

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

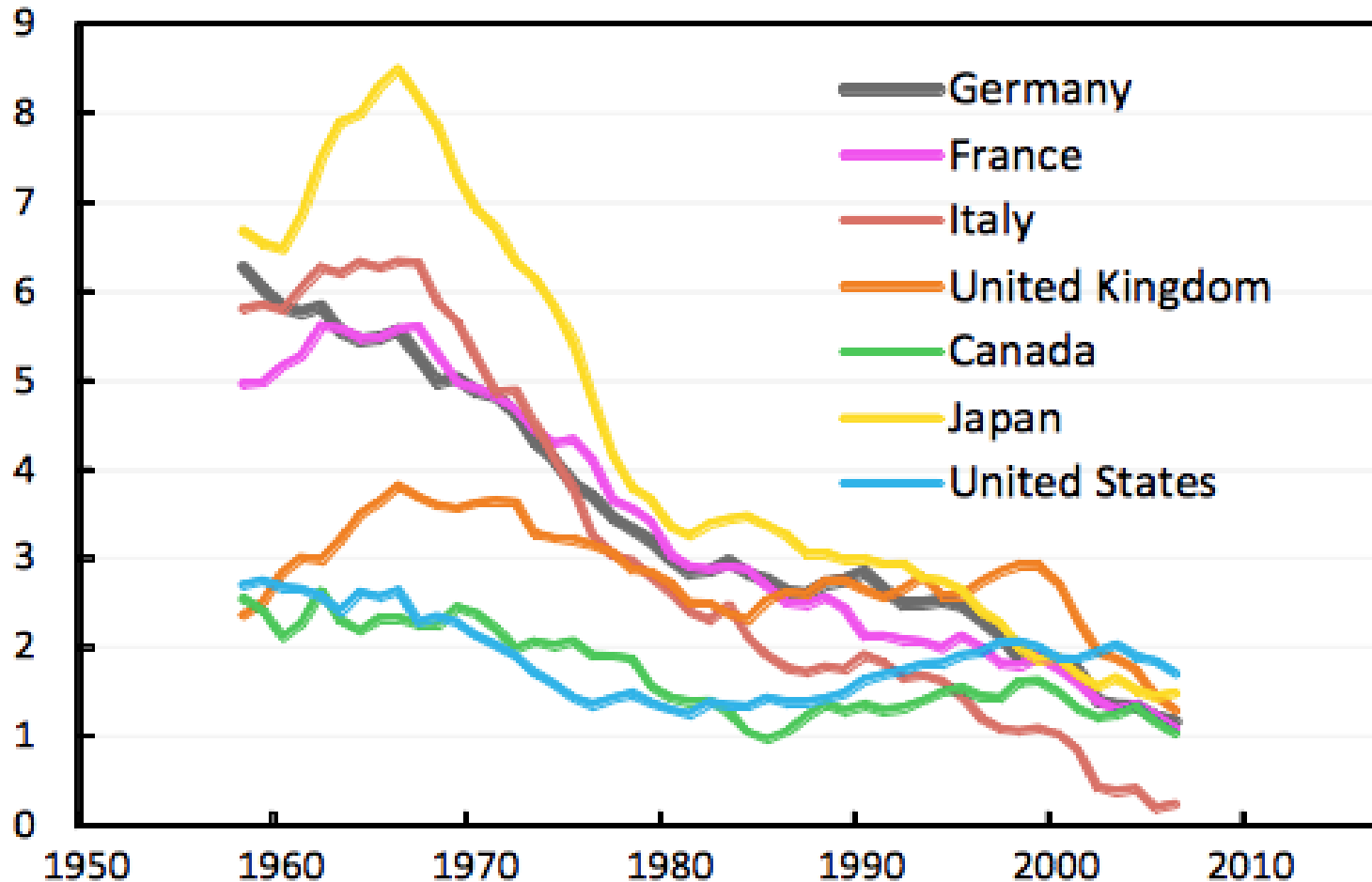
Have unions at the table

These are all still relevant in 2015

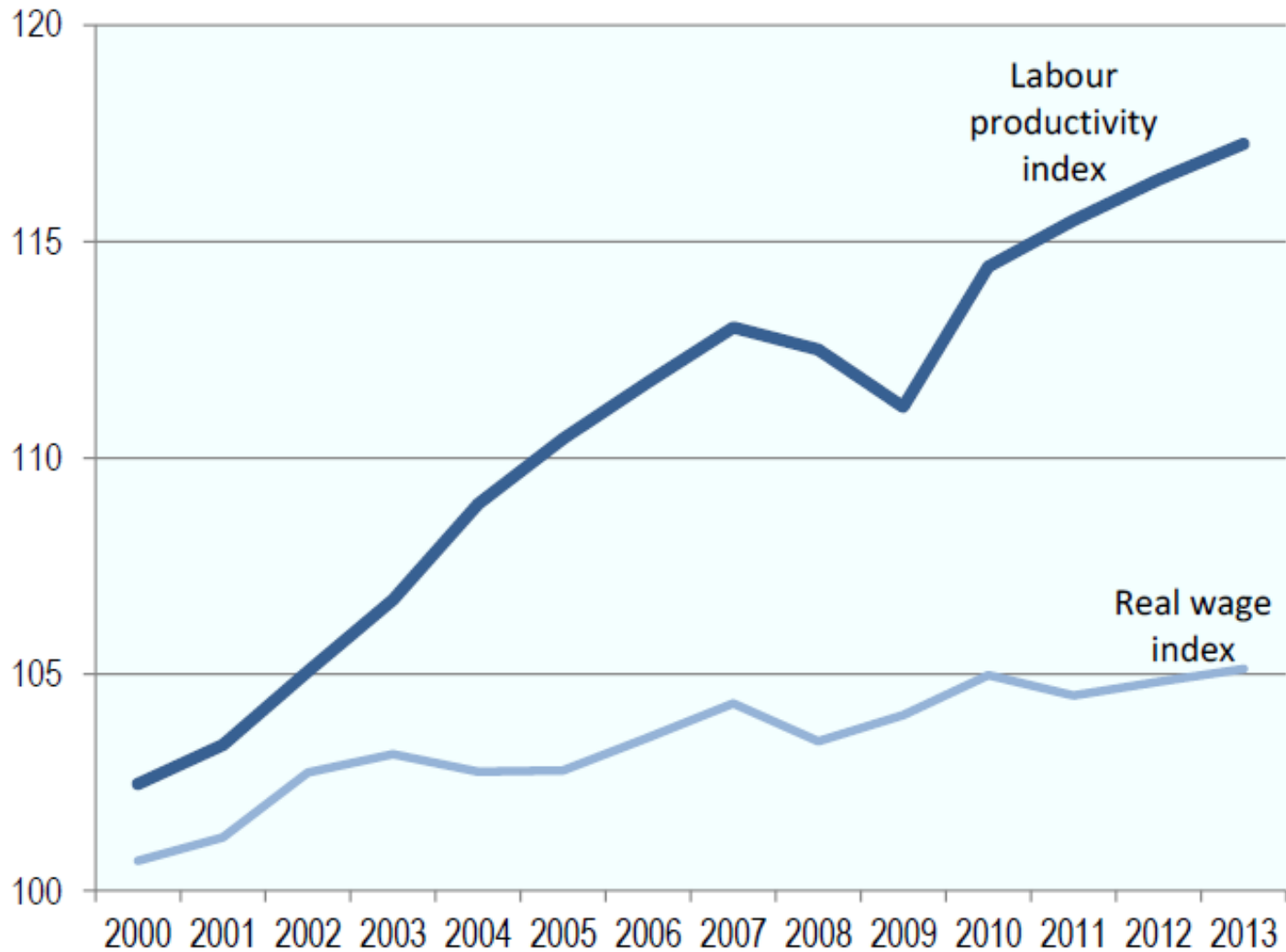


LABOUR PRODUCTIVITY GROWTH

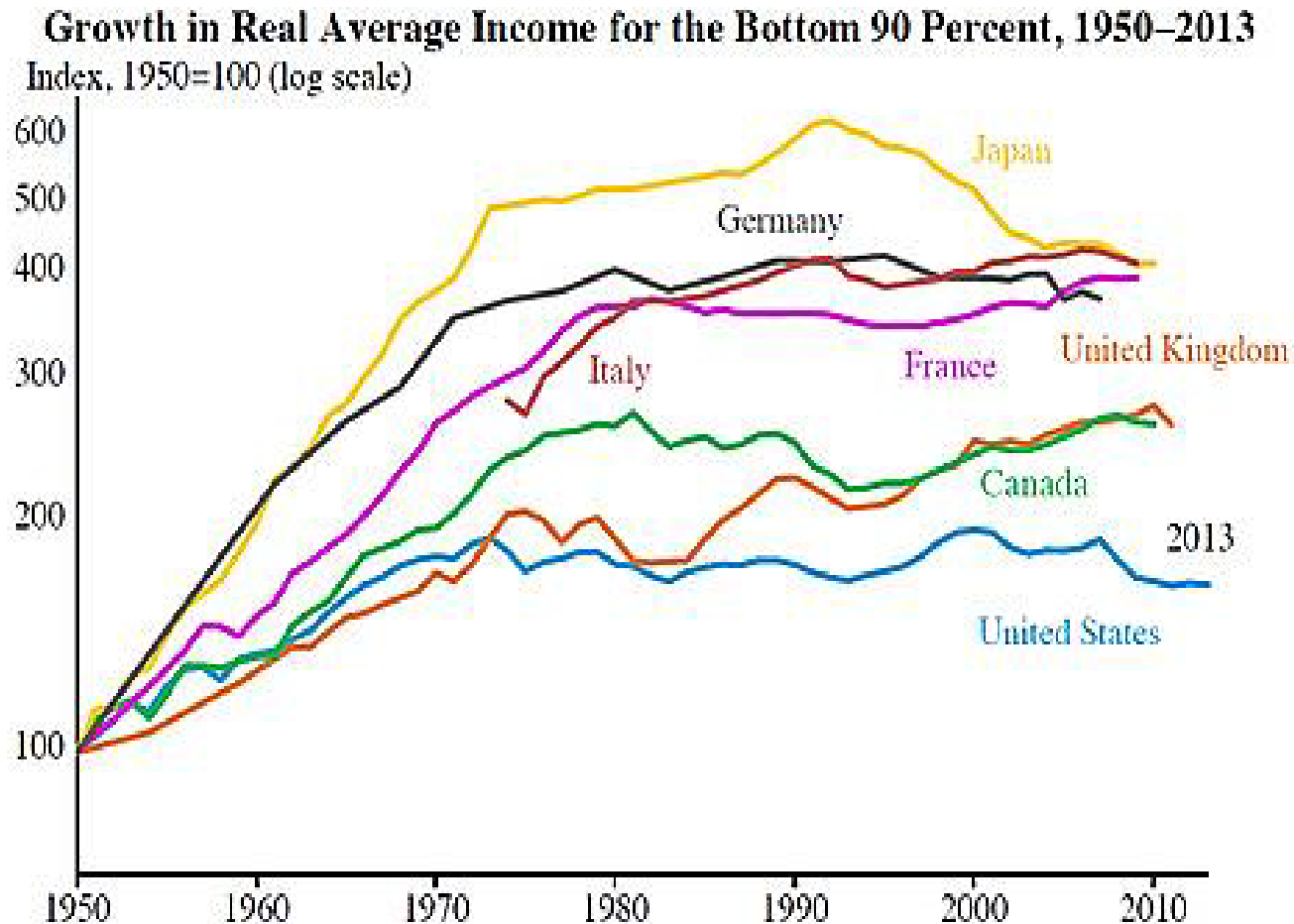
15-Year Centered Moving Average of Annual Percentage Growth



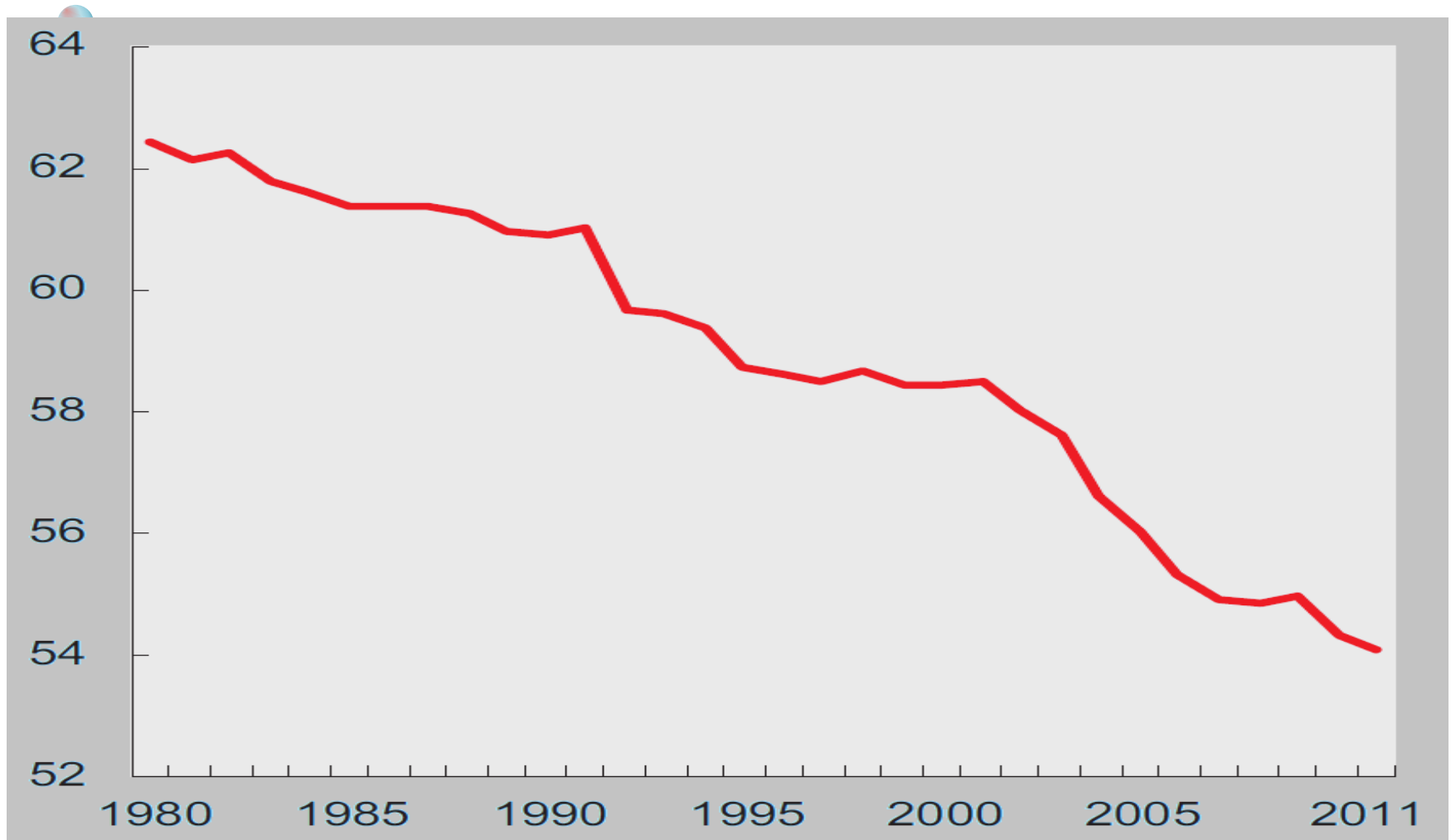
EVOLUTION OF AVERAGE WAGES & LABOUR PRODUCTIVITY IN SELECTED G20 ECONOMIES



Wages stagnated throughout the current recovery for the bottom 90%

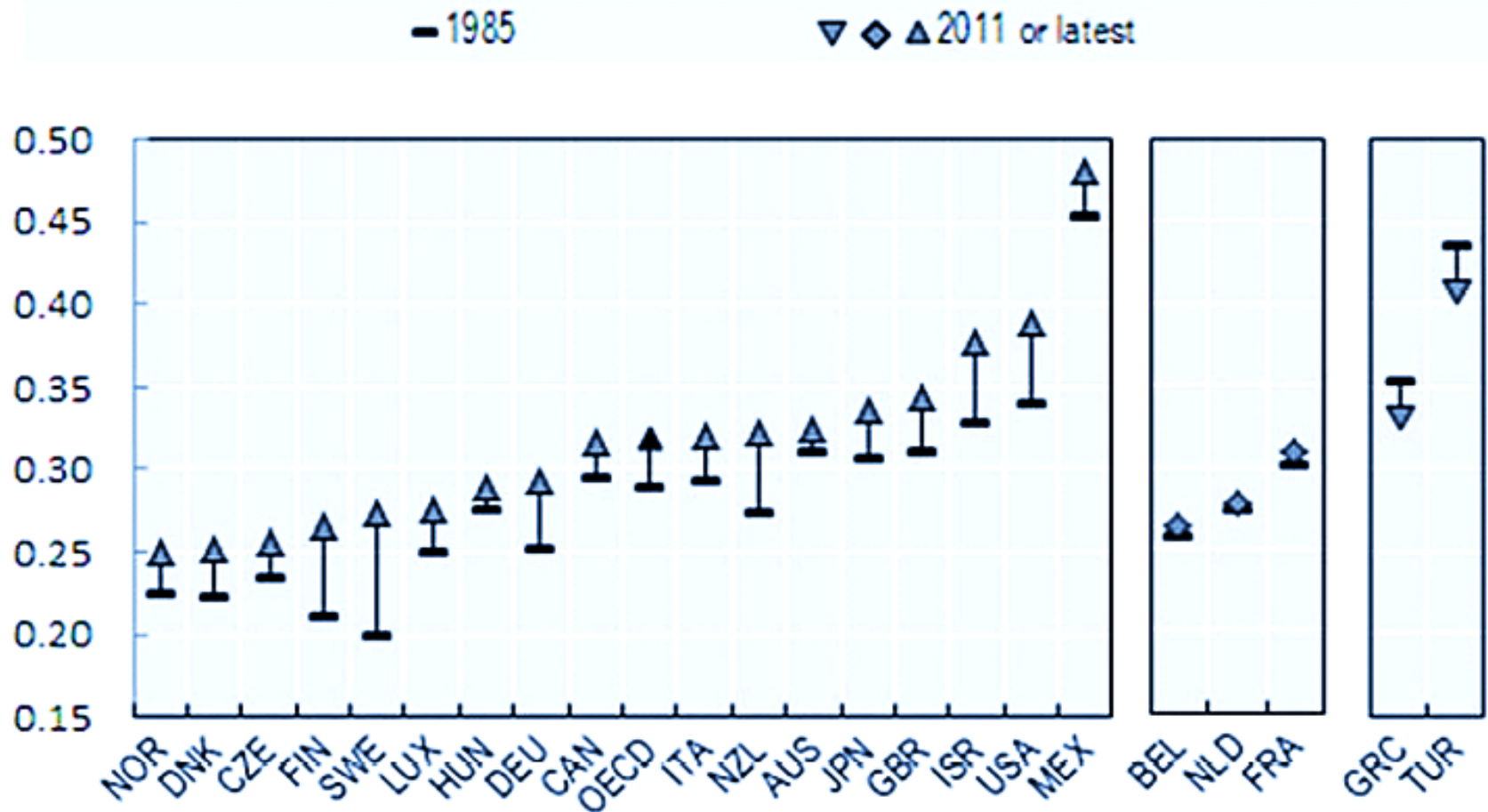


Labour income as share of total global output



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

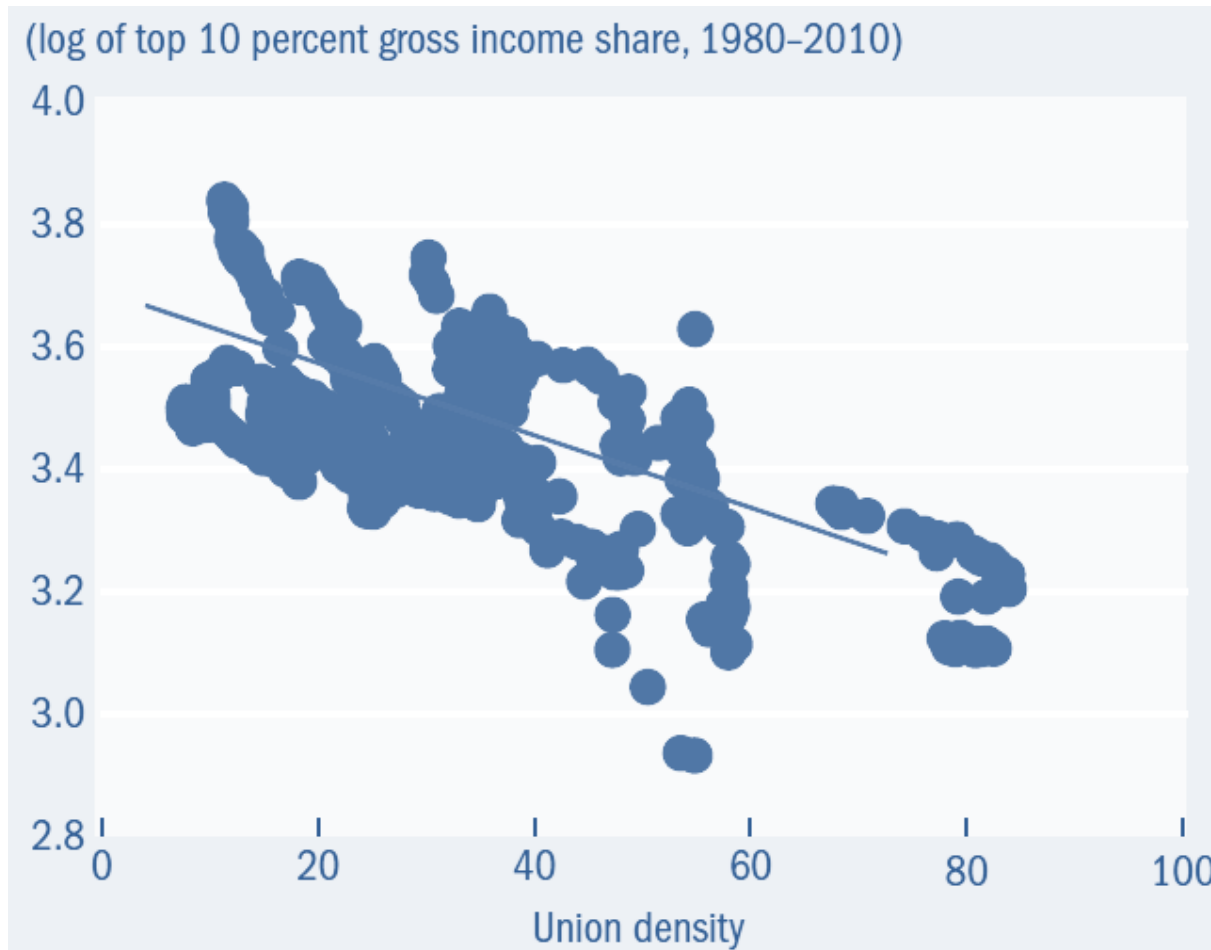
INCOME INEQUALITY IS INCREASING IN MOST OECD COUNTRIES



NOT JUST A SOCIAL PROBLEM

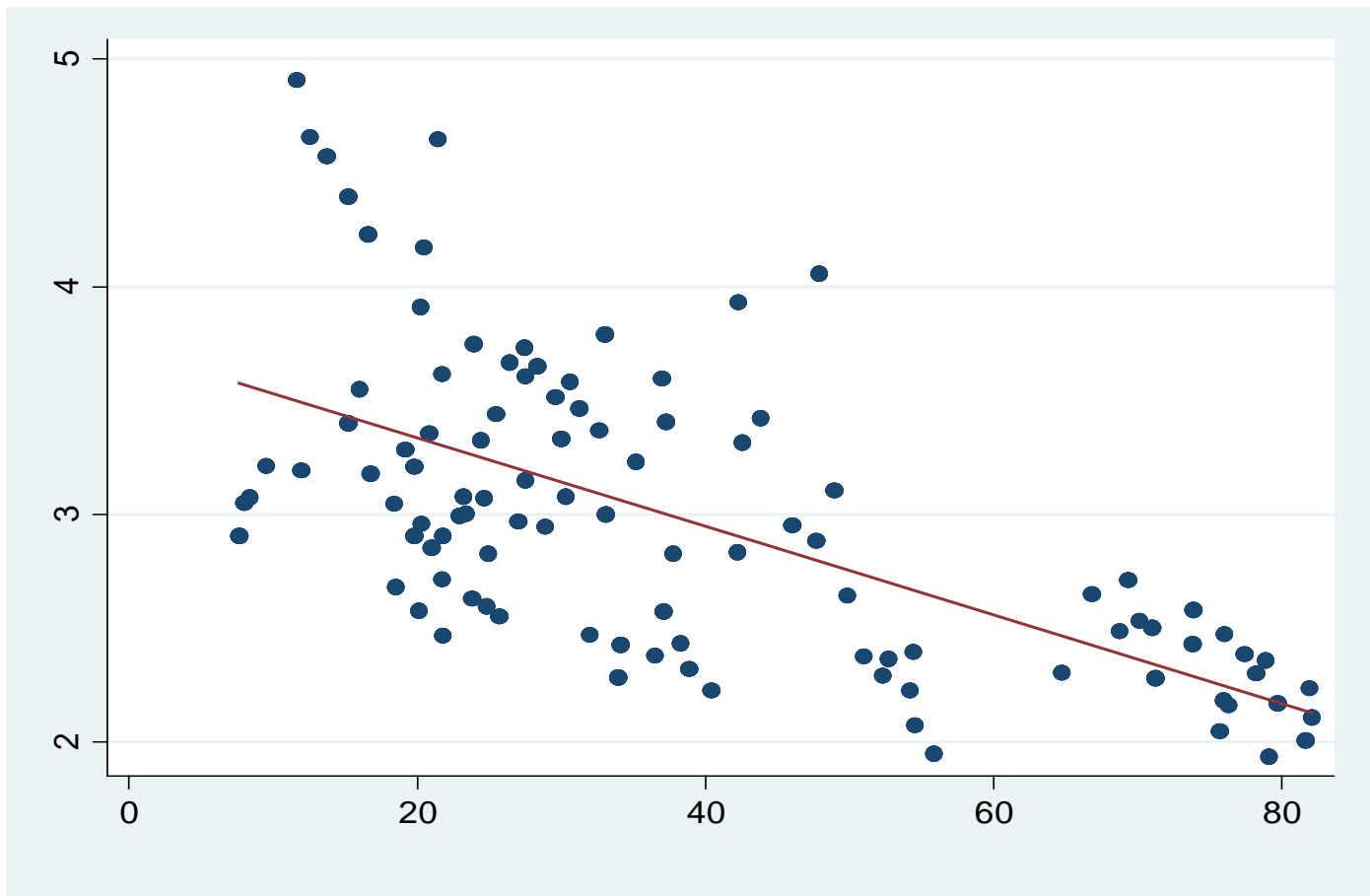
Inequality is bad for the economy, not just bad for society and for social cohesion: The OECD and IMF now have found that higher inequality reduces economic growth.

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

