



UNITED NATIONS EXPERT GROUP MEETING

***THE CHALLENGE OF BUILDING
EMPLOYMENT FOR A SUSTAINABLE
RECOVERY***

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***GLOBAL UNIONS RECOVERY STRATEGIES
AND GROWTH PLANS***

A CENTRAL FOCUS FOR GLOBAL UNIONS

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A CENTRAL FOCUS FOR GLOBAL UNIONS

- Responding to the economic and financial crisis
- Assessing its continuing impacts on labour markets, workers, conditions of work in their respective sectors.



GLOBAL UNIONS ARE REPRESENTED BY:

- The International Trade Union Confederation (ITUC) at broad multilateral level,
- The Global Union Federations (GUFs) at global sectoral levels,
- And the Trade Union Advisory Committee (TUAC), at the OECD level,
- Representing collectively over 180 million workers worldwide, over 40 % of whom are women.



GLOBAL UNIONS WORK COOPERATIVELY

- To defend human rights and labour standards everywhere;
- To organize and promote the growth of trade unions for the benefit of all working men and women and their families.



GLOBAL UNIONS – MEMBER ORGANIZATIONS

BWI - Building and Woodworkers International

EI – Education International

ICEM – International Federation of Chemical, Energy, Mine and General Workers' Unions

IFJ – International Federation of Journalists

IMF – International Metal Workers Federation

ITF – International Transport Workers Federation

ITGLWF – International Textile, Garment, and Leather Workers' Federation

ITUC – International Trade Union Confederation

IUF – International Union of Food, Farm and Hotel Workers

PSI – Public Services International

TUAC – Trade Union Advisory Committee to the OECD

UNI – Union Network International



A VERY CHALLENGING TIME FOR GLOBAL UNIONS

They conclude that the effect of the multiple crises has been to:

- Roll back the gains in those countries and economic sectors where growth and well-being were beginning to make some progress;
- Exacerbate the situation for millions of working women and men, already faced with the hardships of informal and precarious working arrangements.



THE DEPTH OF THE DECENT WORK DEFICIT

In assessing the challenge faced by Global Unions, it is instructive to appreciate the depth of the decent work deficit globally:

- The total number of jobless worldwide stood at an unprecedented 205 million in 2010
- This represented an increase by 27.6 million since 2007
- The global unemployment rate has risen from 5.6% in 2007 to 6.2% in 2010
- This trend is set to continue.



THE DEPTH OF THE DECENT WORK DEFICIT contd.

- The overall share of workers in vulnerable employment is as high as 50.1% or half the total global workforce.
- This represents 1.53 billion workers experiencing extreme job and income insecurity.
- Global wages are stagnating.
- Excluding China, global wage growth, measured as the monthly average wage, slowed from 2.2% in 2007 to 0.7% in 2009.



CHARACTERISTICS OF THE GLOBAL ECONOMY

The statistics on global wage trends corroborate the findings on vulnerable employment.

❖ Many workers who manage to keep their jobs, find themselves with diminishing pay packets, and inching closer to the poverty line.

❖ Highly skewed concentrations of wealth within corporate circles and among the drivers of the financialized economy have been matched by:

- deteriorating conditions of work
- shrinking of the wage share in national income
- increasing income inequality



GLOBAL UNION STRATEGIES – BUILDING A FAIRER AND MORE SUSTAINABLE WORLD ECONOMY

From the outset, Global Unions have been present and active at the various multilateral fora shaping crisis responses.

Promoting employment-centred responses to the crisis is at the heart of trade union policy proposals, and advocacy efforts.



Global Unions have put forward their strategies to tackle the crisis and build a fairer and more sustainable world economy in various Fora:

- Successive G20 Summit meetings;
- IMF & World Bank Spring and Annual Meetings;
- At the International Labour Conference of June 2009 which adopted the ILO *Global Jobs Pact*;
- At the UN Conference on the World Financial and Economic Crisis and its Impact on Development in June 2009.



NATIONAL UNION STRATEGIES FOR BUILDING JUST AND SUSTAINABLE LOCAL ECONOMIES

National union organizations have presented parallel strategies to their governments, and further meetings are planned, as the after wave effects of the crisis unfold.



DEVELOPMENT GAINS COMPROMISED BY AN ERA OF AUSTERITY

- ❖ Global Unions have noted that the era of stimulus packages by the G20 Summits in 2009 was short-lived.
- ❖ By June 2010 (the G20 Toronto Summit), austerity measures and cuts in public spending were being pushed, in the name of fiscal consolidation.
- ❖ Trade unions have drawn attention to the inadequacy of global policy responses, and the negative impacts on workers in various sectors.



IMPACTS IN THE EDUCATION SECTOR

- ❖ The Educational International (EI) Research Network highlights increasing insecurity of tenure among teaching personnel, precariousness of employment contracts, wage freezes, salary cuts, and the tendency to hire under-qualified teaching staff, all cost-cutting measures.
- ❖ The undermining of educational curricular and skills training programmes for lack of resources can only hold back the formation of the cadre of young trained professionals so vitally needed for sustained, national development and growth.
- ❖ The policy responses being promoted by the International Financial Institutions (IFIs), place the achievement of the MDGs (Millennium Development Goals) and the EFA (Education For All) goals in jeopardy.



IMPACTS IN THE PUBLIC SECTOR

PSI is reporting that public services are under attack.

One of the fallout effects of the crisis is the push for the privatization of public services, undermining PSI's concerted efforts to promote universally accessible Quality Public Services, and weakening the fundamental trade union rights of public sector workers.



IMPACTS OF AUSTERITY MEASURES AMONG HEALTH WORKERS AND EDUCATORS

- ❖ A UNICEF desk review of IMF Reports of 86 low and middle income countries found that 79 of the 86 countries reviewed were asked to cap or cut the wage bill, in the context of IFI loan arrangements.
- ❖ Direct effects of these conditionalities include layoffs and wage moratoria.
- ❖ Indirect effects include loss of motivation and morale among affected staff, and deterioration in conditions of work and service delivery.
- ❖ These also constitute push factors for brain drain type migration from countries that could ill afford to lose their qualified health workers and educators.



IMPACTS IN THE GARMENT SECTOR

- ❖ Deteriorating working conditions in the garment sector have been highlighted by the **ITGLWF** which conducted a survey of working conditions in 83 garment factories in Sri Lanka, the Philippines, and Indonesia.
- ❖ The survey found that workers were routinely being denied the legal minimum wage.
- ❖ Oftentimes, payment of this wage was tied to unachievably high production targets.
- ❖ Factory managers were failing to respect labour standards pertaining to overtime work.
- ❖ Existing labour laws aimed at guaranteeing basic workers' rights (recognition of trade unions and collective bargaining), were being weakened in the name of labour market flexibility.



EXPORT-ORIENTED INDUSTRIES IN CRISIS

- ❖ The export-oriented sector is reportedly in crisis in many developing countries. High levels of retrenchment have been recorded in the electronics, semiconductors and telecommunications industries, as well as in the garment sector.
- ❖ Temporary and short-term contracts are on the increase in many industrial sectors, and these have the effect of discouraging workers from joining trade unions to represent their interests, for fear of reprisals.



THE ENERGY, MINING AND CHEMICAL SECTORS

- ❖ The **ICEM** is reporting that the onset of the crisis has seen depressed demand for commodities, and falling prices in the energy, mining, and chemical sectors.
- ❖ With this has come tremendous pressure for downsizing, reduced wages, and decreased benefits, resulting in cuts in wages and pensions, and high levels of dismissals.



THE CONSTRUCTION INDUSTRY

- ❖ The **BWI** which organizes in the construction industry draws attention to the heavy reliance on temporary, migrant labour in this sector in many countries.
- ❖ A priori, this is a sector characterized by precarious work, low wages, hazardous working conditions, and lack of labour law protections.
- ❖ These serious decent work deficits have been all the more exacerbated in the current, global economic downturn.



INCREASING DEREGULATION AND FLEXIBILIZATION OF LABOUR MARKETS

- ❖ A pervasive feature of labour markets in wake of the crisis is the increasing precarity and informalization of work.
- ❖ 50-90% of total employment in developing countries was characterized as informal work, even well before the onset of the crisis.
- ❖ Increasingly, the integration of markets has been putting tremendous pressure for deregulation and flexibilization of markets, even in industrialized and emerging market economies, so that investors could adapt quickly to global economic cycles.



THE INCREASING PRECARIOUSNESS OF WORK

- ❖ The net effect of these trends in crisis times is the ever increasing precariousness of work, and the growing informality of work arrangements across the globe.
- ❖ This serious decent work deficit has been recognized as a major challenge for Global Unions.



DEFINING PRECARIOUS WORK

- ❖ Precarious employment has been defined as forms of work involving job insecurity, low income, limited or no social benefits or statutory entitlements.
- ❖ Such work is typically non-permanent, contingent, accompanied by short-term or no employment contract, lack of collective bargaining rights, tenuous or no labour law protections, tenuous or no employment relationship.



PRECARIOUS WORK – IMPLICATIONS FOR WORKERS CONCERNED

As regards the workers concerned:

- ❖ They lack representation by trade unions, and legal recourse for work-related complaints, and are effectively marginalized from any meaningful stake in society.
- ❖ Many of these workers in precarious employment are women.



PRECARIOUS WORK – IMPLICATIONS FOR WORKERS CONCERNED

- ❖ Many operate on the margins of outsourcing arrangements in supply chains, sometimes as home workers; some are in waste recycling; some are in export-oriented industries: flower-cutting, garments, electronics.
- ❖ Many are contributing family workers on farms in rural areas, or they are self-employed in petty trading or street vending in urban areas.
- ❖ With the global economic downturn and drop in demand, many are experiencing significant losses in their means of livelihood.



PRECARIOUS WORK – IMPLICATIONS FOR YOUNG WORKERS

- ❖ Increasingly, young people are to be found swelling the ranks of those in precarious employment.
- ❖ This is another aspect of the decent work deficit that is of concern to Educational International. It calls for serious redress.



EMERGING LABOUR MARKET ARRANGEMENTS

As regards labour market arrangements, these are characterized by:

- ❖ The proliferation of atypical employment contracts,
- ❖ Use of pseudo self-employed workers,
- ❖ Outsourcing in complex supply chains,
- ❖ Blurring of the employment relationship so important for establishing rights, responsibilities, worker protections, as regulated by ILO Convention 198 (2006) on the Employment Relationship.



TOWARDS A COMPREHENSIVE FRAMEWORK FOR EMPLOYMENT-CENTRED POLICIES

- ❖ For policy responses to be sustainable, there is a need for global coordination, so that policies converge and reinforce each other, and remain firmly linked to socially just outcomes, particularly decent work and social protection.
- ❖ This is in line with the ILO Global Jobs Pact (ILO GJP), which provides a comprehensive framework for employment-centred responses to the crisis.



REGULATING THE FINANCIAL SECTOR

The financial sector needs to be firmly regulated. This will:

- ❖ Curb excessive speculation and resulting market instability;
- ❖ Ensure that this sector assumes its rightful function of serving the real productive economy, and the creation of decent jobs.



FOCUS ON DEMAND-LED GROWTH

- ❖ There is a need to shift from export-led models of development which expose countries to commodity and market price volatility.
- ❖ The focus should be production for local and regional markets, and the employment dimension of production, so that productivity growth converges with employment growth and decent jobs.
- ❖ It is in demand-led growth and in stimulating the local productive base of economies that developing countries will have a good chance of reaching sustainable growth levels.



DISTRIBUTIVE MEASURES FOR SHARED PROSPERITY

- ❖ Strong distributive mechanisms must be put in place to ensure the spread of the benefits of growth to all.
- ❖ **The decent work focus of the ILO GJP with its four strategic objectives: employment, social protection, social dialogue, and fundamental principles and rights at work provides a framework for the introduction of such distributive measures into the social policy-formulating process.** Such an approach implies that IFI-type pro-cyclical policies and austerity measures should not be introduced. They only deepen the decent work deficit, and exacerbate social crises.
- ❖ Counter-cyclical policies and recovery packages must stay in place.



ACTIVE LABOUR MARKET POLICIES

Countercyclical policies should prioritise the strengthening of labour markets through the following means:

- Promoting investments in areas such as infrastructure, that would generate employment opportunities;
- Promoting social infrastructure investment that would generate employment opportunities, focusing on provision of quality public services in education, health, water, sanitation, while introducing an important gender dimension by freeing women from the burden of unpaid work in the care economy, and providing them with decent jobs.



ACTIVE LABOUR MARKET POLICIES contd

- Promoting large-scale investment in green infrastructure, such as energy efficiency and renewable energies, green construction and transport, thereby stimulating the creation of high quality employment across a range of sectors, while equipping workers through skills development for new green and decent jobs;
- Providing support for retaining workers through incentives to small and medium enterprises (SMEs) affected by credit shortages;
- Promoting investment in people, and offering improved training opportunities, in order to facilitate the acquisition of new skills by workers of all ages.



CONSTRUCTING A UNIVERSAL SOCIAL PROTECTION FLOOR

The application of stimulus packages with an emphasis on productive investments in the local economy, decent work, and the development of a universal social protection floor, is tantamount to a strategy that begins a process of fair redistributive growth in the global economy.



COMPONENTS OF A SOCIAL PROTECTION FLOOR:

- Employment guarantee schemes to support the purchasing power of low income earners, including single earner households, which are predominantly female-headed;
- Family income support through cash transfers to households in need, and child-care services;
- Providing income support through expanded unemployment benefits and other social protection measures, including maternity protection;
- Access to universal health care.



SOCIAL SECURITY BENEFITS MUST BE MAINTAINED IN TIMES OF CRISIS

Governments must take action to:

- ❖ Protect pre-funded pension schemes from risky investments in the 'shadow' financial sector;
- ❖ Ensure an adequate retirement for workers under pre-funded regimes, and the strengthening of existing government guarantee schemes
- ❖ Establish or strengthen pension fund investment regulation including ensuring employers take their share of the pension risk and funding responsibilities.
- ❖ Ensure that pension funds are not made the object of cuts introduced by austerity measures.



FINANCING THE DECENT WORK AGENDA

Global Unions are calling for sustainable and predictable funding for development and the Decent Work Agenda.

Over the long term developing countries must have the policy space and the necessary support to raise domestic revenue through:

- ❖ Strengthened tax administrations;
- ❖ Progressive tax regimes that adequately tax capital gains, and levy corporate taxes;
- ❖ Robust measures aimed at combating tax evasion.



FINANCING THE DECENT WORK AGENDA contd

Over the short and medium term, developing countries should be given access to credit lending on concessional terms, so as not to build up unsustainable debt.

Various innovative financing mechanisms should be explored.



A FINANCIAL TRANSACTIONS TAX FOR FINANCING DEVELOPMENT

Trade unions are putting their full support behind the Financial Transactions Tax (FTT). An FTT would serve to curb excessive speculation and abusive practices within the financial sector, and would raise much needed new resources for development, including the financing of Decent Work Country Programmes (DWCPs) and the Universal Social Protection Floor.



TACKLING PRECARIOUS AND INFORMAL WORK

Global unions are tackling the issue of the increasing precariousness and informalization of work. In a Resolution adopted recently by the ITUC General Council, Members agreed to give high priority to working with the other Global Unions and the ILO to “implement a programme of action that would incorporate, inter alia, the following measures:

- To campaign for the extension of social protection to all, for ratification of ILO social security conventions and for a basic social floor for all, including the adoption of an ILO Recommendation on the establishment of a social protection floor set at a level above the poverty line, and sufficient to provide reasonable living standards .



TACKLING PRECARIOUS AND INFORMAL WORK

contd

- To assist the ILO in promoting such efforts in the UNDP's work initiated by the Seoul G20 Summit, to support developing countries to strengthen and enhance social protection programmes, and insist that the ILO's primary expertise and mandate in this area be recognised by the G20 as well as in the elaboration of the World Bank's new Social Protection Strategy;
- To assist affiliates in pressing for broadly-based and higher minimum wages, both to protect vulnerable sections of the work force and, as recognised by the Global Jobs Pact, as this provides a vital means of raising aggregate demand and hence achieving economic recovery.



INCORPORATING DECENT WORK INTO ALL POLICY RESPONSES

- ❖ Global unions have concluded that for employment to be effective as a mechanism for poverty alleviation, sustainable growth and development, it must be quality employment.
- ❖ Informal and precarious employment will not deliver on poverty alleviation, nor will it contribute to achieving a virtuous cycle of sustainable growth with decent livelihoods.
- ❖ Policy responses to the financial and economic crisis must incorporate a strong decent work dimension, and a universal social protection floor.