

**3rd ITUC Asia Pacific Conference
Resolution No. 8**

INCOME-LED GROWTH FOR SUSTAINABLE AND INCLUSIVE GROWTH

The Conference recognises that the real wage growth in Asia and the Pacific has been largely stagnant or much more modest since the global economic crisis emerged in 2007 even though its economic growth has outperformed than much of the rest of the world. Furthermore, it is noted that the level of wages in most countries across the region is absolutely lower even in purchasing power parity terms than those of developed economies (US\$ PPP 3,000) and also the world average (US\$ PPP 1,600).

However, the Conference points out that this wage crisis preceded the economic crisis as a result of failures of more than 3 decades of neoliberal dominance while inequality between capital and labour as well as among workers rising. The labour income share has been falling around the world since the late 1970's while the real wage growth has been lagging further behind the labour productivity growth. Also unfairly distributed income among workers has increased the gap between bottom and top wage earners since 1995 regardless the level of development. The Conference is appalled that 1% increase in labour productivity was compensated by only 0.75% increase in real wage between 1997 and 2007. Moreover, it is noted that inequality has been increasing in more than two-thirds of countries including more than 80% of population in the Developing Asia and the Pacific.

The Conference highlights that such failures of income distributions start from the labour market with weaker labour market institutions as wages reflect the labour market conditions. More deregulated, informalised and segmented labour market with downward union density and lower collective bargaining coverage makes it impractical to comply with the fundamental principle of 'Equal Pay for Work of Equal Value' and let absolutely lower wage levels persist in the region. Furthermore, an insufficient wage level makes workers vulnerable to excessive working hours in the region where working hours is almost 4 hours longer than the average of 81 countries.

Conference is of the opinion that workers and their families are the principal component of private consumption with higher propensity to consume and the world economy as a whole is a closed economy which is consumption-led. Thus, the current economic paradigm supported by increasing debts and labour exploitation cannot sustain.

Therefore, the Conference asserts that it is the most urgent need to shift the growth paradigm from the current market and debt driven growth to an income-led growth, which is a growth model based on high-income and pro-labour distributional policies, accompanied by legislative and structural policies aiming at building strong labour market institutions, that generates, by boosting domestic demand, an equitable, stable and inclusive growth regime for sustainable future. For successful conversion to the income-led growth regime, the Conference emphasises the importance of institutions to guarantee that wage growth should reflect the cost of living but also ensure workers' share in the benefits of productivity growth in specific national contexts so that the labour income share should recover to a more equitable level alongside reduction of working hours to the level of international standards without any abatement of income level.

Furthermore, the Conference defines that the minimum wage should be the statutorily guaranteed sum of payment for work performed or services without any abatement by individual or collective bargaining as a minimum floor of income. The level (of the minimum wage) should be determined by tripartite mechanisms based on socially acceptable minimum needs of

workers and in reference to economic and industrial condition; however, the level must be fixed above the national poverty line.

The Conference also recognises, together with the minimum wage, a pressing need to take actions for the living wage with which workers and their family can enjoy decent standards of living including active participation in the society. Thus, the Conference defines that the living wage should be a sufficient level of wage that enables workers and their families to live with dignity and to participate as active citizens in society which shall be fixed for different family/age/career groups through collective bargaining on the basis of the cost of living which should include various expenses necessary for educational, social, cultural activities in addition to basic human needs calculated on reliable statistical data. The Conference emphasises that the living wage must be well above the minimum wage.

Therefore, the Conference commits the ITUC-AP, working with affiliates and GUFs to:

- Campaign for high-income and pro-labour distributional policies, accompanied by legislative and structural policies aiming at building strong labour market institutions;
- Build research capacity in economics to strengthen collective bargaining;
- Continue campaigns for establishing strong national minimum wage setting institutions based on constructive social dialogue with full participation of tri-partite bodies with the aim to realise minimum wages well above the national poverty line;
- Conduct campaigns for full and extensive implementation of the minimum wage and other working conditions such as working hours through strong labour inspection;
- Campaign for the living wage, enabling workers and their families to live with dignity and to participate as active citizens in society;
- Urge governments to establish or improve a system to collect statistical data such as wage trends and relevant socio-economic factors including productivity under trade union governance to formulate better and fair wage policy aiming to move towards income-led growth;
- Continue campaigns for ratification of relevant ILO Conventions, especially Convention No. 95 (on Protection of Wage), No. 131 (on Minimum Wage Fixing), No. 144 (on Tripartite Consultation) and No.81 (on Labour Inspection); and
- Work with strong solidarity to eliminate discrimination in working conditions at work place in the light of ILO Convention No. 100 on Equal Remuneration for Men and Women Workers for Work of Equal Value.