

## 2. Macroeconomic Policy: Unemployment [29]

### Commitment:

*“We will ensure that our macroeconomic policies promote sound economic growth, aiming, together with our employment and social policies at reducing unemployment and enabling a quick re-entry into the labour market.”*

- G8 Deauville Declaration: Renewed Commitment for Freedom and Democracy

### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Canada			+1
France			+1
Germany			+1
Italy			+1
Japan			+1
Russia			+1
United Kingdom		0	
United States			+1
European Union			+1
Average Score		+0.89	

### Background:

Macroeconomic policies targeting unemployment have featured in past G8 agendas, particularly during periods of economic slowdown. Given the current international economic crisis, G8 member states have pledged to implement policies to curve unemployment rates worldwide.<sup>96</sup> With 210 million people out of work -a 30 million increase since 2007 the world is experiencing “the highest level of official unemployment in history”. Three-quarters of this increase in unemployment has occurred in advanced economies.<sup>97</sup>

At the 1993 G8 Tokyo Summit, G8 countries agreed to implement a “double strategy” to combat unemployment, calling for “prudent macroeconomic policies to promote noninflationary sustainable growth, and structural reforms to improve the efficiency of... labor markets.”<sup>98</sup>

Similarly, at the 1997 G8 Summit, members reiterated the need to pursue economic policies directed at sustaining “non-inflationary growth”, to reduce unemployment and create “quality jobs”. G8 states recognized that while their “individual circumstances” differed, they shared “a common commitment to a medium-term economic strategy”, to create jobs and promote economic growth. These included: strengthening structural reform and implementing fiscal consolidation and anti-inflationary policies. G8 countries also emphasized the need to adapt to a “global economy and advances in information technology”, to create new job opportunities.<sup>99</sup>

<sup>96</sup> G8 Declaration: Renewed Commitment to Freedom and Democracy, G8 Information Centre (Toronto) 27 May 2011. Date of Access: 8 January 2012.

<http://www.g8.utoronto.ca/summit/2011deauville/2011-declaration-en.html#econ>.

<sup>97</sup> Tackling the Jobs Crisis, G8 Information Centre (Toronto) 8 November 2010. Date of Access: 8 January 2012. <http://www.g8.utoronto.ca/newsdesk/seoul/seoul-somavia-en.htm>.

<sup>98</sup> World Economy, G8 Information Centre (Toronto) 9 July 1993. Date of Access: 8 January 2012. <http://www.g8.utoronto.ca/summit/1993tokyo/communique/world.html>.

<sup>99</sup> Economic Communique: Making a Success of Globalization for the Benefit of All, G8 Information Centre (Toronto) 28 June 1996. Date of Access: 8 January 2012. <http://www.g8.utoronto.ca/summit/1996lyon/communique.html>.

More recently, drawing conclusions from the G8 Labour Meeting in 2008, Labour and Employment Ministers reiterated the severity of the global economic crisis. They added that job losses were rapidly increasing and working poverty was spreading globally, as 7.2 million more unemployed workers were added to the OECD area in 2009.<sup>100</sup>

Ministers recommended that in order to tackle the severe global economic downturn, countries should implement an integrated economic and social approach. They emphasized the need to incorporate the “human dimension of the crisis”, to ensure economic, social and political stability. They added that economic, employment and social policies should be directed at reducing unemployment, creating “social protection systems” and promoting human capital through training and education. They concluded that good macroeconomic policies should promote both unemployment reduction and enable a quick re-entry into the labour market.

Moreover, ministers called for greater coherence between countries “to reduce the impact of the crisis on employment and maximize the potential for growth in jobs in the period of economic recovery”. They further emphasized the need to expand the dialogue with international financial organizations and the G20, where unemployment related-issues would be discussed in greater detail.<sup>101</sup>

Correspondingly, G20 Labour and Employment Ministers in 2011 also reiterated the need for greater “coordination and coherence of...economic and social policies and to strengthen the social dimension of globalization”. They further called for the strengthening of internal coherence and intergovernmental cooperation.<sup>102</sup>

#### **Commitment Feature:**

This commitment focuses on the development and implementation of comprehensive macroeconomic policies specifically directed at combating unemployment to generate “sustainable economic growth and development”.<sup>103</sup> In an effort to tackle the ongoing international economic crisis, G8 countries have called for integrated social and structural economic policies to reduce unemployment rates, and alleviate the many social implications produced by it.

Accordingly, full compliance requires that G8 countries enact comprehensive macroeconomic policies that address three distinct but interrelated dimensions:

(1) G8 states must enact social and (2) economic policies that promote unemployment reduction and quick re-entry in the labour force.

Additionally, while G8 states can work independently or through multilateral channels, (3) their policies must also be directed at promoting international economic growth.

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<sup>100</sup> G8 Social Summit – Conclusions from the G8 Labour and Employment Meeting, Government of Canada (Ottawa), 31 March 2009. Date of Access: 15 January 2012.

<http://www.canadainternational.gc.ca/g8/ministerials-ministerielles/2009-03-31-LabMin.aspx?view=d>

<sup>101</sup> G8 Social Summit People First: Tackling Together the Human Dimension of the Crisis, G8 Information Centre (Toronto) 31 March 2008. Date of Access: 8 January 2012.

<http://www.g8.utoronto.ca/employment/labour2009.html>.

<sup>102</sup> G20 Labour and Employment Minister’s Conclusions, G8 Information Centre (Toronto) 27 September 2011. Date of Access: 8 January 2012. <http://www.g8.utoronto.ca/g20/2011/2011-labour-110927-en.html>.

<sup>103</sup> G8 Social Summit People First: Tackling Together the Human Dimension of the Crisis, G8 Information Centre (Toronto) 31 March 2008. Date of Access: 8 January 2012.

<http://www.g8.utoronto.ca/employment/labour2009.html>.

**Scoring Guidelines:**

-1	G8 member does not enact either social or economic policies to reduce unemployment, either domestically or abroad
0	G8 member enacts one of the strategies to reduce unemployment i.e social or economic, but policies are only applied domestically, not abroad
+1	G8 member enacts both social and economic policies to reduce unemployment, and policies are directed domestically and abroad

*Lead Analyst: Laura Correa Ochoa*

**Canada: +1**

Canada has fully complied with its commitments to enact social and economic policies to reduce unemployment domestically and abroad.

The Canadian Government is also enacting and strengthening social-safety networks to combat unemployment. On 27 June 2011, the Canadian government's Supporting Vulnerable Seniors and Strengthening Canada's Economy Act was passed into law. The purpose of the act is to support provinces, encourage young entrepreneurs, enhance federal assistance for part-time students, support Canadians with disabilities, support Canada's veterans, maintain Canada's leadership in genomics research, and reinforce the stability of Canada's housing finance system.<sup>104</sup>

Furthermore, on September 2011, the Canadian government and the Quebec provincial government released the Memorandum of Agreement Concerning a Canada-Quebec Comprehensive Integrated Tax Coordination Agreement. This initiative aims to increase fiscal efficiency and coordination domestically.<sup>105</sup>

Additionally on 14 October 2011, the Minister of State for Finance, Ted Menzies spoke about the introduction of the Pooled Registered Pension Plan (PRPPs). The PRPP will extend the benefit of large scale low cost pension plans to those that are self-employed, and employees of companies that do not offer pension plans.<sup>106</sup>

The Government of Canada has implemented various macroeconomic policies to curve unemployment rates. On 8 November, the Canadian government announced its five-year renewal with the Bank of Canada's flexible inflation-target regime. In particular, "the inflation target will continue to be the 2 per cent mid-point of the 1 to 3 per cent inflation control range".<sup>107</sup>

<sup>104</sup> Minister Flaherty Welcomes the Passage of Bill C-3, The Supporting Vulnerable Seniors and Strengthening Canada's Economy Act, Department of Finance Canada (Ottawa) 27 June 2011. Date of Access: 25 December 2011. <http://www.fin.gc.ca/n11/11-051-eng.asp>.

<sup>105</sup> Memorandum of Agreement Regarding Sales Tax Harmonisation With a View to Concluding a Canada-Quebec Comprehensive Integrated Tax Coordination Agreement, Department of Finance Canada (Ottawa) September 2011. Date of Access: 25 December 2011. <http://www.fin.gc.ca/access/tt-it/quebec-tax-2011-eng.asp>.

<sup>106</sup> Pooled Registered Pension Plans, Department of Finance Canada (Toronto) 14 October 2011. Date of Access: 29 December 2011. <http://www.fin.gc.ca/n11/11-100-eng.asp>.

<sup>107</sup> Government of Canada Renews Inflation-Target Agreement with the Bank of Canada, Department of Finance Canada (Calgary) 8 November 2011. Date of Access: 29 December 2011 <http://www.fin.gc.ca/n11/11-115-eng.asp>.

Furthermore, on 27 November 2011, Jim Flaherty announced tariff reductions on 70 items used chiefly by Canadian manufacturers, helping businesses save CAD32 million annually.<sup>108</sup> Canada also enacted intergovernmental policies to facilitate economic growth.

On 5 December 2011, Diane Finley announced an investment of CAD750 thousand to Engineers Canada for the purpose of improving the application process for engineers trained in other countries. The measure will help immigrants to receive acknowledgement for their foreign credentials and find appropriate employment sooner.<sup>109</sup>

Similarly, on 12 December 2011, the Minister of State for the Federal Economic Development Agency for Southern Ontario, Gary Goodyear announced an extension of one year to the Applied Research and Commercialization initiative. The funds delivered by this economic policy “supports our (Southern Ontarians) ability to help build economic capacity and foster important, innovative collaborations involving local businesses, our researchers, and students”.<sup>110</sup>

On 7 December 2011, in a meeting between Stephen Harper and Barak Obama, the two leaders agreed upon two action plans to increase legitimate trade and travel.<sup>111</sup> Additionally, as of 15 December 2011, Canada has adopted anti-protectionist pledge at the World Trade Organization. Ed Fast reaffirms the Canadian government’s commitment to free trade.<sup>112</sup> On 22 December 2011, the Canadian government announced more convenient air travel to the United States by using NEXUS cards at Canada’s eight largest airports. The policy aims at increasing the flow of goods and people across the Canadian-US border as well as reducing airport costs.<sup>113</sup>

On 21 December 2011, the Government of Canada announced a new measure to make education more affordable for part time students as part of their Economic Action Plan. Effective 1 January 2012, “...new and existing loans for part-time student will be interest free during study”.<sup>114</sup>

Additionally, on 30 December 2011, as part of the Canadian government’s Action Plan, Stephen Harper highlighted three aspects of his upcoming tax reform to curve unemployment rates. These

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<sup>108</sup> Government Fosters Jobs and Growths with more Tariff Cuts, Department of Finance Canada (Ottawa) 27 November 2011. Date Of Access: December 30 2011.

<http://www.fin.gc.ca/n11/11-123-eng.asp>.

<sup>109</sup> Government of Canada Helps Internationally Trained Engineers Get Jobs, Next Phase of Canada’s Economic Action Plan (Ottawa) 5 December 2011. Date of Access: 30 December 2011.

<http://www.actionplan.gc.ca/eng/media.asp?id=4601>.

<sup>110</sup> Government of Canada Helps southern Ontario Business Innovate and Grow, Next Phase of Canada’s Economic Action Plan 12 (Ottawa) December 2011. Date of Access: 30 December 2011.

<http://www.actionplan.gc.ca/eng/media.asp?id=4614>.

<sup>111</sup> Canada and U.S. Joint Action Plans to Boost Security, Trade and Travel, Next Phase of Canada’s Economic Action Plan (Washington) 7 December 2011. Date of Access: December 25 2011.

<http://www.actionplan.gc.ca/eng/media.asp?id=4606>

<sup>112</sup> Canada Adopts Anti-protections Pledge at World Trade Organization, Foreign Affairs and International Trade Canada (Ottawa) 15 December 2011. Date of Access: 25 December 2011.

[http://www.international.gc.ca/media\\_commerce/comm/news-communicues/2011/377.aspx?lang=eng&view=d](http://www.international.gc.ca/media_commerce/comm/news-communicues/2011/377.aspx?lang=eng&view=d).

<sup>113</sup> Harper Government Announces Faster, More Convenient Air Travel to the United States for Passengers and their Baggage, Next Phase of Canada’s Economic Action Plan (Ottawa) 22 December 2011. Date of Access: 25 December 2011.

<http://www.actionplan.gc.ca/eng/media.asp?id=4626>

<sup>114</sup> Government of Canada Makes Education More Affordable for Part Time Students, Next Phase of Canada’s Economic Action Plan (Ottawa) 21 December 2011. Date of Access: 30 December 2011.

<http://www.actionplan.gc.ca/eng/media.asp?id=4624>.

include: (1) reducing corporate taxation rates to 15 per cent to improve “productivity and economic growth rates, thereby creating more and better-paying jobs for Canadians”; (2) creating the Family Caregiver Tax Credit which will provide tax relief for caregivers including first time spouses, common-law partners and minor children; and (3) introducing “temporary 50-per-cent straight-line accelerated capital cost allowance rate for investments in manufacturing or processing machinery and equipment was extended to include investments undertaken in 2012 and 2013”.<sup>115</sup>

On 5 January 2012, the federal Government of Canada, in cooperation with the provincial Government of Ontario, announced a plan to provide CAD1.7 million worth of training as part of their Targeted Initiative for Older Workers program (TIOW).<sup>116</sup> The TIOW’s intent is to create “an educated, skilled and flexible workforce,” that will reduce unemployment by being able to find gainful work throughout the economic cycle.<sup>117</sup>

In addition, on 1 February 2012, the Government of Canada partnered with the provincial Government of Labrador and Newfoundland, to announce that CAD2.2 million will be committed toward the training of unemployed workers in order to develop their skills and reintegrate them in the workforce. This action also falls under the TIOW program and similarly aims to train workers between the ages of fifty-five and sixty-four to adapt to the changing economy.<sup>118</sup>

Furthermore, the Government of Canada’s stimulus funding helped deliver upgrades to the Cartier Regional Co-Op Water Plant in Manitoba. As an example of infrastructure development, the CAD2.27 million investment made by the Government of Canada helped provide jobs within varied and dispersed communities.<sup>119</sup> Similarly, reported on 15 April 2012, the Government of Canada marked the grand opening of the J.K. Irving Multifunctional Centre, of which Canada contributed CAN5 million towards its construction. Officials made it clear that “Investing in infrastructure is one of the best ways to create jobs and strengthen communities.”<sup>120</sup>

Additionally, on 26 April 2012, the Government of Canada, through Minister of Finance Jim Flaherty, introduced new legislation titled the *Jobs, Growth and Long-term Prosperity Act*, which will establish aspects of the Harper Government’s Economic Action Plan 2012. The four main thrusts of this new legislation are: improving conditions for business investment (1), investing in

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<sup>115</sup> Harper Government Highlights Tax Relief for 2012, Next Phase of Canada’s Economic Action Plan (Ottawa) 30 December 2011. Date of Access: 30 December 2011.

<http://www.actionplan.gc.ca/eng/media.asp?id=4628>.

<sup>116</sup> Governments of Canada and Ontario team up to help unemployed older workers, Human Resources and Skills Development Canada (Windsor) 5 January 2012. Date Accessed: 1 May 2012.

<http://news.gc.ca/web/article-eng.do?nid=649469>.

<sup>117</sup> Helping Unemployed Older Workers Find Rewarding Jobs, Government of Canada’s Economic Action Plan (Ottawa) 21 February 2012. Date Accessed: 1 May 2012.

<http://www.actionplan.gc.ca/eng/blog.asp?blogId=17>.

<sup>118</sup> Government of Canada helps Unemployed Older Workers Obtain Skills, Find Jobs, Human Resources and Skills Development Canada (St. John’s) 1 February 2012. Date Accessed: 1 May 2012.

<http://news.gc.ca/web/article-eng.do?nid=654299>.

<sup>119</sup> Canada’s Economic Action Plan Delivers Upgrades to Cartier Regional Co-Op Water Plant, Infrastructure Canada (St. Francois Xavier) 19 March 2012. Date Accessed: 1 May 2012.

<http://news.gc.ca/web/article-eng.do?nid=663249>.

<sup>120</sup> Canada’s Economic Action Plan Delivers New Multi-Purpose Centre in Boutouche, Infrastructure Canada (Boutouche) 15 April 2012. Date Accessed: 1 May 2012.

<http://news.gc.ca/web/article-eng.do?nid=668279>.

training, infrastructure and opportunity (2), supporting families and communities (3), and ensuring sustainable social programs and a secure retirement (4).<sup>121</sup>

Moreover, as reported on 1 May 2012, the Government of Canada has renewed its commitment to the manufacturing sector. In particular for the Economic Action Plan of 2012, Canada intends to improve trade relations, remove bureaucratic inefficiencies for international trade litigation, and invest CAD400 million to help create private sector led large-scale venture capital funds.<sup>122</sup>

In the international sphere, on 27 January 2012 the Minister of International Trade Ed Fast, the Foreign Affairs Minister John Baird, and the Minister of Finance Jim Flaherty attended the World Economic Forum with a mandate to promote Canada as a top investment destination. This mandate was inspired by the need to bring more jobs to Canada vis-a-vis the investments.<sup>123</sup>

Thus, the Government of Canada has been awarded a score of +1 for its economic and social initiatives directed at reducing unemployment, and facilitating quick re-entry into the labour market.

*Analyst: Akbar Khurshid*

#### **France: +1**

France has fully complied with its commitment to enact macroeconomic and social policies aimed at reducing unemployment.

On 27 June 2011, the IMF reported that France had made “good progress” regarding unemployment rates. While figures remained high, rates were “coming down.” The IMF attributed high levels of unemployment to “structural” issues, and encouraged the “continued moderation in the minimum wage” to “support employment creation.” It also recommended that the French government should “support growth friendly tax reform to increase incentives to work”, since the difference between pre- and after-tax income was “large.”<sup>124</sup>

France has enacted policies to create new jobs. On 11 July 2011, Energy Minister Eric Besson announced that the French government planned to open up a EUR10 billion bidding program to build five offshore wind turbines. In addition to diversifying the country’s energy resources, Besson noted that the first round of bidding alone would create over 10 000 jobs.<sup>125</sup>

France has also shown it supports intervening in failing industries to save jobs in the right circumstances. On 2 January 2012, President Nicolas Sarkozy announced his government’s

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<sup>121</sup>Harper Government Focused on the Economy with the Jobs, Growth, and Long-term Prosperity Act, Department of Finance Canada (Ottawa) 26 April 2012. Date Accessed: 1 May 2012.

<http://www.fin.gc.ca/n12/12-050-eng.asp>.

<sup>122</sup>Harper Government Continues to Strongly Support Canada’s Manufacturing Sector, Department of Finance Canada (Kitchener) 1 May 2012. Date Accessed 1 May 2012.

<http://www.fin.gc.ca/n12/12-052-eng.asp>.

<sup>123</sup>Canadian Ministers Promote Canada as Top Investment Destination, Department of Finance Canada (Ottawa) 27 January 2012. Date Accessed: 1 May 2012.

<http://www.fin.gc.ca/n12/12-009-eng.asp>.

<sup>124</sup>IMF Survey: France: Good Progress But Credibility Needs To Be Cemented, International Monetary Fund (Washington) 27 June 2011. Date of Access: 3 January 2012.

<http://www.imf.org/external/pubs/ft/survey/so/2011/CAR072711A.htm>

<sup>125</sup>Lancement du 1er appel d’offres pour l’installation d’éoliennes en mer et coup d’envoi de la consultation pour le 2ème, Ministry of Ecology, Sustainable Development, Transport and Housing (Paris) 11 July 2011. Date of access: 3 January 2012. [http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=23568](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=23568)

intention to help finance a trade union-backed workers' co-operative to save hundreds of jobs at a failing cross-Channel ferry operator. As well, given the financial difficulties of automakers, Industry Minister Eric Besson announced the government would also introduce a "second generation" support scheme for the car industry in February 2012, asserting that France "remains ready alongside the automobile industry and its employees" in these difficult circumstances.<sup>126</sup>

Additionally, on 3 January 2012, Environment Minister Nathalie Kosciusko announced that the government would like to invest in Photowatt France, the country's largest solar-panel manufacturer, who had announced in November it may be forced to downsize its workforce due to low consumer demand for solar modules and systems.<sup>127</sup>

Moreover, France has also enacted initiatives to facilitate movement of workers. On 9 June 2011, an application protocol was signed by France and Quebec for their November 2010 agreement on professional mobility and the integration of migrants. In particular, the agreement was designed to "promote...employment and work experience [for] nationals of the two countries."<sup>128</sup>

In terms of social policies, France's efforts to reduce unemployment have been inconsistent. On 27 September 2011, French teachers and their supporters protested the French government's education job cuts; in response, President Sarkozy insisted his "first responsibility" was to workers and employers facing international competition, not "state employees." Since 2007, tens of thousands of public sector positions had been cut, with a further 14 000 more to be reduce in 2012.<sup>129</sup>

However, despite such cuts, the French government has shown a strong commitment to sustaining social welfare long-term. On 15 November 2011, President Sarkozy announced that the government would review the funding of the country's social welfare system since "the very high cost of labour in [the] country penalizes [the] economy and penalizes France in international competition."<sup>130</sup> On 3 January 2012, the French government announced that it pledged to raise sales taxes and cut fixed levies on the labour force before the April presidential election. Budget Minister Valerie Pécresse added that increasing the value-added tax on imported goods, if fixed levies on labour are cut, would create jobs in France and stop imported goods from being sold cheaply and sustain social security funding.<sup>131</sup>

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<sup>126</sup> Sarkozy acts to head off jobs losses, Financial Times Europe (Paris) 2 January 2012. Date of Access: 5 January 2012. <http://www.ft.com/intl/cms/s/0/988c7ef6-3548-11e1-84b9-00144feabdc0.html#axzz1j22KIYkL>

<sup>127</sup> French Government Ready to Aid Solar-Panel Maker, Minister Says, Bloomberg (Paris) 4 January 2012. Date of Access: 5 January 2012. <http://www.bloomberg.com/news/2012-01-04/french-government-ready-to-aid-solar-panel-maker-minister-says.html>

<sup>128</sup> France – Quebec: Signing of an application protocol for the Agreement on professional mobility and the integration of migrants, French Integration and Immigration Office (Paris) 9 June 2011. Date of Access: 3 January 2012. <http://www.immigration-professionnelle.gouv.fr/en/latest-news/news/france-%E2%80%93-quebec-signing-of-an-application-protocol-for-the-agreement-on-professional-mobility-and>

<sup>129</sup> Sarkozy job cuts drive French teachers to streets, The Himalayan Times (Nepal) 27 September 2011. Date of access: 5 January 2012.

<http://www.thehimalayantimes.com/fullNews.php?headline=Sarkozy+job+cuts+drive+French+teachers+to+streets&NewsID=304079>

<sup>130</sup> Sarkozy to tackle French labour costs, Financial Times Europe (Paris) 15 November 2011. Date of Access: 5 January 2012.

<http://www.ft.com/intl/cms/s/0/73c688c0-0f8a-11e1-88cc-00144feabdc0.html#axzz1ilcJF7FX>

<sup>131</sup> French Government To Push Through Social VAT Before Elections, Wall Street Journal Online (New York) 3 January 2012. Date of Access: 5 January 2012.

<http://online.wsj.com/article/BT-CO-20120103-702341.html>

Furthermore, France has also implemented policies to curb unemployment at the international level. The French Integration and Immigration Office (OFII) in conjuncture with the Tunisian National Agency for Jobs and Independent Employment (ANETI), pledged to create up to 9000 new jobs for Tunisians in France. However, as of 31 July 2011, the French has only partially complied with this commitment “to help Tunisian with its employment crisis”, as only 2500 Tunisians were offered jobs.<sup>132</sup> Also, on 4 January 2012, the French government eased visa regulations for foreign students who want to remain in France to work after graduating from elite French school.<sup>133</sup>

Internationally, as Minister for Labour, Employment and Health Xavier Bertrand announced at the UN on 3 June 2011, France approached the G20 Summit in November 2011 in full support of “the development of a social protection floor (SPF) at the international level.” Not only was “social protection a basic human right,” but the SPF meant “assistance that makes it possible to face the accidents of life” and guaranteeing income “[to] the unemployed or workers below the poverty line.”<sup>134</sup>

Despite France’s high unemployment rate, they have shown a strong commitment to restore fiscal stability at home and abroad. US President Barack Obama commended France for its “extraordinary leadership” along with Germany to help cure Europe’s debt crisis.<sup>135</sup> This focus on achieving not just domestic but international fiscal solvency was linked to unemployment. French Labor Minister Xavier Bertrand remarked on 25 August 2011, that “when there is no economic growth, it’s tough to lower unemployment.”<sup>136</sup>

Furthermore, the French government held a jobs summit on 18 January 2012 to coordinate ways to curb this trend with union and business leaders.<sup>137</sup> The summit was convened five days after Standard and Poor’s downgraded France’s credit rating. At this “social summit”, Sarkozy announced EUR430 million worth of new measures to “keep workers in their activity [and] to train workers within the company rather than making them redundant.” Mr Sarkozy also announced that a “social tax” might be implemented in the following months. However, union leaders have seen the recent measures with scepticism.<sup>138</sup>

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<sup>132</sup> Tunisian Illegal Immigrants, Telling of ‘European Nightmare,’ Tunisia Live Online (Tunis) 31 July 2011. Date of Access: 3 January 2012.

<http://www.tunisia-live.net/2011/07/31/tunisian-illegal-immigrants-have-now-returned-to-the-country-and-are-telling-of-their-european-nightmare/>

<sup>133</sup> France eases tightening of foreign student visas, Washington Post Online (Washington) 4 January 2012. Date of Access: 5 January 2012.

[http://www.washingtonpost.com/world/europe/france-eases-tightening-of-foreign-student-visas/2012/01/04/gIQA0znqaP\\_story.html](http://www.washingtonpost.com/world/europe/france-eases-tightening-of-foreign-student-visas/2012/01/04/gIQA0znqaP_story.html).

<sup>134</sup> General Assembly – Social Priorities of the French Presidency of the G20 – Statement by Mr. Xavier Vertrand, Minister for Labour, Employment and Health, France ONU (Paris) 3 June 2011. Date of Access: 5 January 2012. <http://www.franceonu.org/spip.php?article5600>.

<sup>135</sup> Remarks by President Obama and President Nicolas Sarkozy of France in a Joint Statement, The White House (Washington) 3 November 2011. Date of Access: 3 January 2012. <http://www.whitehouse.gov/the-press-office/2011/11/03/remarks-president-obama-and-president-nicolas-sarkozy-france-joint-state>.

<sup>136</sup> Sarkozy Economic-Growth Forecasts Seen as Too High, Pointing to More Cuts, Bloomberg (Paris) 25 August 2011. Date of Access: 3 January 2012. <http://mobile.bloomberg.com/news/2011-08-23/sarkozy-prepares-deficit-reduction-blueprint-for-election-year-austerity->

<sup>137</sup> France to hold jobs summit, EUobserver (Brussels) 28 December 2011. Date of Access: 3 January 2012. <http://euobserver.com/1016/114730>.

<sup>138</sup> Sarkozy calls unions, labour leaders for crisis talks, France 24 (Paris) 18 January 2012. Date of access: 22 April 2012.

Therefore, France has been awarded a score of +1 for their economic and social policies to reduce unemployment both domestically and abroad.

*Analyst: Adrian Zita-Bennett*

### **Germany: +1**

Germany has fully complied with its commitment to enact social and economic policies to reduce unemployment, domestically and abroad. It has promoted intergovernmental dialogue to curb unemployment with the OECD, and implemented social safety programs and the re-entry of domestic workers into the labour market.

On 6-7 October 2012, the Federal Ministry of Economics and Technology co-hosted a two-day conference with the OECD entitled, “Enhancing Sustainable Growth and Economic Co-operation on a Global Scale”.<sup>139</sup> One of the aims and topics of the conference was the creation of quality jobs for skilled labour “by improving education and lifelong learning as well as by making the most of opportunities presented by migration”.<sup>140</sup>

In addition, Germany has enacted social-safety programs. German Chancellor Angela Merkel initiated a motion to the Christian Democratic Union (CDU) on the introduction a comprehensive minimum wage in Germany, which would ensure a basic standard of living for workers. However, opposition from other members of the governing coalition may preclude it from becoming law.<sup>141</sup>

Additionally, on 11 November 2011, the BA announced its 2012 budget included EUR11 billion for measures of labour market policy and the expansion of special programmes. The budget allots: EUR100 million to provide guidance for young people entering a profession; EUR400 million to support unemployed persons without vocational training; EUR280 million to train low-skilled workers and older employees; EUR 1 billion for start-up grants; EUR90 million on preventative measures for young people; and EUR25 million to test innovative approaches in active employment promotion.<sup>142</sup>

Moreover, the Federal Employment Agency (BA) held a national awareness week for disabled persons starting on 5 December 2011 to improve their integration into the labour market. Raimund Becker, a member of the BA Executive Board, hoped the awareness week would lower “possible inhibition levels of other employers, which otherwise would have kept them from hiring

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<http://iphone.france24.com/en/20120118-sarkozy-convenes-unions-labour-leaders-crisis-summit-downgrade-economy-france>.

<sup>139</sup> Ensuring better global cooperation, Federal Ministry of Economics and Technology (Berlin), 6 October 2011. Date of Access: 5 January 2012 <http://www.bmwi.de/English/Navigation/Press/press-releases.did=445582.html>

<sup>140</sup> Aims & topics, OECD Berlin Conference 2011, Federal Ministry of Economics and Technology (Berlin). Date of Access: 5 January 2012. <http://www.oecd-berlin-conference.org/topics.html>.

<sup>141</sup> The Chancellor’s About-Face: How Merkel Warmed to a German Minimum Wage, The Spiegel Online (Berlin), 9 November 2011. Date of Access: 5 January 2012. <http://www.spiegel.de/international/germany/0,1518,796591,00.html>.

<sup>142</sup> BA Budget for 2012 Defines Important Focal Points, Federal Employment Agency (Berlin), 11 November 2011. Date of Access: 5 January 2012. [http://www.arbeitsagentur.de/nn\\_426140/EN/zentraler-Content/Presse/Presse-11-068-EN-636538.html](http://www.arbeitsagentur.de/nn_426140/EN/zentraler-Content/Presse/Presse-11-068-EN-636538.html).

disabled persons.” He continues, “More than half of the severely disabled persons in Germany have got training or academic qualifications. We must not ignore this potential”.<sup>143</sup>

In addition, the reform of the Labour Market Policy Instruments, which became effective on 1 April 2012, increases the flexibility and personalization of the labour market policy instruments. The increased flexibility of the placement counselors in the employment agencies and in the job centers should accelerate the transition of job-seekers into employment.<sup>144</sup> Furthermore, the Federal Ministry of Economics and Technology has launched a new information portal to assist immigrants with foreign professional qualifications in finding skilled work.<sup>145</sup>

Additionally, the Federal Minister of Economics and Technology Dr. Phillipp Rösler welcomed the European Commission’s concept of a “competitiveness test”, which aims to ensure that EU policies do not reduce the competitiveness of companies and subsequently destroy jobs.<sup>146</sup>

On 7 March 2012 the German Cabinet approved the German Fiscal Compact Ratification Act. This is the beginning of the ratification process for the permanent European Stability Mechanism (ESM). The ESM, set to begin in July 2012, will be available as a permanent mechanism for financial assistance to crisis-shaken countries where it will preserve the stability of the euro zone as a whole. Germany will contribute EUR22 billion from its national budget into the ESM. The ESM aims to decrease the effects of unemployment in future crises.<sup>147</sup>

Therefore, Germany has been awarded a score of +1 for ensuring that their macroeconomic policies reduce domestic and international unemployment and enable quick re-entry into the labour market.

*Analyst: Aliyyah Ahad*

### **Italy: +1**

Italy has been awarded a score of 1 for its partial compliance with its commitment of enacting social and economic policies to reduce unemployment and facilitate quick re-entry into the market. Italy has yet to encourage stable economic growth at an international level however.

Italy saw a modest 1 per cent growth in 2011, thanks to an export-led recovery. Growth indicators have been below the Euro-zone average for 10 years in a row. For growth to pick up substantively, the IMF has called for reforms across the economy that can address low productivity, an inefficient public sector, and the continued divide between the North and the

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<sup>143</sup> Yielding Hoards for the Labour Market through Inclusion, Federal Employment Agency (Berlin), 5 December 2011. Date of Access: 5 January 2012.

[http://www.arbeitsagentur.de/nr\\_426140/EN/zentraler-Content/Presse/Presse-11-075-EN-642918.html](http://www.arbeitsagentur.de/nr_426140/EN/zentraler-Content/Presse/Presse-11-075-EN-642918.html).

<sup>144</sup> Changes due to the Reform of Labour Market Policy Instruments, Federal Employment Agency (Berlin), 30 March 2012. Accessed 3 May 2012

[http://www.arbeitsagentur.de/nr\\_426140/EN/zentraler-Content/Presse/Presse-12-012-EN-677786.html](http://www.arbeitsagentur.de/nr_426140/EN/zentraler-Content/Presse/Presse-12-012-EN-677786.html).

<sup>145</sup> Rösler: Innovative Crafts Businesses are a Driving Force for the German Economy, Federal Ministry of Economics and Technology (Berlin), 14 March 2012. Accessed 3 May 2012

<http://www.bmwi.de/English/Navigation/Press/press-releases.did=483040.html>.

<sup>146</sup> EU Commission Strengthens Impact Assessment – Minister Rösler: “We Must Focus on the Impact of New EU Rules on the Competitiveness of Companies”, Federal Ministry of Economics and Technology (Berlin), 21 February 2012. Accessed 3 May 2012

<http://www.bmwi.de/English/Navigation/Press/press-releases.did=479578.html>.

<sup>147</sup> European Stability Mechanism to be launched, The Federal Government (Berlin), 13 March 2012. Accessed 5 May 2012.

<http://www.bundesregierung.de/Content/EN/Artikel/2012/03/2012-03-14-esm-gesetze.html>.

South.<sup>148</sup> Attention was also called to Italy's public debt, which continues to be upwards of 150 per cent of its GDP.<sup>149</sup>

Furthermore, the Euro-zone is currently suffering the worst spell of unemployment in two years, which is being aggravated by fears of fiscal austerity and the debt crisis worsening. During the latest quarter, Italy was among the worst hit members of the monetary union.<sup>150</sup> Its unemployment rate is currently at 8.5 per cent, 2.5 per cent higher than it was pre-2008 crisis. Most indicators show that the rate won't return to pre-2008 levels for some time.<sup>151</sup>

In September 2011, the European Bank of Reconstruction and Development released a report outlining the EUR116 million that Italy had funded for different projects across Eastern Europe and especially the Balkans. This was done, among other things, in an effort to stabilize the European "periphery" and ensure that the recession does not spread as deeply there as it has in the Euro-zone.<sup>152</sup>

On 11 November, 2011, Prime Minister Mario Monti passed a reform plan with measures that will catch tax evaders, equalize an unfair and out-dated welfare system, invest in education and training and focus on providing more opportunities for women and youth to join the workforce.<sup>153</sup> Taxes on first time purchase of homes were also re-instated, while lower taxes on labour and output should be balanced by the higher consumption that increased jobs will create.<sup>154</sup>

He further outlined that the use of cash will be reduced by decree of law in an effort to undercut the underground economy, which accounts for 20 per cent of GDP. Italian politicians will also no longer be able to hide their expenses and will be asked to answer for lavish spending and higher than average wages. The latter move has caused Mr Monti to lose support among parliamentarians.<sup>155</sup>

On 31 December 2011, tax officials engineered a raid on an exclusive resort where 40 of the vacationing super-rich were arrested for misrepresenting their funds. Italy loses an estimated EUR120 billion to tax evasion every year. During this fiscal year, a goal of recovering EUR13 billion has been set, with EUR11 billion already reached.<sup>156</sup>

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<sup>148</sup> Italy's Main Challenge Is To Boost Growth, IMF (London) 12 July 2011 Date of Access: 7 January 2012. <http://www.imf.org/external/pubs/ft/survey/so/2011/car071211b.htm>.

<sup>149</sup> Italy – Economy, CIA World Factbook (Washington) January 2012. Date of Access: 9 January 2012 <https://www.cia.gov/library/publications/the-world-factbook/geos/it.html>.

<sup>150</sup> Jobless Rate in Eurozone Increases Fear of Recession, Financial Times (Rome) 6 January 2012. Date of Access: 9 January 2012. <http://www.ft.com/intl/cms/s/0/decc3c3a-3854-11e1-9f07-00144feabdc0.html#axzz1itYFHfHz>.

<sup>151</sup> Employment Outlook 2011 - How does Italy compare?, OECD (London) 2011. Date of Access: 9 January 2012. <http://www.oecd.org/dataoecd/8/42/48683274.pdf>.

<sup>152</sup> Italy - Investing in Changing Economies. EBRD. (London) September 2011. Date Accessed: 9 January 2012. <http://www.ebrd.com/downloads/research/factsheets/italy.pdf>.

<sup>153</sup> New Italy PM wins Confidence Vote on Tough Reforms, Reuters (London) 17 November 2011. Date of Access: 9 January 2012. <http://www.reuters.com/article/2011/11/17/us-italy-idUSTRE7AA2GC20111117>.

<sup>154</sup> New Italy PM wins Confidence Vote on Tough Reforms, Reuters (London) 17 November 2011. Date of Access: 9 January 2012. <http://www.reuters.com/article/2011/11/17/us-italy-idUSTRE7AA2GC20111117>.

<sup>155</sup> New Italy PM wins Confidence Vote on Tough Reforms, Reuters (London) 17 November 2011. Date of Access: 9 January 2012. <http://www.reuters.com/article/2011/11/17/us-italy-idUSTRE7AA2GC20111117>.

<sup>156</sup> Monti Defends Tax Attack on Super Rich, Financial Times (London) 8 January 2012. Date Accessed: 9 January 2012. <http://www.ft.com/intl/cms/s/0/52808b9e-3a09-11e1-a8dc-00144feabdc0.html#axzz1itYFHfHz>.

In the international sphere, on 14 February 2012, the Italian Minister for Foreign Affairs Giulio Terzi, met in Rome with Deputy Prime Minister and Minister for Foreign Affairs of the Czech Republic Karel Schwarzenberg, where they discussed the prospects of the European economy. Mr. Terzi welcomed the reforms being implemented as necessary to stimulate growth and employment. Both ministers also agreed that policy “cohesion among Union Member States” is fundamental to “trigger long-term sustainable growth”. Mr. Terzi and Schwarzenberg also agreed to collaborate “in research and development and science and technology” to facilitate the creation of “new skilled jobs”.<sup>157</sup>

Moreover, during the 5+5 Dialogue Ministerial meeting in Rome, on 20 February 2012, which brought together 10 Mediterranean countries, Italy discussed the economic situation in Europe. The Italian Minister for Foreign Affairs Giulio Terzi met with his Greek counterpart Stavros Dimas. Amongst other topics, both ministers discussed economic relations and “the multi-year financial framework of the European Union”. Italy reaffirmed its “support and lasting solidarity with Athens within the context of the EU, marking the excellent status of bilateral relations.”<sup>158</sup>

Foreign Minister Giulio Terzi also met with the Algerian Foreign Minister, Mourad Medelci. A priority area for enhanced cooperation is the energy sector, and most notably renewable energy, given the deep interdependence binding the two countries. In more general terms, Minister Terzi expressed his firm determination to support investment opportunities in Algeria, which is Italy’s third global market for small and medium-sized enterprises in the major works sector. To this end, the two ministers spoke of organizing road shows in their two countries.<sup>159</sup>

Additionally, on 7 March 2012, Mr. Terzi met his Austrian counterpart, Michael Spindelegger. Amongst other issues, both ministers discussed the economic situation in Europe. Both agreed that “a common effort” is necessary “to establish a concrete growth and reform agenda”.<sup>160</sup>

Italy has also continued reforms to facilitate market access for new businesses. The World Bank has reported positive steps towards increasing the ease of doing business in Italy for several years in a row.<sup>161</sup>

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<sup>157</sup> Minister Terzi meets with his Czech colleague Schwarzenberg: EU economic prospects, bilateral collaboration, international themes, Ministry of Foreign Affairs (Rome) 14 February 2012. Date of Access: 5 May 2012.

[http://www.esteri.it/MAE/EN/Sala\\_Stampa/ArchivioNotizie/Comunicati/2012/02/20120214\\_incontro\\_TerziSchwarzenberg.htm?LANG=EN](http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Comunicati/2012/02/20120214_incontro_TerziSchwarzenberg.htm?LANG=EN)

<sup>158</sup> Minister Terzi meets with Greek foreign minister Stavros Dimas, Ministry of Foreign Affairs (Rome) 20 February 2012. Date of Access: 5 May 2012.

[http://www.esteri.it/MAE/EN/Sala\\_Stampa/ArchivioNotizie/Comunicati/2012/02/20120221\\_Dimas.htm?LANG=EN](http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Comunicati/2012/02/20120221_Dimas.htm?LANG=EN).

<sup>159</sup> Minister Terzi meets the Algerian Foreign Minister, Mourad Medelci, Ministry of Foreign Affairs (Rome) 20 February 2012. Date of Access: 5 May 2012.

[http://www.esteri.it/MAE/EN/Sala\\_Stampa/ArchivioNotizie/Comunicati/2012/02/20120220\\_algeria.htm?LANG=EN](http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Comunicati/2012/02/20120220_algeria.htm?LANG=EN)

<sup>160</sup> Meeting between Minister Terzi and his Austrian counterpart, Michael Spindelegger, Ministry of Foreign Affairs (Rome) 7 March 2012. Date of Access: 5 May 2012.

[http://www.esteri.it/MAE/EN/Sala\\_Stampa/ArchivioNotizie/Comunicati/2012/03/20120307\\_spind.htm?LANG=EN](http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Comunicati/2012/03/20120307_spind.htm?LANG=EN)

<sup>161</sup> Doing Business In Italy, World Bank (Washington) January 2012. Date Accessed: 9 January 2012. <http://www.doingbusiness.org/data/exploreeconomies/italy/>.

Despite Italy's engagement in comprehensive fiscal and macro-economic reforms, these are delaying to materialize. Recently, Moody's downgraded Italy's credit rating for the first time in two decades as a response to recent economic hardships and a dip in investor confidence.<sup>162</sup> Nevertheless, results from a study from the Centre of Economic and International studies show that soon reforms are likely to bring about sizable gains in output, consumption, employment and net foreign assets position and that most of these gains will derive from labor market reforms. The study also showed, the fiscal austerity plan is likely to severely mitigate the positive effects of the interventions, especially during the earlier phases of the reform process, thus explaining lagging recovery at the moment.<sup>163</sup>

Thus, despite difficulties, Italy has been awarded a score of +1 for implementing macroeconomic and social policies to curve unemployment rates domestically and at the international level.

*Analyst: Aleksander Dhefto*

### **Japan: +1**

Japan has fully complied with its commitment to enact social and economic policies to reduce unemployment, both domestically and abroad.

Japan's unemployment has declined in the last year. In 2009-2010, it was 5.1 per cent.<sup>164</sup> By November 2011, the unemployment rate dropped to 4.5 per cent.<sup>165</sup> However, it has not taken actions to encourage sound economic growth on an international basis.

On 25 June 2011, Japan released a report detailing the updated criteria for unemployment insurance to assist people who lost their jobs as a result of the Tohoku Earthquake of March 2011 disaster.<sup>166</sup> The government also subsidized companies that hired disaster victims. Economic revitalization is being pursued in order to facilitate the creation of stable jobs, with a focus on industries such as agriculture, forestry, fishery and manufacturing.<sup>167</sup>

In August 2010, the Employment Measures for the Dispatched and Fixed-term Workers Department was established to address the concerns of non-regular workers, who have lower wages and poorer working conditions than regular workers. A major problem facing the Japanese labour force is the dualism of working conditions that exists between regular and non-regular

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<sup>162</sup> Moody's downgrades Italy for first time in two decades, Telegraph (London) 11 Oct 2011 Date of Access: 1 May 2012 <http://www.telegraph.co.uk/finance/financialcrisis/8807450/Moodys-downgrades-Italy-for-first-time-in-two-decades.html>.

<sup>163</sup> Structural Reforms and the Potential Effects on the Italian Economy CEIS Working Paper No. 227. (Rome) 29 March 2012 Date Accessed: 1 May 2012 [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2030811](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2030811).

<sup>164</sup> Country Statistical Profile: Japan 2011-2012, Organisation for Economic Co-operation and Development. Date of Access: 2 January 2012. [http://www.oecd-ilibrary.org/economics/country-statistical-profile-japan\\_20752288-table-jpn](http://www.oecd-ilibrary.org/economics/country-statistical-profile-japan_20752288-table-jpn).

<sup>165</sup> Monthly Results: November 2011, Ministry of Internal Affairs and Communications Statistics Bureau (Tokyo) 28 December, 2011. Date of Access: 2 January 2012. <http://www.stat.go.jp/english/data/roudou/154.htm>.

<sup>166</sup> Towards Reconstruction, Hope Beyond the Disaster, Ministry of Foreign Affairs of Japan (Tokyo) 25 June 2011. Date of Access: 7 January 2012. <http://www.mofa.go.jp/announce/jfpu/2011/7/pdfs/0712.pdf>.

<sup>167</sup> Towards Reconstruction, Hope Beyond the Disaster, Ministry of Foreign Affairs of Japan (Tokyo) 25 June 2011. Date of Access: 7 January 2012. <http://www.mofa.go.jp/announce/jfpu/2011/7/pdfs/0712.pdf>.

workers, with non-regular workers now comprising more than 30 per cent of the work force.<sup>168</sup> Following the global financial crisis of 2008, termination of temporary employment contracts accounted for more than two-thirds of the fall in employment.<sup>169</sup> The Department undertakes to provide re-employment support, vocational training and livelihood support.<sup>170</sup>

Furthermore on 4 October 2011, the Japanese Government reaffirmed their commitment to support demographic groups that are more vulnerable to unemployment: youths, the elderly, and persons with disabilities. To aid these groups, Japan promotes volunteerism and has established legislation to prevent discrimination and allow for equal opportunities, such as the Basic Law for Persons with Disabilities and the Basic Law on Measures for the Aging Society.<sup>171</sup>

On May 2011, Japan permanently established the Emergency Human Resources Development Support Project.<sup>172,173</sup> Originally enacted as a temporary system on July 2009, it serves as a second safety net in addition to unemployment insurance, as it provides allowances for those in vocational training.<sup>174</sup>

Additionally, in Japan's 2012 budget, new growth strategy and human resource development are identified as two of the top four priority areas. Japan will reduce the pension benefit level by 0.9% in 2012 in order to establish a more sustainable pension system.<sup>175</sup> The new budget aims to cut wasteful spending and implement fiscal discipline. It assumes that Japan will have total revenues amounting to JPY90.3 trillion, of which JPY42.3 trillion will come from taxes and JPY44.2 trillion from bond issues.<sup>176</sup> Of this, Japan expects to allocate JPY26.4 trillion on social security spending. However, Japan is facing serious budget problems and its national debt is expected to reach 219.1% of GDP this year. As a result, the government proposes to increase consumption taxes in order to fund its continued spending.<sup>177</sup>

Internationally, Japan has implemented policy actions to encourage economic growth in the developing world. At the May 2011 Tokyo International Conference on African Development

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<sup>168</sup> G20 Country Policy Briefs: Japan, Organisation for Economic Co-operation and Development. 20 September 2011. Date of Access: 3 January 2012. <http://www.oecd.org/dataoecd/51/23/48724291.pdf>.

<sup>169</sup> G20 Country Policy Briefs: Japan, Organisation for Economic Co-operation and Development. 20 September 2011. Date of Access: 3 January 2012. <http://www.oecd.org/dataoecd/51/23/48724291.pdf>.

<sup>170</sup> Pamphlet about MHLW, Ministry of Health, Labour and Welfare of Japan 2011 (Tokyo) 8 September 2011. Date of Access: 3 January 2012. [http://www.mhlw.go.jp/english/org/pamphlet/dl/pamphlet-about\\_mhlw.pdf](http://www.mhlw.go.jp/english/org/pamphlet/dl/pamphlet-about_mhlw.pdf).

<sup>171</sup> Statement by Dr. Atsuko Heshiki, Alternative Representative of Japan on item 27, Social Development Third Committee, Ministry of Foreign Affairs of Japan (New York) 4 October 2011. Date of Access: 7 January 2012.

[http://www.mofa.go.jp/announce/speech/un2011/un\\_1004.html](http://www.mofa.go.jp/announce/speech/un2011/un_1004.html).

<sup>172</sup> Pamphlet about MHLW, Ministry of Health, Labour and Welfare of Japan 2011 (Tokyo) 8 September 2011. Date of Access: 3 January 2012. [http://www.mhlw.go.jp/english/org/pamphlet/dl/pamphlet-about\\_mhlw.pdf](http://www.mhlw.go.jp/english/org/pamphlet/dl/pamphlet-about_mhlw.pdf).

<sup>173</sup> G20 Country Policy Briefs: Japan, Organisation for Economic Co-operation and Development. 20 September 2011. Date of Access: 3 January 2012. <http://www.oecd.org/dataoecd/51/23/48724291.pdf>.

<sup>174</sup> Supporting the Unemployed, The Japan Times Online (Tokyo) 22 November 2011. Date of Access: 7 January 2012. <http://www.japantimes.co.jp/text/ed20111122a1.html>.

<sup>175</sup> Highlights for the Budget for FY2012, Ministry of Finance (Tokyo) 24 December 2011. Date of Access: 2 May 2012. <http://www.mof.go.jp/english/budget/budget/fy2012/e20111224a.pdf>.

<sup>176</sup> Rising the Consumption Tax: An Imperative Task, Nippon.com (Tokyo) 8 February 2012. Date of Access: 3 May 2012. <http://nippon.com/en/editor/f00005/>.

<sup>177</sup> Rising the Consumption Tax: An Imperative Task, Nippon.com (Tokyo) 8 February 2012. Date of Access: 3 May 2012. <http://nippon.com/en/editor/f00005/>.

(TICAD), Foreign Minister Matsumoto stated that Japan was steadily implementing the 2008 Yokohama Action Plan.<sup>178</sup> The plan aims to boost economic growth, ensure human security, and address climate change.<sup>179</sup> On 27 April 2012, Japan donated USD14 million to Burkina Faso for the construction of health centres under the Yokohama Plan recommending improvement in health services.<sup>180</sup>

Therefore, Japan is awarded a score of +1 because it has enacted social programs for the unemployed and has developed retraining and job creation initiatives. In the international realm, Japan has taken some steps, particularly through the Tokyo International Conference on African Development to promote economic growth in partnership with developing countries

*Analyst: Cindy Zhou*

### **Russia: +1**

Russia has fully complied with its commitment on reducing unemployment. Social and economic policies developed to combat unemployment have been implemented within the country and abroad.

On 13 July 2011, Russian President Dmitry Medvedev amended the Law on Employment in the Russian Federation. The amendments aim to improve employment opportunities for the parents of disabled children.<sup>181</sup>

On 29 August 2011, Russian Deputy Prime Minister Alexander Zhukov stated that more than RUB15 billion had been allocated to finance regional employment programs in all of Russia's regions. He also defined state labor policy priorities for 2012-2014, including creating jobs for disabled people and parents of large families, retraining people from single-industry towns, and stimulating employers to hire unemployed people in regions with tense labour markets.<sup>182</sup>

On 26 September 2011, Russian President Dmitry Medvedev charged the Russian Government with establishing employment centers for university graduates.<sup>183</sup>

On 8 November 2011, Russian President signed the Federal Law providing for the mandatory establishment of boards of trustees in universities.<sup>184</sup> One of the main objectives of these boards is

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<sup>178</sup> The Third TICAD Ministerial Follow-up Meeting: Japan announces its determination to implement its commitment to assist Africa, overcoming the Earthquake Disaster, Ministry of Foreign Affairs of Japan (Tokyo) 2 May 2011. Date of Access: 2 May 2012.

<http://www.mofa.go.jp/region/africa/ticad/min1105/overview.html>.

<sup>179</sup> TICAD IV: Yokohama Action Plan, Ministry of Foreign Affairs of Japan (Tokyo) 30 May 2008. Date of Access: 2 May 2012. <http://www.mofa.go.jp/region/africa/ticad/ticad4/doc/actoin.pdf>.

<sup>180</sup> Japon-Burkina Faso: 7 milliards de F CFA pour la construction de centres de santé, lefaso.net (Ouagadougou) 30 April 2012. Date of Access: 2 May 2012. <http://www.lefaso.net/spip.php?article47723>.

<sup>181</sup> Amendment to law on employment, Office of the President of Russia (Moscow) 13 July 2011. Date of Access: 16 February 2012. <http://eng.kremlin.ru/news/2566>.

<sup>182</sup> Deputy Prime Minister Alexander Zhukov speaks at an on-site meeting of the Conference on the Regional Labour Markets in the Northwestern Federal District, during his visit to Kaliningrad, Government of Russia (Moscow) 29 August 2011. Date of Access: 17 February 2012.

<http://government.ru/eng/docs/16327/>

<sup>183</sup> Instructions on students' welfare, Office of the President of Russia (Moscow) 26 September 2011. Date of Access: 16 February 2012. <http://eng.kremlin.ru/news/2860>

<sup>184</sup> The Law On Higher and Postgraduate Professional Education is amended, Office of the President of Russia (Moscow) 8 November 2011. Date of Access: 16 February 2012. <http://kremlin.ru/acts/13417>.

giving universities an opportunity to monitor labour market demands to ensure that their education programs provide graduates with relevant competencies.<sup>185</sup>

On 24 April 2012, Russian President stated an objective of creating more than 25 million new jobs, primarily in the non-raw materials sector and reducing unemployment to a level of 5% within the next few years as one of the priorities for the new Russian authorities.<sup>186</sup>

Russia has also taken measures to promote employment abroad.

On 9 July 2011, in his message to the President of South Sudan President Medvedev emphasized that Russian educational institutions are “ready to assist in training professionals for the national economy and social sphere” of African countries.<sup>187</sup>

On 12 September 2011, Russian Deputy Finance Minister Sergey Storchak stated that Russian priorities in assistance to the Deauville Partnership countries would be in developing education and training for a variety of jobs to help decrease unemployment in the region.<sup>188</sup>

On 7 November 2011, Russian Prime Minister Vladimir Putin declared that assistance should be provided to Afghanistan by the Shanghai Cooperation Organization in developing agriculture, restoring production and creating jobs.<sup>189</sup>

Russia has taken measures to reduce unemployment both within the country and abroad. Thus, it is awarded a score of +1.

*Analyst: Andrey Shelepov*

### **United Kingdom: 0**

The British government has partially complied with its commitment to ensure its macroeconomic policies promote sound economic growth through employment and social policies.

On 10 June 2011, the Employment Minister Chris Grayling announced the launch of the Work Programme. Grayling said that the programme “will tackle the endemic worklessness that has blighted so many of the country’s communities for decades.” The programme aims to focus on the needs of jobseekers by providing employers with financial support to hire the unemployed. The programme is valued at an estimated GBP3-5 billion over the course of the next seven years.<sup>190</sup>

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<sup>185</sup> Meeting of Commission for Modernisation and Technological Development of Russia’s Economy, Office of the President of Russia (Moscow) 26 September 2011. Date of Access: 16 February 2012. <http://eng.kremlin.ru/news/2857>.

<sup>186</sup> Expanded meeting of the State Council, Office of the President of Russia (Moscow) 24 April 2012. Date of Access: 28 April 2012. <http://eng.kremlin.ru/news/3697>

<sup>187</sup> Congratulations to President of South Sudan Salvatore Kiir Mayardit, Office of the President of Russia (Moscow) 9 July 2011. Date of Access: 16 February 2012. <http://eng.kremlin.ru/news/2545>.

<sup>188</sup> Statements of Deputy Finance Minister of the Russian Federation S. Storchak following the G8 summit in Marseille, Ministry of Finance of the Russian Federation 12 September 2011. Date of Access: 17 February 2012. <http://www1.minfin.ru/ru/press/speech/index.php?pg4=6&id4=13869>.

<sup>189</sup> Russian Prime Minister Vladimir Putin and SCO Secretary General Muratbek Imanaliyev speak with journalists following a meeting of the Council of the SCO member states’ heads of government, Government of Russia (Moscow) 7 November 2011. Date of Access: 17 February 2012. <http://government.ru/eng/docs/16988/>.

<sup>190</sup> Grayling launches a revolution in back to work support as the Work Programme rolls out nationwide, Department for Work and Pensions (London) 10 June 2011. Date of Access: 10 January 2012.

The Government of the UK has also enacted education and training initiatives to facilitate quick entry into the labour market. On 7 September 2011, Minister for Further Education, Skills and Lifelong Learning, John Hayes along with Minister for Employment, Chris Grayling, announced new measures to help jobseekers learn new skills while identifying their needs. The programme aims to provide jobseekers with more access to career advice by increasing the number of careers advisors in job centres across the United Kingdom. “We are building a system that will help people acquire the skills they need to get into work and get on with life,” said Hayes concerning the new initiative.<sup>191</sup>

Moreover, on 13 September 2011, the British government announced a new push to help job seekers with weak English language skills to find employment. The new initiative aims to help those with poor English skills by providing free, yet mandatory, language training classes. Those job seekers who struggle with English and also refuse the free language classes may have their unemployment benefits suspended. Those job seekers who accept the training will receive monthly pay until they transition into employment.<sup>192</sup>

Furthermore, on 12 October 2011, the British government launched a programme to create sector-based work academies across England. The new academies are to train job seekers during the next two years by providing training, work experience, and job interviews to 50,000 job seekers. The programme is specifically geared towards helping young people in the country find new employment. According to the British government, 125,000 young people will receive support over the early months of the programme with 250,000 people receiving support over the lifetime of the two-year programme.<sup>193</sup>

Additionally, on November 2011 the UK Government launched the “Youth Contract”, which “aims to lift all young people out of unemployment”.<sup>194</sup> The GBP1 billion initiative will run over the next three years offering over 500,000 new opportunities for young people, including “apprenticeships and work experience placements”. Part of the initiative involves providing wage subsidies to employers who provide jobs and training to young people. The incentives are open to all businesses, charities and voluntary organizations. Every employer will be paid GBP2, 275 for every 18 – 24 year old unemployed person they employ full-time from the Work Programme. Part-time positions ranging between 16-29 hours per week will receive GBP1, 137.50.

Similarly, on 25 November 2011, Minister Grayling and Deputy Prime Minister Nick Clegg announced a GBP1 billion programme to help unemployed youth find employment. The new programme will provide young people with half-a-million new opportunities to find employment through work experience placements and apprenticeships. The programme was initiated after

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<http://www.dwp.gov.uk/newsroom/press-releases/2011/jun-2011/dwp062-11.shtml>.

<sup>191</sup> New skills support to lift jobless out of unemployment, Department for Work and Pensions (London) 7 September 2011. Date of Access: 10 January 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2011/sep-2011/dwpbis104-11.shtml>.

<sup>192</sup> Jobseekers on benefits who need help to speak English will have to take up free language training, Department for Work and Pensions (London) 13 September 2011. Date of Access: 10 January 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2011/sep-2011/dwp107-11.shtml>.

<sup>193</sup> Grayling: thousands of new opportunities for jobseekers through sector-based work academies, Department for Work and Pensions (London) 12 October 2011. Date of Access: 10 January 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2011/oct-2011/dwp118-11.shtml>.

<sup>194</sup> Cash injection for business to boost youth jobs, Department of Work and Pensions (London) 13 February 2012. Date of Access: 3 May 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2012/feb-2012/dwp014-12.shtml>

extensive consultations with businesses to create a programme that would help young people find lasting employment. The key measures focus on providing employers with cash payments to increase the incentive to hire young people, the creation of an additional 250,000 work experience placements over the next three years and extra support for job centres among other things.<sup>195</sup>

On 4 April 2012 the British Government announced that an extra 20,00 incentive payments worth GBP1,500 each will be available; bringing the total of payments available to 40, 000.<sup>196</sup> According to, Deputy Prime Minister Nick Clegg, the Youth Contract “is a long-term boost to help business get young people into jobs before long-term damage is done”.<sup>197</sup>

On 3 January 2012, the British government announced a new outreach service to help England’s most troubled families find employment. Minister Grayling said that the service “will be a big part of the work we do to tackle the challenge of troubled families... and demonstrates clearly that there is a real commitment out there to deliver social change and to help people do much better with their lives.” The programme aims to help people refine their time management and analytical skills and to help tackle family issues. The programme is valued at GBP200 million.<sup>198</sup>

On 6 March 2012, the British Government launched a major initiative to provide employment support to individuals finishing their jail sentence. Employment Minister Chris Grayling declared that the program aims to tackle crime rates by preventing offenders from reoffending by providing job opportunities.<sup>199</sup>

The UK Government has also announced a series of reforms to the welfare system. On 7 March 2012, the UK Government announced changes to disability employment services, declaring that it “should be focused on disabled people themselves, rather than institutions”. The decision comes in response to the Sayce Review which was originally commissioned to investigate how the disability employment budget “could be used more effectively to support thousands more disabled people into work”. The Government also announced than an extra GBP15 million will be allocated for “Access to Work in this Spending Review period”. Along with other changes, this is intended to help an additional “8,000 disabled people to either enter work or retain their job”.<sup>200</sup>

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<sup>195</sup> £1billion package to tackle youth unemployment, Department for Work and Pensions (London) 25 November 2011. Date of Access: 10 January 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2011/nov-2011/dwp132-11.shtml>.

<sup>196</sup> £1 billion Youth Contract to tackle youth unemployment, DirectGov (London) 4 April 2012. Date of Access: 3 May 2012. [http://www.direct.gov.uk/en/N11/Newsroom/DG\\_200235](http://www.direct.gov.uk/en/N11/Newsroom/DG_200235)

<sup>197</sup> Cash injection for business to boost youth jobs, Department of Work and Pensions (London) 13 February 2012. Date of Access: 3 May 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2012/feb-2012/dwp014-12.shtml>

<sup>198</sup> £200 million payment by results scheme to help troubled families, Department for Work and Pensions (London) 3 January 2012. Date of Access: 10 January 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2012/jan-2012/dwp001-12.shtml>.

<sup>199</sup> Government launches employment support for prisoners, Department for Work and Pensions (London) 6 March 2012. Date of Access: 3 May 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2012/mar-2012/dwp021-12.shtml>

<sup>200</sup> Sayce Review response: Government to support thousands more disabled people into mainstream employment, Department for Work and Pensions (London) 7 March 2012. Date of Access: 3 May 2012. <http://www.dwp.gov.uk/newsroom/press-releases/2012/mar-2012/dwp022-12.shtml>

Similarly, on 15 March 2012, the UK Government declare that it is reassessing the claims of those receiving incapacity benefits, after finding out that one third of recipients are fit for work.<sup>201</sup> According to Employment Minister Chris Grayling, the reforms focus on people's "potential to work" and not their "limitations".<sup>202</sup>

Furthermore, lone parents receiving Income Support and with children aged five or older, if able to work will be moved from "Income Support to Jobseeker's Allowance where they will receive extra help to return to the workplace". Lone parents will be provided with greater access to training opportunities, childcare, and job applications help. The Universal Credit program aims to help lone parents gradually move into the labour market by being able to keep more of the money they earn. The Government announced an extra GBP300 million for childcare and for Universal Credit which will help "80,000 more families work the hours they choose". According to Work and Pensions Minister Maria Miller, "work is the best route out of poverty."<sup>203</sup>

On 18 April 2012, the UK Government announced that despite the ongoing economic challenges, "the labour market is showing some real signs of stabilization". According to the Office for National Statistics employment rose 53,000 to 29.172m (ILO measure). Simultaneously, unemployment fell by 35,000 on the quarter, to 2.65 million. Youth unemployment also declined in the last quarter, with the number of 16-to-24-year-olds who have left full-time education declining by 11,000, putting the total number to 719,000. The number of fulltime students looking for work is 315,000.<sup>204</sup>

Therefore, the United Kingdom has been awarded a score of 0 for enacting both social and employment policies to facilitate their citizenry's quick re-entry into the workforce. However, there is no evidence that British policies have taken concrete steps to promoted international economic growth.

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### **United States: +1**

The US has fully complied with its commitment to enact social and economic policies to address unemployment and re-entry in the labour force. At the same time, it has implemented initiatives to curve unemployment abroad.

On 12 September 2011, President Barack Obama presented the American Jobs Act of 2011 to Congress and stated its aim to "put more people back to work and put more money in the pockets of working Americans". This plan will provide tax cuts for small businesses and the middle class. The American Jobs Act will aim at reinstating teachers who were laid off by budget cuts and veterans returning from war zones in Iraq and Afghanistan. The plan proposes the extension of unemployment benefits and a reform of the system that prevents discrimination against the

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<sup>201</sup> Grayling: Statistics show our benefit reforms are justified, Department for Work and Pensions (London), 15 March 2012. Date of Access: 3 May 2012.

<http://www.dwp.gov.uk/newsroom/press-releases/2012/mar-2012/dwp026-12.shtml>

<sup>202</sup> Latest ESA assessment figures show majority fit to work, Department for Work and Pensions (London) 24 April 2012.

<http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp042-12.shtml>

<sup>203</sup> Support to help lone parents into work, Department for Work and Pensions (London) 23 March 2012. Date of Access: 3 May 2012.

<http://www.dwp.gov.uk/newsroom/press-releases/2012/mar-2012/dwp027-12.shtml>

<sup>204</sup> Grayling: Labour market showing more signs of stability but we still have challenges ahead, Department for Work and Pensions (London) 18 April 2012. Date of Access: 3 May 2012.

<http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp039-12.shtml>

unemployed by providing a new tax credit to employers who hire workers who have been unemployed for longer than 6 months. A new Pathways Back to Work Fund will be used to create employment opportunities for low income youth and adults by facilitating their entry into the workforce through various education and training programs.<sup>205</sup> The American Jobs Act of 2011 will cost USD447 billion and has not yet been approved by Congress.<sup>206</sup>

The United States Government has also enacted various initiatives to tackle unemployment abroad. On 7 June 2011, President Barack Obama spoke about the necessity of preventing a default in Greece. Obama addressed the far-reaching implications of a Greek default and asserted American cooperation in resolving the crisis through international financial institutions. The US Treasury Secretary, Timothy Geithner, said the International Monetary Fund, along with Europe, has sufficient funds to solve the current crisis.<sup>207</sup> On 9 December 2011, US officials said the Obama administration would not provide funds for a bailout in Europe.<sup>208</sup>

Moreover, on 7 December 2011, Canadian Prime Minister Stephen Harper and President Barack Obama agreed to facilitate entry for Canadian goods and people into the US to allow ease of movement of goods across the border.<sup>209</sup> This agreement will consist of a joint system which will reduce the number of inspections of goods and “reduce compliance costs and delays significantly”.<sup>210</sup>

Furthermore, on 14 December 2011, Deputy US Trade Representative Demetrios Marantis stated the Trans-Pacific Pact as a “platform for regional integration in the Asia-Pacific”. The US approved free trade agreements with South Korea, Colombia and Panama in an attempt to reduce unemployment and create economic growth in the US. The negotiations will also consider whether Japan will join the talks providing the opportunity for the US to address Japan’s trade barriers in the automobile, insurance and agricultural sectors.<sup>211</sup>

On 22 December 2011, the House Republican leaders agreed to an extension of the payroll tax cut. This deal will allow the employee’s share of the social security payroll tax to remain at 4.2 per cent of wages. The US government will also continue funding unemployment insurance

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<sup>205</sup> Address by President Barrack Obama at the Congress of the United States, the White House (Washington) 12 September 2011. Date of Access: 1 January 2012. <http://www.whitehouse.gov/the-press-office/2011/09/12/presidential-memorandum-american-jobs-act-2011>.

<sup>206</sup> Barack Obama’s \$447 billion American Jobs Act, The Telegraph (London) 9 September 2011. Date of Access: 1 January 2012. <http://www.telegraph.co.uk/news/worldnews/barackobama/8751383/Barack-Obamas-447-billion-American-Jobs-Act-stop-the-political-circus.html>.

<sup>207</sup> Obama Encourages Europe, Pledges U.S. Aid for Greece Crisis, The Huffington Post (United States) 07 June 2011. Date of Access: 04 January 2012. [http://www.huffingtonpost.com/2011/06/08/obama-encourages-europe-aid-greece\\_n\\_873003.html](http://www.huffingtonpost.com/2011/06/08/obama-encourages-europe-aid-greece_n_873003.html).

<sup>208</sup> U.S.: No plans to join IMF euro fund, The Washington Post (Washington) 09 December 2011. Date of Access: 04 January 2012. [http://www.washingtonpost.com/business/economy/us-no-plans-to-join-imf-euro-fund/2011/12/09/gIQAdBCliO\\_story.html](http://www.washingtonpost.com/business/economy/us-no-plans-to-join-imf-euro-fund/2011/12/09/gIQAdBCliO_story.html).

<sup>209</sup> Harper and Obama ink deal to ease travel, bolster border security, The Globe and Mail (Ottawa) 07 December 2011. Date of Access: 2 January 2012. <http://www.theglobeandmail.com/news/politics/harper-and-obama-ink-deal-to-ease-travel-bolster-border-security/article2263468/>.

<sup>210</sup> New border deal will change how Canada and U.S. trade goods, The Globe and Mail (Ottawa) 07 December 2011. Date of Access: 2 January 2012. <http://www.theglobeandmail.com/news/politics/new-border-deal-will-change-how-canada-and-us-trade-goods/article2262398/>.

<sup>211</sup> US sees Trans-Pacific pact as model for free trade, Associated Press (Taipei) 15 December 2011. Date of Access: 2 January 2012. [http://www.taiwannews.com.tw/etn/news\\_content.php?id=1787527](http://www.taiwannews.com.tw/etn/news_content.php?id=1787527).

benefits until February.<sup>212</sup> President Obama and Congressional Democrats state the payroll tax cut is necessary to improve the economy and aid the unemployed.<sup>213</sup> This plan is expected to create 600 000 to 1 million jobs.<sup>214</sup>

On 12 April 2012, Reta Jo Lewis, the Special Representative for Global Intergovernmental Affairs, discussed the relevance of American diplomacy in the promotion of American businesses abroad. She spoke of Secretary Clinton's creation of the first Global Business Conference at the Department of State in which private sector representatives from various countries worldwide met with senior U.S officials to engage in job creation efforts.<sup>215</sup>

Thus, the United States has been awarded a score of +1 for implementing macroeconomic policies and social-safety initiatives to reduce unemployment and create new jobs domestically and abroad.

*Analyst: Connie Hung Yan Lo*

### **European Union: +1**

The European Union has fully complied with its commitment to promote sound economic growth and reduce unemployment, through enacting macroeconomic and social policies.

On 20 December 2011, the European Commission President, José Manuel Barroso launched the Youth Opportunities Initiative to aid “young people who are not in employment, education or training.”<sup>216</sup> The Initiative stresses social methods for preemptively avoiding youth unemployment such as preventing early school leaving, developing skills that are relevant to the labour market, supporting on-the-job training and first-work experience programs, and improving young peoples' access to the labour market.<sup>217</sup> President Barroso and European Commissioner for Employment, Social Affairs and Inclusion László Andor stated that the program could be implemented quickly and efficiently “if there is a good coordination between the Commission and the Member States and with the social partners.”<sup>218</sup> He also emphasized that this program

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<sup>212</sup> House G.O.P. Leaders Agree to Extension of Payroll Tax Cut, New York Times (New York) 22 December 2011. Date of Access: 1 January 2012. <http://www.nytimes.com/2011/12/23/us/politics/senate-republican-leader-suggests-a-payroll-tax-deal.html?pagewanted=1&ref=unemployment>.

<sup>213</sup> Political Struggle in Congress Delayed, Not Resolved, New York Times (New York) 26 December 2011. Date of Access: 1 January 2012. <http://www.nytimes.com/2011/12/27/us/politics/congress-delays-political-struggle.html?ref=unemployment>.

<sup>214</sup> Jobless Rate Dips to Lowest Level in More than 2 Years, New York Times (New York) 2 December 2011. Date of Access: 1 January 2012. <http://www.nytimes.com/2011/12/03/business/economy/us-adds-120000-jobs-unemployment-drops-to-8-6.html?scp=8&sq=unemployment%20&st=cse>.

<sup>215</sup> Address by Special Representative for Global Intergovernmental Affairs Reta Jo Lewis, State International Development Organizations (Washington) 12 April 2012. Date of Access: 28 April 2012. <http://www.state.gov/s/srgia/2012/188005.htm>

<sup>216</sup> European Commission Communication regarding the Youth Opportunities Initiative, European Commission (Brussels) 20 December 2011. Date of Access: 3 January 2012. <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1143&furtherNews=yes>

<sup>217</sup> European Commission Communication regarding the Youth Opportunities Initiative, European Commission (Brussels) 20 December 2011. Date of Access: 3 January 2012. <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1143&furtherNews=yes>

<sup>218</sup> Address by President José Manuel Barroso on the Youth Opportunities Initiative, Europa (Brussels) 20 December 2011. Date of Access: 5 January 2012. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/934&format=HTML&aged=0&language=EN&guiLanguage=en>

would respond to a very urgent social need while also making a “positive contribution to growth.”<sup>219</sup>

Additionally, as of December 2011, EUR30 billion of the European Social Fund had not been dedicated to concrete programs, and was made available by the commission for social programs to tackle unemployment within the EU. This brings the total money from the European Social Fund allocated for education and employment measures to EUR109 billion.<sup>220</sup>

The EU has also enacted policies to create long-term growth and new jobs. On February 2011, at the EU Cohesion Forum in Brussels, OECD Secretary-General Angel Gurría remarked on the Europe 2020 strategy’s “ambitious objectives to make the EU a smart, sustainable and inclusive economy, echoing our OECD objectives of a stronger, cleaner, fairer global economy.”<sup>221</sup> Throughout 2011, the European Commission has maintained funding for the strategy’s seven flagship initiatives focused on innovation, efficiency and growth in the labour market.<sup>222</sup> In its 2012 Budget for Europe 2020 working paper, European cohesion in respect to employment initiatives throughout the EU was given priority attention, with EUR54 billion now committed to the Regional Competitiveness and Employment initiative.<sup>223</sup>

Moreover, the EU has enacted policies to facilitate cooperation between member states. On 7 June 2011, the European Commission published country-specific economic and employment policy recommendations for each of the 27 EU member states.<sup>224</sup> The reports are based on analysis of each state’s plans and financial situation, and include recommendations on how to become more competitive, improve access to labour markets, and streamline economic policy throughout the EU. President Barroso remarked that the economies of Europe “are now interdependent to a degree never before seen”<sup>225</sup>, and that these reports would target issues specific to each member state in order to create an effective, tailored policy to reduce unemployment and boost productivity across the EU.

In March 2012 the European Commission released its Five Point Strategy designed to ensure that the strength of the Eurozone prevails. These points hinge on removing uncertainty about further programmatic spending for Greece and other at-risk nations, establishment of a firewall against

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<sup>219</sup> Address by President José Manuel Barroso on the Youth Opportunities Initiative, Europa (Brussels) 20 December 2011. Date of Access: 5 January 2012.

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/934&format=HTML&aged=0&language=EN&guiLanguage=en>

<sup>220</sup> European Commission Communication regarding the Youth Opportunities Initiative, European Commission (Brussels) 20 December 2011. Date of Access: 3 January 2012.

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1143&furtherNews=yes>

<sup>221</sup> Address by Secretary-General Angel Gurría, OECD (Brussels) 1 February 2011. Date of Access: 3 January 2012.

[http://www.oecd.org/document/28/0,3746,en\\_21571361\\_44315115\\_47041180\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/28/0,3746,en_21571361_44315115_47041180_1_1_1_1,00.html)

<sup>222</sup> Europe 2020 Flagship Initiatives, European Commission (Brussels) 22 November 2011. Date of Access: 3 January 2011. [http://ec.europa.eu/europe2020/reaching-the-goals/flagship-initiatives/index\\_en.htm](http://ec.europa.eu/europe2020/reaching-the-goals/flagship-initiatives/index_en.htm)

<sup>223</sup> Working Paper, 2012 Budget for Europe 2020, European Commission (Brussels) 29 June 2011. Date of Access: 5 January 2012. [http://ec.europa.eu/budget/library/biblio/documents/fin\\_fwk1420/SEC-868\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fwk1420/SEC-868_en.pdf)

<sup>224</sup> Country Specific Economic Recommendations 2011, European Commission (Brussels) 7 June 2011. Date of Access: 3 January 2012.

[http://ec.europa.eu/europe2020/tools/monitoring/recommendations\\_2011/index\\_en.htm](http://ec.europa.eu/europe2020/tools/monitoring/recommendations_2011/index_en.htm)

<sup>225</sup> Address by President José Manuel Barroso on Country Specific Economic Recommendations, Europa (Brussels) 7 June 2011. Date of Access: 3 January 2012.

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/416&format=HTML&aged=0&language=EN&guiLanguage=en>

contagion in European sovereign debt markets, insurance of sufficient capital for EU banks, reformation of the framework for economic oversight of the Eurozone, and the implementation of policies to boost growth and address imbalances.<sup>226</sup> Thus far progress has been made on all five fronts in a non-uniform fashion, to an extent that the possibility of the Eurozone failing is still quite high.

Thus, the EU has been awarded a score of +1 for its intergovernmental and tailored approach to macroeconomic policy, and its focus on both social and economic mechanisms to reduce unemployment.

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<sup>226</sup> Five-point plan for Eurozone Restoration, European Commission (Brussels) and OECD (Brussels) March 2012. Date of Access: 26 April 2012  
[http://ec.europa.eu/dgs/economy\\_finance/buti/policyinsight61\\_en.pdf](http://ec.europa.eu/dgs/economy_finance/buti/policyinsight61_en.pdf)