



ECONOMIC RECOVERY AND EMPLOYMENT: AN IOE STATEMENT

Lisbon (Portugal), 9 February 2009

The global financial and economic crisis continues to deepen and has now spread through every facet of the world economy with damaging consequences for enterprises and their workers. ILO estimates that up to 50 million people may be unemployed as a result of the crisis.

Government action is essential in responding to the evolving reality. But business too must live up to its responsibilities. We recognise that mistakes were made. In vital sectors of the economy key players succumbed to irresponsible and counter-productive behaviour and failed to live up to basic standards of transparency, prudence, accurate risk assessment, and sound governance. Government policy and regulatory approaches also contributed to the crisis. Business, government and society as a whole need to act together to address these failures.

A properly regulated market system is the best and most proven means to ensure social and economic prosperity, and to protect and fulfil human aspirations. The current crisis has taught us that only with appropriate regulation can financial markets fulfil their task of providing stability and liquidity to business. This Statement sets out measures that are necessary to overcome the crisis in the short term and put the world on the path to stable economic growth and job creation.

IMPROVE LIQUIDITY TO HELP SUSTAIN EMPLOYMENT

Measures are quickly needed to help sustain employment, as well as to put people back to work. Easing the current credit squeeze must be a priority. Business needs liquidity to function: to invest, to pay wages, buy and create inventory and to provide a financial lifeline to maintain employment. Liquidity also facilitates the exchange of goods and services amongst business, an exchange that lies at the heart of restarting the global economy.

SUSTAIN SMEs AND FACILITATE ENTERPRISE CREATION AS THE ENGINE FOR RECOVERY

All business is feeling the impact of the crisis, but small and medium sized enterprises are most at risk. Taken together, SMEs are the world's largest employer, and will be the primary source of employment growth. Specific measures to assist them must be a policy priority in fiscal stimulus packages and in social policy responses. Now more than ever, steps need to be taken to create the right regulatory environment for sustainable enterprises, including measures to reduce excessive administrative costs and red tape, stimulate entrepreneurship, and provide access to lending facilities.

PROMOTE FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK

Exploitation is not an acceptable response to deteriorating economic conditions, but it can be the perverse result. Governments and business alike have a responsibility to ensure that those most at risk are protected. The values and principles contained in the 1998 ILO Declaration on Fundamental Principles and Rights at Work are of particular importance. Governments must maintain their vigilance and business must maintain its own commitments to realize these basic rights everywhere.

SUPPORT EDUCATION AND TRAINING AS THE KEY TO FUTURE GROWTH AND PRODUCTIVITY

Education and training remain the most important means to improve employment prospects. Maintaining the right skills for the labour market will help ensure that, when growth returns, the skills the economy needs will be in place. Investments in education and training now will benefit everyone in the long run. Budget support for this key aspect of employability, coupled with measures to improve worker mobility and social safety nets, lie at the heart of an economic and social response to the crisis.

EMBRACE CORPORATE RESPONSIBILITY AS AN IMPORTANT MEANS OF ACTION

Through their voluntary corporate responsibility initiatives, companies can play an important role in ensuring that the fundamental relationships they have with employees, communities and other stakeholders remain strong. These initiatives provide an important ethical underpinning to business behaviour to complement government regulation and law.

RESIST ALL FORMS OF PROTECTIONISM, INCLUDING WITHIN THE LABOUR MARKET

Business and governments together must remain committed to further open trade and labour markets in and between countries. Protectionism in the face of crisis has proven throughout history to be a very wrong approach. This is even more true in a global and integrated world. We support calls to successfully conclude the WTO Doha agreement, as this would send a strong message of a universal commitment to open global trade.

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The IOE calls on its members to reinforce these messages in their work within their own business communities and in their communications with governments and global policy makers. In this way, we can work together to strengthen confidence in the market economy and address the needs of both business owners and workers in the real economy, upon whose efforts a recovery will be built.

The IOE is the largest network of the private sector in the world. It is the only recognized organisation representing the interests of employers in social and labour matters at the international level. Today, the IOE represents 147 national business organisations in 140 countries.