

Sharan Burrow, on Regaining Trust
February 17, 2017

MR. EDWARDS: Hello. I'm Bruce Edwards and welcome to this Podcast produced by the International Monetary Fund. Today, Sharan Burrow, head of the world's largest trade union federation calls for collective action to help better distribute the benefits of growth.

MS. BURROW: If we are fighting each other because we can't design a system that actually works for everybody then working people will, again, continue to mistrust our institutions, and the threat to democracy is very real. You see it.

MR. EDWARDS: Every two years the IMF and the World Bank invites global labor union leaders to discuss the state of the world economy and the implications for the labor force. This year representatives of 70 unions from 30 countries focused on the challenges posed by a growing sentiment that too many people are being left behind by social, economic, and technological change.

Sharan Burrow is the General Secretary of the International Trade Union Confederation. What is

it about the global economy today that is leading so many workers so vulnerable?

MS. BURROW: The global economy wasn't delivering enough jobs for workers before the financial crisis, the Great Recession. But, in fact, now it's clear that the global economy's stagnating. It's certainly not, even where there's growth, delivering jobs that will accommodate unemployment, particularly for women and young people who are extraordinarily vulnerable.

Globalization is the second issue and while we absolutely support trade and globalization it's been built on a model that is, in fact, a low wage labor arbitrage system. When you look at what this means for the workforce, we have around 3 billion people in the global workforce. Sixty percent of them are in, what we would call, a formal economy with some form of employment contract. But more than 50 percent of those are in insecure or, indeed, unsafe work.

Then the distrust, and that's the third element. People simply don't trust institutions, big

business, anymore because they feel they've been marginalized. They know they're not getting a fair share.

So these discussions are critical because if we can't get our institutions on the same page about the solutions to the headlines we all agree on: inequality, gender inequality, wages inequality, or income inequality. The question of climate change and the challenges. All of these things along with jobs, jobs, and jobs. If we can't get on the same page as institutions we can't rebuild that trust.

MR. EDWARDS: So you speak of inequality. And we talk a lot about, here at the IMF, we talk a lot about inclusive growth. Can you see a day when, you know, a larger portion of the population actually benefits from economic growth? And how do you see trade unions? What is the role of trade unions in getting there?

MS. BURROW: I can absolutely say the solutions. In practical terms this is easy to fix. If you have multinationals taking due diligence,

accepting responsibility for due diligence, if it's mandated as a requirement legislatively it means that they have to understand the risk and where those risks exist in their supply chains, and they have to put in place the grievance procedures that allow for remedy.

If you want to do something about inequality that's easy too. When you look at the fact that a minimum living wage for an Apple worker in their supply chain, for every Apple worker in the supply chain they make \$17,000 in profit for every worker. At the high end of what it would require in Asia \$50, an increase per month, then that's a mere \$600 of that \$17,000 profit.

Of course, the social protection floor that the whole of the UN system actually endorses, including the G-20. Social protection floors which give fundamental services like health and child protection and education for all housing, sanitation, but also income support: unemployment benefits, pensions, disability support and so on. In the sense of being a floor would cost less than 6 percent of

GDP. So we can fix these things.

You know, if you look at a miracle economy like Sweden who's bucking the trends. They've done everything that I've just talked about. They've actually spent -- invested more than 2 percent, more than 1 percent in infrastructure and around a percentage point in their economy of support for refugees, integrating refugees. It's delivered a growth multiplier. That means their growth is around 4 percent which most economies would die for right now.

And they have a comprehensive universal social protection system. They have a robust system of collective bargaining which delivers both wage floors and skilled wages. And, you know, they're amongst the most unequal countries in the world. So the solutions are the same for everybody. They'll be on a different scale, of course, depending on the GDP of the country.

But we have to want collectively to change the rules of the game, and if we don't want to change

the rules of the game then inclusive growth is just a term. It doesn't mean anything. It's not about a few cash transfers. It's not about simply repairing the tax system, although that's critical. It is about doing those things. The social protection, universal social protection floor. It is about minimum wages in which people can live with dignity, so evidence-based. Robust collective bargaining systems, rights, and the rule of law.

MR. EDWARDS: The nature of work is evolving with technological changes. You know, the need for workers to adapt, to acquire new skills, to retrain. But what about trade unions and labor unions? I mean, what do they need to be doing to stay relevant?

MS. BURROW: Well, we're actually very relevant. I mean, if you're going to have a collective bargaining system who do you bargain with? If there are systems of evidence-based minimum wages who advocates for the workers? And, of course, right now we're the only organization, along with some allies in the NGO community, who are exposing the

mistreatment, the oppression, the violations for working people.

But there is an absolutely way forward, including dealing with the pressures around, you know, the rapid advance of technology. You know, people try to scare us about, oh, you know, technology will mean the loss of jobs. Well, we've been dealing with the introduction of technology for decades and usually it's worked in our favor.

We've used it to upskill workers and, indeed, to raise wages. So it's actually been part of the process that's built the middle class, has sustained economic growth, and the like. But the technology is now evolving at a more rapid pace and we are seeing, of course, the challenges of robotics. And while it's in its infancy, ultimately, artificial intelligence. The financial systems will be challenged by the use of the block chain.

So, again, changing the rules of the game is critical because it doesn't, you know, we know what we would prefer. But whether you're employed by --

directly by an employer or through an agency or you're actually bidding for a job on the digital platform the issues are the same. Is the business formal?

Registered? Paying its taxes? Being a good corporate citizen? Mandated legislative responsibilities for those businesses around the rights of workers and the employment protections that go alongside of that that make sure that there are, in fact, social protection systems, minimum living wages, and a capacity above the floor, of course, to bargain with your employer.

So the choices are ours. You know? In the government's hands, in the union's hands, in the institution's. Again, if we're fighting each other because we can't design a system that actually works for everybody then working people will, again, continue to mistrust our institutions and the threat to democracy is very real. You see it.

MR. EDWARDS: The ITUC and -- as well as yourself, personally, have worked over the years very hard to increase women's participation in the workforce. And the benefits are pretty obvious now

what that would do to the global economy. Why do you think this is such a tough slug?

MS. BURROW: Progress for women stagnated. You know, we went through several decades where there was a general acceptance of measures for quality of measures to reduce unequal pay of the support systems around childcare and the like. But it's come to a halt and as times get tougher we're seeing some, you know, quite frankly, misogyny appear again in our political environment as well as in our workplaces.

So this is counterproductive. Apart from the moral imperative of men and women being treated equally. This is counterproductive because with women's participation in the workforce stagnating, at best, and, indeed, declining, at worst, in many places. We know that that's having a negative impact on the economy far greater than just the numbers.

The two most significant areas of growth for jobs is investment in infrastructure, biggest medium term multiplier of jobs, and for immediate productivity gains it's women's participation in work.

Now, in order to facilitate that and to, indeed, get triple jobs dividend if you invest in care alongside infrastructure, sometimes that might be soft infrastructure, but childcare, age care, health, education. These things both free women to participate in the economy. That's a boost for productivity and growth.

But they also create jobs in the care economy which makes our society far more cohesive and, again, contributes to growth. And there's a third dividend which means that whether it's supply chains or infrastructure build it delivers more jobs for men as well.

So unless the world actually says we're going to invest in the care economy. We're going to deliberately put the rules of equal remuneration, support for reducing violence against women, particularly domestic violence where we're seeing that workplace action can actually boost productivity, but also support women and their children.

Again, unless, as a society, we make those

choices then the fracturing of -- and the frustration from women that you see through the women's march and others will actually grow.

MR. EDWARDS: That was Sharan Burrow, General Secretary of the International Trade Union Federation.

If you like this podcast you'll find many more on iTunes or on your favorite podcast app. Just look for IMF Podcasts.

* * * * *