

Davos 2015: The world needs a new business model

Brussels, 20 January 2015 (ITUC OnLine): The global economic system isn't working for six billion people, warned labour leaders at the World Economic Forum in Davos.

Working people and their families need a new business model to stop the disintegration of democracies and economies. The world needs investment and jobs, said Sharan Burrow, General Secretary of the International Trade Union Confederation.

Mass unemployment, mistrust in institutions, rising inequality and extremism are global risks for working people, employers and leaders.

The ITUC Global Poll of 14 countries found:

- Only one out of two people believe the next generation will find a decent job;
- 78 percent of people believe the economic system favours the wealthy rather than being fair to most people;
- 62 percent of the world's people want corporate power to be tamed.

"The very nature of corporate incentives to invest in any equal distribution is being undermined by their own business model.

"It's a two way street: business needs workers, and workers need fair-minded employers. At the moment, business is letting down its side of the deal.

"Today's business model is bad for people, bad for the economy and bad for stability and democracy," said Sharan Burrow.

"A central aspect of 'inclusive growth' must be reducing income inequality and reversing the decline in the share of wages in output and income," said John Evans, General Secretary of the OECD Trade Union Advisory Committee (TUAC), who is also ITUC Chief Economist.

The outlook for 2015 is bad for growth and jobs, warned Evans. Falling demand and deflation in Europe puts more jobs at risk.

Since the 1980s, real wages have failed to grow at the same rate as productivity, and as a result the wage share has drastically fallen. The global wage share has declined from 62 per cent to 54 per cent according to the UN.

"Raising wages and reducing inequality together with public investment are key elements of a recovery plan. Government and business leaders have in their hands the tools to make a measurable difference to the lives of working people. Thirty-three million jobs could be created in G20 countries alone, with co-ordinated increases and investments in infrastructure.

"A minimum wage on which people can live, strengthening collective bargaining, curbing the excesses of CEO pay and respecting ILO standards in global supply chains are actions that leaders can put in place.

"Economic modelling shows that by increasing public investment and raising the share of wages in GDP by between 1-5 percent, economic growth in G20 countries could rise by up to 5.84 percent," said Evans.

The Davos 2015 plan set out by labour leaders for investment and jobs, wages and social protection includes:

- A shift in policy that invests in the creation of quality jobs;
- A minimum living wage, collective bargaining, progressive taxation and social protection;
- Taming corporate power and eliminating slavery;
- Climate justice and a just transition for workers and their communities;
- Economic governance which requires debt reduction plans for countries where austerity is destroying the economy.

Infographic - How's life for working people: http://www.ituc-csi.org/IMG/pdf/davos_infographic_jan2015.pdf

Read Labour Leaders in Davos 2015 briefing: http://www.ituc-csi.org/IMG/pdf/labour_leaders_in_davos_2015.pdf

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