



## Governing Body

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High-Level Section

HL

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DRAFT MINUTES

## High-Level Section

### Working Party on the Social Dimension of Globalization

1. The High-Level Section met on Monday, 26 March. It was chaired by the Chairperson of the Governing Body. Mr Funes de Rioja and Mr Sommer were the Employer and Worker spokespersons.

#### First item on the agenda

#### Staving off renewed crisis: The role of the ILO (GB.313/HL/1)

2. The Governing Body had before it a paper reviewing the global economic and employment outlook and the scope for continuing the promotion of the Global Jobs Pact. The Chairperson recalled that the entire High-Level Section would be conducted as the Working Party on the Social Dimension of Globalization. That would allow a deeper discussion of the paper and widen the participation beyond Governing Body members. However, as the Working Party was not a decision-making organ of the Governing Body, any request for a decision arising from the discussion would be referred to the Institutional Section for consideration, together with the Chairperson's report.
3. *The Director-General* introduced the paper. He said that the rich set of data contained in the paper showed how the jobs crisis was continuing unabated, with very high levels of unemployment and precarious work, and looming threats to social protection and social dialogue. The question of jobs was emerging as a unifying theme of multinational discussions on efforts to promote and sustain recovery. He raised four issues.
4. First, the emerging and developing economies seemed to have been better able to manage the impact of the financial crisis, at least in terms of economic growth. One reason was greater policy autonomy. Learning from their experience with the financial and economic

crises of the 1980s and the 1990s, countries in Latin America and Asia had adopted policies different from the one-size-fits-all prescriptions of the international financial institutions, for instance, increasing minimum wages, expanding social protection, regulating financial systems, relying on public finance and supporting small and medium-sized enterprises (SMEs). Some industrialized countries adopting similar approaches had also better weathered the global financial turmoil. That raised a question for the ILO regarding the influence of the new policy thinking on ensuring greater balance and stability in a global economy where no single country could exert policy leadership.

5. Second, the efforts to deal with the problems of sovereign debt in some countries in the Eurozone were actually piling up social debt in terms of cuts in wages, pensions and social services; reforms of industrial relations systems; infringements of freedom of association; and widespread failures of small businesses. Social backsliding in Europe had implications for the values and the whole vision of the ILO. A more balanced approach should be sought in order to address fiscal problems and restore the confidence of financial investors at the same time as restoring public confidence.
6. Third, the main drivers of globalization were changing and the ILO had to take that fact into consideration. Financial deregulation had led to dramatic instability. The ILO had no expertise on financial issues but it represented the real economy. As such, it had an interest in having a financial system that would work well for the real economy and it had a right of opinion on that matter. In order to achieve the ILO goals it was critical to strengthen those financial flows that were contributing to economic growth through innovation and investment in productive capacities. As it concerned trade, the trend was towards regional clustering and growing emphasis on domestic demand and green industrial transformation.
7. Fourth, the end of the era of unfettered globalization was likely to be followed by a period of transition and uncertainty before a new pattern could emerge. The values and the agenda of the ILO were central to any thinking about the future, as they were deeply rooted in people's concerns about jobs, social protection, voice and rights.
8. The Director-General then introduced the invited speaker, Professor Ian Goldin, Director of the Oxford Martin School at Oxford University, recalling his distinguished career in development policy.
9. *Professor Goldin* expressed his appreciation for the contribution of the Director-General to the ILO and to mainstreaming the issues of jobs and youth unemployment into the global economic agenda and the G20 process. He stressed that while such needs had been recognized, resolution was no closer due to the crisis. The world had changed with the emergence of globalization and hyper-connectivity, which had increased the capacity to share knowledge, learn policy lessons, reduce poverty and illiteracy, and improve life expectancy. The achievement of decent livelihoods and jobs for all, however, had not become any easier, as more interconnection meant growing inequality and systemic risks. Sharing goods, services, financial systems and people had increased vulnerability and the risk of xenophobic, nationalist and protectionist backlashes.
10. Those outcomes could be avoided by focusing attention on jobs, equity and management of systemic risk. However, national governments had shown their limits in acting collectively for effective global governance. The well-known "tragedy of the commons", that individual self-interested actions did not sum up to global goods, was mirrored in the tragedy of economics, whose assumptions about rationality of expectations were now under question. There was also a tragedy of ethics. At the individual level, chief executive officer salaries bore no relationship with shareholder value or employment creation. At the national level, there was a generalized failure of trust in governments, some of which had not kept up with their international commitments, were not transparent in their budget

processes, had failed in their economic and social management, and had lost the trust of the electorate.

11. He pointed out that policy still mattered. There was a need to regulate finance and trade, which should be made safer, more efficient and fairer, working on prudential regulation and on such areas as agricultural policies and investment codes for multinationals. Aid flows and the harmonization of development assistance should also be sustained. He highlighted the demographic changes seen in OECD (Organisation for Economic Co-operation and Development) economies and in some emerging economies where fertility was collapsing, aging accelerating and dependency ratios increasing. Neither youth frustration nor the importance of promoting dynamism within societies must be underestimated. He stressed the considerable contribution to innovation being made by migrants.
12. Professor Goldin concluded by emphasizing the importance of highly representative institutions such as the ILO and warning that time was pressing to take action as the financial crisis could be just the first of a series of cascading failures induced by the lack of understanding of the dynamics of globalization, hyperconnectivity and technical change.
13. *The Employer Vice-Chairperson* recalled the nature of the Working Party as a forum for discussion – not decision – and stressed that the importance of the Global Jobs Pact would be determined in each country. Stimulating business and investor confidence was essential to ensure that economic recovery was matched by employment growth. Governments should encourage microeconomic stability without raising direct or indirect costs on business. He cautioned against confusing workplace flexibility with precarious work. The Employers believed that temporary jobs and work-sharing belonged to possible formal sector responses to crisis. The real problem was informality. He noted the Employers' concerns about the mass movement to the informal sector and highlighted the need to reduce red tape and social costs on small enterprises.
14. The ILO's policy role should be focused on its specific areas of expertise, leaving certain types of macroeconomic and financial analysis to organizations with better capacity in those areas. He emphasized the importance of the ILO Declaration on Social Justice for a Fair Globalization for guiding the ILO's work, which should respond to client needs and priorities. Regarding the Global Jobs Pact, he maintained that wider analysis of different national experiences was needed. Additional policy options that needed to be examined were minimum wage reductions and an increase in the retirement age. He referred to the experience of Australia, which he felt had been misrepresented in the paper – from mid-2009 to mid-2010 there had been an effective minimum wage pause in response to the crisis.
15. He expressed strong support for the ILO's focus on skills development, which was especially pertinent for developing countries where there were large gaps between available skills and employers' needs. He closed by saying that the late delivery of the papers had made it difficult to discuss important issues, such as the assessment of the Global Jobs Pact, with ILO Members who were not part of the Governing Body.
16. *The Worker spokesperson* recalled that the global economic outlook was bleak and there was still a deep jobs crisis. Despite universal recognition that the crisis had been due to the failure of the financial markets, it was surprising how governments still seemed to have confidence in the judgment of those markets, including continued regard for the approval of the rating agencies, which had so clearly failed. The Workers viewed the current wave of austerity programmes in Europe as an unprecedented attack on the European Social Model that was weakening core workers' rights and industrial relations, including national systems of collective bargaining, wage-setting procedures and pension systems. In some

cases, greater labour market flexibility had resulted in the violation of labour rights and in decent work being replaced by precarious work. He stressed that despite the Stability Pact the outlook in Europe remained fragile, and he feared that the failure of employment-intensive measures and stimulus would worsen the crisis. He recalled that the crisis in Germany in 2009 had been resolved, not by cutting and saving, but by establishing labour and employment policies.

17. Referring to the Global Jobs Pact, he stressed that it was relevant as long as it was consistent with country-level programmes. The Workers' group expected the Office to stress tripartism as a fundamental element in furthering recovery and the role of the unions in collective bargaining, including the application of the right to collective bargaining to workers in SMEs. Redistributive measures, such as progressive taxes and taxes on financial transactions, as well as the social protection floor and support for training programmes, particular for young people, were also important. He also emphasized the significance of the Millennium Development Goals and of the effective regulation of the financial sector, with special attention being given to the effects of trade liberalization.
18. In closing, he underscored that the Workers' group expected the Office to play a determining and more visible role in labour policies when dealing with other international agencies, including in such cases as the international response to the debt crises in Greece and Spain. The Workers' group wanted to see international labour standards and social dialogue at the core of the anti-crisis measures proposed by the Office. He also called on the Office to influence the discussion on international trade liberalization in order to ensure that people were benefiting, rather than suffering, from its consequences.
19. *Speaking on behalf of the Africa group*, a Government representative of Algeria concurred with the paper regarding how the real economy had suffered from the crisis. The better outcomes for emerging economies needed further analysis, however. The crisis in Europe had caused particular difficulties for the African continent as a result of reduced commodities exports and a drop in remittances. African countries would need to grow much faster in order to achieve the Millennium Development Goals, a great challenge in view of the high levels of informality and unemployment, particularly among young people. His group viewed increasing middle-class impoverishment as a threat to social cohesion. He noted the successful application of the Global Jobs Pact in attenuating the effects of the crisis and requested that the Office review the country experiences and develop relevant action programmes. He called for further implementation of the social protection floor. The Africa group urged the ILO to ensure that its messages were well represented in the United Nations Post 2015 Development Agenda and Rio+20 discussions. The Office should expand Decent Work Country Programmes to more countries, promote analysis and the sharing of good practices beyond the G20 countries and support African countries in formalizing their economies.
20. *Speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC)*, a Government representative of Brazil said that the Global Jobs Pact must be continued and promoted as it had improved the capacity of countries to face the crisis. Counter-cyclical measures adopted in his region, such as investments in infrastructure and human capital, the establishment of social protection mechanisms and increases in minimum wages, had helped countries support economic sectors where the need was greatest. Regional gross domestic product (GDP) growth had been just under 4.3 per cent in 2011, although it had slowed in the second half due to the spillover from the Eurozone debt crisis. However, domestic consumption had grown above GDP rates, unemployment had fallen from 7.3 to 6.8 per cent and real wages had increased. He stressed that comprehensive policies promoting economic growth, employment, equality of opportunity and social inclusion had helped countries in the region weather the crisis better than other regions. Debt reduction, the expansion of productive activity and entrepreneurship, and the training and requalification of workers in micro, small and medium enterprises (MSMEs)

had contributed to generating employment, increasing income and reducing informality in the labour markets. He welcomed the upcoming opportunities for action at the international level, highlighting the Rio+20 Conference and the Economic and Social Council (ECOSOC) as platforms to mobilize and promote Global Jobs Pact policies and place decent work at the heart of economic recovery. He noted the need for those efforts to focus on youth employment.

21. *Speaking on behalf of the Asia and Pacific group (ASPAG)*, a Government representative of China highlighted the relevance of the Global Jobs Pact to achieve sustainable and balanced global economic recovery and stressed that the most important role for the ILO was to assist its Members in creating jobs, promoting decent work, establishing a social protection floor and strengthening tripartite cooperation. He encouraged the Office to offer guidance on good practices and to assist in implementing the Global Jobs Pact, particularly in countries with high unemployment rates. He supported the Office's cooperation with relevant international organizations to develop and implement job-centred macroeconomic policies and he emphasized the need for closer North–South and South–South cooperation in order to better cope with continued job crisis challenges.
22. *Speaking on behalf of the European Union and its Member States, the acceding candidate and potential candidate countries, as well as Armenia and the Republic of Moldova*, the Permanent Representative of the European Union to the United Nations affirmed the importance of the discussion but regretted the lack of time for preparation due to the late arrival of documents. She noted that the European Union was taking a two-pronged approach to stabilize Members' economies and foster growth, with particular attention being paid to youth unemployment and a greener economy. She affirmed the relevance of the Global Jobs Pact, adding that policy responses should be adapted to national or regional contexts and include innovative solutions that went beyond the Pact. She called on the ILO to ensure that employment and social dimensions were reflected in the outcomes of the ECOSOC, G20 and Rio+20 conferences. The ILO should also work with the multilateral system to develop strategies for young people not in education, employment or training; to analyse the medium-term employment outlook and policy responses; to promote skills development policies; and to establish and adapt social protection floors in different countries. She encouraged the ILO to support and monitor the implementation of the fundamental principles and rights at work and to coordinate its actions with other international organizations more effectively in order to achieve greater policy coherence and mobilize the ILO's know-how and resources to support national action within its mandate.
23. *Speaking on behalf of the Association of Southeast Asian Nations (ASEAN)*, a Government representative of Viet Nam endorsed the statement made by ASPAG and added that employment and social protection were critical concerns for ASEAN. He encouraged the ILO to provide governments with policy guidelines tailored to their circumstances to deal with the crisis. He welcomed constructive contributions from the G20 Task Force on Employment.
24. *A Government representative of Panama* noted the relevance of the ILO Declaration on Social Justice for a Fair Globalization and the Decent Work Agenda to promoting employment, skills development, sustainable enterprises and economic growth, while expanding social security and worker protection. She recalled how the crisis had led to a fundamental reassessment of national economic and social policies. In Panama, Government policies included infrastructure investment and improved sanitation and highway transport systems. Those measures had a positive impact on competitiveness, technological advancement and MSME growth. In 2011, unemployment had been at a historic low of 4.45 per cent.

25. *Professor Goldin*, in his response to the discussion, welcomed the European Union spokesperson's comments on the need for the ILO to have a focused message on labour market policies. He commended Latin America's broad-based crisis response policies as a stabilizing force. He noted that OECD countries currently had less potential for countercyclical or other measures, but policies to address unemployment and inequality were still measures they could take to prevent systemic risks. He expressed concern about demographic trends on savings and global imbalances. Pension policies built on 7–8 per cent risk-free returns were a fantasy and a looming disaster in view of aging populations. He recalled the Africa group spokesperson's comment on remittances: their significant countercyclical impact on past crises no longer held in the current crisis. The confusion of remittances with aid by governments was dangerous. He agreed with the Director-General that the future was uncertain and that policy formation must reflect the ideas of a greater number of participants. He commended the Director-General on his remarkable legacy.
26. *A Government representative of Zimbabwe* noted that the response and mitigation offered by the Global Jobs Pact had had a positive impact in countries hard hit by the crisis. She asked the Office to continue promoting the Global Jobs Pact in its interaction with United Nations agencies, the Bretton Woods institutions, the G20 and other multilateral groups. She called on countries to continue mainstreaming the principles enshrined in the Global Jobs Pact in national development plans and regional employment protocols. She suggested that the ILO strategy "Working out of poverty" should be guided by the Decent Work Agenda and the Global Jobs Pact.
27. *A Government representative of France* concurred with the European Union statement that the role of the ILO was indispensable in view of its expertise and support for measures to promote employment and fundamental rights. He noted the already encouraging signs for a global recovery, citing how the recent measures taken in the Eurozone had stabilized the financial markets and the agreement on the Greek debt had reduced pressure. He recalled the importance of policy coherency among international bodies on economic and social priorities and the opportunities that the upcoming ECOSOC and Rio+20 conferences and the G20 task force on youth employment would provide in that regard. His country believed that the main priorities were employment, especially for youth, the implementation of social protection floors and respect for fundamental rights at work.
28. *A Government representative of Egypt* recalled the deterioration of the situation in Egypt and the Arab region since 2008 compounded by strong trade linkages with Europe and falling foreign investment. The recent Eurozone crisis had made the situation worse. Macroeconomic instability and currency fluctuations had caused balance of payment imbalances. Reducing high unemployment, which had increased considerably among the middle class and university graduates, was a key government priority. Since the revolution in January 2011, substantial progress had been achieved in the area of workers' rights, and a draft law on trade union activity was currently under discussion in Parliament. The establishment of a legal framework ensuring the free operation of trade unions and social dialogue was already bearing fruit in worker complaint resolution. In closing he expressed his country's gratitude to the ILO for its assistance.
29. *A Government representative of Argentina* recalled how her country had implemented a series of pro-employment policy measures since 2003 that had strengthened the domestic market while creating a positive climate for foreign trade. The tripartite National Council on Employment and Productivity had coordinated a 302 per cent increase in real minimum wages since 2003. Meanwhile, labour market institutions and policies in place since 2004 had contributed to improved working conditions in private and public sectors and the expansion of pension coverage to 2.5 million people. Also, an expansion of universal child allowance, family allowance and special non-contributory pensions had increased coverage to reach 84 per cent of the population. Her country had implemented measures in the areas of training and subsidies for enterprises in difficulty, which had helped retain workers,

support MSMEs and drive down unemployment to a historic low of 6 per cent in the second half of 2011. In view of those results, she reiterated her country's support of the Global Jobs Pact.

30. *A Government representative of the United Republic of Tanzania* expressed appreciation for the Office's efforts to promote the Decent Work Agenda, and concurred with the paper that the Global Jobs Pact was a good instrument for addressing crises. He stressed that youth employment remained a challenge and noted the problems of underemployment, low labour productivity and increasing informality in Africa. He encouraged the Office to develop a more action-oriented strategy, including international cooperation, for an effective implementation of the Pact by member States.
31. *A Government representative of India* said that global imbalances should be leveraged to address development issues. He noted that one way to add demand to the global economy was to expand infrastructure investment in developing countries. He recognized the contribution of the Global Jobs Pact and also highlighted national employment generation and poverty alleviation schemes that had provided employment to disadvantaged groups in India. He highlighted the need to build human resources and drew attention to India's national skills development policy in that regard.
32. *A Worker member from Italy* recalled that the employment forecast for 2013–14 in the Eurozone showed that Europe was approaching a period of long stagnation and recession, but there was no reference in the paper to the harmful adjustment measures taken by European Union governments with regard to labour market institutions and the lack of negotiated solutions with the social partners. The need for economic governance was being used as a means to dismantle the existing social model by restricting negotiating mechanisms, attacking industrial relations systems, weakening social protection and the right to strike, privatizing public services, and putting downward pressure on collectively agreed wage levels. She warned that premature fiscal consolidation would not reduce sovereign debt in the absence of strong private demand, fair taxation policies and control over the financial sector. She called on the Office to demonstrate to its international partners, such as the G20 and the International Monetary Fund (IMF), the importance of achieving recovery without cuts in social protection measures, and without wage and social dumping.
33. *A Government representative of the Russian Federation* noted that the objectives of the Global Jobs Pact were consistent with his country's priorities for socio-economic development. National strategies had emphasized modernization of the economy and the improvement of employment opportunities. The Russian economy was expected to remain dynamic in 2012. Improvements had been achieved in the areas of labour legislation, occupational safety and health and social protection, although challenges remained in the social security and pension systems. The Russian Federation sought to create 25 million jobs by 2020 by modernizing workplaces, providing greater support to young jobseekers and guaranteeing decent work. With reference to the G20 Summit in Cannes, the Paris Meeting of G20 Labour and Employment Ministers, the upcoming session of ECOSOC and the Rio+20 Conference, he called on ILO experts to actively promote employment, decent work, social security and poverty eradication.
34. *A Government representative of the Bolivarian Republic of Venezuela* stated that the repercussions of the crisis of capitalism had been severe for workers, with job losses, wage cuts and an erosion of rights. He deplored the fact that the policies implemented in some crisis-hit countries had led to a slump in consumer demand and greater job insecurity, irrespective of people's needs and benefiting only international financial capital. He urged the ILO to speak up in defence of the principles and policies enshrined in the Global Jobs Pact.

35. *A Government representative of the Republic of Korea* emphasized that economic recovery would not be sustainable without robust labour market recovery. He put forward his country as a good example of the successful implementation of Global Jobs Pact policies, including tripartite social dialogue. Those policies had made the Republic of Korea one of the fastest-recovering economies. His Government believed that the enhanced resilience of the labour market to economic crisis, efficient job-centred macroeconomic policies and well-established social protection floors were necessary. He requested the ILO to continue identifying best practices to enable member States to apply those policies in their own countries.
36. *A Worker member from Ghana* stated that the global crisis had impacted negatively on developing countries, in particular their export sectors, and had also led to a reduction in remittances. The negative consequences of the crisis could portend a great danger for nascent democracies in Africa. He stressed that unfair trade liberalization could lead to an influx of foreign goods, which would lead to the collapse of local industries and undermine job-creation opportunities in developing countries. He encouraged the ILO not to become subordinate to the trade policies promoted by the World Trade Organization (WTO), and to ensure that those policies were designed to promote decent work. The engagement of developing countries with international financial institutions was also placing restrictions on employment opportunities in the public sector. Youth employment in developing countries should be promoted through innovative policies and programmes, skills development and improved standards in the informal economy.
37. *A Government representative of Brazil* stated that the milder impact of the economic crisis on Brazil was attributable to sound macroeconomic policies as well as to the social policies put in place in the previous decade. In spite of the economic downturn, poverty rates had continued to fall, largely owing to the increase in minimum wages and transfers to the least privileged. He stressed the importance of exchanging policy experiences and referred to the numerous cooperation agreements signed by his Government with the aim of sharing good practices and lessons learned. He underlined that sustainable development could only be achieved by policies leading to a fairer and more inclusive society.
38. *A Government representative of Kenya* recalled the challenge of generating decent work opportunities for Africa's 1 billion young people. Slow trade and capital flows and high inflation rates were serious concerns. The Office should continue to promote multilateral policy consistency to reinforce the connection between employment and social policies and good macroeconomic performance, taking full advantage of the opportunities provided by ECOSOC and the Rio+20 Conference. It was regrettable that little attention had been paid to reviewing experiences in sub-Saharan Africa in the area of the promotion of Global Jobs Pact policies. She asked for greater support for the implementation of the Pact in her region.
39. *A Government representative of Trinidad and Tobago* recalled that economies in the Caribbean were deeply affected by crisis because of their vulnerability to external shocks. The youth unemployment rate had increased by 2.8 per cent since 2008. She expressed appreciation for the ILO's consistent support for social partners in the region. The Global Jobs Pact had served as a platform for linking labour markets with economic and financial sectors. A number of measures had been undertaken in her country, including the improvement of financial market access for SMEs and support for the development of cooperatives. She asked the Office to give greater emphasis to capacity-building for implementation at the country level.
40. *A Worker member from China* recalled that the European debt crisis was having an impact in the developing world. He asked for wider effort to collect country experiences and policy lessons. He stressed that the ILO should advocate respect for workers and should encourage governments to adjust their investment strategies to focus on SMEs. He called

for greater attention to the protection of the fundamental rights of informal workers, including freedom of association and collective bargaining. Governments should strengthen labour inspection, put in place a minimum wage system and pursue measures to safeguard the least protected workers.

41. A *Government representative of Italy* stressed the sensitivity of the discussion on labour market reform in her country and the measures recently proposed by her Government to redress the current situation. Those measures intended to achieve two goals: to ensure financial stability and fiscal consolidation, while enhancing growth, competitiveness and employment. She noted that the proposed reform was being scrutinized by the Parliament. She emphasized the need for international cooperation. Her Government commended the quality of the ILO's contribution and was looking forward to exchanging views and finding solutions at the forthcoming meetings of ECOSOC, the G20 and Rio+20.
42. A *Government representative of Qatar* said the statistics contained in the Office paper showed that measures by the ILO and the other international organizations had had a limited effect in softening the impact of the economic and financial crisis on labour markets. He believed that the Global Jobs Pact was valid beyond crisis periods and asked the Office for additional studies on good practice for dissemination through its regional offices. He noted the dysfunctions in the global financial system and called on the ILO to intensify its efforts to promote the social protection floors and provide technical assistance to member States. He stressed the importance of training, skills development and education in meeting the needs of national labour markets. He asked the Office to prepare a study on policy coordination in those areas for presentation at a future Governing Body session. He underlined the need to focus on youth employment and SME development and to enhance South–South, North–South and triangular cooperation.
43. A *Government representative of China* stated that the paper provided a good overview of the global economic and employment situation. He advocated better coordination between employment, social and economic strategies. He shared some successful measures undertaken by the Chinese authorities: a comprehensive employment policy coordinated at all levels with supportive fiscal and industrial policies; a focus on new types of employment and initiatives to increase high-skill job opportunities; and a more proactive array of labour market policies. He acknowledged the international work of the ILO and the assistance it provided to its national constituents and urged the Office to further advance international cooperation and the promotion of the sharing of knowledge and experience across member States.
44. A *Worker member from Bahrain* stated that the international crisis had had an adverse impact on both economic development and social progress. He noted that social dialogue was not a strong practice in his country, with negative consequences for social justice. New approaches standing apart from neoliberal thinking were needed to promote economic growth, employment and decent work. Policies should reflect the needs and priorities of the population of a country, with respect for social rights at their core. He called for further assistance from the ILO in fighting corruption and strengthening institutions that gave priority to social dialogue.
45. A *Government representative of Pakistan* commended the focus of the paper on the sharing of experiences between different governments and constituents. He reiterated the support of his country for the ILO's Decent Work Agenda and stressed the importance of active labour market policies in overcoming the global recession. He drew attention to the large number of informal workers and homeworkers who were not covered by labour legislation. Pakistan was drafting a policy to extend its labour laws and social protection to home work. The country was also strengthening national technical education and training

institutions and using programmes such as the Benazir Income Support Programme to address poverty by means of microcredit loans, vocational training and social protection.

46. *A Government representative of Zambia* underlined that Zambia's export sector had not been unaffected by the crisis. To address those issues, Zambia had integrated the Global Jobs Pact into its Decent Work Country Programme. Zambia was implementing policies to promote skills upgrades and SME development targeting school leavers, entrepreneurs, the unemployed and the underemployed. The country was also introducing an apprenticeship scheme to help young people manage the transition from school to work. In dealing with the crisis, Zambia had embraced social dialogue. He urged the Office to analyse micro and macro policies and governance capabilities and to take into consideration the informal economy.
47. *A Government representative of Sudan* stressed that the difficult situation of his country had worsened since the independence of South Sudan. His Government was trying to address the problem of high unemployment and underemployment among university graduates and poorer families, in consultation with the social partners. Policies targeted infrastructure and microcredit. He called for support from development partners and the ILO to ensure stability and balanced economic and social development.
48. *A Worker member from Brazil* noted that countries in the Latin America and Caribbean region, while enjoying relatively strong economic growth compared to other regions, faced continued inequalities between rich and poor. Some countries consistently violated fundamental rights and that was detrimental to growth and social protection. He underlined the good example of Argentina, Brazil and Uruguay, where strong involvement in tripartite dialogue had helped sustain social protection and redistributive policies that were consistent with the Global Jobs Pact and the Decent Work Agenda.
49. *A representative of the Council of Europe* recalled that the European Social Charter adopted by the Council of Europe in 1961 guaranteed social and workers' rights in line with ILO standards. Along with the European Convention on Human Rights, it represented the core principles of the European democratic and social model. Fiscal austerity was making it difficult to implement and respect the social rights embedded in the Charter. The Charter offered a way to balance those conflicting constraints. Several complaints concerning Greece had been registered with the European Committee of Social Rights and other such developments were expected in 2012. He invited the ILO to join the Council of Europe Conference of Ministers responsible for social and labour issues planned for October 2012.
50. *The Employer Vice-Chairperson* underlined the richness and variety of national experiences in applying the Global Jobs Pact. Referring to the point made by the Worker spokesperson about the introduction of a tax on financial transactions, he stated his group's opposition to such an initiative. The different policy initiatives to cope with the crisis had to be part of a stable macroeconomic environment that would encourage private investment. A focus on skills and employability should be linked to the issue of productivity since competitive pressures on enterprises were stronger during economic recession. The impact was particularly strong on SMEs, forcing them out of the market or into the informal economy. The task ahead would be to bring them back into formality by reducing constraints and providing better access to credit. He reiterated the need to respect the rule of law, the fundamental principles and rights at work and social protection. He called for clear distinctions between what was considered precarious employment and stable jobs. The Employers' group attached great importance to the involvement of the social partners in designing new policies adjusted to the current stage of the crisis and it considered that the Global Jobs Pact remained relevant.

51. *The Worker spokesperson* pointed out that the components of the Global Jobs Pact had been carefully negotiated and should not be taken selectively, leaving out those concerned with respect for people's basic rights. He welcomed the Government representative of Egypt's announcement that Egypt would bring its labour legislation into line with the ILO's standards, in particular Conventions Nos 87 and 98. At the same time, he demanded that the charges against an Egyptian trade unionist who had recently been sentenced to a six-month jail period be dropped. He welcomed the emphasis on the importance of sharing good practices and suggested that work in that area should continue. He remarked that the most vulnerable people had suffered most from the crisis and that they should be the target of policy initiatives. He also highlighted the importance of safeguarding minimum standards, social standards and automatic stabilizers. Referring to the remarks made by the representative of the Council of Europe, he called for further consideration of the need to respect social standards in Europe in spite of the difficult economic situation.
52. *The Director-General* concluded the discussion by highlighting some areas of convergence. Firstly, he noted evidence that the crisis was far from over and that it was affecting all countries. Unprotected workers, small enterprises and the poor were suffering most. Therefore, the ILO must continue to take action. Secondly, the Global Jobs Pact continued to be relevant in providing the necessary guidelines. The Pact was based on decent work and it drew its coherence from the coherence of the strategic pillars of the Decent Work Agenda. Country experiences showed that many national policy responses to the crisis had been inspired by the Pact and that the more the foundations for those policies had been put in place before the crisis the more successful they had been. The Pact was not just an ad hoc instrument for crisis response, but also a comprehensive approach to development. Thirdly, policy dialogue and the coherent articulation of investment, trade, finance and labour policies were ingredients of success at both the national and international levels. Fourthly, there was a common concern over developments in the Eurozone and their implications for social standards in Europe and beyond. The critical issue was fiscal consolidation approached in a socially responsible manner. Fifthly, opinions were divided concerning the taxation of financial transactions, but the need to put the financial system more at the service of the real economy was real and possibly worth a separate discussion.
53. Finally, he noted several references to the support provided by the Office to its constituents, for instance the importance of research and policy analysis and the Office's participation in relevant multilateral processes, as well as the idea of using the Global Jobs Pact approach as a basis for future Decent Work Country Programmes, adapted to each country's unique circumstances and priorities. In conclusion, he underlined that the discussion had provided concrete and practical elements forming a basis for the decisions that might be taken later in the governance segments of the Governing Body.

## Outcome

54. *The Governing Body took note of the paper. A number of recurring themes arising from the discussion would be highlighted in the report by the Chairperson and taken into account in preparing for the International Labour Conference and future Governing Body sessions. A number of participants had expressed their dissatisfaction with the late delivery of the documents, which had made it difficult to prepare for the discussions.*