



L20 Employment Priorities
Room Document for the G20 Employment Working Group
Antalya
26-27 February 2015

The Labour 20 (L20) represents the voice of workers through their trade unions to the G20. It is convened by the International Trade Union Confederation (ITUC) and the Trade Union Advisory Committee to the OECD (TUAC) working in tandem with current L20 host Organisations, TÜRK-İŞ, HAK-İŞ and DİSK. For more information, go to Labour20.org.

G20 Action for Comprehensive Growth and Quality Jobs

The G20 committed to raise G20 GDP by 2.1 % above the trajectory implied by current policies over the coming five years. At this point, the G20 is off-target: Global growth projections from authoritative international institutions have yet again been revised downwards. Slowing growth in emerging economies and the appearance of deflation in the Eurozone represent major risks to jobs and living standards. Growth in many economies has stalled due to fiscal austerity and stagnant incomes of working families. Meanwhile, large amounts of capital are idly sitting on balance-sheets and in capital pools.

Today's high levels of unemployment threaten social cohesion. The longer unemployment remains high or continues to rise, the greater the risk that it becomes "structural". On unchanged policies, the global jobs gap will continue to rise and by 2019, more than 212 million people will be out of work, up from 201 million in 2014.

The L20 is calling for comprehensive measures to boost aggregate demand and reduce inequality. The Turkish Presidency by putting inclusiveness high on this year's agenda raises expectations that policy proposals on fighting income inequality and promoting the integration of vulnerable groups into labour markets will be developed in the coming months with concrete benchmark targets and with the help of social partners.

A fresh approach is needed. **Raising wages** of those on low and middle incomes together with **expanded public investment** is necessary to kick-start growth and to ensure that it is job-rich, inclusive and sustainable. The G20 Labour and Finance Ministers acknowledged the validity of such a strategy at their joint meeting in Moscow in July 2013 committing to *"labour market and social investment policies that support aggregate demand and reduce inequality, such as broad-based increases in productivity, targeted social protection, appropriately set minimum wages with respect to national wage-setting systems, national collective bargaining arrangements, and other policies to reinforce the links between productivity, wages, and employment"*.

The Joint Ministers' Meeting demonstrated a commitment to better coordination between government departments and among G20 members. The announcement to hold a **Joint Labour and Finance Ministers Meeting** in September is therefore welcome.

Raising growth, creating jobs and shifting to a more inclusive and sustainable path for development requires a balanced strategy that both raises purchasing power and supports productive investment. Economic simulations conducted for the L20 show that a coordinated mix of wage and investment policies could create up to 5.84% more growth in G20 countries – compared to business as usual. The L20 simulations suggest that *"A coordinated policy mix in the G20 targeted to increase the share of wages in GDP by 1%-5% in the next 5 years and public investment in social and physical infrastructure by 1% of GDP in each country can create up to 5.84% more growth in the G20 showing the strong internal demand effects of wage-led recovery offsetting any negative effects on net exports or private investment."* This would be a move beyond the 2.1 % target and actually halve the G20 Jobs Gap anticipated to be 64 million in 2018 with unchanged policies. The L20 presented the results in the run up to Brisbane and will refine its proposals in the course of this year. The key message, that only wage-led growth and an increase in sustainable and responsible investments can bring recovery and close the jobs gap, remains valid.

The L20 proposes the following policy actions for the G20 EWG in 2015:

- Review the G20 Growth Plans in regard to urgent measures necessary to enhance aggregate demand to lift growth, including investment targets in national growth and jobs plans and assess the long-term impact of such strategies on living standards;
- Take action to reverse the decline of the share of wages in national income across G20 countries by strengthening collective bargaining systems, minimum living wage and supporting the enforcement of fundamental rights at work as defined by the ILO;
- Commit to raising low and middle incomes to reduce inequality and to inject purchasing power into the real economy;
- Bring forward public investments in infrastructure that create jobs and improve long-term productive potential by supporting the transition to a low-carbon economy that can generate green and decent jobs;
- Shift to targeted structural policies that lead to skills development and innovation, while ensuring social protection and public services;
- Reduce precarious employment and promote inclusive labour markets by boosting activity rates of vulnerable groups, notably women, young people and minority ethnic communities, including through investment in the care economy enabling child care, aged care, health and education support;
- Support youth employment by introducing youth guarantees and comprehensive youth strategies, including quality vocational training and apprenticeships, as called for by the L20 and B20, and by increasing investments in quality public education.
- Follow up the Melbourne 2014 LEMM declaration on safe work places with action to both tackle the risks in global supply chains and in domestic occupational health and safety (OHS) policies

In 2013 and 2014 the L20 and the B20 reached a common understanding in support of quality apprenticeships. It is our intention to work with the B20 to deliver on these commitments over the months ahead and ensure that actions by the social partners are reinforced by governments. We will work with the B20 to develop strategies for increasing infrastructure investment with a specific focus on harnessing workers capital in line with the OECD Principles for long-term investment. We encourage the EWG to examine the skills requirement and maximise the employment content of expanded public infrastructure investment.

The L20 is ready to work with the EWG to follow up on its mandate on improved worker safety across supply chains so as to achieve broader support for promising initiatives, notably the Bangladesh Safety Accord, and more active implementation of the OECD Guidelines on Multinational Enterprises.

Ensure Policy Coherence and Implementation

There is a need to setup mechanisms that ensure **greater policy coordination** between government departments and among G20 members with the help of international organisations in particular the OECD, the ILO, and the social partners. Coherence between the G20 Employment Working Group and the Finance Track, including with a Joint Labour and Finance Ministers Meeting is needed.

Ensuring timely and effective **implementation and monitoring of past commitments** is critical in enhancing the G20's legitimacy to deliver tangible policy outcomes. The mandate given to the OECD and IMF to initiate an accountability framework is a positive step in this direction. However, the process needs to entail consultations with other stakeholders to ensure a balanced approach.

The L20 will particularly focus on the follow-up on commitments on job creation, the 25 by 25 gender initiative, infrastructure investments, quality apprenticeships and tax rules (through the BEPS process). The L20 tracked progress in implementing commitments in 2014 found that the majority of G20 policies did not have a positive impact on working people and were unbalanced. Public trust in political leadership can be restored only if growth is shared by all. Therefore, inputs from outreach groups and the L20 should be seriously considered, in particular when it comes to economic modelling projections and practical advice on policy reforms.