

# Labour Leaders Statement: Davos 2016

## Can digital capitalism be better than its analogue ancestors?

The challenges and opportunities of technology can only be managed if there is reinvestment in shared values that realign economic benefits in the interests of people, peace and democracy. The current face of failed globalization is rising inequality, conflict, corruption and oppression. The world needs fundamental change, through a new economic model that puts the interests of people first.

“ There are many challenges in the world today, and I feel that one of the most intense and impactful will be shaping the 'Fourth Industrial Revolution' – driven by the speed, the breadth and the complete 'systems innovation' of technological change underway. The challenges are as daunting as the opportunities are compelling. We must have a comprehensive and globally shared understanding of how technology is changing our lives and that of future generations, transforming the economic, social, ecological and cultural contexts in which we live. This is critical, in order to shape our collective future to reflect our common objectives and values. ”

Klaus Schwab, Founder and Executive Chairman, World Economic Forum

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When our global systems of trade and supply chains, financial services and wealth distribution have failed the 99% the central question is how do we strengthen democracy? If governments need to build institutions capable of making decisions when the challenges they face are more complex, fast-moving and interconnected than ever before then the central democratic narrative needs to demonstrate to people the possibilities for the dignity of secure work and fair wages with the security of a social protection floor inclusive of fundamental services for themselves and their children.

The nucleus of rights and equal opportunity is the antidote to fear and xenophobia for a world where trust is breaking down between people of different nations and people and their governments. Inclusive economies cannot exist where refugees are denied the right to safe haven and to work, and where workers feel increasingly vulnerable.

Corporate greed must be tackled. When 60 - 80% of trade is dependent on global supply chains yet 50 of the largest companies directly employ less than 7% of the workforce they depend on for their profits, they know that they are presiding over a model of poverty wages, insecure and unsafe work that denies fundamental rights and respect for the 93% of workers in their hidden work forces. That's a scandal that technology can't fix, but governments, multinational CEO's who have a moral compass and trade unions can.

## Scandal: Inside the global supply chains of 50 top companies

**50 companies** with a combined  
revenue of **US\$3.4 trillion**

A hidden workforce of **116 million people**

A **global footprint** that covers  
almost every country in the world

There has been a long term fall in Labour income share.

This fall in the labour income share has corrupted companies, impoverished working families and bought economic demand to its knees yet, corporations fight against minimum living wages and collective bargaining. This must end. The world needs a pay rise.



The cash holdings of  
**25 companies** of



**\$387 billion**



could increase the wages in their  
combined hidden workforce of  
**71,713,500** by



**\$5,397.50** for a year

And unpaid corporate tax, stolen from the nations where the profits are earned, must be redressed. The G20 has made commitments but progress is slow and shallow. Our public services, the services people rely on and the social security vital for social justice and social stability require a sustainable tax base. This corruption of tax evasion and illicit financial flows must be stopped.

Climate change is irreversible without industrial transformation. The transition must be just. A zero carbon zero poverty world is possible and technology is a central element - but its potential can only be harnessed when governments stop being cowed by the greed of vested interests and when they establish national plans for just transition through social dialogue.

## **Call for Dialogue: Climate action requires just transition**

Development that is dependent on old technology, whether energy, production, transport or services, will fail the poor again. New models of intellectual property that enable universal access to technology are central to both sustainability and development are an imperative. New infrastructure to extend access to the free and open internet and the technologies that rely on it are just as important, as are the education and training that will ensure that communities, enterprises and the public at large can benefit. Without this, inequality will only deepen and the quest for the UN Sustainable Development Goals will fail.

The world needs systems change on a scale never before envisaged. Breakthroughs in science and technology can help in solving problems of the global commons from climate change to public education and health, to housing, transport and production. Technology has always been part of systems change but the choices we face for the open, safe and beneficial use of technology require public debate and legislative security. Inequality, employment and decent work, climate and development can only be tackled if the design of systems-change is driven by shared values, social dialogue and democracy. The proposal for a 'global deal' led by the Prime Minister of Sweden must be seen as a breakthrough for uniting governments, trade unions, civil society, and employers who share a commitment to the common good.

## **Appendix: Call for Dialogue: Climate action requires just transition**

We are in a race against time to stabilise the climate. Renewable energy, sustainable forestry and agriculture, emission-free manufacturing, construction, transport and services are needed to keep the temperature rise to 2 degrees Celsius.

A significant shift in the capacity to recycle and reuse is vital to create a circular economy that ensures our way of life stays within planetary boundaries.

Making the transition to zero carbon in our economies and societies is an imperative, but can only succeed if the transition is just.

Success needs governments to show leadership when setting ambitious climate goals but it also requires all of us – businesses, workers and their unions, civil society and communities to support change.

The transition requires dialogue and understanding of different needs at all levels. It requires an integrated approach to both climate action and the UN Sustainable Development Goals for inclusive development, with investment consistent with these objectives.

A just transition will:

- Invest in jobs - decent work opportunities in sectors which reduce emissions and help communities adapt to climate change
- respect the contribution that workers in fossil-fuel industries have made to today's prosperity and provide them with income support, retraining and redeployment opportunities, as well as secure pensions for older workers;
- guarantee social protection and human rights;
- invest in community renewal to gain the hope and trust of regions and townships at the forefront of the energy transition, industrial transformation or climate impacts;
- support innovation and technology sharing to enable a rapid transformation of energy and manufacturing companies along with all other economic sectors And the involvement of workers and communities in the sectoral plans for transforming megacities;
- formalise jobs associated with rescue, restoring communities and building resilience to climate disasters;
- be based on social dialogue with all relevant parties, collective bargaining with workers and their unions for workplace change, resource productivity and skills development with the monitoring of agreements which are public and legally enforceable.

This is the most significant challenge the world will face in the next 30 years, but we must start now. We can lose the battle on climate change with horrendous consequences for all working people and their communities, or we can act now to secure a stable climate with development and inclusive growth.