

**Women's Major Group Contribution for the Fifth Session of the Open Working
Group on the Sustainable Development Goals**
**Analysis and key recommendations on Sustained and Inclusive Economic Growth and
Macroeconomic policy questions based on comments to the UNTST Issue Brief
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Submitted by Women's Major Group¹

The Women's Major Group (WGM) considers that addressing sustained and inclusive economic growth and macroeconomic policy questions is fundamental in shaping the Sustainable Development Goals (SDG). However, the WGM is cautioned by the narrative and goals detailed in the TST Issue Brief on 'Sustained and Inclusive Economic Growth, Infrastructure Development, and Industrialization and macroeconomic policy questions', and would like to propose for consideration the following analysis and recommendations for member states active in the OWG:

- The whole concept of Inclusive Economic Growth, as developed in the UNTST issue brief on Sustained and inclusive economic growth is problematic. **Growth, however qualified, is not the goal in and of itself**, and despite qualifications it still appears here as the old "trickle down" theorem. Which is to say: first we guarantee market dynamics, and then inclusiveness will arise, mainly just by adding some regulatory policies. Markets are retained as the main economic institutions with the assumption that proper policies will guarantee their good behaviour and, in some cases, correct market failures. However the absence of redistributive ethics and objectives in market-based policies and institutions explains to a certain extent their failure to tackle poverty, inequality in labour market segregation and global imbalances. Any progress in the reduction of poverty and inequality, is not dependent on economic growth alone but, requires progressive public policies (regulation of labour markets and other social policies).
- The notion that inclusive economic growth is only achievable through market dynamics (therefore insisting on the continued imposition of market liberalization), is also problematic because it limits the space for democratic participation and constrains the policies for the development of sustainable and equitable production, consumption and reproduction patterns. There is an implicitly **linear and reductionist concept of development in the UNTST brief**, by which there is only one way to reach it: structural change and industrialization. It ignores many useful alternative approaches that are emerging and challenging the weaknesses of this model, including buen vivir (good living), and other heterodox visions, including those coming specifically from women's movements. In particular, domestic productive capacity, based on waged/renumerated employment creation and diverse economic sectors should be prioritized as part of national development strategies.

¹ Based on contributions from DAWN, AWID, TWN and WGM position papers.

- Moreover, it should be emphasized at the outset that sustainability encompasses the three pillars of economic, social and environmental policy in equanimity. Indeed, the imperative of an enabling international environment should be viewed as a precedent to the social and environmental objectives of sustainability.
- The challenge of inclusive and equitable development must also be contextualized in the realities of aggressive **financialisation and the ongoing impacts of the recent global financial crisis and economic recession**, as well as the global glut of liquidity led by the US Federal Reserve's quantitative easing policies. International finance has created an economy of its own, which has become increasingly disconnected from the real economy of production, direct investments, job creation and wage growth. It is this structural shift from the real economy to the financial economy, and the behavioural changes in economic actors (from production to speculation), that is at the core of financialisation. In this sense, the TST issue brief pays no attention to the financial dimension of current global economic dynamics. Financial markets represent a great obstacle to investment in productive activities, not only because they impose restrictions to sustainable financing, but also because there is a competing source of rent for capital. **There is no option to reach inclusive economic growth and productive investment for the real economy unless we restructure and regulate the unfettered and volatile global financial flows, the lack of rules and proliferation of imbalances in the global financial architecture, and impose prudential regulations on capital flows, and "transform the financial sector from bad master to good servant".**
- The emphasis on **industrialization, de-contextualized from the imbalances of the global trade regime** and the tiered structure of global value chains, as a way to support economic growth also contrasts with evidence. For example, in Latin America, Asia, and elsewhere, impressive economic growth during the last decade has been led by a reprimarization of the economy. In some cases, has led to a hyper-primarization and extractivist policy push covering land and oceans, for example in the Pacific and other SIDS, LDCS and much of Africa. Thus, even South Africa, which has managed to establish some domestic linkages between mining and energy industries, has been largely unable to develop this further with the collapse of its manufacturing sector due to the imposition of economic liberalization. Such supposedly "successful" economic dynamics have been mostly driven by primary goods (mining, agriculture, fisheries) exports, and they have been proven over and over, to have starkly egregious effects on society by deepening inequality, vulnerability (especially among women), and precariousness and exploitation of labour in the South and North, and pollution of the environment. In the context of unequal and premature trade liberalization, **industrialization does not always lead to growth when it is not rooted in the development of diverse and resilient local industries, domestic productive capacity and employment creation , much less development.**
- The critical need for technology transfer from developed countries to developing countries, as repeatedly emphasized by the Group of 77 (G77) countries in the UN General Assembly, is vital to make possible low carbon and sustainable growth initiatives. Such initiatives cannot be carried out merely or primarily as national responsibilities, but rather should be coordinated at regional and global levels. In fact, **the concentration of capital and property rights** for new technologies that are environmentally sustainable, is one of the **main barriers developing countries face to improve their industrial systems.** Technologies such as geoengineering that seek to alter weather conditions without addressing the problem of reducing pollution levels by the global north must be rejected.
- Industrialization does not only or necessarily improve **conditions of work** and increase **wages** (as claimed in the TST issue brief on inclusive economic growth), but rather does the contrary and often remains in a downward spiral, through ways of production that privilege outsourcing, and placing increasing demands on already overstretched subsistence and livelihoods capacities of the communities

directly affected. The TST issue brief on inclusive economic growth further states that: “as labor shifts from agriculture to higher value added and higher productivity sectors, wages, skills, labor conditions and opportunities for female employment can all be upgraded”. While this might be true, it does not happen in a linear way, it is not automatic, and neither is it sustained. The gender pay gap, which is present in most countries around the globe, represents a vicious incentive for foreign direct investment in the global South because of their cheap female labour. The experience of maquilas in Mexico and Central America are a good example of weak and occasional gains for women. Women are also usually concentrated in casual work under insecure conditions, and are thereby less likely to organize and assert their labour rights such as a living wage, benefits, maternity leave and protection against sexual harassment. For instance, in export processing zones where women workers are concentrated, they are routinely forced to sign short term contracts that are renewed on the whims of the employer, for many years, even in violation of local labour laws.

- Moreover, the notion of **women as “weak winner of globalization”** merely reiterates that there is no automatic relation between economic growth and ‘quality employment opportunities’, as stated in the TST issue brief. The use of terms such as ‘quality employment’ instead of decent work, which is the basis upon which regional and global agreements have been advanced by the International Labour Organisation and Trade union federations around the globe is highly problematic. In fact, the United Nations inter-agency task team on the Post-2015 development framework concurs that the most critical component of inclusive growth is the creation of decent jobs. The UN task team recognized that full, productive and decent employment is identified as the most important source of income security, which paves the path for broader social and economic advancement by strengthening individuals, their families and communities.

- In particular, the TST issue brief does not pay adequate attention to two key features of an employment- and wage-led development strategy, that of **distributional and incomes policies**. Distributional policies can help increase aggregate wage share and reduce wage inequality by increasing or establishing minimum wages, strengthening social security systems, improving union legislation and increasing the reach of collective bargaining agreements, for example. Income policies should direct public transfer payments to where the poor live and work, create public employment schemes, or provide loan credits for livelihood promotion, or for education and health benefits.

- The TST issue brief on sustainable development asserts that, “... the opportunity arised to anchor, among other things, the central role of economic growth and structural transformation in the post 2015 development agenda”. Therefore, they propose the inclusion of a “goal related to accelerating sustained economic growth that is both inclusive and sustainable”. This is the core issue to be discussed. From a feminist perspective, the goal is to sustain life, the conditions of life and the life of each person. Accelerating economic growth, however inclusive it might be be, does not necessarily advance the aspirations of sustaining life. **The critical question is which types of economic development are compatible and can foster the sustainability of life.**

- TST brief issue also states that “Societies need to assess the performance of their economies not exclusively on the basis of GDP or its growth”, even after having argued previously that economic growth is the main goal. Recommendations must ensure that GDP is viewed as only one kind of (inadequate) indicator of economic progress, and must turn much more explicitly toward well-being indicators, **income and time poverty measures, inequality indicators**, and others that are already being developed and tried by many States, communities and social movements. The production of sensitive statistics that might measure these important dimensions are a necessary part of SDGs.

- TST brief issue suggests that “economic growth policies need to be complemented with a commitment to social inclusion through... policies aimed at sharing care more equally between men and

women". The problem here is the framing, with social inclusion merely complementary to economic growth. The WMG strongly posits that unpaid and care work is at the center of economic dynamics. No economic growth would be possible without the whole range of unpaid care activities taken on by women and girls. **Unpaid care work must be substantively recognized, valued and redistributed.** This requires legislative and policy change throughout State systems. Unfair social organization of care (that keeps care as a domain of households and women) is at the basis of persistent gender inequalities. **SDGs should include social redistribution of care work as a core issue, explicitly and throughout.**

The TST issue brief on macroeconomic policy questions has quite a different (and more progressive) orientation than the one on inclusive economic growth. Some of the suggestions can be supported, for instance, using the UN Guiding Principles on Business and Human Rights as guidance for establishing a fair, rules-based system of accountability for businesses, including those in the financial sector. Although some detailed emphasis is still needed:

- The issue brief is overall still too benevolent on the issues of trade liberalization and globalization. A stronger call for globally coherent and strong mechanisms to deal with **asymmetries between regions and countries** is still needed and it is largely invisibilised in current text as well as the need for strong reform of the international financial system.
- More emphasis is needed in highlighting the adverse effects of sovereign indebtedness in many countries, in large part perpetuated by loans and financing from international financial institutions. The social cost of austerity policies to support debt restructuring is already very evident (See in Europe, with the cases of Greece, Portugal and Ireland, as well as the contrasting example of Iceland). The specific and disproportionate burdens and costs for women are also clear. The lack of a fair, equitable and effective means by which to address sovereign debt crises and the absence of an international debt resolution mechanism is arguably one of the most critical absences, or even failures, of the international financial architecture. The recent crisis has triggered waves of sovereign debt crises, most prominently in Europe but also across many other developed and developing countries and regions. The total external debts of developing countries reached \$4.5 trillion between 2010-2011. Particularly in developing countries that have lesser degrees of access to private capital markets and monetary policy tools, there are dire consequences of debt burdens on fiscal space. Foreign exchange earnings are funneled into external debt servicing obligations rather than for key imports payments necessary to sustain and build the domestic economy or to public investments vital to national development needs and fulfillment of people's social and economic rights. A reduction of the external debt stock is indispensable to national economic recovery, as it has the potential (if political will is exercised) **to re-direct national earnings from debt repayments to public expenditure for economic and social needs and to policies that privilege the transformation of national and regional economies to meet local needs in terms of consumption as well as production.**
- There is a contradiction between the very notion of sustainable development and the global consensus on austerity, particularly in the form of public spending cuts and regressive tax policies. Both developed and developing countries have prioritized deflationary macroeconomic policies over expansionary policies that could stimulate public investment, create urgently needed jobs and re-orient tax policies toward wealth redistribution for greater socio-economic equality. **Fiscal policy should be a leading instrument for full employment and economic growth;** it cannot be reduced to only a means of reducing government deficits and correcting imbalances. **Monetary policy is a dynamic tool to govern both the price and volume of credit for the real economy;** it cannot be reduced to only a means of controlling inflation through the raising or lowering of interest rates.

Given all the above, WMG recommends:

SDGs must be rooted much more in the goal of the sustainability of life, rather than on the sustainability of growth, however inclusive it might be. Growth should be a mean towards the primary goal of the sustainability of life and the planet.

SDGs must also promote development-oriented fiscal and monetary policies that help facilitate public expenditure in social sectors, create urgently needed decent work, re-orient tax policies toward wealth redistribution for greater socioeconomic equality and manage monetary policy to serve the needs of the real economy oriented toward sustainability of life and the planet.

ON DEVELOPMENT, GROWTH AND FINANCIALISATION OF THE GLOBAL ECONOMY

- A louder demand for the reorientation of economic dynamics from markets and financialisation to development and equality oriented production, consumption and reproduction patterns is needed. There must be explicit attention to transformative redistribution of resources, to overall systems of production and consumption in a manner that builds linkages such as real production and finance, and ensuring fair and equitable global, regional, sub-regional trade. For this, much regulation is needed: on financial markets, on markets structure and competition, on redistributing mechanisms, on labour markets.
- SDGs should address financialisation by reviving a focus and placing value on heterodox and innovative policies, tailored to local conditions, that allow for a shift of resources (via strategic government policies) from the financial economy to the real economy. Such a shift is necessary to facilitate capital formation, strengthen productive capacities and diversify the economy, while also creating employment and building resilience to external shocks.

Such strategic policies may involve, for example:

- Publicly-owned development banks that can implement financial inclusion policies such as credit directed to the agricultural and low-income populations;
- High (but temporary) tariff and non-tariff barriers;
- Domestic-content requirements to support domestic industries in exports manufacturing by foreign companies;
- Capital controls to prevent sudden panic exits of foreign capital and resulting currency devaluations and financial crises; and,
- Other types of targeted industrial policies which catalyse upward movement in the value chain of national and regional economies.
- There is also a need to effectively monitor and place controls on capital outflows to address the problem of capital flight that is draining financial resources from entire regions, especially from most of Africa.
- Explicit recognition and implementation of principles such as free, prior and informed consent; common but differentiated responsibilities, and historical responsibility, loss and damage; and environmentally sustainable technology transfer that is accessible for developing countries.

ON THE INTERNATIONAL FINANCIAL SYSTEM

- To establish mechanisms for effective international monitoring and coordination to reduce the probability and size of international financial crises. This will involve the regulation of systemically important financial corporations and financial centers avoiding the socialization of private losses.
- To develop and implement an effective regulatory system for countries and blocks of countries that issue reserves, including measures such as the transition from overdependence on the dollar in international transactions and replacing it with an international currency.

- To regulate food and commodities markets to reduce volatility of prices and protect women's and people's livelihoods and rights. The use of "food financial markets", "vulture trading" and other commodities markets that use high-speed, speculative financial trade of food and water for no motive other than corporate or personal profit should be illegal, and determined financial regulation should be established toward a global moratorium to end such harmful speculative practices. The disproportionate impact of high food and fuel prices on women and children should also be recognized.
- To develop and implement international financial transactions taxes which collection should be oriented to fulfill the commitments in matters of human rights with a special focus on populations excluded by sex, gender, race-ethnicity, age, and environmental standards, discouraging speculation, volatility of prices and the socialization of risks taken by the private sector.
- To strengthen capital flows regulation including control of illicit and volatile financial flows and the elimination of tax havens.
- To create global and regional mechanisms for long-term global public financing for productive diversification in sustainable and decent work intensive sectors and employment, health, social protection policies in compliance with human rights obligations.
- To transcend the conditionalities of austerity and financial openness as barriers to access to finance and markets.
- To democratize the governance of voting system in international financial institutions.

EXTERNAL DEBT SUSTAINABILITY

- To establish a predictable, equitable and comprehensive mechanism of resolution and mediation of sovereign debts.
- Regulation of the financial sector to prevent public bailouts and austerity measures. The human rights violations and social and gender impacts of austerity policies to support debt restructuring should be avoided through the implementation of counter-cyclical fiscal and monetary policies.
- To open, transparent and participatory External Audits of the lending operations of the International Financial Institutions, mainly in the Southern countries.
- To reverse the trend in the loan standards of favoring the private over the public sector, and improve efficiency, reduce corruption, and increase availability and flexibility of resources for public investment.

INTERNATIONAL TRADE AND INVESTMENT POLICIES

- To address trade asymmetries between regions and countries, guaranteeing the special and differential treatment principle for developing countries, the removal of subsidies in developed countries, especially in agriculture and the flexibilization of Intellectual Property Rights rules in order to protect public health, environment, natural resources, etc.
- To strengthen regional coordination to facilitate the reorientation of economies towards protecting and building of local industries and productive capacities driven largely by domestic demand while ensuring greater regional trading and productive complementarity in sustainable sectors.
- To apply the Maastricht Principles on Extraterritorial Obligations of States in the area of Economic, Social and Cultural Rights in the application of trade and investment agreements.
- To develop a binding multilateral code of conduct for transnational corporations to control and monitor their compliance with human rights obligations and environmental sustainability standards and ensure accountability and promote the creation of an autonomous Center for Dispute Resolution on transnational private and public investments.
- At global and national levels, to monitor gender differential impacts of trade policies and take protective measures where impacts are expected to be harmful; not compromise governments' policy space to regulate in interests of vulnerable sections; strengthen and implement countries' extra territorial obligations; identify and protect gender sensitive products; ease processes (waiving of

license and other fees), create Research and Development resources for women entrepreneurs, credit and marketing facilities, etc.

- To review the investment protection treaties and Free Trade Agreements signed by countries that restrict the policy space of states to fulfill their obligations regarding human rights and environmental sustainability; including women's access to basic services such as quality education and skill development opportunities; healthcare including access to medicines and sexual and reproductive health services, to safe and accessible drinking water; and to sustainable and affordable energy sources.
- To promote mechanisms for global and regional cooperation to prevent the "race to the bottom" syndrome, meaning interstate competition based on lowering of taxes, human rights and environmental standards to attract FDI.
- To allow conditions (performance requirements) to be imposed on FDI, whether autonomous or through international agreements, so that it serves the interests of the host country, especially a developing country to promote productive diversification in sustainable and knowledge-intensive work sectors. FDI should mandatorily create quality jobs for women and men, transfer technology, transmit skills and practices from which the recipient population can benefit, promote small and medium-sized enterprises and territorial decentralization.
- To actively penalize harmful FDI in activities that affects the health of people and women, and the environment. Specific areas could be mining, nuclear energy, and chemicals.

FISCAL POLICIES

- To secure national policy space to implement monetary, fiscal and wage counter-cyclical policies to absorb external shocks, allow governments to increase their tax base through progressive taxation, and, at the same time, enable governments to address gendered labor market segregation while ensuring full employment, decent work and a living wage for all while also promoting the redistribution of unpaid care work among different social actors inside and outside the households.
- To assess macroeconomic policy in terms of its impact on care organization. Some recommendation on the use of fiscal investment to develop social services that will reduce the burden of unpaid care work is useful. There is a need to counteract austerity policies that increase women's unpaid and care work and expand social public expenditure to fulfill women's economic, social and sexual and reproductive health rights. Austerity measures are especially harmful in this regard, just as is the case with heightened care burdens ever-more heavily falling on women and girls. There is a need of redistribution of public budgets in order to public policies supporting human rights and socially just social reproduction. This includes providing social infrastructure such as access to clean water, fuel, health services, education and even physical infrastructure like roads that ensure the burden of care work. Conditions of peace and security, particularly personal security are also necessary to ensure the burden of care work is reduced for the household. Comprehensive and universal social protection services are also necessary to reduce the burden of care work on households. Care policies should be a central axis of social protection systems.
- To design and implement progressive tax systems that include taxes on wealth concentration, considering income, wealth and resources; direct taxes on capital gains in the financial system and the real estate sector; and the reduction of indirect taxes/consumption taxes burden.
- To redirect tax exemptions from unsustainable activities, such as industrial fisheries, agriculture, chemicals and extractives, towards productive diversification in sustainable and knowledge-intensive work sectors and investments in local sustainable value chains.
- Progressive tax reform should take into consideration the impact of tax codes and taxing structure on human rights, progress on gender equality, and women's human rights. To assess and correct gender biases implicit in tax policy implies for instance taking tax burden away from single-parent households comparatively with two-parent households; implementing fiscal mechanisms for compensation of discrimination, such as tax exemption for people living in poverty due to gender identity

discrimination; updating tax benefits to same-sex couples when there is legal recognition; and implementing tax deductions for number of children.

- To develop monitoring indicators related to the incidence of the tax system on income distribution and reduction of inequality based on gender, race-ethnicity and age.
- A strong call for the development of statistics, targets and indicators that measure well-being, freedom of choice, wage inequality, job segregation, informalisation of work, time use and more and with specific attention to ending persistent and rising inter-state and intra-state inequalities, is key in order to shape an overall sustainability of life goal.

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