

INTERNATIONAL TRADE UNION CONFEDERATION

IMF and World Bank should support wage- and public investment-led recovery

Brussels, 8 October 2014 (ITUC OnLine): ITUC General Secretary Sharan Burrow has urged the heads of the International Monetary Fund and the World Bank, whose annual meetings take place in Washington this weekend (10-12 October), to champion a coordinated wage- and public investment-led recovery strategy that addresses the combined problems of deficient aggregate demand and rising inequality, which are at the root of global economic stagnation and persistently high unemployment:

“In updated economic growth forecasts that he released on Tuesday, the IMF’s chief economist underlined the dangers of ‘secular stagnation’ and called on governments to engage in public infrastructure investments. While such a policy change by the IMF after years of promoting austerity would be welcome, the international financial institutions should additionally support a recovery of wages. In most countries wages have not kept up with productivity rises, thus explaining labour’s declining share of national income. It is also a fundamental reason why income inequality has increased around the world.”

The ITUC and its Global Unions partner organisations made this proposal in a statement <http://www.ituc-csi.org/statement-by-global-unions-to-the-15138> that they sent to President Jim Yong Kim of the World Bank and Managing Director Christine Lagarde of the IMF, and to governments of the institutions’ member countries.

The ITUC’s general secretary also strongly encouraged President Kim to revise the draft labour standards safeguard that the World Bank made public in July. Sharan Burrow stated: “Contrary to labour safeguards adopted by other multilateral development banks – the African Development Bank, the European Bank for Reconstruction and Development and the World Bank’s own private-sector arm, the IFC – the World Bank’s proposed labour safeguard would not require compliance with all of the ILO’s core labour standards; in fact it does not even mention them. Also contrary to the other development banks, the standard would not apply to contract workers despite the fact that they are usually the majority of workers in Bank-financed infrastructure projects and are a category of employees that is particularly vulnerable to abuse, such as discrimination and unsafe working conditions.”

“After a decade of progress at other development banks, the World Bank’s proposed labour safeguard would be a major step backward if adopted in its current form,” said Sharan Burrow. “The World Bank’s new standard should be as strong as those adopted by other development banks as regards compliance with the core labour standards, application to contract workers, assessment of supply chains and the obligation to provide written information to workers about their conditions of employment.”

The ITUC represents 176 million workers in 161 countries and territories and has 324 national affiliates.

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