

### **Decent Work for All to Eradicate Poverty and Promote Prosperity**

The Decent Work Agenda, in its four dimensions, is a comprehensive and unparalleled framework for *Eradicating poverty and promoting prosperity in a changing world* and which interconnects all of the Sustainable Development Goals (SDGs). Through job creation, strong social protections systems and quality public services, better working conditions and access to democratic decision making, people, communities and countries can lift themselves out of poverty, improve livelihoods, engage in local development and live together in peace. This happens only when work is decent, environmentally sound and productive, provides living wages and is underpinned by labour rights, and accessible to all men and women workers alike, regardless of their migration status.

For the 2017 High Level Political Forum, the international trade union movement will emphasise key aspects of decent work in relation to SDG 1 and SDG 5,<sup>1</sup> as these are particularly important priorities to the world of work, and are likewise particularly critical to the eradication of poverty and the promotion of prosperity. In this submission we highlight steps governments can take, in terms of both policy and investment, in order to ensure that the goals to end poverty and achieve gender equality by 2030 are attainable.

As trade unions, we believe that ending poverty (SDG 1) requires that people have access to decent livelihoods that are fairly compensated, and that social protection systems are comprehensive and support inclusion through adequate income support and quality public services. Guaranteeing living wages in all forms of employment can help tackle in-work poverty, which remains persistent throughout the world, while establishing social protection floors can ensure that no one is left behind.

We also believe that achieving gender equality (SDG 5) will not be possible without concerted action to transform labour markets for women's paid and unpaid work. Closing the gender pay gap requires a policy of 'equal pay for work of equal value'. Minimum living wages and measures to promote women's equal access to social protection can also help to address gender disparities in income and reduce poverty. The pursuit of gender equality requires measures to facilitate the reconciliation of work and family life, particularly through investment in care services. In addition, it will require breaking down the rigid occupational segregation that has trapped millions of women workers worldwide in insecure, poorly paid and often dangerous work.

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<sup>1</sup> SDG 1: End poverty in all its forms everywhere; SDG 5: Achieve gender equality and empower all women and girls

***Minimum living wages to tackle in-work poverty and boost the economy, and the importance of collective bargaining rights***

Working poverty remains a major challenge across the globe. Considering that the working poor account for more than 700 million people, meeting SDG 1 by 2030 will be impossible if this issue is left unaddressed.<sup>2</sup> Implementing and enforcing a statutory minimum wage guaranteeing an income that allows people to live with dignity and is essential to reducing poverty.

Beyond the moral obligation to ensure workers are fairly compensated, it is becoming increasingly clear that the global economy cannot recover through export-led growth alone. Rather, it requires an expansion of demand, particularly from households. Providing a minimum living wage is an essential part of building this demand. 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. A 1 per cent point increase in the wage share at global level could lead to a 0.36 per cent increase in the rate of growth in global GDP.<sup>3</sup>

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>4</sup> Studies in emerging economies such as Brazil, Indonesia, India and South Africa, suggest that the minimum wage has either an insignificant or a positive impact on employment and a positive impact on poverty and income inequality.<sup>5</sup> This is confirmed by the World Bank's *World Development Report 2013* assertion that minimum wages have no significant negative impact on the labour market. 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 living wages should be established through a statutory rule-setting process, with the close involvement of social partners (workers and employers organisations). This requires strong and solid social dialogue.<sup>6</sup> Minimum wages should support adequate livelihoods. The process for

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<sup>2</sup> [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_541211.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_541211.pdf)

<sup>3</sup> The case for a coordinated policy mix of wage-led recovery and public investment in the G20, 2014: <http://www.ituc-csi.org/IMG/pdf/modeling.pdf>

<sup>4</sup> See ILO Minimum Wage Policy Guide [http://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/genericdocument/wcms\\_508566.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/genericdocument/wcms_508566.pdf)

<sup>5</sup> ITUC Frontlines Report: 2014 (Feb): Income inequality: Time to deliver an adequate living wage [http://www.ituc-csi.org/IMG/pdf/ituc\\_frontlines\\_february\\_2014\\_web-2.pdf](http://www.ituc-csi.org/IMG/pdf/ituc_frontlines_february_2014_web-2.pdf)

<sup>6</sup> ETUC resolution 2017: [https://www.etuc.org/documents/commun-strategy-low-and-minimum-wages#.WOC\\_IJJaV4](https://www.etuc.org/documents/commun-strategy-low-and-minimum-wages#.WOC_IJJaV4)

setting them should be evidence-based and they should be regularly reviewed in order to take into account inflation and changes to the cost of living. Measures should also be taken to promote the awareness and enforcement of minimum wages. These include the dissemination of clear information to workers and employers, investigations by labour inspectorates and dissuasive penalties for non-compliance.

In addition, all states should ensure collective bargaining rights in order to achieve fair wages above the minimum wage level. Accordingly, workers should have the right to organise, join trade unions, and negotiate appropriate wages and compensation for their work with their employers. National collective bargaining systems are essential tools to narrow wage differentials and reduce overall inequality. Evidence shows that a comprehensive collective bargaining system is economically desirable and that recent attacks on this fundamental right have had disastrous economic and social consequences that cannot be justified.

### ***Social Protection Systems to end poverty, promote social inclusion, and strengthen resilience***

The ability of social protection systems to combat poverty and promote inclusive growth is widely recognised. Social protection systems provide essential income support and services to protect people against risk and ensure adequate living standards. They also act as an income distribution tool to reduce inequalities and serve as important economic stabilisers to create and maintain sustainable market economies through aggregate demand.

Quality public services form a cornerstone of efforts to end poverty. Austerity measures and cuts to public services seen in recent years must be reversed; this is not only a matter of governments delivering on their obligations, but of using some of the most effective tools for combatting multidimensional poverty. For example, free quality primary and secondary education breaks the cycle of intergenerational poverty and exclusion, and supports social mobility and decent livelihoods.

Social protection systems should be comprehensive. In line with the principle of universality, they should go beyond providing simple ‘safety nets’ for the most vulnerable or ‘social insurance’ for those in formal employment. Unfortunately however, the International Labour Organisation (ILO) estimates that only 28 per cent of the world’s population enjoy a comprehensive level of social protection.<sup>7</sup> The low global coverage of social protection occurs despite the legal and operational

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<sup>7</sup> ILO (2014) World Social Protection Report 2014-2015

basis for governments to ensure an adequate level of social protection for all--ILO Convention 102 and the more recent Recommendation 202.<sup>8</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 per cent of GDP, and a basic set of benefits for all of those who have no access to social security would cost less than 6 per cent of GDP<sup>9</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>10</sup> Focussing 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.

Furthermore, governments are responsible for providing an adequate fiscal space to support social policies and must fight to eliminate tax havens, especially in times of crises. This can be done in a variety of ways, for instance through 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>11</sup> Governments should therefore support a swift transition of the informal economy to the formal economy, in line with Recommendation 204 of the ILO. Governments and global institutions must demonstrate a firm political commitment to tackling inequalities in income and gender through the decisive implementation of universal social protection and formalisation of the informal economy as a key vector for reducing poverty and implementing development. 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.

### ***Labour market and social policies to close the gender pay gap***

The ILO’s Global Wage Report 2016/2017 shows that increasing minimum wages has the potential to help reduce the gender pay gap, particularly for those at the bottom of the wage distribution scale. Furthermore, when determined through tripartite consultations, with workers and employers, minimum wages have the ability to reduce inequalities with no significant impact on overall job

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<sup>8</sup> The four pillars of the SPFs 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

<sup>9</sup> Frontlines Report: 2014 (April): Social protection [http://www.ituc-csi.org/IMG/pdf/ituc\\_frontlines\\_avril\\_2014\\_en\\_web.pdf](http://www.ituc-csi.org/IMG/pdf/ituc_frontlines_avril_2014_en_web.pdf)

<sup>10</sup> See for instance, European Commission (2013) Evidence on Demographic and Social Trends. Social Policies' Contribution to Inclusion, Employment and the Economy

<sup>11</sup> See Ortiz et al 2015 ‘Fiscal Space for Social Protection: Options to Expand Social Investments in 187 Countries’. ILO.

creation.<sup>12</sup> This necessitates that the fundamental rights of workers, like the right to freedom of association and to bargain collectively, are respected.

Ensuring workers' freedom of association and right to organise and bargain collectively contributes to closing the gender pay gap. In the United States, the wage gap between men and women is 11 per cent for unionised women, compared to 22 per cent on average.<sup>13</sup> In the United Kingdom, the wages of women unionised members are on average 30 per cent higher than those of non-unionised women.<sup>14</sup> Trade union membership confers a wage premium on members (Addison, 2014). Estimates range from 10 per cent to 30 per cent depending on variables, including gender and skill level. In Brazil, this premium is estimated at 17 per cent (Arbache, 2001). In South Africa, female union members earn three times as much, as their non-union counterparts.<sup>15</sup>

Closing the gender pay gap requires reviewing the provision of social protection. When well-designed, social protection systems can play an important role in reducing gender gaps in employment and poverty. For instance, adequate maternity, paternity and parental leave can enable work-life balance, prevent women from dropping out of the labour market after having children and support a more balanced distribution of work and care responsibilities between women and men.<sup>16</sup>

The current design of many social protection systems however leads many women to be excluded from coverage. Women's underrepresentation in formal employment; higher concentration in part-time, low-paid and precarious work; and frequent gaps in their working lives due to care often lead to low social security contributions, and in turn inadequate or even inexistent social security entitlements and a higher risk of poverty, especially in old age. Across the EU, the gap in the level of women and men's pensions stands at 40.2 per cent<sup>17</sup>. Adequately crediting periods of care for contributory benefits, providing survivors' benefits and ensuring universal access to income support can all help to reduce these disparities in social protection access, and accordingly the poverty gap between women and men.

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<sup>12</sup> [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_537846.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_537846.pdf)

<sup>13</sup> <http://www.iwpr.org/publications/pubs/the-union-advantage-for-women#sthash.VaUwff51.dpuf>

<sup>14</sup> <https://www.gov.uk/government/statistics/trade-union-statistics-2014>

<sup>15</sup> [www.migration.org.za/uploads/docs/ledwith-and-munakamwe-gender-union-leadership-and-collective-bargaining-economic-and-labour-relations-review.pdf](http://www.migration.org.za/uploads/docs/ledwith-and-munakamwe-gender-union-leadership-and-collective-bargaining-economic-and-labour-relations-review.pdf)

<sup>16</sup> The Social Security in Spain provides women workers complementary coverage with each child. Art 60, ley general sobre Seguridad Social: <http://www.seg-social.es/prdi00/groups/public/documents/normativa/095093.pdf>

<sup>17</sup> [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/571363/IPOL\\_STU\(2016\)571363\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/571363/IPOL_STU(2016)571363_EN.pdf)

Governments must find the right policy and investment balance to ensure that women have equal access to social protection coverage, are compensated equally for their work and are not discriminated on the basis of gender. This balance should be achieved with representative worker and employer organisations.

### ***Investing in the care economy to remove barriers to women's employment***

Women's unpaid work, at a conservative estimate, contributes \$10 trillion a year globally, or 13 per cent of global gross domestic product (GDP). Women worldwide tend to assume greater responsibility for unpaid care work as they retain a disproportionate role in caring for the young, sick and elderly, which imposes a double burden of paid and unpaid work.

Investments in formal care services, such as childcare and long-term care, can help to remove obstacles to women's participation in paid work. These services can also have positive effects on those cared for. For instance, exclusive and continued breastfeeding in the workplace for working lactating mothers and enrolment in quality early childhood education and care services have been shown to promote positive health, social, educational and employment outcomes for children later in life. It has been further shown to play a key role in reducing the intergenerational transmission of disadvantage.<sup>18</sup> The low quality of jobs in the care sector often makes this work unattractive, and can lead to lower service quality as well as present an obstacle to the expansion of these services.

Governments seeking to expand employment would do well to increase public investment and there are strong arguments for improving care infrastructure. Evidence shows that such investments would generate jobs, address the care deficit and reduce gender inequality and would moreover contribute to more inclusive models of development and growth.<sup>19</sup>

Indeed policies that are effective in promoting economic growth and employment are likely to be those that see an increase in public investment in social and physical infrastructure. Social infrastructure, the provision of health care, education, and childcare and long-term care for the elderly or disabled are vital to maintaining and growing the productive capacity of an economy, as well as being essential ways of developing people's quality of life.

Ultimately, there is a need for a greater recognition of the benefits of investing in both social infrastructure and sustainable and environmentally-friendly physical infrastructure, in reaching beyond its immediate economic and employment effects. The provision of high quality health and

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<sup>18</sup> OECD (2011) Starting Strong III: A Quality toolbox for early childhood education and care

<sup>19</sup> [https://www.ituc-csi.org/IMG/pdf/care\\_economy\\_en.pdf](https://www.ituc-csi.org/IMG/pdf/care_economy_en.pdf)

social care is a feature of civilised, inclusive and healthy societies. Progress towards this aim requires public investment.

Moreover, investing in both care services and infrastructure, satisfying renewable and environmentally-friendly criteria are vital steps towards enabling societies to become sustainable. The two types of investment should be considered together. There is therefore an urgent need to solve the health and care lacunae and address gender inequalities by making investment in social infrastructure a priority. Furthermore, investment in physical infrastructure cannot be presented as the only form of investment that would stimulate employment and economic activity.

### ***Conclusions and Recommendations***

- Implement minimum living wages with the full involvement of social partners. 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). Ensure collective bargaining rights 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 where needed.
- Bring national laws and enforcement practices on freedom of association, the right to organise and bargain collectively, and non-discrimination into compliance with ILO core labour standards and promote social dialogue (between employers and workers). This will set the essential legal foundation needed to establish and sustain social partnership/social dialogue; to negotiate wage and social protection frameworks to eliminate poverty; to promote gender equality in the world of work; and to provide critical tools to the most vulnerable workers to lift themselves off the sinking floor of poverty, including informal workers, migrant workers, ethnic, racial, and religious minorities, and the disabled.
- Support the transition from the informal to the formal economy to increase workers' job and income security and generate fiscal resources to ensure social protection systems and quality public services.
- Reduce disparities between women and men's access to social protection through adequately crediting periods of care for contributory benefits, providing survivors' benefits and ensuring universal access to income support.

- Ensure access to affordable, quality care services to support women's economic empowerment as well as promote the well-being of children and others who need care, such as the sick and elderly.
- Enhance the quality of jobs in the formal care sector, in order to improve the attractiveness of care jobs as well as ensure high-quality service provision.
- Significantly increase investment in quality public services so as to ensure universal access to healthcare and free primary and secondary education.
- Ratify ILO Convention 189 on Decent Work for Domestic Workers and integrate into national legislation.
- Follow up the recommendations of the High Level Panel on Women's Economic Empowerment<sup>20</sup> to recognize, redistribute and reduce care work and ensure decent work for paid care workers, including migrant workers.

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<sup>20</sup> <http://www.womenseconomicempowerment.org/assets/reports/UNWomen17-010313h.pdf>