

REPORT BY TUAC OF SOCIAL PARTNERS' CONSULTATIONS
WITH G8 LABOUR MINISTERS
DRESDEN, 6 MAY 2007

Ministers, Vice-Chancellor Müntefering,

TUAC welcomes the opportunity we had yesterday and this morning to meet with you and discuss the compelling issues that are on our agenda today. These are crucial for the working people in both G8 countries and globally.

Yesterday we discussed globalisation. The central issue which we bring to this discussion is the seriousness of rising inequality of incomes as the wages of workers fail to keep pace with the growth of productivity in the global economy.

This is most evident in the falling share of wages as a proportion of national income throughout the OECD. The benefits of globalisation in the industrialised countries have accrued disproportionately to the wealthiest families, while the majority of working families are left behind.

Workers are increasingly employed in global supply chains in which employers have a powerful exit threat over their employment. In this way, globalisation is contributing to the imbalance of power between workers and their employers which is further aggravated by the financial pressure from hedge funds and private equity.

Governments thus far have failed to manage globalisation and have failed to assure that workers participate equitably in the benefits of economic growth.

As Juan Somavia said yesterday, there is a growing political backlash against the insecurity caused by both open trade and immigration. Without a durable social dimension, globalisation will encounter increasing social and political resistance.

Governments need to respond to this problem with effective public policy. This is not about "marketing" globalisation or dealing with erroneous public perceptions.

The policy response requires better and more vigorous domestic policies to create more and better jobs and ensure better adjustment, but it also requires better rules to govern the social dimension of globalisation. This means greater coherence among the international economic institutions, including the WTO and the ILO.

We believe that the challenge you posed yesterday, Vice-Chancellor, of providing jobs for all workers in all countries – good jobs – must be our central goal. We are prepared to work with you in achieving this goal.

Achieving full employment requires coordinating macroeconomic and social policies with systems of collective bargaining, based on social dialogue involving government, trade unions and employers.

Restoring the effective rights of workers to organise and join trade unions must be a priority in industrialised countries just as it is in the developing world.

Where unions exist and bargain, there is less low pay, more secure work, less corruption; there are more efficient economies and societies are more just.

We have also to set floors in markets through well-set minimum wage and employment standards. Beyond this, governments must promote sound industrial relation systems.

The reassessment of the OECD Jobs Strategy gives us an opportunity to move to an evidence-based approach to seeing what works in creating good jobs.

Flexibility requires real security for workers and their families. We also need adequate resources for education and worker adaptability.

We discussed social protection in developing countries. - 80 percent of the global population lives in conditions of insecurity. And about a quarter of them lives in abject poverty. 1.4 billion people are still working for less than the two USD a day.

Social security is affordable. The ILO estimates that only 2 percent of global GDP would be needed to provide the world's poor with a minimum package of social benefits and services (comprising access to basic health care, basic income transfers in case of need, and basic education). Most of these resources could be raised nationally. Nonetheless, substantial global transfers would be needed to help the poorest countries.

Providing social security to workers is within reach but the G8 countries are not living up to their commitments – development assistance is falling not rising as promised to meet the Millennium Development Goals.

Perhaps the most serious challenge to creating a social dimension to globalisation is finding the appropriate public policies to support responsible conduct of global corporations. The globalisation of production has weakened the effectiveness of government regulation at the national level, and international regulation is even weaker.

As we discussed yesterday, largely-unregulated hedge funds and private equity have mobilized vast pools of capital and now control substantial portions of the economy and employment. The pressure from these “new investors” to realize short-term financial returns is destabilizing industrial relations and aggravating the problem of growing inequality.

We need both stronger national regulation of corporations and capital markets as well as developing effective international rules.

In a meeting with Chancellor Merkel later today we will be calling on the G8 to establish an international regulatory task force on private equity.

Core workers' rights as defined by the ILO must become an international benchmark applied through different international institutions – the IMF, World Bank, the OECD and the World Trade Organisation. Assuring the human rights of workers must be recognised as being at least as important an objective of international trade and investment agreements as protecting intellectual property rights or rights of foreign investment.

In addition to introducing more binding and effective international regulation, governments should support efforts by the social partners to jointly address issues of corporate responsibility.

Over the last five years more than 50 multinational enterprises have signed Framework Agreements with Global Union Federations; governments should encourage this process.

G8 members also have to implement the instruments that they have already adhered to. Your commitment to the OECD Guidelines for Multinational Enterprises is of no value unless you have effectively operating National Contact Points (NCPs) involving trade unions and other engaged parties – we agree with the BIAC written statement to this meeting that National Contact Points are what gives the Guidelines credibility.

Ministers,

To achieve a more just and sustainable global economy, governments must exercise more active governance to assure that the benefits of globalisation are shared more equitably with workers in both the developed and developing countries. G8 Employment and Labour Ministers have to lead this effort to build a social dimension to globalisation. We hope that your conclusions will give a strong message on this to the Heads of State meeting at the G8 next month.