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

THE OECD IN THE WAKE OF THE GREAT RECESSION

TUAC STATEMENT TO THE OECD MINISTERIAL COUNCIL AND OECD 50TH ANNIVERSARY FORUM

PARIS 25-26 MAY 2011

Introduction and Summary

1 The OECD's 50th Anniversary Ministerial Council Meeting is being held as the global economy is struggling to emerge from the worst financial crisis and global recession since World War II. The recovery remains uneven and fragile and citizens and workers face draconian cuts in public services and further job losses as a result of the shift in the 'OECD consensus' from fiscal stimulus to austerity policies and immediate deficit reduction. Moreover, some governments are weakening labour market institutions and social protection, the effects of which will be to entrench greater inequality and insecurity in the longer term. Far from providing "better policies for better lives" these measures risk tipping our economies back into recession, increasing social polarisation and pushing our societies into social unrest. Moreover, the aftermath of the Japanese earthquake represents a human tragedy that will also have serious economic consequences, which are yet to be fully understood.

2 Ministers are facing a jobs emergency. Unemployment across the OECD is 50% higher than in 2008. Predicted growth rates are too weak to reduce unemployment significantly in the near future. Around the world, 100 million more people now live in extreme poverty than before the crisis. The ILO has estimated that 400 million net new jobs have to be created in the global economy over the next ten years just to absorb the new labour market entrants. Today the global economy faces the risk of a 'lost generation' of youth blighted by unemployment and vulnerability.

3 Ministers also have to confront the rising spectre of social unrest. The revolutions and uprisings in the Middle East and North Africa (MENA) are born of people's aspirations for democracy, accountable government, political rights and social justice. They have been ignited by conditions of poverty, extreme inequality, corruption, unemployment and under-employment created in a climate that combined political repression with economic liberalisation. These demands and concerns are not limited to the MENA region, but represent the aspirations of people worldwide.

4 The scale of the economic cost of the post-2008 "Great Recession" should call into question the economic paradigm of market fundamentalism that underpinned the policies of many governments and international economic institutions, including the OECD. The crisis should have provoked a radical rethink and reform of policy. Indeed, the OECD Secretary-General has conceded that the crisis reflected massive failures in

financial regulation, supervision and governance[1]. The IMF Managing Director similarly concluded that "*… the growth model that co-existed with globalisation was unbalanced and unsustainable' and that '[I]nequality may have actually stoked this unsustainable model*"[2]. And OECD Social Policy Ministers identified social dialogue as a key factor in helping to stabilise employment in the context of the crisis and "*agreed on the importance of promoting a continued social dialogue to identify the most suitable social packages for the recovery and beyond*".[3]

5 The growth of income inequality documented in OECD work[4] has now been shown to have been a key contributory factor to the financial collapse[5]. Rising inequality has been, to a significant extent, the result of deregulation and weakening of labour market institutions[6]. Yet, far from learning the lessons of the crisis, the current policy agenda largely represents a return to the failed policies of the past. Profits are booming and bankers' bonuses are back, whilst workers lose their jobs and the institutions of social protection and labour markets are eroded.

6 This failure to learn the lessons of the crisis is dangerous. It is also contradictory to the Organisation's claim to conduct evidence-based policy-making. TUAC calls on Ministers to mark the occasion of the OECD's 50th Anniversary by taking stock, reflecting on the lessons of the crisis, and designing policy recommendations that adequately reflect this experience.

7 Ministers should take the following actions:

Support Growth and Jobs

- *Tackle the jobs emergency:* develop an 'Employment Pact' for young workers and take steps to return our economies to full employment by supporting global demand and ensuring that rebalancing of global growth takes place at overall levels of growth that are consistent with a return to full employment. This requires fiscal consolidation to be focused on growth not austerity;
- *Strengthen labour market institutions*: build sustainable and equitable labour markets through measures, as recommended by the G20 Labour Ministers Meeting, that reduce inequality through "*minimum wage policies and improved institutions for social dialogue and collective bargaining*"[7], expand the mandate of the OECD Gender Initiative and take steps to mainstream gender across the substantive work of the OECD;
- *Broaden the debate on the Green Growth Strategy:* integrate social equity goals into the core objectives of the Green Growth Strategy and conduct further research on the labour and social impacts of environmental policies, such as carbon pricing, focusing on identifying the potential for creating decent jobs, supporting the transformation of all jobs into sustainable jobs, and reducing inequality;
- *Redistribute the gains of trade*: ensure that the gains from trade are distributed more broadly, that adjustment policies are stepped up and that trade takes place on the basis of respect for internationally-recognised labour standards.

1 Introductory statement to OECD International Conference "Regulatory Policy at the Crossroads: Towards a New Policy Agenda", October 2010.

2 "Human Development and Wealth Distribution", Dominique Strauss-Kahn, Managing Director, IMF, Agadir, November 2010.

3 Final Communiqué of the Ministerial Meeting on OECD Social Policy: Building a Fairer Future: The Role of Social Policy, paragraph 21, 2-3 May 2011.

4 "Growing Unequal", OECD, 2008.

5 "Inequality, Leverage and Crises", Michael Kumhof and Romain Rancière, IMF, November 2010.

6 Background document for OECD Social Policy Ministers' Meeting and presentation of Professor Richard Freeman to the OECD Social Policy Forum, May 2011.

7 Washington G20 Labour Ministers' Meeting, April 2010.

A New Paradigm for Development

- *Mobilise resources for development:* meet existing commitments on Official Development Assistance (ODA) so as to put the Millennium Development Goals (MDGs) back on track, establish a Social Protection Floor and develop effective and progressive tax systems in developing countries;
- *Support Decent Work*: place the pursuit of Decent Work policies at the heart of the new OECD approach to development, based on the ILO Global Jobs Pact;
- *Review the Policy Framework for Investment*: conduct a review of the Policy Framework for Investment, taking into account the lessons of the political crisis in the MENA region, and strengthen the focus on anti-corruption and responsible business conduct, including the capacity for establishing a functioning National Contact Point (NCP) under the Updated OECD Guidelines for Multinational Enterprises;
- *Support the Updated OECD Guidelines for Multinational Enterprises:* increase the level of resources allocated to the secretariat of the Investment Committee, commensurate with the new commitments made under the Updated Guidelines and assess whether there is a need to establish a new Investment Committee Working Group dedicated to the OECD MNE Guidelines to discharge these new commitments.

The OECD@50

- *Learn the lessons of the crisis:* the OECD should, consistent with its aim of conducting evidence-based policy analysis, undertake an in-depth review of and reflection on the policies that precipitated and sustained the crisis;
- *Build integrity with enlargement*: ensure that OECD enlargement enhances the Organisation's effectiveness by prioritising the respect of basic values of pluralist democracy and respect for human rights, as well as a competitive market economy;
- *Strengthen participation*: deepen consultation processes with the advisory bodies, TUAC and BIAC, so that OECD policy-making more strongly reflects their experience and input;
- *Strengthen cooperation with the ILO in the G20 and beyond*: the OECD must broaden its partnership with the ILO through the agreement of a revised Memorandum of Understanding.

The Aftermath of the Earthquake in Japan

8 TUAC expresses its deep condolences to the victims of the devastating earthquake in Japan. It is committed to supporting its affiliate RENGO in Japan's restoration efforts in solidarity with the Japanese people and workers.

9 TUAC calls on Ministers to:

- Provide all possible assistance to Japan based on requests from the Japanese people and the Japanese government;
- Counter, in a coordinated manner, all speculative moves on Japan's currency.

10 TUAC calls on the Japanese government to make publicly available timely and accurate information on the situation concerning both the destruction resulting from the earthquake and tsunami and the situation regarding the nuclear power plant at Fukushima.

Support Growth and Jobs

Jobs and Growth

11 Today the global economy faces the dual risks that the premature withdrawal of stimulus and shift to austerity policies will stall the global recovery whilst the imbalanced nature of growth will render the recovery jobless, so failing to reduce the level of unemployment significantly. It is essential that governments tackle first and foremost the jobs crisis and then approach fiscal consolidation through measures that support and increase growth of revenues over the medium term.

12 In the immediate term (2011-2012) Ministers must tackle the jobs emergency. Governments must assign priority to achieving a faster recovery in GDP and ensuring that this translates into employment growth. Governments should:

- Undertake policies to raise demand in countries where the recovery is not self-sustaining until the point at which unemployment is on the path of falling to pre-crisis and ultimately full employment levels;
- Ensure that fiscal consolidation does not jeopardise the capacity to deliver quality public services that are needed for a fairer and more sustainable economy;
- Develop progressive tax systems, step up work to combat tax evasion and tax havens and move ahead to introduce effective taxation of the financial sector including a Financial Transactions Tax (FTT);
- Invest in Active Labour Market Policies and implement projects with higher employment content, including investing in green infrastructure and quality public services in the social sector;
- Support efforts in the G20 to provide an 'Employment Pact' for young people, which guarantees jobs or training for youth;
- Halt the growth of precarious and irregular work that is undermining the recovery and increasing insecurity;
- Increase cooperation between Labour and Finance Ministers and move quickly to establish a G20 Working Group on Employment that includes the social partners, and the relevant international organisations;
- Strengthen social dialogue including collective bargaining to ensure wage growth keeps pace with productivity, combat income and gender inequality.

New Skills for New Jobs

13 Making economies more sustainable, equitable and competitive requires a highly skilled workforce. This requires investing in skills. While many governments have identified skills development as a policy priority, neither governments nor business is investing sufficiently. Between 1995 and 2007, growth in spending on educational institutions in more than half of the 27 OECD and partner countries for which data are available, failed to keep up with growth in national income. The same applies to corporate investment in workplace development and skills. Both were already adversely affected before the crisis by 'financialisation', which has focused on short-term returns rather than long-term investment and resulted in many corporations cutting investment.

14 Against this background of a financing gap, it is essential that budget consolidation does not adversely impact educational spending, which should be increased relative to GDP[8] so as to avoid disproportionately harming those who are most vulnerable. A change of education and training policy is also required to ensure that skills are utilised more effectively at work and to link skills policy to a broader agenda of innovation, business performance, economic and social development. "Skills ecosystems" need to be developed, based on "clusters" of competencies in a particular region or industry and shaped by interlocking networks of companies, markets and institutions.

15 A skills strategy must also counteract increasing labour market polarisation, characterised by high-skilled, high-wage employment at one end of the labour market and low-wage, low-skill employment at the other. The latter is a prevailing feature of 'low road firms', pursuing competitive strategies focusing solely on cost reduction. Training in "low road firms" is mainly short-term and task specific. Training and innovation strategies need to close off the "low road, while at the same time supporting firms to adopt "high road" strategies and provide better quality jobs. Training and innovation policies must also confront the emerging risk of a low wage economy, driven by global skills and sourcing strategies of companies as well as by the standardisation of knowledge work.

8 TUAC Submission to the 2010 OECD Education Ministerial Meeting.

16 TUAC is calling on governments to:

- Increase training opportunities, in particular workplace based training;
- Take into account the workplace and industrial relations context in which skills are created and mobilised;
- Ensure union involvement in the design and implementation of training policy as well as in the assessment and subsequent revision of curricula;
- Recognise and encourage the positive impact that collective bargaining can have on participation in and access to training and further training;
- Tackle under-investment in training by the private sector through the implementation of train-or-pay levy/grant schemes and thus encourage employers to increase the levels of investment and commitment they make to skills, development and training;
- Promote high performance workplaces that increase the effectiveness of skills use;
- Ensure that vocational education and training systems help support the transition towards green growth and a low carbon economy and are targeted at the most vulnerable communities, including those hardest hit by the economic downturn and environmental reforms;
- Introduce workplace training entitlement for workers as a means to secure greater levels of take-up of skills training and subsequent occupational mobility.

Gender Equality and Women's Economic Empowerment

17 TUAC welcomes the recent priority that has been assigned to promoting gender equality in education, employment and entrepreneurship, through the launch of the OECD Gender Initiative. Trade unions have a strong track record of working to tackle gender inequalities in both education and the labour market. TUAC supports the aims of the Initiative and stands ready to assist in the next stages of its work.

18 As regards employment, the central priority must be to identify and design policies for tackling the root causes of inequality that result in the concentration of women in precarious work and persistent and significant pay differentials between women and men.[9] In education, the under-representation of women in science, technology, engineering and mathematics (STEM) represents a significant barrier to building a gender-inclusive and people-centred knowledge economy. Trade unions recognise the steps that have been taken, but underline the need for governments to do more.

19 Additionally, TUAC notes that tackling gender inequality is a longstanding policy commitment of the OECD. In 2001, OECD Ministers mandated the OECD to mainstream gender into its substantive work and the OECD subsequently appointed a Gender Coordinator in order to *"[I]mprove the quality of OECD policy analysis and advice to Member Governments by integrating a gender perspective into the substantive work of the organization……"*. TUAC's understanding is that this mainstreaming exercise has never been undertaken.

20 TUAC calls on Ministers to expand the mandate of the OECD Gender Initiative and take a holistic approach to tackling gender inequality and:

- Undertake a comprehensive analysis of discrimination in the labour market focusing in particular on the concentration of women in precarious work and the gender pay gap;
- Conduct a gender impact assessment of pension reform;
- Recognise the need to adopt policies aimed at reconciling family and working life that reflect the unequal distribution of household and care responsibilities between women and men, which means investing in quality public services;

9 A recent report of the International Trade Union Confederation (ITUC) estimated the average gender pay gap to be 22.4 per cent based on a sample of 300,000 individual self-reported surveys that were completed on the internet during 2007 and the first three quarters of 2008. The sample covers 20 countries.

- Ensure that policy recommendations for addressing inequality in the labour market recognise the role of collective bargaining and trade union membership in narrowing the gender pay gap and take steps to mainstream good practice examples;
- Support policies, programmes and campaigns geared to raising awareness and combating negative stereotypes so as to encourage girls to study science, technology, engineering and mathematics (STEM);
- Recognise the role that violence against women plays in exacerbating gender inequalities;
- Sets up consultative processes with the social partners both at the OECD and at national level for developing policy responses on gender inequality in education and the labour market, and recognise the nexus that exists between the two;
- Take steps to mainstream gender across the substantive work of the OECD, in line with OECD policy commitments made in 2001.

Green Growth Strategy

21 TUAC agrees with the OECD that "how" economies grow is just as important as "how much" they grow. However, TUAC is gravely concerned that the Green Growth Strategy has failed to integrate social equity goals into its core objectives so contravening the principle of sustainable development. Green growth must have built-in safeguards to support social cohesion. This needs different thinking about the "structural change" that is required by countries, as well as the distributional impacts of the policies promoted by the Strategy. For example, as regards carbon pricing, governments must take steps to ensure that there is no reduction in real wages, but rather a reduction in inequality.

22 Managing the fair transformation of societies into sustainable ones requires far more than reproducing past policies of structural adjustment. Rather, governments must support a Just Transition involving the better targeting of green investments at communities likely to face economic hardship, prioritising skills and re-training for workers in sectors that are experiencing economic downturn, and engaging in social dialogue with trade unions and employers on the challenges that arise. TUAC welcomes the support given in the Strategy to dedicated green training programmes, but emphasises that these need to be affordable, public systems concentrated in those regions most in need, and drawn up in consultation with trade unions.

23 In terms of the labour market, the Strategy should focus not only on creating employment opportunities, but also on improving the quality and environmental impact of current employment. Further research is required, for example, in order to identify the energy mix that would best deliver decent employment in terms of wages, working hours and safety standards, which can lift people out of poverty and help industrialised countries recover from the economic crisis.

24 TUAC is calling on Ministers to provide a mandate to the OECD to:

- Conduct an equity audit of the combined impact of the policy measures prescribed by the Green Growth Strategy and identify the age, gender, skills and income group profiles of potential 'winners' and 'losers' within countries and design and implement accompanying policies to provide new opportunities for those likely to be adversely affected.
- Carry out a qualitative study of the employment opportunities from green investment, involving the social partners and other stakeholders.

Trade and Jobs

25 TUAC supports the OECD's objective of redistributing the gains from trade and the need to focus on adjustment costs and policies. Trade unions in both OECD and non-OECD countries are united in their aim of achieving decent and productive work and social justice and fair globalisation and in working to ensure that trade policies support these objectives. This includes ensuring that the global trading system protects fundamental workers' rights, as agreed in the ILO Declaration on Social Justice and Fair Globalisation (2008), which states "*that the violation of fundamental principles and rights*

at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist purposes".

26 Trade liberalisation policies over the decades have contributed to a range of negative impacts for workers in both developed and developing countries, including job losses, job insecurity and the growth in precarious work, decreased bargaining power of workers and the erosion of trade union and other human rights. From a developing country perspective there is the added concern that trade liberalisation policies often require the opening of southern markets, while permitting northern markets to remain protected. Some developing countries have become locked into low value, low productivity and cheap labour economies, reflecting the trend towards increasingly feminised and precarious work in the global supply chain.

27 TUAC calls on Ministers to:

- Differentiate trade liberalisation policies according to level of development;
- Support industrialisation policies that allow developing countries to diversify;
- Promote trade policies that contribute to the creation of Decent Work, in particular the protection of fundamental workers' rights and encourage the establishment of a Working Group in the WTO with this objective;
- Undertake *ex ante* impact assessment of employment effects and take steps to avoid these effects or change the policies, where the results indicate that there would be job losses or other economic dislocation, rather than relying on *ex post* mitigation.

A New Paradigm for Development

28 TUAC welcomes the commitment to a new paradigm for development that moves from aid effectiveness to development effectiveness and focuses on integrating a development perspective into appropriate and integrated economic, social and environmental policies. This must not, however, be used as an excuse for governments to backtrack on their Official Development Assistance (ODA) commitments.

29 The current socio-economic context has had profound impacts on countries across the globe, with increasing unemployment, underemployment, inequality and social unrest. Prospects for achieving the Millennium Development Goals (MDGs) and making progress with the Decent Work Agenda have diminished in the context of multiple crises: financial, economic, energy, food and climate. The chances for a robust and inclusive growth in the near term have been threatened by the premature shift by many governments to fiscal consolidation and their misguided adoption of austerity policies. What was needed was to move to a more inclusive model of growth as demanded by the trade union movement worldwide.

30 The new paradigm must reflect the changing global economy and move away from categorising countries as 'donors' and 'recipients' of ODA and be built around policy coherence that puts centre-stage the need for Decent Work, social protection and good governance based on an accountable and democratic State. TUAC is calling on Ministers to:

- Meet existing commitments on Official Development Assistance (ODA), so as to put the Millennium Development Goals (MDGs) back on track, establish a Social Protection Floor and develop effective and progressive tax systems in developing countries;
- Make the creation of Decent Work an explicit objective of aid and development policies so as to accelerate progress in meeting in particular MDG 1, achieving full and productive employment and decent work for all, including women and young people;
- Support the Social Protection Floor Initiative that has been proposed by the ILO and G20 Labour Ministers by providing adequate multilateral and bilateral donor funding;
- Conduct gender mainstreaming across all development-related policy areas of the OECD;
- Ensure that the Policy Framework for Investment reflects the lessons of the political crisis in the MENA region and strengthens its focus on anti-corruption

and responsible business conduct, including the capacity for establishing a functioning National Contact Point (NCP) under the Updated OECD Guidelines for Multinational Enterprises;
- Recognise the importance of an enabling environment for trade unions and other civil society organisations to act as independent development actors in their own right.

Fiscal Transparency

31 Fiscal transparency is essential to government accountability. It is a key aspect of the G20 Mutual Assessment Process (MAP), the IMF-World Bank Reports on the Observance of Standards and Codes (ROSCs) and is dealt with at the OECD by the Senior Budget Officials Network. Fiscal transparency helps build long-term budget projections on the fiscal impact of public policies, including on poverty and income inequality, as well as measuring government contingent liabilities vis-à-vis the private sector whose budgetary impact is dependent on future financial, social, environmental and political risks (such as *inter alia*, public-private partnerships, government guarantees to private banks).

32 There is growing concern in a number of countries, however, that the preferred "institutional design" for fiscal transparency is shifting the budgetary process away from the scrutiny of democratically elected bodies – including the legislature – and into the hands of 'independent' experts. The OECD, for example, advocates the use of fiscal institutions, or councils, which are granted autonomy from government in assessing and monitoring budget process. TUAC agrees that macroeconomic forecasting and budget performance assessment should be free of conflicts of interest and shielded from political or business influence. However, the creation of independent watchdogs with enhanced mandates over the budget runs counter to democratic and public accountability principles.

33 TUAC calls on governments to:

- Respect basic democratic principles, including accountability to parliament, in developing budgetary institutional design for fiscal transparency;
- Ensure public accountability, especially with respect to government resources for development.

Taxation and Domestic Resource Mobilisation

34 Tackling the inadequacy of resources for development finance is a major priority. Developing economies must be able to protect and, with growth and development, expand their tax revenue base so as to provide sufficient funding for quality public services and social protection and over time reduce their dependence on foreign aid. It is essential that developing countries develop their own institutional and regulatory capacity to build strong domestic tax bases. A strong domestic tax system is good for public governance and is a powerful tool for enhancing government accountability, reducing informality, and for tackling public and private sector corruption. But it needs to be development-oriented and to contribute to greater redistribution within society and lower income inequality.

35 The large net outflows of capital from the developing to OECD economies must also be addressed. Much needed financial resources are leaving developing countries through a variety of means: unfavourable terms of trade, debt servicing, tax arbitrage and tax evasion, transfer pricing on the part of multinational companies, and illicit flows from corruption and crime and the informal economy. The OECD-led Global Forum on Transparency and Exchange of Information for Tax Purposes has made some progress in tackling tax evasion and offshore financial centres, but much more work needs to be done.

36 TUAC calls on governments to:

- Support programmes for capacity-building such as those included in the OECD International Tax Dialogue Initiative;
- Implement a Financial Transactions Tax (FTT), which would provide new source of financing for developing economies and support proposals for an early G20 conference to move the discussion forward.

Good Governance and Anti-corruption

37 TUAC welcomes the OECD's efforts to step up its focus on fighting corruption and improve transparency, including the development of its clean.gov.biz Initiative that covers both public and private sector corruption, building on the commitments made by Ministers in the adoption of the Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance (PIT).

38 TUAC calls on the OECD to:

- Continue its work on outreach to expand the number of signatories to the OECD Anti-bribery Convention to include major emerging economies, including China;
- Strengthen the focus given to anti-corruption issues in OECD Investment Policy Reviews.

The OECD Guidelines for Multinational Enterprises

39 The Updated OECD Guidelines for Multinational Enterprises must become a new milestone in global efforts to close governance gaps and raise standards of responsible business conduct. Over the coming months it is essential that the OECD builds on the political momentum that has been created by the Update. First and foremost the OECD should send a political signal of its commitment to implement the Updated Guidelines by increasing the level of resources assigned to the secretariat of the Investment Committee, commensurate with the level of new commitments made.

40 TUAC calls on the OECD to:

- Increase the level of resources made available to the secretariat of the Investment Committee (under both the Part I Budget and Voluntary Contributions) to ensure that it is able to implement the new commitments made in particular on outreach, capacity-building, peer learning, including peer reviews, and the proactive agenda;
- Review the structures of the Investment Committee to establish whether they are adequate for implementing these new commitments and assess whether there is a need for an Investment Committee Working Group dedicated to the OECD MNE Guidelines;
- Provide for internal policy coherence and ensure that other OECD policies and programmes that relate to either investment or development promote the Updated Guidelines in line with OECD and G20 policy commitments on promoting responsible investment;
- Enhance consultation processes with TUAC, BIAC and OECD Watch and specifically put in place structures for ensuring their participation in peer learning, including peer reviews, and the proactive agenda for promoting the Updated Guidelines.

The OECD@50

The Organisation in the Wake of the Great Recession

Social Risks

41 The OECD's 50th Anniversary falls at a time when its member countries are struggling to emerge from the worst financial crisis and global recession since the Second World War. Unemployment rates across the OECD are 50% higher in 2011 than in 2008. The decision of many governments to shift to austerity policies risks raising unemployment further. Job insecurity is high, particularly for the youth. Whilst profits have recovered, investment remains flat and private financial institutions are paying massive bonuses again.

42 This situation is socially and politically unsustainable. Trade unions fear that, without a radical change in direction, the OECD's 50th Anniversary year will be marred by the transformation of the economic and financial crisis into a social crisis, the political repercussions of which would be hard to predict.

43 TUAC calls on the OECD to use the occasion of the 50th Anniversary to:

- Learn the lessons of the crisis and set in train a fundamental review of the policies that led to the crisis. The OECD Secretary-General has stated that the crisis reflected massive failures of markets, of governance and of regulation yet the policy scenario looks very much like "business as usual" – or worse – a return to past policies that contributed to the crisis;
- Ensure that OECD enlargement enhances its effectiveness by prioritising the respect of basic values of pluralist democracy and respect for human rights, as well as a competitive market economy;
- Strengthen labour market institutions in line with the restated OECD Jobs Strategy (2006)[10]. The Jobs Strategy recognised that strong labour institutions – notably collective bargaining – when combined with well-coordinated systems of industrial relations, can produce positive employment outcomes and also a fairer distribution of income. Two years ago the OECD's "Growing Unequal" report (2008) shone the spotlight on the rise in inequality across almost all OECD countries over the past two decades, but especially in deregulated labour markets, such as the United States. There is now acceptance of the fact – even within the IMF – that growing inequality contributed to the debt-funded bubbles in asset prices that precipitated the crisis;
- Deepen consultation processes with the advisory bodies to ensure that their experience and input is better reflected in OECD policy-making;
- Broaden its partnership with the ILO through the agreement of a revised Memorandum of Understanding.

Conclusion

44 OECD Ministers meeting to mark the occasion of the 50th Anniversary of the OECD face the spectre of social unrest as people rise up against poverty, inequality and corruption and seek decent work for a better future. Their responsibility is to provide "better policies for better lives".

45 Faith in unconstrained markets should have been undermined by the collapse of the banking sector, but it now appears that policy-makers are retreating to the comforting nostrums of economic orthodoxy. This is a strategic error. Returning to policies that failed in the boom cannot be expected to return a still fragile global economy to growth in the wake of such a deep recession, and risks sowing the seeds of the next crisis. TUAC is seeking to ensure that OECD policy-makers take this message to heart at the time of the 50th Anniversary.

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10 "Boosting Jobs and Incomes", OECD, 2006.