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Global Unions: IFIs should act to help, not hinder, economic recovery

Brussels, 14 April 2016 (ITUC OnLine): In a statement released on the eve of the ministerial-level "Spring Meetings" of the IMF and World Bank (Washington 15-17 April), the ITUC and its Global Unions partner organisations are calling on the international financial institutions (IFIs) to take actions that support recovery of the world economy through public investments in physical and social infrastructure, including the care economy (<http://www.ituc-csi.org/investing-in-the-care-economy-a>), and through wage increases.

The IMF's release on Tuesday of further downward revisions of its global economic growth forecasts confirms the trend of a dangerous downward spiral of falling growth rates, and even deflation in some regions, that Global Unions' statement to the IFIs identifies.

Sharan Burrow, ITUC General Secretary, said: "While the IMF's leaders are gradually recognising that a concerted global effort is needed to achieve economic recovery and put people back to work, the operations departments remain wedded to failed policies of austerity and deregulation that they press on governments through loan conditions or country-focused policy recommendations. These policies are driving inequality.

"The IMF's own research shows that weakening labour regulations and institutions and cutting benefits to the unemployed can actually hinder the recovery and worsen income inequality, yet those are exactly the policies that the IMF has been promoting in countries experiencing recession or slow growth. It is high time for the Fund's operations to catch up with the leadership's anti-inequality and pro-jobs rhetoric."

The statement also addresses World Bank initiatives and issues a positive assessment of a recent publication on labour market regulations that, for the first time in a detailed Bank report, underlines the harm caused by under-regulation as well as the costs of over-regulation.

"This is a welcome change from the 'Doing Business' report that, until the Bank suspended its labour market flexibility index a few years ago, worked on the assumption that all regulations to protect workers are nothing more than impediments to business," Burrow added.

"We welcome the more balanced approach taken by the new report and support the recommendation to involve workers' and employers' organisations and the ILO in any redesign of labour legislation. The real test will be whether the Bank takes serious steps to implement it."

Global Unions recommend that, as part of the ongoing revision of its environmental and social safeguards policy, the World Bank adopt a labour standards lending requirement that fully references the ILO's fundamental rights conventions. This would bring the World Bank up to date with other multilateral development banks that have adopted a labour safeguard.

The statement also calls on the IFIs to support the transition to a low-carbon economy through public investments in energy-efficient infrastructure and the adoption of carbon taxes.

Link for Global Unions' statement to the 2016 Spring Meetings of the IMF and World Bank:
<http://www.ituc-csi.org/statement-by-global-unions-to-the-17170>

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