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209/291107

OECD governments must tackle growing inequality, financial instability and poverty

Brussels, 29 November 2007 (ITUC/TUAC online): On the eve of a meeting between trade union leaders and OECD Ambassadors, unions are calling on OECD governments to rebalance growth among OECD regions, to reverse growing income inequality, to regulate financial markets and to live up to their promises of supporting development in developing countries. These calls are included in statements from the Trade Union Advisory Committee to the OECD (TUAC) to the OECD's Economic Policy Committee, and from the ITUC and Global Unions to the recent IMF and World Bank Annual Meetings.

So far governments have failed to manage globalisation adequately or to ensure workers an equitable share of economic growth. That much is evident from the falling share of wages as a proportion of national income throughout the countries of the OECD. While a small segment of the populations of these countries are pocketing huge gains, the vast majority of working people have seen stagnant real wages over the last decade. In the US, for example, which may now be heading towards a serious economic slow-down, median real wages are lower today than they were in 1999.

OECD governments must therefore commit themselves to achieving a more just and sustainable global economy. And they must ensure that globalisation progresses in an inclusive way that benefits not only the already developed countries and a few emerging economies, but in a real way delivers economic and social progress to over one hundred developing countries still in desperate need of development, and without which they won't be able to lift their people out of poverty.

"Promises were made at the G8 summits in Kananaskis and Gleneagles to assist and to help developing countries" said Guy Ryder, ITUC General Secretary. "The results to date are far from enough to achieve the Millennium Development Goals (MDGs) or progress the Decent Work Agenda. Governments must live up to their promises and report on the measures that have been and will be taken in order to fulfil these commitments. A greater number of low-income countries must be granted debt cancellation without economic policy conditionality, such that they can devote more resources to achieving the MDGs rather than servicing unsustainable debts".

John Evans, TUAC General Secretary commented that, "The phenomenal growth of credit derivative markets and of 'alternative' investment funds in the past four years has been regarded by the OECD as a positive development in spreading and mitigating financial market risks. The recent sub-prime financial crisis proved the opposite. The rapid transformation of the hedge funds and private equity industry from a niche to a mainstream business has not been matched by comparable changes in national regulations and international cooperation. Central Banks' short term monetary reaction to the sub-prime crisis, necessary as it is, leaves unaddressed the existence of large gaps in the regulatory coverage of global financial markets. These gaps come at a cost for the real economy and its workers."

The TUAC statement to the OECD emphasises that governments must address the lack of adequate regulation of financial markets. Extreme stock exchange volatility and large currency swings again and again hit workers on their job and income security. Governments must step up their efforts to increase coherence and ensure that workers aren't left to pay the price of such crises whenever they happen.

Ryder continued "We see the problems that this can cause for governments when things aren't going their way: can the US for example keep cutting rates to rescue the financial markets and save their economy when the dollar is getting hit as hard as it is? In our view, this deadlock is the result of flawed policies that have benefited investors rather than working people. - and that unfortunately are being mimicked all around the world."

The TUAC statement to the OECD on the Economic Situation can be read here: <http://www.ituc->

[csi.org/IMG/pdf/Tuac_Statement.pdf](http://www.ituc-csi.org/IMG/pdf/Tuac_Statement.pdf)

The Global Unions statement to the 2007 Annual Meetings of the IMF and the World Bank can be read here:

http://www.ituc-csi.org/IMG/pdf/statement_IFI.pdf

The ITUC represents 168 million workers in 153 countries and territories and has 305 national affiliates.

Website: <http://www.ituc-csi.org> <<http://www.ituc-csi.org/>>

The TUAC represents 61 million workers in the 30 OECD countries and has 58 national affiliates.

Website: <http://www.tuac.org>

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