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Globalisation and Equity

John J. Sweeney, President, American Federation of Labor-Congress of Industrial Organizations

As we meet today, the world is more integrated economically than ever before, and we are facing unprecedented opportunities as well as unparalleled challenges.

Because of the entry of China, India and the former Soviet Union into the global economy, the globally integrated labor force has doubled over the past 20 years.

On the one hand, this expansion gives us an opportunity to provide decent work and relieve poverty for billions of families.

On the other hand, it threatens to undermine the wages and working conditions of workers in the more developed economies.

And unless our governments exert more control, it will do more than lower living standards in Europe and the U.S., it will generate massive resistance to globalization and deny us the improved living standards which greater economic integration promises.

Corporations and capital markets are the principal drivers of globalization.

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

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

The failure of governments to manage globalization can be seen in the falling share of wages in national income throughout the OECD.

In Europe and the U.S., the benefits of globalization have accrued disproportionately to the wealthiest families ... while the majority of working families are unable to share in increasing productivity and economic growth.

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

Now the effects are being seen in many developing and transition countries as companies threaten to shift production to China where workers' rights to organize are not respected.

In the United States, untrammelled free trade has ruptured the historical relationship between productivity and wages.

American workers are suffering a generation-long stagnation of wages and rising insecurity even as our economy grows and overall productivity and profits surge.

Some in the OECD view the U.S. a "model" for employment and social policy.

We strongly urge caution in taking this view.

Income and wealth is more unequally divided in the US than in any other OECD country.

And income is more unequally distributed in my country today than at any time since the 1920s.

Our wealthiest families are prospering as never before ... but the vast majority of American workers are being left behind.

In 2005, the fourth year of our "economic recovery," median family incomes fell for 90 percent of American families.

Indeed, only the top ten percent of our families saw their incomes rise at or above the rate of productivity growth since 1980.

Despite spending more on health care than any country in history, 46 million Americans have no health insurance at all--- a number that is increasing.

Less than 50 percent of American workers have any form of employer provided retirement security and only 20 percent have real, defined benefit pensions

By this time, it should be obvious to all of us that governments must exercise more active governance to assure that the benefits of globalization are shared more equitably with workers - in developed as well as in developing countries.

OECD governments should lead a coordinated international effort to build a social dimension to globalization to assure that wages rise along with productivity in all countries.

Our governments should strive to assure decent work for all workers in all countries with employers who respect fundamental workers' rights and who provide wages that increase with productivity.

Our governments should provide adequate social protection and equip workers with the education and skills they need to cope with a rapidly changing global economy.

We must insist that the benefits of globalization are equitably distributed by supporting the inclusion of fundamental workers' rights and environmental standards in all international trade and investment agreements.

We must supply the resources needed to assure that workers have access to the education and training they need to equip themselves for the highest value-added jobs.

We have to insist on greater social responsibility from global corporations by enacting and enforcing sufficient regulation of international business in accordance with the OECD Guidelines on Multinational Enterprises.

We must support the creation of an international regulatory taskforce on hedge funds and private equity to assure capital market integrity, corporate accountability and financial stability.

We have to meet the commitments we've made to developing countries to double official development assistance to achieve the Millennium Development Goals.

We must live up to the promises we've made for debt cancellation.