

A Global Agenda for Labour



The share of workers belonging to unions has declined in many countries, and new patterns of employment, such as the rise of the so called 'gig economy', are making unorganised labour the norm in a large number of industries. For [Pranab Bardhan](#), this weakening of labour organisations has been a factor in enabling the growth of inequality and the rise of right-wing populism. He outlines some suggested steps for reversing this trend.



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Along with rising income and wealth inequalities, the share of labour (particularly of unskilled labour) is declining both in rich and poor countries. The institutional factor behind this is, of course, the systematic weakening of labour organisations. Outside of the Nordic countries, union membership among workers is now often in dismal low percentages. In rich countries unorganised labour is growing particularly in the 'gig economy' of free-lancers and 'independent contractors'. In poor countries the number of workers in the traditional informal sector often exceeds those in the formal sector.

Without the disciplining influence of worker associations many blue-collar workers are falling for the seductively simple solutions offered by political demagogues. So, in a way, both the rising inequality and the resurgence of right-wing populism – the defining twin menace facing the world today – are enabled by the weakening of labour organisations.

How to reverse this trend? Here are some suggested steps toward coping with the challenge.

- The main threat capital wields to domestic labour in a global economy is that of taking their business elsewhere. Without relaxing on the general commitment to relatively free trade, countries can try to move toward a system of more restricted international capital flows, as was the case under the postwar Bretton Woods system. Many otherwise free-market economists agree on the need for some capital controls, though disagreeing on their desirable extent.
- Corporate shareholders need to be persuaded that stability of employment and worker welfare negotiated with labour organisations may be good for long-run productivity and profits, in contrast to the short-run focus of managers on the next quarterly earnings. Unions may put pressure on the big pension funds for more long-term investment goals, and may actually help in 'saving capitalism from capitalists'.
- Workers often care less about the top 1% making more money (the topic that preoccupies the 'occupy' movement), and more about their own job insecurity and the precariousness that technology and competition

have brought about. In poor countries the main concern of most informal workers is being trapped in low-paying dead-end jobs. For both these groups of workers a universal basic income supplement can provide some minimum security, allowing them to look for better jobs and entrepreneurial opportunities. If labour organisations lobby for such universal programmes (universal basic income, universal health care, free vocational training), they can also build a bridge across a labour movement that is now divided, between the formal and informal workers, between 'insiders' and 'outsiders'. Such measures of economic security may also make labour unions less hostile to the reform of labour laws like the stringent ones in France, Italy or India.

- Labour organisations should try to move away from decentralised wage bargaining and toward a more Nordic-style confederate model, which will not merely improve their collective bargaining power, but may encompass the larger macro-economic realities so that aggregative compromises between capital and labour in line with those realities are achievable.
- Some form of wage subsidies can encourage hiring of more labour in the formal sector. This may be funded by redirecting some of the current budgetary subsidies in most countries like capital subsidies or tax concessions for investment or fossil fuel subsidies, which induce more capital-intensive or energy-intensive methods of production.
- Labour organisations should demand a greater say in the internal governance of firms, so that they have some influence on the firm's decisions to outsource or relocate. (A possible example is the German Works Council).
- Finally, if political parties are to win blue-collar workers back from the pied pipers of populism, they have to be aware that workers today are angry about their cultural distance from the footloose cosmopolitan professional liberal elite who seem to dominate the opinion-making circles of social democratic parties. Trade unions, instead of just being narrow wage-bargaining platforms or lobbies, may try to take an active role in the local cultural life, involving the neighbourhood community and religious organisations, as they used to in some European and Latin American countries. This is one way trade unions enabled workers to tame and transcend their nativist passions and prejudices against minorities and immigrants. Both on local delivery of social services and environmental protection, labour and religious organisations can find some common cause. On policies like affirmative action for under-privileged groups, a more open attitude to including poor workers from the majority ethnic groups may assuage the feeling (among some sections of whites in the US and UK or the Hindus in India) that the liberals only care for the minorities, but not for "us". Trade unions can try to accommodate such policies of economic justice and relieve some identity-based tension.

It's a steep uphill task to revive the strength of today's beleaguered labour organisations. But considering the importance of resisting the twin menace of rising inequality and intolerance, few other tasks are as imperative.

Pranab Bardhan will be speaking at LSE on Tuesday 24 April – details of the event can be found [here](#)

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Note: This article gives the views of the author, not the position of EUROPP – European Politics and Policy or the London School of Economics.

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