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IFIs should make stronger push against global jobs deficit and inequality

Brussels, 16 April 2015 (ITUC OnLine): On the eve of the ministerial-level Spring Meetings of the IMF and World Bank taking place in Washington on 17-19 April, the ITUC calls on the international financial institutions (IFIs) to take measures for stimulating job creation in light of the IMF's predicted slowdown of economic growth in emerging market and developing countries in 2015.

ITUC general secretary Sharan Burrow stated: "The IFIs should use the opportunity of lower world oil prices to encourage the adoption of carbon taxes whose revenue could finance energy-efficient infrastructures and essential pubic services. This would help reduce the jobs deficit and also set the global economy on a more environmentally sustainable footing." The recommendation is included in a statement for the IFI meetings produced by the ITUC and its Global Unions partners (http://www.ituc-csi.org/statement-by-global-unions-to-the-15908).

Burrow warned that there will be no improvement in the global employment-to-population ratio, which according to the ILO has not increased from the global recession year of 2009, unless vigorous action is taken to make decent work creation a central priority of IFI lending programmes and policy advice. "86 per cent of the world's population resides in developing regions," noted Burrow, "so there will be no progress in reducing the global jobs deficit unless the economic slowdown in those regions is reversed and growth is made more employment-intensive."

The ITUC's general secretary further noted that the IMFs forecast of a slight improvement of growth in Europe hinges on resolving the Greek debt crisis and preventing a new round of financial instability in the euro zone. "It is incumbent on the IMF to play a more constructive role than it has done to date in finding a compromise which recognises that Greece's current debt level is unsustainable and affirms the right of the Greek people to rebuild an economy devastated by seven years of depression."

The ITUC encourages the World Bank to correct the serious flaws in a draft labour safeguard that it made public last July by requiring compliance with the ILO's core labour standards in Bank-funded projects and ensuring that contracted as well as directly-employed workers are protected by the safeguard.

Burrow stated: "Several governments have agreed with our recommendation that the World Bank must meet best international practices in its labour safeguard, such as those adopted by the African and European development banks. If it does that, the World Bank could assume leadership in setting social and environmental requirements and create a model for other institutions, including the new Asian Infrastructure Investment Bank."

The ITUC's general secretary also noted several recent research contributions from the IMF establishing that increased inequality harms growth; confirming the lack of evidence linking weak labour regulations with high growth rates - contrary to what the World Bank's "Doing Business" has long asserted; but linking lower unionisation and collective bargaining coverage with increased inequality.

"It is difficult to understand why the IMF's lending programmes in Europe and elsewhere remain intent on weakening labour regulations and collective bargaining institutions when its own research shows that such measures increase inequality," said Burrow. "If the IMF truly believes that increased inequality is a vice and not a virtue, it should stop encouraging countries to take actions that make income distribution more unequal."

The ITUC represents 176 million workers in 162 countries and territories and has 328 national affiliates.

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