



# L20 Statement to the G20 Leaders' Summit, 2023

## A NEW SOCIAL CONTRACT FOR RESILIENCE AND RECOVERY

Chronic underinvestment in the real economy, on top of continuing pandemic disruptions have created supply shortages and a cost-of-living crisis with workers carrying a disproportionate share of the burden. The war of aggression against Ukraine continues to exacerbate these disruptions.

At the same time, fossil fuel windfall profits in 2022 contribute to growing inequality. Decades of deregulation, financialisation, and network monopolies at global scale have led to unprecedented market power consolidation. Since the pandemic, corporations have increased their profit margins and engaged in profiteering, especially in the food and energy sectors.

Nonetheless, global institutions and central banks are outspoken on the need to suppress wages, increase unemployment, and even risk recession in order to keep inflation below arbitrarily chosen thresholds. While virtually everywhere real wages are falling and labour's income share is lower, the outdated dominant institutional narrative is still focused solely on a supposed wage-price spiral.

As interest rates rise, dozens of developing countries face the prospect of debt default, recession and collapsing employment. IMF conditionality will mean

severe cuts in the public services that help uphold citizens' fundamental rights. Gaps in development finance and the lack of debt restructuring mechanisms are problems that require G20's immediate attention. Many of the Sustainable Development Goals (SDGs) which aim to be achieved by 2030 are further off than ever.

Climate scientists have warned of an impending disaster. The fossil fuel industry, which was guilty of funding false science and sowing doubt as to the truth of climate change, has been invited to co-write the rules of the energy transition. The G20 governments should seriously reconsider corporate capture and instead invest in a state-led, rapid and just transition. Informal sector workers – especially women, who are the most impacted by climate shocks – need to be involved in the process of creating new rules for climate resilience and be prioritised for access to loss and damage funds.

By 2030, the global economy must create 575 million quality jobs and formalise at least one billion jobs. To this end, state-led industrial policies have a central role to play and should be designed with social dialogue at their heart to reduce inequality and foster social cohesion.

The historic levels of inequality and social injustice are undermining trust in democracy and hindering global growth. To address these threats, G20 action should establish a new multilateral settlement to regulate global capital and focus on protecting and promoting labour rights. Decent work, collective bargaining, social protection as well as fair and living wages are central to equality and social justice, as they are to ensuring recovery and building resilience. These elements are the foundation for the most efficient and fair recovery from an economic, social, and political standpoint. Special focus should be

placed on ensuring the rights of informal workers, asylum-seekers and migrant workers, the self-employed, women and young workers in order that they are able to claim fundamental workers' rights and realise decent work.

The G20 has previously made commitments in key policy to reverse the declining labour-income share, establish fair wages, protect workers' rights and improve occupational health and safety. It is time to deliver.

### The G20 leaders should support a New Social Contract for Recovery and Resilience focusing on:

- 1) Investments in **job creation** – in full employment to include all workers as an economic and developmental policy target, investing in climate-friendly jobs with just transition commitments as the foundation for industrial transformation.
- 2) Comply with the promise of the ILO Centenary Declaration including the Fundamental Principles and **Rights at Work** – for all workers, irrespective of employment arrangements and including occupational health and safety, maximum hours of work, and social dialogue and collective bargaining.
- 3) Ensure minimum living **wages** and equal pay, established through statutory processes or collective bargaining.
- 4) Provide for **social protection** for all, by increasing the share of Official Development Assistance (ODA) allocated to 7% and invest in a Global Social Protection Fund for mobilising and coordinating international financial assistance with the poorest countries.
- 5) Establish **equality** of incomes, gender and race, including a world of work free from gender-based violence and harassment by ratifying and implementing the ILO Convention C190 Eliminating Violence and Harassment, eliminate the gender pay gap, and fulfilling the G20's Brisbane commitment.
- 6) Coordinate action on **inclusion** as the basis of a rights-based development model realised through a multilateral reform – that deals with the threats to our peace and common security.

### The L20 and workers the world over further count on India's leadership and the G20's decisiveness to make strong strides in 2023 to fulfil the following social and economic policy goals:

1. Reform and revive multilateralism to achieve shared global goals, and insure coherence across the Doha Development Agenda, the Paris Climate Agreement, the 2030 Agenda, and the ILO Centenary Declaration.
2. Reform the International Financial Institutions and repurpose the international financial architecture to serve the real economy, development and a just transition, and ensure funds for a Loss and Damage Fund as agreed at COP27.
3. Ensure developing countries' access to finance in conditions of financial stability, including with capital controls, investment screening, and regulation.

4. Invest sufficient resources in the care economy, in health, childcare, aged care, education, public transport, and other quality public services.
5. Adopt policies and regulations to formalise the informal economy, eliminate all forms of forced labour and address insecure forms of work, including through the correct classification of employment relationships.
6. Support the Binding Treaty, put an end to the concentration of corporate power and establish instruments for corporate accountability, that closes global corporate governance gaps in human and labour rights ,taxation and reporting, and anti-corruption standards.
7. Reduce military budgets and reallocate resources to serve the global common good and build peace.
8. Establish a permanent international debt relief mechanism for resolving sovereign debt crises.
9. Deliver on an ambitious pillar 1 of the G20/OECD agreement, eliminate tax havens and ensure progressive taxation, a global asset register to target hidden wealth, a financial transactions tax, and increase the minimum corporate tax from the G7 agreed base of 15% to 25%.
10. Reform the multilateral trading system to include ILO core labour standards and redesign the WTO on the principles of solidarity, special and differential treatment, and policy space.
11. Achieve universal access to vaccines, treatments, and tests through a TRIPS Waiver, and conclude a new international convention on pandemic prevention, preparedness and response, and invest in public health services.
12. Promote natural farming and the traditional knowledge and inputs of indigenous and marginal farmers to support agriculture to be climate resilient by creating awareness, facilitating access to efficient and affordable technology.
13. Through genuine international cooperation, secure safe and legal routes for migrants and asylum seekers and make progress on migration and refugee status regularisation.
14. Ensure that high-income countries respect their commitment to contribute 0.7% of their GNI to ODA.
15. Ensure frameworks for a fair and democratic digitalisation with investment in public digital infrastructure, address the extreme power of global digital platforms, secure labour rights for platform workers, regulate workplace artificial intelligence (AI) applications, invest in training for informal workers and women, and prioritise collective and worker related data rights.

In order to respond to the calls for a Just Transition and social justice, the L20 emphasises that a New Social Contract for Recovery and Resilience would put people's needs above profits. It is urgent for

the G20 to take a leadership role within the global community in 2023 to support the conditions that prioritise development, economic, social and climate justice, equality, and solidarity.

CLIMATE-FRIENDLY JOBS

WAGES

RIGHTS

SOCIAL PROTECTION

EQUALITY

INCLUSION