

# PSI POLICY AND STRATEGY ON THE ROLE OF THE PUBLIC SECTOR

1993:4

# *Table of contents*

<b>Preface .....</b>	<b>3</b>
<b>The Role of the Public Sector in the 1990s:</b>	
<b>A Statement of Principles.....</b>	<b>5</b>
Collective and Cooperative Values .....	5
A Strong and Comprehensive Public Sector .....	5
A Democratic Society .....	5
A Responsive and Effective Public Sector .....	5
Democratic Public Services .....	6
A Fair Workplace .....	6
A Strong Economy .....	6
<b>The Public Sector in the 1990s:</b>	
<b>Challenges and Defences.....</b>	<b>7</b>
Current PSI Policy .....	7
The Background .....	7
What Lies Ahead? .....	8
OECD View of Public Sector .....	9
Strong Support from the World Bank .....	10
The Plight of the Developing Countries .....	10
A Philosophical Issue for Unions? .....	13
Economic and Social Policy Decision-Making .....	14
International Tripartitism .....	15
Privatisation Strategies .....	16
Erosion of Public Services .....	18
Public Pressure for Reform .....	18
<b>The Role of the Public Sector:</b>	
<b>Broad Areas of Strategy for Public Sector Unions</b>	
<b>20</b>	
An International Ideology .....	20
Education, Research and Publicity .....	20
Renewing the Public Sector .....	21
Direct Action .....	21
Union Restructuring .....	21
Decentralisation .....	21
Environmental Issues .....	22
The Negotiated Economy .....	22

# Preface

*PART ONE is a statement of principles for the public sector union movement, updated to take account of the dramatic changes in the world in the last decade. It can be seen as a Charter for PSI for the 1990s.*

*PART TWO is an analysis of the changes, as a necessary background to this review of PSI policy. It looks both at what has happened since the last review at the Caracas Congress in 1985 and at what is happening now, and gives some account of how unions have responded to the new circumstances they face.*

*PART THREE suggests broad areas of strategy for PSI affiliates, arising from the lessons learned from the experiences of the last ten years.*

*It is important to note that the term “public sector” as used in the title of this paper includes the core public service as well as the health service, the education service, public utilities, and public sector trading enterprises, whether in central, regional, municipal or local government. It also includes the “state” as the public authority responsible for developing and operating public sector services.*



# The Role of the Public Sector in the 1990s: A Statement of Principles

## COLLECTIVE AND COOPERATIVE VALUES

The PSI is an international organisation for trade unions in the public sector. By definition, therefore, as well as by commitment, the PSI espouses the collective and cooperative values inherent in public service and in trade unionism.

These values underpin the principles set out in this policy statement. At the same time PSI recognises that we all exist in the real world and that economic, social, political and environmental realities may at times require that the practical implementation of these principles be subject to negotiation for the wider good or to take account of change in society.

Specifically, the prevailing market economy emphasises individual rather than community-wide goals; and profit rather than service. Its interests will therefore at times be in conflict with those of PSI, particularly on the role of the public sector, on living standards and rights for workers, and on the role of trade unions. PSI believes it is possible, indeed essential, by dialogue and negotiation, to work to overcome such differences on the basis of mutual interest; that the market economy, to be successful, needs a strong and effective public sector and strong trade unions; and that we for our part need a strong economy to provide employment opportunities, decent living standards, and social justice for all in society. Economies based on cooperation between the public and private sectors have often proved to be the most successful in achieving these goals.

## A STRONG AND COMPREHENSIVE PUBLIC SECTOR

The PSI advocates and supports in all societies and at all levels a strong and comprehensive public sector which guarantees universal access to a wide range of services including:

- an economic infrastructure of transport, energy, communications, water supply, sewerage and drainage, housing, and other such utilities;
- a full range of public health services;
- educational and vocational training services providing opportunities for all age groups including child care;
- adequate and comprehensive social security for all citizens at times of need;

- strong institutions for the protection of the natural environment consistent with the principles of sustainable development;
- provision of internal and external security, including police, road traffic, national defence, fire-fighting;
- a fair and independent legal, justice, and penal system;
- employment and labour market services;
- economic and social policy advisory services;
- cultural and recreational services, including broadcasting, public parks and national parks;
- institutions for international relations and foreign trade;
- banking, financial, and insurance services;
- structures for the regulation and support of business and commerce;
- agricultural advisory and support services;
- taxation systems and services.

## A DEMOCRATIC SOCIETY

PSI subscribes to the principles of parliamentary democracy and a pluralist political system.

PSI subscribes to international standards of human rights, including the United Nations Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights.

PSI supports the rights of trade unions and workers as set down in ILO Conventions, Recommendations and Resolutions.

PSI opposes discrimination in all its forms and supports equal opportunities for all in society, noting in particular the disadvantage suffered by women workers.

## A RESPONSIVE AND EFFECTIVE PUBLIC SECTOR

The PSI believes that public sector services and utilities must be:

- available and open to all without discrimination or favour;
- responsive to the political will expressed by elected representatives of central or local government;
- responsive and comprehensible to the individual needs of clients and users;
- of high quality and effectiveness;

- open to “freedom of information” requests from the public;
- free from unnecessary red tape or delay;
- cost-effective and efficient.

### **DEMOCRATIC PUBLIC SERVICES**

PSI supports structures which give more direct say to clients and users on what services they want, how they want them delivered, what problems they experience, in other words, more democracy and participation on a day-to-day basis in the provision of public services at the point of contact between the public and the service provided.

PSI supports structures which give employees more direct say in how their work is performed. Greater employee participation is facilitated by flatter organisational structures with fewer levels of supervision and more autonomy at the workplace level.

### **A FAIR WORKPLACE**

PSI supports the right of all public employees without exception to organise in trade unions and to bargain collectively on their pay and conditions of employment, including personnel provisions (grading and promotion systems, grievance procedures, career and training opportunities, equality of employment, day care, etc).

PSI supports industrial democracy in public sector employment at all levels.

PSI supports structures which provide for public sector union input, along with other unions, into economic and social policy decision-making, at the national level, at the regional level, and at the international level, to protect and enhance the employment opportunities, the living standards and the rights of all workers, including public employees.

### **A STRONG ECONOMY**

PSI recognises that a strong economy is necessary in all countries to provide useful and productive employment for all who seek work. Achieving full employment must be a central objective of economic policy and must remain a priority goal for the trade union movement.

# The Public Sector in the 1990s: Challenges and Defences

The public sector throughout the world has undergone radical surgery in the last decade. Apart from a few exceptions, unions have been unable to stop the ideological thrust to reduce the role of the state and thousands of jobs have disappeared in those countries affected. The stunning collapse of the planned economies of Central and Eastern Europe has undoubtedly reinforced the anti-public sector crusade in other countries, being seen by pro-market advocates as confirming for them the truism that public is bad, private is good. With many economies still in deep recession, afflicted by high and rising unemployment, it is not easy to rally popular support for the fight to defend public services. PSI affiliates have been under intense and constant pressure during this decade.

Nevertheless, there are also heartening signs in some countries that the people are now more aware of the dire implications of what has been happening to their public assets and their public services. The fightback against the free market ideologues is starting at last to build up momentum among voters. Public sector unions in many countries are learning to develop new strategies to deal more effectively with a world that has changed dramatically. Public services can only be defended successfully when the public themselves identify strongly with those services. The losses of the last decade call for a new approach by public sector unions.

This paper therefore starts a process of re-appraisal of policy and strategies by PSI and its affiliates. The object is to develop a new statement of policy principles and strategies which can be adopted by the World Congress to guide affiliates and serve as a basis for future activities by the organisation.

## CURRENT PSI POLICY

The existing PSI policy is set out in the booklet "World-wide Policy Programme for the Public Service". This document was adopted as policy by the 1985 Congress, held in Caracas, Venezuela. It was subsequently re-issued in the PSI languages in 1990 with an updated preface to take account of the events in Eastern Europe.

Much has changed since 1985. The principles asserted then are still valid, as principles, but are now somewhat outdated in many countries where the free market economic juggernaut has already wreaked its havoc in

the public sector. Sharp lessons have been learned by affiliates about tactics. So it is timely, if not urgent, that PSI should update the policy programme after having given affiliates the opportunity for input based upon their more recent experiences. It may not be easy to get consensus on some issues because the circumstances faced by affiliates in different countries vary so widely. The public services and the union structures of all countries are significantly different one from the other and care must be taken in drawing any general conclusions. But the debate within PSI will ensure that the wide diversity of ideas and experiences can be exchanged among affiliates, and out of that process it is to be hoped that common ground on or useful pointers to policies and strategies will emerge.

## THE BACKGROUND

For the public sector union movement, three major developments, among many, have dominated the last decade.

First, the period began and ended with severe economic recession marked, in both developed and developing countries, by low or falling economic growth, serious problems with the external balance of payments, high levels of public debt, very high interest rates inhibiting development, massive business collapses and shaky banks in some countries, high and rising unemployment, and severe financial pressures on governments having to cope with the social consequences of prolonged economic downturn. While some countries have managed better than others, all have been affected by the global economic decline which was originally sparked by the two oil crises of the 1970s and by over-production and resultant low prices for commodity exports. The pursuit of monetarist economic policies in response to the recession, with the fixation on lowering inflation and the fiscal deficit, at the expense of growth, has worsened the situation in many countries, causing the domestic economy to contract even further. Most countries have faced real economic problems during the past decade and major structural change has been unavoidable in many cases where the external trade position has become critical.

Second, the overall policy direction followed by most governments has featured radical deregulation of the economy coupled with an all-out assault on the size and

role of the public sector. The three decades leading up to 1980 were years of gradual but substantial growth in the size of the government sector in most countries. The one decade since has seen a reversal of or halt to that trend, driven mainly by the dogma which equates high government spending with poor economic performance. Governments both “left” and “right” in their political orientation have adopted the monetarist analysis (often forced to do so by the lending and aid agencies) and have turned their sights on the public sector - an ever-convenient target. As a result, the decade has been witness to privatisation of public assets on an enormous scale in some countries, and to “restructuring” of public services by every conceivable means, with the objective of reducing the size of the state and cutting public sector spending in favour of a greater role for the private sector. The union movement in many cases has been powerless to halt the drive towards less government and more market.

The third factor of major concern to the labour movement during this period has been the acceleration in the decline in the influence of trade unions in society, shown particularly by the fall in membership numbers in many countries and the fall in the proportion of the workforce which is unionised. OECD figures confirm this phenomenon. For the period 1980 to 1988 union membership density in the USA fell from 23 percent to 16 percent. In the UK it fell from 50 percent to 41 percent. The overall decline is continuing in most countries, some less so than others. It is true that the private sector unions, especially those in manufacturing, have been more affected by this trend than have the public sector unions. But many of the latter have also suffered membership loss mainly through the massive job cuts in the public sector and through privatisation. It is no secret that an essential element of the crusade to “reform” the public sector has been the determination of some governments to reduce the power of the large and strong public sector unions. Fragmentation of previously unified public services, as in the United Kingdom, and the thrust towards enterprise bargaining have also weakened the ability of unions to organise their membership nationally to fight on political or general issues. The aggressive anti-unionism of the Reagan and Thatcher period has been more than matched in some countries by the more recent moves towards total deregulation of

the labour market, as in New Zealand, where most statutory protections for workers have been removed, where unions have lost their legal status, and where a new emphasis on individual rather than collective contracts of employment has been imposed. Similar moves seem likely in Australia if there is a change of government. Overall, the decline in union strength and union membership worldwide has helped and given added impetus to the savage assaults on workers’ living standards, conditions of employment and trade union rights. It has been a bad decade for unions. But the public sector union movement remains a very strong force in many countries and is now playing a much greater role in the central trade union organisations, a reflection of its greater maturity and growth in numbers in proportion to the private sector.

The above is a very cursory survey of some of the background factors to this review. Affiliates will know in much greater detail what the situation has been in their own countries and will also have knowledge of what has been happening in other countries. The purpose of the paper is not to document events as a historian might, but to confirm the seriousness of what has been occurring to show the need for a reappraisal of policy. In some countries the public sector has changed almost beyond recognition compared to just a few years ago. In others the changes have been relatively minor. It seems very likely, however, that if economic problems continue, the Thatcher model will be extended to still more countries unless a more effective fightback takes place.

### WHAT LIES AHEAD?

All present indications are that the world economy will remain in recession. Most countries continue to have fiscal and balance of payments problems, and many are still experiencing rising, not falling, unemployment. Figures from the OECD, published in *Economic Outlook*, showed that unemployment in the 24 countries of the OECD had reached 30 million by the beginning of 1992. The long recession in the US, the UK, and Canada (three of the big economies) shows no sign of recovery even though inflation and interest rates have fallen appreciably. The recession has now spread inevitably to the strong economies of Europe, Japan, and Asia. The developing countries, in serious economic straits even before this recession, have had to face an ever-worsen-



ing situation. Meanwhile, the developments in Central and Eastern Europe seem certain in the short-term to have adverse implications for the world economy. While the unwinding of the cold war is universally welcomed, the world community is unlikely to be immune from the potential for serious civil or nationalist unrest arising from the break-up of the former Soviet bloc and the enormous economic problems facing all those countries. One additional consequence of the reduction in east-west tensions is that many governments (in industrialised but not in developing countries) are considering cutting their military spending. This will also be welcomed by all peace-loving people and may help governments to balance their budgets in favour of social or infrastructure spending, but it is already adding further to the unemployment problems in east and west. So, overall, the economic pressures on governments seem certain to remain severe and we can expect that selling public assets supposedly to reduce debt or to improve efficiency will still be on the agenda of many governments, as will the pressure to cut public spending and to restructure the functions of central and local government. "More of the same" seems the likely forecast for the world economy at least in the short-term.

Whatever the extent of the erosion of public services in certain countries, and whatever the likelihood of further inroads, we still need to remember that in all countries a significant proportion of the national economy remains of necessity in the public sector and will continue so. Modern industrial societies with democratically elected governments cannot function without the existence of a wide range of government services and supports at all levels in the community. The assault on the role of the state has been stunning and severe, but is still more correctly described as an adjustment process rather than a demolition job. The extremist economic rationalists of the Chicago school no doubt dream and conspire about how to hand over more and more of the public sector to private enterprise and some government programmes in Central and Eastern Europe seem to be following this path, at least initially. The fightback, on behalf of cooperative public values, coming from many quarters, has been slow to gather strength because of the suddenness of the economic downturn in many countries. It is now becoming a formidable force, based on sound research, sound facts, and sound theory, giving

hope, if not certainty, that the monetarist ideology will run out of steam because it has not been able to deliver the promised economic benefits. That has definitely been the experience of the people in the USA, in Canada, in the UK, in Australia and elsewhere. Public opinion polls have shown increasing resistance, for example, to the sale of some public assets. There is also widespread disillusionment with politicians and the political process.

The strategies we adopt need to take account of these factors. The situation facing public sector unions in many industrialised countries is still serious, but it is not catastrophic. Public support is the key.

### OECD VIEW OF PUBLIC SECTOR

In this context it is important to note that the OECD and the World Bank have recently made pointed statements in defence of government services and the public sector generally. This may indicate that there are growing doubts about the wisdom of the all-out assault on the role of the state. The free market itself has not been performing well of late. There have been massive business collapses; foolish if not dishonest speculative ventures have squandered the small savings of thousands of investors; and high-profile entrepreneurs, touted as modern-day heroes, have ended up in prison for fraud and theft involving huge sums of money. It is not surprising to find some caution being expressed about over-zealous criticism of the public sector.

A 1991 OECD publication, "Serving the Economy Better", while duly noting the Organisation's position "that structural adjustment of the public sector is an essential element of the structural adjustment of the economy", nonetheless is quite unequivocal about the vital role of the public sector in the economy:

*"By producing public goods, providing other goods and services, redistributing income, setting macro-economic conditions and exercising regulatory authority, the infrastructure and framework conditions for the market economy are created."*

*"The public sector, acting on behalf of political authorities, affects every part of the economy and society. Its effectiveness conditions, to a large extent, economic development and sustains political and social cohesion. The public sector is responsible for the legal and administrative en-*

*vironment in which private business activity takes place. It affects production decisions and costs through a myriad of regulatory controls, services, transfers, taxes and tax reliefs. It alters patterns of demand by redistributing income. It is also a large purchaser in the private economy and thereby affects overall resource allocation. It influences national economic efficiency, the rate of technological and organisational innovation, the direction and speed of structural adjustment, and the cost to users of unpriced resources like the environment."*

It is reassuring also to find that the 24 nation OECD recognises that the public sector cannot be run using only narrow economic criteria as the sole determinant of policy:

*"Other values and concerns like impartiality, probity, equity, fairness, collective values and redress may need to be stressed in the specification of substantive policy goals. Such values may also be enshrined in constitutional or legal principles or be a policy goal in themselves."*

## STRONG SUPPORT FROM THE WORLD BANK

Perhaps even more surprising is the strong support for the public sector given by the World Bank in its 1991 World Development Report. It notes, for example:

*"But markets cannot operate in a vacuum. They require a legal and regulatory framework that only governments can provide. And at many other tasks, markets sometimes prove inadequate or fail altogether. That is why governments must, for example, invest in infrastructure and provide essential services to the poor. It is not a question of state or market: each has a large and irreplaceable role."*

*"The proper economic role of government is larger than merely standing in for markets if they fail to work well. In defining and protecting property rights, providing effective legal, judicial, and regulatory systems, improving the efficiency of the civil service, and protecting the environment, **the state forms the very core of development**, (emphasis added) Political and civil liberties are not, contrary to a once popular*

*view, inconsistent with economic growth."*

Given the history of the World Bank and its traditional pro-market emphasis, these are significant statements which hopefully indicate a more enlightened approach to be taken in the future. The inescapable fact is that governments have played, and will continue to play, an instigating and pivotal role in the economic development of nations and in establishing and supporting industrial policy. In many countries there is in effect a partnership relationship between the public and private sectors. Governments, especially in Europe, have invested huge sums to develop innovative but costly industrial projects. The Airbus, a four nation consortium which has now captured one third of the world aircraft market, is an example of successful cooperation which has brought economic and social benefits to the countries concerned as a result of government funding of the long-term research and development stages. This close and productive inter-action between the private and public sectors is common in Europe and is found in various forms in other countries such as Japan, South Korea, Taiwan and Singapore. It is pure cant to maintain, as some do, that governments should keep out of the economy. The ultimate economic justification for a strong public sector is in the enormous contribution it makes to the private sector in the areas identified by the World Bank and in the vital social areas, such as education, health and social security, which are also crucial to the economic success of a modern society.

## THE PLIGHT OF THE DEVELOPING COUNTRIES

In admitting that governments "must provide essential services to the poor" the World Bank puts its finger on a fundamental problem of the pure market economy: what happens to the victims and the losers? There are many myths about the market, promoted by its advocates, including the myth that the market is benign. This is not so. When left unrestrained the market can be a ruthless, ravenous, corrupt and destructive thing. Examples abound wherever extreme poverty and human degradation exist alongside conspicuous wealth, power and privilege.

Democratic structures in society, with their stress on human rights and social justice, are the necessary checks on the dog-eat-dog market. Trade unions and the

political labour movement have historically been the main instrument for restraint on the market and have, in most developed countries, achieved important gains for workers and the oppressed through organised industrial and political action to curb the greed of the entrepreneur and ensure some distribution of wealth. It needs to be said, of course, that the market economy can also be a very effective means of creating wealth in society, both at the micro- and the macro-economic levels. A proper balance of the restrained market and the social dimension is the key to fairness. In some countries this is called the “mixed economy”; in others it is called the “social market”. Mostly it is the public sector which takes responsibility for achieving and implementing the necessary balance. This can be an equally creative and vital role to play in society. Over a sustained period, the most successful economies are those where social justice and human rights rate as high priorities alongside productivity and international competitiveness. It is a lesson which repressive governments in developing countries have been slow to learn. The ICFTU has recently noted that “the present-day economic crisis of much of the developing world may be attributed directly to a lack of democracy”. The unrepresentative governments, in many cases military juntas or one-party states, have wasted huge resources on unviable projects, have permitted or connived at capital flight, have indulged in military spending on a lavish scale, and have allowed high levels of corruption. “Democracy provides much more reliable safeguards of accountability, responsibility, and objectivity in governments”, states the ICFTU.

The economic crisis of the past decade has been particularly severe in its impact on developing countries, where debt has doubled due to recession and record interest rates. The problems have been worst for the countries dependent on commodity exports. The world prices of coffee, tea, cocoa, sugar, jute, minerals, rubber, etc, have plummeted during the last decade, falling on average around 30% in real terms. Inevitably it is the people, both employed and not, who suffer. The ILO drew attention to the gravity of the problem in the *International Labour Review* in 1990. In the public sector in many African and Latin American countries, for example, the recession has led to widespread job cuts. Real wages in the sector have fallen by about 30-40 percent in Africa and by 10-20 percent in Latin

America during the decade. Averages tend to conceal the extremes. In Jamaica and Nicaragua, for example, real wages in the public sector in 1991 were only one quarter of what they had been ten years earlier (according to research done for the PSI Intra-American Regional Conference held in 1992). The result for many is catastrophic. Cuts of such magnitude impact on the whole economy because of the crucial role of the public sector in many of those countries. In some cases, the ILO reports, “money wages have fallen to a level where they buy only the most minimal nutritional requirements”. In other words, they are starvation levels of income which damage the effectiveness and integrity of the public sector because workers are forced to seek supplementary income either in the formal or the informal economy or through bribery and other corrupt practices.

The public sector union movement, along with the ICFTU and other organisations, have been active for some years in pushing the IMF and the World Bank to give proper weight to social factors in debt-recovery programmes for developing countries and to have the relevant unions or other representative organisations involved in the decision-making process. Proof of the value of such initiatives is seen in the case of Papua New Guinea where PSI intervention assisted the local affiliate in gaining access to the negotiating table for the fixing of the conditions on IMF lending to that country arising from serious economic difficulties. An agreed formula for restructuring parts of the public service eased the recovery process.

The ILO, commenting in its 1990 Review on the benefit of a decade of experience with structural adjustment programmes in developing countries, noted that international concern at the severe social costs had become widespread. The ILO was therefore pleased to report that both the IMF and the World Bank “seem to be gravitating towards a more long-term approach, placing greater emphasis on equity considerations and the participation of the poor in the process of economic growth and getting the wider benefits of structural adjustment recognised.” The ILO has argued forcefully, along with the international union movement, that the political sustainability of adjustment policies can be enhanced through greater tripartite participation and dialogue. “It is encouraging that since the late 1980s the international organisations (the IMF and the World

Bank) have adopted a more cooperative approach, shown openness to new ideas, and willingness to acknowledge past mistakes” the ILO report concludes.

PSI has every right to take some satisfaction from this apparent change of stance which results from sustained pressure over a long period. There is no doubt that, in addition, the IMF and the World Bank have had to take account of the failure of their existing policies in many countries. A process of consultation and participation in the design of economic restructuring programmes is much more likely to lead to successful outcomes. It is official Bank policy now to consult with affected parties, not just with the governments. Unfortunately it is often the latter who refuse outright to allow trade union participation in the adjustment programme negotiations. It is important for PSI affiliates in developing countries to know about this change in IMF and World Bank policy. It is also of significance to note that the Bank has announced, late in 1991, a change in its official objective on lending programmes. Formerly the goal was to achieve economic growth, regardless, it seemed, of the social consequences. Now the Bank’s objective is to achieve “sustainable poverty reduction”. The details were set out in a new Handbook sent to all the Bank’s offices throughout the world. Reduction of poverty is to be “the benchmark by which the Bank’s performance will be judged in future”. This also is a welcome change of policy. Affiliates will be watching keenly to see whether these new policy announcements translate into appropriate action in the field. Many unionists in developing countries remain sceptical because of the strong monetarist commitment shown over the years by the local agents of the lending institutions (let us not be under any illusions - the IMF and the Bank remain firmly wedded to the market model). PSI, through its affiliates in these countries, can play a valuable role in supervising the implementation of these new policies.

But meanwhile the economic and social crisis facing developing countries remains a dominant issue, not just for the people of those countries but also for all of humanity, and especially for trade unions and the labour movement throughout the world. The PSI World Women’s Conference in Singapore in 1992 recognised the importance of learning more about the causes of the economic factors which are used to justify structural adjustment programmes in developing countries. The

Conference stressed the need to build coalitions with other community groups, such as women’s organisations and environmental groups, to influence governments and the World Bank/IMF. PSI affiliates in the Philippines, Barbados, Colombia, the Pacific Island nations, and elsewhere, have confirmed the extent of the crisis in their countries. The role of the public sector in the economy in some developing countries often needs to be much greater than it is in the developed countries because the private sector is usually too small and immature to undertake any large-scale activity. In such circumstances there can only be growth in the economy if governments are actively involved. Governments also have to try to ensure fair distribution of income from such development. The task for all PSI affiliates in the search for effective means of mutual support for developing countries is daunting. Privatisation is one area where much experience can be shared between affiliates who have learned valuable lessons in recent years. It is ironic, perhaps tragic, to know that privatisation is taking place on a growing scale in many developing countries, usually at the insistence of aid organisations like USAID in Latin America. International solidarity among workers and unions can be very effective, as shown by the long campaign against apartheid in South Africa. Many PSI affiliates have taken part in solidarity programmes involving cooperation with unions in developing countries. This is an activity which must continue to figure large in the principles and strategies of PSI, especially at a time when labour movement resources in Europe are also being diverted to the mounting problems closer to home, in the countries of Central and Eastern Europe.

### **A PHILOSOPHICAL ISSUE FOR UNIONS?**

How should the unions react to the crisis in the public sector? In the industrialised countries, is there a lesson to be learned from our inability, in so many cases, to stop the changes? Whatever our opinion of the new ideology, to a greater or lesser extent it has been adopted in many countries and has become the standard economic policy formula for most of the world. Should PSI continue to stand firm on an idealised Keynesian or social democratic image of the role of the public sector, despite the fact that in many countries radical changes have occurred which are unlikely to be reversed in the short-term? What attitude do public sector unions take to the newly



privatised enterprises, especially if those unions continue to represent the members who have moved into the private sector? Is there a conflict of interest for the public sector union when the members, concerned with preservation of jobs and improving their conditions of employment, may well be keen to see their employer operating profitably and successfully? In some countries publicly-owned trading enterprises have been placed on a fully commercial basis as part of a restructuring programme. This is sometimes called “corporatisation”, which can be a precursor to privatisation. Should the unions then support corporatisation when it leads to improved efficiency, to improved service, to profitable returns for government, and an end to drawing on taxpayer funds for capital injections or subsidising losses? It is obviously desirable that such corporations remain in public ownership. These are often difficult questions for public sector unions because they may mean abandoning long-cherished policies in favour of a pragmatic search for new solutions to current realities.

In some cases the changes have become so firmly established that unions have found it necessary to adopt new policies which accept change but which see the union taking the pro-active role, initiating and proposing change, in the interests of the members, rather than the defensive role of reacting all the time to the government’s agenda, after the event. Some affiliates have been doing just this, with good results, but it may involve a philosophical leap into new policy. A topical example is redundancy. Many public sector unions traditionally refused to negotiate on redundancy, arguing that security of employment was a linchpin of the public service. Occasional operational changes were managed by using transfer or redeployment provisions for employees. The massive scale of the public sector changes of the last decade has meant, however, that in many countries the unions have had to change their policy. Negotiation of redundancy provisions became unavoidable. As a result, there is no longer any real security of employment in the public services in many countries. The point needs to be made that these are dilemmas affecting PSI affiliates only in some developed countries. There has never been security of tenure for public sector employees in many developing countries. When privatisation occurs, it is not an option for the union to retain coverage of the affected workers because of restrictive legislation which forbids the union to follow its

members. These unions can hardly be expected to pursue policies which may result in privatisation and consequent loss of membership coverage.

There may also be wider political dilemmas. Some unions have strong attachments to political parties and see the achievement of socialism or social democracy as the ultimate way to redress the inequity inherent in capitalism. There may be reluctance to cooperate with governments if that means having to make compromises with conservative or opposition party political leaders. The changes in the world political scene in this decade, notably, the demise of virtually all the centrally-planned economies, may require that unions rethink their positions in the interests of members’ immediate needs and to preserve as much as possible of the public sector by being willing to negotiate change in those situations where effective organised resistance is not a viable alternative. Has the time come to acknowledge that if we, as unions, want to see improved job opportunities and better living standards for our present and future members, our task is to help make the market economy work well, both in our own countries and in the world overall? The relationship between unions and political parties is always a hot potato, the more so at times of economic recession. It is worth noting, however, that the countries where workers today enjoy the best living standards, the best conditions of employment, the best social security protections and the strongest trade union rights are the countries of Western Europe. In those countries the unions have worked within a mixed market economy and the prevailing political system to achieve the significant gains they have made. They also have their problems, some very serious, but the comparison is nonetheless valid. It must always be acknowledged, of course, that different circumstances may make it quite impossible in many other countries, at this stage, for governments and unions to work together. Unions in developing countries, in particular, are not likely to have the option. A pre-requisite for such bargaining is a strong, cohesive trade union movement and a strong tradition of human rights.

### **ECONOMIC AND SOCIAL POLICY DECISION-MAKING**

Tripartite forums, made up of government, employers and unions, representing the main socio-economic groups in society, have been the means by which unions in many

of the Western European countries in particular have been involved in the decision-making on the economic and social policies adopted by governments. A good example is Austria which operates a comprehensive, voluntary tripartite system known as the "Social Partnership". This term does not imply that there is no conflict of interest between workers and employers, but it does indicate that there is a heavy emphasis on negotiation and consensus. The present system is the result of historical developments in Austria when difficult decisions had to be made in the turmoil following the Second World War. The central purpose of the social partnership has been to achieve a continuous increase in living standards through above average rates of GDP growth to close the gap between Austria and the economically more advanced countries. It would be fair to say that the system has worked in Austria. During the 70s it helped the economy to adjust to the major oil price shocks without inflation getting out of hand and with only small increases in unemployment. At the present time Austria's unemployment rate is less than half of the OECD-Europe average. As the "Economist" pointed out in 1991, the Austrian economy "has out-performed most other industrial economies" and has done this "despite having one of the most regulated OECD economies". Austria also has a very strong public sector. This was a key factor in the post-oil-shock success. The nationalised industries avoided the high redundancies which were a feature of the private sector in other countries while the publicly-owned railways, postal and electricity companies increased investment against the trend and the entire economy benefited as a result.

Other countries also have various kinds of tripartite or consultation process. Portugal has its "economic and social pact". Finland has a long-standing tripartite tradition along with other Scandinavian countries (Finnish affiliates since 1992 have been expressing concern that they will lose their hard-won tripartite right to influence national economic policy when Finland joins the EC, which means consequential loss of national autonomy on economic decision-making). Ireland's recovery in the 80s owed much to the economic council which was quadripartite, including the farmers along with the other three social partners. Australia still has its "Accord" which was responsible for the growth in employment in the 80s and the improvements in the social wage, especially worker

superannuation (a detailed 1989 ILO Review paper gives a very comprehensive account of the Australian model). The Australian example is particularly relevant because it shows that a union movement with a strong confrontational tradition can feel that it has something to gain from a more consensus model if they are really listened to. Belgium has a formal "central economic council". Many other European countries can attribute much of their economic success and the gains in workers' living standards to the tripartite tradition. The union movement in Canada is very wary of such concepts ("no truck or trade" is the local catchcry), but there nonetheless exist tripartite councils on occupational health and safety. In Fiji, before the ill-fated coup, there was a brief period of successful tripartite cooperation.

Involvement in economic policy development and decision-making is a priority issue for unions. Where it has not been traditional, it is a key challenge for all unions today to persuade their governments, the business community and the public that the union movement has a constructive and vital role to play in this process. Without exception, cooperation among the main interest groups in society is the key to finding workable and acceptable solutions to economic crisis. Public sector unions are sometimes omitted from tripartite forums, but they have a unique perspective and experience to bring to the exercise. We need to use our numbers and our combined strength to win a rightful place. Sometimes this may mean taking initiatives to seek reform of existing central union organisations, as has happened in Canada. Once at the tripartite negotiating table, however, the task is not easy as unions face the challenge to persuade members that strategic compromise may be necessary in the interests of improved economic performance which can lead to jobs and growth. However, it can be done. In the union movement throughout the world there is increasing momentum in this direction. The ICFTU, at its Congress at Caracas in March 1992, called upon governments everywhere to organise tripartite consultation on economic and social policies. The PSI Executive Committee decided in April 1992 to fund a major economic study of nine of the countries in the Asian/Pacific region to help equip affiliates to enter more fully into debates with governments on economic policy. A similar study of some countries in the Caribbean and Central America was completed early in 1992.

### INTERNATIONAL TRIPARTITISM

The rapid growth of regional economic and trade pacts between countries poses new challenges. Unions have tended to be ignored by government and business interests moving to develop free trade areas as in North America, (U.S.A., Canada and Mexico), Asia (Asian Pacific Economic Council), South America, (the Andean Pact and Mercosur), the Arab Maghreb Union, (Algeria, Libya, Morocco, Mauritania, and Tunisia), etc. Yet the implications for the economy and for workers in some of these countries are very serious. The union movement in both the USA and Canada have strongly resisted the NAFTA agreement. Lane Kirkland, president of the AFL-CIO, has stated: "The fact is that trade is good for workers only when it is carried out with minimum standards on wages, benefits, safety and the environment". PSI's Canadian affiliates are even more concerned: "The trade deal has allowed business interests to achieve through the back door what they failed to get through the democratic process: major cuts to social programs and the erosion of social gains. The logic of free trade is cruel and inescapable. It means the creation of an economic climate in Canada which is similar to that in the US. It commits Canada to an economic program in which the role of government is sharply reduced and the role of big business is greatly expanded."

The notable exception is the European Community where the unions have succeeded in winning an agreement from the EC governments on a "Social Charter" of workers' rights as part of the economic integration of the 12 countries into a Single Market from 1993. At this stage the Social Charter is only a political declaration, spelling out rights for workers. This, however, forms the basis for a social action programme in which these rights can then be enacted into binding legislation, as for example with maternity leave. There is now a statutory minimum of 14 weeks paid maternity leave in the EC. Those countries where a higher entitlement already prevails will keep their existing entitlements. For many women workers in Europe the 14 week minimum is an important gain. The statutory minimum in the U.K. for example was only 9 weeks. Many countries in the world make no provision at all for paid maternity leave, which is a fundamental issue for women workers. The Social Charter is a major achievement for the European unions

and their political labour movements (only the British government has refused to sign the Charter declaration). In the negotiations on European political union (the Maastricht Treaty) the European Trade Union Confederation, together with the European employer organisations, succeeded in getting a social protocol added to the Treaty, giving the unions and the employers rights of consultation and negotiation on EC legislation. The European unions nonetheless continue to have major concerns over mounting job losses in Europe and the possibility of "social dumping" (the transfer of labour intensive industries from high-wage to low-wage regions within the EC).

Even in the EC, where unions have won recognition and negotiating rights not yet available in other regions, public sector unions have grave reservations about the lack of dialogue on what is going to happen to public services in the transition to full economic and monetary union under the Maastricht Treaty. It is feared that many jobs will be lost, but most of all, that the quality and quantity of public services will suffer. The general assembly of the European Public Services Committee (in which all PSI European affiliates participate as the dominant group) met in April 1992 and resolved to promote a Public Services Charter, committing European Public Services trade unions to:

- High quality public services.
- A strong and competitive European economy.
- A socially integrated Europe.
- The right of public service unions to represent their members at a European, national, federal and local level.
- Decent wages, working conditions, and professional training for public service workers.

The international union movement has an increasingly important part to play in the development of regional trade and economic agreements between nations. It is no accident that PSI has an office in Brussels and it is timely that other regional and sub-regional offices have been established to monitor these new economic alliances. This is also an important issue for the Regional Advisory Committees of PSI. Both the tripartite forums on economic and social policy and the participation in regional economic blocs require that unions build up a much greater knowledge of and expertise in economics, finance, commerce, and international trade relation-

ships. Public sector unions have not traditionally done this in some countries. Credibility with members, the public and the government can only be gained if the union is speaking with the authority of sound knowledge of the issues. The European unions have this advantage over some others. Economies of scale resulting from large concentration of members or from strategic reorganisation of the union movement into industry unions have allowed the development of research and other specialist skills to a much greater extent. There are many areas of economic expertise and policy which public sector unions need to develop. How should public services be funded? What taxation policies can unions support? Are fiscal deficits always a bad thing? To what extent are interest rate policies used by governments to manipulate the deficit? Do governments sometimes plead poverty dishonestly in order to justify spending cuts? There are many economic questions on which public sector union officials have to be able to provide credible responses and on which the unions have to be able to make policy.

### PRIVATISATION STRATEGIES

Any new strategic approach to be adopted by PSI needs to address all the kinds of change which have made up the menu of public sector reforms in the majority of countries. The most dramatic and widespread has, of course, been privatisation in all its forms. By privatisation PSI means all the policies/actions listed below:

- abolishing or curtailing public services on the assumption that private provision will fill the gap;
- squeezing the resources of publicly-funded bodies to induce them to seek private funding;
- increasing the charges to users of public goods - "user pays";
- encouraging the private sector to share in public investment projects;
- promoting joint public/private (often foreign) production ventures;
- transferring to the private sector public policy responsibilities;
- encouraging private finance to build and operate public works;
- introducing private sector personnel and notions of efficiency and management techniques into the public sector: creating a public sector "culture";

- facilitating private sector competition with the public sector by a policy of liberalisation and deregulation;
- contracting out public services to private agents;
- selling land and publicly-owned housing stock;
- the sale of subsidiaries belonging to nationalised or public industries/companies;
- recapitalising public companies through private sector investment;
- the partial or complete sale of public companies to the private sector.

More than 80 countries have followed the British precedent and the model continues to attract new adherents. PSI has already published much material on strategies for resisting privatisation, stressing the need to combine defensive action with positive initiatives to enhance the performance of state trading enterprises. PSI strategies also place importance on building strong links with community groups in such campaigns. On this theme, the campaign against water privatisation in the U.K., the subject of a recent detailed analysis, is topical because of the unions' success in getting strong public support (respective opinion polls showed 79% and 83% of the population were against the water privatisation). The government went ahead regardless, but the tactics adopted by the unions proved far more effective than earlier campaigns against the sale of Telecom and Gas in the U.K. The campaign drew on the active involvement of a wide range of interest groups concerned about issues such as pollution, flood protection, navigation, water recreation, public access rights, and the protection of the environment. Another feature of the water campaign was the unions' strong advocacy of a programme for improving the current level of services. It was interesting to note that the British Government delayed announcement of further privatisations until after the 1992 general election (with the return of the Conservative Party, privatisation has resumed: plans for British Rail and British Coal to be sold were announced quickly). Other countries also report evidence from opinion polls of growing public opposition to privatisation. It is noticeable too that an increasing number of economists, journalists and editorial writers, and academics are asking pointed questions about the much-vaunted benefits of the policy. Even the Harvard Business Review in December 1991 contained a lengthy and highly critical



article, concluding with the statement: "The replacement of public with private management does not of and by itself serve the public good". Yet governments, especially those under growing economic pressure, continue to succumb to the privatisation solution. The German government has announced its intention to sell off by 2002 the two national railway systems, which rank among the great public assets of the world. The government's decision has to pass through many legal processes, including a change in the German constitution. Constitutional provisions of this kind can be an important protection for the people. Public sector unions need to be involved in constitutional debates.

The privatisation mania has also spread to Central and Eastern European countries. Whole new empires of commercial opportunity for western capitalism are opening up because of critical problems facing those economies. Local, small-scale entrepreneurs have been quick to seize their chance. Just as in western countries, it is the workers and ordinary people who lose out in the scramble to sell state assets. Jobs by the thousand are disappearing, social services are being cut, and prices are rising, all in the name of efficiency and the market economy. It is sadly a familiar theme. And it is no coincidence that the same multi-national consultancy firms (Price Waterhouse, Morgan Grenfell, Touche Ross, etc) which have crusaded in the western world telling governments how to sell assets and how to restructure their public sectors to cut costs, are now touting their trade in Warsaw, Sofia, Prague and elsewhere. The public sector union movement in the west is also busy establishing better contacts with counterpart unions in those countries. Several have already affiliated to PSI and seminars on privatisation have been held to ensure that knowledge gained by PSI affiliates about the adverse effects of privatisation is made known to unionists and others in Central and Eastern Europe. Reform and improved efficiency can be achieved without selling off the assets. That is one of many vital lessons we have learned. The PSI demand on the new governments is that in each country it is the community as a whole which must have the right to determine the role of the state. These activities in the former Soviet bloc countries must remain an important part of continuing PSI policy in the worldwide fightback against privatisation.

Contracting out is one of the more widespread forms of privatisation. It is very commonly used by local governments and in the health services. There now exists a formidable body of hard factual evidence about the cost and quality disadvantages of contracting out, based in particular on the many years of experience accrued in the UK, Canada, USA, Australia, and many other countries. It is essential that affiliates know about and make good use of such information.

### **EROSION OF PUBLIC SERVICES**

The erosion of public services, either by direct spending cuts and staff lay-offs or by arbitrary restructuring supposedly intended to improve efficiency, has not grabbed the headlines as much as privatisation does, but may be of greater impact on the public in the long-term. Such moves have also included decentralisation, user fees, new financial management systems, the fragmentation of government functions, delegation of political accountability to managers, introduction of private sector personnel practices including performance pay - the list is endless. It is in this area of reform that unions in some countries, seeing the writing on the wall, have been taking steps to forestall the hostile agenda by proposing their own design for a better public service.

All citizens want improved services, increased responsiveness to client needs, an end to indefensible red tape, better performance, greater cost-effectiveness. Unions know that in many cases public sector spending has been cut because governments face the double bind (even if of their own making) of declining revenue contrasted with rising demand for government funding and services. Statistics for the E.C. countries show, for example, that public spending as a proportion of G.D.P. between 1967 and 1986 rose from 36.4% to 48.3%. Most of the sharpest rise occurred in the decade or so up to 1982. Since then there has been a gradual fall in the EC countries, but such averages conceal some pronounced differences between individual countries. Analysis of the increased spending shows that much of it has gone on transfer payments to meet the costs of rising unemployment and growth in welfare payments and in the numbers of pensioners (due to ageing of the population), plus, of course, the rising debt interest payments. Investment in the public economic infrastructure - roads, railways, ports, energy, communications systems, water supplies, waste disposal, - has generally suffered. Yet

these are essential to economic development, for providing jobs in an increasingly competitive world. These chickens will undoubtedly come home to roost.

The fact is that governments often have real problems in managing their budgets. If public sector unions simply ignore the financial pressures on their governments, they risk being sidelined as irrelevant to the debate. Rising tax and user-pays burdens on the middle classes - who are always articulate, always strident, and who always vote (in some countries increasing numbers of workers and the dispossessed are not voting) - contribute to governments winning public support for moves to curb government spending. The circumstances differ in every country, and affiliates will make their own judgements on how they see the position. But it is encouraging that in some countries unions have been closely involved with their governments or local authorities in jointly planning policies which deal with current economic pressures. In some countries unions have taken major initiatives to produce blueprints for a new approach to public services, which take account of the financial pressures. However, governments do not always want to listen to unions. For affiliates in some developing countries, where unionism is not strong or well-resourced, quite different problems arise and access to specialist advice or advocacy, (supplied by other unions or by PSI), can be crucial, especially in dealing with programmes for "economic adjustment", often a euphemism for tightening the screws on the poorer members of society by cutting public services.

### **PUBLIC PRESSURE FOR REFORM**

The determination of governments to reduce the size of the public sector is one thing. The community pressure for reform is quite a different thing. For unions, the two are sometimes confused; governments seeking change for ideological reasons will cynically use public concern to justify their actions. It can be a no-win situation for unions: opposing change, they may be swimming against a tide of public dissatisfaction with services which are seen as unresponsive, undemocratic, and overly-bureaucratic. The anger of union members is understandable: they may face staff cuts, cost-paring, autocratic managements, unclear goals and excessive workloads. But the community's case for genuine reform may be unarguable and in such circumstances the

union can only win with the public, if it is seen to be taking credible initiatives to respond to legitimate criticism. Otherwise, the issue will be taken out of the union's hands (it may be anyway) and "restructuring", with damaging implications for staff (and users) may proceed with minimal public opposition. In some cases of contracting out or privatisation unions have had to accept, sometimes reluctantly, that not all trading activities are appropriate to be retained in public ownership, especially when the employees concerned strongly favour the change. In Germany there has been good cooperation between the public and private sectors in the provision of local transport, garbage disposal and other public utilities. When both the community and the affected workers know that the change will be beneficial for all parties and that accountability to the public remains strong, the public sector unions have little choice but to accept that reality.

The time has come for the unions to take the offensive, to promote the union agenda for the public sector, to propose realistic and credible initiatives to redefine, to reclaim, to renew, our public services. Unions are already doing this in many countries. We have much to learn from each other. Our proposals must be more than high-sounding rhetoric or utopian visions. Our proposals must try to do three things simultaneously:

- meet the legitimate needs of the people who use the public services;
- protect the jobs, conditions, and aspirations of those who staff the services;
- respond to the requirements of those who pay for the services.

The future for the public sector as we have known it is only secure if these imperatives can be achieved. The decade has seen a massive transfer of public wealth and the means of generating wealth to the private sector, usually on very generous terms. We who represent the workers in public services carry a strong moral obligation, on behalf of future generations, to fight back with effective strategies to reverse the losses of the 1980s. We have good reason to feel proud of the successes of public service in so many spheres of society. Ours is a just and worthy cause!



# The Role of the Public Sector: Broad Areas of Strategy for Public Sector Unions

## AN INTERNATIONAL IDEOLOGY

Of necessity, the strategies adopted by individual unions to deal with public sector issues must be tailored to fit the circumstances in each country. Specific programmes cannot be exported in total from one country to another. Affiliates can still learn much that is vital from each other and PSI is the available source for information and advice on practical strategies. International contacts and cooperation are absolutely essential in this fight. Our opponents have it down to a fine art. A significant feature of the worldwide ideological campaign to reduce the size of the state has been the role played by a small clique of multi-national accountancy and consultancy firms claiming technical expertise to give governments advice on the mechanics of privatisation and restructuring. Huge sums in fees have been harvested by these firms and a new global industry has been established to promote the market culture at the expense of the public sector. The IMF, the World Bank, and other international lending or aid agencies have played a similar role, as has the “club” of the 24 richest nations, the OECD.

The logical response for the pro-public forces, led by the unions, is to strengthen links between countries, both on a regional or local basis and globally. This has been happening increasingly and has given greater confidence to affiliates able to draw on research and experience from other countries, particularly on issues such as contracting out. New regional networks among countries have been built up. PSI has established regional and sub-regional offices around the world. Union-organised privatisation conferences frequently tap into the international expertise that is available from other PSI affiliates. Systems for collecting and circulating data through PSI now exist. But even more effort and resources need to be put into international collaboration by public sector unions, either bi-lateral or multi-lateral, if the pro-market agenda is to be defeated.

## EDUCATION, RESEARCH AND PUBLICITY

Winning the support of the public in each country is the main priority, however. International activity, important though it be, is no substitute for that. Sound argument based on sound research, promoted by sound education, and accompanied by sound publicity programmes, repeated at every opportunity, can influence the public eventually to make defence of precious public services

a political and electoral issue. Much factual information about the failure of privatisation to deliver the promised benefits to society is accumulating and now influencing public opinion. A good example is seen in the likely link between privatisation and recession. Asset sales have contributed little or nothing to the economic well-being of those countries where privatisation has been extensive. All remain stubbornly in recession. Pro-market economists have been silent on the possibility of a link. If much of the available private capital in a country is channelled solely into buying public assets, investment in new developments and ventures suffers. Privatisation does not produce economic growth, nor does it create jobs (more likely the reverse). All this has been very clear in New Zealand where privatisation was rampant in the period 1987-1990. The government had promised to use the returns from asset sales to reduce the country's massive debt burden and thus improve the economic position. This did not happen. The money had to be used for current budget needs. So the New Zealand economy gained nothing from the asset sales. Investment in new economic activity and development has remained stagnant and the debt increased! There is widespread cynicism about politicians and political parties.

In many countries unions have set up their own excellent research units specialising in public sector issues. In Australia this has gone a step further. The Public Sector Research Centre is a joint venture between the University of New South Wales and the trade union movement. It is situated at the university and began operations in 1989 at the initiative of the public sector unions who provided funding and who oversee the Centre's activities. A great deal of very valuable material has already been published and the Centre has already achieved a high level of credibility and authority in the community (partly because it is university-based). Norway and Belgium have similar university research units specialising in the public sector. The work of all these is central to success in countering the well-resourced “think-tank” institutions of the monetarist school, scattered throughout the world. One important area for research, sometimes overlooked, is the need for unions to continue to monitor the performance of enterprises which have been privatised. As time passes, the possibility of winning back some of these to public ownership or control can arise over failure to perform or profiteer-

ing. Good records of what has happened can then be very valuable.

The information fightback is thus well under way. It remains the basic weapon in the unions' armoury. The task is to inform and educate unionists, the media, politicians, interest groups, and the public at large. This fight can be won. A useful suggestion from the PSI privatisation working group is that unions, or groups of unions, have the expertise to establish credible consultancies. These would be self-financing and would compete for consultancy work for public authorities. At least one union-derived consultancy, in the Netherlands, has been in practice for some years.

### RENEWING THE PUBLIC SECTOR

Unions have also learnt that the nature of the message beamed to the public is crucial. Stout defence of the status quo, at a time when people everywhere are being hurt by unemployment and growing hardship, is a potential turn-off. Arguments which smack of self-interest for union officials and members may also alienate the public. Advocacy of positive change which responds to genuine public concerns is, on the other hand, much more likely to win public support.

Many unions are busy designing and promoting proposals on means of improving productivity and quality of output in the public sector, as an obvious means of fending off the search-and-destroy brigades. Unions are also advocating workplace reforms, not only to enhance efficiency but also to improve the work environment for employees - the sure route to greater job satisfaction and higher morale. Commitment by managements to industrial democracy is the key to progress in creating by joint effort a better public service. Traditional authoritarian and hierarchical models omit workers from any role in the design of their work. This attitude is gradually changing for the better in some countries. In addition, better training of employees, extending the range of their skills, and more attention to career development are all factors which lead to a more involved and productive workforce without adding to the employer's costs. All these various initiatives are difficult to accomplish, both with the employers and the members, but they are positive strategies for unions to follow when a government is determined to make cuts. Training public sector workers in the ethos and principles of public service is

increasingly necessary in many countries. Affiliates in Denmark have been involved in this work.

### DIRECT ACTION

There are some situations where industrial action is the inevitable and most effective way to defend threatened public services and the jobs of public employees. Careful tactics and good public relations planning can obviously be very important. Direct action by users affected by cuts is probably more common and has stopped many a proposed hospital closure, for example. Public sector unions have an important role to play in coordinating and supporting direct action by users.

### UNION RESTRUCTURING

Large and well-resourced unions are a feature of the industrial scene in western Europe in particular. But that is not the case everywhere. In recent years, in response to "new right" pressures, public sector unions in many countries have been investing energy into efforts to restructure their unions into larger bodies in order to reduce the waste and duplication in having many small unions and to avoid disputes over jurisdiction. Large unions can exert more influence on governments and on society. Again, the goal is often difficult to achieve, but it remains a vital strategy. Unions have also had to devote much more attention to recruitment of members in an era of emphasis on the individual rather than the collective ethos. Some unions also have to adopt new internal and external policies if the larger numbers of women in the workforce are to be attracted to unionism.

### DECENTRALISATION

As the size and complexity of the public sector has grown in many countries, the pressure from the public for more involvement in how services are delivered has led to, or been exploited by, government moves to decentralise and devolve functions and services to local government, to discrete agencies, or to the voluntary sector. Such changes can present difficulties for unions if they lead to job losses or cuts in employment conditions. It is hard to argue against greater community participation in the delivery, for example, of social services. Indeed, this can strengthen community support for public services which may otherwise be under threat. New coalitions of citizens and public employees can be forged. The key to

protection of jobs and conditions lies in the strong organisation of the union's members, as always. Decentralisation can be a strengthening process for unions, leading to a renewal of local activism as members find they have more decision-making power and thus greater reason to be actively involved in the union. Experience in Sweden in worker participation has confirmed this. Canadian affiliates are firmly committed to building stronger links at the local level with community groups. Members are encouraged to identify with local issues, so that the relationship between the unions and the community is a two-way thing. Some large public sector unions have tended to be highly centralised, a reflection of the employer's structure. The changes of the last decade require a new approach, leading to delegation of responsibility to local branches and local workplaces. The result can be a much higher level of democracy in the union.

### ENVIRONMENTAL ISSUES

Public sector unions must have strategies on the environment. The universal push for economic growth, (supposedly to provide jobs and raise living standards), has often clashed with the interests of conservation of resources and protection of the environment. This has been seen as a price to be paid for industrial development. The World Commission on the Environment, chaired by G.H. Brundtland, has increased global understanding of the concept of sustainable development. Governments must play their part in protection of the environment and in mediating between the competing forces. Unions representing workers whose jobs are at risk are also faced with a dilemma. But public sector unions have a special role to play because it is their members who police conservation and have the scientific and practical expertise about what is happening to the environment. Enlightened governments are bound to have to apply more and more resources to this crucial issue. Positive and popular actions by governments on the environment can be a means by which the values of a good public sector can be promoted and supported.

often, however, governments do not want to listen. The public sector unions in some countries have tended in the past to keep their distance from political parties, often because their union's constitution stipulates that. But increasingly this policy is being questioned because it is through the political process that the key decisions affecting living standards of workers are made. It is a priority challenge for the union movement to win public support for a more consultative and participatory process of government decision-making. In many cases it is the way that governments make decisions which causes most problems. In some countries the political system itself militates against cooperation and compromise. It would seem that in countries with proportional representation systems, consensus-finding is more traditional because it often has to be practised to form a government. Certainly, as already noted, the best countries nowadays for workers seem to be those where the unions are actively involved as part of the process of decision-making on economic and social policy. To get to that point may have to be a long-term goal for many affiliates, but it must be high on any list of objectives because it is fundamental to the achievement of employment growth, the improvement in living standards, the preservation of human and trade union rights, and goals for equity in society.

### THE NEGOTIATED ECONOMY

As noted at length in Part Two, the prolonged economic downturn has been responsible for much of the assault on the public sector. Unions can have a decisive role to play in society at times of economic and social crisis. Too