

## SDG 8

### What policies are needed to achieve Goal 8? The trade union recipe for SDG implementation

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#### **Implement international labour standards, including freedom of association, collective bargaining and social dialogue as a means of implementation of the 2030 Agenda**

Promoting the Decent Work Agenda (DWA) remains the main objective of the trade union input into the 2030 Agenda. Based on rights and democratic ownership, the DWA is the foundation for sustainable development, as opposed to palliative interventions.

Human and labour rights, freedom of association and collective bargaining and social dialogue are not only essential ingredients for sustainable economic growth but are the pillars of democracy-building. Building and fortifying democratic processes is in turn the cornerstone of just development.

Evidence shows that social dialogue can foster socio-economic progress and be a governance instrument for sustainable development,<sup>1</sup> representing a key means of implementation of the SDGs. Bringing together workers' and employers' representatives, when making decisions that impact on social, economic and environmental conditions reinforces institutional stability. However, this requires an enabling environment underpinned by respect for labour rights and the full recognition of the role of trade unions.

#### **Implement comprehensive employment policy frameworks, including support to labour market institutions**

The weakening of labour market institutions is one key cause of increasing inequality. The 'structural adjustment' paradigm that has governed development since the 1980s has had the undesirable effect of reducing the ability of labour market institutions to moderate market inequality. To implement and achieve SDG 8 on sustainable growth and decent work, comprehensive national employment policy frameworks, built upon the principle of policy coherence for development, are needed. Governments need to design and implement pro-employment macroeconomic strategies supported by progressive trade, industrial, tax and infrastructure policies, including investments in education and skills development, youth employment, equality and the care economy.

Particular attention should be devoted to labour inspection (ILO conventions on labour inspection C81 and C129).

Such policy frameworks should be developed through tripartite consultations, including governments and social partners, the pillars to ensure strong and functioning labour market policies and institutions.

#### **Apply minimum living wages with the full involvement of social partners**

Working poverty remains a major challenge across the globe. Considering that the working poor account for more than 700 million people, meeting

<sup>1</sup> ITUC (2017).

SDGs by 2030 will be impossible if this issue is left unaddressed. Implementing and enforcing a statutory minimum wage guaranteeing an income that allows people to live with dignity and is essential to reducing poverty.

The decline in the wage share in many countries has contributed to deficiencies in aggregate demand, which has been detrimental for growth and employment at the national level as well for the global economy.

Opponents of a minimum living wage often argue that vulnerable workers will not benefit because their jobs will be abolished when labour costs increase. However, the ILO has pointed out that employment effects of minimum wages increases are not straightforward. Frequent findings indicate that employment effects are close to zero and too small to be observable in statistics.<sup>2</sup> In its 2016 Employment Outlook, the OECD further highlights the increased skill use, higher productivity and lower in-work poverty effects that result from higher minimum wages.

Minimum wages should take into account the cost of living, should be evidence-based and regularly reviewed and adjusted (e.g., to take into account inflation). Collective bargaining rights must be ensured in order to achieve fair wages above the minimum wage level.

### **Ensure adequate, universally accessible social protection in line with ILO Convention 102 and Recommendation 202, taking measures to create fiscal space for social services**

The International Labour Organisation (ILO) estimates that only 29 percent of the world's population enjoy a comprehensive level of social protection.<sup>3</sup> The low global coverage of social protection occurs despite the legal and operational basis for governments to ensure an adequate level of social protection

for all (ILO Convention 102 and the more recent Recommendation 202).<sup>4</sup>

Governments and international institutions often put forward the unaffordability of universal social protection schemes as a reason for reduced access to social protection. However, ILO estimates suggest that the provision of basic social security benefits would cost less than 2 percent of GDP, and a basic set of benefits for all of those who have no access to social security would cost less than 6 percent of GDP.<sup>5</sup> The potential of social protection for supporting employment, creating jobs, fostering skills development, and contributing to overall economic growth must be taken into consideration when assessing its budgetary implications.<sup>6</sup> Focusing on the up-front costs of social protection alone ignores the potential for social spending to serve as positive social 'investments' that can support greater resilience. Workers and trade unions should also play a fundamental role in designing, implementing, managing, and monitoring social protection schemes. Collective bargaining and social dialogue are prerequisites in this respect.

Furthermore, governments are responsible for providing adequate fiscal space to support social policies and must fight to eliminate tax havens, especially in times of crisis. This can be done in a variety of ways, for instance by more redistributive tax systems, by tackling illicit financial flows, tax avoidance and evasion, by re-allocating public expenditure, and by supporting formal employment in order to increase tax and social security contributions.<sup>7</sup>

2 ILO (2016).

3 Cf. ILO (2017), p. xxix.

4 The four pillars of the social protection floor are: 1) health care including maternity care; 2) basic income for children, providing access to nutrition, education and care; 3) basic income in case of sickness, unemployment, maternity and disability; 4) basic income for older persons.

5 ITUC (2014).

6 See, e.g., European Commission (2013).

7 Ortiz et al. (2017).

### Taming corporate power: ensure business accountability, transparency and 'due diligence' in global supply chains

The current economic model is based on 'corporate greed', which implies denial of workers fundamental rights and freedoms. This must be changed. The integration of national economies into global markets and the expansion of global supply chains have intensified competition and caused leading firms to cut labour costs through restructuring, outsourcing and off-shoring. This, in turn, has increased downward pressure on wages and working conditions. In a number of countries, these changes were accompanied by the deregulation of labour markets and a rollback in policy support for protective labour market institutions and collective bargaining. These policies, together with the increased mobility of capital, have tipped bargaining power away from workers and their representatives. The model of global supply chains is based on low wages, insecure and often unsafe work.

Governments have to ensure 'due diligence' in supply chains with effective grievance procedures to ensure remedy for human and labour rights violations, as prescribed by the UN Guiding Principles on Business and Human Rights and the ILO Tripartite declaration of principles concerning multinational enterprises and social policy. Corporations must respect freedom of association, pay living wages and respect collective bargaining rights.

A recent IMF report confirms that "the decline in unionization is strongly associated with the rise of income shares at the top", adding that this "explains about half of the 5 percentage point rise in the top 10 percent income share. Similarly, about half of the increase in the Gini of net income is driven by de-unionization."<sup>8</sup>

Moreover, when it comes to private development finance, job creation is consistently put forward as a major development contribution of private sector involvement. However, it is very challenging to find

evidence to support this assumption,<sup>9</sup> let alone the creation of 'decent jobs'. For this contribution to be realized, donor governments need to endorse specific criteria for engagement with private sector actors. These criteria need to be based on respect for and implementation of due diligence and international labour standards by the private sector, as well as on the impact assessment on social-economic-environmental development at country level of any operation. In that respect, innovative financial instruments such as 'resource blending' and public-private partnerships (PPPs) are very often seen as favouring privatization processes, hampering wider access to public services and revamping tied aid.

### Implement a 'Just Transition' to achieve a low carbon economy and to create green jobs

The need to switch to environmentally friendly production methods requires a profound transformation in the way economies and industries operate. Changes must start at the level of labour.

'Just Transition' is premised on an inclusive approach that brings together workers, communities, employers and governments in social dialogue to drive the concrete plans, policies and investments needed for a fast and fair transformation towards a low carbon economy. It adopts a rights-based approach to build social protection systems, provide skills training, redeployment, labour market policies and community development. Governments must strengthen their capacity to deliver Just Transition measures.

Finally, the incipient challenge of digitization and the impact of new technologies pose primary issues<sup>10</sup> - especially for developing countries - from many points of view, ranging from the emergence of new types of jobs with their own organizational forms, as well as to the demand for new skills on the labour market.

<sup>9</sup> See [https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1\\_en.pdf#page=78](https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1_en.pdf#page=78)

<sup>10</sup> TUAC (2017).

<sup>8</sup> Jaumotte/Osorio Buitron (2015).

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