

## INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

### ICFTU OnLine...

134/060906

#### World Bank publication promotes elimination of worker protection

Brussels, 6 September 2006 (ICFTU Online): The International Confederation of Free Trade Unions strongly criticized the new edition of the World Bank's highest-circulation publication, *Doing Business*, for including recommendations that governments should do away with labour market regulations and emulate those countries that have almost no worker protection rules of any kind and are not members of the International Labour Organization (ILO).

The 2007 edition of *Doing Business*, prepared by the Bank's private sector development department, has declared the Marshall Islands to be the world's "Best Performer" for its almost total absence of labour regulation, displacing last year's champion, Palau. Both Marshall Islands and Palau have in common that they are tiny Pacific island nations that have no labour code and are not members of the ILO. The World Bank's online *Doing Business* database explains that it has given top ranking for labour market regulations to these countries because, among other exemplary features, both allow workers to be forced to work up to 24 hours per day and up to seven days per week and require no vacations or advance notice for dismissal.

Not being among the 179 member countries of the ILO, Marshall Islands and Palau are among the handful of countries not obliged to abide by the core labour standards (elimination of forced labour, child labour and discrimination, and respect for freedom of association and right to collective bargaining) as required of ILO members.

In light of the fact that World Bank presidents have expressed support for the core labour standards as being consistent with the Bank's development mission, the general secretary of ICFTU, Guy Ryder, finds it ironic that the World Bank's most highly-promoted annual publication holds up countries that offer almost no protection for their workers as "Best Performers" for their labour standards. One division of the World Bank, the International Finance Corporation, even stipulates that it will not lend to firms that do not apply the core labour standards.

Ryder stated: "The World Bank should get its message straight. If the Bank truly believes that the ILO's core labour standards are good for development, it can't turn around and praise countries that don't join the ILO and don't respect the core standards as the world's 'Best Performer' for their labour standards. The Bank should remove the mandate of labour market regulation from the department that prepares *Doing Business* and stop using *Doing Business* as the basis for its labour market reform proposals."

Ryder noted that earlier editions of *Doing Business* have been used in World Bank and IMF country-level strategy documents to force countries

to do away with various kinds of workers' protection. For example, a recent World Bank Economic Memorandum to Colombia demanded that the government make hiring and firing decisions more flexible in order to improve its Doing Business indicators, even though it is uncertain whether this will have a positive economic impact. These demands have furthermore been made a condition for World Bank loans to Colombia.

In South Africa, the IMF recommended in a recent policy report that the government improve its Doing Business indicators by "streamlining" its hiring and dismissal procedures. The changes would have required doing away with affirmative action rules that post-apartheid governments put in place in order to correct the legacy of several decades of racial discrimination. (These and several other cases of the IMF and World Bank's use of Doing Business to remove workers' protection are described in a detailed analysis prepared by the ICFTU:

<http://www.icftu.org/www/PDF/doingbusinessicftuanalysis0606.pdf>

The ICFTU represents 155 million workers in 241 affiliated organizations in 156 countries and territories: <http://www.icftu.org> ICFTU is also a member of Global Unions: <http://www.global-unions.org> For more information, please contact the ICFTU Press Department on +32 2 224 0204 or +32 476 621 018.

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