



Trade Union  
Advisory Committee  
to the OECD  
*Commission  
syndicale consultative  
auprès de l'OCDE*

## **Comments on the 2021 OECD Going for Growth: Structural Reforms and the Pandemic**

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### **Executive Summary**

- On 14 March, the OECD published the [2021 edition of Going for Growth](#), which represents the OECD's formula for countries' economic success through the implementation of structural reforms.
- Over the last years, there has been a progressive attempt to shift the publication's methodological ground from a competitiveness perspective, to include inclusiveness and the green economy.
- This year edition considerably emboldened the endorsement for expansionary fiscal policies, as well as it increased awareness about social and labour protection issues. This includes traditional ingredients such as investing in skills, education, activation and retraining schemes, but it also means more attention for safety nets to provide income assistance during transitions.
- There are significant openings to the concept and relevance of job quality, not just quantity, as well as the need to protect workers in the context of the current recession.
- Most notably, the OECD warns about the risks in reducing employment protection legislation (EPL) during the crisis or in the recovery phase. Albeit strictly limiting its considerations to the current moment of crisis, it is encouraging that Going for Growth calls governments to reconsider labour market de-regulation for the time being.
- The OECD also warns about labour market dualism, "a long-standing problem in several countries", which not only affects job quality but hinders the effectiveness of social measures, most often tailored to the needs of employees with permanent, full-time jobs.
- The publication supports strengthened social safety nets for workers navigating the COVID-19 crisis. This includes both job retention schemes and other forms of income support for workers in active labour relations – without forgetting non-standard workers that fall out of existing social safety nets, and need to be assisted as well. The publication also endorses minimum wages as one way to ensure decent income for low-skilled and marginalised workers.

- When it comes to explicating the nature of structural reforms and the role of the public sector, Going for Growth 2021 stresses that the focus should be on “fiscally expansionary” policies that “either necessitate higher spending or improve the effectiveness of fiscal stimulus”.
- Finally, when it comes to environmental policy, Going for Growth explains that reforms will not succeed in the absence of broad public acceptance. In simple words, this means paying attention to citizens’ concerns in terms of employment protection and income security.
- Yet, Going for Growth is still somewhat shy about the overall need to strengthen labour protection and does not acknowledge the important role of collective bargaining, both in protecting workers’ interests but also in ensuring better business performance and resilience. Future editions should build and expand on the concept of social dialogue, in order to offer truly inclusive policy recommendations.

### **COVID-19 forces Going for Growth to pay more attention to social policy and inclusiveness**

On 14 March, the OECD published the [2021 edition of Going for Growth](#). This publication represents the OECD’s formula for countries’ economic success, through the implementation of structural reforms.

Past Going for Growth reports have most often entailed a narrow, neoliberal agenda of supply-side measures, focusing on business competitiveness, enhancing productivity through greater competition, tax cuts, trade liberalisation, and labour market flexibility. In recent years, however, there has been a welcome attempt to combine productivity considerations with a broader inclusive agenda, to account for rising inequality in OECD economies and beyond. For the 2019 edition, [the TUAC noted](#) the greater focus on “inclusiveness” but also regretted that the term was mostly understood as getting people into jobs, without considering job quality, while limiting the space for public fiscal intervention, relying on market forces and the private sector alone.

The COVID-19 pandemic fully exposed the systemic fragility of the global economy, together with many governments’ unpreparedness to manage the health and social emergency. In the words of the OECD, “pandemic-induced lockdowns highlighted gaps in social safety nets, leading governments to step in with massive, generalised policy support. COVID-19 hit low-income earners, informal and non-standard contract workers, women, migrants, children and youth, and those with disabilities and chronic health conditions particularly hard”.

As a result and despite persisting limitations, the current edition of Going for Growth has considerably emboldened its endorsement for expansionary fiscal policies, as well as increased awareness about social and labour protection issues. In particular, when building policy advice strategies, the need to support people in transition has gained particular prominence in the work of the OECD. This includes, on the hand, traditional ingredients such as investing in skills, education, activation and retraining schemes, but it also means much more attention for safety nets to provide income assistance during transitions.

## **Resilient labour markets and collective bargaining: say it loud**

Going for Growth is still somewhat shy about the overall need to strengthen labour protection and does not acknowledge the important role of collective bargaining, both in protecting workers' interests but also in ensuring better business performance and resilience. However, there are significant openings to the concept and relevance of job quality, not just quantity, as well as the need to protect workers in the context of the current recession.

## **Warning shot on employment protection legislation**

Most notably, the OECD warns about the risks in reducing employment protection legislation (EPL) during the crisis or in the recovery phase. Such actions “may prove contractionary in weak economic times if they trigger immediate layoffs, while only gradually increase hiring over time”. While the TUAC has been insisting for a long time about the need to maintain and even strengthen EPL, pointing out to [weak evidence](#) of correlation between EPL and unemployment levels, the OECD has repeatedly suggested that “excessive” EPL has negative consequences for employment and productivity. Therefore, albeit strictly limiting its considerations to the current moment of crisis, it is encouraging that Going for Growth calls governments to reconsider labour market de-regulation for the time being.

## **Reducing labour market dualities through social protection**

The OECD also warns about labour market dualism, “a long-standing problem in several countries”, which not only affects job quality but hinders the effectiveness of social measures, most often tailored to the needs of employees with permanent, full-time jobs. Based on recent OECD data, the publication highlights that “non-standard workers [account] for around 40% of total employment on average across European countries in the sectors most affected by containment measures”, a tendency that has particularly risen with the gig economy and to the detriment of job quality. “To reduce such divides”, the OECD concludes, “longer-term solutions are needed. Broader based access to social protection could increase job quality and reduce labour market inequalities”. This sounds like a sensible advice.

## **Tougher rules on unemployment benefits combining with better active labour market policies**

The publication supports strengthened social safety nets for workers navigating the COVID-19 crisis. This includes both job retention schemes and other forms of income support for workers in active labour relations – without forgetting non-standard workers that fall out of existing social safety nets, and need to be assisted as well. In addition, it includes unemployed people, expanding unemployment benefit schemes without strengthening job-search conditions, since the current idleness on labour markets would imply additional difficulties to find employment at the present time. According to the OECD, “increasing stringency of eligibility criteria could force benefit recipients out of the labour force, which could increase the risk of poverty, undermine confidence and create uncertainty. Moreover, stringent unemployment benefits programmes need to be complemented with efficient activation policies (ALMPs) and public employment services that help job-to-job transitions”.

### **Better stance on minimum wages**

Going for Growth raises the alarm about low-income workers, often at the frontline while enduring precarious work conditions and lower wages. To this end, the publication endorses minimum wages as one way to ensure decent income for low-skilled and marginalised workers, pointing to recent evidence that shows how “increases of the minimum wage up to 59% of the median wage have little negative impact on employment”.

### **Reducing the tax wedge... or offloading the cost on workers?**

On tax and social security charges, the OECD reiterates other policy proposals such as reducing the tax wedge on labour incomes in order to raise employment. Yet, the tax wedge includes both taxation of labour income and social contributions (health insurance and pensions), de facto offloading some of these costs from employers to workers, which goes opposite to guaranteeing job quality and decent living standards for all. It is also in contrast with health policy recommendations from the same publication, calling for increased permanent coverage needs and ensuring equal access to health treatment for all.

### **The nature of structural reforms and public investment**

The call for structural reforms has been a mantra of international organisations, from the IMF to the OECD, ever since the Global Financial Crisis of 2008. In most cases, these implied pro-cyclical expenditure cuts and fiscal consolidation measures. Going for Growth has not been the exception to this. Therefore, it is comforting to read this year that in order to stimulate the recovery the focus should be on “fiscally expansionary” policies that “either necessitate higher spending or improve the effectiveness of fiscal stimulus”. In particular, the OECD encourages public infrastructure investment, favouring ready-to-go projects with a higher social return, as well as policies addressing the economic inclusion of poor households, with a higher propensity to consume, implying that such measures would not only be just from a social point of view, but would also be warranted to boost the economy by raising aggregate demand.

### **Just Transition**

Just Transition was never adopted by the OECD under such label. Yet, environmental concerns have found increased space in the current edition of Going for Growth, while also acknowledging that green policies will not be successful in the absence of broad public acceptance. In simple words, this means paying attention to citizens’ concerns in terms of employment protection and income security. The OECD acknowledges that “these fears are not completely unfounded”.

In order not to leave anybody behind, Going for Growth encourages a socially productive and resilient reallocation of resources from brown to green sectors, which will come with inevitable shocks for workers involved in more polluting economic activities. Normally, these transitions will require considerable investment in reskilling policies and training,

but also increased social safety nets and attention to secure quality jobs for displaced workers.

The OECD agrees that “countries that minimise obstacles to such reallocation – and carefully manage transition costs – will transition more smoothly”. Unfortunately, it forgets to mention social dialogue as a vital instrument for achieving the necessary consensus and ensuring the right mix of policies to sustain a smooth transition. Again, this is a missed opportunity to acknowledge the key role that trade unions have to play in the recovery, but the broad policy direction taken by Going for Growth, if maintained and expanded, could be assessed as the right one.

## Résumé

- Le 14 mars, l'OCDE a publié l'édition 2021 d'Objectif croissance, sa publication phare sur la performance économique des pays et les réformes structurelles.
- Au cours des dernières années, on note une plus grande attention portée sur les questions d'inclusion et d'économie verte, en lieu et place d'une perspective purement axée sur la compétitivité des entreprises, pour inclure. Toutefois, les recommandations ont conservé une dimension très conservatrice, axée sur l'offre.
- L'édition de cette année a considérablement renforcé le soutien aux politiques budgétaires expansionnistes, tout en sensibilisant davantage aux questions de protection sociale et du travail. Cela inclut, d'une part, les ingrédients traditionnels tels que l'investissement dans les compétences, l'éducation, l'activation et les programmes de recyclage, mais cela signifie également une attention beaucoup plus grande pour les filets de sécurité afin de fournir une aide au revenu pendant les transitions.
- Le rapport fait mieux état du concept et de la pertinence de la qualité de l'emploi, et pas seulement de sa quantité, ainsi que de la nécessité de protéger les travailleurs dans le contexte de la récession actuelle.
- L'OCDE met notamment en garde contre les risques liés à la réduction de la législation sur la protection de l'emploi pendant la crise ou la phase de reprise. Bien qu'elle limite strictement ses considérations au moment actuel de la crise, il est encourageant de constater qu'Objectif croissance appelle les gouvernements à reconsidérer la déréglementation du marché du travail.
- L'OCDE met également en garde contre le dualisme du marché du travail, "un problème de longue date dans plusieurs pays", qui non seulement affecte la qualité des emplois mais entrave l'efficacité des mesures sociales, le plus souvent adaptées aux besoins des salariés ayant un emploi permanent à temps plein.
- La publication soutient le renforcement des filets de sécurité sociale pour les travailleurs qui traversent la crise du COVID-19. Cela comprend à la fois des programmes de maintien de l'emploi et d'autres formes de soutien au revenu pour les travailleurs dans des relations de travail actives - sans oublier les travailleurs atypiques qui ne sont pas couverts par les filets de sécurité sociale existants et qui doivent également être aidés. La publication soutient également le salaire minimum comme un moyen de garantir un revenu décent aux travailleurs peu qualifiés et marginalisés.
- Lorsqu'il s'agit d'expliquer la nature des réformes structurelles et le rôle du secteur public, Objectif croissance 2021 souligne que l'accent doit être mis sur des politiques "fiscalement expansionnistes" qui "nécessitent une augmentation des dépenses ou améliorent l'efficacité des mesures de relance budgétaire".
- Enfin, en ce qui concerne la politique environnementale, "Objectif croissance 2021" explique que les réformes ne réussiront pas si elles ne sont pas largement acceptées par le public. En termes simples, cela signifie qu'il faut prêter attention aux préoccupations des citoyens en matière de protection de l'emploi et de sécurité des revenus.
- Pourtant, Objectif croissance reste quelque peu timide quant à la nécessité générale de renforcer la protection du travail et ne reconnaît pas le rôle important de la négociation collective, à la fois pour protéger les intérêts des travailleurs mais aussi pour garantir de meilleures performances et une meilleure résilience des entreprises.

Les prochaines éditions devraient s'appuyer sur le concept de dialogue social et le développer, afin de proposer des recommandations politiques réellement inclusives.

## Resumen

- El 14 de marzo, la OCDE publicó la edición 2021 de Going for Growth, que representa la fórmula de la OCDE para el éxito económico de los países mediante la aplicación de reformas estructurales.
- A lo largo de los últimos años, se ha producido un intento progresivo de desplazar el terreno metodológico de la publicación desde una perspectiva puramente empresarial-competitiva, para incluir la inclusión y la economía verde. Sin embargo, las recomendaciones políticas han mantenido una dimensión muy conservadora, del lado de la oferta.
- La edición de este año ha reforzado considerablemente el apoyo a las políticas fiscales expansivas, así como ha aumentado la concienciación sobre las cuestiones de protección social y laboral. Esto incluye, por un lado, ingredientes tradicionales como la inversión en cualificaciones, educación, activación y planes de reconversión, pero también significa prestar mucha más atención a las redes de seguridad para proporcionar ayuda a los ingresos durante las transiciones.
- Se abre paso el concepto y la relevancia de la calidad del empleo, no sólo de la cantidad, así como la necesidad de proteger a los trabajadores en el contexto de la actual recesión.
- En particular, la OCDE advierte de los riesgos de reducir la legislación de protección del empleo (LPE) durante la crisis o en la fase de recuperación. Aunque limita estrictamente sus consideraciones al momento actual de crisis, es alentador que Going for Growth pida a los gobiernos que reconsideren la desregulación del mercado laboral por el momento.
- La OCDE también advierte sobre el dualismo del mercado laboral, "un problema de larga data en varios países", que no sólo afecta a la calidad del empleo, sino que obstaculiza la eficacia de las medidas sociales, la mayoría de las veces adaptadas a las necesidades de los empleados con empleos permanentes y a tiempo completo.
- La publicación apoya el refuerzo de las redes de seguridad social para los trabajadores que atraviesan la crisis COVID-19. Esto incluye tanto los regímenes de mantenimiento del empleo como otras formas de apoyo a los ingresos de los trabajadores en relaciones laborales activas, sin olvidar a los trabajadores atípicos que quedan fuera de las redes de seguridad social existentes, y que también deben ser asistidos. La publicación también respalda los salarios mínimos como una forma de garantizar unos ingresos decentes para los trabajadores poco cualificados y marginados.
- A la hora de explicar la naturaleza de las reformas estructurales y el papel del sector público, la publicación "Hacia el crecimiento 2021" subraya que hay que centrarse en políticas "fiscalmente expansivas" que "requieran un mayor gasto o mejoren la eficacia del estímulo fiscal".
- Por último, en lo que respecta a la política medioambiental, Crecimiento explica que las reformas no tendrán éxito si no cuentan con una amplia aceptación por parte de los ciudadanos. En palabras sencillas, esto significa prestar atención a las preocupaciones de los ciudadanos en cuanto a la protección del empleo y la seguridad de los ingresos.
- Sin embargo, Crecer sigue siendo algo tímido en cuanto a la necesidad general de reforzar la protección laboral y no reconoce el importante papel de la negociación colectiva, tanto para proteger los intereses de los trabajadores como para garantizar un mejor rendimiento y resistencia de las empresas. Las futuras ediciones deberían



basarse en el concepto de diálogo social y ampliarlo para ofrecer recomendaciones políticas verdaderamente integradoras.