

## Notes from working lunch discussion - Oslo Conference 2010

### Table 4: Chair Timo Voipio, Ministry of Foreign Affairs of Finland

#### *Fiscal sustainability*

Participants initiated a discussion about the desirability of developing models that could provide estimates of fiscal sustainability and their time frames running from short-run to very long-run (even up to 100 years). One concern raised was availability of reliable data to make such estimates in developing countries. Therefore, there was some consensus on the desirability of developing such models along with the necessary data, and that this could possibly be a useful area of collaboration between the ILO and IMF.

An additional concern raised in this regard, was that Government expenditures not be treated homogeneously, but as various types of prospective investments, having potentially different rates of return over different time periods, which would lead to a more dynamic assessment of costs and benefits and thus fiscal sustainability. That is, how might different Government expenditures affect GDP growth and thus the tax base? Participants furthered the discussion of how to make assessment and bridge the gap between short-run expenditures and longer-run revenue streams.

#### *Social protection floor*

The issue of a social protection floor came into play as an example of Government policy that could potentially pay for itself, with the understanding that further analysis is necessary in order to design policies and bridge the gap between upfront costs and longer-term benefits. There was general support for a basic social floor, provided that fiscal sustainability was a central consideration in policy design, and general consensus that this could be a fruitful area for future ILO-IMF collaboration. One of the issues that came up in this regard was the "level" at which such collaboration should take place, i.e., between researchers at headquarters organizations or more at the country-level. No clear consensus was reached in this respect.

Other issues discussed included the need to establish a political consensus within a country as a determinant of fiscal sustainability; the reliance of the IMF on the World Bank's Doing Business indicators, rather than the ILO, as an information source on labour standards; undertaking social impact assessments of IMF policies; deepening understanding of optimal levels of labour market flexibility and social protection; and regulation of the financial system to avoid future crises.

The discussion ended on a strong point of consensus, which picked up from the discussion on social protection. There was agreement on the importance of supporting the care economy, and in particular, on the appropriate policies to support gender equality, given the disproportionate share of women in the care economy, whether inside or outside the labour force.