

# ETUC event "Rethinking our Growth Model to ensure a Job-Rich Recovery"

Montepulciano, Italy, 7th and 8th September 2021

## Panel: An economy of well-being. Social risks and governance tools.

7 September 2021- 10:00 – 11.00

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### What Do we mean by "Beyond GDP"

- Beyond GDP debates date back to the 70ties. So the concept is not new as Boarini has described, but only recently we have landed on a concrete platform to realize the beyond GDP promise. This platform is the SDGs: in fact the SDGs – and their monitoring framework based on targets and indicators – can help us in understanding and conceptualize what "well-being" really mean in the first place and then how we can make it real through a new approach in policy-making.
- There is no doubt that the pandemic has shown us bluntly the fragility of our economies, facing serious challenges in the wealthy countries and bringing disastrous consequences to developing countries. Everyone can now fully understand the role of having solid health systems with social protection, education and gender equality and how those things make a difference in our everyday life. By exposing the inherent vulnerability of everyone – making it explicit that our individual well-being is intimately bound up with the collective well-being and security of others – the pandemic has demonstrated the indispensability of finding ways to value the concept of public goods<sup>1</sup>.

### What are the key elements of an economy of well-being?














- The SDGs show us the way forward and are relevant more than ever to build up policy responses to drive resilience. Through its targets on workers' protection, decent work, social protection, inclusive growth, and environmental preservation, multidimensional SDG 8 on "decent work and economic growth" has a fundamental role in driving the recovery and the Agenda 2030 forward. In fact, our ITUC SDG 8 global composite index – which has actually inspired the ETUC work just presented - confirms and provides evidence on the fact that economic growth alone cannot provide countries with the sufficient means to counter poverty and inequalities and ensure well-being for all.

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<sup>1</sup> The ITUC report shows that increased investments in social protection can yield between 0.7 and 1.9 times their value in economic returns. This means that the economic benefits of social spending increases can partially or completely offset the costs.

- The lack of adequate wages and inclusive labour markets are still major questions hindering employment quality. And workers’ exposure to risks, under-protection and exclusion, are global challenges with 70 percent of the world population unable to count on the security of full social protection. While only high-income countries performed better in the labour rights dimension, the economic crisis brought along restrictions on freedoms and labour rights violations worldwide (including an increase in worker exploitation in digital enterprises in developed economies). These include international labour standard violations, non-compliance with labour regulations regarding layoffs, working hours and wage payment, as well as the disregard of organisational health and safety regulations.
- Therefore, if we look at SDG 8 targets and indicators interlinkages, we realise that these are fundamental to bring the whole Agenda 2030 forward.

Interlinkages between SDG 8 and other SDGs – Source: ITUC-ASviS<sup>2</sup>

|  |             |  |  |  |  |  |  |  |  |  |  |  |  |
|--|-------------|---|---|---|---|---|---|---|---|---|---|---|---|
|  | Indicator   | Poverty headcount ratio at \$1.90/day   | Prevalence of under-nourishment % of pop.   | Under-five mortality rate   | Secondary school enrolment  | Proportion of women in managerial positions (%)                                   | Renewable energy share in the total final energy consump. (%)                     | Manufacturing value added as a proportion of GDP                                  | S80/S20 income quintile share ratio   | Mortality caused by road traffic injury per 100,000 people                          | Domestic material consump. per capita (tonnes)                                      | CO2 emissions per capita  | Social dialogue   |
|  | Reinforcing | ↑↑↑   | ↑↑  | ↑↑  | ↑   | ↑   |   | ↑↑  | ↑   | ↑↑  | ↑   |   | ↑↑  |
|  | Trade-off   |   |   |   |   |   | ↓   |   |   |   |   | ↓↓  |   |

- For example, the social dimension of SDG 8 (employment levels, wages and social protection coverage) is key to fighting poverty and hunger (SDGs 1 and 2), while the target of “equal pay for work of equal value” is a key precondition for gender equality (SDG 5). A trade-off arises in the relation between economic growth, currently primarily carbon-based, and the environmental dimension. However, SDG 8 includes a target on decoupling GDP growth from environmental degradation, implying energy decarbonisation and industrial transformation leading to zero CO2 emissions.
- Striving for a jobs-rich, human centred recovery, aligned with health, social, environmental and climate change goals, can contribute to income security, job creation and social cohesion objectives, expand the tax base and help finance social protection.
- These are all elements of workers demands for a New Social Contract – based on decent and climate friendly jobs creation with just transitions; universal social protection with a Global fund; Equality and Inclusion. This implies the rejection of all temptations to revert to fiscal consolidation - linked to debt sustainability concerns. Previous crises have shown that austerity leaves deep social scars, hurting the most vulnerable in society.
- Therefore, the world needs a new vision to refund economic and societal models, and this requires commitments from all economic, social and political forces. The recent G20 Labour and Development Ministers declarations are a promising step to build on and take action such as by advancing social protection system coverage in developing countries and supporting dialogue with social partners for “human-centred” future of work.
- I would include the wage issue. Pressure is on purchasing power as inflation is on the increase as never seen in the last decade. Pressure on wages come from technological change and losses of working time due to consequences of the pandemic that could last for longer. Collective bargaining is strategic and would be a mistake to neglect it.

<sup>2</sup> Source: ASviS calculation. The magnitude of the interlinkages varies among indicators. The number of arrows refers to the estimation of the slope in the linear regression (log-log transformation). Three arrows [ $>10\%$ ]; two arrows [ $5-10\%$ ]; one arrow [ $0-5\%$ ].

## What is the governance that we need to put an economy of well-being into practice?

- Social dialogue brings us to the governance issue. Social dialogue and industrial relations are key in crafting equitable policies and granting greater levels of transparency, good governance and trust in institutions, within countries, but also across nations. The role of social partners needs recognized within multilateral institutions. The call for a “renewed, inclusive and networked multilateralism” of the UNSG is again encouraging and we are eager to see concrete proposals in his next report due to be published in a few days for the UNGA.
- Finally, governance means DATA. Policy making processes need to be rooted on available and comparable data to be meaningful. This is still an enormous challenge at global level. If we think about OHS data gaps are striking and in other areas too such as child labour etc.. We cannot govern something that we do not know/understand. The partnership between the ILO and WB to work on indicators on informal economy is certainly promising. These are initiatives that will reinforce the SDGs monitoring process and therefore will have a positive impact in strengthening global governance and multilateralism that nowadays are key to ensure sustainable development and peace and democracy as the tragedy in Afghanistan is teaching us one more time.

I will stop here. Let me thank the colleagues who shared very inspirational considerations. Thank you for involving me and the ITUC in this important debate.

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