

## **Position Paper on Labour and Employment at the G20**

The forum in the G20 that is tasked with discussions of labour market related issues is the Employment Working Group. The EWG comprises the labour and employment ministers of member states. It has a multi year mandate which is reviewed annually and renewed when deemed necessary. Labour20 (or L20) is the engagement group that comprises trade unionists from member states to reflect on the EWG's agenda for the year and make recommendations to the EWG. In 2023, with India's presidency of the G20, the Bhartiya Mazdoor Sangh (part of the RSS, of which the current ruling party - the BJP, is the political arm) is the appointed Chair of the L20.

### **The Agenda**

In 2023, the Employment Working Group has identified the following priority areas for consideration:

1. Addressing the Global Skills Gap
2. Gig and Platform Economy and Social Protection
3. Sustainable Financing of Social Security

There is a summary rationale and a few expected outcomes provided for this selection. In short it states thus.

- 1 For priority area 1, the demographic differences are identified as the main reason. Comprehensive skill mapping and assessment along with adoption of common skill taxonomies to ensure recognition of skills across borders are the expected outcomes.
- 1 For priority area 2, while gig and platform work is seen as allowing workers to “transcend the limitations of work-time and work-space, enabling [them] to integrate with the labour market”, it is acknowledged that there are challenges in providing them social security in the absence of traditional employer-employee relationships. Sharing of best practices across countries, production of better statistics and classifications to capture types and number of workers in the platform economy are the expected outcomes.
- 1 For priority area 3, there is an acknowledgement that providing social security to a large population remains a challenge and that alternate avenues to generate and expand resources for provision of the same must be sought. Sharing best practices, deliberations on prioritisation within welfare entitlements that comprise social security, international development assistance to support social security and policy options to ensure sustainable financing of social security are the expected outcomes

The L20 discussions were shaped around five themes, for each of which a “task force” drafted short reports that were discussed in the L20 Summit on 22nd and 23rd June. The themes broadly overlap the priority areas set by the EWG. These were:

1. International Migration: Portability of Social Security
2. Universal Social Security
3. Skill Development: Roles and Responsibilities of Stakeholders
4. Changing World of Work: New Employment Opportunities in G20 Countries
5. Women and Future of Work

The agenda set by these themes mirrors that of the EWG, save for the specific focus on women workers as a standalone report. Some of the framing of the issues in the L20 Summit statement, which represents the consensus position of participating delegates, is commendable.

The Changing World of Work report, which focuses on technological changes, acknowledges increasing inequality and the digital divide. It states a key fact: “The structural dynamics and powers at work create ‘good ’ or decent jobs only for a limited number of high-skilled people, producing increasingly unequal societies with extremely rich people and many extremely poor people.” It says that controls should not be left to the market and the state should control innovation and power concentration. Along with the report on Women and Future of Work, it highlights the large potential for job creation in the care economy and the need for having regulations to protect workers. The report on Universal Social Security makes a mention of the need to address low wages and speaks of the need to expand fiscal space and adopt a more “accommodative macroeconomic framework”.

Despite these acknowledgments, the statement adopted at the L20 Summit lacks any concrete steps or a vision of a labour friendly economic scenario. It stops short of identifying the root causes of the problems faced by workers.

## **Problems of Framing**

Having outlined the G20 approach to workers’ concerns, we look now at their limitations. This section is divided into three segments covering the broad priority areas and overlapping discussion in the L20.

**International Migration and Skill Development:** The rationale cited for the need to create a Skill MIS and adoption of common standards for recognition of skills across borders was the demographic differences between the member countries. Let us unpack that.

The G20 is comprised of some of the youngest and most populous countries such as India and China that happen to be developing economies, as well as of countries with ageing populations such as Japan and Italy that happen to be relatively more developed economies. It implies a

shortage of workers with specific skill-sets across ageing countries and a potential need of workers from developing countries. The regimes in these developing countries see this requirement as an avenue of employment for their workers.

Developing countries with a young, trainable workforce are thus in an advantageous position. However, developed countries across the world have high barriers for labour migrants and wage and benefit differentials as well. There is a need to ensure liberalised, safe and dignified labour migration across international borders. Research on major international labour migration corridors have highlighted significant enduring problems that need to be addressed. These include a predatory recruitment industry that passes costs to low income workers from developing countries resulting in increasing indebtedness, harsh working and living conditions for migrant workers (even in so called developed countries such like the USA and the UK), lack of unionisation among migrant workers and political targeting of migrant workers.

#### **The Curious Absence of Indo-Gulf Labour Migration**

With Saudi Arabia being a member state, the lack of any reference to the Indo-Saudi (and Gulf) labour migration is surprising. The economies of the Gulf Cooperation Council (Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman) are structurally dependent on migrant workers. Over half the population of the region is migrants (30 out of 58 million). Migrant workers overwhelmingly dominate the blue collar workforce in these countries, with Indians accounting for approximately 10 million of them (33%). In Saudi Arabia alone, there are approximately 4 million Indian workers. Researchers have regularly highlighted the mistreatment of migrant workers in these countries, including Saudi Arabia. The infamous kafala system and a ban on labour organising result in employers (kafeels) having inordinate control over workers resulting in systematic abuse of their rights. India has Social Security Agreements with 19 countries, with the surprising omission of any from the GCC where most Indian citizens work overseas and are in need of safeguards. In such a situation, presiding over the Summit discussing issues in international labour migration, one would have imagined the Indian government would have pressed for the security of its citizens working overseas. Ironically, workers do not seem to be a national priority even at an international labour summit.

**Platform Economies and Technological Advancement:** To view the gig or platform economy as allowing workers to transcend the “work-time and work-space limitations” so that more of them can be integrated in the labour market is absurd. It shows a disconnect from the reality of labour markets, especially in countries like India where young working age adults are suffering from the worst employment crisis in the country. Gig work is notoriously precarious characterised by a total lack of employer responsibility, which is legally invisibilised due to a

lack of regulations. Gig workers compete for temporary streams of income at exceptionally low rates. The availability of millions of tech-literate young workers forms the bedrock of accumulation for digital businesses, especially those involved in online retail and service delivery. It is the lack of decent work opportunities and the extreme scarcity of avenues of income generation that pushes young workers to take up part time, precarious and low paid work in the platform economy. In short it is a sign of distress and chronic disguised employment in the country.

Generating more data on the platform economy seems to be the focus of the EWG. Data by itself is not going to provide solutions. This is a classic example of a technocratic approach that seeks to invisibilise the political choices being made. There is a very obvious case for introducing regulations and ensuring compliance in the platform economy. Technological advancement results in greater labour productivity and efficiency, thus creating more “value”. To harness the potential of digital technologies it is necessary to ensure that the increased value created is adequately distributed. Under the current regime, owners of capital (of financial and technological property in particular) benefit from deployment of new technology.

#### **Non-corporate models in the Digital Economy**

Many of these services can also be provided through a co-operative, state backed support. We already have examples of Kerala Savari (Trivandrum) initiated by the Kerala Transport Workers Welfare Fund, and AutoSavari and Yatri apps (in Kochi) are examples of public initiatives to harness such technologies in worker friendly ways within a market economy. They charge lesser commission than private companies like Uber thereby benefitting drivers and riders, while ensuring simultaneous public revenue growth. More such initiatives and experiments must be encouraged and supported. Non-corporate and especially public companies serve the purpose of setting benchmarks in market segments, around which prices can be regulated. They are healthy competition for private businesses and dis-incentivise predatory and monopolistic tendencies of businesses, thus allowing services to remain within reach of common consumers even in a market economy.

The struggle to ensure social security for gig workers requires re-making the digital economy in fundamental ways. The modest admission in the L20 statement, “Technology innovation follows the logic of profit and not enough of the logic of people and workers’ well being.”, needs to become the starting point of analysis.

**Universal Social Security and its Sustainable Finance:** Any discussion of providing universal social security must start with an analysis of why the majority of workers do not have it. 9 out of 10 Indian workers do not enjoy any social security benefits. This situation has persisted through more than 3 decades of deregulation and liberalisation of the Indian economy, accompanied by high GDP growth. The economic model we have been following champions a small segment of

large corporations over all other segments of society and equates their growth with the development of the nation. One of the key characteristics of the Indian economy post liberalisation has been increasing flexibilisation of labour and deregulation of labour relations. This has ensured fragmentation of workers and a lack of bargaining capacity for labour. It has worked well for large businesses that have a ready supply of cheap labour. But it has also ensured that the bulk of Indian workers remain at very low wages and without benefits. This is why social protection has been the dominant policy option in India, as opposed to social security. Lack of formal work (i.e. established/registered employer-employee relations) and low wages leave no option. Hence it must be acknowledged that there are structural reasons for the lack of social security in India where the gains of economic growth are cornered by a small section of society.

The perspective underpinning the EWG vision of social security is bound to create friction with the prevailing economic model, which valorises profits over all else. While talking of universal social security, under the best of circumstances all it can provide is a truncated version of the same. This is evidenced in the highly technocratic terms of reference. One of the expected outcomes for sustainable financing of social security is “recommendations on which welfare entitlements should be prioritised based on available fiscal space”. This shows there is a clear hierarchical relation in this view, between the world of capital which will drive a self-serving “economic growth” and the needs of the mass of workers who must be provided for despite reducing corporate tax rates. This is bound to fail.

#### **Tax the Rich**

Economists have suggested that imposing a wealth tax of 2% and an inheritance tax of 33% on only the top 1% of rich Indians will be enough to provide five basic rights that will ensure social security for all - right to food, employment, free and quality public education, free and quality public healthcare and a non-contributory old age pension and disability benefits. France, Germany, South Korea, Japan, UK, USA, Netherlands and Belgium all have inheritance tax rates of 40% or above.

It is only when we question the structural dynamics resulting from in-built power differentials in our economy that we can arrive at solutions that prioritise people and not profits. Otherwise, our attempts at trying to provide social security and welfare will continue to be at odds with how the economic system is designed. Instead, we need a system that creates decent work opportunities and ensures a fair distribution of economic gains in society.

### **Towards a Pro-Workers Agenda!**