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Global Unions Demand IFI Policy Shift to Respond to Economic Slowdown

Brussels, 11 April 2008 (ITUC OnLine): Responding to concerns about a possible implosion of the financial sector and a major global economic slowdown, the ITUC and its Global Unions partners called on the 2008 Spring Meetings of the World Bank and International Monetary Fund to mandate significantly increased assistance from the two institutions to countries that seek to protect their workers and citizens, particularly the most vulnerable, against the shock of an economic crisis.

"If there is no firm and coordinated policy response, the dramatic rise in financial and economic uncertainty since mid-2007 will lead to increased unemployment, declining living standards and higher poverty, particularly affecting women, in many countries," said ITUC General Secretary Guy Ryder. "The IMF and the World Bank must support measures that increase the buying power of low-income workers."

In a Global Unions statement released on 11 April (http://www.ituc-csi.org/IMG/pdf/No_11_statement.imfwb.0408.pdf), the international trade union movement urges the IMF and World Bank to shift their focus from promoting deregulation, including labour market deregulation using the Bank's Doing Business report, in favour of policies promoting the creation of decent work. Global Unions set out a policy agenda for the international financial institutions (IFIs) that could support, rather than dictate to, developing countries. Specifically, Global Unions call on the IFIs to assist countries that seek to control destabilizing capital flows, that require emergency financial assistance to overcome balance of payments problems, that strive to improve social protection, and that extend workplace protection and labour rights to unprotected workers.

Global Unions are encouraging the IMF, in particular, to adopt measures to help cushion states against the global slowdown, such as assistance to offset the impact of higher food and fuel prices, an emergency credit facility for countries in financial difficulty, and measures to protect against destabilizing speculative capital movements. "Just a year ago, the IMF would have been content to let market forces resolve a crisis like this," said Ryder, "but at the recent G7 meeting, even the managing director of the Fund recognized the importance of a coordinated fiscal stimulus response to the current global economic slowdown."

The statement sees a role for the IMF not only in responding to the current crisis, but in preventing new ones. In the statement, Global Unions call on the IMF to take a lead role in developing new international regulatory frameworks to control the largely unregulated activities and new financial instruments that helped set off the crisis.

On some longer-term issues, the statement acknowledges progress from the World Bank on requiring some of its projects to be implemented in conformity with the core labour standards. However, it questions the

Bank's commitment to enforcing those standards, particularly at an important time when the World Bank is seeking to devolve more responsibility for procurement standards in Bank-financed projects to borrowing countries.

The statement also reiterates a long-standing but unanswered demand of both unions and other civil society organizations: that IFIs finally cease to use economic policy conditionality to demand harmful reforms from developing countries.

The ITUC represents 168 million workers in 155 countries and territories and has 311 national affiliates.

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