

## SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

### Decent work for all by 2030: taking on the private sector

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SDG 8 on sustainable and inclusive growth, full and productive employment and decent work for all and its respective targets are incredibly ambitious. Late into the negotiations of the Open Working Group, this goal and its targets were still two separate focus areas: economic growth and employment. The desire to limit the number of goals resulted in the two areas being merged into a single SDG with ten targets and two additional targets related to means of implementation. Despite this merge, the international labour movement can feel pleased that the priorities for the world of work are enshrined in the 2030 Agenda for Sustainable Development.

The major challenge under SDG 8 will be realizing the Decent Work agenda in all its dimensions (job creation, social protection, social dialogue and workers' rights, including those of migrant workers), in a manner that is consistent with environmental, social and even economic imperatives.

Within this overarching challenge there are many multi-faceted and multi-dimensional challenges. Governments and businesses will have to adapt their approach to employment creation and employment policies if they are to tackle these issues and meet this goal and its targets.

The current global employment outlook, in both the short and medium term, is cause for concern and action. The ILO estimates that unemployment will continue to increase over the next five years, while inequalities will continue to become more deeply

entrenched, particularly for young people.<sup>1</sup> This is true for developing and developed countries alike. The cause for this dreary employment outlook is in large part due to slowed economic growth globally, exacerbated by a shortfall in aggregate demand, which is directly linked to stagnant (or declining) worker wages. Labour's share of national income has been on a steady decline for decades and even conservative corners of the economic spectrum have concluded that high and rising income inequality has a significant social and economic cost.<sup>2</sup>

For the international labour movement these trends are a natural corollary of the deliberate and systematic efforts to erode labour market institutions and the building blocks of a socially just society. Minimum wage rates, collective bargaining, labour rights, employment protections and trade unions have all been targeted in virtually all countries over the past number of years. The dominant model that has produced these attacks, a combination of an over-reliance on exports and consumer borrowing for economic growth with the "financialization" of the global economy, has proven to be unsustainable, leading to global economic stagnation. In order to achieve a meaningful economic recovery, countries need to increase domestic demand based on rising wages and a more equal distribution of income. There is therefore a strong economic case for wage-led economic

1 Cf. ILO (2015).

2 Cf. Kumhof / Rancière (2010).

growth, to support aggregate demand and build stronger and more resilient economies. Together with the implementation of universal social protection floors, strengthening labour institutions would raise sustainable aggregate demand and would create new jobs. Decent work for all requires workers to have a voice; strong and functioning labour market institutions are part of the solution.

### Macro trends, policy making and the influence of the private sector

Achieving Goal 8 requires change to happen on a macro scale. The drivers of our current economic system have continued to deepen inequality both within and between countries. International economic and financial policies need to be set against an overall objective of delivering social justice and decent livelihoods for all. The complexity and depth of SDG 8 requires fundamental changes to how economies function and interact, and significantly increase the relative importance of progressive social and environmental policies.

The private sector will have a major influence on the implementation of SDG 8. If the targets under this goal are to be achieved, however, it must fundamentally change the way it operates. A move away from a model built upon maximizing profit through exploitation of labour to one built upon human and worker rights and adherence to ILO Conventions will be key. Regrettably however, things are moving in the opposite direction.

The integration of national economies into global markets and the expansion of global supply chains have intensified competition, increased labour migration and caused leading firms to cut labour costs through restructuring, outsourcing and off-shoring, along with efforts to shift workers from full time employees to various forms of contract work. 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 government support for protective labour market institutions and collective bargaining. These shifts, together with the increased mobility of capital, have tipped bargaining

power away from workers and their representatives and consolidated it within the corporate sector. The current model of global supply chains is based on low wages, insecure and often unsafe work.

The first challenge facing governments and the international community is how to get the private sector to do more to promote fiscal accountability and transparency. As indicated in Target 8.4, it is important to decouple economic growth from environmental degradation, nationally and globally. Effective taxation of profit-making and capital accumulation can potentially drive trillions of dollars into productive investment, including towards environmental sustainability, and a “just transition” to green and decent jobs for workers. A global tax framework is needed in order to eliminate tax evasion and avoidance practices, including transfer (mis)pricing, and guarantee that taxes are paid where profits and value added are generated. In addition to the governments who see their revenues decrease, the real losers under the current tax system are the workers of those multinational companies which practice this aggressive tax planning. Workers receive neither a fair compensation for their efforts and productivity nor a share of company’s profits to which they are entitled, since it is taken before it can be redistributed. The days of self-reporting and self-assessment by financial institutions must come to an end and should be replaced by mandatory and transparent country-by-country reporting.

Together with ensuring fair and progressive taxation, a global framework is needed to address the behaviour of financial markets, for instance through the implementation of the G20 commitment to “ending too-big-to-fail groups”<sup>3</sup> by taking structural measures to shield retail commercial banking activities from volatile investment banking and market trading. Action should be taken to implement the G20’s Financial Stability Board Action Plan regarding regulating “Over the Counter” derivatives trading, shadow banking and the implementation of

3 Cf. G20 Leaders Declaration, September 2013 (<https://www.oecd.org/g20/summits/saint-petersburg/Saint-Petersburg-Declaration.pdf>).

resolution frameworks. Furthermore, global taxation measures (Financial Transactions Tax and bank levies) on short-term transactions are needed so as to prevent speculative behaviour and raise new sources of finance for a more sustainable economy.

Countries with high levels of income and competitiveness are able to open up to global trade, attract investment and expand to markets with new opportunities for export. However, opening trade must not impede a country's capacity to add value or trap the country in low-end processing. Countries and regions that are unable to withstand global competition, because industries and markets are not yet matured, are ill-advised to liberalize trade at the same pace as developed countries. In order to industrialize, developed countries have historically used trade and industrial policies, among other tools.

This allowed them to control investment by imposing requirements on joint ventures, foreign ownership ceilings and local content requirements. Other measures have included using lax regimes for the protection of intellectual property and forced technology transfers, building up state-owned enterprises and conglomerates in order to create competitive products and maintaining a higher level of tariffs to protect their infant industries. Developing countries, and most importantly developing regions, must not make international trade and investment commitments that limit their policy space, and they should actively use this space to promote their structural transformation through national legislation and policies.

Global trade and investment patterns also seriously impact on labour standards. For this reason, international trade and investment agreements should guarantee the enforceability of national labour laws and internationally recognized core labour standards with effective follow up mechanisms. The agreements could also include clear and enforceable responsibilities for foreign investors that apply all the way up supply chains.

In addition, the employment and decent work targets of Goal 8 require bold government action to establish legal responsibility for business in global supply

chains. In particular, stipulating mandatory due diligence for businesses in their supply chain would ensure that business integrates human and environmental costs that are currently not accounted for in business planning. Governments must establish international cooperation and mechanisms for monitoring, inspection, grievance and compensation in order to give effect to business' legal responsibility.

In addition, governments need to do more to protect freedom of association (i.e., the right to join and form trade unions) as well as reinforce social dialogue between worker and employer representatives. This can help establish and expand collective bargaining, promote the linking of wages to productivity and determine or increase minimum wages.

### Employment policy frameworks and strengthening labour market institutions

To implement and achieve SDG 8, comprehensive national employment policy frameworks, built upon the principle of policy coherence for development (in particular with regard to decent work), are needed in order to ensure that pro-employment macroeconomic policies are supported by trade, industrial, tax, infrastructure and sectoral policies as well as investments in education and skills development. Such policy frameworks should be developed through tripartite consultations, including governments and social partners (employers and workers' representatives), the pillars to ensure strong and functioning labour market policies and institutions. More specifically, elements of national employment policy frameworks should be appropriately designed wage policies, including minimum wages; collective bargaining; labour inspection (ILO conventions on labour inspection (C81 and C129)); strong employment services; unemployment benefits with strong links to social protection programs; targeted measures to increase labour market participation of women and under-represented groups; as well as, measures to help low-income households to escape poverty and access freely chosen employment.

There is also the need to adopt or reform legislation to deal with the growing number of migrant workers in all regions, as specifically mentioned in Target 8.8.

Similarly, a transformative shift towards sustainable development, including a greener economy and a just transition for workers, requires significant and equitable investment in education, training and lifelong learning. In addition to a global strategy to increase decent work opportunities for youth, specified in Target 8b, there is a need for comprehensive activation strategies to facilitate young people's school-to-work transition, in line with the ILO 2012 call for action and the Global Strategy on Youth Employment.

Governments will need to take extensive measures to ensure the adherence to and respect of ILO core labour standards. It is therefore particularly important in the formulation, implementation and monitoring of sustainable development policies, that governments take measures to enhance social dialogue and participation of social partners.

### Policy coherence and accountability requires social dialogue

It is important to make sure that the follow up framework of the 2030 Agenda provides the necessary space and leverage to ensure that needed changes are initiated and to hold actors to their commitments. This requires national ownership of the process at all levels and in all facets from implementation to monitoring.

Among the four pillars of the Decent Work Agenda, social dialogue is the only one not explicitly recognized among the targets and indicators of SDG 8. Since the four pillars are equally important and mutually reinforcing, this omission is a notable oversight, not only with regard to Goal 8 but also to other goals, including ending poverty, advancing gender equality, reducing inequalities and building more just and inclusive societies (Goals 1, 5, 10 and 16).

Social dialogue is an excellent example of how to ensure ownership of policy processes and should inform the way the review processes are actually carried out. At national level, for example, social dialogue can enhance social cohesion and social peace through greater accountability, furthering the objectives of respect for freedom of association and

collective bargaining, independent unions and employer's organizations and the institutional capacity of governments to support such a process.

For social dialogue to be effective, data must be collected to assess its use at country level. At the same time, the national level review processes, which aspires to be an inclusive endeavour, can benefit from the participatory and democratic nature of social dialogue when conducting the reviews.

The role of the ILO, as the specialized agency of the UN on all labour related areas, will be fundamental to the achievement of full and productive employment and decent work for all, particularly with regard to implementation and monitoring, both at the national level and in the official global review process. Its supervisory system for example, a standard-based monitoring system requiring Member States to report regularly on the status of ILO conventions, offering technical support to improve implementation.<sup>4</sup>

However, SDG targets and indicators will only be one part of a larger accountability framework which must incorporate inputs going beyond the limited indicator package. In order to give a complete picture of progress on the SDGs, the information on which progress is assessed will need to come from non-government constituents, including civil society and the specialized UN agencies. In this light, it will be critical that the annual High Level Political Forum fully integrates existing and effective mechanisms of accountability, like the ILO supervisory system into its review process. So, while global indicators will provide a basis for review and follow up, the overall assessment must also take into account and review universally agreed standards in line with international human rights commitments, ILO labour standards and environmental imperatives.

<sup>4</sup> The supervisory mechanism has a procedure of 'complaints' which aims to ensure that member states are accountable to the conventions they ratify. The 'complaint' procedure has been used successfully in the past when Member States have been unable to uphold different conventions (a complaints and remedy mechanism).

### References

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## Targets for SDG 8

- 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training
- 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
- 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
  - 8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries
  - 8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization