

Notes from working lunch discussion - Oslo Conference 2010

Table 7: Chair Wiseman Nkhulu, President, International Organization of Employers

Fiscal sustainability

Long term fiscal sustainability requires stable revenues. To this effect, measures to improve infrastructure and the skills of the labor force are equally important. The table agreed that the appropriate debt/GDP-ratio differs from country to country depending on their ability to raise revenues and the quality of the expenditure in boosting economic efficiency. Economies with a developed welfare system do typically have higher debt ratios. For Spain the economic situation worsened even with a low debt/GDP-ratio due to the banking sector.

Financial markets generally contribute to fiscal sustainability by forcing corrections that already should have been implemented. Discussants raised the issue of tripartite cooperation, which is essential for fiscal sustainability. Some considerations were made for the African case: Poor ability to raise tax revenues, except for resource taxation. Property almost not taxed. Uncertainty about the sustainability of donor revenues due to China as a new donor. Africa has generally weathered the financial crisis quite well.

Macroeconomic and employment policies

Participants proposed that the next G8- or G20-meeting should be held jointly with labour ministers, taking into account lessons from the past and best practices on the linkages between macroeconomic and employment policies. The issue of avoiding beggar-the-neighbor policy, e.g. competitive devaluation, was raised by the table. Participants also recalled the large differences between labor market policies in different countries. 80 per cent of the global population has no social protection, and even within the developed countries there are large differences in scope and coverage. Proposals were made toward the establishment of a “clearing house” of best practices on in tackling unemployment (e.g. The Chilean example on page 85 of the report for the conference was indicated as a good example).

ILO-IMF collaboration

IMF and ILO should mutually feed into their programmes and projects. An increased co-operation between IMF, ILO, OECD and EU on collecting statistics was suggested as beneficial, as it would facilitate the reporting exercise for countries often requested to reply to almost similar questionnaires.