TRADE UNION ADVISORY COMMITTEE
TO THE ORGANISATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT
COMMISSION SYNDICALE CONSULTATIVE
AUPRÈS DE L'ORGANISATION DE COOPÉRATION
ET DE DÉVELOPPEMENT ÉCONOMIQUES

ROAD TO RECOVERY INNOVATION, JOBS & CLEAN GROWTH

TUAC STATEMENT TO THE OECD MINISTERIAL COUNCIL AND OECD FORUM 2010

PARIS, 26-28 MAY 2010

IN PARTNERSHIP WITH

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Introduction and Summary

1 OECD Ministers meet at a critical moment for the global economy. The recovery remains fragile and uncertain in most OECD countries. The G20 Employment and Labour Ministers concluded at their meeting in April 2010, in Washington D.C. that government action saved or created 21 million jobs world wide in 2009-2010. Yet, global unemployment has risen by 34 million since the crisis began and many millions more workers who cannot find regular employment are not recorded as unemployed. The United Nations estimates that over 300 million new jobs will need to be created to return to pre-crisis levels of unemployment[1]. The estimate of the OECD "Jobs Gap" was 20 million at the end of 2009 [2]– it is now almost certainly higher.

2 Moreover with pressures rising from some quarters to cut back on recovery programmes and reduce public deficits, the risk is that premature "exit strategies" could tip the global economy back into recession with catastrophic results, with the result that mass unemployment could become entrenched – now being referred to as "the new normal". This must not be allowed to happen. We cannot afford a lost decade of stagnant labour markets and with it a lost generation of youth shut out from productive activity. Rising public deficits must be addressed by growth-expanding demand that leads to an increase in output and jobs, not by measures that would put recovery at risk. OECD governments, working with the G20 and international institutions, must muster the same level of political will that was used to save the global banking system to beat the global jobs crisis.

3 Economists, including in government and at the OECD, failed to predict either the onset or scale of this crisis. It is imperative that they now learn its

1 Keeping the promise: a forward-looking review to promote an agreed action plan to achieve the Millennium Development Goals by 2015. Report of the Secretary-General, United Nations, 12 February 2010.

2 OECD Employment Outlook 2010 Ch 1 (forthcoming).

lessons. Ministers and the OECD must reassess the policies of the past two decades that led to the crisis – financial deregulation, rising income inequality and global imbalances – in line with TUAC's 2009 statement to the OECD Ministerial Council, which called on the OECD to:

> *" … revise its own analysis and actions to ensure that the policies that led to this crisis are not repeated. A new model of growth that is fairer, more environmentally sustainable and balanced between regions must emerge. This will require a paradigm shift in economic thinking at the Organisation."*

4 This learning and policy reorientation must go much further than the Organisation's "Strategic Response" to the crisis. The work on Green Growth potentially represents a step in the right direction, providing it also addresses the social dimensions of sustainability. The OECD should assess the impact of all its recommendations on income distribution and focus on strengthening labour market institutions, including collective bargaining, which help produce fairer income distribution as recognised by the G20 Labour Ministers.[3] TUAC stands ready to support the OECD in developing a skills' strategy to equip workers with the skills they need to work in tomorrow's global economy.

5 Beyond the OECD countries, the crisis is fast extinguishing hope of meeting either the Millennium Development Goals (MDGs) or nationally agreed development objectives, especially in low income countries. It is now clear that, without radical action, most countries will fail to achieve several of the MDGs.[4] Governments meeting at the forthcoming United Nations High-Level Plenary Meeting on the MDGs in September 2010 will focus on "accelerating progress" towards the MDGs. Yet the latest OECD figures reveal that OECD governments have still to honour past aid commitments.

6 On OECD membership, TUAC supports accession and enhanced engagement with non-member countries so long as enlargement serves to increase the legitimacy, effectiveness and credibility of the OECD. This depends on all OECD members – current and future – respecting "the basic values which are common to the OECD countries: pluralistic democracy, respect for human rights, and a competitive market economy" as identified by the 1990 Ministerial Statement. This includes respect for core labour standards as reiterated by the most recent meeting of G20 Labour Ministers[5]. These must not be undermined.

7 On responsible business conduct, TUAC has already provided inputs to the work on developing a common Standard on Propriety, Integrity and Transparency for International Business and Finance. TUAC considers that the Standard must provide a vehicle for improving coherence between OECD instruments and increasing the level of political commitment, thereby raising standards across the board. The Standard should also form a building block of the G20 Global Charter for Sustainable Economic Activity.

8 TUAC calls on Ministers to give strong support to the forthcoming Update of the OECD Guidelines for Multinational Enterprises. Increasing the relevance of the Guidelines depends on broadening their application and improving the performance of National Contact Points (NCPs).

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3 "Measures such as minimum wage policies and improved institutions for social dialogue and collective bargaining may need to be strengthened" G20 Labor and Employment Ministers' Recommendations to G20 Leaders, April 21, 2010.

4 Keeping the promise: a forward-looking review to promote an agreed action plan to achieve the Millennium Development Goals by 2015. Report of the Secretary-General, United Nations, 12 February 2010.

5 "It is critical that we undertake efforts to ensure that we meet our obligations as ILO Members and implement policies that are consistent with ILO fundamental principles and rights at work;" G20 Labor and Employment Ministers' Recommendations to G20 Leaders, April 21, 2010.

9 TUAC is therefore calling on Ministers to:

- *Jobs and growth:* endorse an aggressive agenda to ensure more robust growth that delivers more jobs. Governments must take further steps to support global demand and employment over the months ahead (§10-11);
- *Maintain stimulus and focus on job creation:* ensure that there is no exit from fiscal or monetary stimulus until adequate growth levels have been attained, the danger of a further slump averted and the recovery in jobs is self-sustaining and ensure that the size, duration, coordination and targeting of stimulus packages maximise job creation (§12);
- *Use progressive taxation to tackle the public finance deficits and step up work on tax evasion:* develop progressive tax reforms that contribute to social cohesion and step up the OECD's work on tax havens (§14, 16);
- *Develop a financial transactions tax (FTT):* governments should develop a financial transaction tax to help pay for the cost of the crisis (§15);
- *Help build a sustainable labour market model:* take measures, including strengthening collective bargaining, that place combating labour market and income inequalities at the centre of the post-crisis policy framework (§18-19);
- *Tackle gender inequality:* agree an ambitious programme to reduce gender inequality in employment and wages (§20);
- *Broaden measurements of progress:* develop new measurements of economic performance and social progress that include inequality and use these as the basis for the OECD's economic and social policy recommendations (§21);
- *Re-skill and upgrade the OECD workforce:* work with the ILO and the G20 to develop a skills strategy builds quality skills and employment, working with the social partners, in particular, prioritising skills for 'green' jobs (§23-26);
- *Ensure that the Green Growth Strategy supports 'Just Transition':* undertake large-scale and labour-intensive investments in green infrastructure, promote social innovation, develop training and skills' development programmes, provide social protection and support social dialogue (§27-33);
- *Strengthen the governance of business conduct:* develop the standard on Propriety, Integrity and Transparency for International Business and Finance so as to achieve greater visibility of OECD instruments and increase policy coherence, ensuring that there is an overall increase in standards (§35, 37);
- *Strengthen the OECD Guidelines for Multinational Enterprises:* ensure that the Update of the OECD MNE Guidelines broadens the applicability of the Guidelines and delivers improvements in the performance of the National Contacts Points (NCPs), in particular by introducing mandatory peer review and follow-up procedures, including consequences (§36-37);
- *Meet aid commitments and support the MDGs:* agree an Action Plan for meeting the MDGs, invest in public services, place decent work at the heart of development assistance, support strategies for creating quality employment, especially for women, and provide social protection (§38-40);
- *Safeguard "basic values" and respect labour rights:* ensure that OECD enlargement increases OECD effectiveness by monitoring the "like-mindedness" of members as regards their respect for "basic values

"The OECD should assess the impact of all its recommendations on income distribution and focus on strengthening labour market institutions, including collective bargaining, which help produce fairer income distribution as recognised by the G20 Labour Ministers."

of pluralistic democracy, respect for human rights and a competitive market economy" (§41).

Employment and Fiscal Consolidation

Employment

10 Whilst the most recent figures of the OECD indicate that unemployment rates are stabilising, there is still little cause for optimism. Labour markets in many OECD countries have suffered such a haemorrhaging of jobs that even if recovery were to continue at a growth rate in line with that of previous recoveries, unemployment would only return to pre-crisis levels in 2017 or 2018. The OECD Employment Outlook work has shown the size of the OECD "Jobs Gap" to be 20 million. Beyond this, globally, there is a need to create an estimated 300 million jobs, with the impacts of the crisis being compounded by rapidly growing labour forces in developing and emerging economies.

11 OECD Ministers must send a strong message that there can be no sustainable recovery in the economy until there is a recovery in jobs. The global labour movement has campaigned for the ILO, in view of its tripartite structure, to be given a mandate within the G20 to lead the work on employment and social protection. The OECD, working closely with the ILO, is an appropriate place to ensure that there is a 'whole of government' response to this jobs crisis – this should be formalised through an updated Memorandum of Understanding between the two organisations. Ministers must build on the G20 Employment and Labour Ministers recommendations to the G20 leaders and ensure that:

- Additional measures are taken to strengthen employment growth;
- A greater proportion of recovery package expenditure is committed to employment creation and measures are targeted to maximise the employment impact;
- Governments invest in direct public works, thereby quickly creating new jobs and strengthening demand and growth;
- Governments guarantee a job or training place for young people who have been unemployed for more than a certain period, so as to avoid the highly damaging and marginalising effects of youth unemployment;
- Governments undertake large-scale and labour-intensive investments in 'green' infrastructure, such as energy efficiency, buildings, renewable energies and public transport so as to create 'green' jobs, ensuring that they are also 'decent' jobs;
- Governments provide support for job subsidy programmes and short-time schemes designed to keep workers in their jobs so as to facilitate recovery;
- Resources are mobilised at national level to support the ILO Global Jobs Pact through 'Pact Implementation Plans' that involve trade union and employer organisations.

Fiscal consolidation

12 In the short-term, governments must avoid a premature fiscal exit strategy that would jeopardise recovery. The Chair of the OECD Economic Policy Committee has argued with regard to the world's largest economy, the US, that "*Deficient aggregate demand is key. The high unemployment that the United*

States is experiencing reflects a severe shortfall of aggregate demand ..."[6]. The same applies to most OECD countries. Removing government support for employment would not only prolong the jobs crisis, but also compromise fiscal goals in the medium term and worsen fiscal deficits by 2015 compared to a job-centred strategy, according to the International Institute for Labour Studies[7]. There must therefore be no exit from stimulus until unemployment has come down sufficiently to signal self-sustaining growth.

13 In the medium-term, it is essential that governments focus on revenue, not just expenditure, in designing measures to reduce OECD country budget deficits and debts, which are predicted to reach unprecedented post-war levels, The OECD's proposals[8] to reduce budget deficits from 7.6% of GDP in 2011 to below 2% in 2017 focus on cuts in public expenditure, reductions in pension entitlements, increases in consumption and property taxes and reductions in income, capital and corporate taxes. Similar measures have been set out in the OECD's "Going for Growth".[9] These public expenditure cuts and reductions in public pensions will serve to increase inequality and damage social cohesion, thereby repeating the policy mistakes that led to the crisis. These measures will be strongly opposed by the labour movement.

> "OECD Ministers must send a strong message that there can be no sustainable recovery in the economy until there is a recovery in jobs."

14 TUAC urges Ministers to avoid this scenario. Governments should pursue 'unconventional' fiscal policy, targeting high savings behaviour and related income flows. Tax should shift to those revenues and economic agents, which have a high propensity to save and a low propensity to consume. If tax receipts are then used to increase public investment and create new jobs, the net effect will be to support jobs and demand in the short-term and in the medium term to lower the deficit.

15 Governments should also give priority to developing new sources of finance and support the development of a financial transactions tax (FTT)[10] as a fair and practical means of paying for the crisis. TUAC is greatly concerned that the FTT has been dismissed without serious consideration by the OECD and some governments. The IMF has recently proposed a two-tier system consisting of a balance sheet-based Financial Stability Contribution (FSC) and a Financial Activities Tax (FAT). The proposal for a FAT has advantages as it would address the current VAT-exemption that benefits the financial sector and reduce the size of the financial sector. However, unlike the FTT, it would not tackle the problem of short-term financial speculation. The labour movement, together with other groups and organisations, is campaigning for the introduction of an FTT.

16 The work of the OECD on combating tax evasion should also be stepped up. The recent decision of the OECD Global Forum to launch country-by-country reviews[11] on tax transparency and information exchange represents important progress towards the elimination of tax havens but does not go far enough. Governments should ensure that Global Forum works on developing an automatic and multilateral information exchange system, as well as support capacity-building for tax administrations in developing countries.

6 "Back to a Better Normal: Unemployment and Growth in the Wake of the Great Recession" Christina Rohmer, Princeton, NJ, April 17 2010.

7 "Promoting Employment Recovery While Meeting Fiscal Goals" Raymond Torres IILS April 2010.

8 "Preparing Fiscal Consolidation", Economics Department, OECD, March 2010 <<http://www.oecd.org/dataoecd/16/1/44829122.pdf>>.

9 <<http://www.olis.oecd.org/olis/2010doc.nsf/linkto/eco-wkp%282010%2914>>.

10 The Parameters of a Financial Transaction Tax and the OECD Global Public Good Resource Gap, 2010 – 2020, TUAC, February 2010.

11 <<http://www.oecd.org/document/4/0,3343,en_21571361_43854757_44855876_1_1_1_1,00.html>>.

17 TUAC calls on Ministers to:

- Refrain from exiting from stimulus until there is a sustained recovery in demand and employment;
- Ensure that fiscal consolidation policies do not jeopardise the capacity of the public sector to provide the services that are needed for a fairer and more sustainable economy. OECD governments should invest in public services and social protection;
- Develop progressive tax reforms that contribute to social cohesion and step up the OECD's work on tax evasion;
- Take steps to develop a financial transactions tax (FTT).

Sources of Growth: Inequality, Measurement, Innovation and Green Growth

Inequality and measuring progress

18 Prior to the crisis, income inequality had risen both within and between nations. Increases in wages had fallen behind wider growth rates in productivity in two-thirds of the wealthiest countries that make up the OECD[12], and the share of wages in national income had fallen in all countries for which there are data. In developing nations, even before the advent of the 2007-2008 food price crisis and the current financial crisis, the World Bank noted that in 46 out of 59 countries examined, inequality had increased over the previous decade. The economic crisis is exacerbating these existing inequalities.

19 Labour market 'flexibilisation' has been a major contributor to the rise in inequality and precarious work. The recognition by G20 Labour Ministers that minimum wage policies and collective bargaining need to be strengthened is therefore to be welcomed. Addressing inequality must form part of the re-think of the OECD's "Going for Growth" paradigm, which lays the policy foundations for a new model of economic development that is economically efficient, socially just and environmentally sustainable.

20 There is also persistent gender inequality across the OECD, as well as globally. The gender pay gap in twenty countries was recently estimated to stand at more than 22%[13]. Addressing the underlying causes of gender inequality requires strong political commitment, as well as effective public policies and the engagement of the social partners. The OECD should undertake an ambitious programme of work to tackle gender inequality at the workplace and beyond. TUAC is ready to work with the OECD on this crucial area.

21 The OECD, working with the "Stiglitz-Sen-Fitoussi" Commission on the Measurement of Economic Performance and Social Progress, is seeking to move to a broader set of measures of economic development than GDP per capita. TUAC strongly welcomes this work and concurs with the OECD Secretary-General that:

> *"The gap between macroeconomic evidence and people's perception does not result from low quality of official statistics but from their inappropriate use.*

12 "Growing Unequal", OECD October 2008.

13 ITUC, Gender Inequality in the Labour Market: an Overview of Global Trends and Developments, 2009. The pay-gap is calculated on the basis of data for 20 countries: Argentina; Brazil; Chile; Denmark; Finland; Germany; Hungary; India; Italy; the Republic of Korea; Mexico; Netherlands; Paraguay; Poland; Russian Federation; South Africa; Spain; Sweden; UK; U.S.

This can lead to biased analysis and wrong policy targets. We need to go beyond the current measurement system, based on metrics of production, to a system that genuinely focuses on societal well-being and progress"[14].

TUAC also agrees with the co-Chairs of the Commission that:

"Economic activities are not so much an end in themselves, but a means to an end - to higher living standards. If our indicators suggest that pursuing actions directed at improving living standards, broadly defined, have an adverse effect on the economy, perhaps the problem is with our economic measurements"[15].

22 TUAC is calling on Ministers to:

- Ensure that addressing inequality is central to the rethink of the "Going for Growth" paradigm, which lays the policy foundations for a new model of economic development that is economically efficient, socially just and environmentally sustainable;
- Address the underlying causes of gender inequality, working with the social partners. TUAC is ready to work with the OECD in this crucial area;
- Develop new measurements of economic performance and social progress that include inequality and use these as the basis for economic and social policy recommendations in, most notably, "Going for Growth" and the OECD country economic surveys.

"Governments should also give priority to developing new sources of finance and support the development of a financial transactions tax as a fair and practical means of paying for the crisis."

Innovation, skills and workforce development

23 TUAC has noted the findings of the OECD's Innovation Strategy[16]. We agree that innovation is essential if our economies are to recover from the economic crisis, meet the global challenges and create stronger, cleaner and fairer economies. Governments have a crucial role to play in establishing the frameworks and regulations that promote innovation on both the supply and demand-side to help drive technological solutions to meet social and environmental goals. OECD work to date has identified successful policies and initiatives, particularly at a local level, which illustrates the key role to be played by stakeholders, including unions.

24 The Ministerial report on the Innovation Strategy recognises that skilled workers are central to innovation as drivers and users of knowledge, technologies, goods and services. It identifies the importance of organisational structure and employment policies in determining innovation outcomes, recognises the role of employees and the need for stakeholders to be involved in shaping innovation policies. TUAC welcomes the commitment made to *'[E]mpower people to innovate'*, but is concerned that the Innovation Strategy stops short of recommending areas for bold and comprehensive government action.

25 TUAC therefore would support the development of a comprehensive skills strategy as part of the OECD's follow-up work on Innovation, as well as its broader work on education. There is, however, a yawning gap between the rhetoric and reality on the need to invest in skills development on the part of both government and industry. Even before the advent of the current

14 Address to the OECD World Forum, Busan, October 2009.

15 "Stiglitz-Sen-Fitoussi" Commission: "The Measurement of Economic Performance and Social Progress Revisited", Reflections and Overview, September 2009.

16 Main findings of the OECD's Innovation Strategy, OECD, 2010.

crisis, several OECD countries had experienced a significant reduction in training provided by companies between 1999 and 2005.[17] Trade unions are also concerned that the approach to date has been too narrowly focused on increasing the numbers of trained people and has neglected policies to increase the demand for and utilisation of skills in the workplace. The OECD work must address these gaps, engaging with the social partners

26 OECD governments have a specific responsibility to reverse the trend of declining levels of investment in training at this time of crisis when the opportunity cost of investing in training is low. TUAC calls on governments to:

- Ensure that the OECD and the ILO work jointly to follow up the G20 skills strategy so as to build quality skills and employment that combine labour market measures with lifelong learning, address the polarisation of labour markets, develop skills for quality 'green' jobs and provide for the active participation of the social partners;
- Facilitate school-to-work transition by ensuring that young workers have the opportunity to enter jobs on the basis of a stable employment relationship;
- Ensure that enterprises offer sufficient apprenticeships and training places. The implementation of specific training levies on employers should be considered as a means to increase investment in workforce development;
- Provide incentives for young people to stay in further or higher education and that the resources are made available to increase the capacity of further and higher education institutions to take increasing numbers of students;
- Take steps to reduce the number of early school leavers and education drop-outs by improving conditions for learning and teaching with a particular focus on the needs of youth from disadvantaged social and migrant backgrounds.

Green Growth

27 Tackling today's global challenges requires the economic production model to be re-designed in such a way as to protect the natural resource base, whilst providing workers and their communities with decent working and living conditions. Whilst the Interim Report of the Green Growth Strategy recognises the role that labour market and training policies have to play in facilitating the transition towards Green Growth and minimising social costs, additional policies will need to be incorporated if the Strategy is to deliver a "Just Transition" towards a low carbon, climate-resilient, sustainable economy.

28 The Interim Report recognises the need for large-scale and labour-intensive investments in green infrastructure. However, it fails to address the fact that long-term investment in sectors, such as energy efficiency in buildings and public transport infrastructure will not be driven by the market. It also under-estimates the potential job creation in these sectors and the need to create decent jobs.

29 The Interim Report highlights the need to go further in internalising environmental costs. The Strategy should also support efforts to develop a global carbon price in order to lower the costs of climate policy targets, reduce the risk of loss of competitiveness, avoid carbon leakage and drive innovation

17 CEDEFOP (2010), Employer-provided vocational training in Europe. Evaluation and interpretation of the third continuing vocational training survey, Luxembourg, Publications Office of the European Union.

and investment in clean technologies.

30 Promoting innovation is vital for transforming the traditional sectors. TUAC stresses that innovation is not synonymous with science and technological development. As the Innovation Strategy recognises, social innovation and new forms of organising workplaces and production are key. This should form a central part of the Green Growth Strategy.

31 TUAC welcomes the OECD's agreement to incorporate the labour market impacts of environmental policies in its modelling scenarios. However, there is a need to go further and capture the qualitative aspects of jobs created, transformed and destroyed, as well as to disaggregate different skill levels. TUAC also welcomes the focus on skills – the development and uptake of new technologies requires workers to be trained in clean processes and technologies. However, the report fails to address social protection, which is key for ensuring Just Transition.

"Adopt a Just Transition strategy to support traditional sectors in greening their operations by providing active labour market policies, social protection schemes - including social insurance, public employment guarantee schemes, job-creating public works programmes for the unemployed and working poor, income maintenance, and job placement services -and social dialogue."

32 The OECD should focus more on the role of social dialogue in identifying and predicting social and employment impacts and building public support for climate action. Achieving Green Growth depends on mobilising workers and communities. This will only happen if engagement strategies are put in place from the inception of the Green Growth Strategy.

33 Overall, TUAC believes that the Green Growth Strategy has the potential to deliver positive change for workers and communities. However, this will not happen automatically. To transform Green Growth into a driver for social progress, green and decent jobs and environmental protection, OECD governments must:

- Undertake large-scale and labour-intensive investments in green infrastructure, such as energy efficiency, buildings, renewable energies and public transport, ensuring that news jobs created meet the needs of workers in these sectors, through the provision of decent working conditions;
- Promote innovation, including social innovation and new forms of organising workplaces and production;
- Develop training and skills' development programmes for workers to accede to good quality "green jobs". These must target in particular vulnerable communities, such as those affected by the current economic crisis;
- Adopt a "Just Transition" strategy to support traditional sectors in "greening" their operations by providing active labour market policies, social protection schemes – including social insurance, public employment guarantee schemes, job-creating public works programmes for the unemployed and working poor, income maintenance, and job placement services –and social dialogue.

Responsible Business Conduct

34 The crisis has turned the spotlight on the havoc wreaked when markets are insufficiently regulated and underpinned by greed and opacity and has highlighted the need to strengthen the governance of business conduct.

35 TUAC welcomes the development of a common standard on Propriety, Integrity and Transparency for International Business and Finance as a vehicle for improving coherence between OECD instruments and raising standards. The Standard should also form a building block of the G20 Global Charter for Sustainable Economic Activity.

36 TUAC considers that the forthcoming Update of the OECD Guidelines for Multinational Enterprises provides a landmark opportunity to increase the credibility and reputation of both the Guidelines and the OECD, as well as to send a strong message on the priority given by governments to ensuring responsible business conduct worldwide.

37 TUAC calls on governments to:

- Develop the standard on Propriety, Integrity and Transparency for International Business and Finance so as to achieve greater visibility of OECD instruments and increase policy coherence, ensuring that there is an overall increase in standards;
- Ensure that the Update of the OECD MNE Guidelines is an 'upgrade' in all respects – there must be no weakening of existing provisions or procedures or any narrowing of the applicability of the Guidelines. Specifically:
  - Integrate relevant principles and concepts from the work of the United Nations Special Rapporteur on Business and Human Rights into both the text of the Guidelines and the procedural guidance;
  - Introduce rigorous, participatory and mandatory peer review, in line with OECD best practice, so as to improve the performance of the National Contact Points (NCPs) across the board;
  - Broaden the applicability of the Guidelines so as capture the reality of the full range of horizontal business relationships that characterise the global economy.

Global Cooperation and OECD Enlargement

Development

38 Beyond the OECD countries, the crisis is fast extinguishing hope of achieving either the Millennium Development Goals (MDGs) or nationally agreed development objectives, especially in low income countries. The most recent report on progress towards the MDGs, shows uneven progress with several MDGs "likely to be missed in many countries"[18]. The ILO has estimated that 100 million women and men have fallen into absolute poverty during the last year. The most vulnerable are the hardest hit: migrant workers, the rural and urban poor, landless farmers, female-headed households and women workers.

39 Governments will meet in September 2010 at the United Nations High-Level Plenary Meeting on the MDGs in September 2010 to agree future action plans on "accelerating progress" towards the MDGs by 2015. Yet, the latest aid figures[19] show that governments are still failing to honour past commitments with G8 members, such as Italy and Germany, reducing net ODA (by 31.1% and 12% respectively):

- In 2009, Official Development Assistance (ODA) rose by 0.7% to USD 119.6 billion, representing 0.31% of combined gross national income. Net bilateral ODA to Africa in 2009 totalled USD 28 billion, representing a 3% increase in real terms over 2008;
- For 2010, ODA is "estimated at USD 108 billion expressed in 2004 dollars, an increase of USD 28 billion over the 2004 baseline, with the ODA/GNI ratio rising… from 0.26% to an estimated 0.32%". This

18 Keeping the promise: a forward-looking review to promote an agreed action plan to achieve the Millennium Development Goals by 2015, Report of the Secretary-General, United Nations, 12 February 2010; p5.

19 Preliminary ODA Figures for 2009, OECD, 14th April 2010.

represents a shortfall against 2005 commitments of USD 18 billion (in 2004 dollars). In 2009 prices, ODA is estimated to be USD 126 billion – an increase of nearly USD 6 billion over 2009. Africa in 2010 is predicted to receive just USD 11 billion of the USD 25 billion increase committed to at Gleneagles.

> "TUAC considers that the forthcoming Update of the OECD Guidelines for Multinational Enterprises provides a landmark opportunity to increase the credibility and reputation of both the Guidelines and the OECD, as well as to send a strong message on the priority given by governments to ensuring responsible business conduct worldwide."

40 TUAC is calling on Ministers to:

- *ODA commitments:* honour commitments on the MDGs and ODA that were reaffirmed at the G20 London Summit, particularly for sub-Saharan Africa, meet targets of spending 0.7 percent of Gross National Income (GNI), ensure that additional ODA is made available for climate financing, and ensure that ODA expenditure is transparent;
- *Millennium Development Goals:* develop and publish an action plan for delivering existing commitments ahead of the UN MDG Summit (September 2010) and make ambitious new commitments where commitments have expired and beyond 2015;
- *Public services:* invest in quality public services and tackle the global shortage of workers in education and health;
- *Decent work:* place decent work at the heart of development assistance, support women's economic empowerment and tackle informal and unprotected work;
- *Democratic ownership:* engage civil society including trade unions in development decision-making processes in line with the Paris Declaration/Accra Agenda for Action;
- *Social protection:* reduce vulnerability to crises by investing in social protection including support for the ILO's 'social protection floor'[20];
- *Trade:* ensure that the Doha Development Agenda becomes a genuine development round that supports the creation of decent employment in both industrialised and developing countries. Take steps to deliver structural change that is not a zero-sum game by making it possible to manage change in firms, industries, regions and labour markets in socially equitable ways.
- *United Nations:* enhance coordination with UN bodies and especially the UN Development Cooperation Forum.
- *Development Assistance Committee (DAC):* grant TUAC observer status at the DAC, in line with the conclusions of the Reflection Exercise that the DAC should deepen inclusion of stakeholders in its work.

Enlargement

41 On OECD membership, TUAC supports OECD enhanced engagement with major non-member countries with a view to membership. However, this process must increase the effectiveness of the OECD, not undermine it. The strengths of the OECD lie in its capacity to conduct evidence-based policy analysis, undertake effective peer review process, set global standards and provide a forum for businesses, labour and civil society. These strengths depend on the acceptance of common values by its countries. The 1990 OECD Ministerial Council Communiqué identifies "the basic values which are common to the OECD countries: pluralistic democracy, respect for human rights, and a competitive market economy". Ministers referred to them again in 2007 when they defined the Organisation's mission as "promoting peace, stability, prosperity and democratic values through sound economic policies

20 This includes: universal access to basic health case; a universal basic pension for the old and those with disabilities; income or subsistence security for all children; and income support for working-age poor and under- and unemployed.

and good governance" and "invited the Organisation to remain true to its founding vision and high standards". These are the building blocks of a fairer world economy. It is imperative that these values are respected by all OECD members, current and future. Applying these basic values and respecting workers rights, together with the "acquis", must be conditions for membership of the Organisation

Conclusion

42 Workers across the OECD and around the world have already paid the price of this crisis by losing their jobs, livelihoods, homes and savings. Today the outlook is no less bleak. The risk is that workers will continue to pay for this crisis for many years to come, firstly as workers bearing the full costs of the jobs crisis, secondly as tax payers shouldering the burden of debt and thirdly as citizens suffering the impacts of public sector cuts implemented under the post-crisis austerity measures. Meanwhile those responsible for the crisis seek a return to 'business as usual' or worse. This is not acceptable. The post-crisis economy must mark a new beginning. There must be a *new model of growth that is fairer, more environmentally sustainable and balanced between regions must emerge. This will require a paradigm shift in economic thinking at the Organisation.* Ministers must ensure that the OECD grasps this opportunity to deliver a fairer world and a more relevant OECD.

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