INTERNATIONAL TRADE UNION CONFEDERATION

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IMF and World Bank must support an employment-focused recovery

Bruxelles, 5 octobre (CSI En Ligne) : In a statement prepared by the ITUC, Global Unions Federations and TUAC for the annual meetings of the International Monetary Fund and the World Bank (Istanbul, 6-7 October), the international trade union movement urged the international financial institutions (IFIs) to put job creation at the centre of their country strategies and programmes, as the global economy struggles to emerge from the worst economic crisis since the 1930s. http://www.ituc-csi.org/IMG/pdf/No_52_-_statement_imfwb_1009.pdf

Even though the stimulus policies adopted by G20 countries have created or saved as many as 11 million jobs, according to estimates from the International Labour Organization (ILO), the ILO expects that the global number of unemployed will be up to 61 million higher in 2009 than in the pre-recession year 2007. Despite the IMF's latest growth forecast indicating that the recession may have hit bottom, the IMF and all other forecasters expect the rate of recovery to be slow, at best, and the number of jobless to keep increasing.

ITUC general secretary Guy Ryder stated: "Not only should the IFIs continue to support the maintenance of fiscal stimulus policies into 2010 and until a sustained recovery is in place, but they should work to improve the employment content of growth and do so by cooperating in the implementation of the Global Jobs Pact." The latter was adopted at the ILO's June 2009 international conference. Ryder also noted that the Pittsburgh G20 Summit in September emphasized "the importance of building an employment-oriented framework for future economic growth".

Government-supported green jobs, negotiated reduced working time, skill enhancement programmes are among the programmes that the IFIs should support, in countries needing financial assistance, to reduce the number of unemployed and create the conditions for more sustainable long-term economic growth. Noting that over half of the world's labour force has no social protection whatsoever, Ryder said that "the expansion of social protection coverage also has to be a priority to mitigate the impact of the recession".

The World Bank's new Rapid Social Response Programme could make a useful contribution to such an effort, but Ryder invited the Bank to end its inconsistent message regarding the expansion of social protection. He noted that the 2010 edition of the Bank's highest-circulation publication, Doing Business, published in September, condemned low-income countries that had recently introduced social security programmes for being anti-business, and praised others that had diminished social protection

The ITUC reiterated its demand that the IMF support anti-cyclical recovery programmes in all countries, and use its expanded lending capacity, which was tripled following decisions at the April G20 Summit in London, by providing financial support over a longer period to countries, such as several in central and eastern Europe (CEE) that are currently in the midst of sharp economic decline. The ITUC noted that while the IMF had allowed some CEE borrowing countries to double or triple their fiscal deficits in 2009 because of the severity of their recessions, the IMF lending programmes are demanding that those countries engage in "fiscal consolidation", i.e. severely reduce their deficits, in 2010 although there IMF concurs that in all likelihood there will be no sustained recovery by then.

As regards the IMF's new mandate to monitor the consistency of countries' policies with a "rebalancing" of the global economy (elimination of huge trade deficits and surpluses), the ITUC expressed agreement with the objective but invited the IMF to address the root causes of global imbalances, among which is the burgeoning inequality that has taken place in many countries over recent years.

Ryder stated: "The IMF has called on large trade surplus countries in Asia to increase their domestic demand base as part of the global rebalancing effort. Well, that won't happen if these same countries keep wages artificially low and provide insufficient social protection by prohibiting free trade unions that could negotiate higher wages and better working conditions and campaign for adequate pensions and health protection." The IMF, along with the World Bank which has already adopted some measures in support of the ILO's core labour standards, should urge all member countries to allow freedom of association and right to collective bargaining.

The ITUC urged to IMF to press for rapid agreement on a comprehensive and robust international framework for financial regulation, observing that the opaque process engaged by the Financial Stability Board showed little sign of producing such a framework, especially in light of the fact that those most responsible for the current financial crisis, including private financial institutions and central bankers, have been given the principal role for designing the framework. The process must be opened to trade unions, who warned for several years of the dangers of a financial crisis and whose members have suffered the brunt of the impact.

The introduction of a financial transactions tax, which several heads of state at the G20 Summit supported or showed interest in, must be among the measures receiving more serious consideration by the IMF than it has up to now. The ITUC also called upon the IFIs and donor countries to scale up the level of grants and concessionary assistance to low-income countries, many of which face increases in extreme poverty because of continued high food prices as well as the impact of the global financial and economic crisis.

The ITUC represents 170 million workers in 157 countries and territories and has 312 national affiliates. http://www.ituc-csi.org y http://www.youtube.com/ITUCCSI
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