Report presented to UNCTAD’s Trade and Development Commission, Eleventh session, on the ‘Third Session’ of the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development, and the Promotion of Economic Integration and Cooperation.

Geneva, 27 November 2019

Your Excellencies,

The Third Session of the Multi-year Expert Meeting took place at the Palais des Nations, Geneva, on 25-26 February 2019, and was organized around the central question

How labour and macroeconomic policies can contribute towards the achievement of the Sustainable Development Goals.

Following the Opening Summary, this question was addressed from three complementary substantive perspectives along three half-day sessions. These were:

(i). The role of the State, employment policies and organized labour in addressing the challenges of employment creation in an increasingly globalized world economy;
(ii). Global and macroeconomic challenges to overcome gender inequalities in employment and earnings; and
(iii). Labour institutions and macroeconomic policies for structural transformation and job creation.

The nominated Chair for the Third Session of the MYEM was His Excellency Ambassador of the Permanent Mission of Ecuador to the WTO, Mr. Diego Aulestia Valencia, and the Vice-Chair-cum-Rapporteur was His Excellency First Secretary of the Permanent Mission of the Republic of Sudan, Mr. Mohamed Bukheet.

The substantive discussions were introduced by renowned experts in their respective subjects. For the first substantive topic these were:

Ms Sandra Polaski, former Deputy Director General for Policy of the International Labour Organization; Mr Sangheon Lee, Director of the Employment Policy Department (ILO); Mr. Georgios Altintzis, Economic and Social Policy Officer at the International Trade Union Confederation; Mr Jeronim Capaldo, Economist at UNCTAD and Associate Researcher of the Global Development and Environment Institute, Tufts University.

For the second substantive topic the discussion was introduced by the following experts:

Ms Jill Rubery, Professor of Comparative Employment Systems at Alliance Manchester Business School, and Fellow of the British Academy; Ms Ipek Ilkcaracan, Professor of
Economics at Istanbul Technical University (ITU); and Ms Maria Karamessini, professor of labour economics and economics of the welfare state at Panteion University of Social and Political Sciences (Athens), and Head of the Greek Public Employment Agency (OAED).

The experts who provided the opening discussions for the third substantive topic were:

Ms. Janine Berg, Senior Economist of the International Labour Office; Mr. Alemayehu Geda, Professor of Macroeconomics and International Economics at Addis Ababa University, and Research Professor at the University of London, SOAS; and Mr. Rolph van der Hoeven, Professor Emeritus of Employment and Development Economics, Erasmus University, Rotterdam, member of the Committee for Development Policy (ECOSOC) and also a member of the Development Cooperation Committee of the International Advisory Council (AIV) to the Dutch Government.

In the opening plenary, the Officer-in-Charge on behalf of the Secretary-General of UNCTAD emphasized that rethinking the role of macroeconomic and labour policies was more important than ever, in light of the complexities of global interdependence and in the pursuit of effective international policy coordination. He also stressed that the roles of income distribution, in particular wage and employment and social protection, and of fiscal policies were vital to ensuring a sustained growth of aggregate demand and investment. Further, he noted that discussing these issues would not be complete without addressing the gender dimension of macroeconomic and employment policies.

The first substantive session focused on the monetary, fiscal, industrial and employment policies that could help create good quality, well-paying jobs essential to achieving the 2030 Agenda for Sustainable Development. Some experts emphasized that having enough decent jobs was not only important in itself as an essential pillar of an inclusive society, but played also a vital role in fuelling a pace of aggregate demand that can effectively trigger technological progress. It was also remarked that arguments against wage rises or collective bargaining could sometimes seem convincing at the level of the individual firm and in the short term, but were proven fallacious in the long term because such measures starved aggregate demand and investment, especially as wage compression attempts are replicated in other countries.

The panellists provided several examples of Governments that had successfully embarked on a policy of boosting domestic wages and raising aggregate demand, like China since 2003, with the further effect of creating an opportunity for neighbouring countries such as Cambodia, Indonesia and Viet Nam to increase wages, thanks to the fact that national policy spaces had been retained in these countries. Likewise in Greece, where the greatest proportion of Government expenditure was directed to public employment thus helping to sustain economic activity. Other useful examples to shed light on the discussion were provided by delegates.
The second substantive session explored global and macroeconomic challenges to overcome gender inequalities in employment and earnings. In his introductory remarks, the Chair stressed that achieving gender equality required decisive and well-designed policy action.

The panellists emphasized the need for a new global deal for gender equality, as women made major economic contributions that were often not appreciated at their true value. It was noted that the International Monetary Fund and the Organization for Economic Cooperation and Development, for example, had recognized the potential macroeconomic contribution from greater gender equality, but on the other hand these institutions continued to promote the traditional macroeconomic policies of fiscal constraint and labour market flexibility that harmed gender equality.

One common theme among the panellists was the need to invest in the care economy as part of a gender-equitable strategy for employment generation and inclusive growth. The expansion of such social services created not only significant amounts of jobs but did so in a more gender-equitable and fiscally sustainable way than for example, a construction boom.

Several examples were provided by the panellists and delegates, like child-care government programmes in Greece, the provision of free meals for children in schools in Nigeria, or the employment-of-last-resort programme in North Macedonia, which had successfully provided social safety nets.

The third substantive session focused on labour institutions and macroeconomic policies for structural transformation and job creation. The panellists highlighted that, ultimately, active policymaking and institutional reforms could be determining factors in achieving the Sustainable Development Goals.

It was stressed that labour market regulations aimed at protecting workers from unsafe working conditions or unscrupulous employers help to ensure fair competition among enterprises and to improve productivity through work reorganization and more technically advanced investments. One panellist noted that success of institutional reforms for structural transformation in Africa depends on both a clear strategic policy direction and its implementation in a pragmatic manner. Finally, attention was drawn to the changing landscape in labour markets and income brought about by the effects of financialization, the widening gap between labour and capital income, and new technologies affecting patterns of work. In this new context, public policy responses should be centred around boosting investments, financing social protection, enacting redistributive fiscal policies and ensuring the coherence of policy at both the national and international levels.

Various delegates expressed appreciation of the public policy recommendations provided by the panellists and shared perspectives from the experiences of their developing countries, also noting that many of these policy recommendations were not or not sufficiently adopted in recent years. To that effect, it was highlighted that in many countries in Africa and elsewhere the available policy space has been reduced, in particular in the absence of a regionally coordinated strategy.
In his concluding remarks, the Chair highlighted the need for policy coherence that went beyond the national level, to encompass international policy.

Many thanks.