

# Sustainable and equitable distribution of productivity gains

Social protection floor, employment growth and decent work as SDGs

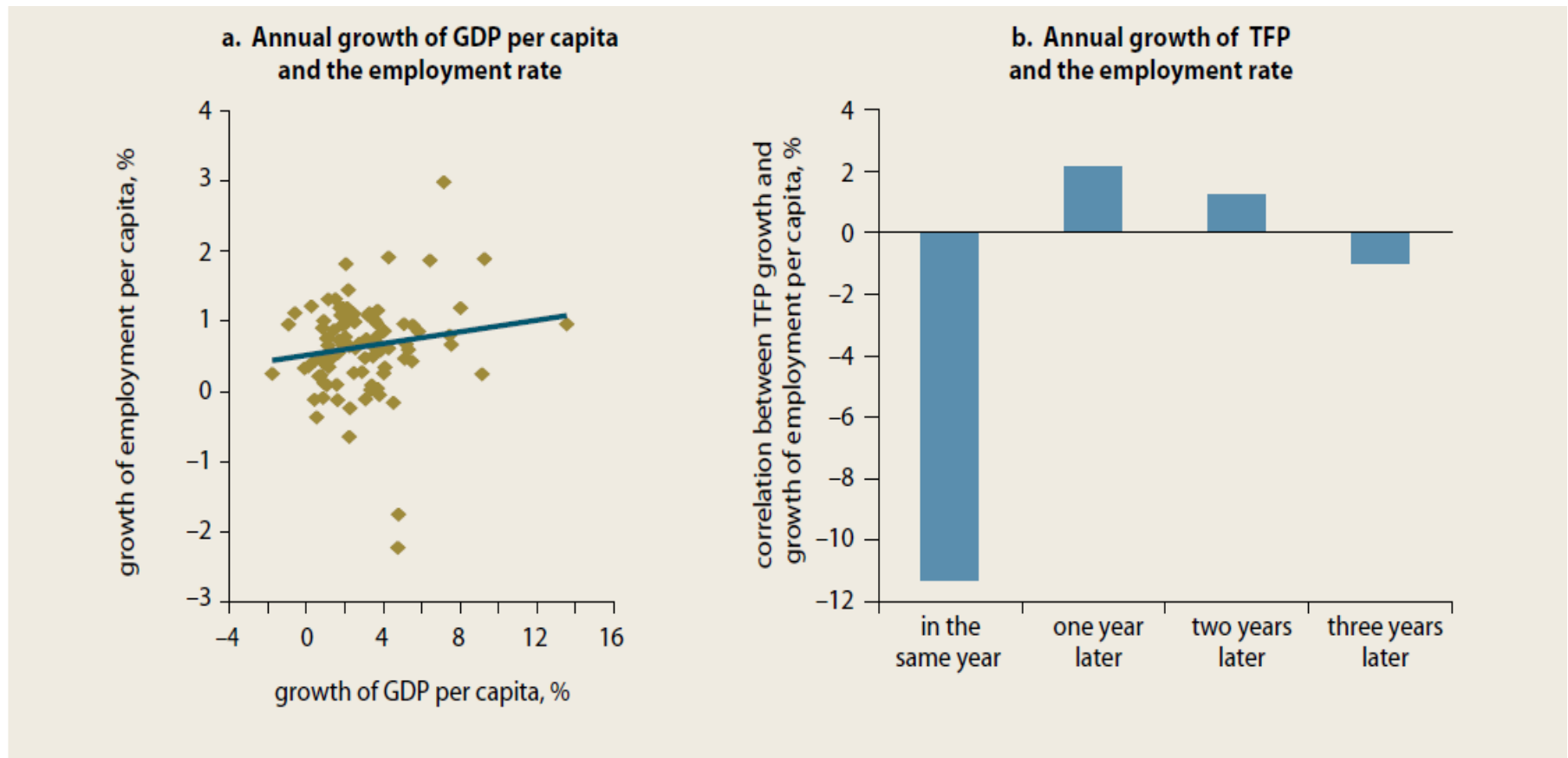
# Presentation

- Two parallel discourses that make for odd bedfellows: challenges for the 21st century
- An unbalanced world that leads to a national decoupling of productivity, employment and wages
- Financial revolution, globalization and technological change.
- The global need of growth of labor power, private wage and social wage.
- Challenges at the national level: social protection floor, financial regulation and labour rights
- Challenges at the global level
- A proposal for the SDGs

# Rights based approach and efficiency-cost containment paradigm

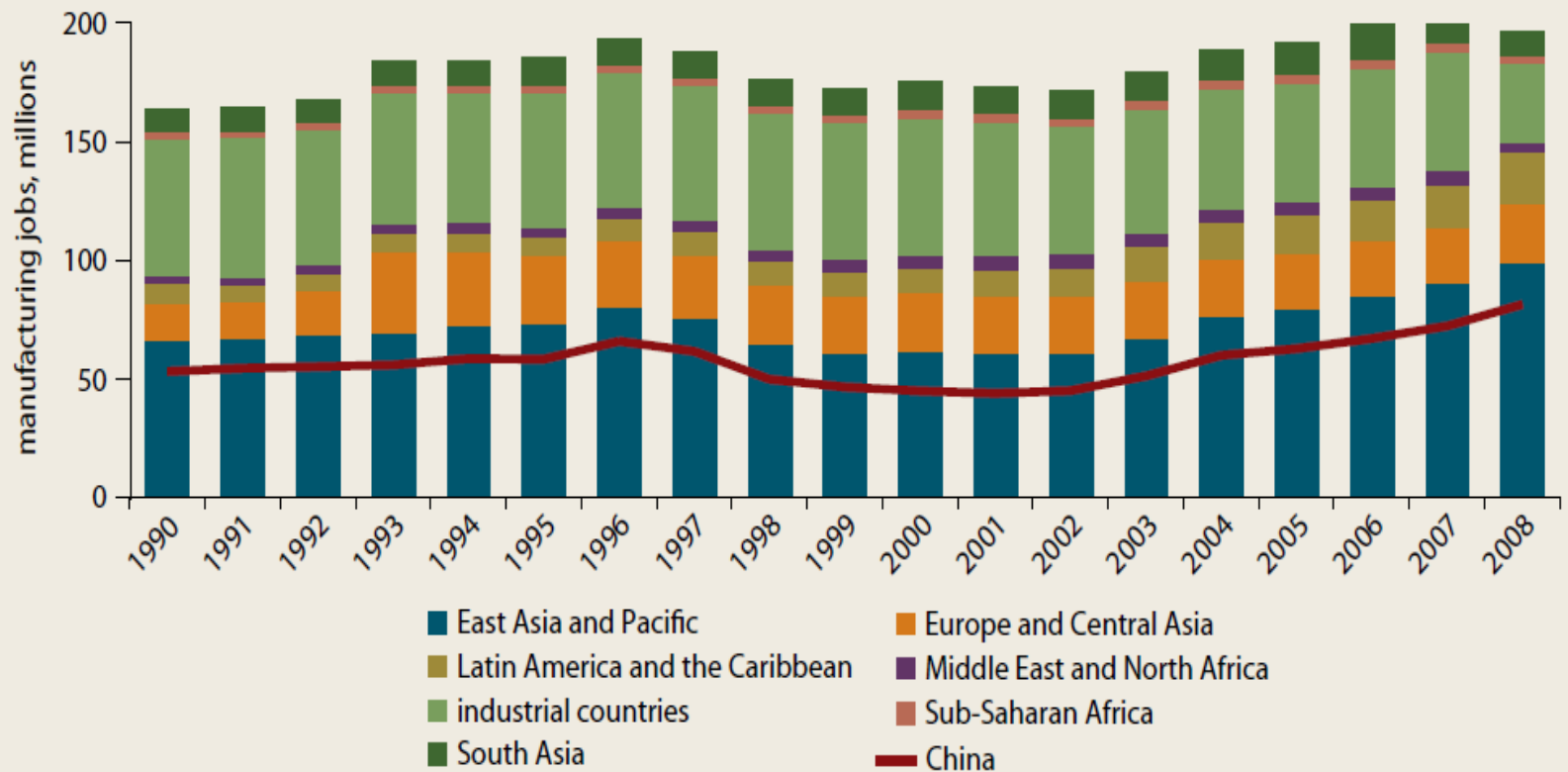
- The world has seen an unprecedented increase in rhetoric and politics linked to the idea of human rights that are not just civil and political, but also social, economic and cultural
- At the same time most policy both at the global and national level is also increasingly dominated by a discourse and paradigm that seeks gains in efficiency, through labor cost containment, fiscal modesty and competitive profit margins for capital
- While in the long run one can argue that these ideas might be compatible (doubtful) they are quite clearly incompatible in the short and medium run.
- Technological change, globalization and financial dominance create conditions conducive to the second discourse to succeed, unless, global regulations pick up where national regulations and state power are no longer possible.

# Weak relations at best, low elasticities



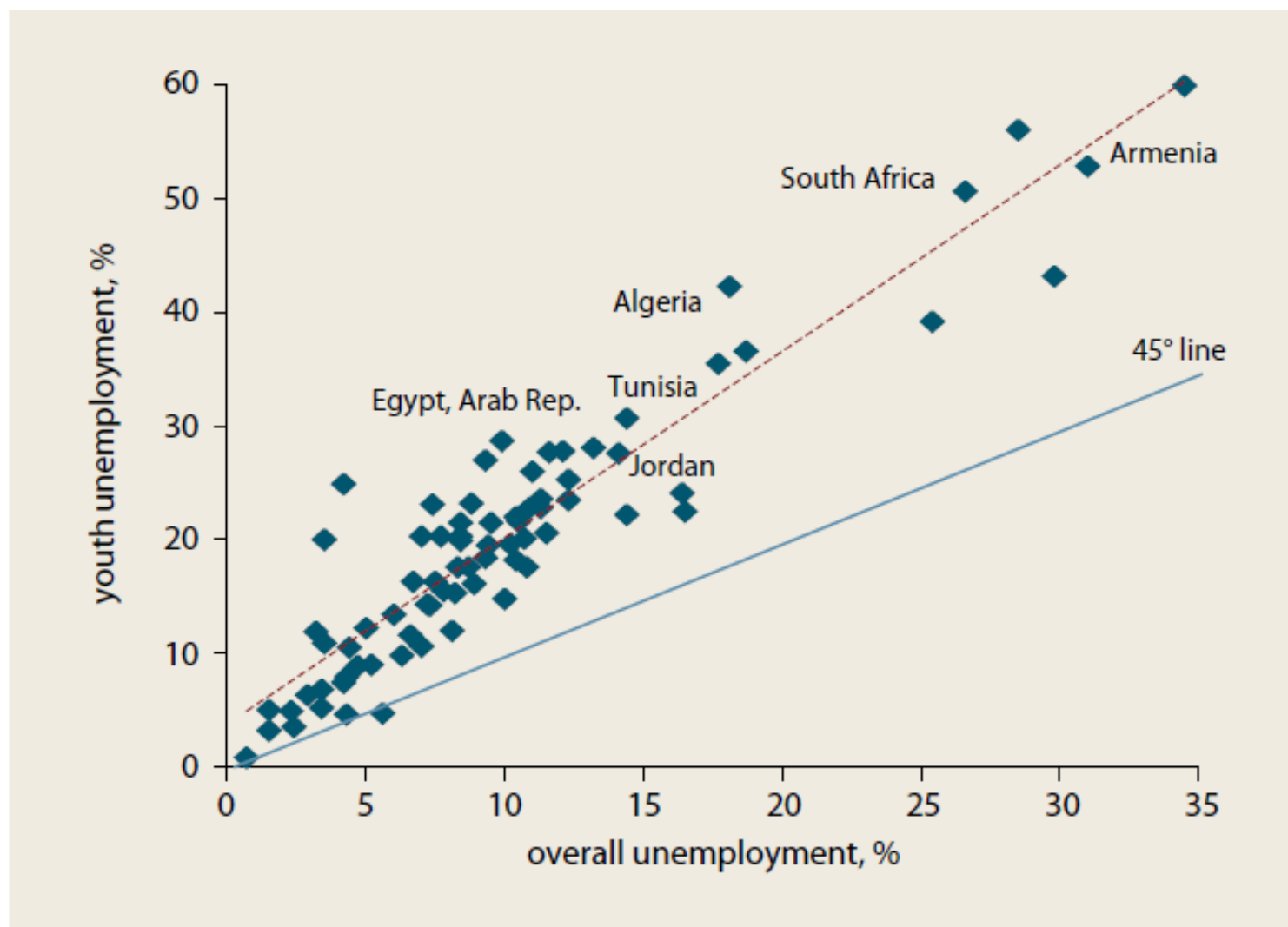
Source: World Development Report 2013 team estimates based on average growth decomposition accounting for years 1999–2009.

Manufacturing jobs are less today than in 1996, population has increased 10%



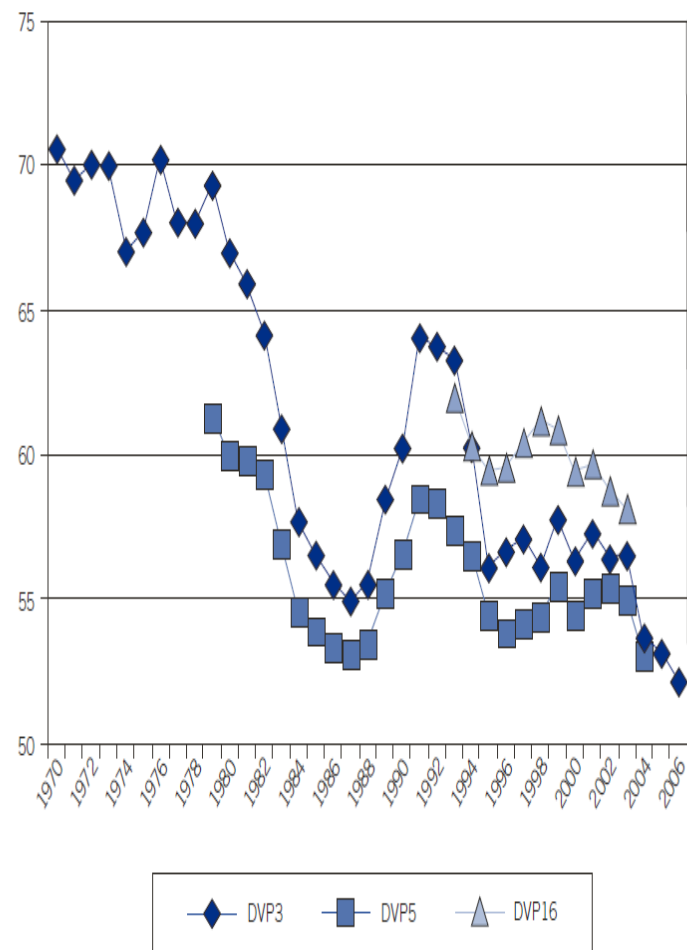
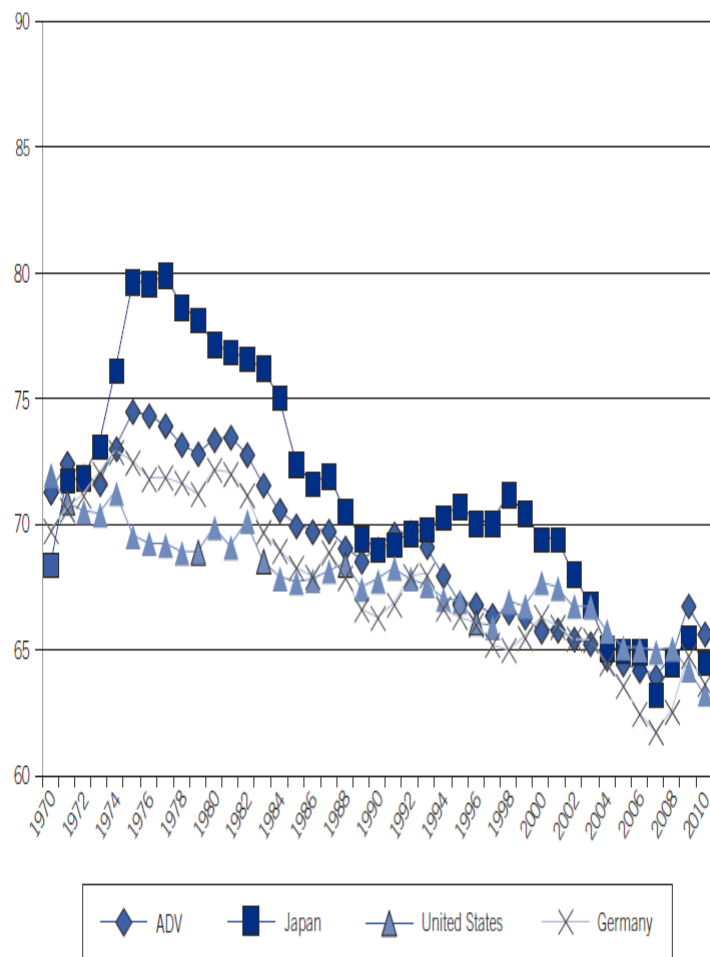
Sources: World Development Report 2013 team based on ILO 2010; Industrial Statistics Database: INDSTAT2-2011 Edition, United Nations Industrial Development Organization, Vienna, and World Development Indicators.

# Children, Youth and Women at risk

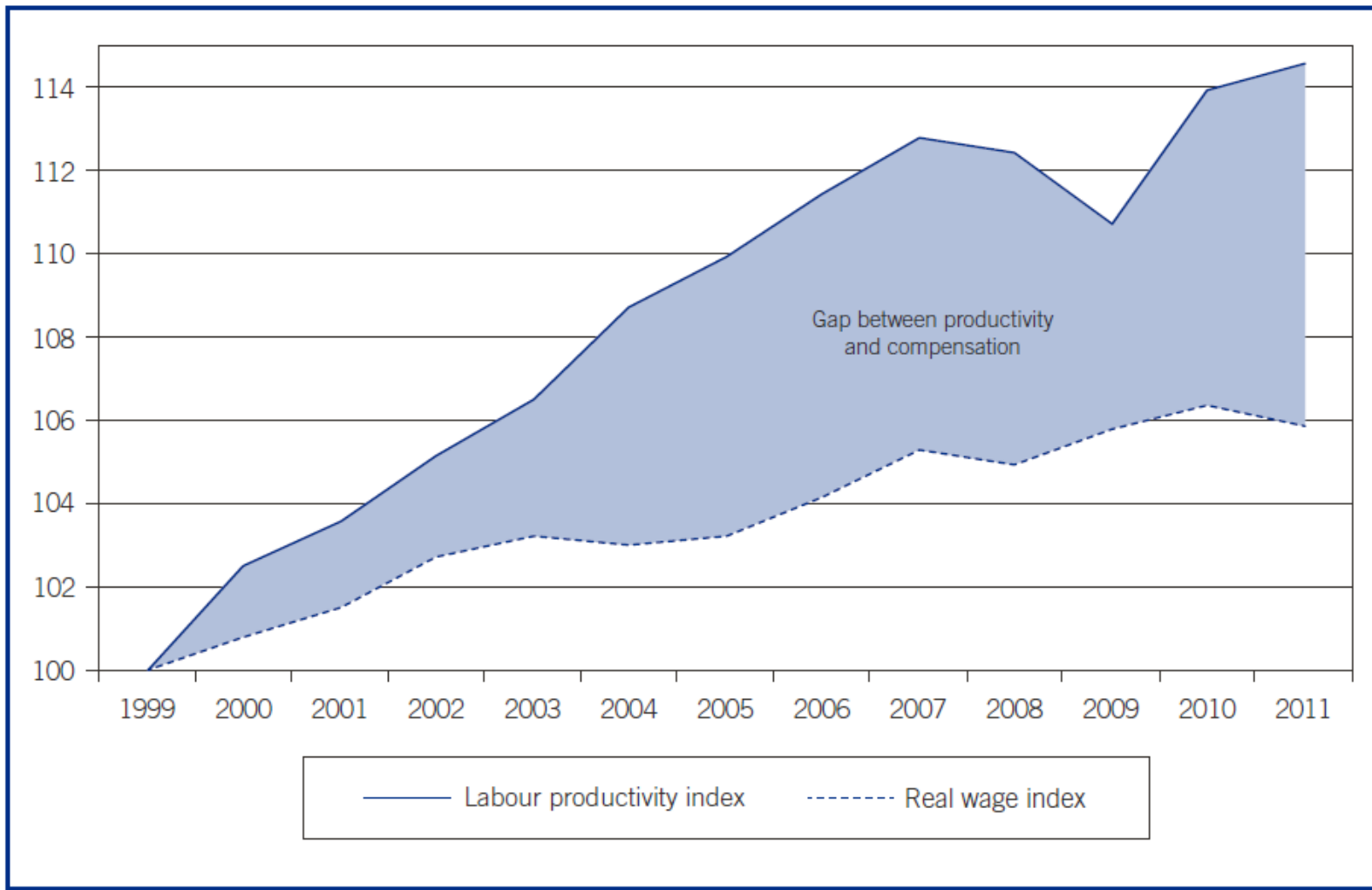


Source: World Development Indicators, World Bank, Washington, DC.

Labour share in the economy has consistently declined in both developed and developing countries

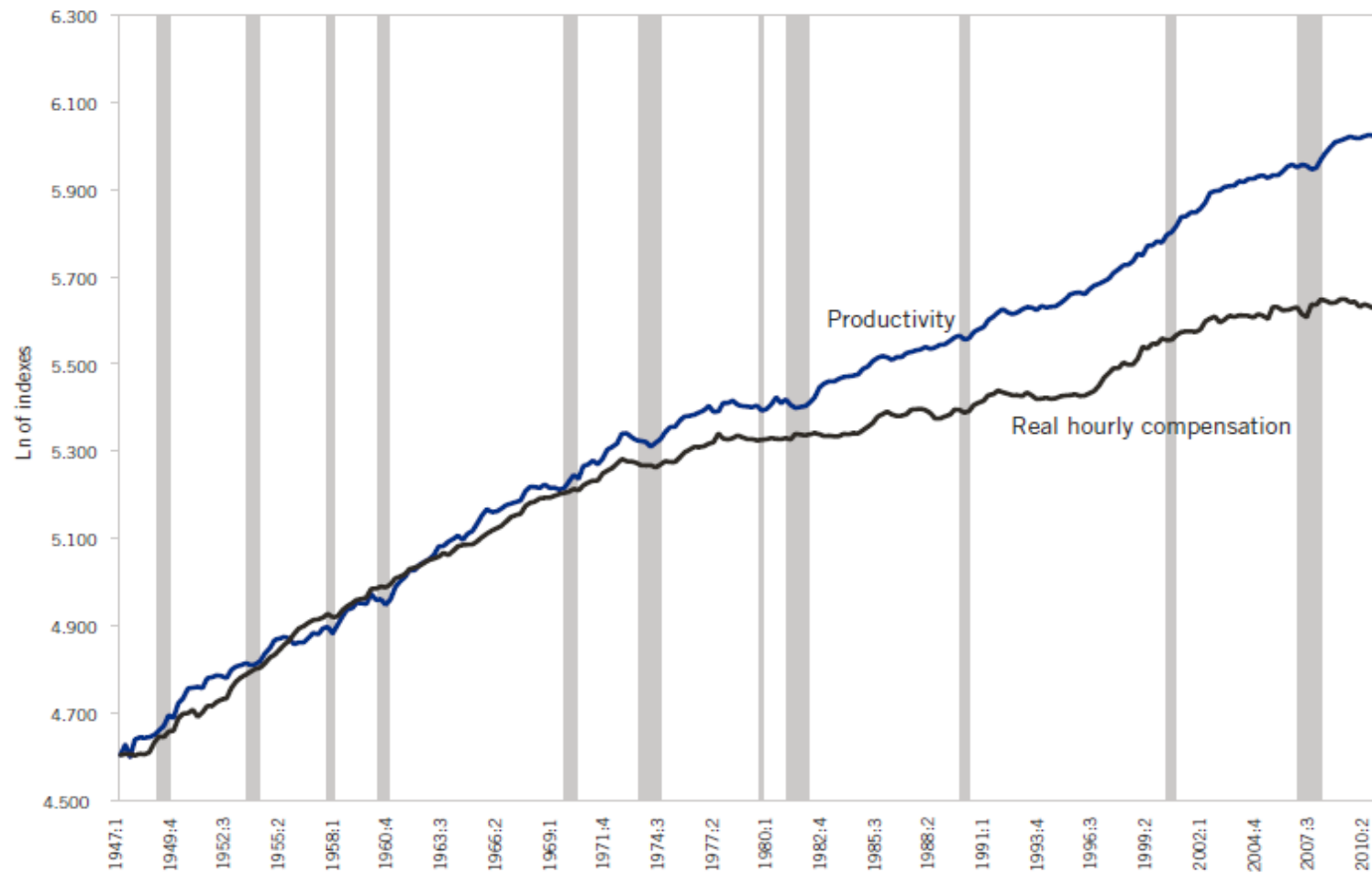


# Productivity and Wages...

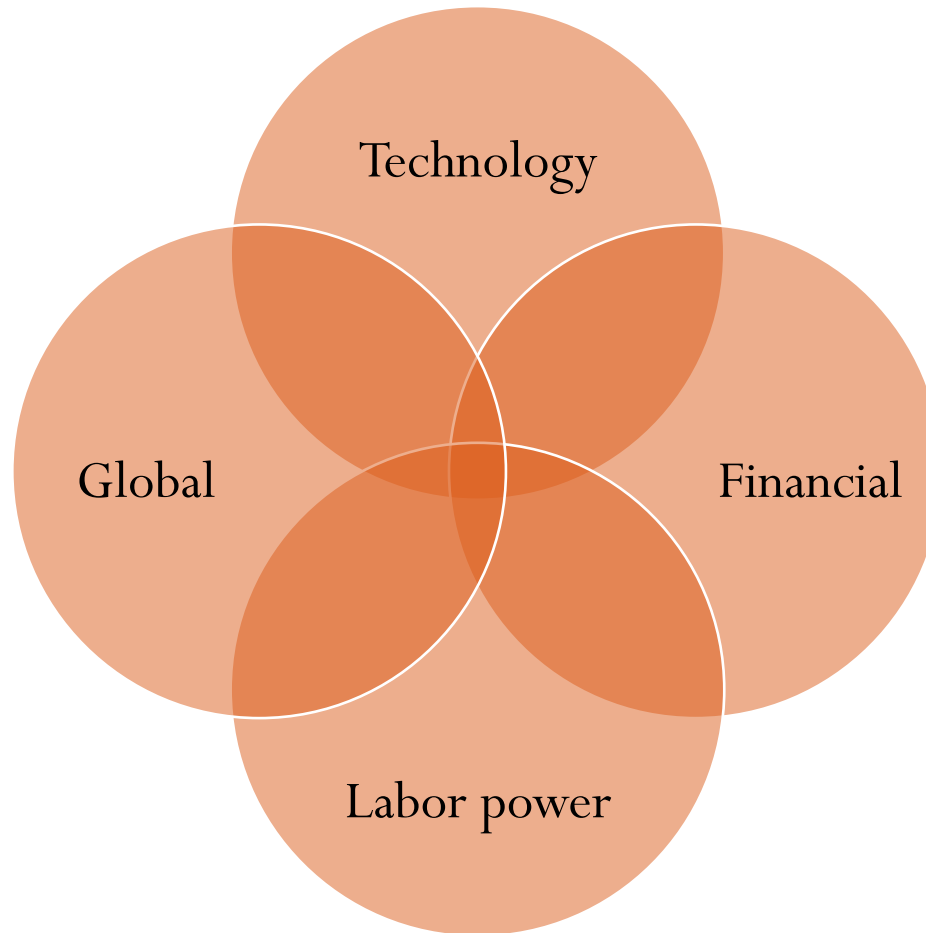




# US productivity and real hourly wage



# Structural causes



# Who leads demand:

- Export driven growth
  - World unbalances remain
  - Low wages and bad jobs large part of early phases of export driven growth
- Debt driven growth
  - Deepening and diversification of financial instruments
  - Bubbles inevitable
  - Regressive adjustment to bursts
- Demand driven growth
  - Wages –social and/or private- required to increase in line with productivity
  - If below, debt driven growth takes over, if above inflation and employment creation suffer.

# Productivity, employment, private wage and social wage

- How to relink productivity increases and profit gains in employment growth at the national level. ¿Is it possible?
- How to reconnect productivity increases with wage increases at the national, sector and firm level.
- How can we link again productivity gains at the national level with growth of the social wage through transfers and services.

# First challenge at the national level

Growth

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graph TD; A[Growth] --> B[Macro]; B --> C[Human Capital: children, youth and gender divide]; C --> D[Flexible and open labor markets, protect worker not job position];
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Macro

Human Capital: children, youth and gender divide

Flexible and open labor markets, protect worker not job position

## Second challenge at the national level

Low Unemployment



Individual labor rights



Collective Labor Rights



High Unionization

## Third challenge at the national level

Fiscal capacity, taxes over GDP, progressive taxes



Low and middle income groups form dominant distributional coalition



States develop capacity for income transfer control and service implementation



Decoupling basic protection from formal employment

# Some thoughts for a global agenda

- Increase mobility and rights of mobile labour, moderate mobility and rights of mobile capital.
- Tobin once again. Let capital be mobile, but reap part of those gains towards a subsidy for a basic protection floor in LDCs
- Incorporate through WTO stringent labor quality requirements for open trade agreements and GATT. Same as blacklisting tax havens, blacklist labor dumping.
- Create a global fund to help LDC and MICs leapfrog in terms of green investments and green economy providing green jobs



# Different formats and places for SDGs on employment and social protection

- Target the number of working poor (among the poverty goals).
- Target the number of women with no income from labour (among specific employment goals)
- Target the unemployed (among specific employment goals)
- Target families with children with no basic non-contributory social wage.
- Target children between age 2 and 5 with no access to care systems.
- Target the elderly with no income.