

INTERNATIONAL TRADE UNION CONFEDERATION (ITUC)

IMF labour market prescriptions condemn workers to worse jobs and more inequality.
New report shatters economic myths behind labour reforms.

Brussels, 17 April 2013 (ITUC OnLine): IMF labour market advice, as part of the Troika, undermines democracy and risks economic dictatorship across Europe and beyond warned the International Trade Union Confederation (ITUC), and will create more divisions and social unrest, without producing any economic benefits.

The ITUC Frontlines 2013 report, “ Ideology without economic evidence: IMF attacks on collective bargaining” is released on the eve of the IMF Spring meetings as extreme levels of unemployment and rising inequality continue to dominate the global economy.

Sharan Burrow, ITUC General Secretary said the new report provides empirical evidence demonstrating there is no sound economic case for attacking workers’ rights, with its devastating impact on families, communities and economies.

“The global economy is no more secure today than it was five years ago. International institutions are failing to regulate greed and prevent the next banking crisis.

“Wealth distribution tools such as collective bargaining are being stripped away. While the evidence shows countries with strong unions, high collective bargaining coverage and synchronised collective bargaining systems have distinct economic advantages.

“Implementing labour market reforms and weakening protective labour market institutions at a time when the demand for labour is greatly depressed and there is already plenty of unemployment, will only condemn many more workers to join the ranks of the unemployed,” said Ms Burrow.

Speaking on a panel with IMF Managing Director Christine Lagarde, Ms Burrow will warn that austerity is only adding to inequality.

“Countries with strong collective bargaining systems have performed better in terms of unemployment as they produce a wage distribution that is more compatible with social cohesion and stable economic growth.”

According to the OECD the earnings of the richest 10% of employees have taken off rapidly, relative to the poorest 10% in most cases, adding to the long-term trend of rising income inequality.

New data for the United States, shows that the share of after-tax household income for the top 1% more than doubled, from nearly 8% in 1979 to 17% in 2007. Over the same period, the share of the bottom 20% of the population fell from 7% to 5%.

Using IMF data, analysis from Columbia University's Initiative for Policy Dialogue and the South Centre of austerity measures around the world found that 119 out of 181 countries will engage in fiscal contraction in 2013. The number is projected to increase at least until 2016, and with it inequality.

The ITUC is calling for a new reform agenda based on economic evidence.

“Trust has been destroyed by austerity and draconian labour reforms. To rebuild trust, attacks on collective bargaining and workers’ rights must stop.”

“Paying workers more in countries which have consistently recorded a surplus in their current account, and ensuring their rights are fully respected would help stimulate global demand and help rebalance the global economy,” said Sharan Burrow.

Michael Sommer, President of the DGB Germany and the ITUC said, “The people in Germany who keep the country running and generate it’s wealth deserve to get their fair share.”

The ITUC report concludes that sustainable growth, decent jobs for all, economic efficiency and greater equity are common ambitions which require comprehensive collective bargaining systems and strong labour market institutions in all countries.

John Evans , ITUC Chief Economist, said “Increasing economic equality and tackling vested interests are key policies to follow the great recession, just as they were after the great depression and WWII,”

Read the The ITUC Frontlines 2013 report: <http://www.ituc-csi.org/ituc-frontline-report-2013>

Read the ITUC Frontlines report Summary: <http://www.ituc-csi.org/ituc-frontline-report-2013>

The report and the Summary will be available in French, Spanish and German from the end of April.

The global report reviews collective bargaining rights in Australia, New Zealand, the US and European-wide countries including the Nordic countries, and with country chapters on Romania, Greece, Spain and Portugal.

The ITUC represents 175 million workers in 156 countries and territories and has 315 national affiliates.

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