

Notes from working lunch discussion - Oslo Conference 2010

Overall summary

At the working lunch, organized in table discussion groups of 10 people each, participants elaborated on the key themes of the conference adding important perspectives.

Fiscal sustainability

With regard to fiscal sustainability, there emerged widespread concern with the downside of fiscal retrenchment. Many participants thought that fiscal space should not be rigidly tied to the public debt-to-GDP but depended on many factors, including past track records of fiscal adjustment. It was suggested at many tables that the critical issue was the composition of public expenditure and its long-term impact on tax revenues and employment. Some called for stronger progressive taxation. Others stressed the need to think carefully about fiscal sustainability in developing countries.

Macroeconomic policies

On macro and employment policies, the discussion was diverse and mainly looked at advantages/disadvantages of given policy initiatives (short-term work, subsidies, training, minimum wages, SMEs etc). There were requests to encourage and facilitate sharing of knowledge and good practice. One widespread concern was the need to reach some optimal balance between security and flexibility on the labour market, avoiding strict extreme prescriptions in one sense or another. In reaching the optimal balance, it was recognized the importance of policy complementarities - ie security cum mobility and productivity or flexibility cum social protection.

Social protection

Most participants were very supportive of the social protection floor, with one table focusing its discussion primarily on this item.

Oslo follow-up

Several suggestions were made concerning potential areas for ILO-IMF collaboration:

- . jointly raising the conference issues at next G20 meeting (six tables out of eleven);
- . piloting some country level collaboration (six tables);
- . developing a "framework" to promote growth and employment within a sustainable macro envelope (three tables), though it was observed that this will require flexibility on the part of each institution: some participants called upon the IMF to take social and labour standards more into account in its country programmes, while others said the ILO should also make some tough calls;
- . organizing follow up meetings to look more in depth at regional differences and development concerns (two tables);
- . undertaking research work on specific items (ie models to estimate fiscal sustainability, role of social dialogue in fiscal policies and development, new financing instruments and national development banks, indicators of labour market performance);

To be considered

Participants raised few topics which were barely touched upon in the paper/panels: international coordination on financial regulations and tax matters; the feasibility of a financial transaction tax; the need to review the role of private ratings agencies; greater enforcement of international labour standards; stronger analyses of labour markets and informality in developing countries; shrinking ODA budgets; the care economy and gender inequality.