9th European Regional Meeting
Oslo, Norway, 8–11 April 2013
Jobs, growth and social justice
International Labour Organization

Introductory note to the thematic panel discussion on Chapter 1: Shaping policies for job-rich growth

Since 2008, the region of Europe and Central Asia (ECA) has been heavily affected by an economic and financial crisis that has had devastating consequences on the real economy and the labour market. The initial phase of this crisis was successfully addressed by many countries through the coordinated launch of fiscal stimulus packages frequently supported by tripartite social dialogue. However, the bailouts of financial institutions together with the allocations for the stimulus packages led in many countries to a sharp increase in public finance deficits. Fiscal consolidation policies adopted afterwards with little or no social dialogue and with the aim of stabilizing the financial markets and restoring credit for the enterprise sector have driven these countries back into recession while unemployment has reached unprecedented levels in the EU and in particular in the crisis-hit Southern European countries. High unemployment coupled with falling real wages and cuts in social benefits against the backdrop of rising living costs for households has fuelled mounting social protests in many ECA countries. Moreover, there is some evidence that the austerity measures may be undermining sustainable economic growth and social development in the longer-run due to existing structural imbalances as well as widening labour market and income inequalities.

The report considers pro-employment macroeconomic policy approaches that could be reconciled with fiscal goals. Such more balanced strategies would - by gradually slowing down the pace of fiscal consolidation - release funds for boosting the necessary structural and productive transformation and technological upgrading of ECA economies, including a shift to green technologies that would enhance competitiveness and productivity. Policies could promote sustainability and job-creation capacity of enterprises through establishing a business-friendly environment, improving infrastructure, restoring credit flows to enterprises, in particular small and medium-sized ones that are the main job generators, and for stimulating private productive investment. An additional fiscal space for such policies could be created by expanding the tax base through initiatives to improve overall tax collection, reduce tax exemptions and evasion, increase the progressivity of taxation and launch environmental and financial transaction taxes. Wage policies to ensure fair remuneration of workers and for wages to grow in line with productivity would contribute to income-based rather than debt-based household consumption and further boost economic growth. Simultaneously, job-centred economic policies need to be complemented by effective labour market policies that support lifelong learning and labour market inclusion of vulnerable groups, in particular youth, and by social policies aimed at alleviating poverty, closing the coverage gaps and providing adequate social protection. Social dialogue, partnership and strategic collaboration between employers' and workers' organizations and the government are key for shaping this strategy and identifying and implementing the most effective policies.

Participants may wish to discuss the following questions:

1. The report considers a balanced, job-rich growth strategy that would stimulate the sustainability of development, economic growth and creation of quality jobs not only at national level but also at regional/local level (for example in so called mono-industrial regions/towns or economically depressed regions in general). To make such strategies effective with a view to overcoming and preventing crises, their outlines should be agreed through social dialogue at national or regional level. Do you currently see a real commitment of the government and the social partners in your country to reach such an agreement that would support economic recovery (for example in the form of a social pact)? What should be done to strengthen this commitment and collaboration?
2. The report analyses job-friendly macroeconomic policies stimulating both public and private investment into the world of work and the real economy. Being under tremendous fiscal constraints, this is a major challenge for many countries. Do you agree with this or do you see different roads and options for reconciling fiscal constraints with the urgent need to get Europe back to work? How could more fiscal space be generated and invested? Has your country designed conducive policies in this respect? Could social partners and social dialogue play a significant role here? How can the ILO be of further assistance in general and towards your country?
3. Wage and tax policies can be promising areas for reducing ever increasing income inequalities and for overcoming the current recession by enhancing domestic demand, investment, growth and employment generation. In your view, is this argument relevant for your country with regard to the current political and economic context and is social dialogue strong enough to achieve appropriate changes in wage and tax policies?
4. Accumulation of relevant knowledge and skills of the labour force and managerial and know-how experience in enterprises are key elements of a new industrial policy that would boost competitiveness, sustainable recovery and growth, and decent employment creation, important especially for countries mainly relying on export of raw materials or with a weakly developed export sector. A comprehensive strategy directed towards strengthening technical and vocational education and training systems for youth and adults as well as a deliberate support for domestic enterprises to learn through cooperation with foreign enterprises, including multinational enterprises, are the means to achieve it. In this regard, what are the main obstacles in your country that need to be addressed and what assistance would you request from the ILO to overcome them?
5. Greening the economy is seen as an example of a successful industrial policy. While on the one hand it opens new opportunities for sustainable development and decent job creation, it is also connected with adverse social impacts in declining industries and the regions that depend on them. The ILO Just Transition framework suggests a range of labour market and social policies to cope with this challenge. How can the ILO assist your country in strengthening these policies to achieve the best possible results for workers and employers in adjusting to change?
6. SMEs as well as social economy enterprises are seen as the main job creators at present. Is the current legislative, institutional, investment and policy framework in your country conducive to their development and increasing their employment creation capacity, what are the main barriers and what type of assistance could the ILO provide?