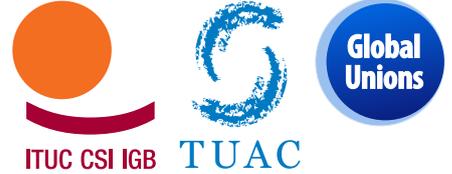


In collaboration with



# GETTING QUALITY JOB CREATION BACK ON TRACK

## L20 TRADE UNION STATEMENT TO THE G20 LABOUR AND EMPLOYMENT MINISTERS' MEETING

BEIJING, 11-13 JULY 2016

### Introduction and Summary

The L20 calls on G20 members to halt the slide in the global economy through expansionary demand-side policies supported by a refocused structural policy agenda rebuilding stronger labour market institutions to create quality jobs and reduce income inequality. G20 growth actions plans must address the issues of youth un- and underemployment, gender inequality, digital transformation, just transition towards green jobs and the integration of refugees.

**1** The G20 Finance Ministers and Central Bank Governors committed to raise G20 GDP "by more than 2% above the trajectory implied by current policies over the coming five years" – an extra 0.5% growth per annum – at their meeting in Sydney in February 2014. This was endorsed by G20 Leaders in Brisbane in November and again in Antalya in November 2015. This goal is way off track. 2016 is proving to be the most dangerous year economically since 2009. The latest OECD forecasts show that global GDP growth has stalled.

**2** Workers in the G20 and beyond cannot afford the low growth trap our economies find themselves in, let alone a renewed rise in unemployment. For some economies, economic recovery has barely started. Meanwhile, the ILO projects global unemployment to rise in both 2016 and 2017, with participation rates in some economies still below pre-crisis levels. The longer unemployment and underemployment remain elevated or continue to rise, the greater the risk that it becomes "structural" due to scarring effects.

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**3** The current policy stance of relying upon monetary policy alone to keep the global economy afloat is not working. Fiscal austerity and the weakening of collective bargaining institutions through structural “reforms” has suppressed wages and living standards. The policy mix of loose money but contractionary fiscal and wage policy has contributed to the risk of deflation. Weak wage dynamics are also heavily complicating the task of central banks in re-anchoring inflation expectations, as expressed by several central bankers themselves.

**4** Creating quality jobs must become the central priority of the G20 with concrete policy commitments and a coordinated follow-up. Structural reform policies that depress demand in the short term must be halted and superseded by a new agenda aiming at stronger and well-designed labour market institutions including trade unions and collective bargaining and the introduction of minimum living wages. The Labour and Employment Ministers must send a strong message to the G20 Leaders Summit so as to achieve tangible policy results.

## Action for Comprehensive Growth and Quality Jobs

**5** The L20 is calling for fast-acting and comprehensive measures to boost aggregate demand and reduce inequality. To prevent a relapse into a new crisis, a collective and coordinated demand stimulus focussing on fiscal policy in G20 economies is urgently needed. In taking action, governments should:

- Support global demand through an expansionary strategy on fiscal policy: The OECD, in its June 2016 Economic Outlook has shown that an increase in public investment will boost demand, strengthen short-term growth, support future growth and improve the sustainability of public finances.
- Refocus fiscal and monetary policies as liquidity created by central banks should not be left to the markets but adequately managed. Instead of sliding into new forms of speculation and asset bubbles, liquidity should be channelled directly into increased public investment in sustainable, climate-sound infrastructure, networks, innovation, job creation and skills provision, creating a productive asset that matches the government’s liabilities. Refrain from competitive devaluations by setting up a mutual coordination mechanism managing their exchange rates.
- Support stronger labour market institutions (including collective bargaining, wage setting mechanisms, labour legislation) in securing higher wage growth as a way to boost demand and jobs, avoid zero inflation or deflation from becoming entrenched through very weak wage agreements. As agreed by the G20 under the Turkish presidency, and against the background of three decades of wages lagging behind productivity in an overwhelming majority of economies, use collective bargaining and minimum living wages as a tool to address rising inequalities and the falling labour income share.
- Such a policy package would have the support of working people and would require close consultation of government with the social partners.

## A new Structural Policy Agenda

**6** G20 Labour Ministers must shift to a different model of structural policy – one that whilst strengthening growth and productivity, also raises the share of labour income in GDP – and provide a comprehensive strategy to tackle inequality with *inclusive* growth by adopting measures to:

- Address growing in-work poverty through the establishment of robust, well-set minimum wages that ensure living wages: Practical experience, as seen recently by the introduction of a minimum wage in Germany shows that the standard argument of minimum wages being a “job killer” is unfounded. What minimum wages do is not to destroy overall jobs but to raise the income of the workers at the bottom.

- Strengthen the collective bargaining and collective bargaining coverage and rights as a central policy objective; the positive role that trade unions and collective bargaining play, needs to be recognised and reinforced. Trade unions do not only support wages at the lower end of the pay scale, they also play a key role in keeping the income share of the top 10% under control and act as a force in favour of more equitable tax systems and welfare states. Robust collective bargaining promotes the spread of productivity throughout the wider economy. Coordinated collective bargaining systems can play a key role in helping to support wages in the face of low and falling inflation, preventing deflation becoming entrenched.
- Live up to past commitments to uphold and support respect of fundamental rights at work.
- Address the rising incidence of non standard work as this implies poorer pay, lower access to training, job insecurity and lower social protection. Do so, not by downgrading the pay and protection offered by regular work contracts but by closing the backdoors that allow abuse of non standard working arrangements in the form of, for example, chains of fixed term work contracts, unequal pay or non entitlement to social security coverage.
- Accompany the process of “change” and restructuring, including those related to the need to transition to a low carbon economy, by combining job with employment protection. Decent dismissal notification periods that offer extensive re-employment support before workers fall in the “black hole” of unemployment tend to result in the highest re-employment rates within one year.
- Take steps towards the rapid implementation of a global social protection floor as agreed to at past G20 meetings and support the ratification of the ILO Instruments on social security; Such a global social protection floor should ensure the provision of universal health, elderly care and of basic public services and strengthen the portability of pensions to improve the situation of workers who migrate or have periods of international mobility.
- Reestablish social protection systems on the basis of solidarity. In light of rising inequality and lack of decent employment opportunities, social security systems need to assure an adequate income to those outside the labour market, families with children and elder citizens, as well as to vulnerable groups such as young mothers, sick and disabled people.
- Increase investments in and ensure the access of all to quality public education and training systems.
- Undertake corporate governance reforms to ensure that key executive and board remuneration does not lead to excessive pay disparity or to excessive management risk taking behaviour; as one step, require big business to publish the ratio between the average CEO pay, the median wage and the 10% lowest wage earners in the company.
- Restore progressivity in the tax system and curb international tax evasion and avoidance through effective implementation of the OECD standard for automatic exchange of information and the Action Plan on Base Erosion and Profit Shifting;
- Ensure that economic performance is judged by wider criteria than GDP per head by taking into account the distribution of income and the levels and quality of employment.

## Jobs for Youth, Quality Apprenticeships and Life-Long Learning

**7** 73.3 million young people were unemployed globally in 2014 – a slight drop from the previous year but only 3.3 million less than at the crisis peak in 2009. No substantive fall is projected for 2016 and further increases are expected in several countries. This is a major decent work deficit: 43 per cent of the global youth labour force is unemployed or “working yet living in poverty” according to the ILO. The Leaders in Antalya endorsed a new G20 Skills Strategy and the “15 by 25 target” aiming to reduce the share of low-skilled youth, young people not in employment, education or training (NEETs) and those

working in informal jobs. Both need to be followed-up by comprehensive implementation measures. The rate of NEETs in OECD countries alone climbed from 12.6% in 2007 to 14.3% in 2014, which equals 1 in 6 young people. The numbers are highest for the 25-29 year olds with 20.5% (on OECD average) and 17.9 % for the 20-24 year olds – displaying the urgency for targeted labour market programmes.

**8** Establishing policy links between education, training and labour market needs is essential through quality training systems for all age groups. The L20 has continued to work with the B20 to implement our joint statement on quality apprenticeships from 2013. The ITUC-TUAC on behalf of the L20 and the IOE and BIAC representing the international organisations in the B20 conducted surveys on apprenticeships at the national level and concluded that governments need to fully integrate social partners into the design, implementation and governance of apprenticeship systems. We have written to and are working with our respective national affiliates in G20 countries so as: *“to drive forward the lessons provided by quality apprenticeships through joint cooperation and partnerships at the national level as well as through the promotion at the industry and company level”*. The L20 now supports the adoption of a G20 Tripartite Declaration on Quality Apprenticeships.

**9** Building on the G20 Skills Strategy call to invest in skills to *“support development and inclusive growth, and help to reduce inequality and poverty in the context of lifting G20 GDP”*, Labour and Employment Ministers should:

- Revise the national Employment Plans based on the 15 by 25 target, and specifically ensure higher participation and completion rates in education and training for youth from disadvantaged socio-economic backgrounds.
- Convene their social partner organisations at the national level to assess the implementation of quality apprenticeships programmes.
- Expand the provision of active labour market policies and, where possible, target these specifically to young workers in the informal sector and other vulnerable groups.
- Promote a variety of educational pathways by increasing quality training opportunities for life-long learning and promote social dialogue and collective bargaining at the enterprise, sector and national levels to create incentives for investment in skills and knowledge.
- Encourage employers to expand on-the-job training as called for in the G20 Skills Strategy and allow for paid educational leave.
- Facilitate access to tertiary education and strengthen Vocational Education and Training systems to enable up-and reskilling.
- Work with other Ministers to develop joint programmes to invest in infrastructure, education, training and innovation.
- Build on existing Youth Employment Initiatives and Youth Guarantees so as to develop a G20 Youth Jobs Pact to ensure young people receive quality employment or a training place once they have completed their formal education.

## Raising Women’s Employment and Wages

**10** The G20 goal to reduce the gap in labour force participation rates between men and women by 25 per cent by 2025 as part of the multi-year agenda of the G20 Employment Working Group is welcome. However, this must be embedded in strategies that create decent work and inclusive labour markets. Investment in the care economy has the potential not only to recognise the real value of care work, currently often provided through un- or not sufficiently paid labour that is invisible in statistics, it also has the potential to break down gender stereotypes and occupational segregation and impact positively on the gender pay gap, by challenging traditionally assigned gender roles and enable women to obtain leadership positions across all sectors. The gender pay gap in G20 countries is substantial: men earn 15.3% more on OECD average. Several G20 members surpass this threshold with a 36.6% wage gap in Korea, 26.6% in Japan, 20.1%

in Turkey, 19.2% in Canada, 18% in Australia, 17.2% in the US, 17.5% in the UK, and 15.3% in Mexico. Also, when looking at labour force participation rates by educational attainment, in most industrialised countries, the number of men that have completed tertiary or upper secondary education exceeds that of women by over 10% each. Recent data for developing countries shows that 76 per cent of 'inactive youth' are female as they encounter longer school-to-work transitions. The share of young female NEETs is at 30%, double that of young men.

**11** As part of their Employment Plans, Ministers should:

- Develop economic strategies for the “care economy”, which recognise that access to care services and public services for families is a pre-condition for both women’s and men’s participation in the labour market; Investment in the care economy also drives jobs.
- Reduce the gender pay gap, including by supporting collective bargaining and, in their role as public sector employers, by strengthening the rights of part-time workers, and reducing occupational segmentation.
- Assess the gender dimension in precarious and informal work.
- Eliminate gender disparities in educational attainment and access to training and higher education as called for in the Sustainable Development Goal 4.

## Smart Innovation and Decent Work in the Digital economy

**12** In light of “digitisation” of jobs across economic sectors, choices in terms of work organisation and technology must be evaluated – specifically, when it comes to new forms of non-standard jobs in the platform economy and ICT-based mobile work. As of now, the trend towards subcontracting, outsourcing, and classifying workers as ‘independent contractors’ in the digital economy needs to be addressed by regulatory frameworks ensuring decent working conditions, fair wages, social protection and the right to bargain collectively. Digital innovation also increases the risk of job displacements due to the spread of Internet of Things and digital manufacturing. However, the effects of digital disruption on jobs can be mitigated and effectively managed within an innovation cycle, and lead to positive employment effects through active labour market policies, quality on-the-job training and just transition strategies for workers in declining sectors. In this respect, digital skills investments and programmes become pertinent for all age groups in order to equip them with general and specialist ICT knowledge through establishing the right to well-designed and resourced education programmes and opportunities for up- and re-skilling throughout one’s working life.

**13** In line with this year’s G20 Presidency’s objective to promote decent jobs and improve working conditions, the L20 is calling on Ministers to develop an Action Plan for Decent Work in the Digital Economy where governments:

- Encourage the creation of new, high-quality products and services and, in doing so, ensure that productivity gains are distributed equitably, while costs and investment risks are not shifted onto workers or consumers through regulatory frameworks, including on taxation and competition.
- Introduce job quality frameworks that support workers’ protection, data privacy, an appropriate work-life balance and respect for international labour standards and legislation, including the right to collective bargaining.
- Ensure decent wages and strengthen labour market institutions so as to provide social safety nets in emerging sectors and prevent the expansion of non-standard employment through effective regulation.
- Facilitate education and training programmes (including tertiary VET and quality on-the-job training) for all age groups to enhance digital literacy and ICT specific skills.
- Develop a coherent set of policies to bridge digital divides in developing countries, and within the G20 in remote and rural areas, as well as for vulnerable groups.

- Involve trade unions in the development of broader national innovation and “Future of Work” strategies.

## **Translate the Climate Paris Agreement into Investments and Jobs on the ground**

**14** In December 2015, governments agreed on a new universal framework for climate action and committed to secure our societies a safe emissions pathway which could preserve the lives, livelihoods and jobs of the millions in the frontlines of climate impacts. The commitment to stay below 2°C and even aim at not surpassing 1.5°C average temperature increases must now be followed with coherent decisions at the national level which will, on the one side, unleash the massive job creation potential of a green economy, while at the same time securing a Just Transition for workers in sectors which will face change.

**15** This commitment to a Just Transition is also part of the Paris Agreement, and has been translated into concrete policies in a consensus document by governments, employers and trade unions under the ILO’s Guidelines for a Just Transition. In line with this context, the L20 is calling on Ministers to:

- Actively promote the implementation of the ILO Guidelines for a Just Transition in their national contexts, in permanent dialogue with social partners.
- Ensure job creation strategies integrate the need to deliver on the commitments of the Paris Climate Agreement.

## **Collective Integration Measures for Refugees and Migrants**

**16** Managing the highest number of refugees in modern history is both a challenge and an opportunity. Migrants contribute skills and incomes of host nations but are faced with humanitarian and protection issues. Action must be taken to avoid their exploitation in the labour market and beyond. This calls for determined action from G20 governments to support their integration and “right to work” in coordination with each other – especially on the question of resettlement and the need for a rapid process of obtaining an asylum/ refugee status. The funding for refugee basic needs and for social protection programmes and services should be raised to meet the challenge. Furthermore, fast qualification recognition and training provision are of utmost importance. Many skilled workers are among the refugees fleeing Syria and other conflict regions, but lack proof of qualifications. Social dialogue is key to mediate between new arrivals and the established workforce, as well as in determining broader questions of labour market integration such as identifying and matching skills, setting wages, ensuring workers’ protection and establishing education and training programmes.

**17** In light of this, the L20 calls on Ministers to:

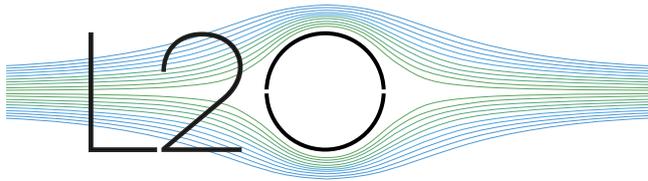
- Ensure that those countries that have not yet ratified and applied the UN Convention on the Rights of Migrant Workers and their families (18 December 1990) do so immediately.
- Take coordinated action to support the integration of migrants and refugees in receiving countries including their right to work.
- Take action on trafficking, slavery and forced labour (including ratifying the ILO forced labour protocol).
- Provide durable resettlement programs and recognize the contribution migrants make to economic development.
- Introduce whole-of-government plans and scale up funding to integrate migrants into the formal economy with associated labour, social, political and cultural rights, and provide them with social protection and services after their asylum or migrant status has been rapidly determined.

- Facilitate qualification recognition, provide counselling and information sharing, and language training.
- Ensure access to mainstream school classes and give teachers the training and resources needed to cope with the situation.
- Introduce targeted training programmes for unaccompanied minors and young adults in need of financial, housing and psychological support.
- Recognise that of over 80 million people displaced, only 20% are in developed economies and therefore, ensure support for poorer host countries.
- Developed countries should take in an adequate number of refugees to share the burden, in coordination with other countries.

## **Follow Up on Commitments and Strengthen Social Dialogue**

**18** The G20 Employment and Labour Ministers meeting takes place at a critical time, when the credibility of the G20 to deliver on past commitments is at stake. Only 18% of respondents to the L20 Tracking 2015 thought their country will completely or very likely achieve the goal of an additional 2.1% growth by 2018. 74% of the respondents said that further commitments need to be made to achieve the target and improve living conditions. To ensure effective implementation and consistency between different action plans, the Ministers should:

- Ensure that the Growth strategies do not just repeat existing policies but include new, specific commitments, and are implemented in coherence with the Employment Plans.
- Set up data bases, progress reporting and forecasting tools to identify future needs on investment, employment and skills.
- “Institutionalize policy coherence” by planning a Joint Labour and Finance Ministers Meeting for early 2017.
- Increase the cooperation between the Employment Working Group and the Finance Track to establish coordinated policy packages.
- Organize social partners’ consultations at the G20 Leaders’ meetings as has been good practice in several past G20 Summits.



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### Global Unions

[www.global-unions.org](http://www.global-unions.org)



### BWI

[www.bwint.org](http://www.bwint.org)



### EI

[www.ei-ie.org](http://www.ei-ie.org)



### IAEA

[www.iaea-globalunion.org](http://www.iaea-globalunion.org)



### IFJ

[www.ifj.org](http://www.ifj.org)



### IndustriALL

[www.industrialall-union.org](http://www.industrialall-union.org)



### ITF

[www.itf.org.uk](http://www.itf.org.uk)



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