

General Discussion Working Party: Inequalities and the world of work

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► Draft conclusions concerning inequalities and the world of work

I. Inequalities: A global challenge requiring urgent action

1. Inequality is complex, multifaceted and has many forms and components. There is a need to address the different dimensions of inequality in the world of work.
2. Income inequality within countries has increased in a majority of countries. Global wealth inequality is high [but has reduced over the last decade]. Major advances had been made in reducing extreme poverty and decreasing inequality between countries, although the COVID-19 pandemic has reversed some of those gains. There is significant global income inequality overall and a long-term global decline in labour share of income: the distribution of income growth has been highly unequal with a majority of the world's population receiving a smaller share than the very top of income earners.
3. High levels of inequality between and within countries can be rooted in a complex and multifaceted interaction of macroeconomic, trade, investment, labour, employment policies and [cultural] practices. Contributing factors vary and can include: poverty, informality, structural unemployment, absence of fiscal space for socio-economic development, [poor governance and accountability], a lack of viable institutions, failure to protect labour rights, ineffectiveness of tax systems, illicit financial flows, lack of adequate [corporate, financial, and wealth] taxation, lack of enabling environment for sustainable enterprises, inadequate universal social protection, including floors, and high debt service obligations. Fair and rules-based international trade that respects labour rights, promotes [fair wages and working conditions, and] value-addition along global supply chains [should be / is] a catalyst for economic growth and development, and contributes to reducing income inequality between countries. Ensuring that the benefits brought by international trade become more inclusive and responsive to Sustainable Development Goals (SDGs) is of the utmost importance for reducing income inequality.
4. The COVID-19 pandemic, which has triggered an unprecedented economic and social crisis, has exposed and deepened existing inequalities in many countries. It has laid bare the unequal capacity of countries to absorb external shocks, as well as the lack of vaccine equity between richer and poorer countries. Workers in [insecure forms of work and] the informal economy, especially women and disadvantaged groups, have been disproportionately harmed by income loss and other negative effects. The pandemic has

also shown the uneven capacity of countries to [use] fiscal stimulus packages to navigate the crisis, while allowing the economy to recover once the crisis is over.

5. Poorer countries risk being left behind for decades to come, because of pre-existing structural weaknesses in their economies and lack of fiscal space required to foster recovery from COVID-19, among others. Some are being seriously constrained by chronic debt, which has grown larger during the pandemic, as they are compelled to channel national revenues into debt service rather than into plans for socio-economic development.
6. Within countries, high levels of inequality in the world of work can have severe economic, social and political consequences. They can slow down economic growth, undermine social mobility and social cohesion, cause the deterioration of public health, increase the risk of social unrest, and undermine the aims of the Declaration of Philadelphia. They [are/ can be] also among the root causes of child labour and forced labour.
7. The type and extent of inequalities vary by country and over time, but gender inequalities, despite some progress over the past decades, remain persistent and pervasive. This manifests in the gender pay gap and gender-based violence and harassment that remain high. The COVID-19 crisis has reversed some of women's gains. Girls and women were forced to leave education, training and the labour market because they still shoulder most of the burden of unpaid care and domestic work and due as well to other barriers, with worrisome consequences for current and future prospects of women's well-being and autonomy, as well as for economic recovery.
8. The COVID-19 crisis has affected disproportionately the most disadvantaged and vulnerable populations to discrimination, such as indigenous and tribal peoples, people of African descent, young and older persons, persons with disabilities and persons living with HIV and AIDS, as well as lesbian, gay, bisexual, transgender and intersex (LGBTI) people, with inequalities being more pronounced when gender, race, age, disability, migrant status or other grounds intersect. / [The COVID-19 crisis has disproportionately affected groups who may be experiencing disadvantages or discrimination, or who may be in vulnerable circumstances.]
9. The 2 billion workers in the informal economy have been among the hardest hit by the COVID-19 crisis, as they tend to earn substantially less than formally employed workers, are twice as likely to be poor, have low rates of savings and often face the most serious decent work deficits. This includes a lack of access to social protection and higher exposure to occupational safety and health risks, as well as obstacles to freedom of association and the effective recognition of the right to collective bargaining. Economic units in the informal economy have low productivity, limited investment and negligible capital accumulation, which make them particularly vulnerable to economic shocks.
10. Unequal access to economic and decent work opportunities, [quality public services], education, essential social services infrastructures and digital infrastructure between urban, rural [and peripheral] areas and richer and poorer regions also contribute to inequalities in the world of work, as well as to a growing sense of fractured societies.
11. Some inequalities arise well before individuals enter the world of work and addressing them is key to reducing inequalities in the labour market and beyond. As work is the main, if not the only, source of livelihoods of most people around the world, the world of work plays an important role in reducing inequalities, including in terms of intergenerational social mobility. High inequalities between adults today make it more difficult to ensure equal opportunities for the next generation.

- 12.** [The Declaration of Philadelphia recognizes the solemn obligation to achieve “full employment and the raising of standards of living” and “policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection”.]

[The ILO Minimum Wage Fixing Convention, 1970 (No. 131) recognizes, adequate minimum wages are instrumental in reducing inequalities and should be based on both of the two necessary elements: (1) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits and the relative living standards of other social groups; and (2) economic factors, including the requirements of economic development, levels of productivity, and the desirability of attaining and maintaining a high level of employment.]

As highlighted in the ILO Centenary Declaration for the Future of Work, 2019 (ILO Centenary Declaration), persistent poverty, inequalities and injustices constitute a threat to the historic advances in economic and social progress that have resulted in more humane conditions at work.

The COVID-19 crisis has underlined the urgent need for prompt action to reduce inequalities, promote inclusive growth and build forward better, including by addressing the effects in the world of work of ongoing megatrends, such as climate change, digitalization, demographic shifts and globalization. Effective action requires identifying and addressing the drivers of inequalities, and is integral to achieving [social justice with global solidarity and] the SDGs and assuring that no one is left behind.

II. The drivers of inequalities in the world of work

- 13.** The multidimensional nature of inequalities is associated with a multiplicity of interrelated and, most often, mutually reinforcing international and national structural and systemic causes. [The global slowdown in labour productivity and the declining labour income share have hindered wage growth in recent years.] [Declining labour share of income is reflected in the higher incomes of top earners, and hampers sustainable development. This is happening at the global and national levels.] The causes of inequality and their impacts vary according to national contexts, groups concerned and forms of inequality. Both external factors and political decisions have an impact on inequality.
- 14.** Lack of technology transfer through and within global supply chains, a global slowdown in labour productivity in recent decades and productivity divergence across countries are some of the causes of income inequality between countries. There are also cross-sectoral variations in productivity and wide productivity gaps among enterprises within sectors. [Long-term decoupling of wages and productivity] is also a key determinant of within-country labour income inequality. Divergence in productivity between enterprises can also be driven by size; with some small and medium-sized enterprises lagging behind larger firms. [Wage differentials, attributed to skills differentials and diverse levels of labour productivity, within enterprises account for a major share of labour income inequality.]/[Inequality within enterprises accounts for a major share of total inequality.]

Additional text for point 14 or new point: [Global supply chains have contributed to economic growth, job creation, poverty reduction and entrepreneurship and can contribute to transition from the informal to the formal economy. They can be an engine for promoting development by promoting technological transfer, adopting new production practices and moving into higher value-added activities, which would enhance skills development, productivity and competitiveness. At the same time, failures at all levels within global

supply chains have contributed to decent work deficits for working conditions, such as in the areas of occupational safety and health, wages, working time, and which impact on the employment relationship and the protections it can offer. [While global supply chains have created employment and opportunities for economic and social development for many countries,] [when there is a failure to comply with labour standards], global supply chains can also be drivers of inequality, trapping countries, workers and suppliers at different links in the supply chain into low-wage and low value-added activities, coupled with human rights' violations and decent work deficits.]

15. [Chronic international debt is a driver of inequality for many developing countries, as the burden of meeting the requirements of high debt service limits the fiscal space needed to reverse structural problems that impede development.]
16. Labour income is the main source of income for most households in the world. Unequal access to work and working poverty are major drivers of inequalities. Millions of people are unemployed and many more are underemployed. The COVID-19 crisis has increased their numbers, affecting mostly those occupying lower paying, [public-facing, and non ongoing or on-demand jobs] / [and insecure forms of work]. Lack of full, productive and freely chosen employment and decent work for all is driven by a multiplicity of causes, including inadequate macroeconomic and tax policies, lack of sustainable industrial policies, lack of an enabling environment for sustainable enterprises and low aggregate demand, associated often with a declining labour share of national income and ineffective structural transformation of the economies.
17. Inequality arises not only from the lack of jobs but also from their quality. This concerns first and foremost those working in the informal economy, who represent more than 60 per cent of the global workforce. Informality is not only synonymous with the most pronounced decent work deficits, it also undermines the governments' scope of action, as it limits the fiscal space and capacity of States to provide access to public services to all and to ensure appropriate redistribution through social transfers and tax systems.

Additional text for point 17 or new point: [Other workers may perform part-time, temporary employment or temporary agency employment. The flexibility associated with these forms of work can help businesses increase their productivity and improve the participation of workers, particularly young and low-skilled workers, who face higher barriers to entry into the labour market. Nonetheless, when these forms of work are not used for the specific purpose they are intended for but to circumvent the employer's legal and contractual obligations, or do not afford adequate labour and social protections, they can contribute to undercutting fair competition and deepening inequalities between workers.]

18. Insufficient, weak legal and policy frameworks, including those ensuring healthy and safe working environments and active labour market policies, together with informality and dysfunctional labour market institutions, contribute to inequalities, by depriving some workers of adequate and effective labour and social protection and of equal access to opportunities, and by constraining sustainable enterprises and growth. A majority of the world's population is not covered by any form of social protection, which can result in shocks causing a fall into poverty and widening inequalities. Decline in trade union membership and collective bargaining coverage, due to [violations of or] obstacles to the realization of the right to organize and collective bargaining, among other factors, has also contributed to a rise in wage inequalities.
19. Insufficient provision of and unequal access to quality public services and education, as well as training and lifelong learning are essential drivers of inequalities. While global literacy rates and levels of educational achievements increased over the past years, there

remain important inequalities in access to education and training. There are also gaps in access to health, transport, sanitation, care, water, energy, housing, especially for people living in rural areas, working in the informal economy, migrant workers, low-skilled workers and young people not in education, employment or training.

20. Discrimination, including systemic, multiple and intersectional forms of discrimination, remains a persistent and pervasive dimension and root cause of inequality, which often manifests in a lack of career opportunities in the labour market and social mobility. One significant issue is unequal pay for work of equal value. Women everywhere still face high barriers in entering, remaining and progressing in the labour market [, while continuing to bear most of the burden of unpaid care work]. Violence and harassment in the world of work reinforces and creates inequalities. Discrimination hinders not only equal access to education, training and lifelong learning, but also access to quality jobs, housing, mobility, land and capital, as well as social protection.
21. Climate change, digitalization, globalization and demographic shifts are transforming the world of work, and while they present opportunities, they also generated challenges that may contribute to a widening of inequalities. Climate change has disproportionately affected the quality of life and livelihoods of those vulnerable populations with the fewest resources to mitigate its pernicious effects. It puts jobs, livelihoods, and productivity at risk in some sectors, which are critical to sustainable development and growth. Digitalization and the rise of digital labour platforms [create new drivers of inequality, as well as] provide workers with income-generating opportunities, allowing them to complement their existing incomes and the flexibility they look for. On the downside, earnings are often low, employment volatile and social protection is often lacking. In addition, digital divides exacerbate further existing inequalities. While the process of economic cooperation and integration has helped many countries and population groups to benefit from very important economic and social development, globalization has also caused countries, sectors and part of their population to face major challenges of inequality.

III. A comprehensive and integrated ILO strategy to tackle inequalities in the world of work

22. To reduce inequalities, achieve social justice, and ensure that no one is left behind, simultaneous action is needed in several policy areas, and fragmented and piece-meal approaches should be avoided. Reducing inequalities in the context of an inclusive and human-centred recovery requires combined, coordinated and coherent interventions at various levels, adapted to specific country circumstances. Reducing inequalities also requires a recognition of the inter-connectiveness of nations and people. Strengthened bilateral, regional and multilateral [solidarity and] cooperation must also be an integral part of a successful strategy to tackle inequalities.
23. Members, with the support of the International Labour Organization, should focus on:
 - (a) **A positive agenda for reducing inequalities, through generating sustained, inclusive and sustainable growth, full and productive employment and decent work for all, in the context of a just transition, digitalization and demographic changes.** Employment creation is key to reducing inequality. It requires a pro-employment and gender-responsive macroeconomic framework, [including fiscal, monetary, industrial, sectoral, and labour policies,] effective active labour market policies, and enabling regulatory environments. An enabling environment for sustainable enterprises that can increase productivity and narrow the productivity

gaps across enterprises is also needed. It also requires the adoption of employment impact assessments to evaluate policies, socio-economic development strategies and investments, and to minimize jobless growth. Investment in sustainable enterprises, workforce, research and development, technology improvements, the real economy and innovation is also essential. Social dialogue, including collective bargaining, helps achieve a fair share of productivity gains and economic growth, contributing to a more equitable distribution of income and wealth. Furthermore, to address the digital divide, investments for developing or upgrading the digital infrastructure are essential. A just transition provides a vital pathway to minimize the negative impacts of the environmental and climate change and to harness the positive potential of creating decent work in a greener economy, expanding access to the labour markets for the most vulnerable and disadvantaged.

- (b) **Fostering equal opportunity, access to quality education and training and quality public services: ensuring the effective realization of the right to education by promoting access for all, from early childhood, to quality and relevant education.** Access to training and lifelong learning is a precondition to ensure equal opportunities in employment, facilitate successful labour market transitions and help achieve gender equality and social inclusion. It requires improving [the quality and relevance of] education, training and skills development that are responsive to [societal and] labour market needs, to increase employability, the ability to adapt to the fast-changing world of work and productivity, and to share the benefits of technological progress, green transitions and demographic changes. Social dialogue, including collective bargaining, can contribute to quality skills, training and lifelong learning. Targeted support for disadvantaged groups is needed to reduce barriers to access to education and training, as well as to reduce gender segregation through STEM studies and gender-responsive career guidance and jobs. Skills, including upskilling and reskilling and lifelong learning, with a focus on disadvantaged groups, are central to recovery strategies. Strengthening quality public services helps reduce unpaid care work in order to enable participation in the labour market.
- [(c) **Ensuring adequate protection of all workers and fostering a fair share of the fruits of progress.** Strengthening the effectiveness and inclusiveness of labour market institutions is paramount to addressing inequalities and poverty. Fundamental principles and rights at work must be guaranteed to all workers regardless of their employment relationship, including for informal workers. The implementation of collective bargaining systems and measures for equal pay for work of equal value, including in supply chains, are key to a fair distribution of the fruits of economic progress. Adequate minimum wages, statutory or negotiated, are also a powerful tool to reduce inequalities when they are set by taking into account the needs of workers and their families as well as economic factors, as laid out in Convention No. 131.]
- [(d) **Accelerating the transition to formality by addressing the underlying causes of informality.** Formalization of the economy is a necessary condition to reduce poverty and inequalities, advance decent work, increase productivity and sustainability of enterprises and expand government's scope of action, notably in times of crisis. In accordance with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), and acknowledging that the pathways to transition to formality depend on national circumstances, comprehensive integrated strategies that tackle multiple drivers of informality work best. Effective gender-responsive and non-discriminatory formalization strategies combine

interventions to increase the ability of the formal economy to absorb workers and economic units in the informal economy, and to strengthen the ability of people and enterprises to enter the formal economy. The identification of the right incentives and the elimination of obstacles to formality are essential to encourage entrepreneurship, private investment, economic growth and decent job creation. In the context of the COVID-19 crisis, preventing the informalization of formal jobs is also of particular importance.]

- [(e) **Ensuring gender equality and non-discrimination and promoting equality, diversity and inclusion.** This requires an integrated and comprehensive approach that puts people at the centre, takes into account the impact of intersecting personal identities, as well as conditions of vulnerability, and addresses equality through the entire life cycle. This entails: removing barriers preventing women from accessing, remaining and progressing in the labour market, such as stereotypes, discriminatory laws and the unfair division of unpaid care work; strengthening actions and policies to end racial discrimination, and to achieve equality of opportunity and treatment for all; closing gender pay gaps, and further realizing equal remuneration for work of equal value for all; increasing the availability of data disaggregated by, sex, age, disability, race, ethnicity, migrant status, geographic location.]
- [(f) **Realizing universal social protection.** There is an urgent need to strengthen national social protection systems, extending their reach to those who are so far not adequately protected and ensuring that everyone has access to comprehensive, adequate and sustainable protection over the life cycle. This provides a strong base that allow countries to address inequalities, promote an inclusive recovery and resilience in the face of crises.]

24. [The International Labour Office should:]

- [(a) Develop a comprehensive and integrated strategy to guide its Members, especially at the country level, in accelerating action to reduce and prevent inequalities in the world of work. The strategy could sharpen the link between the Decent Work Agenda and inequality, and the goals of the 2030 Agenda for Sustainable Development, and contribute to a human-centred recovery that is inclusive, sustainable, and resilient, reinforcing the Organization's mandate on social justice. The strategy should promote a mix of mutually reinforcing policies and measures, that address the different drivers of inequality, are guided by international labour standards, are evidence-based, and tailored to the specific circumstances of each country. This mix of policies should put employment, non-discrimination and equal opportunities, fair distribution of the fruits of progress and redistribution at the heart of action to combat inequalities and realize social justice. This strategy should help position the ILO as a key player in the fight against inequalities both at country and international level.]
- [(b) Assist constituents, including through Decent Work Country Programmes and appropriate technical advisory services, in establishing a comprehensive and integrated strategy to reduce inequalities in the world of work and in designing and implementing actions under the above-mentioned six relevant areas. Such support should be provided in accordance with relevant international labour standards and action plans agreed by the Governing body to follow-up to Conference resolutions

in areas such as social protection and skills and long-life learning¹ and the strategy on the formalization of the informal economy adopted by the Governing Body.² Attention should be given also to developing an ILO strategy to enhance productivity, taking into account the guidance provided by the Governing Body in March 2021;³ advancing a transformational agenda for gender equality and non-discrimination; and enhancing measures to promote inclusive collective bargaining systems at all appropriate levels, as well as other forms of social dialogue, to help attain a just share of the fruits of progress to all.]

- [(c) Incorporate in its contribution to the United Nations reform effort, systematic inclusion of inequality issues in country-level activities and Decent Work Country Programmes, placing social dialogue at the heart of the policy debate, while strengthening its country offices and further developing the “One-ILO” approach.]
- [(d) Mainstream inequality issues into the follow-up to the ILO Centenary Declaration, the Global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient, and into the ILO’s programme and budget, highlighting explicitly the possible contribution of selected outcomes to the reduction of inequality, building upon ongoing, promising country programmes with a view to expanding their scope and maximizing impact.]
- [(e) Engage urgently in stronger multilateral coordination and cooperation, including with international financial institutions, on the issue of inequality in the recovery from the pandemic, to increase efficiency and policy coherence for, among others, emergency support for employment, business continuity and labour and social protection, with attention to the most vulnerable and hardest hit by the pandemic.]
- [(f) Pursue research and gather knowledge aimed at providing evidence-based guidance in combating inequality in the world of work, and appropriately address the promotion of a just transition to a carbon neutral digital economy, to gain knowledge on intergenerational transmission of disadvantages, as well as the causes of and possible solutions to counter the declining trends in the labour income share. Such research should take into account country-specific circumstances and include regular monitoring reports on the various dimensions of inequality in the world of work and demographic changes.]
- [(g) Continue promoting the ratification and implementation of the fundamental conventions, notably the Equal Remuneration Convention, 1951 (No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and other relevant international labour standards.]
- [(h) Accelerate the implementation of a transformative agenda for gender equality, as called for in the ILO Centenary Declaration, and the transformative agenda for equality, diversity and inclusion, in accordance with the Global call to action.]

¹ The resolution concerning the recurrent discussion on the strategic objective of social protection (social security) adopted in the first part of the 109th Session (June 2021) ([GB.343/INS/3/1](#)) and the resolution that might result from the general discussion on skills and lifelong learning during the resumed part of the 109th Session.

² [GB.329/POL/2](#) and [GB.329/PV](#), para. 457.

³ [GB.341/PV](#), paras 606-649 and [GB.341/POL/2](#).

- [(i) Redouble efforts to support constituents in establishing effective and evidence-based minimum wages setting systems that promote adequate minimum wages, statutory or negotiated, and promote the ratification and implementation of Convention No. 131 in a more systematic manner.]