International Trade Union Confederation

Onlines

Global Trade Unions urge World Bank and IMF to take further strong action against growing world-wide unemployment

Brussels, 14 January 2009: An 80-strong high-level delegation of trade union representations from around the world is meeting with the International Monetary Fund Managing Director Dominique Strauss-Kahn and World Bank President Robert Zoellick, as well as Board members and several other officials of the two bodies, this week in Washington to push for further immediate anti-recession measures and effective global regulation to ensure future global economic stability. The delegation, led by ITUC President Sharan Burrow and General Secretary Guy Ryder, includes leaders and economic specialists from national trade union centres, Global Union Federations and the OECD Trade Union Advisory Committee.

Top of the list of union concerns is the spectre of spiralling global unemployment, as more and more employers cut staffing in the face of the credit squeeze.

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"Action by governments and the international financial institutions to support decent jobs is essential in the face of the expected world-wide employment crisis, and will lay the foundation for economic recovery. While the IMF has been encouraging industrialised countries to adopt vigorous fiscal stimulus polices, which we believe it is correct in doing, it has been putting forward a much more traditional 'fiscal discipline' approach in its advice to most developing countries. Developing and transition economies are now rapidly beginning to suffer from the global economic crisis and the IMF and the World Bank should jettison failed policies of the past and focus their efforts on maintaining and creating employment, both to deal with the present crisis and to lay the foundations for economic recovery," said ITUC General Secretary Guy Ryder.

ILO estimates published before the full extent of the crisis was apparent already forecast the loss of 20 million jobs by the end of 2009, and a 40-million increase in the number of people living on less than 1US$ per day. Trade unions fear that with the deepening of the recession, the final impacts will be significantly worse. The IMF has agreed to emergency loans to several countries particularly affected by the economic crisis. While the conditionality of these loans is not as complex and onerous as that imposed during the Asian financial crisis of 1997-98, ITUC affiliates are concerned by some of the conditions or required "prior actions" that feature in many of these, such as interest rate and utility price hikes, restrictions and even reductions in wages, particularly in the public sector, and reductions of pension payments and other public spending cuts. All of these will dampen the level of activity of economies already in recession and lead to a reduction in workers' living standards, and are inconsistent with the fiscal stimulus polices the IMF is encouraging rich countries to adopt.

The ITUC is particularly concerned with some of the conditions of a loan agreement that the IMF just concluded with the authoritarian government of Belarus. In exchange for a $2.46 emergency billion loan, the government of Belarus, which has been condemned by the International Labour Organization for violating fundamental workers' rights, has promised to apply wage restraint throughout the broad public sector, increase utility prices and pursue privatization. Belarus is also required to reform its social safety net and focus assistance on "the most vulnerable groups", which could result in reduced social protection for many workers, since they cannot express and defend themselves freely due to repression of trade unions carried out by the Lukashenko regime. "The IMF must demand that the government of Belarus respect internationally recognized human rights, including the core labour standards, before authorizing any loan payments to the country," said Guy Ryder.

The union delegation is putting forward a comprehensive and practical recovery and reform package, based on the "Washington Declaration" presented to the November G20 leaders meeting in Washington. The package stresses that governments need to be prepared to ensure further coordinated cuts in interest rates and to front-load investment in infrastructure, education and health to help stimulate demand growth and reinforce public services. This needs to be accompanied by tax and spending measures to support the purchasing power of low- and middle-income earners, and concrete steps to launch investment in green goods and services, to help address climate change.

Noting that the IMF was called upon by the G20 to assume a major role in designing a new regulatory framework for the global financial system, the international trade union delegation will insist that they must have a seat at the table in a re-regulation process that puts the real economy, not the interests of global financial speculators, as the central priority. "Workers are suffering the brunt of the current crisis and their unions have long warned of the dangers of a global financial system that was out of regulatory control," , said Ryder, adding "effective regulation and transparency rules are critically important in removing uncertainties and restoring investor confidence."

The union delegation is also urging the World Bank to help contribute to avoiding a repetition of the catastrophic impact of the recent food price crisis on poor countries' populations by going beyond providing emergency relief loans and helping developing countries increase their food security. In so doing, both IFIs must reverse some of the policies they encouraged poor countries to adopt in the past, such as the reduction of state aid to agriculture through low-cost seeds and fertilizer, the dismantling of public grain stocks, and the shift from food to bio-fuel production. These recommendations for policy changes are elaborated in Global Unions' statement to last October's annual meetings of the IMF and World Bank .

The delegation will also urge Bank president Zoellick to stop the promotion of labour market deregulation in the Bank's highest-circulation publication Doing Business, which gives the highest rating to countries such as Belarus which have eliminated basic workers' protections. "It it makes no sense for the World Bank to continue to heavily promote across-the-board deregulation as the answer to developing countries' ills, when it obvious that it is the lack of adequate regulation world-wide that has plunged the global economy into its worst straits since the 1930s," said ITUC General Secretary Ryder.

The meetings this week are part of an ongoing international trade union campaign to tackle the crisis. National trade union organisations are pressing their governments on the recovery and reform agenda, and a further global push will take place at the second G20 crisis summit meeting in London during April.

The ITUC represents 168 million workers in 311 affiliated national organisations from 155 countries.

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