

**Remarks of AFL-CIO President Richard Trumka
Trade Union Advisory Committee of the OECD
Washington, District of Columbia
March 4, 2014**

Thank you. I'm very pleased to welcome many of you back to the AFL-CIO as well as to meet some of you for the first time. In the two years since we last met we have made real progress in winning the argument for global economic policies that help working people and promote social justice. But we have a lot more to do.

Everywhere we hear talk about the profound danger of rising inequality—the threat inequality and wage stagnation poses to economies, societies, and democracies around the world. Even our friends at the OECD, the World Bank and the IMF have begun to look for answers that will narrow the gap between the richest 1% and the world's 99%.

But we cannot stand still. We must continue to push our leaders. We know that the world's persistent economic struggles are not an accident but the consequence of the central economic ideas of the past several decades. Bad ideas like: inequality is the price of growth. The idea that deregulated financial markets both create value and have no effect on macroeconomic stability. The idea that destroying workers' rights and bargaining power improves labor markets. The idea that national economies are somehow decoupled from each other, instead of being mutually interdependent. The idea that equality of opportunity can coexist with radical inequality of wealth and income. Those ideas are increasingly being exposed as shams.

And that's good news.

As a result, our nations have begun to explore ideas to pursue broad economic growth. In the United States, a movement to raise the minimum wage has been gaining momentum. It's a powerful idea with broad and growing popular support. In response, the far right has become more strident, more desperate. We should expect it. Intimidation and threats will soon be the only tactic left to those who stand in the way of shared prosperity.

And yet we will push forward. TUAC, under the direction of our good friend John Evans, who has continuously engaged with the OECD on New Approaches to Economic Challenges. Last week, I was in New York with OECD Secretary General Angel Gurría, and listened to him make an impassioned speech against inequality and for inclusive growth. Of course he still has policies that contradict his goals, as I pointed out to him, but first things first. And as you know, we have seen very positive work coming out of the IMF on the costs of inequality as well—and hopefully we'll hear more about that from our friend Olivier Blanchard this morning. And of course, we will be taking up these same issues ourselves as a global labor movement at the ITUC Congress in May in Berlin.

This is all good news. This is the road to prosperity. You see, we... working people... are the market for which our economies hunger. We are the missing ingredient to sustainable

growth, but we can only be that market if we can bring home decent and growing wages... if we can promote safe workplaces... if we can create opportunities with education and public investment.

Let me repeat this because I think this is the critical issue we must deal with here this week. It is big progress that the multilateral institutions admit that the global economy is producing profound and dysfunctional injustice. This progress has made possible the G20's commitment to develop employment plans that will increase the global growth rate by 2 %. And the progress we have made has led to the G20 task force on workplace safety regulations.

But we won't really have gotten anywhere until the multilateral institutions admit that this injustice and economic stagnation is not a mystery—it is the consequence of policies that weakened workers' bargaining power and actively sought falling wages. Fixing inequality is not a mystery either—we need policies that will build worker bargaining power, lift wages, and rebuild global aggregate demand. It's that simple, and yet it is impossible for some people to hear. Perhaps because they have money stuffed in their ears.

But this is the truth we cannot say loud enough, or repeat often enough. It's the story that I told at the OECD/Ford Conference on Changing the Conversation on Growth last week. And it's the story each of you must tell hear in Washington this week, in your own distinctive voices, from your own national and industrial experiences.

So what I'm saying is this: The conversation is changing, the tone is changing, and that's good news. Austerity is no longer the go-to answer. The most surprising people now recognize inequality as a problem.

As we move forward from here, and as we engage in the debate about building worker bargaining power and raising wages—as we move from "what to do" toward "how to do it," – we will be attacked by business interests and right wing groups that want to keep draining labor's share of global income.

They will say as we have seen in the United States in the minimum wage fight, that raising wages kills jobs and growth.

We have to be clear in response. The one thing we should have learned through financial bubbles and financial bust, through austerity and stagnation—is that the only real prosperity is shared prosperity, that paying workers fairly doesn't kill growth, it creates growth. Making the investments to bring the world's poor into the world economy isn't a cost—a global New Deal is the ticket to our global future. We have to fend off discouragement and to maintain focus on our overarching goal... which is to always build toward shared prosperity.

This is an enormous challenge. None of us can underestimate it, because inequality by nature feeds on itself. Once a society reaches a certain level of inequality, the winners

can rig the rules for the next round of the game. And desperate working people can be wedged apart and divided by empty promises and dehumanizing rhetoric.

We must move forward as one global labor movement... together in our fight for global shared prosperity. We must address new threats such as climate change as well as the age-old challenge of economic justice.

So what would a comprehensive global approach to inclusive growth look like?

It would have three pillars. Investment. Jobs. Incomes.

Investment. Billions of people in the developing world are unconnected from the formal, regulated economy and live without the basics of modern life. This problem is akin to the crisis from the aging and inadequate infrastructure in many developed countries. We can invest in public infrastructure to create livable cities, instead of massive slums, and create millions of jobs as we do so.

Jobs. There will never be inclusive growth as long as we treat unemployment as a moral failure, the just punishment for lazy workers. Ending mass unemployment is now, as it was in the Great Depression, the prerequisite for healthy economies and healthy societies. Incomes will lag or fall as long as we have mass unemployment.

Incomes. Even with a massive jobs program, only building worker bargaining power can raise workers' wages and so promote broad-based prosperity. The lack of workers' bargaining power in both developed and developing countries has been a key driver of major global imbalances and income stagnation, and even decline in many countries.

But shared prosperity should have something more—a social and moral dimension that speaks to indefensible practices like the practice of mass incarceration in the United States, unequal pay and unequal treatment of women in the workplace, and the consignment of immigrants to second-class status in many of the world's economies.

In the end, any effort to put the global economy on the right track must deal with each of these issues, and must do so consistently.

Consistency and seriousness about inclusive growth will not be easy. Turning away from what Pope Francis calls “the economy of exclusion and inequality” will mean challenging the political economy of concentrated wealth.

Here, this week, we need to both challenge the IMF and the World Bank, and we need to challenge ourselves to do more than talk. We need to act.

It will not be an easy path or a smooth one. But there is no other path to prosperity than shared prosperity.

Thank you.