

STOP THE WORLD?
NO. SHAPE IT!

2003.4



Content

Executive summary	3
Introduction	5
Globalisation in a nutshell	5
Can unions make a difference?	8
Who the main players are and why they are interlinked	8
The IMF	9
The World Bank	11
The OECD	18
The WTO	20
The regional multilateral development banks	26
The United Nations Organisation and its agencies	27
The trade union position	29
PSI and its affiliates	32
Appendix 1: Other resources	34
Appendix 2: Acronyms for the international financial world	38

Education International (EI) and Public Services International (PSI) have agreed to publish jointly in areas of common concern and we have identified a number of areas where future publications could be developed. PSI is the international federation of public sector trade unions, EI the international federation of workers in education.

This is one in the series Policy, Practice, Programme. The papers in this series are meant to serve several purposes: to help trade unionists understand some of the issues; to enable trade union educators to run short sessions on education and public sector issues with their members; to provide material for union leaders writing speeches or informational material for wider audiences; and for distribution to a range of interested people. Further copies can be obtained from:

Public Services International
BP 9,
F-01211 Ferney-Voltaire Cedex
FRANCE
Tel: +33 450 40 6464
Fax: +33 450 40 7320
E-mail: psi@world-psi.org
Website: <http://www.world-psi.org>

Education International
5, Blvd du Roi Albert II (8th floor)
BE-1210 Brussels
BELGIUM
Tel: +32 2 224 0611
Fax: +32 2 224 0606
E-mail: educint@ei-ie.org
Website: <http://www.ei-ie.org>

EXECUTIVE SUMMARY

This has been a developing document and is expected to be regularly updated. It started life as notes for a brief overview of **globalisation and the main international institutions** for part of a seminar for the National Executive of the CPSU in Australia in early 1999. It was expanded during the rest of 1999 in a number of longer seminars on this topic until it was discussed by PSI's Public Sector Working Group in late September 1999. It was then extensively revised both in light of those discussions and, later, of the developments following the collapse of the **WTO Ministerial Conference** negotiations in Seattle in December 1999 and now in 2003 in Cancún. This current revision attempts to reflect further developments in global institutions and concerns up until mid-2003.

Affiliates which originally requested material from PSI on these topics were mainly concerned about the need for their leadership to have a relatively up-to-date text for them to use in speeches or in preparing themselves for meetings with governments or employers. However, the intention is that, by keeping the publication as current as is possible, PSI can offer it to union educators or journalists as a resource for seminars or information sessions/leaflets on globalisation issues.

The paper summarises the nature of globalisation, its impacts on national and international economies, on workers in general and on **public sector workers and their unions** in particular. Whilst it points to the very negative results for many people, it argues that globalisation – **free and fair trade** – can be equally **a force for good or evil**. However, in looking at the roots of globalisation (which are briefly analysed) and **the power of multinational enterprises (MNEs)**, the paper argues that the 1998 defeat of the **OECD's Multilateral Agreement on Investment (MAI)** as well as the collapse of talks at the **2003 WTO Ministerial Conference** gives ground for hope that trade unions, other social movements and NGOs can work together to frustrate the corporate agenda of MNEs, governments and the major international institutions.

The bulk of the paper is devoted to the **main international institutions**, in each case explaining the mandate of the institution, detailing its main agenda, especially as this relates to public sector workers, and

describing the work that trade unions have done in relation to each body.

In the case of the **International Monetary Fund (IMF)**, the paper shows how it uses its main resources – money and power – to force onto governments in crisis programmes based on **the Washington Consensus**. It explains the nature of the **Structural Adjustment Programmes** which the IMF can require governments to follow, under whatever title such programmes currently operate. It describes the rejection of democracy, popular participation and criticism which have marked the IMF's behaviour until recently.

The World Bank is seen in a slightly more positive light. Although its **Country Assistance Strategy** programmes can force the same **conditionalities** onto governments as can the IMF, it has recently appeared to be more openly receptive to public criticism and has been prepared to work with its critics, including trade unions, in examining whether it should alter its approaches. The paper describes work involving PSI in discussions on drafts of its annual **World Development Reports**. The paper suggests that some recent changes at both the Bank and the IMF may signal a real difference in approach but that such changes are not yet cemented in, especially at the IMF.

PSI's work with a joint unit of the Bank and the International Finance Corporation (IFC) is described, focusing on public enterprise reform and the role of labour.

The difficult and not yet totally successful attempts by the ICFTU and **Global Union Federations (GUFs)** such as PSI to force the Bank to respect and promote the **core labour standards of the International Labour Organisation (ILO)** are described. In 2002, the World Bank published "Unions and Collective Bargaining: Economic Effects in a Global Environment", a report that admitted a country's economy may fare better if a large number of its workers belong to unions.

The section on the Bank concludes with some examples of **PSI's education, research and campaign work** for members on both understanding and monitoring the Bank.

The section of the paper on the **Organisation for Economic Co-operation and Development (OECD)** and its associated **Trade Union Advisory Committee (TUAC)** with which PSI works very closely, starts with an analysis of the **anti-MAI campaign** and its lessons for unions.

While there is some mention of the **neo-liberal elements of the OECD**, more space is given to the work of the **Public Management Programme (PUMA)** where PSI, with TUAC, works on a number of issues which are central to the **interests of public sector workers**, such as: a multi-year project on regulatory reform; work on public sector ethics, corruption and integrity; performance management; communication with citizens; measuring public sector productivity; good governance; and the governance of state-owned assets.

The revision of the **OECD Guidelines for Multinational Enterprises** in June 2000 was a significant development since it strengthened language on labour standards and environmental concerns and added new sections on consumers' rights, which apply not only in their own operations but throughout their contracting/sub-contracting chain. Governments are required to be more proactive in using the **National Contact Points** for resolving problems in the observance of the guidelines.

The **World Trade Organisation (WTO)** sets the **rules for the world trading system** and settles **trade disputes**. Many nations, NGOs and trade unions find its whole philosophy completely unacceptable. Trade unions have been trying to get the texts and rules of the WTO treaties changed so that disputes procedures can be established, with the involvement of the ILO, **requiring countries to respect the core labour standards of the ILO**. The paper outlines the other main issues on which trade unions have campaigned at each of the WTO Ministerial Conferences held since 1996, including the Ministerial in Cancún, Mexico in September 2003:

- Democracy, Transparency, Consultation and Reform of the WTO
- GATS and Safeguarding Services
- Advancing Development Priorities
- Making Progress on Workers' Rights at the WTO
- Investment at the WTO
- Trade and Competition Policy
- Government Procurement
- Trade Facilitation
- Sustainable Development at the WTO
- Agriculture

The **General Agreement on Trade in Services (GATS)** is described. This is important for public sector unions because of the danger that education, water and health services could be declared tradable

services to an extent not yet seen, subject to WTO rules.

Government/public procurement. Changes here could allow MNEs to make inroads into more public services and reduce the ability of governments to support the growth of small domestic suppliers. Unions also want core labour standards built into procurement rules.

The section on the **regional multilateral development banks** gives some examples of work done by PSI's **Inter-American** and **Asia-Pacific** regional bodies, focused on the **Inter-American Development Bank (IDB)** and the **Asian Development Bank (ADB)**. Newly released PSI research on the Inter-American Development Bank's privatisation projects in several countries reveals a pattern of widespread unemployment, violations of labour rights, as well as waste, fraud and corruption.

PSI has developed a closer relationship with the European Bank for Reconstruction and Development (EBRD) since the last update to this paper. In various meetings, the EBRD has expressed a willingness to work more closely with the trade union movement. Readers are asked to supply other examples of work, which could inspire unions working on issues raised by the work of these and other regional development banks.

In the round of **UN conferences** in the late 1990's and early 2000's to follow up on the 1990's Social Summit, Beijing Summit etc., it has proved very difficult to get governments to honour the commitments they made, especially on the rights of workers.

The rest of the paper then presents the position adopted by the international union movement in responding to all of these issues. While this includes some positive policy proposals from the ICFTU and TUAC, it also asks a number of **strategic questions for trade unions**. These essentially boil down to two matters: whatever is done should be done by the most appropriate body; and there must be clarity over what issues unions can reasonably be asked to address. These two concerns point to a number of specific agenda points for public sector trade unions:

- **Membership education;**
- Affiliates must **learn more about MNEs and exchange with others what they learn;**
- Unions have to **work much more closely with progressive NGOs;**
- Unions have to **lobby governments** to adopt acceptable policies in the international institutions;

- PSI affiliates need to **pressure their national trade union centre** to share with them more information from the ICFTU and TUAC on matters affecting the public sector;
- Closer alliances are needed between **unions in the developing world and the developed world**;
- For work on the Bank, the OECD and the WTO especially, it is necessary to **identify trade union experts** to work on particular issues;
- Unions must urge **members of national parliaments** to question the work of the WTO and the OECD;
- Within these same two bodies, unions should **identify the officials** who represent their country so that these people can be **lobbied or assisted**.

An appendix lists a number of NGOs, trade unions and other bodies which can either be allies in this work or have resources which can be of assistance to trade unionists working on the issues concerning globalisation.

Affiliates are requested to send material to PSI by end of March 2004, illustrating and/or analysing union experiences with any of the institutions mentioned in this paper, for inclusion in a future edition.

INTRODUCTION

GLOBALISATION ISSUES AND INSTITUTIONS

This paper is an introduction, for public sector union officials and activists, to the issues which characterise globalisation, the institutions which oil its machinery and the implications for trade unions. Each of those three topics (on which PSI frequently publishes material both in hard copy form and on the PSI website - www.world-psi.org) justifies a full treatment in its own right, especially an explanation of the international financial institutions, so the paper finishes with a resource list for people who wish to read more fully on any of these topics and/or to contact other organisations which work on these issues, as well as the websites of the main international institutions. An acronym list at the end of the paper helps to unscramble the alphabet soup of the international organisations and other related terms.

REGULAR UPDATES

However, one problem with these topics is that the global agenda constantly changes each time the World Trade

Organisation (WTO) or the World Bank hosts another meeting or another financial crisis occurs or the international trade union movement initiates another campaign. The PSI Executive Board therefore agreed that this publication should become a 'living' document which will be regularly updated - both in paper form and on the PSI website - to reflect the latest situation.

This update was produced in October 2003, in the train of a series of global public protests at World Bank, IMF, WTO - especially GATS, EU, G8, and other international meetings/events. Each of these meetings has attracted a growing movement of NGOs and trade unions expressing concern at or hostility to, variously, capitalism, corporate globalisation, the failure to address poverty and development issues, etc. Some of these meetings have had violent moments but an increasing number of key unions and NGOs, including PSI, have been able to put together agendas or programmes of action on which they agree. What is significant about this is that there is a growing agreement about what these people are for rather than only about what they **oppose**.

GLOBALISATION IN A NUTSHELL

GLOBAL STRATEGY

At its most simplistic level, globalisation is no more than the expression of a natural progression of business organisation which started at the household level, moved historically to the village or town level, spread into a larger province or region and then became national in organisation and outlook. That it has spread to a global level and global thinking, as far as strategy is concerned, is neither surprising nor an indication of globalisation's inherent 'goodness' or 'badness'.

The problem with globalisation is that it is not **just** a natural progression. As with the earlier forms of business organisation, it stands to benefit some and make losers of others; the unequal power relationships within and between nation states and between other groups in society mean that the judgement about whether globalisation is good or bad depends on the nature of those power relationships. A progressive government (and its people), operating in an international environment where equity was a valued political objective would see sustainable, free and fair trade as a positive human creation.

GLOBALISATION: THE WHOLE WORLD AS A MARKET, FOR SUPPLIERS AND PURCHASERS

Essentially, globalisation is the potential for a company, in this case a multinational enterprise (MNE), to look at the whole world as its market and to search the whole world for its suppliers and purchasers. For example, it will consider its competitive advantage with wages, raw materials costs and labour legislation if it uses country X rather than country Y, especially if it can beat other MNEs which are not able to get market entry into countries which offer such advantages. What marks an MNE's operations as different from a national company is that, in many countries, an MNE can 'pick' the level of wages it is prepared to pay or the taxes it can convince the host government to levy or the price it is prepared to pay for raw materials. Globalisation is characterised by the fact that the most powerful companies – the MNEs – think of the whole planet as their sphere of operation. They are able to shape national and global politics and policies to suit that end by making offers to many countries which governments cannot refuse and by their lobbying. Other companies, which may not be MNEs, which wish or are forced to compete nationally with an MNE will have to behave as if they are operating in a global market, whether they want to or not.

THE BIGGEST "ECONOMIES" IN THE WORLD ARE MNEs, NOT COUNTRIES

Add to the above the fact that the world's biggest MNEs are bigger than the economies of many whole countries. More than a quarter of the world's economic activity is now controlled by 200 corporations. In 1999, their combined annual revenues totalled more than \$7.5 trillion, or 27.5% of the world's GDP. Of the biggest 100 'economies' in the world 29 are MNEs, not countries (although one should be careful here – one is comparing **assets** with **GDP figures** and these are not strictly comparable). Exxonmobil, for example, outranks Pakistan, New Zealand and the Czech Republic. It is easy to see how governments which are trying to attract investment and jobs to get people into employment can be 'persuaded' to lower labour standards, cut taxes, provide roads, ports and power to MNEs if they agree to locate part of their operation there. Now that so much of world trade and production has been so 'influenced' by such powerful forces it is easy to see how the word 'fair' has dropped out of 'free and fair trade'. Fairness and market dominance are rarely compatible.

MNEs INFLUENCE NATIONAL GOVERNMENTS AND INTER- GOVERNMENTAL ORGANISATIONS

MNEs do not just influence national governments. They have a very close relationship with many of the intergovernmental organisations discussed in this paper. Sometimes this is simply a project relationship – they get the contract for a World Bank dam or power station and they 'bargain' on how they will do the job. In a more sinister way, however, they are often involved in setting Bank or IMF policy on attitudes to privatisation, for example. At the WTO, some MNEs influence the bodies which establish WTO rules, criteria and deal with trade disputes. In many cases this is a result of the fact that business is represented on some governments' delegations to a WTO meeting or is asked what it wants out of WTO negotiations.

GLOBALISATION MUST BE ON THE PUBLIC SECTOR AGENDA

From the outset, we should be clear about one thing: the globalising behaviour of MNEs and the influence they bring to bear are not restricted to the private sector. There are, more and more each day, MNEs infiltrating what have been seen as public sector operations and there are virtually no public sector workers who can say that globalisation will not be something they have to put on their agenda.

Apart from the MNEs which are the driving **force** behind it, the main problem with globalisation relates to the driving **idea** behind globalisation, unbridled free market capitalism. Corporate globalisation embraces an ideology that says the more you let free markets rule, and open your economy to free trade and competition, the more efficient and flourishing your economy will be. For many countries and for many people inside many countries, this is not true.

RULES OF GLOBALISATION: OPENING, DEREGULATING AND PRIVATISING THE ECONOMY

Corporate globalisation has its own set of economic rules – which revolve around opening, deregulating, and privatising your economy. Thousands of people have been brutalised or left behind by this new system. That's why some have called globalisation the re-incarnation of 19th century bandit capitalism.

As John Gray has argued in *False Dawn: The Delusions of Global Capitalism*, the agenda cannot be

implemented without effective use of powerful states wedded to this approach.

THERE ARE SEVERAL FACTORS THAT HAVE ACCELERATED SPREAD OF GLOBALISATION:

Collapse of communism

- Many people cheered when communism collapsed. The problem was that when this happened, it only left one alternative ideology, capitalism. Some people felt that because communism had failed, we had to go the whole hog in the other direction - that a sort of extreme "free market" system was our only available choice. What is often neglected in this thinking is that there are several "capitalisms" and the neo-liberal US brand is not an inevitable endpoint.

Explosion of technology

- Today's era of globalisation is built around falling telecommunications and information technology costs - thanks to microchips, satellites, fibre optics and the Internet. These new technologies are able to weave the world more tightly together. Among other things, these technologies have allowed companies to locate different parts of their operations in different parts of the world, but to tie them together as if they were in one place.

Increased mobility of capital

- As a result of all this, the impact on local communities no longer figures as much as it did in corporate decision-making. Capital can be transferred from one place to another, often at the push of a button. If factories get closed and jobs are lost as a by-product, well, too bad.

Concentration of wealth

- A relative handful of people and corporations have become very rich from globalisation. In 2001, the world had 497 billionaires. Their combined wealth was \$1.54 trillion, well above the incomes of the world's poorest half of humanity. These rich people obviously have a lot at stake in the new system, and they're going to promote it as much as they can. Here are some shocking statistics to show you how distorted the income and wealth distributions have become. In 1960,

CEOs at the largest US corporations earned an average of 41 times what the average factory worker earned. By 1989, this had risen to 85 times. By 2000, it had again risen. In that year, CEOs made 531 times what the average factory worker earned. Since 1980, the average worker's pay has increased by 74% while CEOs' income has increased by 1,884%.

Power of international currency speculators

- With the use of technology, globally based financial firms move huge amounts of money around the world instantaneously, about \$1.5 trillion US each and every day. Although many of these transactions are done to help lubricate the world economy, it has been estimated that over 80%, maybe even 90%, is for speculative purposes.
- The decision to move currency is often based on newspaper headlines; or these speculators' gut feelings about what might work for them - not for the countries or people who are affected by their decisions. Profit is their be-all and end-all even if jobs are lost and communities are devastated by sudden withdrawals of cash and resources. Often, their actions have little, if anything, to do with economic realities in the particular countries involved.
- But they have had a major impact on what those countries subsequently have to do to get out of the mess that has been created by currency speculation - such as privatising government programmes, downsizing the public sector and ensuring that there are no deficits, only budget surpluses.

ARGENTINA

During 2002, following a default on its debt, the Argentine economy suffered the worst contraction in its history. In June 2002, the government officially announced that the Gross Domestic Product suffered a record decline of 16.3 percent and investment decreased by 46 percent in the first trimester of the year. The public debt equalled the value of two years total production. In the previous 18 months, more than 470,000 workers had lost their jobs and many existing jobs became (and are continuing to become) informal. Reality had overwhelmed even the worst predictions, and the economists who had supported a quarter century of policies imposed by the IMF and the World Bank could not explain the abrupt collapse.

These policies included a program of widespread privatisation of public services and extensive external borrowing. Throughout much of the gestation period of the crisis, the coming collapse remained invisible, together with the increasing debt, because of the continuing infusion of credit from the IFIs and because the revenues from privatisation provided for fiscal balance while allowing the repayment of debt obligations to these same institutions.

Public documents show that the government in Argentina recognized the failure of the projects funded by loans from the IFIs, and yet the borrowing continued. Because of the urgency of the employment situation, PSI focused IFI research efforts on Argentina in 2002 and investigated the implementation of loans from the Inter-American Development Bank (IDB) for poverty mitigation and privatisation. Findings revealed the negative impact of the Bank's activities on employment and a failure to address poverty problems. One of the projects analysed, "Fiscal Balance and Social Management", approved by the IDB on December 13, 2000, represented a loan of USD 400 million for the purpose of privatisation and decentralisation, together with the 'flexibilisation' of labour markets. The other project, "Aguas Provinciales de Santa Fe," was specifically designed to promote the privatisation of water and waste services. Both loans constitute a contribution to the collapse that ultimately overwhelmed Argentina.

TRADE AGREEMENTS

Another facet of globalisation is the so-called "free trade" agenda. Free trade agreements limit the ability of government to set rules. They also result in tremendous job losses as companies restructure, close plants and transfer well-paying jobs to foreign locations where wages are far lower and where workers, desperate for jobs, will work in often oppressive conditions.

CAN UNIONS MAKE A DIFFERENCE?

UNIONS CAN MAKE A DIFFERENCE

Some people tend to be very despondent about whether trade unions or other organs of civil society can make the slightest difference to all of these seemingly unstoppable trends. Yes, we can and yes, we must. If you don't believe that, look back at the OECD negotiations on the

proposed Multilateral Agreement on Investment (MAI) which had been going on for some three years up until the end of 1998. We will come back to its details later but, right now, remember that until late 1997 no-one thought that it could be stopped. It was going to give the MNEs the whole world to play with on their terms and was going to tell governments - especially local governments which had not even been part of the discussions - what they could, could not and must do when it came to almost every aspect of social and economic life. We killed it. That's all - we killed it, because unions and women's groups and development groups and green groups and community organisations all decided that trade ministers must be told that enough was enough. We did it once and we can do it again if the MAI or other similar proposals emerge in other forums as they unsuccessfully threatened to do in the 2003 WTO Ministerial Conference in Cancún, Mexico. Our kids will never forgive us if we don't.

UNIONS SHOULD SHAPE THE WORLD, NOT TRY TO STOP IT!

Oh, by the way: if you get to the end of this paper and think that the *Stop the world* part of the title of the paper is the answer, then we have obviously failed to communicate our message - unions should shape the world, not try to stop it! To assist unions in doing this, PSI produced in early 2001 the English version of an illustrated book (a 'comic' book to most people) to show both the impacts and agents of globalisation and how unions and NGOs in many parts of the world have been able to change the direction of government, MNE or international organisations' policies. It is called *We can do it! Putting globalisation on the union agenda*. It is also available in Finnish, French, Spanish and some South Asian languages.

WHO THE MAIN PLAYERS ARE AND WHY THEY ARE INTERLINKED

INTERNATIONAL OR INTER-GOVERNMENTAL ORGANISATIONS SET THE RULES

In discussing globalisation, it is necessary to talk about a number of international or intergovernmental organi-

sations which set the rules for the global economy - mainly the IMF, the World Bank, the OECD and the WTO - as well as a number of trade union bodies such as the International Confederation of Free Trade Unions (ICFTU) and the global union federations (GUFs), including PSI. Increasingly, the ICFTU, the GUFs and the Trade Union Advisory Committee (TUAC) to the OECD are calling themselves global unions in a kind of common packaging to identify their common interests. In what follows, the work and agenda of each of the main international institutions is discussed, including its implications for trade unions. In the case of the trade union bodies, it is also necessary to discuss the coalitions which they must have with NGOs and social movements if they are to succeed in their efforts to deal with globalisation. Finally, it is essential to outline the positions being taken by trade unions on these matters internationally and the kinds of activities in which they - and public sector trade unions in particular - can and must engage if they are to be effective in this work. Not discussed in great detail in this paper are other bodies such as the International Labour Organisation (ILO) and a number of other UN agencies - not because they are unimportant but because they have not been main actors in the globalisation debates. This itself says a lot about the attitudes of the Bank, the IMF, etc., to the relevance of social concerns to their agendas.

For people who find the 'alphabet soup' of all the international trade union organisations confusing, PSI has published a paper, *The international trade union community*, in all the PSI languages, which explains them all. It is available from the PSI Secretariat.

GOVERNMENTS OF NATIONAL STATES ARE THE MAIN PARTIES

However, it should be remembered that, technically, the main parties in these intertwined rule-setting bodies are the governments of national states. Whether union concerns get on the agendas of the intergovernmental bodies depends on whether governments have been convinced to respond positively to pressures from unions and other elements of civil society. In most countries, from the union perspective, that is the responsibility of national trade union centres. It should be a matter of concern to public sector trade unions that so many of the issues which are discussed below have a direct bearing on the interests of the members of public sector unions. Yet, unfortunately, many national trade union centres neither lobby their governments nor pass

on to the public sector affiliates information from the ICFTU or TUAC about these public sector concerns. Where that is the case, public sector unions must act to defend the interests of their own members on matters such as privatisation, public procurement, deregulation, etc., as discussed below.

THE IMF

IMF MANDATE: TO MAINTAIN MONETARY, CURRENCY AND FINANCIAL STABILITY AT INTERNATIONAL LEVEL

The International Monetary Fund is, with the World Bank Group, one of the Bretton Woods Institutions (because they were both conceptualised at a meeting at Bretton Woods, USA, in 1945). Most simplistically, the IMF is the global central bank for national central banks. Its mandate is to maintain monetary, currency and financial stability at the international level. Its two main resources are **meant** to be knowledge and funds: knowledge, to advise governments on how to handle crises, especially structural problems which threaten to undermine their currency, balance of payments, fiscal balances and institutional capacity to manage macroeconomic factors.

THE POWER OF KNOWLEDGE AND MONEY

In fact, its main 'resource' is the power that knowledge and money give it. Governments in trouble need IMF funds to help them through a crisis. The IMF 'knowledge' usually comes in the shape of a relatively rigid 'one-size-fits-all' package of stabilisation policies which are based on an increasingly discredited set of policies known as the "Washington Consensus" - a number of neo-liberal programmes which are actively promoted by the IMF, the World Bank and the US Treasury, all based in Washington DC.

THE WASHINGTON CONSENSUS

The Washington Consensus as a concept was first coined in 1989 by John Williamson, then of the Institute for International Economics and later a senior economist at the World Bank. Williamson identified ten policy instruments which the US and the IFIs saw as necessary elements of 'first stage policy reform':

1. Fiscal discipline: strict criteria for limiting budget deficits;

2. Public expenditure priorities: away from subsidies and administration towards 'neglected fields with high economic returns and the potential to improve income distribution, such as primary health and education, and infrastructure';
3. Tax reform: broadening the tax base and cutting marginal tax rates;
4. Financial liberalisation: interest rates should ideally be market-determined;
5. Exchange rates: should be managed to induce rapid growth in non-traditional exports;
6. Trade liberalisation: tariffs not quotas, and declining tariffs to around 10 per cent within 10 years;
7. Foreign direct investment: no barriers and 'equality' with domestic firms;
8. Privatisation: state enterprises should be privatised;
9. Deregulation: abolition of 'regulations that impede the entry of new firms or restrict competition', and establishing 'such criteria as safety, environmental protection, or prudential supervision of financial institutions' as the means to justify those which remain;
10. Property rights: secure rights without excessive costs and available to the informal sector.

IMF CONDITIONALITIES

Typically, these are rolled into a package which used to be called a structural adjustment programme (SAP) - because it completely restructures the national economy and labour market. Governments have little choice: you want the money? you implement the SAP. No SAP, no money. These are called 'IMF conditionalities'.

STRUCTURAL ADJUSTMENT – OFTEN JUSTIFIED, FOR WORKERS USUALLY NEGATIVE IMPACTS

Some structural adjustment is completely justified. Some governments live way beyond the means of the country, act in wasteful and/or corrupt ways, adopt self-defeating but popular, well-meaning policies of import substitution, etc. They must restructure if they are ever to become self-sustaining. The problem is that SAPs usually impact negatively on the most powerless and politically excluded in the country and allow the corrupt and wealthy to continue to exploit the economy. IMF clients have included some of the most notorious dictators of the 20th century who routinely and viciously suppressed trade union and other human rights. Even if applied to democratic govern-

ments, SAPs often are imposed on a government in a way which means that neither it nor its people own the programme and are not the slightest bit committed to it. When one considers that the IMF completely refuses to endorse or encourage democracy (so that popular opposition to SAPs can be more effectively stifled), one has to ask why so many democratic, developed nations which dominate the IMF decision-making bodies continue to promote IMF policies.

[Note on World Bank and IMF PRSPs and ownership (below): Because these programmes frequently get re-labelled to suit new fads, we will continue to refer to this whole family of programmes as 'SAPs'.]

Sometimes, SAPs are applied in totally inappropriate ways for countries which do not have a structural problem but rather have a democratic deficit and a corrupt, crony-based relationship between government and big business - as the global financial crisis which started in East Asia in mid-1997 showed.

FOR THE DEVELOPED WORLD TOO, SAPS ARE A PROBLEM

For the developed world, SAPs are also a problem since they can impoverish a country which is a trading partner. They can undermine wages and working conditions in the developed world since they open opportunities to MNEs to transfer some of their operations to countries with appalling wages and working conditions. Soon, they are off again to another country with even more exploited workers in what becomes a race to the bottom.

THE MOST ARROGANT OF THE INTERNATIONAL BODIES

The international trade union movement has found, by and large, that the IMF has been the most arrogant of the international bodies: it rarely admits to errors; it will not listen to alternative policy options; it dismisses its critics as 'dinosaurs' and, on the odd occasions when it has involved trade unions - as it did briefly in the 'Asian crisis' - it seems to have done so because it knew that its policies risked violent revolutions (Indonesia, for example) and it wanted unions implicated in the painful 'solutions'.

UNIONS WORLD-WIDE: UNITE AROUND THE IMF

The IMF is an institution around which unions in all parts of the world should be able to unite, albeit with different roles to play. In the case of the IMF and the World Bank,

unions in the developing world may need the help of PSI and affiliates in the North to help them to convince their governments and the Bretton Woods Institutions to negotiate with them; and unions in developed nations need to be lobbying their governments (or, preferably, their countries' representatives on the governing bodies) to adopt more progressive policies. Below, in the discussion on 'a sea change?' there are several comments on quite recent joint changes at the IMF and the World Bank which call for further comment on the IMF. See also the comments below on what are called 'IMF Article IV discussions'.

THE WORLD BANK

THE BANK'S ROLE: A DEVELOPMENT AGENCY

What most people know as the World Bank is actually one organisation - the International Bank for Reconstruction and Development (IBRD) - within the World Bank Group, a number of development bodies which have related lending mandates to assist governments and/or the private sector. Here, it will normally be called 'the Bank'. Other members of the World Bank Group are not discussed at length in this paper although, as lenders to the private sector and/or for countries in particular circumstances, they are not insignificant.

The Bank's role is that of a development agency. It is a 'friendly' bank which can provide governments with loans at cheap, below-market ('concessional') rates for projects (single projects such as a dam or more multi-project programmes which might extend over several years and might involve many aspects of a government's infra-structural development).

LONG-TERM RELATIONSHIP BEGINS WITH A COUNTRY ASSISTANCE STRATEGY

Conditionalities again. The Bank is often criticised because many of its projects are environmentally unsound or impact negatively on rural or indigenous peoples who might be relocated as a dam or pipeline displaces them. An even more serious concern is that the Bank will not commence a long-term relationship with a government until it has agreed to a country assistance strategy (CAS) which commits the government to specific actions and policies which guarantee that the Bank's funds will not be wasted. Again, in theory, that is a sensible approach which any lending agency would

follow. The problem is that, again, the CAS is often really forced onto a government and one of its conditions is that the government has already satisfied the IMF conditionalities mentioned above. So, both the IMF and the Bank implement SAPs.

IMF CONDITIONALITIES

Therefore, many of the criticisms made earlier about the IMF and trade union rights, democracy, ownership, etc., apply also to the Bank. The overlap between the two institutions explains why many people often cannot tell whether their objection to a project or programme ought to be aimed at the Bank or the IMF. The implications for both developing and developed nations (and their unions) are nearly the same.

RESEARCH INDIVIDUAL COUNTRIES' POSITIONS ON BANK POLICIES

It is important for unions to realise that the policies which the Bank applies in individual countries are made in agreement with the Bank's members; that is, national governments which, depending on their voting rights, can influence those decisions. So, the Bank is not totally separated from national governments. Unions need to find out the position of individual countries - especially their own as well as the rich and powerful governments - on the policies of the Bank. Both the Bank and the IMF list the national representatives on their governing bodies on their websites (see Appendix 1 for these addresses).

A sea change? Recent willingness to listen to critics but... There is one major difference between the Bank and the IMF, however. The Bank has come under much more criticism than has the Fund because the sheer size of the loans it has offered to governments over the last twenty years has contributed to the massive indebtedness of so many countries. Calls for the Bank's elimination became strident in the late 1980s and early 1990s. The Bank has had a couple of recent Presidents (including the incumbent James Wolfensohn) who have shown a willingness to listen to critics and to take them on board, unlike the now retired Michel Camdessus at the IMF.

...HOW REAL IS IT?

The 2000 edition of this publication had an extended discussion of how the Bank effectively engineered the resignation of two of its most senior internal critics, Joe Stiglitz and Ravi Kanbur, who were publicly calling into question the foundations of the Washington consensus. Those comments have been removed from this edition

because they are dated, but it is important to recognise that the Bank and the IMF seem deeply conflicted over whether to acknowledge any deficiencies in the old model. From time to time their leaders will toss some statements of social concern to public arenas but, essentially, when forced to be official about it, both will defend the elements of the Washington consensus model, even if dressed in new clothing.

PSI, with the UK-based Bretton Woods Project, commissioned a 2000 report by Brendan Martin, *New leaf or fig leaf? The challenge of the new Washington Consensus*, which traces and analyses the real meaning of Stiglitz's speeches over late 1999 and early 2000. In 2002, Stiglitz published *Globalization and its Discontents*, a damning indictment of IFI-led globalisation. He followed up in October 2003 with the release of *The Roaring Nineties*, in which he admits to having played a role in both the Clinton administration and at the World Bank in shaping the very policies he came later to condemn. Stiglitz focuses on the economic policies of the United States in the boom era of the 1990s and how unfettered free market idealism sowed the seeds of the subsequent stock market crash, mass unemployment and a downturn in both the national and global economy. As he said in an interview with Reuters, "We had a chance to try to shape globalisation, to shape the new economic order, on a new set of principles. Instead, we wound up trying to shape it reflecting our commercial and financial interests."

THE COMPREHENSIVE DEVELOPMENT

In 1999, James Wolfensohn unveiled a new approach to reducing poverty, aimed at improving country ownership and donor co-ordination in development assistance. It is based on four principles: country ownership of the policy agenda; partnership with all stakeholders; a long-term holistic approach built on national consultations; and attention to social and structural concerns as well as macro-economic and financial issues.

Most features of this new Comprehensive Development Framework (CDF) are obvious and had been becoming more central to Bank work anyway. The really new features were the emphasis on trying to involve all donor bodies and stakeholders in the development strategy and the notion that, in future, consultations would be held with the **country** and not just with the **government**. Just how far the Bank is prepared to go in pushing a government that does not want to involve all stakeholders and civil society is yet to be seen.

Information on the different countries and programmes involved in the early stages of the CDF can be found on the Bank's website.

BANK CONSULTS WITH UNIONS ON WORLD DEVELOPMENT REPORT

In recent years, the Bank has been prepared to consult trade unions in the preparation of its annual flagship publication, the World Development Report (WDR). Each WDR is on a different topic and PSI, along with other GUFs and the ICFTU, has been consulted on drafts of the WDRs on *The world of work* (1995), *The state in a changing world* (1997) and *Attacking poverty* (2000). The Bank has sometimes been very positive in taking on board the PSI views on WDR drafts and in revising outlines of the reports, using language suggested by PSI.

The Bank's World Development Report 2004 is called *Making services work for the poor*. PSI was closely involved with key members of the Bank's writing team, trying to influence the direction of this report. The initial public draft of the WDR contained some language that was not only completely unacceptable to us but also hostile to public sector workers, whom it saw largely in a very negative light. In public - on the on-line discussions and in public meetings - and in private discussions, PSI was very vigorous in ensuring that the Bank and the public understood our reasons for criticising the draft. The final version of the WDR was released in September 2003. PSI had been working with a number of other bodies to pre-empt any remaining negative aspects in the final report. As it happens, the Bank did soften some of the language, but the basic messages remained unchanged: market-type solutions will fix many of the problems with access to public services such as clean water, education and health care.

MAKING THE POOR WORK FOR THEIR SERVICES

Unlike previous World Development Reports, *Making services work for the poor* contains no new ideas or solutions and is based on very questionable research methods. The 2004 WDR calls for the empowerment of the poor through what it calls 'client power', as if the poor are able to participate in a cash economy when they have no money. It is all made to sound as simple as buying a sandwich (the analogy used in the report), but empowering the poor to access, use, develop and direct services is hardly the same as saying, "Easy on the mustard," or

choosing a different sandwich shop. The programmes it holds up as examples of success stories for a market-based approach, such as New Zealand and Korea, have in fact failed in many ways and have been abandoned or substantially revised.

A more disturbing theme throughout the WDR is that services fail the poor because of the poor performance of workers in developing countries. No recognition is given that workers do not create poor working conditions and disrepair. They do not cause funding shortfalls that result in holes in the floors, equipment and material shortages and non-payment of wages. Unions are attacked throughout the report for putting stress on wages and conditions. The Bank seems unaware that it had launched a study in early 2003 (see below) contradicting this stance.

WORLD BANK RECOGNIZES UNIONISATION AS A POSITIVE ECONOMIC FORCE

In February 2003, the World Bank launched *Unions and Collective Bargaining: Economic Effects in a Global Environment*. While the study had been completed in 1999, the conclusions were so completely contrary to the Bank's expectations that they took more three years to release the full version. As recently as 2001, Bank officials frequently stated that unions were likely to be harmful to investment and growth. Their own research has disproved this claim. According to the book, high unionisation rates often lead to a more equal distribution of income, lower unemployment, decreased wage discrimination against women and minorities, and improved economic performance. Freedom of association and collective bargaining make good business sense after all.

THE REST OF THE WORLD BANK GROUP

As indicated, the 'World Bank' is really called the International Bank for Reconstruction and Development and is itself only one of several institutions which belong to the World Bank Group. PSI has not been very active in the past with these other parts of the Group but some of them have a significant impact on public sector workers/unions and the issues which concern us. Three of the more important are:

- The International Finance Corporation (IFC): Established in 1956, IFC is the largest multilateral source of loan and equity financing for private sector projects in the developing world. It promotes sustainable private sector development primarily by:

- Financing private sector projects located in the developing world.
- Helping private companies in the developing world mobilize financing in international financial markets.
- Providing advice and technical assistance to businesses and governments.
- The International Development Association (IDA): The IDA is the World Bank Group's concessional lending window. It provides long-term loans at zero interest to the poorest of the developing countries. The mission of IDA is to support efficient and effective programmes to reduce poverty and improve the quality of life in its poorest member countries. IDA helps build the human capital, policies, institutions and physical infrastructure needed to bring about equitable and sustainable growth. IDA's goal is to reduce the disparities across and within countries, to bring more people into the mainstream, and to promote equitable access to the benefits of development. PSI has had no contacts on IDA work but would appreciate feedback from affiliates or other readers who have some experience with the IDA.
- The Multilateral Investment Guarantee Agency (MIGA): MIGA was created, amongst other things, to supplement national and private agencies supporting foreign direct investment through their own investment insurance programmes. The Agency was designed to encourage foreign investment by providing viable alternatives in investment insurance against non-commercial risks in developing countries, thereby creating investment opportunities in those countries. MIGA's multilateral character and joint sponsorship by developed and developing countries were seen as enhancing confidence among investors with different nationalities seeking to invest jointly in an investment project in a developing country.
- PSI has had no direct involvement with the MIGA but, because it is an international example of national export credit guarantee agencies (see PSI's *FOCUS 01/3* for material on these agencies), it is a body to which we are beginning to turn our attention. Export credit agencies in some countries give the appearance of being non-transparent, serving a corporate agenda, funding environmentally unacceptable projects, supporting the arms trade and shifting investment risks from MNEs to taxpayers.

IMF AND WORLD BANK: SEA CHANGE IN MACRO-ECONOMIC ADJUSTMENT AND POVERTY POLICY

Poverty at the heart of the Fund? During the 1999 Annual Meetings of the IMF and World Bank, the policy-making bodies of both institutions - the Interim Committee and Development Committee respectively - announced what they called a sea change 'in macro-economic adjustment and poverty policy'. The formal changes are not significant: the name of the Enhanced Structural Adjustment Facility (ESAF) was changed to the 'Poverty Reduction and Growth Facility' (PRGF) and the Policy Framework Paper (PFP), the major document on the adjustment policy agreed for each country by the IMF, became the 'Poverty Reduction Strategy Paper' (PRSP).

POVERTY, HUMAN AND SOCIAL DEVELOPMENT

However, it was the unofficial rhetoric that contained the purported real changes. For the first time, the IMF stated that, in order to make policies on poverty reduction effective, poverty concerns and human and social development need to be put at the very heart of the Fund's macro-economic policy making.

COMPENSATION AND SAFETY NETS DO NOT SUFFICE

IMF staff now acknowledge that post-crisis compensation and social safety net programmes do not suffice. NGOs have claimed that this is an implicit acknowledgement that previous ESAF and crisis management policies have been flawed. In his speech at the Annual Meetings, World Bank President, James Wolfensohn, observed that, despite all the efforts to reduce poverty in the South, the past few years have seen further increases of poverty. Both the IMF and World Bank now say that they are prepared to make fundamental changes in their key areas of policy making.

"WE DO NOT KNOW"

When NGOs from South and North which were in Washington DC for these 1999 meetings discussed these claims of a sea change in adjustment policies with IMF staff and asked how they were going to do this, the reply was: "We do not know". They even admitted that they needed the help of NGOs and others. This is the first time that NGOs can recall IMF staff confessing that they do not have the answers to all the questions. This is a positive sign, a departure from a usually arrogant attitude.

GENUINE OWNERSHIP OF POLICIES

A second element of the policy change is that integrating macro-economic policy with poverty reduction will only work if it is accompanied by genuine ownership of the design and implementation of such policies. The External Review of ESAF in 1998 made useful recommendations in this respect, such as the suggestion that the IMF and the client government should together organise national development conferences that would discuss priorities and options for national development. It was envisaged that this would entail a broad-based consultation with a wide range of government ministries and relevant social and political organisations. The IMF staff would play an advisory, expert role. This would be in contrast with the 'gatekeeper' role that the IMF has held for the past two decades.

The IMF has been reluctant to implement these recommendations so far. Yet its staff and some Executive Directors stressed at the Annual Meetings that the new approach on poverty can only work if it is based on real ownership of programmes. Not all Directors agree: some still think that 'explaining' the IMF programme more properly to governments and their constituencies will solve all problems.

This latter view was contested somewhat at the 2000 and 2001 Spring meetings of the Bank and the Fund when, capitalising on their ability to organise and to galvanise public opinion, protestors shut down much of downtown Washington DC and Prague to make the point that they see little real change from these two institutions. Such protests had not been seen before for these meetings.

As more experience has been gained from the PRSP process, many NGOs and trade unions have increasingly complained that they are not involved in the process and/or that their views are ignored. Analyses have also shown that the IMF has felt free to overrule a PRSP "owned" by the government (ICFTU/Global Union 2003 paper).

The 2000 meeting between the ICFTU-GUFs and IMF-World Bank executive directors and senior staff also led to a development caused by the intervention of a PSI delegate, Larry Brown, NUPGE, Canada, at the meeting. The IMF was challenged over its failure to take real steps to encourage governments to involve trade unions in the regular policy directions discussions which the IMF has with member states - the Article IV discussions (from the relevant article in the IMF constitution). The next Article IV discussions in Canada and

Australia both saw the government asking the national trade union centres to attend the meetings and it was made clear that this was result of the IMF picking up on Brown's suggestion.

YES AND NO... UNIONS AND NGOS NEED TO BE ALERT

So, is something new happening in Washington? The answer is probably 'yes' and 'no'. Many NGOs believe that the staff of the IMF and the Bank genuinely want to relieve the poverty of the poorest countries - but when it comes down to it, are they prepared to see poor countries take off down a development route that may be very different from what the Bretton Woods institutions had in mind when they called the shots? Trade unions and NGOs need to be very alert as to what these changes may actually entail.

Public sector unions can check with governments to see if they are hearing a different message about privatisation from the Bank: is the Bank now prepared to help them improve their state enterprises instead of proposing that they be sold off to foreign multinationals? That's one test.

DEBT RELIEF

Recent years have seen concerted campaigns, notably led by Jubilee 2000, to have developing country debt to the IFIs and major developed nations reduced or eliminated. In the IFIs and at the G8, the poorest countries are known as the HIPC's – the highly indebted poorest countries. There seems to be agreement on all sides that the HIPC's cannot repay their debts and that debt relief would enable them to put money saved into poverty reduction.

BANKS SEEKS PSI INPUT

Apart from the issues already discussed, the Bank has sought the input of PSI in consultations on the social implications of privatisation and other development and role-of-the-state issues. The former Private Sector Development (PSD) Department of the Bank, responsible for state sector enterprise privatisation work, asked for PSI's involvement in Bank education programmes for its staff on the role of labour on these issues.

PUBLIC ENTERPRISE REFORM

In mid-2002, PSI and other GUFs met with the World Bank on privatisation and the role of labour. The Bank presented three case studies – Manila Water, Orissa

Power and Mexican Railways – that were very poorly done. The union critiques contained excellent data that effectively contradicted these case studies. Discussions on the impacts of private sector involvement in health services and the implications of output based aid (OBA), the latest fashion at the World Bank, were conducted with minimal animosity, although a few participants misunderstood OBA to mean privatisation. OBA is the development community's way of saying performance-based contracts, a concept with a number of deficiencies when used for the provision of public services.

One area of contention in the meeting was the Bank's proposed toolkit on privatisation and labour. The Bank had not provided any advance materials for review, which got discussions off on the wrong foot. Two areas of major concern were that the draft version started with the assumption that the privatisation decision had already been made at the point when labour should become involved and that many on the GUF side of the table felt the Bank was asking for general approval of the concept based on the overview alone. After holding a brief caucus, it was decided that the unions would consider becoming involved in the development of this toolkit only if it included text on the need to consider all forms of enterprise reform and to consult with unions before any decisions were made. While the Bank was very resistant during the meeting, they agreed afterward to include text that would satisfy these concerns. The toolkit is still being developed as of October 2003. When it has been completed, we will want to review it carefully to see how management is being instructed to deal with unions as they privatise.

In the final session at this 2002 meeting, next steps were discussed including union expectations of a more equal partnership, more continuous activity, more concrete case studies and proposed discussions between the Bank, government, local workers, companies and perhaps NGOs on specific projects. The Bank was asked to commit itself to early involvement of labour and a thorough examination of all reform options at country level, which received a lukewarm response and a weak commitment.

RESPECT CORE LABOUR STANDARDS

PSI has been an active party in other ICFTU-GUF meetings with the Bank to promote the need for the Bank to work more closely with the ILO and to pressure governments to respect core labour standards. This area

of work is in a state of flux at the Bank at present. The Bank has traditionally refused to engage in work which overtly promotes democracy and/or international labour standards; officially, the Bank would not do such work in connection with the full set of core ILO Conventions covered in the ILO's 1998 *Declaration on Fundamental Principles and Rights at Work and its Follow-up*. However, public pressure has led it to agree that it will promote adherence to the conventions outlawing child, forced and slave labour. Getting the Bank to go the next step on conventions on freedom of association, collective bargaining and anti-discrimination is proving difficult.

In 2001, PSI initiated a campaign around the political background and activities of Robert Holzmann, head of the Social Protection Unit at the Bank. Holzmann is known to have extremely conservative views and has actively opposed the Bank endorsing the ILO core labour standards in its work with governments since he believed that there is no economic justification for such things as freedom of association and collective bargaining. PSI very publicly drew attention to how inappropriate it was for a man of such views to head a unit with responsibility for liaison with trade unions and for poverty reduction/alleviation work. After a vigorous exchange of views, this led to a promise from the Bank, over Holzmann's signature, that 'the Bank fully and unambiguously supports the promotion of all four core labour standards'. Senior Bank staff now advocate such a position but the Executive Directors remain divided on this issue.

Subsequently, the Bank has produced a toolkit on core labour standards for staff preparing Country Assistance Strategy papers (www.worldbank.org/cls). These are targeted towards country-level teams of Bank staff. They put the Bank on record as supporting and promoting core labour standards *as an integral part of the development process*. Such a commitment does not yet extend to making compliance with these standards an obligatory component of public procurement contracts using Bank funds.

UNION EXPERTS NEEDED

As these consultations with the Bank on a number of issues increase, it becomes ever less possible for these topics to be dealt with by a small PSI secretariat, both in terms of the sheer size of the workload and because of the need to find experts on particular topics who can match the skills and knowledge of Bank staff; PSI needs to maintain and develop groups/contacts with particular expertise.

PSI EDUCATION PROGRAMMES ON BANK ISSUES

PSI education work is also increasingly being geared towards helping affiliates in the developing world to deal with Bank issues. These affiliates have long demanded that they be consulted on Bank projects in their countries. As the Bank edges closer to suggesting to governments that they involve unions, PSI affiliates need assistance in developing the knowledge and skills to negotiate CASs and the contents of individual projects. As part of this process, PSI published *The World Bank, a PSI guide for public worker unions* (available in English, French and Spanish). It explains the structures, functions and processes within the Bank, with a particular emphasis on how and at what stages unions (or other organisations of civil society) can gain access to Bank and/or government documents and information on CASs or projects. We have also published a more conventional and confrontational comic book on the World Bank, *The World Bank: a tale of power, plunder and resistance*, which is available in English, French and Spanish, although it may be a little dated since it was published in 1995, before many of the events described above.

As a result of discussions at the annual meeting between the global unions and the Bank-IMF leadership in 2002, it was agreed that Bank president James D. Wolfensohn would provide a budget to allow for the secondment of a number of unionists to work for a time at the Bank, both to improve the union movement's understanding of how the Bank operates and to allow for better understanding by Bank staff of unions and union issues. One of those positions was allocated to PSI to fill. As a result, at the time this publication was being finalised, John Fryer, former President of NUPGE, Canada, was just starting work with the public service division at the Bank. He will work on a programme to define more clearly how the Bank can involve trade unions in its country operations of public sector reform. Obviously, it is too early to evaluate this.

TOOLKITS FOR ACTIVISTS

In late 1999, the Bank Information Center (see Appendix 1 for contact details) started issuing *Toolkits for Activists: a user's guide to the multilateral development banks*. This will eventually become a very full and detailed resource. As at mid-2003, the toolkits released in Bahasa Indonesian, Cambodian, English, French, Russian and Spanish had covered:

- Getting access to information from the World Bank: the fundamentals;
- The World Bank's 'master plan' for your country: the Country Assistance Strategy;
- The World Bank's policy framework: the 'safeguard' policies, compliance and the Independent Inspection Panel;
- Official responses to World Bank Inspection Panel claims
- Select Inspection Panel claims: Claimant allegations of policy violations and Panel findings
- The International Finance Corporation and the Multilateral Investment Guarantee Agency; and
- Questions and answers about the World Bank's lending.
- Loan distribution, fiscal year 2000

PSI'S REGIONAL MONITORING PROJECT

The primary objective of the PSI Inter-American region's International Financial Institutions monitoring project (funded by the AFL-CIO's Solidarity Center) is to conduct field research in partnership with PSI affiliates and NGOs to identify the impact on workers of World Bank and Inter-American Development Bank (IDB) projects. This will have two outcomes. First, trade unionists and NGOs will become familiar with the issues of Bank funding, policies and project implementation. Second, using the information gathered, and with the leverage of the US 'Frank-Sanders amendment' which requires the US Executive Director at all multilateral development banks (MDBs) to vote against loans to countries which violate core ILO labour standards, PSI will engage in an international campaign to press the Bank and IDB to require respect for international worker rights as a condition of project funding.

VIOLATION OF UNION RIGHTS IN INTER-AMERICA

Working with research teams composed of representatives of three PSI affiliates, PSI's Co-ordinator for Brazil, Jocélio Drummond, co-ordinated the research and preparation of four comprehensive research reports on four World Bank projects during 1997-98. This work resulted in the publication *O Banco Mundial e a Violação de Direitos no Brasil – Uma metodologia sindical de investigação* (The World Bank and the violation of rights in Brazil – a trade union research methodology). Following the publication, the Brazilian Congress held, for the first time ever in a borrower

country, hearings on World Bank activities in Brazil, in August 1998.

Subsequent research in Central America and the Caribbean, using the methodology developed in Brazil, produced documentation of sweeping violations of international labour conventions. A seminar held simultaneously with the Annual Meeting of the IDB Board of Governors in Santiago, Chile, in March 2001, presented the research findings to a forum of labour leaders, representatives of international NGOs and IDB staff members.

This project was extended in 2000 to two Caribbean countries, Belize and Trinidad and Tobago, and has involved virtually all PSI affiliates in those countries as research teams working on either Bank or IDB projects. A subsequent project extension broadened the scope of the research to Ecuador and Colombia in 2001, Argentina in 2002 and Peru in 2003. The project has helped make the issue of MDB projects one of broad debate in the parliaments of these countries as well as in congress in the United States.

The research, available on the PSI website, found that a pattern of labour rights violations and increased unemployment was associated with IDB privatisation projects. In addition, the research revealed that project implementation entailed violations of constitutional law in a number of countries, as well as widespread waste, fraud and corruption. A common problem with the projects investigated was a consistent practice of MDB intervention in the internal political affairs of borrowing countries, in violation of the Articles of Agreement of the World Bank and of the IDB's own institutional charter. The intervention took the form of requirements for legislative action as a condition for loan approval or disbursement of funds.

This research contributed to a 2003 decision in the US Congress to eliminate funding for the Inter-American Investment Corporation, the arm of the IDB that lends to the private sector. As the result of the research in Nicaragua, a fast-disbursement IDB-financed Social Security privatisation project was suspended, pending the removal of a corrupt official. In El Salvador, the government and the IDB withdrew a health sector loan in 2002, after PSI research and PSI affiliates raised questions about the constitutional provisions assigning responsibility to the state for public health. In both countries the issue of privatising water services and health care has been the subject of fierce parliamentary debate, and those legislators opposing privatisation

have made use of PSI research findings. In 2003, parliamentary caucuses in Argentina and Colombia were formed. In collaboration with the MDB research project, the caucuses have convened public hearings on MDB loans and are currently proposing independent audits of the impact of these loans over the course of the past ten years.

THE OECD

OECD-TUAC

The Organisation for Economic Co-operation and Development was, in its first existence, established to manage the Marshall Plan for the reconstruction of Europe at the end of the Second World War. It changed into its present role as it spread beyond Europe to take in the 30 (as at mid-2003) most developed industrial nations. It has attached to it two independent consultative bodies for employers and workers - the Business and Industry Advisory Committee (BIAC) and the Trade Union Advisory Committee (TUAC). TUAC's members are the national trade union centres in the member states. It works closely with the ICFTU and the GUFs such as PSI.

LESSONS FROM THE MULTILATERAL AGREEMENT ON INVESTMENT

The OECD may well be the reason that so many PSI affiliates have become acutely aware of the need to come up to scratch on all of the issues dealt with in this paper. In the mid-1990s, many MNEs and OECD governments began work on a Multilateral Agreement on Investment (MAI) in the belief that political and prudential insecurity and instability made the risks of international investment - normally called 'foreign direct investment' (FDI) - too risky. Political or civil unrest, regional wars, corrupt practices or 'interfering' governments meant that an investor (usually an MNE) could not be sure that its plant, funds, repatriable profits or intellectual property rights were secure. In some cases, they were concerned that the kinds of regulation which governments established on the compulsory hiring of local (national) employees or the use of domestic raw materials or other supplies would eat into their efficiency and profitability. Or they saw governments enacting policies or laws which gave some special rights or privileges to domestic firms and reduced the potential profits of the incoming MNE.

MAI PRINCIPLES TO DEAL WITH MNE CONCERNS

Already, this list of MNE concerns contains a host of contentious items. But the solution proposed, the MAI, raised a whole heap more. The MAI would have established a number of principles to deal with the MNE concerns:

- Governments would be required to treat 'foreign' MNEs in the same way as national firms if they let them invest - they could simply restrict FDI to particular sectors but if they allowed FDI then it had to be equal treatment for everyone.
- Governments could not allow FDI for only some countries' MNEs. If you allowed FDI then any MNE from any MAI signatory country had to be allowed access to the market.
- A set of rules was proposed which would deal with the 'problems' identified above, some of which might constrain a government's ability to enact the labour legislation which it wanted or employment or regional development policies. These might 'restrict' investment behaviour (more likely, profits) of MNEs.
- Governments would be forced essentially onto a one-way street: they could open up more sectors or avenues for FDI but they could not rescind commitments already made.
- The MAI, whilst negotiated between national OECD governments, would apply equally to state/provincial/municipal governments which had never been party to the deal and which may well have democratically-chosen policies, laws and programmes which would now be overruled by the MAI.
- If a government was deemed to be in breach of the MAI, an MNE could sue it - but there was no reverse right for a government to sue an MNE.

PSI-TUAC MAI CAMPAIGN TO ALERT UNIONS BUT SLOW UNION REACTION TO MAI ISSUES

TUAC and GUFs, including PSI, participated in the huge Internet and e-mail campaign around the MAI, although this was largely led by NGOs. The campaign is more fully described in the 2000 version of this publication. To be honest, it was a long way into the MAI campaign before unions, including PSI affiliates, became fully conscious of the enormity of what trade ministers were trying to negotiate in the interests of MNEs. Unions were slow to see the relevance of the

MAI to their daily union work. The threats to democracy, labour standards, government policy setting and a number of equity issues energised the campaign which led to the defeat of the MAI. In turn, this has led to an awareness in civil society that we can stop governments doing what we do not like - and we will come back to this below in talking of the WTO because it is at the WTO that some MNEs and governments decided they should try to resurrect the MAI. See “New Issues” section under WTO below.

TUAC-PUMA CONSULTATION AND PSI'S ROLE

The Public Management Programme (PUMA) and its secretariat, the Public Governance and Territorial Development Directorate (GOV) have been positive factors in the OECD for public sector unions. While the OECD as a whole is neo-liberal, GOV has an active programme of work which attempts to defend and promote an effective and efficient public sector. Not that PSI agrees with all of GOV's positions - but the annual TUAC-PUMA Consultation, in which PSI affiliates largely constitute the TUAC delegation, provides a wide enough base of common positions for PSI to be able to support much of the work. This is important because the OECD, on many issues, sets de facto rules for how OECD member states should behave across the socio-economic spectrum. The dominance of OECD states in the world economy means that OECD standards often become world standards. What PSI does at the OECD, with GOV or other parts of the OECD, tends to impact, sooner or later, on all PSI affiliates.

CURRENT PUMA/OECD ISSUES

Current PUMA/OECD work includes: a multi-year project on regulatory reform (which covers all sectors of the economy and all public sector activities); work on public sector ethics, corruption and integrity; performance management in the public sector; developing better communication with citizens; defining and measuring public sector outputs and productivity; work on the principles of good governance; and a programme of work on the governance of state-owned assets.

OECD ECONOMISTS: HOSTILE TO WORKERS

Less positive is the work done by the much more rigidly neo-liberal OECD Economics Department (ECO) and its two main committees, the Economic Development

Review Committee and its Economic Policy Working Parties. Apart from their general promotion of policies which are hostile to many PSI values, their main body of work relevant to PSI is the implementation of the 1990s OECD Jobs Study (which has become a hymn sheet about labour market deregulation) and the country reviews of economic policy for each member state. Much ECO work is not open to transparent and democratic review and national parliaments are not kept informed on this work so cannot debate it. They often recommend the OECD equivalent of Washington Consensus SAPs, developed as ‘gentlemen’s agreements’.

EMPLOYMENT AND SOCIAL AFFAIRS EXPERTS: AWARE OF UNION CONCERNS

The OECD Directorate for Employment, Labour and Social Affairs (DELSA) falls between PUMA and ECO. DELSA is more aware of union concerns - and has been excellent in defending TUAC's demands over the poor trade union rights record of Korea before and after its accession to OECD membership. It has actively explored the relationship between trade and labour standards in a manner which has helped TUAC and, at the same time, supports a softer neo-liberal economic policy view compared with ECO. (Trade and labour standards debates are more properly a WTO issue, relating to the union demand that governments should not be able to take advantage of the benefits of the world trading system if they do not respect the core international labour standards set at the ILO. However, the OECD has played a significant role in the debates over whether there is any evidence that better respect for labour standards is good both for the economy and for trade.)

NEW EXPECTATIONS ABOUT BUSINESS BEHAVIOUR

The OECD has had an official set of Guidelines for Multinational Enterprises for a quarter of a century. They are not binding on big business but have been useful in putting pressure on companies which clearly violate them. Over the last few years these guidelines have been strengthened. The updated guidelines were agreed at the OECD Ministerial Council Meeting in June 2000. They are an advance on the old guidelines for three reasons:

- New sections covering the rights of consumers have been added, while sections on environmental obligations and respect of the ILO core labour standards have been strengthened;

- For the first time, they apply not just to the parent MNE but to contractors and sub-contractors with whom the MNE has an established relationship, thereby lessening the chance of companies using the excuse that “the company is committed to these matters but that our contractors cannot be policed and cajoled into complying as well”;
- Adhering governments are now legally required to set up the National Contact Points to deal with specific problems with individual MNEs. Even though the revised guidelines are not binding, this level of commitment by governments to monitor behaviour in a more public way should enable trade unions, environmentalists and consumers to keep pressuring MNEs to respect the guidelines.

The guidelines apply to the MNEs of any of the OECD member states, as well as Argentina, Brazil, Chile, Estonia, Israel, Lithuania and Slovenia, who have also adopted the guidelines, no matter in which country they operate. TUAC has produced training material for unions on the guidelines. *A Users' Guide for Trade Unionists to the OECD Guidelines to Multinational Enterprises* is available in English, French, Portuguese and Spanish on the TUAC website (www.tuac.org/publicat/cpublica.htm). The document can also be obtained in a number of other languages by emailing tuac@tuac.org.

PRAGMATISTS LOOKING FOR PRACTICAL SOLUTIONS

For public sector trade unions there are two aspects of OECD work which are important: the fact that most of the work is done/guided by committees of officials from member states, people who are often pragmatists looking for practical solutions and who may be members of PSI affiliates; and the need for PSI to develop a pool of experts who can participate at OECD meetings and/or brief TUAC/PSI officials at such meetings.

AFFILIATE STRATEGIES FOR GETTING TUAC-OECD MATERIAL ON PUBLIC SECTOR

A last concern for PSI affiliates is that the affiliates of TUAC - and therefore the bodies to which much TUAC/OECD material affecting public sector workers is sent - are the trade union national centres. In many cases they do not pass on to public sector unions essential material which affects the lives of their members. PSI affiliates

need to develop strategies to obtain and comment on this material. At the least, this means that PSI affiliates should regularly check with their national centre to see whether any TUAC material relevant to the public sector has been received, in the hope that the message will be received that public sector unions want to be kept informed.

THE WTO

WTO HISTORY

One of the Bretton Woods Institutions was meant to be a body called the International Trade Organisation but it never got off the ground. Instead, for some fifty years, the world's trading relationships for goods were dealt with by a 'temporary' secretariat servicing the General Agreement on Tariffs and Trade (GATT). The World Trade Organisation was established in 1995 to take over the administration of GATT as well as a number of other multilateral trade agreements, including the GATS¹.

THE THREE KEY WTO PRINCIPLES

In establishing its ground rules, the WTO has cemented three principles into its rules:

- *National treatment* requires that any trade advantage given by a member state to another member state must be extended to all other member states;
- *Non-discrimination* prevents a government from treating companies from other countries any differently from domestic companies in areas where the government has agreed to liberalise trade;
- *The disputes settlement mechanism* sets up a complaints procedure such that governments which successfully prove that another member state is breaching its WTO obligations can take punitive action against that state if it does not mend its ways.

MINISTERIALS

The WTO has a General Council which makes the day-to-day decisions. Policy setting, however, is done by

¹ These other treaties, in so far as they impact on public sector trade unions, include: the Agreement on Technical Barriers to Trade (TBT); the Agreement on Trade-Related Investment Measures (TRIMS); the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS); the Agreement on Government Procurement (AGP); and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).

Ministerial Conferences (often called 'Ministerials') which are held every two years. These Ministerials, officially attended by trade ministers but often involving government delegations with representatives of big business (and, increasingly, trade unions and other NGOs), determine whether a new trade round will be started/finished, ratify new trade agreements and set the rules of the WTO.

WORKERS RIGHTS AT THE WTO: FEROCIOUS OPPOSITION

The first Ministerial in Singapore in 1996 was the focus of intense lobbying by the international trade union movement, with the object of getting the WTO to incorporate work on trade and labour standards into its work programme in some way so that pressure can be put on governments to respect labour standards. The ferocious opposition to this from some of the developing world, especially the ASEAN nations, resulted in weak language which merely committed trade ministers to respecting core labour standards, but noting that this was really the job of the ILO and that the ILO and WTO should liaise with one another.

BUILDING WORKERS' RIGHTS INTO WTO WORK AND MACHINERY

In recent years, the use of rather vague terms such as 'the social clause' and 'the trade and labour standards linkage' has led the union movement to simplify (but not weaken) its demands on the WTO to one of respecting workers' rights. In the lead-up to the third Ministerial in Seattle, USA in 1999, the union movement attempted to take the workers' rights debate further by lobbying for an agreement that the WTO would either create a committee to examine the relationship between workers' rights and trade or agree to create a forum to discuss such a proposal or, indeed, start work on building workers' rights into its work, rules and disputes settlement machinery. This did not succeed, partly from developing country opposition but also because of a lack of clarity about the union demand. PSI published in mid-2000, on behalf of the ICFTU, the GUFs and TUAC, *The missing link*, a brochure which outlines what the core labour standards are, precisely what trade unions want from the WTO and ILO in terms of the trade and labour standards link and explaining away some of the common myths about the union position. The brochure is on the PSI website in all PSI languages.

THE ISSUES FOR TRADE UNIONS

At all of the WTO Ministerial Conferences there has been a fairly consistent list of issues of concern to unions and allied NGOs on the campaign agenda (apart from the trade and labour standards issue already mentioned). The latest paper on these issues, *Trade Union Statement on the Agenda for the 5th Ministerial Conference of the World Trade Organization (WTO)*, is available from the PSI secretariat in English, French and Spanish. The issues covered in this paper include:

Democracy, transparency, consultation and reform of the WTO

- If the WTO is to give more than lip service to its principles of transparency, democracy and non-discrimination, reforms are urgently needed. Recent Ministerial Conferences have demonstrated a continued disregard for labour, environmental and other issues as well as power imbalances between member countries.
- A closer relationship between the WTO and institutions such as the International Labour Organisation and other UN agencies would help ensure the protection of workers' rights and keep important issues from being ignored.
- The lack of transparency and participation by civil society in the WTO's disputes settlement procedures and other business is an area of ongoing concern. Many of the process and political issues in the WTO are highly technical and involve hundreds of pages of legalese. One of the challenges for the union movement has been to find a pool of experts from amongst our membership to be able to represent trade unions or write critiques for unions. Trade unions and other civil society groups should also have the right to participate and submit briefs for consideration in these cases. The experts judging any disputes must include people with varied backgrounds representing labour, environmental and development organisations, not just trade experts. Findings and conclusions should be released to the public in a timely fashion.

GATS and safeguarding services

- A revision of the General Agreement on Trade in Services (GATS) is important for public sector unions, including affiliates of PSI and EI (Educa-

tion International). Education, health and all other public services such as water, energy and transport must be formally excluded from the GATS agreement or they could be declared tradable services, subject to WTO rules and private sector competition. EI and PSI have produced three publications on the potential effects on health and education services of the GATS:

- *The WTO and the General Agreement on Trade in Services: what is at stake for public health?*
- *The WTO and the millennium round: what is at stake for public education?*
- *Great expectations: the future of trade in services*
- The ability of governments to regulate is threatened by articles in GATS. These must either be removed completely or revised with a clarifying statement that social and environmental concerns take precedence over the principle of free trade. The WTO principle that regulations be “no more burdensome than necessary” must be eliminated. Governments must have the ability to exclude competition from public services where this is in the country’s best interest.
- GATS negotiations must include observance of core labour standards (CLS), national labour law and existing collective agreements with regard to all workers concerned.

Advancing development priorities

- A number of deadlines established at the 4th Ministerial Conference in Doha were missed. This raises questions about the WTO’s commitment to development and the organisation’s credibility. Developing countries are in need of increased debt relief, development assistance, technical support and capacity building. Developing and least developed countries require support in order to fully participate in WTO negotiations in a meaningful manner. In practice, these nations do not have access to the resources available to wealthier countries, such as funds to commission studies and hire experts in a particular field.

Making Progress on Workers’ Rights at the WTO

- It is a priority to protect the fundamental rights of workers in all trade negotiations. WTO members

must agree that UN treaties have primacy over trade rules and must therefore update WTO agreements to reflect this commitment to international labour standards. The WTO together with the ILO must work together to address labour issues affecting WTO countries, including adjustment assistance for workers displaced by trade.

New Issues

- Issue 2-2003 of PSI’s *Focus* magazine contained an insert titled *WTO “New Issues” A Threat to Development*. The WTO has identified four “new issues” on which it wanted to launch negotiations at the Ministerial Conference in Cancún, Mexico: Investment, Competition, Transparency in Government Procurement and Trade Facilitation. Had the WTO been permitted to launch negotiations on these issues, they would have likely led to new agreements that would have expanded the mandate and authority of the WTO. Such agreements may result in great damage to development and to social rights. Selected articles of the *Focus* magazine are available online at <http://www.world-psi.org>. These concerns are summarized below.

Investment at the WTO

- The status quo concerning foreign direct investment (FDI) is a barrier to sustainable development. Investors are heavily favoured under current investment agreements, entrenching their rights without enforcing their responsibilities. Deregulation and liberalisation have led to the explosive growth of export processing zones, areas where companies are rewarded with tax exemptions and regulatory loopholes allowing them to circumvent labour, environmental and other rules in some countries. Multilateral investment rules could help governments avoid engaging in such destructive competition for scarce FDI funds.
- Rules on FDI must be built around the protection of social policies and must not be permitted to lower labour standards or violate CLS. The government must retain the right to regulate and protect the public interest, but the proposed WTO multilateral investment agreement did not satisfy these concerns.

Trade and Competition Policy

- A multilateral negotiation to monitor and regulate international mergers and acquisitions is desirable as they proceed worldwide at unprecedented lev-

els. Business practices of multinationals have become a growing concern as concentration of ownership increases.

- However, developing countries must be permitted to continue to apply different treatment to domestic companies.

Government procurement

- The fear in some countries is that WTO rules on government procurement will allow MNEs to make inroads into more public services and reduce the ability of governments to support the growth of small domestic suppliers and contractors. Unions also want core labour standards built into procurement rules.
- For Cancún, it was proposed that the Agreement on Government Procurement (AGP) itself be left as-is but that governments commit themselves to full transparency processes in all procurement contracts. While this is essential as an anti-corruption measure, it would be extremely costly for many developing countries to implement.
- The flaws in the current Agreement on Government Procurement must be remedied before further negotiations on expanding the agreement take place. Of particular concern is the prohibition against the use of non-economic criteria such as ethical, developmental and local objectives to evaluate bids for government contracts.

Trade Facilitation

- WTO principles such as “least trade restrictive measures” should not apply to the facilitation of cross-border transit of goods as there are inherent issues of safety and security.
- Minimising unnecessary customs procedures and speeding up movement of goods are worthy objectives. At the same time, updating customs equipment and technology will be very costly for developing countries. Resources should be put toward large-scale technical assistance to help upgrade these facilities rather than the creation of rules and penalties that will ultimately punish those with the least ability to pay.

Sustainable Development at the WTO

- Sustainable development must be incorporated into every aspect of WTO work. Some suggested measures to achieve this goal include assistance to developing countries to improve environmental

standards, clarification that multilateral environmental agreements take precedence over WTO rules, implementation of environmental and developmental sustainability impact assessments and clarification that eco-labelling of products should not be subject to challenge at the WTO.

Agriculture

- To address concerns about agricultural subsidies, including the artificial deflation of prices, which has resulted in the destruction of farms and the loss of jobs, all forms of agricultural export subsidies should be eliminated. Other subsidies should be redirected to agricultural programs such as ecological sustainability, improvement of employment conditions and rural development through poverty reduction.

SHRINK OR SINK!

As part of its preparations for the Doha Ministerial in Qatar, PSI began working very closely with a group of NGOs which support the development agenda and whose message is that *Our World is Not For Sale!* (OWINFS). In pursuing this, these groups, including PSI, have signed a statement called *Shrink or sink!* which is aimed at saying that the WTO should not expand its powers and mandate; that it should fix what many in civil society see as its basic deficits and that, if it does not do these things, then it should be dismantled or delegitimised. The statement is on the PSI website, with a call for PSI affiliates to sign it and with links to other sites carrying such campaign messages.

Not all trade unions are certain about this PSI-NGO linkage but there has been general agreement amongst the ICFTU-GUFs that PSI is serving as a key bridge between the union and NGO worlds and that we should continue this work. It has certainly led to more recognition amongst NGOs that they cannot achieve their goals if they do not have labour on board.

GATS IN THE BUILT-IN AGENDA

The GATS is the most significant component of the built-in agenda. In sharp contrast to the agriculture negotiations, there is a high degree of government consensus on the desirability of broader and deeper liberalisation of services through the GATS. This unity is most evident among the Quad countries - the European Union (EU), the US, Japan, and Canada. Even among developing countries there is, as yet, no significant

opposition to and some support for an expanded services agenda.

The statement about developing countries may be surprising. However, many developing countries have no domestic service sector to protect. Second, many developing countries lack extensive public services; or public services have deteriorated to the point that it is difficult to mobilise public opinion to defend them. Third, some of the largest developing countries (notably India) have already started to export services, such as software programming and maybe even some health services. And, of course, many developing countries are desperate for services investment.

NO SERVICE SECTOR TO BE EXCLUDED

The GATS negotiations are the likeliest candidate to achieve early results. The services section from the draft Seattle declaration indicated the probable direction of negotiations and served as the basis of a formal mandate when negotiations began again in Geneva. The Negotiating Guidelines signed in 2000 stated that “no service sector or mode of supply shall be excluded *a priori*” from the negotiations. It called for “horizontal” approaches to the negotiations, which would produce rules applying to all service sectors and modes of delivery. It authorised sectoral negotiating approaches. And it directed an existing committee to complete a comprehensive review of nomenclature for services, which could result in the reclassification of services from an uncovered to a covered sector.

POTENTIAL IMPACT ON HEALTH, EDUCATION AND SOCIAL SERVICES

All these elements of the draft declaration underscore the extraordinary breadth of the services negotiations and the need to examine carefully the potential impact of any proposed agreements for each country - including, but not limited to, health, education, social services and cultural programmes.

Focus and *PSI News* both carried stories in 2002 and 2003 about the debacle of the ‘request/offer’ phase of the GATS negotiations. Member states had until June 2002 to submit to other Members any requests for services in which the demandeur was asking the other Member to make liberalised commitments; Members then had until March 2003 to respond with their offers. This whole process was meant to occur in secret (and it seems that virtually all Members had intended to play it that way). However, a massive internet/e-mail campaign

resulted in some parliaments and many local governments, as well as NGOs and citizens demanding to know which of their country’s services were being targeted (so that they could protect them against liberalisation). They also wanted to know what the proposed response of their government was going to be and what requests their own government had made of other countries. Not surprisingly, this led to leaks and eventually several governments were embarrassed into releasing either the full or summarised versions of the requests made of them and of their own tentative responses. This led to outbursts of anger when these lists started being passed around and campaigns were launched either to defend particular services, especially public services, or to condemn Members such as the EU for having pressured many developing countries to open public water services, at the same time as the EU was saying that its own water services were not up for grabs.

The original timetable suggested that these negotiations should all cease by the end of 2004. However, the collapse of the Cancún Ministerial Conference (see below) has now put this in doubt.

“UNNECESSARY” AND “ANTI-COMPETITIVE” REGULATIONS

There are also ongoing negotiations on “domestic regulation” under Article VI (4) of the GATS. So far this working group has only produced standards for professional regulation in the accountancy sector. But, frustrated with slow progress on a sector-by-sector basis, the group was transformed into the WTO Working Group on Domestic Regulation and has a mandate to develop rules applying to all sectors. These negotiations aim to develop rules that would permit challenges to general, non-discriminatory regulations on the basis that they are, in the view of a WTO panel, “unnecessary” or “anti-competitive”. The regulations concerned are those relating to qualification requirements and procedures, technical standards and licensing requirements. The WTO does not have the right to contest the content of such regulations, only to query whether they are the least trade restrictive as is possible. There is much public debate on whether this is a substantial threat to the right of governments to regulate.

DISCOURAGING ETHICAL PROCUREMENT OR HUMAN RIGHTS PROMOTION

The AGP does not apply to provincial or local governments. Any agreement on transparency in government

procurement, if it applied to sub-national governments, would be a foot in the door on the way to comprehensive coverage. This could discourage the use of procurement for local economic development, discourage “selective purchasing” policies designed to promote human rights (through boycotts or preferential purchasing), and impose significant administrative costs, particularly on local governments.

The PSI GATS publication, *Great Expectations...* makes the point that a number of indigenous peoples’ issues, the impacts of drugs patents on national health budgets and the protection given to patent holding companies to restrict the marketing of essential drugs for the third world – such as for TB and HIV-AIDS – are all problems created under the TRIPS, the agreement covering intellectual property rights.

MAKING MEDICATIONS READILY AVAILABLE TO DEVELOPING NATIONS?

The list of WTO issues and campaigns enumerated so far point to the fact that the Cancún Ministerial Conference agenda in September 2003 was going to be very crowded. In fact, on one issue alone, it seemed that, if it was not resolved before trade ministers got to Cancún, the Ministerial would not even get off the ground: the issue of TRIPS and public health. Doha had seen agreement on an interpretation of the TRIPS Agreement that would solve the scandal of people with HIV-AIDS in developing countries not being able to access antiretroviral drugs to treat HIV-AIDS because of the high prices and unavailability of the medication as a result of the TRIPS rules. Doha had supposedly fixed that and simply told Geneva negotiators to go away and dot the i’s. They had until the end of 2002 to do that. They didn’t. The blockage was essentially the US pharmaceutical companies trying to restrict the Doha agreement as much as possible. Not until August 2003 was a ‘deal’ done but it was so hedged with restrictions on the developing countries that many commentators believe that it will make very little difference to drugs accessibility. But if that very dodgy deal had not been done, Cancún was in for trouble.

THE COLLAPSE AT CANCÚN

However, perhaps ironically, the very dodginess of the TRIPS deal foreshadowed what would happen on the other issues at Cancún. There was still far too much on the agenda and ill will on several sides. The texts

prepared for the ministers to consider were accused (rightly) of being biased in favour of the developed world. There was simply no meeting of minds on the Singapore/new issues and there was a split over how to deal with agriculture, where the EU and the US were using subterfuge to protect trade-distorting subsidies and support payments to their farmers, and Korea and Japan were trying to stop further opening of access to their rice markets. Although it had looked as though some rough compromises were being reached in the middle of the last day (and many thought that going late into the night or even into the next day might seal a deal), there was a sudden collapse of the talks mid-afternoon. Mutual and bitter recriminations flew. NGOs were accused of sabotaging the talks because of the negative advice they gave developing country delegations in Cancún - a rather insulting insinuation that developing countries were under the thumb of NGOs.

As this publication was being finalised, the implications of this dramatic collapse were still being analysed. Would it mean that multilateralism had taken a mortal blow? Was the impossibility of getting agreement on the Singapore issues an indication that they were permanently off the WTO agenda? Was it possible to continue talks on services, agriculture and non-agricultural market access, at least from the point they had reached before the collapse? Or would the scheduled resumption of some kind of talks in mid-December 2003 continue the bickering? Nobody knows at this stage.

EXPERTISE LACKING

How do we get the WTO work done? The reality is that so much of this work takes place in Geneva and we rarely have sufficient expertise there because the international union movement does not have the resources to fund an effective lobbying operation on WTO issues in Geneva. This has been discussed by the ICFTU and GUFs, but at this stage there is no resolution of this problem.

UNIONS-NGOS: CLOSER WORKING RELATIONSHIP NEEDED

Irrespective of any solution which finds more resources for union work at the WTO, however, unions working on WTO issues must develop close working relationships with relevant progressive NGOs, nationally and internationally, which work on related issues. Many of them are willing to include workers’ rights language in their material. In turn, we should try to include as many of their demands in our documents as is possible.

REGIONAL, BILATERAL AND MULTILATERAL TRADE AGREEMENTS

Although there are many differences between the WTO and the numerous regional, bilateral and multilateral trade agreements already in existence (which often conflict on matters of principle), they all share the potential to impact on the same issues: workers' rights, the environment, public services, gender equity, etc. Yet the non-WTO treaties are often negotiated in as much secrecy as are WTO agreements. They often have the same powers to override national legislation and they usually contain no language on labour legislation or workers' rights. Unions need to be more active whenever these regional treaties are (re-) negotiated. PSI has published *International trade agreements and trade unions* in the series of *Briefing notes for current debates on public sector issues*, available from PSI on request.

PSI affiliates have been very active in the campaigns against the proposed Free Trade Agreement of the Americas (FTAA). PSI ran seminars and meetings with activists throughout the region and was an active part of the Québec protests. The Inter-Americas Regional Office also published *The FTAA vs. Public Services* to explain the basis of PSI's concerns about the FTAA.

THE REGIONAL MULTILATERAL DEVELOPMENT BANKS

REGIONAL-BASED MINI-WORLD BANKS

There are four multilateral development banks at the regional level – the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank (IDB). Apart from the EBRD, these Banks are quite old and are essentially regionally based mini-World Banks with more regional input in terms of representation and policy-making. They largely operate along Bank lines in terms of policy and will often be part of a government programme alongside the Bank and/or the IMF. They can often tap money which a regional power (such as Japan in the ADB) can be sure will be used in its sphere of influence and trade.

PSI BECOMING MORE ACTIVE

PSI has a weak relationship with most of these Banks, except for the IDB and, more recently, the EBRD, which have been more forthcoming in acknowledging their need to work with and understand collective bargaining and trade unions. Work on these regional banks is an area where PSI is becoming more active – as indicated above in the report on the Brazilian and Central American projects. In fact, the PSI Inter-American region has an active programme, monitoring the activities of the World Bank and the IDB in the Americas. This project is generating more and more reports on the impacts of IDB/World Bank policies. In most cases, these are available in English and Spanish from Beatrice Edwards, the project officer in the PSI regional office (bedwards@igc.org).

EBRD PROMOTES DEMOCRATIC VALUES

One distinguishing feature of the EBRD is that it is the only one of the international institutions with a specific mandate to work only in countries committed to democratic principles. While this arose from its focus on central and eastern European countries which were trying to become market-based democracies, it is questionable whether it has led the EBRD to be more obviously promotional of democratic values and trade union and other human rights compared with the other regional banks.

Recent contacts with the EBRD have indicated a willingness on their part to improve dialogue with trade unions. While they maintain that they have no explicit policy of favouring or rejecting privatisation as a policy tool, they accept that anyone reading their literature would not believe that. The EBRD agreed in 2001 not to finance activities involving harmful or exploitative forms of forced or child labour, discriminatory practices or practices which prevent workers from lawfully exercising their rights of association and collective bargaining.

PSI attended a conference of the Central and Eastern European Trade Union Council (CEETUC) in November 2002. After some discussion on the impact of regional banks, the meeting concluded with a proposal to initiate dialogue with the EBRD. In April 2003, EBRD president Jean Lemierre met with PSI, the ICFTU, CEETUC and the Union of Autonomous Trade Unions of Croatia (UATUC) in London.

The meeting opened with a discussion on the importance of establishing a dialogue between the EBRD and the trade unions, particularly in support of core labour standards (CLS). The EBRD enjoys good relations with

the World Bank and the IMF and is therefore in a favourable position to help promote CLS to these institutions. Concerns were raised about EBRD activities in Central and Eastern Europe and the Newly Independent States, in particular the lack of consultation with trade unions when creating restructuring plans, a social safety net for redundant and displaced workers, the attack on public services and the concentration of private solutions to public sector problems.

Mr. Lemierre responded that he was pleased to be meeting with trade union representatives and thought it long overdue. He stressed the EBRD's commitment to democracy, human rights and basic freedoms in its business dealings. The Bank discusses these issues with governments when defining country strategies, even refusing to provide financial support for countries where there are clear violations of rights. The EBRD also differentiates between public services such as telecommunications, which they believe require foreign investment and therefore privatisation; and basic services such as water, which should not be open to private investment. However, since other institutions are usually involved, including the IMF and World Bank, it does not always fall to the EBRD to make that determination.

The meeting concluded with an agreement to develop a system of social dialogue between the ICFTU and the EBRD, including the exchange of information and the possibility of a joint conference in the future. The EBRD also made a commitment to encourage its local representatives to establish contacts with the national union organisations.

INCREASED PSI-ADB CONTACTS

In May 1999, a PSI delegation met with the President of the ADB, Tadao Chinos. The PSI delegation emphasised that financial institutions should promote fair trade and not just free trade and called for support for debt relief for the poorest countries that do not engage in unfair labour practices. The Bank was also asked to make respect for core labour standards a condition of ADB loans. PSI also called on the Bank to work with the international trade union movement and not just selected NGOs. An understanding was reached that attempts would be made to increase contacts between the ADB and PSI.

As a follow-up, a Bank representative was invited to the Asia-Pacific Regional Executive Committee (APREC) meeting in October 1999. The APREC adopt-

ed a statement calling on PSI and affiliates to demand that the ADB: not pursue standard policies such as increased competition in public services; not penalise countries which do not agree to privatise; support a core labour standards clause; acknowledge the role of public sector unions; to give out early information on projects being considered; and show more transparency. It also called on PSI to educate and train affiliates about the role of the ADB.

INFORMATION NEEDED ON AFDB, EIB AND BIS

However, to all intents and purposes, PSI has done little or no work with or at the African Development Bank, European Investment Bank or the Bank for International Settlements. These are institutions on which PSI needs good information from affiliates on their experiences.

Particularly, PSI has no activities focused on the European Investment Bank (EIB), a body which underwrites a large number of infrastructure projects in Europe, traditionally with an emphasis on capital works. Again, information on the experiences of unions with the EIB is needed. The same goes for the Bank for International Settlements (BIS), the bank which oversees the final balancing of international transactions which have to be negotiated between central banks. At this stage, the main interest in the BIS for trade unions is that it services the Financial Stability Forum, a forum in which G8 governments (with G20 participation), banks (including the IMF) and regulators are trying to explore options for the international economic architecture (that is, the institutions, rules and processes and e-commerce) needed to engender financial stability. At this stage, TUAC is co-ordinating BIS work for the international trade union movement.

THE UNITED NATIONS ORGANISATION AND ITS AGENCIES

TRADE UNION RIGHTS UNDER ASSAULT IN EVERY FORUM

Throughout the 1990s there was a series of UN conferences: 1992 in Rio de Janeiro on the environment, Copenhagen in 1995 on social development, 1995 the Beijing conference on women, etc. PSI, like

many other trade unions and NGOs, was very active in many of these conferences. Most of them adopted very good agreements and Declarations which committed governments to full respect for international labour standards, measures to ensure equality for women, better services for children, better health and education services. Most of these final conference documents were very positive statements about the intentions of governments. It was agreed that each of these conferences would be followed five years later by another conference to evaluate progress and determine action for the beginning of the 21st century. And, again, trade unions and NGOs campaigned to hold governments to their previous commitments.

In each of these follow-up fora, Beijing +5, Copenhagen +5, etc., unions have had to struggle merely to keep the original text. Governments have wanted to go back on commitment after commitment. Only an enormous campaign by the ICFTU, PSI and EI enabled acceptable language to be recommitted for the Beijing +5 process, although many governments tried to keep out all references to ILO labour standards. For the 2000 Copenhagen +5 conference in Geneva, there was a complete refusal on the part of governments in the developing world to accept their earlier commitments on labour standards. Three countries especially lead this attack in each forum: Egypt, Pakistan and China, with Mexico often supporting them. So recalcitrant were they that even other developing countries in the G77 complained that these three were taking the third world hostage. Consequently, 2000 was a step backwards for workers.

WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT

PSI took an active role in the 2002 World Summit on Sustainable Development in Johannesburg, South Africa, particularly in the area of water services. PSI hosted a number of well-attended events and garnered a fair amount of media coverage on water privatisation issues by speaking at rallies, press conferences and on panels. Other organisations, including the World Bank, the government of the United States and various NGOs, took part in PSI meetings and asked us to attend a number of their events.

PSI initiated meetings between public water departments from Brazil (Porto Alegre and Recife) and South Africa (Rand and Umgeni), which resulted in the launch of two public-public partnerships (PUPs) to foster cooperation and exchange, both bilaterally within their

own countries and multilaterally in any future foreign development programs.

AND WHAT ABOUT THE WOMEN?

The PSI Women's Committee decided in 2001 that PSI should start to pressure UN bodies (and other intergovernmental organisations such as the IFIs) to respect the UN call for all of its agencies to gender-check their programmes and to mainstream gender issues in their programmes. There have been numerous advances in this area in all UN agencies.

A NEW GLOBAL COMPACT

After the annual Davos World Economic Forum in early 2000, Kofi Annan, the UN Secretary General, announced the formation of a global compact with big business, purportedly aimed at encouraging social responsibility by MNEs. The ICFTU protested that such a compact could not exclude trade unions. Rather hurriedly, a new multi-stakeholder Global Compact was formed, with business and the UN committed (with unions and NGOs) to the promotion of and respect for the ILO 1998 Declaration on core labour standards and the environment. The website for the compact (www.unglobalcompact.org) has links to the websites of all participating bodies, including PSI. It has to be acknowledged that the Global Compact has been controversial, with many critics seeing it as a UN 'bluewash' of dirty/ruthless MNEs. Unions have been stepping up their efforts to hold the participating MNEs to their commitments so that workers can see some benefits from it.

WORLD ECONOMIC FORUM

As noted, the Global Compact emerged from a meeting of the World Economic Forum (WEF), which normally meets each January in Davos, Switzerland. The WEF is essentially a discussion forum for chief executives of the world's major companies, as well as some political leaders, Bank and IMF leaders and key policy advisors. It has often drawn the ire of civil society groups, which see the WEF as a caucus to make decisions for all intergovernmental and governmental policies. As a result of these public protests, the WEF now invites leaders of global unions and major NGOs to these meetings. While there was initially some caution about getting involved in the WEF discussions, most global union leaders now attend and are given free access to (and leading roles in some of) the forums. PSI has been involved in the last two WEFs. In addition, the WEF has

occasional regional meetings and PSI has attended some of these. The global unions have a permanent input to the deliberations of the WEF secretariat.

The initial hostility from civil society to the WEF led to the creation of an 'anti-WEF' forum, the World Social Forum (WSF), which first met in Porto Alegre, Brazil, in 2001. PSI has been involved in each of the Porto Alegre WSFs since then, with increasingly larger delegations in 2002 and 2003. These have been fully described in FOCUS. The WSF has grown phenomenally - from 30,000 to 60,000 to 100,000 participants. Each WSF provides a good venue in which to build networks with other NGOs and social movements. PSI has been active in making use of this potential. Each WSF has produced a political statement which PSI has both contributed to and supported. The dynamism and youthfulness of the WSFs is a reminder that the union movement has much to achieve in attracting young people to trade unions. In 2003, it was decided that the 2004 WSF would be held in India. PSI plans to attend but it remains to be seen whether the shift from the WSF 'home base' will transform it in any way.

OTHER STANDARDS

In the last few years, the International Organization for Standardization (ISO is the abbreviation in all languages) has been moving more into setting service and social standards. ISO is not a tripartite body and has, on occasion, tried to set alternative standards to those set by the ILO. An example was an attempt in 2000 to set new (and lower) occupational health and safety standards because of complaints from some employers that the current ILO standards were dated and inappropriate. Only a vigorous ICFTU campaign narrowly defeated this proposal at the ISO. Clearly this is a body we may need to watch.

THE TRADE UNION POSITION

STATEMENT BY GLOBAL UNIONS TO THE 2003 SPRING MEETINGS OF THE IMF AND WORLD BANK

The ICFTU and TUAC have been publishing statements on the global economy and financial situation for several years as a lead-in to the annual OECD Ministerial Councils and the G7 or G8 Economic Summits. Recent

statements have taken on an urgency as they have addressed both the policy requirements which flow from what was originally called the Asian financial crisis, and the opportunity to present a trade union perspective on the most desirable international financial architecture needed as the inadequacies of the Washington Consensus become more apparent. What follows is a summary of the 2003 statement:

Need for a global stimulus plan

- The world economy is in a precarious position as economic growth has fallen and repercussions from the war in Iraq and corporate scandals have caused further instability. The global economic slowdown brings the world further away from achieving the Millennium Development Goals, only three years after their adoption. The current economic situation calls for a global stimulus plan aimed at providing decent employment and improving living standards. The IMF and World Bank could play key roles in the design and implementation of such a plan. To do so, they must adopt major reforms in their policies and practices.

Increased debt relief

- Despite the adoption of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative in 1999, only six of 41 eligible countries have had their debt stocks cancelled. It is clear the international community must do more to increase the level of debt cancellation, make a greater number of countries eligible and end IMF/World Bank SAPs as conditions for participation in HIPC. Poverty reduction funds and increased aid levels have been proposed and should be considered for implementation by the IFIs.

Need for an international bankruptcy procedure

- Trade unions advocate the creation of an international debt arbitration and bankruptcy procedure to allow orderly debt restructuring that would be binding on all parties. This would reduce the instability and social costs – such as those suffered by Argentina – associated with defaults. The IMF's launch of the proposed Sovereign Debt Restructuring Mechanism (SDRM), promised to improve matters. However, SDRM proposals have includ-

ed the exclusion of IFI debts from these procedures and do not take needs for the provision of public services into account.

International financial system instability

- After a brief flurry of renewed interest in the immediate aftermath of the Argentine default, global decision-makers appear to have put aside concerns about the inherent instability in the international financial system. The Financial Stability Forum refused to open their proceedings to public consultation or scrutiny and subsequently produced little of substance. The risks of deflation in industrialised countries and several unresolved crises in Latin America and other areas could bring this instability to a head once again in the near future. Global Unions believe that steps must be taken to enact measures for the regulation of financial markets, increased banking transparency and a strengthening of capital controls.

Labour standards and Consultation in IFI operations

- The IFIs have made renewed commitments to respect core labour standards (CLS) in statements by spokespersons and in publications. The World Bank stated in early 2003 that sound industrial relations based on CLS contribute to economic stability, better investment climates and improved performance. In order for this commitment to have a positive impact on borrowing countries, the Bank will need to move beyond words into action.
- Unfortunately, many country-level interventions of the World Bank and the IMF continue to disregard CLS. Some countries, such as Croatia and Sri Lanka, are being pressured to reduce worker protections and bypass established tripartite bodies in order to push through regressive labour legislation.

Pressures on industrialised nations

- The IFIs have also been applying pressure to developed countries to make changes in their labour policies in order to liberalise trade. In its October 2002 report for Germany, more than a third of the report is dedicated to IMF propositions for “wage moderation”, an “aggressive elimination of spending on active labour market policies”, and a reduction of benefits to the

unemployed. These are put forward despite various statements in the report that these very types of policies are the principle barriers to higher economic growth.

- Global Unions urge the IMF and World Bank to ensure country-level advice or loan conditions reflect their stated commitment to CLS. Furthermore, the Bank should provide no funding for restructuring or privatisation when employees do not have the freedom to join a union or where managers refuse to negotiate with unions. The IFIs should encourage countries to develop comprehensive social protection programmes in the interest of enacting long-term poverty reduction strategies, which both IFIs claim is their overarching goal.

Growing resentment against IFI-led privatisation

- Public opinion is turning against the privatisation that has been a key feature of the IFIs’ agenda. This reaction is based on growing evidence that privatisation does not improve services such as water, power and health care, rather than the public’s ignorance of what is in their best interests – a claim made by IFI spokespersons in reaction to public protests. Privatisations have led to lost jobs and increased prices in most sectors, exacerbating the gap between rich and poor.
- The World Bank has reacted to this opposition by stating it does not favour privatisation over increased investment in public provision. However, this statement is contradicted by the Bank’s actions at country level, where the question of whether or not to privatise is not open to debate or consultation.
- The Bank’s 2004 World Development Report *Making services work for poor people* is disappointing in that it goes into great detail on pointing out the deficiencies of service provision in the public sector and completely ignores similar problems encountered with private providers. Failed privatisations and recent corporate scandals have demonstrated that the private sector is not entirely innocent of corruption, incompetence and low standards.
- While the IMF has stated that privatisation is being eliminated as a loan condition, it has continued to urge governments to privatise at an accelerated

rate. South Africa was told in early 2003 to “pick up the pace of privatisation”, Turkey was informed the Fund was working on a new conditionality to “prepare the ground for rapid privatisation”, and Pakistan was advised to “push ahead with the privatisation programme despite a difficult environment.”

Pension privatisation

- State-run pension programmes continue to be frequent targets of proposed privatisation efforts supported by the IFIs. The dangers inherent in discarding comprehensive, public pension programmes in favour of privatised schemes include reliance on an unpredictable stock market and the reduction of funds available to pay actual benefits because of very high administrative fees.

Poverty Reduction Strategy Papers

- Over the past three years, Global Unions have encouraged their affiliates to become involved in the process of creating and implementing PRSPs in their respective countries. In a number of cases, unions have been frustrated in their attempts to participate – either being excluded from the entire process or given the opportunity for input only after the draft document was completed. In cases where trade unions are not seriously involved in the PRSP process, questions of employment, labour standards and social protection are not adequately addressed in the final PRSP, if at all.
- In an alarming trend, PRSPs have been completely shunted aside by a number of loan arrangements negotiated between IFIs and governments, despite IFI stated policies that completed PRSPs should be the basis of future loans. In the case of Zambia, six months after both the World Bank and IMF endorsed the PRSP, the IMF turned around and threatened to suspend financing unless the privatisation of the country’s only national bank was added to the PRSP. The obvious question is whether the IFIs really want developing countries to develop and implement home-grown development plans or if this is a device for deflecting criticism from the institutions for discredited or unpopular SAPs. Declared features of the IFIs’ poverty reduction strategy such as civil involvement and country ownership must be more than just slogans.

GLOBALISATION AND FREE TRADE: BAD THINGS?

In the policy prescriptions which the international union movement offers, it is not implied that globalisation and/or free trade are ‘bad things’. If trade is also fair, then these global trends can offer benefits to many nations and to the poor and the excluded. The point of the union position is that unions want to be part of the solution – and not only in circumstances where things have gone horribly wrong and unions are needed to help ‘discipline’ workers into accepting unpleasant medicine.

NGOS CAN BE ALLIES FOR UNIONS

Trade unions simply cannot do these things alone. We have neither the resources nor all the ideas. As is noted above in discussing the Bank and the WTO especially, NGOs – at least the better ones – have to be seen as allies for unions. The creation of strong coalitions is not always easy for unions. NGOs sometimes come from a different culture from that of union democracy and representation. Some are rather single-issue in their focus and may be ephemeral in their existence. Working with NGOs can divert union energies and resources. Not to begin to learn how to do this work is, however, much more risky in the long run if we fail to achieve union objectives on these globalisation issues.

USEFUL GOVERNMENT MATERIAL FOR UNIONS

In terms of monitoring the Bretton Woods Institutions, some government bodies publish material of use to trade unions. For instance, up until 2000, the Office of the Under Secretary for International Affairs in the US Department of the Treasury published the *Annual Report to Congress on Labour Issues and the International Financial Institutions*. This resulted from the requirement in US law that the US must ensure that the IFIs do not use US funds in projects which violate core labour standards. The annual report examined the record of all the major IFIs, including the regional IFIs, with respect to their programmes, policies, practice and training on ILO core labour standards. These were very rich documents in evaluating the IFIs from a government perspective but they lacked, obviously, a trade union perspective. This can only be provided by trade unions, hence the request for feedback on this PSI paper. While these stand-alone reports have not continued to be produced under the Bush Administration, Foreign Affairs reports on international trade continue to include core labour standards as a main objective.

PSI AND ITS AFFILIATES

WHO DOES WHAT?

In terms of what this all means for PSI affiliates, there are two issues needing decisions within and between union bodies: whatever is done should be done by the most appropriate body; and there must be clarity over what issues unions can reasonably be asked to address.

THE MILLENNIUM DEBATE

At its 2000 Congress, the ICFTU launched a debate on the purposes, structure and processes needed by the international union movement if it is to do its job of representing the interests of workers worldwide, at all levels. The debate continued into 2003. This could well result in significant changes to the nature (or even existence) of PSI and other trade union bodies. As an aid to this debate, PSI circulated to all affiliates a circular and a number of documents, to encourage workers to explore every aspect of union life, with a focus on the following three issues:

Use of precious resources

1. *Who should do the work?* The first question is essentially the allocation of tasks amongst TUAC, ICFTU, ETUC, national trade union centres, GUFs (including PSI) and the affiliates of all these international and national bodies. The union movement has few resources and we cannot afford to have bodies replicating one another's work. Neither can we afford to have work fall between the cracks. So, at the outset, there must be a discussion as to who is the best actor for any particular role. Whatever the answer, it is also necessary to ask how this work should be done. Does it need traditional committees or can networks or groups operating via e-mail, the Internet or various forms of teleconferencing be used?

Communication and information exchange

2. *How should unions communicate?* Whichever media or structures are used, will this have implications for traditional patterns of communication and information exchange? If union activists rather than elected union leaders do this work via e-mail, what accountabilities will there be for someone who commits her/his union to a course of action?

How can union leaders be kept informed of all these activities, let alone the membership?

PSI MNE databases for workers around the world

3. *What work should be done?* The Public Services International Research Unit (PSIRU), which maintains databases on water, waste, energy and health services for PSI, has been developing MNE databases so that workers across the world within a particular company can input and extract information about company strategies, structures and practice. These are available on the PSIRU website (www.psir.org). Can PSI ever hope to establish and service structures for all relevant MNEs or must individual affiliates volunteer to lead a project or a campaign on behalf of PSI? In this work, how will we talk with one another in terms of language? There is a host of similar questions which must be addressed, in our case, by the PSI Executive Board.

SO, HOW DO WE SHAPE THIS WORLD?

As far as the work itself is concerned, this paper has suggested a number of things which have to be done:

Educate

- Unions have to educate members and leaders to become more economically literate in understanding the contents or statements such as those made by TUAC/ICFTU and to promote these policies in relevant fora;

Learn about MNEs

- Affiliates must learn much more about the operations of MNEs and exchange with others what they learn;

Work with NGOs

- Unions have to work much more closely with progressive NGOs and become familiar with their issues, as well as transmitting ours to them;

Effective lobbying

- Unions have to become more effective in lobbying governments to adopt acceptable policies in the international institutions. Because the governing bodies of the World Bank and the IMF have executive seats shared amongst several countries, it

means that unions have to find out which countries share their seat and then liaise with unions in other countries to co-ordinate lobbying positions;

Share information

- PSI affiliates in some countries will need to put more pressure on their national centre to share with them more information from the ICFTU and TUAC, especially on matters affecting the public sector;

Union alliances

- There need to be closer alliances between unions in the developing world and the developed world over how to handle the major players at the Bank, the IMF and WTO and on what issues;

PSI publications

- Affiliates should make themselves familiar with the PSI publication on the World Bank referred to above and also in 'Other resources' below. This includes those in the industrial world;

Union experts

- For work on the Bank, the OECD and the WTO especially, it is necessary to identify trade union experts to work on particular issues;

Parliament members

- Members of national parliaments must be urged to question the work and content of the WTO and the OECD;

Identify officials

- At these same two bodies, unions should identify the officials who represent their country so that these people can be lobbied or assisted, as may be appropriate, to adopt policies and use data which are union-friendly, without undermining democratic accountability.

APPENDIX 1: OTHER RESOURCES

The World Bank and the IMF are massive, well-funded, international organisations and most unions are not. The best way to balance the relationship is by working with the NGOs who make it their job to deal with the Bank. Most of the prominent and effective organisations which have opposed the Bank have offices in Washington DC and many of them also do work on the IMF. Some are even headquartered there. What appears below is based on PSI's 1998 publication, *The World Bank*, a PSI guide for public worker unions (which exists in English, French and Spanish). It is by no means a complete list of NGOs, but it is a place to begin.

People at these groups can:

- Help you get information
- Assist you in getting the attention of Bank staff
- Help you plan tactics
- Network with other labour groups and other NGOs

As with the Bank itself, you will be more effective if you can forge relationships with people at the NGOs. Because many of them are overworked, you must at times exercise patience. If you are planning to lobby the Bank, it helps to get in touch with one or more of these groups before you find yourself at a crisis point. If they have contacts in your country, they can be especially helpful. In any case, one of the best ways to initiate a relationship is via e-mail. It is inexpensive and overcomes the problems of differing time zones.

As for the WTO, the issues and agenda move rapidly. PSI publishes updates in *Focus*, *PSI News* and on the website (<http://www.world-psi.org>). PSI also operates a WTO e-mail information service (in English only). If you wish to subscribe to this service, contact Mike.Waghorne@world-psi.org.

ORGANISATIONS

Our World is Not For Sale – OWINFS

The "Our World is not for Sale" (OWINFS) network is a grouping of organisations, activists and social movements worldwide fighting the current model of corporate globalisation embodied in the global trading system. OWINFS is committed to a sustainable, socially just, democratic and accountable multilateral trading system. E-mail: webmaster@ourworldisnotforsale.org
Website: <http://ourworldisnotforsale.org>

ATTAC International

The International ATTAC Movement was created at an international meeting in Paris, on December 11-12, 1998 as an international movement for democratic control of financial markets and their institutions. ATTAC works with other organisations and networks who fit into their platform. PSI encourages groups to contact and work with ATTAC. ATTAC has neither a hierarchical structure nor a geographical head office, contacts for all 38 countries are listed on the international website.

Website: <http://attac.org>

Bank Information Center - BIC

The Bank Information Center (BIC) is an independent, non-profit, non-governmental organisation that provides information and strategic support to NGOs and social movements throughout the world on the projects, policies and practices of the World Bank and other Multilateral Development Banks (MDBs). BIC advocates for greater transparency, accountability and citizen participation at the MDBs.

733 15th Street NW, Suite 1126

Washington, D.C. 20005

Tel: 1 202 737 7752

Fax: 1 202 737 1155

E-mail: info@bicusa.org

Website: <http://www.bicusa.org/index.htm>

The Development Group for Alternative Policies - DGAP

DGAP, as it is known, was the lead organisation in creating the 50 Years is Enough coalition. It continues to organise as well as research and publish information on the Bank, IMF and other MDBs.

927 15th Street NW, 4th Floor

at Three McPherson Square

Washington DC 20005

USA

Tel: 1 202 898 1566

Fax: 1 202 898 1612

E-mail: dgap@developmentgap.org

Website: <http://www.developmentgap.org> or

<http://www.igc.apc.org/dgap/>

The European Network on Debt and Development - EURODAD

EURODAD is, as is clear from its name, a European network of NGOs and individuals which work on debt

and development issues which commonly focus on the World Bank and IMF.

Avenue Louise 176,
B-1050 Brussels, Belgium
Tel: 32 2 543 9064
Fax: 32 2 544 0559
E-mail: info@eurodad.org
Website: <http://www.eurodad.org/>

International Simultaneous Policy Organisation - ISPO

ISPO promotes global policy based on social justice, sustainability and righting the political, social and environmental wrongs of globalisation.

PO Box 26547
London, SE3 7YT United Kingdom
Fax: 44-208-460-2035
E-mail: info@simpol.org
Website: <http://www.simpol.org>

Friends of the Earth - FOE

Friends of the Earth (FOE) is a US national environmental advocacy organisation which monitors the lending policies and projects of the MDBs, especially in the area of MDB supports to the private sector. There are equivalent groups in many countries.

1025 Vermont Ave. NW, Suite 300
Washington, DC 20005 USA
Tel: 1 877 843 8687 or 1 202 783 7400
Fax: 1 202 783 0444
E-mail: foe@foe.org
Website: <http://www.foe.org/>

Bread for the World & Bread for the World Institute - BFWI

BFWI is an affiliate of church-based Bread for the World, an advocacy group focused on hunger and poverty. One of its projects is the Development Bank Watchers' Project, and its co-ordinator, Nancy Alexander, is one of the world's most knowledgeable observers on the internal workings of the Bank.

50 F Street NW, Suite 500
Washington, DC 20001 USA
Tel: 1 202 639 9400 or 1-800 82 BREAD
Fax: 1-202-639-9401
Email: webmaster@bread.org or bread@bread.org
Website: <http://www.bread.org/index.html>

The Bretton Woods Project – BWP

The Bretton Woods Project was established in 1995 by the Aid and Environment Group, a network of 25 UK-based NGOs, to facilitate work on World Bank and IMF issues. PSI has done joint work with the BWP, such as the publication *New leaf or fig leaf?* mentioned in this paper.

c/o Action Aid
Hamlyn House
Macdonald Road London
N19 5PG UK
Tel: 44 20 7561 7610
Fax: 44 20 7272 0889
E-mail: info@brettonwoodsproject.org
Website: <http://www.brettonwoodsproject.org/>

Citizen's Network for Essential Services (CNES)

CNES promotes open, transparent and participatory decision-making on essential services by governments, multilateral lending institutions and transnational corporations through information services, advocacy and research. CNES supports citizen's groups engaged in influencing policy about basic services such as water, energy and education. Previously known as the Globalization Challenges Initiative.

7000-B Carroll Avenue, Suite 101
Takoma Park, MD 20912 USA
Tel: 1 301 270 1000
Fax: 1 301 270 3600
E-mail: NCAlexander@igc.org
Website: <http://www.ServicesForAll.org>

The International Centre for Trade and Sustainable Development - ICTSD

The ICTSD is an NGO funded by several governments to assist NGOs which are working on WTO issues. It holds regular briefings for NGOs in Geneva as well as publishing *Bridges* (in English, French, German and Spanish), a magazine which updates NGOs on developments, agenda items and emerging issues at the WTO.

International Environment House
13 chemin des Anémones
1219 Châtelaine
Geneva, Switzerland
Tel: 41 22 917 8492
Fax: 41 22 917 8093
E-mail: ictsd@ictsd.ch
Website: <http://www.ictsd.org/>

SOLIDAR

SOLIDAR is a development NGO which works closely with trade unions, social democratic parties in Europe and development bodies. It has consistently worked closely with trade unions on getting workers' rights text into WTO language and work. PSI has featured much SOLIDAR material in Focus.

Rue du Commerce 22
B-1000 Brussels, Belgium
Tel: 322 500 1020 Fax: 322 500 1030
E-mail: solidar@skynet.be
Website: <http://www.solidar.org>

LABOUR ORGANISATIONS

A number of labour groups have begun to seriously monitor and engage the Bank, other MDBs and the WTO.

Public Services International - PSI

PSI is the GUF for public worker unions. Based in Ferney-Voltaire, France, PSI represents more than 20 million workers worldwide. PSI maintains offices in Europe, Asia, Africa and the Americas. PSI's website provides links to many other trade union bodies which work on Bank-related issues.

BP 9
F-01211 Ferney-Voltaire Cedex
France
Tel: 33 4 5040 6464
Fax: 33 4 5040 7320
E-mail: psi@world-psi.org
Website: <http://www.world-psi.org>

Educational International – EI

EI is the GUF which covers the education sector. Because it shares many public sector concerns (and some affiliates) with PSI, the two organisations reached a Co-operation Agreement in 1996. This includes the operation of some joint offices (Kuala Lumpur, Lomé, Costa Rica) and joint publications and projects.

5 bd du Roi Albert II, 8
1210 Brussels, Belgium
Tel: 32 2 224 0611
Fax: 32 2 224 0606
E-mail: headoffice@ei-ie.org
Website: <http://www.ei-ie.org>

International Confederation of Free Trade Unions - ICFTU

Located in Brussels, Belgium, the ICFTU represents most of the world's national trade union centres at the international level. It has established, with some GUFs such as PSI, a Washington, DC office to include liaison work with the World Bank.

ICFTU headquarters

Boulevard du Roi Albert II, Bte 1
1210 Brussels, Belgium
Tel: 32 2 224 0211
Fax: 32 2 201 5815
Email: internetpo@icftu.org
Website: <http://www.icftu.org>

ICFTU/GUF Washington Office

1925 K Street NW, Suite 425
Washington DC 20006
United States
Tel: 1 202 463 8573
Fax: 1 202 463 8564
E-mail: pbakvis@earthlink.net
Contact: Mr. Peter Bakvis

The Trade Union Advisory Committee – TUAC

TUAC is a trade union organisation with affiliates in the 30 member states of the OECD. It is an advisory body to the OECD, meaning that it has access to OECD meetings, committees, personnel and material and can bring to the attention of the OECD the views of organised workers.

TUAC - OECD
26, avenue de la Grande-Armée
75017 Paris
France
Tel: 33 1 55 37 37 37
Fax 33 1 47 54 98 28
E-mail: tuac@tuac.org
Website: <http://www.tuac.org/>

The European Trade Union Confederation – ETUC

The ETUC is a regional grouping of national centres within the EU, EFTA and some countries which are currently applying for EU membership. Whilst it is not part of the ICFTU, it normally co-operates with the ICFTU and TUAC. Its industry federations include the European Federation of Public Service Unions (EPSU). European Trade Union Confederation

5, Boulevard Roi Albert II
B-1210 Brussels, Belgium
Tel: 32 2 224 04 11
Fax: 32 2 224 04 54 Or 32 2 224 04 55
E-mail: etuc@etuc.org
Website: <http://www.etuc.org/>

***WEBSITES OF THE INTERNATIONAL
INSTITUTIONS***

IMF: <http://www.imf.org>
World Bank: <http://www.worldbank.org>
OECD: <http://www.oecd.org>
WTO: <http://www.wto.org>
African Development Bank: <http://www.afdb.org>
Asian Development Bank: <http://www.adb.org>
Inter-American Development Bank: <http://www.iadb.org>
European Bank for Reconstruction and Development:
<http://www.ebrd.org>

APPENDIX 2: ACRONYMS FOR THE INTERNATIONAL FINANCIAL WORLD

ADB	Asian Development Bank	MAI	Multilateral Agreement on Investment
AfDB	African Development Bank	MDB	Multilateral Development Bank
AGP	Agreement on Government Procurement	MIGA	Multilateral Investment Guarantee Association
APREC	PSI's Asia-Pacific Regional Executive Committee	MNE	Multinational Enterprise
BIC	Bank Information Center	NGO	Non-Governmental Organisation
BIS	Bank for International Settlements	OECD	Organisation for Economic Co-operation and Development
BWI	Bretton Woods Institutions	PIC	Public Information Center
BWI	Bread for the World Institute	PID	Public Information Document
CAS	Country Assistance Strategy	PFP	Policy Framework Paper
CDF	Comprehensive Development Framework	PRGF	Poverty Reduction and Growth Facility
CEETUC	Central and Eastern European Trade Union Council	PRSP	Poverty Reduction Strategy Paper
DGAP	Development Group on Alternative Policies	SAP	Structural Adjustment Programme
EBRD	European Bank for Reconstruction and Development	SAPRI	Structural Adjustment Participatory Review Initiative
ESAF	Enhanced Structural Adjustment Facility	SAPRIN	Structural Adjustment Participatory Review Initiative Network
EIB	European Investment Bank	SPS	Agreement on Application of Sanitary and Phyto-sanitary Measures
ETUC	European Trade Union Confederation	TBT	Technical Barriers to Trade
EURODAD	European Network on Debt and Development	TRIMS	Agreement on Trade-Related Investment Measures
FOE	Friends of the Earth	TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
GATS	The WTO General Agreement on Trade in Services	TUAC	Trade Union Advisory Committee to the OECD
GATT	General Agreement on Tariffs and Trade	UATUC	Union of Autonomous Trade Unions of Croatia
GUF	Global Union Federation	WDR	World Development Report
IDB	Inter-American Development Bank		
IBRD	International Bank for Reconstruction and Development – the World Bank		
ICFTU	International Confederation of Free Trade Unions		
ICTSD	International Centre for Trade and Sustainable Development		
IDA	International Development Association		
IFC	International Finance Corporation		
ILO	International Labour Organisation		
ILRF	International Labour Rights Fund		
IMF	International Monetary Fund		

STOP THE WORLD? NO. SHAPE IT! 

READER FEEDBACK



PSI publishes many different kinds of publications. Some are meant purely for information. Some are policy documents, clearly advisory in nature and needing to be unpackaged for local consumption. Others are guidelines of various types, meant for unions handling unfamiliar or complex issues. Some have been purely exploratory – cases where PSI is entering new territory and is looking for feedback from affiliates or other readers. Many, of course, are a mixture of some or all of the above.

When you have finished reading this publication, could you please answer the following questions and send the reply back to PSI. It does not matter whether we know who you are (although you can tell us that); the more important thing is that you help us to improve future publications for other public sector workers and their trade unions.

1, Please tell us who you are - your name, your union, your country and the job that you do (including your union position if you hold some position):

2. Are there any especially positive outcomes you felt this publication had for you?

3. Are there any especially negative outcomes you felt this publication had for you?

4. How were you able to use this publication in your work or for your union (if at all)?

5. If we were to revise this publication or issue a follow-up, what changes or additional things would you want us to do or to address?

6. Did this publication address all the aspects of the issue as they apply to your country? (If not, what did we miss?)

Thanks for taking time to tell us this. Please return your reply to:



**PSI Publications
3P 9
01211 Ferney-Voltaire Cedex
France**

or fax it to: +33 4 50 40 73 20



PUBLIC SERVICES INTERNATIONAL

PSI is one of the oldest international trade union organisations in the world. It was founded in 1907 to develop bonds of solidarity between workers in public utilities in Europe, but over its history has expanded to cover almost all areas of public services throughout the world. PSI's membership currently stands at over 20 million.

PSI's aims however remain much the same:

- To promote co-operation amongst the affiliated organisations with the objective of coordinating their activities directed at establishing social justice, and to promote reciprocal assistance in the pursuit of their aims and objectives.
- To represent and defend the interests of employees in the public service before international authorities.
- To ensure the right of those employed in the public service to form and join professional or trade union organisations for the defence of their rights and interests.
- To uphold the right of organisations representing public employees to participate in the determination of conditions of employment by means of free negotiations.
- To campaign for the implementation of ILO Conventions, Recommendations and Resolutions which have a bearing on the well-being of public employees.

HOW DOES PSI WORK?

The highest authority is the Congress, which is composed of delegates from PSI's affiliated organisations and meets every five years. Between Congresses, PSI is governed by an Executive Board elected from PSI's 25 geographical constituencies. Congress also elects a President - who presides over Executive Board meetings - and a General Secretary - who is responsible for the management of PSI's day to day business.

Regional structures have been created to ensure that

the special needs and problems of particular areas are properly dealt with. Within each Congress period, a special Conference is held in each of PSI's four regions - Africa and Arab countries, Asia and the Pacific, Europe and the Interamericas - in which all affiliated organisations from the region are entitled to take part.

WHAT DOES PSI DO?

In carrying out the fundamental aims of the organisation, PSI organises an extensive programme of education and training for public service trade unionists at all levels. The objective is to help public service unions all over the world to develop into effective, independent organisations, so as to enable their members to play a full role in decisions that affect their work and life.

In addition to education, PSI engages itself in disseminating information on public service and trade union issues and organises a large number of meetings on vocational and technical subjects, including health and social services, workers in public administration, privatisation, trade union rights, globalisation, pensions, public utilities, multinational corporations, international financial and trading institutions, etc. Particular attention is given to women and young people in the public service.

Despite all the efforts of the free trade union movement over many years, there are still many countries where basic trade union rights and freedoms are not allowed or are being abused. PSI is consistently campaigning for the respect of human dignity, and the right to belong to a trade union.



The PSI Policy, Practice and Programme series:

- 1993/1 **PSI Water Programme**
- 1993/2 **PSI Energy Programme**
- 1993/3 **PSI Worldwide Policy Programme for the Health and Social Services**
- 1993/4 **PSI Policy and Strategy on the Role of the Public Sector**
- 1994/1 **Managers and Public Sector Trade Unions**
- 1994/2 **A Public Policy for Science and Technology**
- 1994/3 **Environment Action Programme**
- 1995/1 **A Public Sector Alternative Strategy**
- 1996/1 **PSI Waste Programme**
- 1996/2 **Social Services Policy**
- 1996/3 **Report on the PSI Survey on Equal Opportunities**
- 1996/4 **Going out to Work: Trade Unions and Migrant Workers**
- 1999/1 **Organising Public Sector Workers**
- 1999/2 **Public Services in a Globalised Economy: The PSI Alternative Strategy Revisited**
- 2001/2* **Stop the World!**
- 2000/2 **Great Expectations: The Future of Trade in Services**
- 2001/1 **Improving the Effectiveness of the Public Sector – If Not Us, Who?**
- 2001/2* **Stop the World! No! Shape it!**
- 2002/1 **The Public-Private Problem: some Trade Union Questions and Practical Issues**
- 2003/1 **Forces and Reactions in Healthcare**
- 2003/2 **Democracy, Social Dialogue and Regulatory Reform**
- 2003/3 **Public Procurement**
- 2003/4 **Stop the World! No! Shape it!**

** this version is no longer available in a normal printed copy but only by e-mail since it has been superseded by the latest version*

The PSI Policy, Practice and Programme series includes publications falling into a number of categories: some are fully debated policy papers which have been formally approved by a PSI World Congress; others are more in the nature of discussion papers which have been approved by the PSI Executive Board for release to stimulate debate and feedback so that PSI can further develop its policy in a particular area; others are the production of a PSI specialist committee, such as one on the environment, containing a mix of discussion items and practical suggestions for how trade unions could incorporate work on that

particular subject into their daily practice. Not surprisingly, there is no hard line to distinguish the content of these papers since they are all aimed one way or another at helping trade unions to strengthen their organisational and campaign work on the basis of democratically agreed principles which can be incorporated into a trade union's long term programme of work.

PSI welcomes any feedback on these papers and would be very grateful for any documents which readers care to send to PSI in the event that any revision of the material is undertaken.

© Published by
PUBLIC SERVICES INTERNATIONAL
BP 9, F-01211 FERNEY-VOLTAIRE CEDEX, FRANCE
TEL: +33 4 50 40 64 64. FAX: +33 4 50 40 73 20
E-MAIL: psi@world-psi.org
INTERNET: <http://www.world-psi.org>

2003

Material in this publication may be freely used for brief quotations providing the source is credited and a copy of the publication is forwarded.

PSI affiliates may freely reproduce the publication or can order from

PSI further copies on paper or electronic file;

for other organisations requesting further copies,

a small charge to cover reproduction costs may be made.

This publication is available in English, French, German, Japanese, Spanish and Swedish.