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Zoellick and Strauss-Kahn React to Unions' Demands on Growing Global Employment Crisis

Washington, 18 January 2009 (ITUC OnLine): Commitments to strengthen social programmes for workers hit by the economic crisis and to increase action on core labour standards were made by World Bank President Robert Zoellick and IMF Managing Director Dominique Strauss-Kahn at the conclusion today of two days of meetings with an 85-member international trade union delegation led by the President and General Secretary of the ITUC, General Secretaries of Global Union Federations and the Trade Union Advisory Committee to the OECD, and leaders of national trade union organisations from Africa, Asia, Europe and the Americas.

IMF Managing Director Strauss-Kahn and senior Fund officials told the delegation that the Fund had not foreseen the amplitude of the current crisis, nor its impact on working people, and appreciated the experience and expertise of the labour movement, which for some years has been warning about the dangers for the global economy posed by unregulated exotic financial instruments. ITUC General Secretary Guy Ryder reminded the IFIs that unions should be brought in as full partners to the processes currently taking place for establishing a new regulatory framework for the global financial system: "Unions want to ensure that the financial sector is at the service of the real economy, not the other way around. Unions will not be satisfied with any new regulatory framework that does not achieve that goal."

For his part, World Bank President Zoellick stated that the World Bank did not share the views of those who saw labour market deregulation as part of the solution to the crisis. IMF officials said that they were encouraging the countries to which they provide emergency financial assistance to give a priority to preserving social safety nets, but members of the union delegation gave examples in their countries where some of the conditions or required "prior actions" for IMF loans had serious negative impacts on working people.

Ryder urged the IMF to ensure that all countries adopt anti-recession policies: "We have commended the IMF for calling for coordinated fiscal stimulus to counter the global economic crisis over the past year, but we pointed out that by encouraging most developing countries to practice 'fiscal discipline', the Fund deters them from participating in the stimulus effort. Unions also think that the IMF should be doing more to call on those countries, including some wealthy G20 members, which are not taking on their full share of supporting the global economic recovery that they do so."

IFI officials agreed with the union delegation that the crisis could add to pressures undermining workers' rights, and Zoellick promised to take further steps to ensure that Bank-funded projects and activities are in full compliance with the ILO's core labour standards (CLS), thus confirming the Bank's view that CLS are a floor that must be respected in all countries and in all circumstances. World Bank officials announced their intention to include CLS in the Bank's master procurement standards, and Ryder offered to work with the Bank in implementing them: "Trade unions have cooperated successfully with the International Finance Corporation [IFC- the World Bank's private-sector lending arm] in the objective of obtaining full compliance with the CLS requirement that IFC adopted in 2006, and we look forward to the other divisions of the World Bank taking similar steps in staff training, monitoring of projects and putting in place a complaints mechanism."

However Ryder also cautioned the World Bank that it was not internally coherent in its support for fundamental workers' rights as long as its highest circulation publication, Doing Business, continued to promote the idea that countries with the lowest level of labour regulations are the best in employing workers. "The Bank's own Independent Evaluation Group found no relation between Doing Business's so-

called 'employing workers' indicator, which gives highest marks to countries that regulate the least, and employment levels. Additionally, Doing Business rewards notorious violators of workers' rights." He noted that the 2009 edition of Doing Business gave its first and fourth highest rankings for 'employing workers' among the 25 countries of Eastern Europe-Central Asia to Georgia and Belarus, two countries where the ILO found the governments to have committed serious violations of core labour standards conventions. "No minor adjustment will correct these flawed indicators", said Ryder, adding, "Doing Business should get out of the business of labour standards".

The international trade union delegation also put forward its "green jobs" agenda and urged the World Bank to support their strategy for meeting the combined challenges of climate change and global recession through employment-intensive carbon reduction projects. Bank officials expressed interest in Global Unions' approach and suggested further consultations on a country level and internationally.

The ITUC represents 168 million workers in 316 affiliated national organisations from 157 countries.

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