

# **INCOME INEQUALITY SOME SOLUTIONS**



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# **L20 STANDING OBJECTIVES: “REBUILDING ECONOMIES JOBS AND WAGES”**

Support jobs and stimulate growth

Reduce income inequality

Support development

Re-regulate financial markets

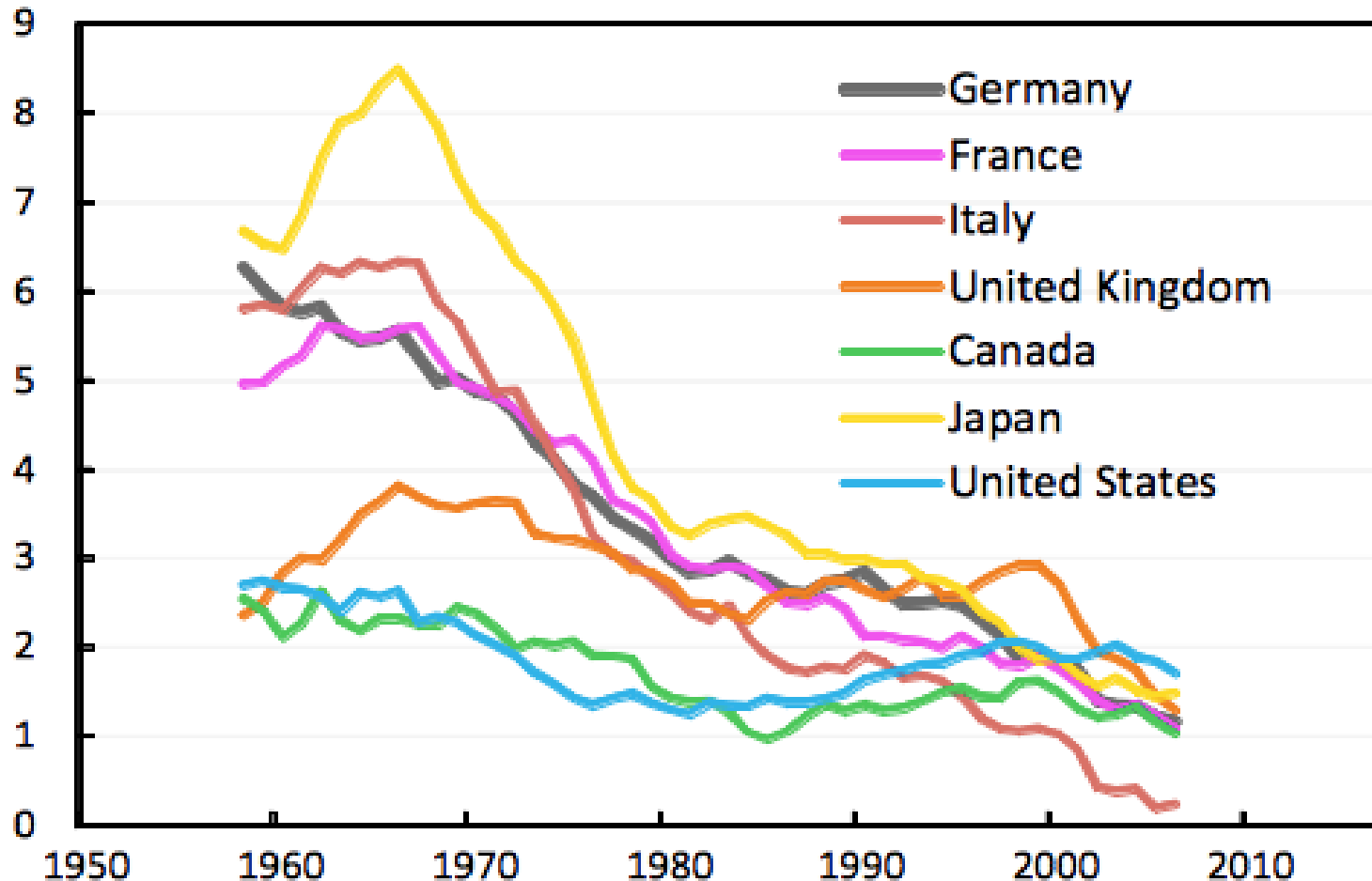
Have unions at the table

**These are all still relevant in 2015**

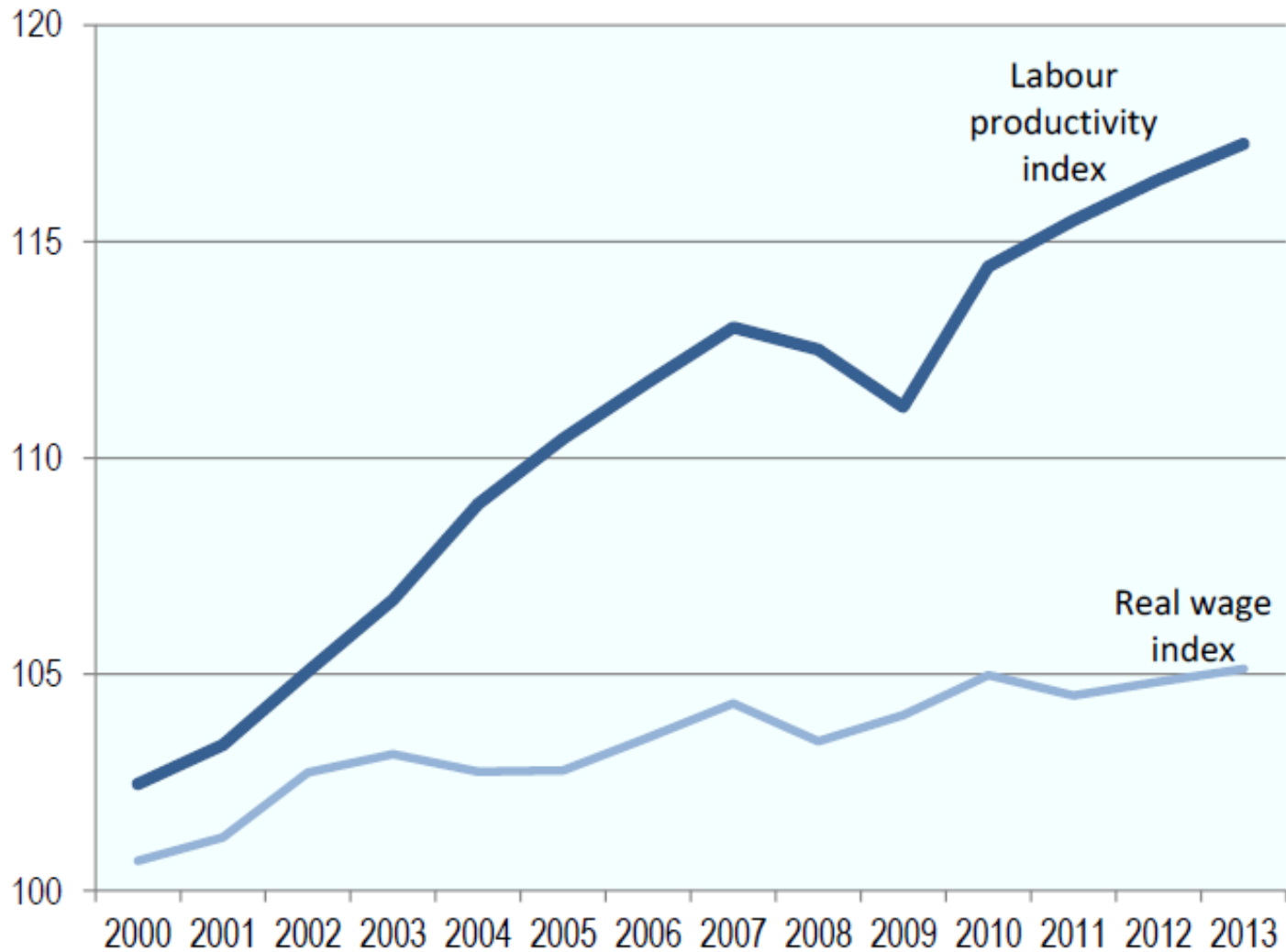


# LABOUR PRODUCTIVITY GROWTH

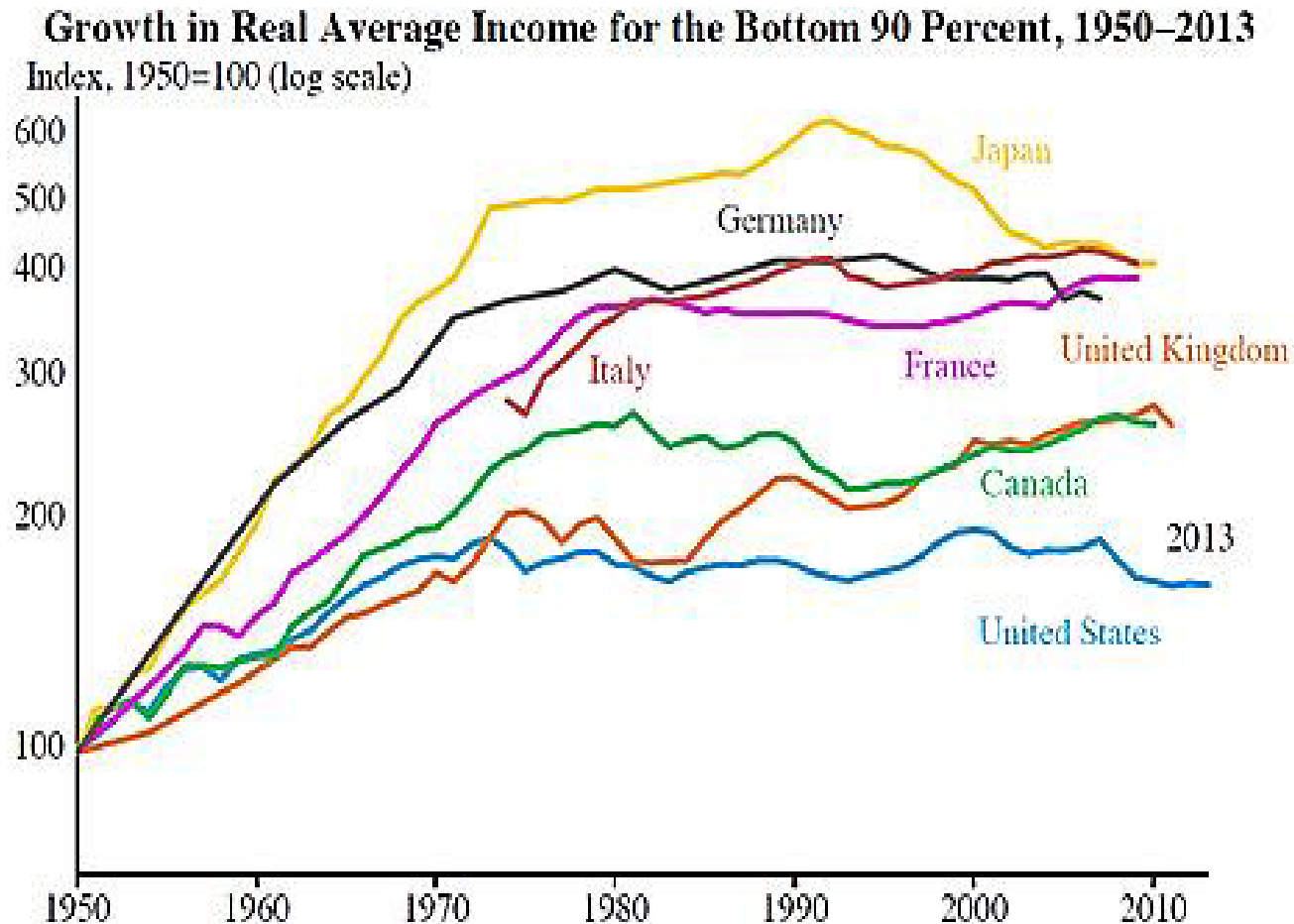
15-Year Centered Moving Average of Annual Percentage Growth



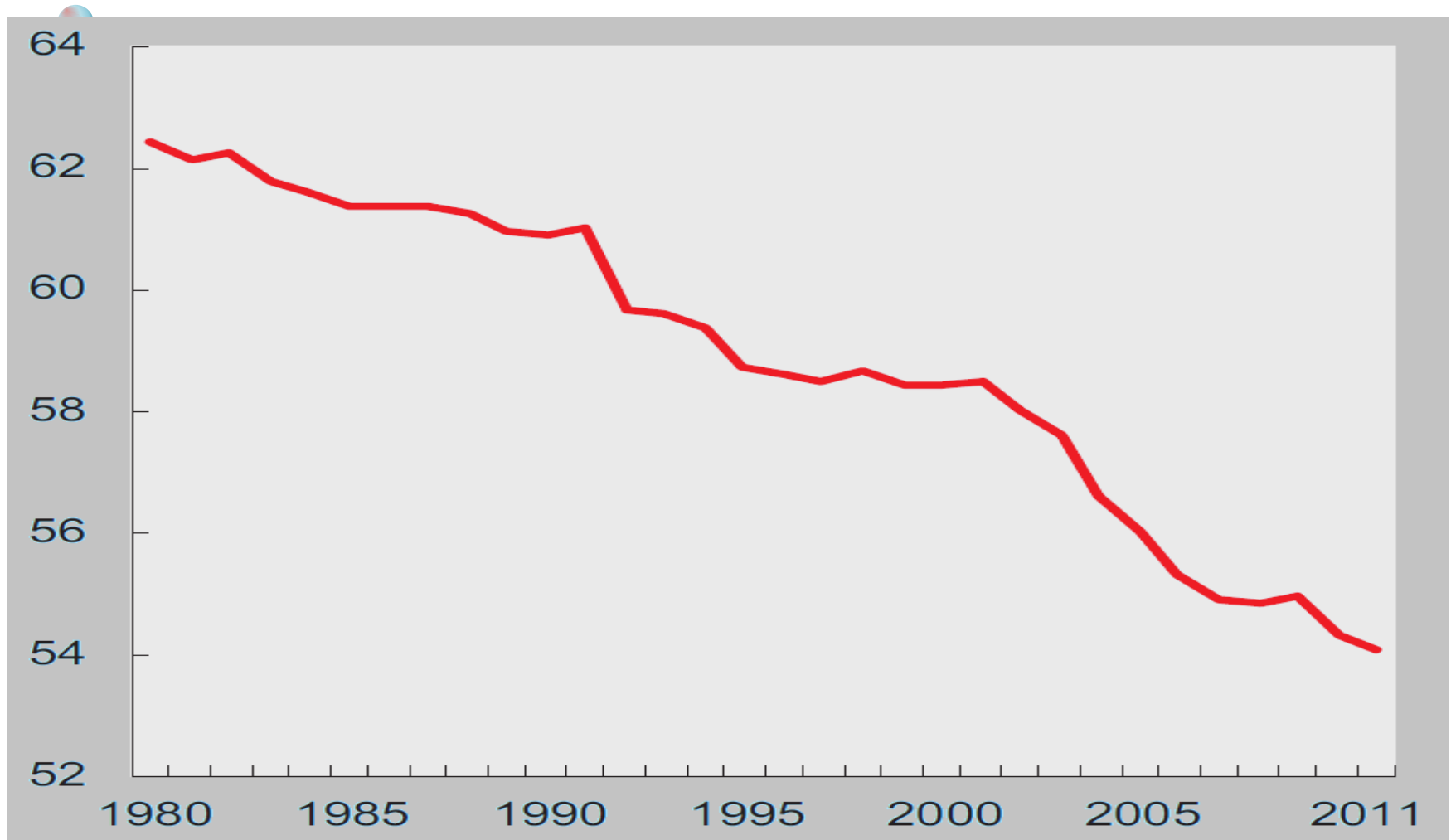
# EVOLUTION OF AVERAGE WAGES & LABOUR PRODUCTIVITY IN SELECTED G20 ECONOMIES



# Wages stagnated throughout the current recovery for the bottom 90%

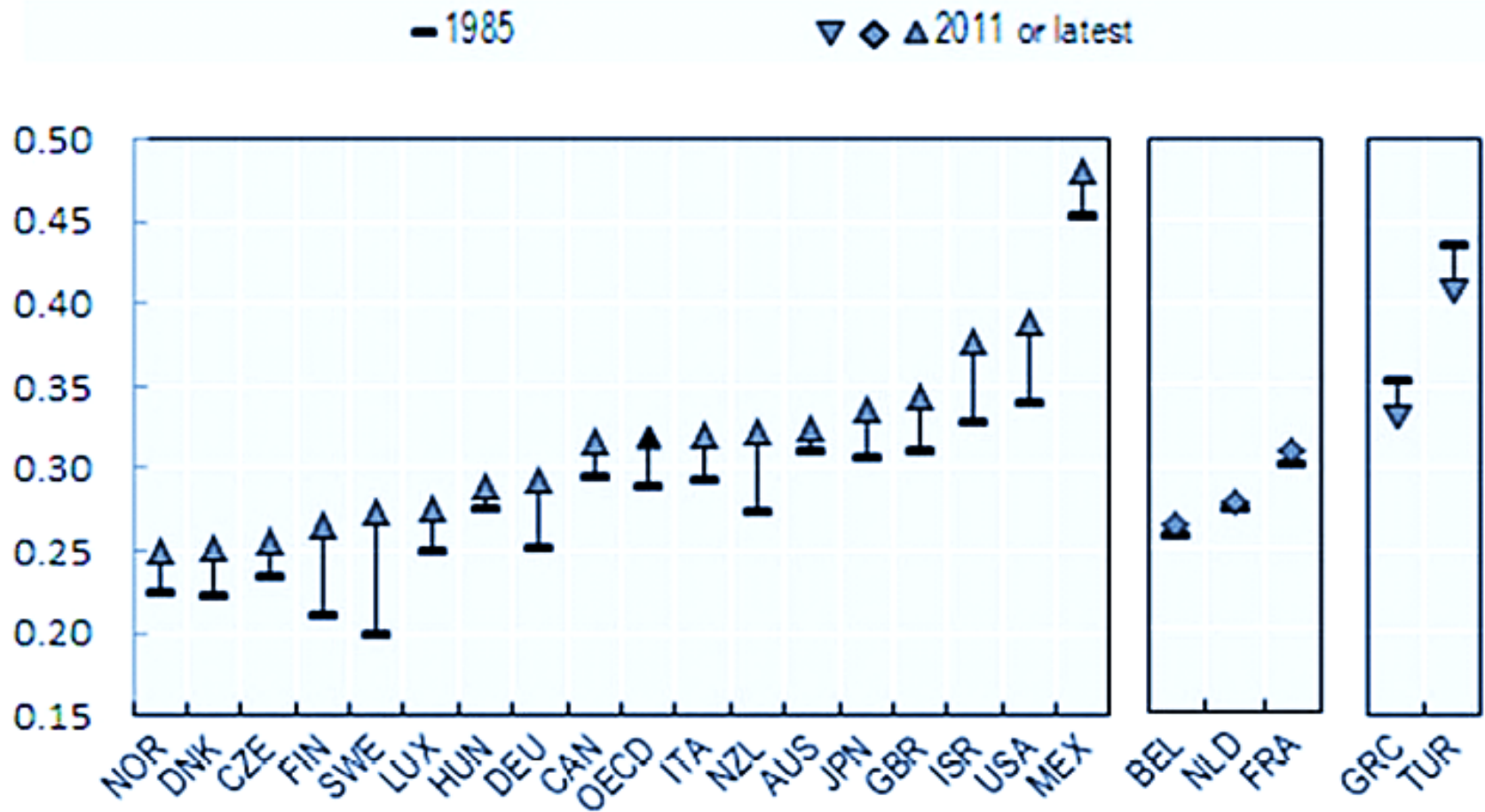


# Labour income as share of total global output



Source: UCTAD (2013) Trade and Development Report 2013, p. 14.

# INCOME INEQUALITY IS INCREASING IN MOST OECD COUNTRIES

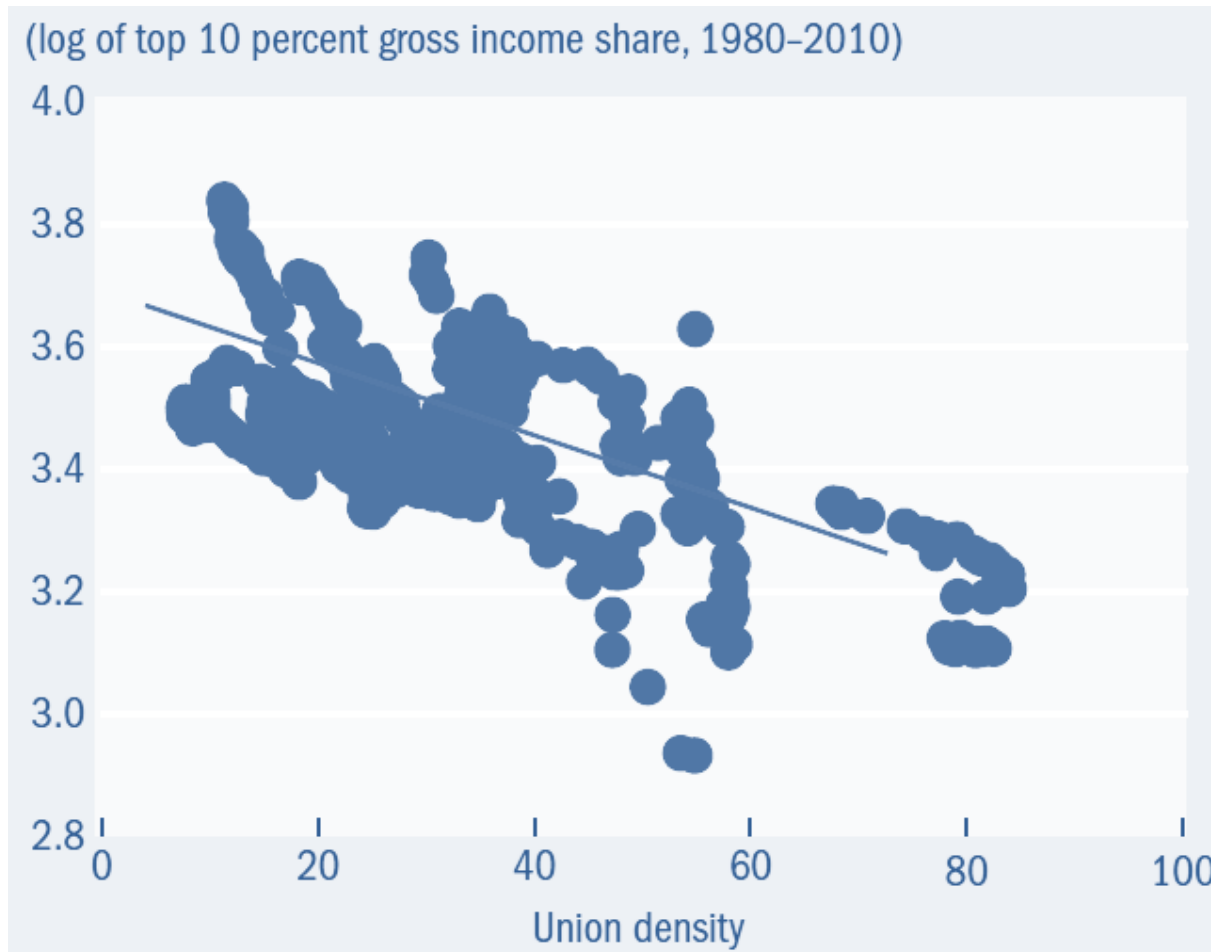


# NOT JUST A SOCIAL PROBLEM

Inequality is bad for the economy, not just bad for society and for social cohesion: The OECD and IMF now have found that higher inequality reduces economic growth.

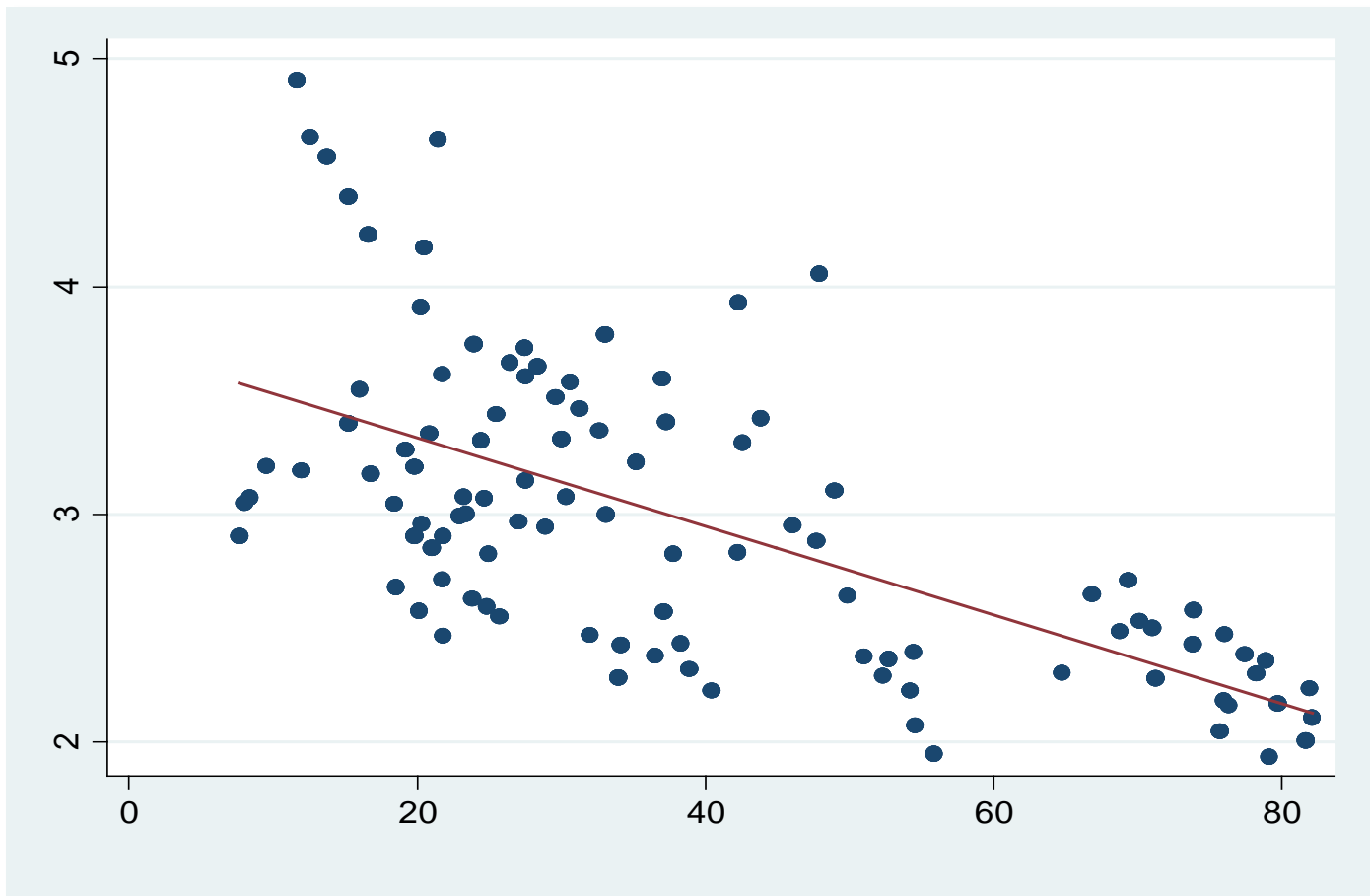


# Lower unionization in advanced economies is correlated with an increase in the top 10 percent income share



# The Impact of Trade Union Density (x-axis) on Income Inequality (y-axis)

D9/D1 Gross Earnings Ratio



# L20 MODELLING: POLICY MIX FOR GROWTH & QUALITY JOBS

*“A coordinated policy mix in the G20 targeted to **increase the share of wages in GDP by 1%-5%** in the next 5 years and **public investment in social and physical infrastructure by 1% of GDP** in each country can create up to **5.84% more growth** in the G20 – compared to business as usual – and **halve the jobs gap** by ca. 33 million, bringing it down to 31 million by 2018, showing the strong internal demand effects of wage-led recovery”*

# Unions are a key part of the solution to inequality



The struggle itself toward the heights  
is enough to fill a man's heart.  
One must imagine Sisyphus happy.  
---Albert Camus

