

ILC 2021 General Discussion on Inequalities and the World of Work

Presentation of the Office Report



Background

Adoption of SDGs (2015)

Goal 10 calls for reduced inequalities within and among countries; Goal 5 calls for gender equality; Inequality also cuts across many other SDGs where targets are disaggregated by gender, age or rural-urban location

GB 334th Session (October– November 2018)

Placed an item on “inequalities in the world of work” on the 109th ILC Agenda

Centenary Declaration (June 2019)

Considered that “persistent poverty, inequalities, and injustices” constitute a threat to advances in economic and social progress and to securing shared prosperity and decent work for all

Global Call to Action (June 2021)

Noted that the pandemic led to “exacerbated poverty and economic and social inequality” and called for “a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient”

ILC.109/Report IV(Rev.): Inequalities and the world of work

What does the report do?

- ▶ Provides a review of data and research on different forms of inequalities
- ▶ Highlights the centrality of the world of work to understanding inequalities
- ▶ Provides examples of measures and policies that can reduce inequalities
- ▶ Presents some ideas on possible ways forward

The report incorporates the developments emerging from the COVID-19 crisis and its impact on the world of work.

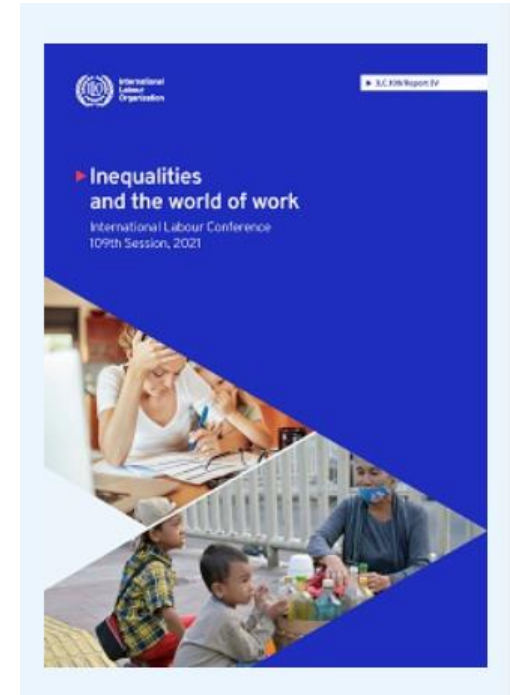
Structure:

Chapter 1: The problem of inequalities

Chapter 2: Inequality and the role of the world of work

Chapter 3: Reducing inequality post-COVID-19: Key policy areas for a human-centred and more inclusive future of work

Chapter 4: Towards shared growth with fairness and dignity: A proposed ILO response to inequality



Chapter 1: The problem of inequalities

Why inequality matters

- ▶ High levels of income inequality have adverse economic consequences, slow down poverty reduction, correlate with low social mobility, erode social cohesion and increase the risk of social unrest.
- ▶ As the experience of COVID-19 is revealing, societies with greater levels of equality appear to be better prepared in facing external shocks such as pandemics.

The different forms of inequality

- ▶ Inequalities can be *vertical* (between richer and poorer people) and *horizontal* (between different social groups); some people are at the intersection of different forms of inequalities.
- ▶ Gender inequalities are amongst the most pervasive and stubborn.
- ▶ Inequalities start well before individuals enter the world of work; high inequality between adults today make it more difficult to ensure equal opportunities for the next generation.

“Reducing inequality, in many of its different manifestations, and promoting the principle of equality of opportunity and treatment have always been inherent in the mandate and work of the ILO”

Global gender pay gap **20%**

Indigenous and tribal peoples earn **18.5% less**, on average across the world, than their non-indigenous counterparts

The growth of income inequality

- ▶ Levels of income inequality within countries vary widely and are highest in some developing countries.
- ▶ Since the 1980s, income inequality has increased in a majority of countries, particularly high-income countries.
- ▶ Global income inequality remains an enormous challenge, although income growth in many emerging economies, including China and India, outpaced growth in high-income countries.

The uneven profile of inequalities within countries

- ▶ Women and particular groups – ethnic or racial groups, indigenous and tribal peoples, and migrants – are over-represented among the poorest.
- ▶ Spatial inequalities between urban and rural areas, larger and smaller cities, and richer and poorer regions contribute to fractured and unequal societies.

The importance and limitations of redistribution through taxes and transfers and through public social services

- ▶ A country's system of tax and transfers can redistribute income, but there are limits on the extent to which redistribution alone can reduce inequality, particularly in countries with high informality.
- ▶ Comprehensive measures to tackle inequality in the world of work are necessary.

Prior to the COVID-19 crisis (1990-2017), economic and productivity growth **lifted 1.2 billion people** out of extreme poverty

From 1990 to 2015, inequality measured through the Gini coefficient increased in **77 out of 140 countries**

In OECD countries, the average income of the top 10% reaches almost **10 times** those of the bottom 10%, up from a ratio of 7 to 1 in the 1980s

Chapter 2: Inequality and the role of the world of work

The unequal distribution of work and labour income

- ▶ Lack of jobs, labour “underutilization”, and inequality in the distribution of wages and labour incomes are amongst the most important determinants of inequality.
- ▶ In many countries low-paid workers, women and disadvantaged groups have been more severely affected by the COVID-19 crisis, deepening pre-existing inequalities.

Average wage of women in the informal economy, compared to average wage of men in the formal economy

47%

The extent of informality as a major source of inequality

- ▶ Workers in the informal economy earn on average much less than formally employed workers, and lack basic labour and social protections.
- ▶ Those in the informal economy are twice as likely to be poor and include a higher proportion of young people, women, and elderly people than the overall workforce.

Number of workers in informal employment

**2 billion
(61.2%)**

Productivity levels and differentials between enterprises

- ▶ Differences in productivity levels between enterprises are also a source of inequality between workers.
- ▶ 80% of enterprises in the world are informal, and labour productivity in them is two times lower compared to formal enterprises.

Number of people who are either unemployed, in time-related underemployment, or not actively searching for a job

**473
million**

Gender inequality and discrimination in the labour market

- ▶ Women face higher barriers in entering, remaining and progressing in the labour market, and are more exposed to gender-based violence and harassment.
- ▶ They continue to shoulder the brunt of unpaid care work, which limits their engagement in paid work.
- ▶ During COVID-19, women were over-represented in hard-hit sectors and overexposed to the virus by their overrepresentation in essential sectors, such as health and social work.

Gaps in social protection

- ▶ The COVID-19 crisis has exposed the large gaps in social protection, especially in respect of access to health services.
- ▶ These gaps have placed the most vulnerable in even more insecure situations, further exacerbating pre-existing inequalities.

Contractual arrangements and inequality

- ▶ Decent work deficits are higher among workers in particular contractual arrangements
- ▶ Workers with temporary contracts earn lower wages than those in open-ended contracts and are less likely to enjoy adequate labour and social protection.

Globally, 1.3 billion women are in employment compared to 2 billion men

When the crisis hit, 55% of the world's population – about 4 billion people – were not covered by any form of social protection

Depending on countries, homeworkers earn from 13% to 50% less than other workers

▶ Chapter 3: Reducing inequality post-COVID-19: Key policy areas for a human-centred and more inclusive future of work

A review of country practices

Generating inclusive growth through:

- ▶ An enabling environment for a broad base of sustainable enterprises and productivity increases, especially in sectors with widening productivity gaps between enterprises.
- ▶ Life-long learning and access to training for upskilling and reskilling, with attention to groups, e.g. youth, ethnic minorities, facing higher barriers to access.
- ▶ Transitions to formality, including of micro and small economic units, through a policy mix combining incentives and reduced bureaucracy.

Ensuring a fair share of the fruits of progress to all by making institutions of work more effective and inclusive

- ▶ Minimum wages set at adequate levels, with a broad coverage and strong enforcement mechanisms
- ▶ Effective and inclusive collective bargaining mechanisms, by also removing restrictions to the unionization of all workers
- ▶ Limits to the variability of working hours and a greater say by workers on their work schedule
- ▶ Transitions to formality as a key means to afford adequate protection to all workers

► Advancing gender equality

- ▶ Investments in the care economy to reduce and redistribute unpaid care work between families and the State
- ▶ Work-life balance for both women and men, through gender-responsive leave policies and workplace family-friendly policies
- ▶ Equal pay for work of equal value, including through wage transparency
- ▶ Removal of gender stereotypes that constrain girls' and women's access to education and their education trajectories

Supporting disadvantaged groups or groups in vulnerable situations

- ▶ Equal treatment and opportunities in employment for members discriminated against, such as indigenous peoples and migrant workers, through a combination of mainstream and targeted measures
- ▶ Disability inclusion, including through institutional responsiveness and an inclusive work environment for people with disabilities
- ▶ Effective school-to-work transitions, improved employment opportunities and continued skills acquisition for the youth

Strengthening redistribution through social protection and public services

- ▶ Extension of social protection to achieve universal coverage, including informal workers and those with limited capacity to pay
- ▶ Adequate social protection benefits
- ▶ Public social services for low-income and vulnerable groups, including in remote areas.

Chapter 4: Towards shared growth with fairness and dignity: A proposed ILO response to inequality

- Combined and coordinated interventions within and across policy areas linked to the world of work at various levels can help reduce inequalities.
- Social dialogue, including collective bargaining, has led to negotiated responses to COVID-19 with attention paid also to groups in vulnerable situations.
- Reducing inequality is a matter of choice, but the cost of inaction is increasing by the day.

In order to reduce inequality, the Office could take action to:

- ▶ Build on the conclusions of this General Discussion, which are intended to furnish the Office with a strategic mandate and develop a consolidated “narrative” on how the ILO could contribute to a recovery from the COVID-19 crisis with reduced inequalities.
- ▶ Engage in stronger coordination and cooperation at the multilateral level on the issue of inequality in the recovery from the pandemic.
- ▶ Pursue research and gather knowledge on relevant aspects of “what works” to reduce inequality in the world of work.

▶ Chapter 4: Towards shared growth with fairness and dignity: A proposed ILO response to inequality

- ▶ Review the extent to which international labour standards adequately address the challenges of the changing patterns of the world of work.
- ▶ Incorporate in its contribution to the UN reform effort, in line with the SDG on reducing inequality (Goal 10), systematic inclusion of inequality issues in country-level activities, placing social dialogue at the heart of the policy debate.
- ▶ Mainstream inequality issues into the follow-up to the Centenary Declaration, in line with the potential International Labour Conference (109th Session) outcome document on a global response for a human-centred recovery from the COVID-19 crisis.
- ▶ Accelerate the implementation of a transformative agenda for gender equality.

Suggested points for discussion:

1. How have inequalities between and within countries evolved during the last two decades, and what have been the economic and social implications?
2. What have been the main drivers of inequalities inside and outside the labour market? What effective gender responsive policies and measures have member States introduced to reduce inequalities within countries and promote productivity growth, while ensuring a fair distribution, in particular through labour market policies and institutions, social protection and fiscal policy? How far should such policy responses and measures be adjusted considering the lessons learned from the COVID-19 crisis? What is the best policy mix to reduce inequalities and promote inclusive growth and sustainable development, including in the context of the recovery from the pandemic?
3. In the light of the ILO's mandate, what action should the ILO's constituents and the Office take at national and international level, including through partnerships and policy coherence, to reduce inequalities and promote inclusive growth and sustainable development, as called for by the 2030 Agenda for Sustainable Development, in a changing world of work strongly affected by the COVID-19 pandemic