

## Publications World News

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### Stop Press! Action in Korea

On 1 and 2 November, 27 leaders and members of the Korean Government Employees Union (KGEU) were arrested. Arrest warrants have been issued against 8 other leaders and riot police surrounded the KGEU offices, blocked the entrance and confiscated documents. A 2-day strike and a protest rally in Seoul on 4 and 5 November have attracted thousands of public sector workers. For more information, see the PSI website.

### Talk to the unions!

PSI General Secretary, Hans Engelberts and Wendy Caird, QPS Campaign Co-ordinator, met with World Bank President James Wolfensohn and IMF Managing Director Horst Köhler in a series of high-level meetings between union leadership, the Bank and the Fund, on 21 -23 October in Washington. The unions called for significant improvement in the World Bank and IMF's consultation with workers and their unions at national and international levels. This consultation must be genuine, not after decisions have already been made, for example to privatise public services. PSI used the meetings as an opportunity to insist that privatisation is not the only way forward and that public services are best delivered by effective, well trained public sector workers. For most communities, privatisation means increasing charges for public utilities, growing inequality, unfair dismissals and non-respect for union rights. The union movement is also calling for greater transparency in IFI decision-making processes, and is insisting on the urgency for IMF to put in place a fair mechanism for renegotiation of unsustainable external debt to reduce the catastrophic consequences of defaults.

Throughout the meetings, the IFIs made commitments to engage more regularly with the union movement, but these will need to be actively followed up by unions at national and international level. In addition the World Bank

has offered to take on several trade unionists to work with Bank staff on priority issues identified by the trade union movement. This will provide some opportunity for workers views to be taken into account within the World Bank on issues of critical importance to workers and their families. Contact [wendy.caird@world-psi.org](mailto:wendy.caird@world-psi.org).

See also ICFTU background documents: "Public Services or Private Profits" and "Changing the Model: IFI Policies and the Failures of Corporate-Driven Globalisation", available at [www.icftu.org](http://www.icftu.org).

#### Talk to the unions! - bis

"Governments should consult trade unions as early as possible on privatisation proposals, especially where they involve a wide-ranging privatisation programme," concluded the OECD Working Group on Privatisation and Corporate Governance of State-owned Assets in Istanbul on 9 October. The OECD Conference on Privatisation, Employment and Employees on the following day echoed this conclusion. Surprisingly, it was also agreed that on balance, privatisation cost more jobs than it creates, and that displaced workers often pay a high price for privatisation while some elites do very nicely indeed as a result. Not surprisingly, however, there was broad agreement that privatisation is the only way to go for most state-owned assets (although, in the main, the discussion was about steel-, cement, aluminium and/or tobacco/alcohol factories and other commercial enterprises which are not typically covered by PSI unions). Contact [mike.waghorne@world-psi.org](mailto:mike.waghorne@world-psi.org).

#### Once again with feeling

According to South African media reports, president Thabo Mbeki has challenged the trade union centre, COSATU, to once again 'explain' its position on privatisation. COSATU has identified eleven basic services that should remain in the control of the state. These are water, sewage and rubbish disposal, basic housing, health, education, telecommunications, safety and security, welfare provision, transport, electricity and basic cultural amenities.

The reasons for COSATU's opposition to the privatisation or even commercialisation of these services are:

Most South African households are poor and cannot pay to receive basic services from private providers. There is therefore no market incentive for private providers to serve the majority.

Part of the developmental challenge for South Africa is the fundamental restructuring of both the state and the economy, so that they serve the majority. State control of assets is an important lever to achieve this aim, by extending infrastructure and production as well as maintaining cross-subsidies to the poor, small enterprises, and similar sectors. Privatising assets rules out this strategic intervention.

Privatisation and commercialisation can be clearly linked to massive job losses and declining conditions of employment. Where services have been outsourced, workers have moved outside their bargaining unit and faced reduced pay, benefits, and job security. The majority have been lower-skilled Africans from rural areas, thus reinforcing existing inequalities.

See [www.cosatu.org.za](http://www.cosatu.org.za) (press statement 21 October).

#### People want to be involved in decision-making

Back in 1999 the German Bundestag set up a special study commission on globalisation. The commission was composed of MPs and external experts.

The task was to formulate policy recommendations in a broad range of policy areas, including financial markets, goods and services, labour, gender equality, sustainable development, the knowledge society and global governance/institutional issues. The final report, entitled "Globalisation of the World Economy - Challenges and Answers" notes, among other things, that "people are not opposed to globalisation, but they want to be involved in decision-making. It is essential to render the decisions made in international bodies, many of which have far-reaching consequences, transparent to the citizens themselves".

The German parliament is expected to start implementing the commission's recommendations. A new study commission with a new mandate is anticipated to continue the work.

The full report (600 pages) is now available in German at [www.bundestag.de/gremien/welt/index.html](http://www.bundestag.de/gremien/welt/index.html).

A shorter version (110 pages) exists in English at [www.bundestag.de/gremien/welt/sb\\_glob\\_kurz\\_en.pdf](http://www.bundestag.de/gremien/welt/sb_glob_kurz_en.pdf).

#### Reforming the International Financial System

"What good is a tidal wave of foreign investment if it leaves a country just as quickly as it came in?" asks Pamela Druckerman, journalist, in a Wall Street Journal article on 25 October. Perhaps the idea of applying regulatory controls on cross-border capital movements is gaining momentum. According to the article, even analysts and investors, who have long preached the virtues of barrier-free markets, have been warming to the notion that controls can sometimes buy a country time to sort out other economic troubles. Some economists suggest that unlimited access to a country's financial markets may not be the best recipe for long-term economic growth.

The use of capital controls is an important part of the platform put forward by the ICFTU in a recent background paper, entitled "Trade Union Proposals for Reforming the International Financial System". The proposals aim at stabilising economic growth, protecting employment and gaining a fairer sharing of economic costs and benefits.

The report is available from the ICFTU website in English, French and Spanish (File size 227KB).

#### Power Politics in the WTO

Ever wondered what it feels like being a developing country negotiator in the WTO? Focus on the Global South has collected perspectives and comments on decision-making processes in trade negotiations over some time, but the subject is still very much alive with the Fifth Session of WTO Ministerial Conference in Cancún being less than a year away. If it was fiction, it would be fun reading.

The publication entitled "Power Politics in the WTO, Developing Countries' Perspectives on Decision-making Processes in Trade Negotiations" is available from [www.focusweb.org](http://www.focusweb.org). Use the Google search on the site, and type in: power politics.

#### Comments welcome

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