job creation. She stressed that precarious work was not conducive to sustainable business, increasing productivity or stable growth in aggregate demand. Finally, she added that a strong ILO was critical and that expertise in the world of work was essential; however, ILO strength depended on the efficacy of its tripartite structure.
  8. The moderator then posed questions to the panellists, firstly asking Ms Burrow whether it was necessary for governments to bring their debts under control prior to increasing infrastructural investment. Ms Burrow replied that fiscal consolidation was necessary but needed to be planned and put in place as part of a growth strategy. The moderator asked

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Mr Lopes if the potential 80 million jobs to be created in Africa would be quality jobs and what kind of safety nets would be available for employees. Mr Lopes replied that it was not possible to start with safety nets, before creating the necessary jobs. He noted that there was a need for social protection and decent jobs, but also that progress in those areas required economic growth. The challenge was significant when compared with earlier periods of development in other parts of the world.

9. Mr Flückiger shared the view that jobs were a prerequisite for sustainable and equitable growth. He pointed to the problems associated with the fact that a new growth pattern was currently generating relatively few jobs. Mr Funes de Rioja referred to the need to take country context into account, as highlighted in the Global Jobs Pact.
10. The moderator then opened the floor to delegates. A representative from Greece, speaking on behalf of the European group, thanked panellists and the moderator for a very informed and relevant discussion and asked what role the ILO should play beyond being a forum for discussion. Ms Burrow noted that the tripartite nature of the ILO placed it in a unique position to strengthen social dialogue and provide the strong supportive advice that the world was calling for. Mr Funes de Rioja added that the ILO had to make a commitment at the regional and national levels to provide a platform where different interests could be harmonized through social dialogue. Mr Flückiger emphasized that the ILO had an important role to play as a place of exchange of experiences regarding best practices.
11. On behalf of the Africa group, a representative from Zimbabwe noted that, after more than a decade of economic growth, Africa had not achieved proportionate growth in jobs and social progress. She asked how a better nexus could be achieved, particularly through labour market institutions, and what role African institutions should play, especially with regard to women and youth. In reply, Mr Lopes said that a different composition of economic growth was needed, where the industrial sector was more important than services. He encouraged the ILO to play a key role in Vision 2063.
12. Speaking on behalf of the group of the Americas, a representative from Colombia asked whether, in the light of the global economic and unemployment situation, labour subsidies remained effective or whether there should be a move to better employment policies beyond incentives and subsidies. Mr Funes de Rioja replied that subsidies extended the problem and delayed the solution leading to inter-generational problems and unemployment. Mr Flückiger added that priority measures should be undertaken that had an impact on labour markets in general and were not necessarily targeted to specific groups.
13. A representative from Australia, speaking on behalf of the Asia and Pacific group, asked what were the most immediate steps that governments and social partners could take together to restore confidence, jobs and social progress. Mr Flückiger elaborated on the key importance of tackling European economic and social problems.
14. A representative from Belgium, intervening on behalf of the Workers' group, noted that the share of income from wages in overall gross domestic product (GDP) was decreasing and that consequently there was less consumption. Furthermore, the increasing capital share in GDP was not creating more jobs. He therefore asked the panel what could enable investment to pick up and help create quality jobs. In reply, Mr Lopes said that in Africa two-thirds of economic growth was driven by internal consumption. That was the outcome of a growing middle class and the fact that a transformation process was under way, which would permit less reliance on traditional areas of natural resource production and exports.
15. A representative from South Africa, speaking on behalf of the Employers' group, commented that strong job performance was the best form of social protection and asked

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what role the ILO could play in adjusting regulatory frameworks and ensuring that impact assessments were undertaken to consider the unintended consequences of overly rigid employment legislation. In reply, Ms Burrow noted evidence from the *World Development Report 2013*, which showed that regulations were generally not an impediment to job creation.

- 16.** The moderator concluded by asking the panellists for their views regarding priority action by the ILO in the current circumstances. Ms Burrow emphasized that the conclusions of the debate on social dialogue should be enacted and that the ILO must be involved at the country level with interventions by other multilateral agencies. Mr Funes de Rioja noted the role of social dialogue at the international, regional and national levels. Mr Flückiger stressed the importance of changing policies in order to prioritize economic growth for providing productive jobs. Mr Lopes noted the increased policy space which had helped bring about the achievement of certain Millennium Development Goals (MDGs). Current efforts to shift back to policy prescriptions and thus limit policy space needed to be resisted.



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