



T20 Statement for the G20 Labour and Employment Ministerial Meeting Catania, 23 June 2021

Overview

The pandemic has increased poverty worldwide. As estimated by the World Bank, **COVID-19 has pushed back between 88 and 115 million people into extreme poverty in 2020**, setting back poverty reduction by around three years. Moreover, the International Labour Organization assessed that **in 2020 an additional 255 million full-time jobs were lost worldwide**; vulnerable groups, particularly **women and low-skilled workers, are more likely to lose their jobs or to suffer from salary and wage reduction. More than 463 million students** around the globe, both in advanced economies and developing countries, **remained cut off from online education last year**. The pandemic has also created new inequalities overlapping with pre-existing ones along the gender, skill and age dimensions, and **has reduced social mobility as the main social elevator got stuck** between repeated school closures.

The Think20 (T20), the engagement group of the G20 which brings together think-tanks, universities and other research centres is working to produce practical policy-proposals for G20 decision makers. The **Task Force on Social Cohesion and the Future of Welfare Systems** believes that the G20 has a crucial role to play in making sure that the recovery from the pandemic preserves social cohesion. We also believe that it is fundamental to have an integrated approach in the different areas of policy-making. The **decision to host a joint meeting of the G20 Labour and Education Ministers was a right step in this direction** as there are very important issues to be tackled in the transition from school to work of the generations hardest hit by the school closures. **It would be important to have a similar meeting of G20 Labour and Interior Ministries as the regularisation of migrants is a key requirement** for the enforcement of labour laws and the reduction of monopoly power of employers.

The T20 calls G20 Labour and Employment Ministers to take action with respect to the following proposals in respective policy areas:

Tackling poverty and inequality by focusing on education and skills

G20 countries should consider supporting the **introduction of safety nets in developing countries where poverty has increased the most during the pandemic**; the design of these schemes should be as simple as possible and take into account the information available to public administration in these countries. We therefore argue for unconditional citizenship schemes in these countries.

It is important to **make sure that the skills lower educated workers have, and the new technologies being accessed, can generate “quality” jobs for less educated workers**. Enhanced wage progression and better jobs for the low educated can be achieved through the right investment in skills, especially soft skills. Innovation need not lead to the demise of good jobs for lower educated workers. It is this match between worker skills and the type of firms that matters and requires careful policy attention as we emerge from the pandemic.

Socio-economic inequalities (access to education and skills) and inter-generational inequalities (between older and younger people) could be reduced by **increasing government funding in several education areas** (i.e. remedial education, vocational education, digital technology for poorer pupils, re-training schemes for job-seekers, pedagogical strategies and teacher training for the recovery) and by designing policies that exploit complementarities between these areas. Possible, concrete actions would be: encouraging investment in artificial intelligence that helps integrate lower-educated workers, or redressing geographical concentrations of low-educated workers.



Regulating remote working to increase productivity and well-being

There will be substantial reallocation of labour after the pandemic. More people will need to retrain. **The possibility of online training enables people to overcome barriers arising because of distance to an educational provider and potentially enables greater flexibility.** The provision of better digital infrastructure would thus facilitate training both directly (i.e. enabling people to do this online) and indirectly (i.e. removing costs associated with having to attend in-person). **There ought to be cross-country co-ordination in the regulation of remote working.** During the pandemic, remote working increased by a factor of three to four in most developed countries (from around 10% to 30/40% of the workforce) and is bound to last even after the pandemic. As in the case of posted workers, **international agreements should be reached** establishing, for instance, that the remote worker should be treated according to the regulations of the country where their employer is located.

The spread of remote working may also create a new and relevant obstacle to social mobility, notably housing inequality. Workers with congested housing conditions, poor internet connections, dependent family members to take care of while at home may be put at serious disadvantage. This issue can no longer be neglected by Governments. We recommend to **improve data collection on the interactions between remote working and housing inequality.** Specific policy interventions can be designed to sustain investments in hybrid housing-working spaces and granting broadband internet connections to all workers.

Women's empowerment: enhancing labour market access and job opportunities for vulnerable groups

According to the ILO, **women have been disproportionately hit by the pandemic and they are now more likely to drop out of the labour force than men.** To support the achievement of G20 commitments such as the Brisbane target to reduce the gender gap in labour market participation rates by 25% by 2025, the T20 recommends to **leverage trade policy as a means to generate decent work for women** and reduce gender inequality. In particular, the G20 could provide technical and scientific assistance to small-scale female farmers and producers in developing countries to help them get better access to export markets.

Moreover, **G20 countries should be encouraged to introduce financial literacy programmes** in school curricula, making use of digital tools, particularly in developing countries, to facilitate access to the labour market for women and youth.

Taxation: strengthening cross-country policy coordination in providing basic income and in taxing multinational corporations

Many of our proposals **involve additional government expenditure.** This could be financed by increased taxes, reduced government spending elsewhere, or alternatively by increased government borrowing.

Although little international co-ordination is required in raising taxes on labour income and consumption, this is not the case for the broad range of capital taxes. Raising revenue through corporation taxation and wealth taxation, for example, is much more effective and efficient with international co-operation and coordination. An option to be considered while waiting for an international agreement on a minimum tax on corporate incomes is to **introduce an annual tax of 0.2% on corporations' stock shares for all publicly listed companies headquartered in G20 countries.** The tax would raise approximately \$180bn each year and could be used to address global externalities and build an international global sovereign fund.

We would also recommend the G20 to **considering the establishment of a Global Citizen Income (GCI)** through a two-step approach: a partial GCI to tackle poverty and unemployment generated by Covid-19; a full-scale GCI to build global citizenship. The GCI would be funded by raising Official Development Assistance (ODA) and by introducing tax measures such as a tax on Multinational Corporations (MNCs), a global wealth tax, a carbon tax, a Tobin Tax.

Conclusion

After the pandemic, there are many challenges facing our society. The Think20 (T20), through its **Task Force on Social Cohesion and the Future of Welfare Systems**, calls G20 Labour and Employment Ministers for a renewed commitment to address these challenges by designing, and swiftly implementing, policy measures aimed at reducing inequality and poverty, supporting women's and youth's inclusion in the labour market, accompanying the transition towards new forms of work, strengthening education and skills, introducing innovative tax measures.

