



Growing inequality, a serious threat to social cohesion

G20 Policy adopted by the Board of the Council of Nordic Trade Unions (NFS)¹ 2017-04-25

During the spring of 2016 the board of the Council of Nordic Trade Unions (NFS) adopted a policy on a Nordic presence in the G20 group under the heading “The Nordic Region has a natural voice at the G20”. This policy is one stage towards enhancing the issue of Nordic influence in G20 and the global agenda. There is an international demand for Nordic experiences to be able to resolve future challenges. In our opinion the Nordic governments and Nordic Council of Ministers should share Nordic experiences with G20 in order to attain Agenda 2030 and the objectives for sustainable development in the ILO’s Decent Work Agenda.

- I. We are living in an age of declining social cohesion, polarisation and growing discontent among large sections of the population and in the West more and more voters support authoritarian leaders and populist parties – sometimes with nationalistic overtones and the absence of democratic values. From a Nordic trade union horizon this is disturbing, as populism tends to favour national interests over international cooperation, closed borders and protectionism rather than the free movement of people, services, goods and capital as well as authoritarianism rather than progressive and liberal values.
- II. One of the causes of this is that we are living in an age of inequality, a result of economic policies and deregulation that has reduced social transfers. In recent years a number of studies, by, for instance, the OECD, IMF, World Bank and McKinsey, have shown that inequality has risen in advanced economies since the 1980s. The cause has traditionally been said to be greater globalisation, restructuring and technological developments. More recently, however, greater attention has been paid to the significance of institutional changes, such as deregulation of the financial markets and reduced progressivity in the taxation systems. The decline of the trade union movement has had a negative impact on equality and social cohesion in a number of advanced economies. This has led to a loss of bargaining strength for the average wage earner vis à vis the sources of capital. A weaker trade union movement has also led to reduced influence on redistribution policies.
- III. In addition to the negative impact on social and political cohesion, inequality also takes its toll in the form of reduced economic growth, largely due to lower consumption, less private and public investment because of declining demand, and a weaker tax base. Redistribution through collective agreements and public transfer systems, such as education, social insurance, an active labour market policy, as well as through social and medical care therefore not only have a positive effect on gender equality, equality of opportunity and social cohesion but also on economic growth.
- IV. The point of departure for the Nordic trade union movement is that the best way of enhancing social cohesion and countering anti-democratic tendencies is to restore the balance between social accountability and economic interests. Experience has evolved in the Nordic countries over decades, in times of both recession and growth, of creating competitive economies as well as a high level of social accountability. It is our responsibility, when these experiences are in demand, to take part in international contexts where they can be shared. The seven priorities listed below for the German presidency of G20 in 2017 are ones in which we consider that the Nordic countries have evolved experiences that benefit social cohesion, economic growth and competitiveness.
- V. We also consider that Norway, when it holds the presidency of the Nordic Council of Ministers in 2017 and will be a guest during Germany’s presidency of G20, can advocate this: a role to which Sweden should aspire during the Argentinian G20 presidency in 2018.

¹ The board of NFS represents 7 out of every 10 wage earners in the Nordic countries, a total of 9 million member. The Nordic countries have a population of 26 million.



Nordic experiences and trade union demands

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Social dialogue

1. The foundation of a competitive and economically equal society is a sustainable, inclusive and equitable labour market which respects trade union and democratic freedoms and entitlements in the way they are described in the UN's "International Bill of Human Rights" and the ILO's "Declaration on Fundamental Principles and Rights at Work". **Therefore SDG 8 in Agenda 2030 and the ILO's Decent Work Agenda should form the core of the work of the G20 group through implementation of the UN's "Action plan for business and human rights" and the ILO's Tripartite declaration of principles concerning multinational enterprises and social policy.**
2. Follow up the G20 declarations about dealing with the declining labour income share and a sustainable wages policy by advocating **Decent Work through organisation, social dialogue, collective agreements and their coverage** – including a minimum living wage. We urge governments, employers and trade unions to endorse the "Global Deal – Together for Decent Work and Inclusive Growth" initiative with the aim of restoring and enhancing the social dialogue. Social Dialogue is fundamental and the key tool to reach the goals of full employment.

Employment

3. **Reduce unemployment, not least for youths**, through a collective public investment strategy to reverse low growth and attain the G20 Brisbane goals of raising GDP by 2 per cent by 2018 in relation to the reference year.

Gender equality

4. **Implement and monitor the G20 goals for women's labour market participation**, this should be supplemented by legislation on collective agreements that guarantee equal pay for work of equal value, measures that encourage good working conditions in public sectors and extended family policies to make it possible to cope with the work-life balance. The Nordic Prime Ministers' flagship, "The Nordic Deal – Gender, Business and Work" can contribute to this work.

Education

5. **Invest in education, skill training and lifelong learning for all.** The task of the educational system to compensate for social inequality is a precondition for an egalitarian society in which everyone is offered the same opportunities. Basic education and a well-educated population provides not only a platform for adaptation and a sustainable and competitive economy but also guarantee a democratic society in which the principle of the value of every individual is grounded in human rights.

Integration and establishment

6. **Act jointly to make it easier for migrants and refugees to establish themselves in their host countries** by encouraging good terms of employment, social security, primary, advanced and vocational education, regulations that sustain social welfare and established wage levels for everyone in the labour market, opposing forced labour and trafficking as well as the introduction of special programmes for unaccompanied refugee children or young adults.

Digitalisation

7. Technological development, automation and digitalisation comes with many opportunities and can contribute to new jobs, not least for women in developing countries. This is a development of new business models that on the other hand also brings to the table challenges for regulation, competition, investments and taxation. It is therefore of outmost importance that these challenges are properly addressed and that **workers' rights and secure and established terms of employment through collective agreements or legislation when desired by the trade unions and sound conditions for Decent Work in the digital economy are guaranteed.**

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