

RESOLUTION 9

A Labor Movement Agenda for a Stronger, Cleaner and More Just Global Economy

Submitted by the Executive Council
Amended by the International Labor Committee

WORKERS WORLDWIDE are the innocent victims of the global economic crisis. Tens of millions of workers are losing their jobs and their incomes, their savings and their hopes for a secure retirement. Millions are losing their homes and trillions of dollars have vanished from the net worth of working families.

Staggering falls in income and output were recorded in the final quarter of 2008 and the first half of 2009. The economic outlook remains bleak, with the Organization for Economic Cooperation and Development (OECD) projections¹ showing that GDP will fall by 4.3 percent in 2009 across the OECD as a whole—and by 2 percent globally. In 2010, most countries are projected to experience stagnation at best—if not further reductions in GDP. These are the worst forecasts ever made by the OECD.

The crisis has now spread to emerging and developing economies as well, where growth has stalled and GDP per capita is falling. The International Monetary Fund (IMF) identified 26 low-income developing countries in Africa, Asia, the Americas and Eastern Europe as being “highly vulnerable” to the adverse effects of the global recession in 2009.²

These data provide a stark contrast to recent reports of “green shoots”—the bottoming out of the recession and signs of a recovery. A few months of stock market rallies do not amount to sustained economic recovery. While we can hope for the best, we must also be prepared for worse. The truth is that we are still in uncharted water.

No one knows when the bottom of this recession will be found or how vigorous the recovery will be. The depth and duration of the recession will be determined by how urgently governments can act together to promote recovery and build the foundation for a more sustainable, fairer and more environmentally responsible basis for global growth going forward.

At this stage, labor markets are at the vortex of the global crisis. A bursting housing bubble in the United States that first surfaced as a sub-prime mortgage crisis in 2007 triggered a global credit market crisis that pulled the United States and the global economy into a severe recession of uncertain depth and duration.

As workers lose their jobs, they cannot pay their mortgages. As foreclosures rise and housing prices continue to fall, banks’ securitized assets become ever more toxic, weakening their balance sheets and reducing the flow of credit. Restricted credit and sagging consumer spending devastate private investment, fueling another round of the recessionary spiral. To reverse this spiral, governments must act aggressively to stop the loss of jobs, falling wages and the loss of family income.

Unemployment continues to surge and rates are projected to rise to double figures for the OECD as a whole by the end of the year and to remain at this level during 2010 and 2011. Youths, in particular, are being hit with unemployment rates of more than 20 percent in many OECD countries, and many young people leaving schools and colleges this summer risk being condemned to

economic inactivity. Companies are continuing to cut jobs, signaling a lack of business confidence and the prospect that long-term unemployment will increase across all demographic groups.

Labor markets lag behind economic recovery, and significant increases in unemployment—particularly long-term unemployment—are extremely difficult to reverse. This points to the risk of prolonged labor market recession. The International Labor Organization (ILO) estimates that worldwide unemployment could increase by 40 million by the end of 2009.³ More than 200 million workers could be pushed into extreme poverty, mostly in developing and emerging countries where there are no social safety nets. And the number of working poor, who earn less than U.S. \$2 per day for each family member, may rise to 1.4 billion worldwide.

Given the specter of a persistent global jobs crisis, there is an urgent need for a far more aggressive and internationally coordinated jobs-oriented recovery strategy than has been put on the table.

The global labor movement is gravely concerned that fiscal stimulus packages to date are inadequate in size, imbalanced geographically, insufficiently focused on labor issues and are being implemented much too slowly.⁴

According to an ILO review of responses to the crisis in more than 40 countries and an OECD submission to the G8 Social Summit, the fiscal stimulus measures do not sufficiently focus on employment and social protection and only half of the countries examined have announced active labor market initiatives. Moreover, they have failed to tackle the lack of social protection and the dramatic decline in individual wealth held in pensions. The effects of the crisis are being felt most by those whose pensions fall under unprotected “defined-contribution” schemes that provide no pension security at the age of retirement.⁵

Governments of all countries should immediately undertake an extra annual stimulus of at least 1 percent of GDP to be sustained for the next three years. Recovery packages must be targeted to have the biggest impact on growth and employment. Governments should bring forward infrastructure investment programs that stimulate demand growth in the short term and raise productivity growth throughout the real economy in the medium term.

Measures should be introduced to support the purchasing power of low-income earners in particular, including single-earner households, which are predominantly female-headed. In a large number of the OECD member countries, 50 percent or more of the unemployed do not receive unemployment benefits, and in many developing countries the majority of those losing their jobs are not eligible for unemployment benefits at all. Putting more money into the pockets and purses of people with low incomes will boost the economy.

Even prior to the crisis, unions’ bargaining power in most countries was weakening. Increases in wages had fallen behind productivity growth in two-thirds of the industrialized countries that make up the OECD⁶ and the share of wages in national income had fallen in all countries for which there are data. In developing nations, even before the advent of the current crisis, the World Bank noted that in 46 out of 59 countries examined, inequality had increased over the previous decade. The economic crisis is now threatening to exacerbate these dangerous inequalities, undermining social cohesion and threatening political tensions.

The AFL-CIO must continue to play a leading role in building global labor solidarity to organize and build stronger unions, support unions’ efforts to more effectively engage global corporations and capital markets and pressure governments to take more urgent and aggressive action to respond to the crisis and build a stronger, cleaner and more just global economy.

1. GLOBAL SOLIDARITY TO ORGANIZE AND BUILD STRONGER UNIONS GLOBALLY

In the face of an unprecedented global economic crisis, falling union density worldwide and growing employer resistance to union organizing, the AFL-CIO and the global labor movement are redoubling our efforts to support union organizing and collective bargaining rights across the globe. These efforts include global support for the Employee Free Choice Act, support for campaigns to organize multinational employers, support for the collective bargaining rights of workers around the world, joint strategizing to defeat employer suppression of workers' rights, campaigns to stop violence against trade unionists and reform of international financial institutions to promote workers' rights.

Going Global: Organizing, Recognition and Union Rights

On Dec. 10–11, 2007, at the National Labor College (NLC), the AFL-CIO and the Council of Global Unions (CGU) organized a historic global union organizing conference called "Going Global: Organizing, Recognition and Union Rights," bringing together 220 union leaders from more than 63 countries. This was the first time national trade union leaders from around the world had gathered to develop strategies to combat the efforts of corporations and governments to suppress workers' freedom to join unions.

Global Support for the Employee Free Choice Act

Following up on the conference, and working closely with the International Trade Union Confederation (ITUC) and the Council of Global Unions, the AFL-CIO has built global support for the Employee Free Choice Act. Highlights include: At the urging of the British Trades Union Congress (TUC), a motion introduced in the House of Commons endorsing the Employee Free Choice Act with cross-party support; a front-page article timed with President Obama's July visit to Ghana declaring "Workers Decry Labor Abuse in the USA...Obama Urged to Do Something About It"; heads of state agreeing to raise their support with

the U.S. administration; and U.S. Embassy visits and communications with labor ministers and top U.S. government officials from trade unions around the world.

Protection from Violence Against Trade Unionists

Trade unionists are often killed or jailed as they exercise their fundamental human rights, and most anti-union violence results from ordinary union activities. The AFL-CIO has joined the global labor movement in working to stop the violence against trade unionists.

There is more violence against trade unionists in Colombia than in any other country. Since 1991, more than 2,100 Colombian trade unionists have been murdered. The AFL-CIO's Solidarity Center has led delegations of state federation and central labor council leaders to Colombia to witness first-hand the violence experienced by Colombian trade unionists. The Solidarity Center has supported U.S. labor leaders who temporarily hosted Colombian trade unionists working on U.S. organizing campaigns and helped educate members of the U.S. Congress about violence in Colombia.

Since the implementation of the U.S.-Dominican Republic-Central America Free Trade Agreement in 2006, violence against labor leaders in Guatemala and Honduras also has been on the rise. Moreover, there has been a disturbing increase in physical attacks against unionists in the Philippines in recent years. And in Mexico, the government has systematically repressed the Mexican Mine and Metalworkers, arbitrarily and unlawfully removing its general secretary, Napoleon Gomez Urrutia, from office, as well as failing to prosecute anyone for the murder of two members of the union when the federal and Michoacan state police fired on strikers in April 2006. Mexican authorities also have failed to arrest and prosecute the persons responsible for the 2007 murder in Monterrey of Santiago Rafael Cruz, an organizer for the Farm Labor Organizing Committee (FLOC) of the AFL-CIO. The AFL-CIO has provided all of this critical information to the U.S. Congress, as well as helped to bring such cases to the attention

of the International Labor Organization (ILO) in Geneva and the Inter-American Commission on Human Rights of the OAS.

Over the past four years, the AFL-CIO has participated in campaigns to promote human and workers' rights in Colombia, Burma, Guatemala, Iran, Iraq, Sudan, Mexico and Zimbabwe. These campaigns are designed to demonstrate international trade union solidarity with the workers under attack, and to publicize workers' rights violations to bring pressure on the governments and corporations responsible.

AFL-CIO Solidarity Center

The Solidarity Center helps strengthen the global labor movement by building the economic and political power of workers around the world through effective, independent and democratic unions. The Solidarity Center has 25 field offices and implements programs in 60 countries. This work is supported by public funding, foundation grants and AFL-CIO, affiliate and individual member contributions. The AFL-CIO establishes the development policies and guides the priorities of the Solidarity Center.

Solidarity Center work with trade unions around the world holds governments and corporations accountable for violations of workers' rights; builds the capacity of workers and unions to organize, bargain collectively and help shape policies that support workers' needs; and challenges the inequality and violence faced by migrant workers and informal sector workers.

In addition to country programs with key national centers, the Solidarity Center engages in sectoral work, often in coordination with the global union federations. Recent programs have included work with BWI, ICEM, IFJ, ITF, PSI and UNI.

Through visits and programs, U.S. trade unionists learn the challenges facing workers in other countries and build lasting solidarity relationships. Since 2005, union activists and leaders have visited their sisters and brothers in Algeria, Bahrain, Bangladesh, China, Colombia, the Dominican

Republic, Egypt, India, Jordan, Kenya, Kuwait, Liberia, Mexico, the Palestinian Territories, the Philippines, Russia, South Africa, Thailand, Ukraine and Zimbabwe. Additionally, unions in the United States have hosted union delegations from Brazil, China, Colombia, the Dominican Republic, Ecuador, Guyana, India, Indonesia, Jordan, Kenya, Lebanon, Mexico, Morocco, Nigeria, Peru, South Africa, South Korea, Sri Lanka, Tunisia and Uganda.

The Solidarity Center also produces publications on the rights of workers, including the newly revised edition of "Justice for All: A Guide to Worker Rights in the Global Economy." Since the last Convention, the Solidarity Center has produced individual "Justice for All" country reports on the struggle for workers' rights in Colombia, Swaziland, Thailand and Guatemala. Two reports have been published in a new series on the degradation of work—one on trafficking in persons focused in Kenya and the other on workers' rights violations in the seafood processing industries in Bangladesh and Thailand.

2. GLOBAL SOLIDARITY SUPPORT FOR ENGAGING GLOBAL CORPORATIONS AND CAPITAL MARKETS

The AFL-CIO helps its affiliated unions organize and bargain with global corporations by exerting political and economic influence through our counterpart organizations in other countries and through international institutions. The AFL-CIO has provided support for global organizing campaigns using a multitude of international instruments, including: workers' capital strategies; filing complaints at the ILO, OECD, the Inter-American Human Rights System of the OAS and at the European Union; and comprehensive strategic campaigns.

Global Capital Strategies

Over the past 10 years, the AFL-CIO has become a central player in capital markets and corporate governance. Workers' pension funds and unions have become leading advocates for reform of corporate governance. The labor movement

has been a key voice for the interests of working people and for the public interest in addressing the Enron and WorldCom scandals and the financial crisis of 2008.

The work of the ITUC/GUF/TUAC Committee on Workers' Capital (CWC), which develops strategies for joint action, has led to much higher levels of union activism in the capital markets and built ties between national centers and their pension funds.

Global labor unions and pension funds have a common interest in building an economy that works for everyone again, an economy that can sustain healthy benefit funds and healthy, sustainable investment returns for those funds.

Long-term profitable investment must be founded on an approach to managing business that values all the constituencies that come together to create value in a firm. Some people call this socially responsible investing. The AFL-CIO simply sees it as smart investing.

The AFL-CIO sees the current financial crisis and the devastation that has been wrought by exploitative business conduct oriented toward the short term as proof of the economic wisdom of a different approach, which should include the following:

- Pension funds must give up on the illusion of leverage and focus on investment strategies that really create long-term value;
- Pension funds should see responsible regulation of global capital markets as a vital interest of theirs;
- Pension funds should be more open to stable return investments in areas that create good jobs, such as infrastructure and clean energy; and
- Most of all, pension funds should understand that their survival depends upon strong collective bargaining systems and adequate

employer contributions. Investment strategy cannot make up for lack of funding over time.

3. GLOBAL SOLIDARITY TO PRESSURE GOVERNMENTS TO RESPOND TO THE CRISIS AND BUILD A STRONGER, CLEANER AND FAIRER GLOBAL ECONOMY

The global labor movement is calling on governments—at the G8 and G20 meetings of heads of state as well as the OECD, U.N. and other international institutions—to respond more aggressively to the economic crisis and work together to build a stronger, cleaner and fairer global economy.

Specifically, the global labor movement is calling on governments to work together to develop and implement a five-point economic recovery strategy to:

- Urgently implement a coordinated international recovery and sustainable growth plan with maximum impact on job creation focusing on public investment, active labor market policies and protection for the most vulnerable workers.
- Combat the risk of wage deflation and reverse the growth of income inequality by extending the coverage of collective bargaining and strengthening wage-setting institutions so as to establish a decent floor in labor markets.
- Resolve insolvent banks immediately to restore confidence and lending in the financial system and establish the new rules and mechanisms to control global finance with full stakeholder engagement.
- Prepare the ground for a far-reaching and ambitious international agreement on climate change at COP15 in Copenhagen in December 2009.
- Establish a legal benchmark of norms and instruments of the international economic and social institutions—the ILO, IMF, World Bank, WTO and the OECD—and, beyond this,

reform these institutions and build effective and accountable global economic governance.

International Policy Coherence and Coordinated Efforts to Maintain and Create Employment

No single country can find solutions to the global crisis on its own. Coordination and global rules are imperative. The global labor movement supports the ILO's Global Jobs Pact to help coordinate government efforts to respond to the jobs crisis by securing existing jobs; creating new quality employment through investments in public services, infrastructure, health, education, social security and green jobs; and applying a wide range of active labor market policy instruments to respond to the jobs crisis.

Efficient Regulation of Financial Markets and Trade

Global financial markets need to be efficiently regulated to serve the real economy, finance real investment and generate employment by more effectively regulating global capital markets and eliminating tax havens. Never again should speculators or banks be able to blackmail governments because they are "too big to fail." Trade has to be regulated efficiently to avoid protectionism, but the trade rules have to take into account the varying development levels of countries in seeking to lift barriers to markets.

- **Maintain wage levels and guarantee a minimum wage.** The global downward spiral in wages and working conditions must be stopped. To recover from the global crisis requires a wage-led increase in aggregate demand. Social dialogue, collective bargaining and minimum wages need to be strengthened and decisively applied to maintain wage levels and prevent wage deflation. Governments have a particular responsibility to stabilize and protect wage levels by making investment and procurement conditional on the full respect of working conditions and collective bargaining. Enforced minimum wages establish a wage floor so people can no longer be forced to accept starvation wages. Universal application

of the ILO's Minimum Wage Fixing Convention would be an important step to avoid a competitive race to the bottom.

- **Extending social protection to all.** Social protection guards vulnerable people against poverty and stabilizes aggregate demand. It must be a key element of the recovery strategy. The extension of the duration and the coverage of unemployment benefits also for temporary and non-regular workers is an immediate part of the pact's vision. Beyond the urgent need for improving unemployment provisions, the Jobs Pact calls for building a basic social protection floor for all, including access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee plans for the unemployed and working poor. The international community should provide development assistance and budgetary support in this respect. It is time that solidarity reaches across national borders. Public employment guarantee plans for unemployed or the working poor are a key policy instrument to ensure that workers in the informal economy have access to minimum wages.
- **Applying international labor standards.** Respect for fundamental principles and rights at work is critical for human dignity. It is also critical to recovery and development. The ILO's International Labor Standards are international policy instruments and the ILO's prime tools to coordinate and guide labor and social policies. They can prevent a downward spiral in labor conditions and support the recovery process. The Jobs Pact underlines the specific value of ILO instruments concerning employment policy, wages, social security, the employment relationship, the termination of employment, labor administration and inspection, migrant workers, labor conditions on public contracts and occupational safety and health.

The strategy for achieving a stronger, cleaner and fairer global economy requires a new balance between the economy and the environment,

between government and markets, between finance and the real economy and, not least, between workers and their employers.

Building government support for a more balanced global economy requires a coordinated global union campaign, both in national capitals and in international government meetings and institutions. This campaign was launched with the

G20 meeting of heads of state in Washington last fall and continued in London in April.

Next week, G20 global labor leaders will be gathering in Pittsburgh to meet with heads of states attending the official summit. The global labor leaders will call on the G20 governments to support more urgent and more aggressive action to respond to the jobs crisis and help rebuild a global economy that works for all.

¹ OECD Economic Outlook Interim Report, March 2009.

² IMF, The Implications of the Global Financial Crisis for Low-Income Countries, 2009.

³ G8 Social Summit, People First, Tackling Together the Human Dimension of the Crisis.

⁴ ILO-IILS (ed), The Financial and Economic Crisis: A Decent Work Response, Geneva 2009, p. 8.

⁵ OECD Private Pensions Outlook, 2008.

⁶ "Growing Unequal," OECD, October 2008.