

Final communiqué - Tackling the jobs crisis: the labour market and social policy response

29/09/2009 - We, the OECD Employment and Labour Ministers, together with our counterparts from Chile, Estonia, Israel, Russian Federation, Slovenia and Brazil met in [Paris on 28-29 September 2009](#), under the co-chairmanship of Mrs. Janice Charette, Deputy Minister of Human Resources and Skills Development of Canada and Mr. Maurizio Sacconi, Minister of Labour, Health and Social Policies of Italy. The Vice Chair was Mr. Sven-Otto Littorin, Minister for Employment of Sweden. The meeting was preceded by a Policy Forum on "How can labour market and social policies best help workers weather the storm of the crisis?" Representatives from the Business and Industry Advisory Committee (BIAC) and of the Trade Union Advisory Committee (TUAC) participated in the Policy Forum that preceded our meeting and also held consultations with Ministers.

2. We noted that the [Pittsburgh G-20 Summit](#) asked the U.S. Secretary of Labor to invite the G-20 Employment and Labour Ministers to meet in early 2010. The Summit also urged Ministers to build on the results of this OECD meeting. It also recognised the outcomes of the G-8/G-14 Social Summit in Rome; the G-20 London Summit; the International Labour Conference's "Recovering from the Crisis: A Global Jobs Pact"; and the ongoing OECD and ILO reviews of the impact of policies designed to address the jobs crisis.

Key Conclusions of the meeting

Noting that significant action has already been taken at international and national levels to counteract the impacts of the downturn, Ministers welcomed the initial signs of economic recovery. However, they also underlined that they will have to deal with the consequences of high and persistent unemployment for some time after the recovery is well underway. They agreed that, in light of the severity of the recession, comprehensive and innovative employment and social policies are essential to tackle the jobs crisis and promote a return to sound economic growth and called on the OECD to assess the implications for its [Reassessed Jobs Strategy](#).

While policy packages in response to the economic downturn will continue to vary by country, depending inter alia on their economic and labour market conditions and policies, Ministers agreed that some common principles prevail:

- Further progress is needed to **restore sound credit market conditions**, while also supporting aggregate demand to avoid a deeper and more prolonged recession;
- Unemployed workers and their families should have **access to adequate and effective safety-nets to minimise the risk of poverty** and promote their continued attachment to the labour market;
- **Measures to support labour demand** can reduce unnecessary layoffs, provided they are timely, well targeted to viable firms and vulnerable workers, and will be unwound once the recovery sets in;
- A cut in labour supply should not be the end result of policies to deal with the jobs crisis. With an ageing population, it is vital to maintain an effective labour supply and, in particular, **promote the participation of older workers and those with disabilities** who want to work;

Effective re-employment services can make a real difference in tackling the jobs crisis. Ministers noted that:

- In the past, activation strategies that required benefit recipients to participate in job search, training or employment programmes have been successful in helping them find jobs. Now these strategies may have to be adapted to the needs of the crisis;
- One key element in an adapted activation strategy is to **scale up resources for effective active labour market programmes**, especially for those at high risk of long-term joblessness;
- The crisis may be a catalyst for a change in the structure of our economies. In particular, the jobs potential stemming from shifts towards a low-carbon economy could be significant: the OECD should analyse, in the context of the [OECD Green Growth Strategy](#), the implications for employment and training policies;
- As the recovery sets in, efforts should be made to **enhance skills and promote lifelong learning systems** and other measures that facilitate labour mobility, the creation of more and better jobs and reduce income inequality and poverty.

The recession has made the transition from school to work even more difficult for young job seekers. Ministers suggested that:

- Interventions are needed to **help youth get a firm foothold in the labour market**, while enhancing their skills to promote their career prospects. Job search assistance and guidance for young jobseekers, as well as targeted training and apprenticeship programmes, are proven

options to help youth;

- **Appropriate education and training policies**, including actions to prevent early-school leaving, are essential to ensure a smooth transition from school to work for youth.

Continued international cooperation and policy dialogue, including all levels of government, employers, unions and civil society, will be key to creating the lasting foundations for a knowledge-based and sustainable process of economic growth that generates good jobs. Following the lead given by the Pittsburgh G20 Summit, Ministers agreed that:

- Close co-operation between the OECD and the [ILO](#), giving high priority to monitoring the jobs crisis and providing policy recommendations to create more and better jobs throughout the world, is essential.

3. We are facing a major jobs crisis with serious social consequences. The unemployment rate has already reached record high levels in the OECD area, and the [latest OECD projections](#) suggest that it could even approach 10% by the end of 2010, equivalent to an increase in total unemployment of about 25 million compared with pre crisis levels.

4. Restoring global growth is vital for tackling the jobs crisis. The many emergency measures that our governments have introduced over the past year to regain more normal financial market conditions and boost demand are yielding positive outcomes. Based on OECD estimates, up to 5.5 million jobs will be created or saved in the OECD countries by 2010 and more than double that globally, according to the ILO. Recovery plans should serve people and we reaffirm our commitment to tackle the human and social dimension of the crisis through comprehensive and effective labour market and social policies.

Providing adequate resources for labour market and social policies

5. We recognised that social protection systems have played an important role as automatic stabilisers to cushion the impact of the economic downturn. Moreover, within the stimulus packages, most of our countries have devoted significant additional resources to labour market and social programmes. But unemployment has risen very quickly and we are facing difficult choices on how best to respond to the many demands for increased assistance. We agreed to continue to focus our efforts to help, in particular, those who are most vulnerable to the long-lasting effects of the crisis. We are also convinced of the importance of designing short term interventions that are consistent with the longer term objective of promoting more and better jobs.

6. We recognise that a significant time is likely to elapse before the recovery makes major inroads into reducing high and persistent unemployment. Therefore, it will be important that sufficient resources remain available for cost-effective labour market and social policies. We acknowledge, however, that the necessary measures to address the crisis will add a substantial public debt load in many of our countries. It will be important to ensure that, once the employment recovery is underway, public finances get back on a sustainable path.

Ensuring appropriate safety-nets for the unemployed and low income families

7. To a varying extent in our countries, unemployment benefits have automatically stepped in to sustain the incomes of many job losers thereby helping to support consumption levels and promoting labour mobility. Efforts have also been made in a number of countries to extend the coverage and, in some cases, the maximum duration of benefits to provide a more effective safety net. We agreed to keep this situation under continuous review and to help ensure that social assistance benefits are serving as an adequate income support for those that need it.

Providing effective re-employment services to avoid the scars of long-term joblessness

8. Active labour market programmes can make a real difference in promoting a quick reintegration of job losers into employment and prevent the risk of them sliding into long term unemployment and inactivity. Such policies can be delivered through efficient Public Employment Services or via private providers of re-employment services, operating under public contracts. In either case, it is vital to ensure that the delivery agencies are well-resourced to assist the increasing client load effectively.

9. Unemployment benefits should be combined with strong job search incentives and, where necessary, effective publicly-provided or financed re employment services – the so-called activation strategy. This strategy has paid off in terms of better labour market outcomes. We agreed that now is not the time to relax this strategy, but it is important to adjust the mix of services provided to the unemployed to enhance their chances to regain employment quickly. In particular, we agreed on the importance of preserving and, if needed, expanding core elements of “activation” regimes, such as job-search assistance. We also recognised the need to devote special attention to the hard to place job seekers and those living in hard hit areas of our countries. Providing training opportunities, as well as greater use of targeted hiring and work experience subsidies and public job creation opportunities, are all options that can help these hard to place job seekers keep a foothold in the labour market.

Containing the increase in youth unemployment

10. We are very concerned about the rapid rise in youth unemployment in most of our countries and have committed extra resources to help them. The key priority should be to ensure that both new entrants and youth who already encountered difficulties in getting a job remain connected to the

labour market. We are conscious that failure in the transition from school to work and in the early years in the labour market can leave long-lasting “scars”. We agreed to provide opportunities for job search assistance and guidance for youth experiencing difficulties in the labour market, and will continue to target well designed active labour market programmes to the most disadvantaged of them. We also discussed options to promote apprenticeship for unskilled youth and support apprentices made redundant to complete their training. In addition, we agreed to make further efforts with our Education colleagues to ensure that the education system provides our youth with sufficient opportunities to earn a recognised and valued professional qualification and that school drop outs receive a second chance at a qualification.

Further investment in human capital to tackle the crisis and prepare for the recovery

11. People are the key resource of our countries and their skills will be critical in setting the basis for a strong and sustainable growth in the long run. We are committed to put in place measures to foster skill development and training to ensure workers are well equipped with the appropriate skills for future jobs. We noted, in particular, the potential for new employment opportunities emerging from shifts towards a knowledge based and low carbon economy and the expansion of the health and social care sectors to meet the needs of an ageing population, and recognise the importance of investing in the new skills associated with green technologies and social services.

Supporting labour demand through well targeted and temporary measures

12. Recognising the high social costs of widespread layoffs due to the crisis, many of our countries have taken measures to sustain labour demand, including short-time working and hiring subsidies, public sector job creation and temporary cuts in social security contributions. We agreed that to minimise any negative side effects, it is important to target, to the extent possible, these measures to viable firms and to the most needy workers and unwind them progressively as the economy picks up and labour demand conditions improve.

Maintaining an effective labour supply and facilitating adjustments when the recovery sets in

13. In light of population ageing and the pressure it will place on fiscal and welfare systems in most OECD countries in the years to come, reducing the labour supply is not an option to tackle the current jobs crisis. Instead, we are committed to maintain efforts to promote the participation of older workers and those with disabilities who can and want to work.

14. We remain committed to facilitating labour mobility and a quick re-integration of job seekers into employment, which will help promote a stronger and more sustainable economy. In this context, we will pay increasing attention to tackling the root causes of growing inequality in the labour market. The OECD Reassessed Jobs Strategy should be evaluated in light of the severity of the current jobs crisis and the lessons learned from our efforts to address it (see Annex).

Social dialogue

15. The experience of the past decades confirms that, in a number of our countries, a constructive dialogue between the government and the social partners has been a key factor in promoting major labour market reforms and secure good labour market outcomes. Building on such experience, and depending on national practice, we agreed on the importance of promoting a continued social dialogue to identify the most suitable policy packages and ensure that key stakeholders are, to the extent possible, involved in its implementation.

International cooperation for a global response to the crisis

16. We believe it is especially important to work together to resist protectionism in all its forms since this would worsen the crisis and damage job creation.

17. The sharing of country experiences and reflecting on their lessons for policy can lead to a deepened understanding of the policy challenges created by a global recession. This Ministerial meeting has given us a timely opportunity after the G-20 Summit in Pittsburgh to share views on our policy responses to tackling the ongoing jobs crisis and on how to address remaining challenges. We look forward to further OECD work on labour market and social policy, to provide new insights on how to promote a fairer, more inclusive and stronger economy.

18. We remain committed to promoting dialogue and cooperation with governments of emerging and developing countries to address together the employment and social challenges arising from the current crisis at the global level. We also offer to share our experience with these countries as they seek to promote the creation of more good and productive jobs. The OECD, working in concert with other relevant international organisations, especially the ILO, can play an important role in organising and informing this effort.

ANNEX – FURTHER OECD WORK ON EMPLOYMENT

19. We invite the OECD Employment, Labour and Social Affairs Committee to carry out further work in the following areas, subject to sufficient resources being available:

- Monitoring labour market developments and the policy responses during the crisis and in the recovery phase. In the context of the mandate by the G20 Summit in Pittsburgh, the Secretariat is invited to continue its in-depth review of labour market developments and assess the effectiveness of the policy responses in the different areas. This assessment will also provide

useful insights into the continuous process of monitoring and review of the Jobs Strategy.

- Furthering the analysis of how policy can help striking a better balance between the required adaptability of the labour market and job quality issues. Further work by the Secretariat should assess policies that, while promoting an efficient allocation of labour towards more productive and rewarding uses, also address key concerns associated with workers' well-being, including rising earnings inequality and segmentation of the workforce between jobs with different working conditions and career prospects.
- Examining changing skill needs and the implications for policies. The current economic downturn and technological changes are accelerating structural changes in the OECD economies, and this requires an in depth assessment of skills and competencies of the workforce and how policies can foster a better matching between them and the rapidly evolving demand for labour. We look forward to the contribution that the OECD Programme for the International Assessment of Adult Competencies (PIAAC) will make to expand our knowledge base on adult skills in this area of work.
- Reviewing progress on policies to promote the participation of older workers in the labour market. It is timely to take stock of countries' progress in implementing reforms to encourage older workers to keep a foothold in the labour market, while also assessing how further reforms could stimulate labour demand for older workers and enhance their employability.
- Assessing the jobs potential of a shift towards a low carbon economy. Significant efforts are ongoing in many countries to improve efficiency in the use of energy and materials, and for the development of new green industries and businesses. It is important to analyse their jobs potential as well as the key labour market and training policy challenges to promote the reallocation of labour towards greener activities and upgrade workers' skills. This would make a significant contribution to the Green Growth Strategy mandated by the 2009 OECD Council at Ministerial Level.
- Reviewing labour market developments and policy challenges in key emerging economies. In the context of the ongoing cooperation between the OECD and the Enhanced Engagement countries – Brazil, China, India, Indonesia and South Africa – it would be important to deepen the analysis of how labour market and social policies can sustain economic growth in emerging economies but also provide adequate support to workers and poor households, also drawing from the policy experience of the OECD countries.

20. Some of this work would benefit from close collaboration between the OECD and the ILO as well as, within the OECD, between ELSAC and other bodies of the OECD, including the Economics Department, the Directorate for Education, the Environment Directorate and the Development Centre.

21. We look forward to reviewing progress on this work in five years time.

Also available:

■ [Communiqué final - Faire face à la crise de l'emploi : la réponse des politiques du marché du travail et des politiques sociales](#) (French)

■ [Kommuniqué – Die Beschäftigungskrise bewältigen: Die Reaktion der Arbeitsmarkt- und Sozialpolitik](#) (German)

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