

**OECD Ministerial Council Consultations with BIAC and TUAC
Paris, 14 May 2007**

“Innovation: Advancing the OECD Agenda for Growth and Equity”

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Minister Solbes, Secretary-General, OECD Ministers, representatives from BIAC,

TUAC believes that OECD governments carry special responsibilities in the governance of the global economy, given our combined economic predominance and the long traditions of human rights and democracy we share.

The world is more integrated economically today than ever before, presenting us with unprecedented opportunities, but also unparalleled challenges.

With the entry of China, India and the former Soviet Union into the world marketplace, the globally integrated labor force has doubled over the past 20 years.

On the one hand, we have the opportunity to provide decent work for billions of workers who are now unemployed or underemployed as well as to relieve the poverty of 1.4 billion people who are now living on less than two U.S. dollars a day.

On the other hand, unless governments manage the enormous expansion of the global labor force, it threatens to undermine the wages and working conditions of workers in more developed countries.

This will not only undermine the living standards in the developed countries, it will also generate resistance to globalization and deny us the improved living standards globally which greater economic integration promises.

As the operations of capital markets and corporations have become more global, the effectiveness of national regulatory structures has been diminished.

This weakening of global economic regulation is now creating powerful incentives for corporations and financial institutions to engage in international wage, tax and regulatory manipulations that benefit corporate insiders at the expense of workers, shareholders, the environment and society at large.

The failure of our governments to effectively manage globalization and assure that workers participate equitably in the benefits of economic growth can be seen in the falling share of wages in national income throughout the OECD.

The benefits of globalization have accrued disproportionately to the wealthiest families while the majority of working families have not shared increasing productivity and economic growth.

As a result, the OECD notes that in 17 of 20 countries surveyed, income inequality has risen and is now undermining social cohesion and fuelling political alienation.

In order to ensure that the benefits of globalization are more equitably shared with workers in developed as well as developing and transitional countries, our governments must exercise more active control.

TUAC recommends several ways to correct the imbalances that have become imbedded in the global marketplace.

First, we must rebalance growth in OECD regions at high levels of employment and reduce the risk of a disorderly correction of trade balances.

We must also engage with social partners to ensure the equitable distribution of the benefits of growth by raising minimum standards, investing in social protection and upgrading skills, education and innovation.

We must guarantee the rights of workers to organise and join unions and oppose discrimination in any form in industrialised and developing countries alike.

Business, particularly multinational corporations have a crucial role to play in creating a robust social dimension for globalization. We must promote the OECD Guidelines and encourage all governments to build effective National Contact Points.

We must also begin an investigation into the activities and economic and social impact of hedge funds and private equity firms. We would especially welcome a horizontal consultation at the OECD involving the several departments with responsibilities for the activities related to these new investors.

We must meet the commitments made to help developing countries achieve the Millennium Development Goals through the creation of decent work and we must fulfil promises given for broader debt cancellation, the doubling of development assistance and provision of universal access to treatment for those with HIV/AIDS.

And finally, we must establish programs for the creation of “green jobs” to meet the social and economic impact of climate change.

Unless we undertake these kinds of initiatives, resistance to globalization will continue to grow and the promises of global economic integration will continue to go unfulfilled.

Thank you