



EUROPE AND  
LATIN AMERICA 1992:

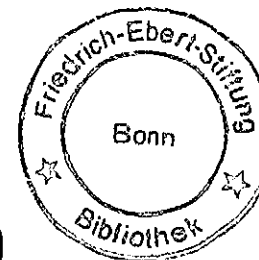
# THE TRADE UNION DIMENSION

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AMERICA 1992:

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## PREFACE

The year 1992 provides an important opportunity to deepen the links between the peoples of Europe and Latin America. Governments are seeking to use this anniversary to strengthen ties at international levels; workers, trade unions, and all who support the struggle for social justice can also take this year as the occasion for a renewed effort to tackle and where possible find a definitive solution to the problems which continue to plague Latin America.

Creating the basis for better future relations between Europe and Latin America will require support in both regions. In Europe, people are presently preoccupied with issues close to home: the continuing high level of unemployment, efforts to construct closer union within the European Community (EC) and between the EC and the other countries of Europe, and the struggle of the countries of Central and Eastern Europe to achieve a successful democratic transition. In Latin America, some of the paramount issues are the debt crisis, unemployment, poverty and exploitation of workers in the informal sector, the problems of women and indigenous peoples, deteriorating export prices, environmental degradation, the threats to democracy, in some countries the need for land reform, and so forth. Yet there is a close link between the future prospects for workers in both regions, and it is the purpose of this document to explain this link and so build closer cooperation between Europe and Latin America.

This document is designed for all those concerned with the development of Latin America, from the people of Europe to those of Latin America themselves. It provides a guide to the concerns of the peoples of both regions as a basis for more successful cooperation in the future. The three organizations sponsoring this publication are International Workers' Aid (IWA), a European coalition of non-governmental organizations, the International Confederation of Free Trade Unions (ICFTU), the worldwide trade union body, and the Inter-American Regional Organization of Workers (ORIT), which represents trade unions in North, South and Central America and the Caribbean. IWA, the ICFTU and ORIT welcome this opportunity to produce a joint document as a testament to their common resolve to make this anniversary a success.

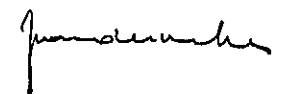
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# CHAPTER ONE: THE INVOLVEMENT OF EUROPEAN NON- GOVERNMENTAL ORGANIZATIONS IN LATIN AMERICA

## **I. The Importance of 1992**

As Latin America awaits the Fifth Centenary of the arrival of Columbus to its shores, the people of Europe anticipate the beginning of the single European market and have just witnessed the Maastricht Agreement where the countries of the European Community committed themselves to increased economic and political unity by the end of the century.

Though the two events are unrelated, in many ways there is a close connection between them. The Single Market which is to come into force at the very end of 1992 is the continuation of a process of integration of European nations which is deeply rooted in their economic and political development, of which the past colonial relationship and the current links in the affairs of the Third World are essential components.

October 1492 signalled the start of European influence in five centuries of development in Latin America and the Caribbean. From that date, five European countries colonized different parts of the so-called "New World", while other parts of Europe benefitted indirectly from the colonization. Although most of the countries of Latin America are now independent, there remain parts of the region, particularly in the Caribbean, ruled by France, the Netherlands and the United Kingdom.

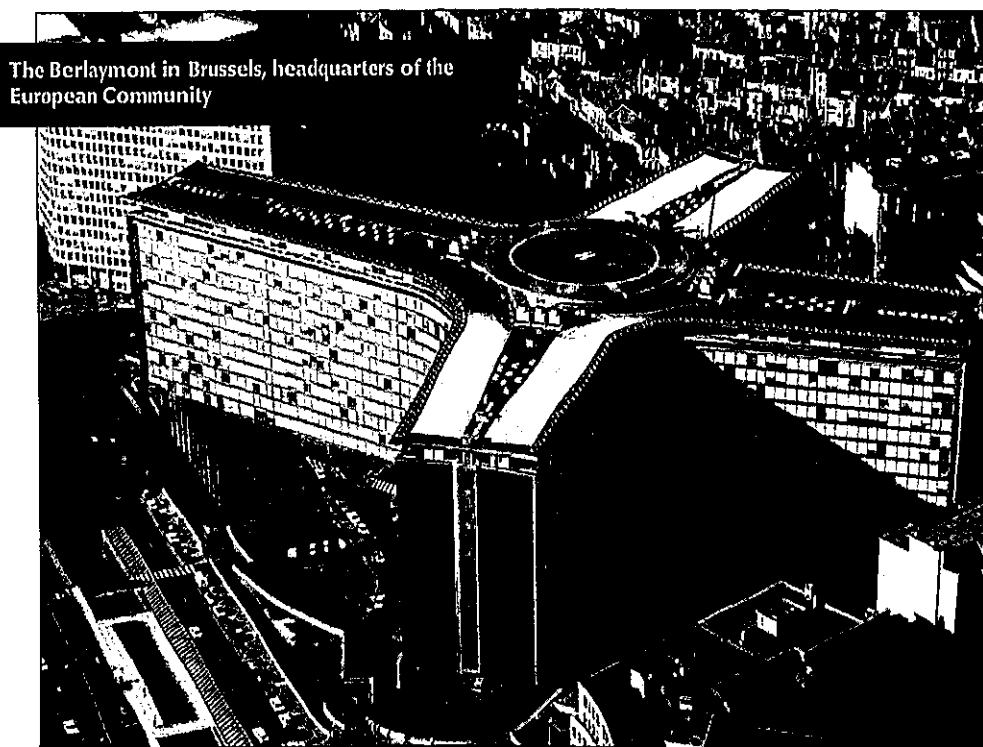
Although the United States of America is the main individual economic partner of most countries in Latin America and the Caribbean, it is in fact Europe which as an economic block has the biggest share of trade and cooperation with Latin America and is the most important creditor of the huge external debt. A great proportion of the multinational corporations with investments and operations in Latin America are European, and multilateral financial institutions such as the International Monetary Fund (IMF) and the World Bank are strongly influenced by European governments.

The closer integration of Europe will consolidate its position as a world power alongside the United States and Japan following the end of the Cold War and the

collapse of the Soviet Union and the regimes in Central and Eastern Europe. Therefore, the Single European Market and subsequent phases in the process of integration are bound to produce considerable effects not only internally in Europe, but also in the Third World.

However, closely related as the two events of 1992 are for the peoples of Europe and Latin America, the contrast between the two continents could not be more evident. 1992 has the potential to create a Europe stronger, more united and more influential than ever before in world affairs. Latin America, on the other hand, will commemorate five centuries since its first encounter with Europe with a stagnant and dependent economy, still divided and frustrated at the very limited success of its many attempts at integration, and with no important role to play in the new world order.

The workers of both Europe and Latin America have good reasons to reflect on the meaning of 1992. For the latter it is a crucial moment to assess their past experiences and history and find the strength to confront the difficult future ahead, not only for themselves and their organizations but for their societies at large. For European workers, on the other hand, it is an opportunity to integrate their efforts still further, and prepare themselves for a new era of relations with employers and governments under the aegis of the Social Charter and the Social Protocol agreed upon at the December 1991 Maastricht Summit which, if their



The Berlaymont in Brussels, headquarters of the European Community

Foto EEC

provisions are applied, will consolidate the rights gained from centuries of workers' struggles worldwide. It should also be an opportunity, however, to increase understanding of and support for the problems of workers in Latin America, in particular where European interests are involved.

1992 should, therefore, be a year of workers' solidarity, of increased cooperation between trade unionists in Europe and Latin America. European workers should make sure that a stronger Europe makes a decisive commitment to raising the standard of working and living conditions of Latin American workers by helping to solve Latin America's most severe problems, and by promoting European commitment to a more just international economic order.

The most urgent problems of Latin America are rooted in its economic relations with the most industrialized countries (the US, Japan and Europe) and in the structure of economic and political power in Latin American society. The external debt reached the sum of US\$ 436 billion by the end of 1991. Aid programmes did little to reduce the grinding poverty and deprivation of the majority of Latin American people, and new foreign investment failed to curtail the growing tide of unemployment or to protect the environment.

Expectations that improvements would come with the advent of political democracy, which has been coupled with free market policies and neo-liberalism, are yet to be satisfied. The prospects for the 1990s do not look very encouraging, and the threat of social instability and turmoil is as near as ever, endangering the democracies so hard fought for and re-opening the possibility of dictatorial regimes.

1992 offers Europe, and particularly European workers, a historical opportunity to play a vital role in the solution of the above problems and in building a better future for the people of both continents.

## II. International Workers' Aid and the Labour Movement

International Workers' Aid (IWA) is deeply rooted in the labour movement and the democratic socialist parties of Western Europe. The first attempt at founding an association of workers' welfare organizations coincided with meetings of the Socialist Workers International in the late 1920s. It was inspired by the need for cooperation in the areas of social legislation, workers' rights, exchange of experiences and promotion of common international objectives.

The Second World War interrupted these initial developments. It was only when the Socialist International was founded in the early 1950s that efforts for collaboration between workers' welfare organizations were relaunched, first with the name of "International Socialist Aid" and later under its current name of "International Workers' Aid". Activities were initially coordinated from a base in

Belgium, then Switzerland, and in 1970 moved to Bonn where the Secretariat has been based ever since.

During the 1950s and 1960s, IWA paid special attention to helping refugees and peoples displaced by war and the subsequent political events in Central and Eastern Europe, as well as responding to natural disasters. IWA provided support to political exiles from Central and Eastern Europe, Greece, and Spain during the 1970s, and in the latter it helped to establish the Spanish member organization Solidaridad Democrática.

In the first three decades IWA's work and internal debate centred on Europe and issues of social welfare and legislation, the role of the state and private institutions, and so on.

IWA expanded considerably during the 1970s and 1980s, and gained recognition by the International Labour Office, the Council of Europe, and the European Community as a non-governmental organization concerned with labour welfare, emergency aid, and cooperation for the poor in developing countries.

Support for projects in Third World countries and educational/campaigning work in Europe on development issues started in the 1980s and has occupied much of the energy, resources and internal debate of IWA since then. It has also increased cooperation between member agencies. The international profile of IWA has risen due to its work through a network of hundreds of non-governmental organizations and grassroots groups in Africa, Asia and Latin America and the Caribbean.

IWA participated in 1988-89 in the North-South Campaign of the Council of Europe with the support of the European Community. It has now launched a second European education campaign entitled "From a Common Past to a Better Future" designed to mark two historical events in 1992, namely the Fifth Centenary of Columbus' arrival in Latin America and the beginning of the European Single Market.

The 1992 Campaign has the sponsorship and support of the trade union movement worldwide, through the involvement of the ICFTU and ORIT, its Latin American regional organization. The launch of the Campaign in October 1991 in Bonn was supported by the German trade union centre, the DGB, and the Friedrich Ebert Foundation. Member agencies of IWA are working closely with trade unions affiliated to the ICFTU in several European countries. The ICFTU, the ORIT and the Spanish UGT will participate in the IWA international conference in Huelva in March 1992, and IWA will be involved in the ICFTU World Congress in Caracas in the same month.

The 1992 Campaign is a joint effort which reflects a high point in the collaboration between IWA and the European labour movement. The hope is that

it should also mark a closer cooperation between IWA and trade unions in Latin America and the Caribbean.

### **III. IWA and Support for Development in the Third World**

IWA is a non-governmental organization representing 21 agencies of 14 European countries, all with strong links with trade unions and socialist parties, and as such forms part of a wide and diverse network of similar institutions concerned about development and the people of the Third World.

Most European development NGOs were founded after the Second World War and developed interest in the Third World during the 1960s and 1970s. Some are linked to the Catholic or Protestant Churches and others are non-confessional, influenced by humanist and socialist principles. They support projects in different countries in Africa, Asia and Latin America and the Caribbean, and many of them carry out educational and campaigning work on behalf of the people of the Third World and press for change in the policies of European governments.

European NGOs are important expressions of social concern and of civil society, and they represent the interests of millions of people who support and contribute to their work both domestically and at international level. Their action has been recognized by grassroots groups in the Third World who benefit from their support, as well as by opinion and decision makers, the media, political parties, governments and supranational institutions, who are the targets of campaigning and lobby work.

In this way European NGOs represent a valid, legitimate and effective intermediary between the North and the South, and also a channel of cooperation and solidarity between the people of Europe and the people of the Third World, who through the exchange of experiences of the last three decades have learnt from each other and have built up a relationship of mutual support and partnership which goes beyond government and official initiatives.

IWA is one of the most important networks of European NGOs, which reflects the need for collaboration between institutions which share democratic and socialist principles and have links with political parties linked to the Socialist International and unions affiliated to the ICFTU. This identifies IWA with influential forces in the campaign against poverty and under-development in the Third World. This coalition was first to put on the agenda the need for a new international economic order based on a more just relationship between the North and the South.

IWA has contributed to efforts at bringing fundamental reforms in the policies of industrialized countries and supranational financial institutions towards the Third World, especially in areas such as trade, debt, aid and the environment.

There is still much to be done to translate into action the awareness that people in the North have of the plight of the poor and dispossessed in the Third World and of the urgent need for change.

The 1992 Campaign "From a Common Past to a Better Future" is part of IWA's work designed to persuade decision-makers in Europe of the need for a change in attitude and policies. The Campaign is rooted in the work of several member agencies in Latin America. This experience of direct contact and cooperation with hundreds of groups all over the continent has allowed IWA to witness the reality of poverty and deprivation in which the majority of Latin American people live, and has given it the authority to demand reforms in the policies of their respective governments which are largely responsible for the state of affairs.

IWA has supported many groups in Latin America through humanitarian and development projects which aim at improving their living conditions and organization. The projects have covered a wide range of areas including income generation, agricultural production, primary health care, education and training, housing, sanitation, protection of human rights, support for democracy, cooperative development and so on. Support has been channelled through a diversity of groups and institutions, including many trade unions and associations in urban and rural areas.

The 1992 Campaign is designed as a Campaign in Europe to bring about positive changes in policies towards Latin America and as a vehicle for strengthening the relationship between the people of Europe and grassroots groups in Latin America and promoting an increase in cooperation between the IWA and trade unions.

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## CHAPTER TWO: 1992 AND THE INTERNATIONAL TRADE UNION MOVEMENT

### Introduction

The preoccupations of the workers of Europe are the main concern of this chapter, while the following chapter covers the priorities of the Latin American trade union movement in 1992. This chapter begins by looking at the development of the international trade union movement and particularly at the activities of the European Trade Union Confederation (ETUC). The second part examines the actions of the ETUC in the move towards increased social, economic and political integration in the European Community in the light of the Maastricht Summit of December 1991. It also describes the role trade unions are playing in the changes in Central and Eastern Europe. Finally, relations between Europe and Latin America are studied in greater detail, with particular attention to trade, aid and development and to the views of the ETUC on the priorities for constructive cooperation in the future.

### I. The International Trade Union Movement

The present structure of the international trade union movement consists of a sophisticated variety of interlinked institutions to correspond to a large number of different needs. Specialized trade union organizations exist oriented towards particular international institutions; different industries each have their own international trade union representatives; every region and many sub-regions of the world have their own trade union body; and at worldwide level stands the largest organization of all, the International Confederation of Free Trade Unions, which in 1992 comprises 101 million workers organized in 152 affiliated trade union centres in 108 countries and territories around the world.

### The History of International Trade Unionism

The origins of the international trade union movement go back to the 19th century. As trade unions in different countries gradually overcame the considerable obstacles to their formation and established increasingly stronger trade union organizations, so they became aware of the need for international links. The first successful agreement was between trade unions from the countries



of Scandinavia when in 1886 trade union leaders from Sweden, Denmark and Norway began to hold regular meetings, later to be joined by representatives from Finland and Iceland. However, apart from this Scandinavian success, international trade union unity began at the level of individual industries or sectors. In Antwerp in 1889, workers from the cigar and cigarette industry created the Tobacco Workers' International. In the following years, similar Internationals were set up by the tanners, the miners, the tailors, transport workers and others.

In 1901 the first international trade union organization made up of central union federations was set up. Various conferences followed without producing really tangible results and the divisions between trade unions caused by the First World War resulted in an interruption of activities. In 1919 the Amsterdam Conference revived the International Federation of Trade Unions (IFTU) which brought together the majority of unions of the time. However even then two sectarian trade union internationals existed, claiming to represent on the one hand Christian unions and on the other unions aligned to the newly created Soviet Union. Following the Second World War there was a brief effort to unite all unions in one international, but this was little more than a reflection of the short-lived alliance between governments of the time. Soon the differences of views regarding above all the question of trade union independence from political parties became clearly incompatible and so in 1949 the democratic socialist and other non-communist unions broke away to form the International Confederation of Free Trade Unions (ICFTU). For the first time a large number of trade unions from developing countries formed part of this new international.

In the period since then, the ICFTU has been the most representative of the three global trade union internationals. The Soviet-aligned World Federation of Trade Unions (WFTU) has now more or less disintegrated following the democratic revolutions of 1989 and 1990 in Central and Eastern Europe and the collapse of the Soviet Union itself in 1991. The World Confederation of Labour (WCL) continues as an international grouping of unions and associations linked mainly to Christian social thinking. In 1992, therefore, virtually all genuinely free and democratic national trade union centres are affiliated to the ICFTU. The Fifteenth World Congress of the ICFTU (17-24 March, 1992, in Caracas, Venezuela) provides a reference point for a new programme of actions to advance the demands of the trade union movement worldwide.

### **The International Trade Union Movement Today**

The world headquarters of the ICFTU is in Brussels. The ICFTU has regional organizations based in Singapore for the Asian and Pacific Regional Organization (APRO), in Mexico for the Inter-American Regional Organization of Workers (ORIT), and in Sierra Leone for the African Regional Organization (AFRO). In addition the ICFTU maintains offices in Geneva, New York and in a number of countries around the world. There is no longer an ICFTU regional organization for Europe, in view of the existence of the European Trade Union Organization (ETUC) which cooperates closely with the ICFTU. The ETUC evolved from the



Lech Walesa, then President of the Polish trade union Solidarnosc, addresses the ICFTU Executive Board in May 1989, from left to right: Enzo Friso, John Vanderveken, Lech Walesa, P. P. Narayanan

Foto Isopress

European Trade Union Secretariat, set up in 1958 by the ICFTU's European affiliates. The ETUC was created in 1973 with affiliates from a wide range of independent, democratic trade unions. While the overwhelming majority are affiliates of the ICFTU, the ETUC also has affiliates from the WCL and non-affiliated national centres.

The task of the ICFTU is to undertake actions to meet the goals of the ICFTU Constitution, summed up in the words: Bread, Peace and Freedom. ICFTU activities are financed basically by the affiliation fees paid by member organizations. In addition some affiliates are able to channel resources from their government's development assistance into ICFTU projects.

A large part of the ICFTU's work is in the defence of trade union rights and of trade unionists when they are under attack. This entails urgent action campaigns by the ICFTU and its affiliates, seeking to use every conceivable channel to put pressure on repressive governments. It can mean missions by the ICFTU to provide advice and moral support and apply further pressure on government authorities. Legal assistance can be provided to unionists on trial, as well as material support. Through the world's media, the ICFTU gives maximum publicity to violations of trade union rights.

Economic and social policy work constitutes a second major area for the ICFTU. The ICFTU provides its affiliates with informative reports on the pressing issues of the day, from the GATT trade negotiations to the debt crisis and the effects of the European internal market on developing countries. On the basis of such information, debates, seminars and conferences are held, such as the ICFTU/ORIT Conference on "Integration, Development and Democracy" in San José, Costa Rica from 31 October - 2 November 1991. The ICFTU Executive Board then decides on the policies for the ICFTU to promote. The task of the ICFTU is then to work for implementation of those policies. International organizations like the IMF and the World Bank are lobbied and experts' meetings are convened to convince them of the union point of view. The actions of ICFTU affiliates are crucial, and the ICFTU maintains close contact with them as it seeks to influence world opinion. The links of affiliated unions to governments and political parties can enable them to mould their countries' policy on key economic issues. The ICFTU works together with the Trade Union Advisory Committee (TUAC) to the OECD in Paris in providing an input to that organization's activities.

The ICFTU undertakes a number of projects to build strong trade unions in the developing world. These comprise basic trade union education, research, leadership training, organizational support, advisory services, social and economic projects and efforts to broaden the base of free trade unions in the rural sector. In addition the ICFTU coordinates the trade union input to the International Labour Organisation (ILO). The ICFTU places a major emphasis on improving the situation for particularly disadvantaged groups of workers, including women, young workers and migrant workers. The ICFTU is engaged in trade union actions to build cooperation to face transnational corporations, often working together with the international trade secretariats (ITS). The 16 ITS operate at a parallel level to the ICFTU, though completely autonomously, and represent workers in a particular sector at international level, as follows: building and woodworkers (IFBWW); professional, technical, commercial and clerical workers (FIET); food workers (IUF); graphical workers (IGF); chemical and energy workers (ICEF); journalists (IFJ); metal workers (IMF); miners (MIF); diamond workers (UADW); plantation and agricultural workers (IFPAAW); postal and telecommunications workers (PTTI); public sector workers (PSI); teachers (IFFTU); textiles and leather workers (ITGLWF); transport workers (ITF); and arts and entertainment workers (ISETU).

### **The European Trade Union Confederation**

Today, virtually all free trade union centres in the established democracies of Europe are members of the European Trade Union Confederation (ETUC). In 1992, the ETUC represents some 47 million workers, gathered in 45 national trade union confederations in 22 European countries. Thereby, the ETUC represents some 95 per cent of all unionized workers in these countries.

The major aims of the ETUC are established in the Preamble to its Constitution as being to work for:

- the extension and consolidation of political liberties;
- the respect of human and trade union rights of working men and women;
- the elimination of all forms of discrimination and the promotion of equal opportunities, regardless of sex, colour, race, nationality, or political or religious opinions and beliefs;
- geographically-balanced and environmentally-sound economic development;
- freely-chosen and productive employment for all;
- the democratization of the economy;
- a steady improvement in living and working conditions;
- a European society based on the principles of freedom, justice and solidarity.

ETUC priorities for the current period were set by the Seventh Congress (Luxembourg, May 1991) in its General Resolution on "The European Trade Union Movement at the Heart of the Changes in a Changing World" and in a series of 14 specific resolutions covering subjects such as transnational companies, migration, equal rights and opportunities for men and women, and so on. At the present time, the ETUC's work is very closely oriented towards the completion of the internal market of the EC. In October 1989, an ETUC rally for a Social Europe in Brussels drew 17,000 participants from all over Europe. The campaign for a social dimension to the internal market has entailed major efforts to inform, mobilize and coordinate actions by ETUC affiliates and to convince the European media of the ETUC's position.

One of the major concerns of the ETUC is to prioritize the need to reduce unemployment and poverty. The average level of unemployment in Europe stands at almost 9 per cent, and it is rising. In its regular discussions with heads of government, such as before the summit of the EC every six months, the ETUC has lobbied intensively for a high-growth programme and an EC industrial policy, pointing out that the benefits of the internal market and stronger economic, social and regional cohesion will only be realized in a context of high growth and falling unemployment. However the present dominance of conservative economic policies in EC member states has meant that the response of governments has been far from enthusiastic.

The ETUC has fifteen industry committees, which essentially consist of European equivalents of the ITS described above and are closely linked to the ITS for their sector. The industry committees inform, coordinate and plan trade union actions for particular sectors. In addition, inter-regional trade union councils bring together trade unions from different sides of particular border regions, such as between the Netherlands and Germany and between France and Spain.

Employers have taken an increasingly confrontational approach towards trade unions in many European countries. Emboldened by economic recession, many

employers have been far more aggressive in their collective bargaining. Many have demanded pay reductions or freezes and more flexible working practices, sometimes with the deliberate intent of provoking strike action and breaking the union. In this context, it has been difficult to advance joint ETUC initiatives with employers at an EC-wide level. But despite the very negative attitude of employers, the ETUC has succeeded in establishing a "social dialogue" to enable direct discussions with the European employers' organizations in the framework of the EC. A major future role for the ETUC and especially the European industry committees could be in the negotiation of EC-wide collective agreements so as to create a genuine European industrial relations area. However, the employers have so far strongly resisted direct collective bargaining at EC level.

The ETUC works to support human rights in Europe. It was active, for example, in securing condemnation of Turkey by the Council of Europe. The ETUC's standing committees and working groups discuss policies to support disadvantaged groups, such as women, pensioners, youth and migrant workers. Other committees consider the improvement of the environment in Europe, improving working conditions and health and safety at work, and how to promote industrial research and development and vocational training.

The ETUC is active in devising policies for the improvement of economic and social conditions in Central and Eastern Europe. Together with the independent trade unions of the region the ETUC informs the European institutions on social, economic and trade union developments in Central and Eastern Europe and lobbies for a stronger social component in the different assistance programmes. The ETUC has set up a European Trade Union Forum as a basis for building contacts with and between the new free trade unions of the region, as well as an observer status for a growing number of them within the ETUC.

The ETUC's activities are financed by its member organizations' affiliation fees. The work of the ETUC is implemented by various means. The ETUC undertakes direct trade union actions in individual countries and at European level. Trade unions have statutory representation on various EC bodies, such as the tripartite Economic and Social Committee, and the ETUC and its affiliates can influence the content of EC policy through this channel. The ETUC holds consultations on specific matters, in accordance with already agreed rights or newly won opportunities. Formal or informal political meetings are held with heads of government and ministers. An ETUC delegation regularly submits its demands to the President-in-office before the summit meetings of heads of state or government of the EC. Over the years close cooperation has developed between the ETUC and sympathetic political groups in the European Parliament.

The ETUC's work is assisted by various specialized institutes. It has a research, documentational and educational arm, the European Trade Union Institute (ETUI), established in 1978. The ETUI undertakes research into a wide variety of topics of concern to trade unions including employment policy, introduction of new technologies and collective bargaining. They have frequently made an

important contribution to collective bargaining and trade union policy. The European Association for European Training of Workers in Technology (AFETT), set up in 1986, contributes to trade union education in the field of new technologies. The European Trade Union Technical Bureau, founded in 1988, covers health and safety in the workplace and technical standardization. Its task is to make an input to the EC, to provide information and to encourage exchanges between trade unions together with the ETUC and its industry committees. The European Trade Union College, founded in 1990, has the responsibility of systematically developing European trade unions' educational work. It organizes residential courses and seminars and encourages cooperation between trade unions and schools and colleges.

## **II. The Trade Union Role in the 1992 Process**

The seventh statutory congress of the ETUC (Luxembourg, May 1991) took place at one of the most momentous times in the history of the European trade union movement. On the one hand, the ETUC was contending with the dramatic moves to greater union within the European Community, and with the need to ensure that social concerns were adequately represented in the structure of the post-1992 Europe. On the other, for the first time free and independent trade unions from the formerly communist countries of Central and Eastern Europe, now struggling to shape a new society from the debris left by over forty years of misconceived central planning, were able to participate in the debates of the ETUC Congress. This part of the report takes as its theme the actions of trade unions in Europe in the face of this situation.

### **European trade unions and the European Community**

In 1992, the European Community (EC) stands on the verge of a challenging new era. Decisions taken at the Maastricht Summit in December 1991 point the way forward to ever-closer cooperation at social, economic and political levels and perhaps finally towards political union in a federal Europe. As part of this process, controls at the frontier on the movement of goods, persons, services and capital are due to be lifted as the "internal market" of the EC is set up for completion by 31 December, 1992. The ETUC and its affiliates have, throughout this process, made it clear that trade unions will only support the process of European integration if there is increased democratic accountability and a full social dimension. The ETUC led the campaign for social elements to be incorporated into the European integration process through a "Social Charter". The Social Charter, concluded in 1989, was a declaration of principles and less strong than the ETUC had called for. However, it looks set to be strengthened as a result of the decisions of the Maastricht Summit.

In the 1950s, trade unions were one of the foremost groups calling for the creation of the European Community. As a result, when the Treaty of Rome was signed in 1957 by Belgium, France, West Germany, Italy, Luxembourg and the

Netherlands, so creating the European Community, it included social elements right from the start. Article 2 of the Treaty of Rome calls for the EC "to improve employment opportunities for workers and to contribute to the raising of their standard of living". Article 117 further covers the need to promote improved working conditions, while Article 118 gives the European Commission the task of promoting close cooperation between member states in the social field, particularly with regard to employment, labour law, social security, the right to freedom of association and collective bargaining. To this end, the EC has passed 'directives' - legally binding instruments - concerning social conditions and has taken direct actions, using common EC funds, to improve conditions in different regions and for particular groups of the population.

The EC's measures aimed at improving working conditions comprise several directives on safety and health in the workplace; on the need to provide unions with prior notification of collective redundancies; on the continuation of existing collective agreements in the event of takeover of a firm; and on information and consultation rights. In 1975, the European Foundation for the Improvement of Living and Working Conditions was established, which has led to the creation of various advisory committees and safety and health commissions in other areas. In 1980, a fund was set up to guarantee employee wage claims when firms go bankrupt. The EC has been particularly active in the area of elimination of discrimination against women, and has passed directives which have rendered illegal discrimination on grounds of sex with regard in particular to collective

agreements, access to employment, training or promotion, and social security schemes.

The EC has maintained a European Social Fund since its creation, although until the 1980s it operated on a very small scale. It has assisted with the redeployment of workers thrown out of work, including cases where the cause of unemployment was the higher level of competition in the internal market. Nowadays nearly three million people benefit from assistance for retraining every year. Likewise, a European Regional Development Fund set up in 1975 provides loans and grants for the development of backward regions of the Community.

Consultation of the social partners has been provided for ever since the creation of the European Community, partly through the Economic and Social Committee, a permanent institution of the EC based in Brussels. The Committee is made up of employers, workers, and a third group covering other interests (farmers, consumers, the self-employed, and so on). Its members are nominated by governments, normally after close consultation with trade unions and employers' organizations. They sit for a period of four years, which can be renewed. The Committee has to be consulted before legislation can be passed in a wide range of areas, including economic and financial questions, social issues, external relations and regional development. Its opinions have frequently influenced the content of EC legislation on technical issues where the expertise of its members can be brought to bear. In recent years, however, the Committee has met difficulties in advancing its views in the face of the neoliberal policies prevailing in several member states.

A potentially important institution for democratic control over the EC is the European Parliament, although its powers remain fairly limited. The European Parliament has, since 1979, been directly elected once every five years. The most recent elections, in 1989, returned the Socialists as the largest single party grouping. Before the elections the ETUC had asked prospective candidates to state their views on a range of trade union demands, and ETUC affiliates then called on their members to vote for those candidates who supported these policies. Since the election, the ETUC has stepped up the frequency of its meetings with the parliamentary groups. The ETUC often takes part in the meetings of the specialized committees of the Parliament. Unfortunately, the Maastricht Summit did not give the European Parliament the full rights to function as a normal parliament, as the ETUC had demanded.

### 1992 and the Creation of a Social Europe

Ever since the Treaty of Rome was signed in 1957, the member states of the European Community were supposed to move towards the creation of a truly common market. Yet for nearly thirty years there was a lack of the political will to take the necessary measures to set it up. This period of drift came to an end at the Versailles Summit in 1985, when a precise timetable was established to complete the single internal market by the end of 1992. Although this is supposed



Discussions between the ETUC and top EC officials, from left to right: Norman Willis, President of the ETUC; Jacques Delors, President of the European Commission; Mathias Hinterscheid, former General Secretary of the ETUC.

Photo ETUC

to require an end to barriers to the movement of goods, persons, services and capital within the Community, there is no agreement over whether this should mean that physical controls on the entry of people should be abolished. However, the intention is to create a single economic area in which there is no difference for a company or worker between one country and another. Because of these changes the EC member states are in the process of harmonizing their legislations in a variety of areas.

Initially, the internal market programme was almost wholly market-oriented and provided for no social dimension to the process. There has been some improvement, largely due to the sustained efforts by the ETUC. In December 1989, all member states except the United Kingdom adopted the Community Charter of the Fundamental Social Rights of Workers, otherwise known as the Social Charter, at the Strasbourg Summit. This is a declaration of basic rights in the areas of freedom of association and collective bargaining; social protection; improvement of living and working conditions; occupational safety and health; information, consultation and participation; employment and remuneration; equal treatment for men and women; freedom of movement; vocational training; and the protection of children, young workers, the elderly and the disabled. It was not designed to be translated directly into national law but served as a basis for the elaboration of the Social Action Programme of the EC, covering 47 different areas. Since then the European Commission has come up with a variety of proposals for different measures to put the multifold aspects of the social charter into practice. The UK and other conservative governments have continued to seek to obstruct and block these efforts, with some success.

The effect of integration on the EC's eight million non-European Community nationals and on asylum seekers is not yet clear. While EC nationals have recently had their rights to freedom of movement within the EC strengthened by new directives, migrants have been explicitly excluded from their provisions. Thus migrant workers in the EC will be unable to leave the country for which their employment permit is valid, so increasing the differentiation between them and EC nationals. A joint conference organized by the ICFTU, the ETUC and the Union of Arab Maghreb Workers (USTMA) in 1991 called for all common rights of EC citizens, including residence and free movement, to be extended to migrants.

At the same time as the internal market process continues, the EC member states have embarked upon a further level of deepening their integration. Following one year of discussions in intergovernmental conferences on Political Union and Economic and Monetary Union, in December 1991 the Maastricht Summit of EC member states took place. They agreed on a series of significant decisions to move the EC further towards closer union by the end of the century. All member states except the United Kingdom committed themselves to the creation of a common currency by the year 1999, while the UK postponed its decision for a later date. Increased finance for the poorer states of the EC was agreed, primarily for environmental and certain trans-border projects. Cooperation is to be increased in other areas including defence and security policy (moving



The flag of the European Community

Photo Moysard

towards a common EC defence) and the environment. On immigration, all that was agreed was to set up a common EC visa, with identical requirements for entry to all twelve states. The possibility of transferring further powers regarding asylum or immigration to EC level is to be considered at the end of 1993.

The Summit agreed that any European state founded on principles of democracy could apply to join the EC. It is expected that Austria and Sweden will shortly become members, while Cyprus, Malta and Turkey have also applied. The seven countries of the European Free Trade Association (EFTA) - Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland - have negotiated a European Economic Area with the EC which gives them free access to the EC market provided that they adopt EC laws in a range of areas. It could also constitute a half-way house towards full membership of the EC. Association treaties with the Czech and Slovak Federal Republic, Hungary and Poland were concluded in December 1991, providing for cooperation in a range of areas including free access for all goods apart from textiles, steel and coal, and agriculture.

At the same time, the Maastricht Summit produced a Protocol on Social Policy, agreed by every Member State except the UK. This takes social policy a step further in the fields of vocational training, working conditions, information and consultation provisions for employees, equal employment opportunities for men and women, and integrating excluded people into the labour market. It provides for majority voting on the above issues. The ETUC had called for this as a result of bitter experience since the election of a right-wing government in the UK in

1979 with extremely negative views on European actions to improve social conditions. In effect, since then virtually every new initiative in this area has been blocked by the veto of the UK, indicating the significance of the Maastricht decision for advancing social policy in the EC. Moreover, the UK will not be eligible to take part in discussions or voting on social issues. The ETUC has therefore welcomed the outcome of the Maastricht Summit as the best possible outcome for the advancement of social policy in 11 countries of the EC, while hoping that the political climate in the UK will become more favourable so allowing it to join at a later date. The Social Protocol further provides an extension of Article 118, giving a greater role to the social partners and allowing for the possibility for employers and workers' organizations to conclude agreements at a European level. The ETUC has stated that the Social Protocol must be an integral part of the new Treaty of Rome to be concluded by early 1993.

### **Trade Unions and the Changes in Central and Eastern Europe**

In 1989 and 1990, democratic revolutions in Central and Eastern Europe brought an end to over forty years of repression in one party states. These momentous events were watched the world over. In many cases, workers were at the forefront of these popular movements. In Poland, the Solidarnosc trade union had in 1980 led the largest movement for freedom since the Communists came to power. Solidarnosc then maintained the struggle for democracy during the long years of martial law and repression when Solidarnosc was driven underground. In 1989, the communist government finally recognized that it could not defeat Solidarnosc and accepted to negotiate accords leading to democratic elections. These historic developments in Poland were followed by spontaneous movements of rebellion in one country after another in the region and then in the Soviet Union itself. Often the revolutions were followed by the formation of new trade unions or the wholesale restructuring of the old, so that a new generation of trade union leaders untainted by the old regimes have taken over. Where these unions have met the criteria for independence, democracy and a genuine capacity to represent their members, they have affiliated to the ICFTU. The ETUC has created a special observer status for the new unions. The ICFTU has taken a major role organizing an educational programme for thousands of trade unionists in Central and Eastern Europe, with courses ranging from basic issues of collective bargaining and health and safety to questions of conversion of arms industries to peaceful ends and general economic policy.

However, now the initial euphoria is over, the peoples of these countries are facing the immense task of constructing a new society from the ruins of the economic legacy bequeathed to them by forty years of bad central planning. Unemployment in the region has risen alarmingly, going from near-zero two years ago to 11 per cent in Poland and 6 per cent in Hungary and the Czech and Slovak Federal Republic. This is taking place in countries whose economic and social systems were not designed to cope with any unemployment at all. Unfortunately, many of the governments are taking the advice of the people least able to

provide any effective policy recommendations, namely those same free market ideologues responsible for economic disaster in the countries of Africa and Latin America undergoing structural adjustment.

The ETUC and the ICFTU are calling on governments in the region and the European and international institutions concerned to recognize the need to implement different, socially-oriented policies if catastrophe is to be averted. The countries of the region must undertake large-scale retraining programmes as part of an active industrial restructuring policy; put in place comprehensive social safety-nets to protect those suffering from the economic transition; and encourage the development of genuinely free trade unions with full rights to organize and to go on strike, so that workers can defend themselves against the worst effects of economic crisis. The established market economies should support such measures with increased aid and by generous treatment of debt, just as they should with the countries of the developing world. Such measures are urgent if social and economic calamity, causing extreme political instability, is to be avoided.

### **III. The Interdependence of Europe and Latin America**

The coming of the fifth centenary of the arrival of Europeans in Latin America finds the two continents linked in a multiplicity of ways. Europe provides most of the development assistance received by Latin America, which is particularly important for the least developed countries. European banks hold the largest single part of the debt of Latin America, and hence European actions can provide the key to resolving the debt crisis of the region on a definitive basis. Europe is an important trading partner for Latin America, and so any changes in the trading regime of the European Community resulting from the 1992 process are of major concern to Latin America. Developments in Latin America are also of great importance for the people of Europe, primarily because unless a range of problems in Latin America can be solved, they risk spilling over at international level with consequences for peace and stability worldwide. The resolution adopted at the last ETUC Congress on "Europe and Latin America" indicates the commitment of European trade unions to development, and it is included in this chapter as part of a discussion of the nature of relations between the two regions in 1992.

#### **Development Cooperation**

A considerable amount of aid is provided for the countries of Latin America and the Caribbean both from individual European countries and from multilateral bodies such as the EC. Indeed, aid from the European Community and its member states represents 62 per cent of the total received by South America, and 20 per cent of the total for Central America and the Caribbean. Aid from the EC is concentrated in the poorest countries. It comprises several types of project. Humanitarian aid entails emergency food and other types of aid, assistance to refugees and displaced persons (often in collaboration with the office of the UN



# EIN SOZIALES EUROPA UNE EUROPE SOCIALE



ETUC demonstration for a Social Europe

Photo ETUC

High Commissioner for Refugees), aid for reconstruction after natural catastrophes or wars, and aid in anti-drug measures (prevention, control, alternative crops, etc). General food aid is given to satisfy basic needs for the poorest, while seeking to promote self-sufficiency and food security. Financial and technical aid is provided to improve the living conditions of the poorest and to promote rural development and increase food production. The STABEX scheme provides aid to the poorest countries to compensate them for sudden falls in the world price of primary commodity exports. Scientific cooperation takes place in the areas of research in agriculture and tropical medicine. Other forms of cooperation include industrial development, help for small and medium sized enterprises, technology transfer, the ecology, energy, training, trade promotion, and strengthening regional cooperation and integration. The EC supports land reform and measures enabling grassroots communities - and in particular indigenous communities - to take charge of their own development. In future, the EC intends to increase the amount of aid for projects relating to protection of the environment and in particular the tropical rain forests. Greater attention is to be paid to the problems of indigenous ethnic groups and to the role of women in development.

While most EC aid is channelled through governments, the EC has also provided aid to local and traditional communities and co-financed a series of projects with non-governmental organizations (NGOs). In addition to allowing NGOs access to their general funds for development projects, a form of cofinancing which has increased in recent years, the EC has opened special

budget lines of support through NGOs on issues such as human rights, refugees and displaced people, protection of tropical rain forests, the fight against drug trafficking and addiction, and the strengthening of democracy in Chile and Central America. The EC supports projects to inform public opinion through development education campaigns, including the IWA 1992 Campaign "From a Common Past to a Better Future" for which this booklet has been produced.

Among the projects the EC has co-financed with NGOs have been some involving trade unions in Latin America, for example in Bolivia, Brazil and Panama. In Central America, the EC has for several years been supporting an ORIT project for training of trade union educators. Now that the EC has stated that it will place increasing emphasis on "decentralizing cooperation", it should become easier for unions to apply for finance, whether for socio-economic projects such as cooperatives or in order to improve their own capabilities through training in administrative and financial abilities, and perhaps support for training in collective bargaining. This would form part of the EC's emphasis on institution-building in developing countries. One of the objectives of this report is to encourage unions to consider applying to the EC for funds to support their activities. With the assistance of a cooperation partner in the EC, facilitated by the ICFTU, unions in Latin America should be as eligible as any other agency for assistance for valid projects.

However, several recent developments give cause for concern that the commitment of European countries to aiding Latin America is under threat. Only four countries in the world have reached the U.N. target to give 0.7 per cent of gross national product (GNP) as aid: Denmark, the Netherlands, Norway and Sweden. Many other countries have reduced their level of aid in recent years. The most dramatic example in Europe is provided by the United Kingdom, whose aid fell from 0.34 per cent of GNP in 1980 to 0.27 per cent in 1990. At the same time as this decline in willingness to provide aid, there are growing demands on aid resources stemming from the need for assistance in the once communist countries of Central and Eastern Europe and particularly in the desperately poor areas of the former Soviet Union. In late 1991, the Council of Ministers of the EC increased the allocation of aid from the EC to the Soviet Union (now the Commonwealth of Independent States), while cutting that going to developing countries by over \$100 million.

This danger had already been recognized by the international trade union movement. In its resolution of December 1989 on "A Development Programme for Central and Eastern Europe", the ETUC stated that it "recognizes that the needs of the developing world must continue to have priority for the industrialized countries and reconfirms its call to the governments of Western Europe to meet in full the U.N. target for official development aid", and the ICFTU has made similar statements in its representations to the EC, the United Nations, the IMF and the World Bank. In response to calls such as these, some countries of the European Community stated that there will be no reduction of aid from present levels. However, their actions since seem to belie this earlier

commitment. It is clear that total resources for development must be increased to meet the increased need. Sustained pressure and campaigning from the trade union and NGO movements will be necessary to convince governments and public opinion of the importance of giving aid. One possible source of resources for development should come from the reduction of military spending, although to date these cuts have been disappointingly small.

### **Beyond the Debt Crisis**

The debt crisis has now continued for one decade. Yet even after all their efforts, the countries of Latin America remain as enmeshed in unpayable debt obligations as ever. Between 1982 and 1988, Latin America transferred some \$208 billion abroad, much of it to European banks. In 1989 alone, the region spent some \$25 billion - 20 per cent of export earnings - on debt servicing. In consequence, spending has been cut in virtually all other areas. Poverty has increased and spending on health and education has fallen. Investment, so vital if Latin America is to develop, actually fell over the 1980s.

Far-reaching actions are needed to bring an end to this situation. The ICFTU Statement to the 1991 Annual Meetings of the IMF and World Bank called for the following urgent measures:

- a major expansion in the resources available to "Brady Plan"-type debt reductions;
- a new issue of special drawing rights (SDRs), as called for by President François Mitterrand, which would be placed in a special fund for debt reduction;
- recognition that the commercial banks should assume a large part of the costs of debt reduction, and must be compelled by law to take part in such negotiations;
- full implementation of the "Trinidad Terms" proposed by Prime Minister John Major for the debt of the poorer countries;
- priority to the cancellation of the debt of those least developed countries where unrepresentative or dictatorial regimes have now been replaced by democratic governments.

The role of Europe in the debt crisis is often overlooked, due to the higher profile taken by the large US banks involved. Yet the debt of Latin America to banks in the countries of the European Community is greater than that to banks in the United States. European political leaders need to take a major role in initiatives to write off debt and give a fresh chance to development in Latin America.

### **Trade Links in the Light of the 1992 Process**

Europe and Latin America are important trading partners. At present, there is a marked imbalance between the two: Latin America exports much more to Europe

than it imports. In 1989, Latin America exported goods to a value of US \$28 billion to the EC, while importing goods worth \$17 billion. Such was not always the case; in 1980, the balance between the two was very nearly equal. However the result of the debt crisis was a major reduction in Latin America's capacity to import. The imports of the fifteen most highly indebted countries almost halved over 1981-85. Otherwise put, while European banks have received large amounts of debt service, the price paid has been lost jobs for the workers of Europe's industries which could otherwise have maintained their exports to the indebted countries.

The countries of Latin America have faced an extremely unfavourable economic environment for many of their exports. The prices of primary commodities have been extremely low over the last ten years, and according to the World Bank the prospects for the period up to the year 2000 are for a continuing gradual decline in primary commodity prices. The effect of this can be illustrated by the fact that while in 1985, 93 sacks of coffee were required in order to buy a small van, by 1990 a total of 333 sacks of coffee were needed. In addition, countries such as Argentina, Brazil and Colombia which are major agricultural exporters have suffered from import restrictions and dumping of cheap agricultural produce on world markets under the EC's common agricultural policy (CAP).

In this doubly negative context of the debt crisis and the depressed market for primary commodities, concern has been particularly great among the countries of Latin America that they will be frozen out of the single internal market of the EC after 1992 if its concerns turn inward. At present, however, little is certain concerning the effects of the internal market on Latin America; all that can be done is to list the positive and negative possibilities arising from it.

On the positive side, there is no obvious reason why the internal market should result in any increase in protectionist barriers, and indeed the countries of the European Community have gone to great lengths to insist that there will be no such effect. Rather, the internal market will have some favourable results for exporters, since it will mean that with just one set of documents, exports will have access to the entirety of the EC's internal market of 340 million consumers; there will be no further need to contend with a different set of bureaucratic obstacles for each of the twelve EC countries. Moreover, a successful resolution to the Uruguay Round of GATT trade negotiations would provide the countries of Latin America with guaranteed and more open access to the single EC market.

On the negative side, there is expected to be an increase in competition as a result of the internal market, which may not favour the less technically-advanced Latin American exporters against their better-placed European competitors. And regardless of guarantees, the reality is that if recession hits hard during the 1990s and European industries face contraction or downright collapse, a momentum of pressure for trade barriers may well build up which is unstoppable.



In recognition of the above, the ICFTU Executive Board adopted a statement in May 1990 on "The Effects of the Single European Market on Developing Countries" which, while recognizing "that the successful creation of a unified European Community market would bring about higher growth, employment and incomes within the European Community and would be beneficial to all parties, enabling developing countries to increase their exports to the European Community", expressed the expectation of the ICFTU "that the European Community will maintain its stated policy of 'No Fortress Europe', and indeed will reduce its barriers to the entry of imports from developing countries, in particular the least developed." In similar vein, the 7th ETUC Congress in May 1991 stated that "The opening of markets is of vital importance and existing barriers to trade must be removed.... Europe, on account of its prosperity, must assume responsibility for helping to reduce the increasing gap between the North and the South. The ETUC demands that trade policies should take account of this priority objective."

## Europe and Latin America: The ETUC Position

### RESOLUTION ADOPTED BY THE SEVENTH STATUTORY CONGRESS OF THE ETUC, LUXEMBOURG, 13-17 MAY 1991

As a result of the deep divide which separates North and South, the European Trade Union Confederation must take account of the situation within Latin America, without forgetting the regional, economic and political diversity of such an extensive region.

The globalization of the economy which in some views was to have redressed the imbalances by natural means has merely widened the gap.

Neoliberal political trends connected with the above-mentioned factors have been the cause of a gradual seizing-up of Latin American development. The dissuasive policies of the IMF, World Bank and commercial bank sources, coupled with the policies of adjustment conducted by many governments, have reduced the foreign indebtedness of Latin American countries. But the same policies have applied a sudden brake to growth, inducing massive unemployment and leading the informal sector to grow apace.

Today, it can be affirmed that the workers of Latin America have seen their living conditions deteriorate over the past four years, that unbridled inflation has undermined their purchasing power to an alarming extent, and that trade union organizations have felt the repercussions of these phenomena.

The emergence and strengthening of democracies throughout much of the region is worth noting, even though there are still constant abuses of human and trade union rights at the present time.

The European Community must develop a global policy on Latin America which includes the debt problem which as yet has not been addressed.

The sparseness and decline of trade relations is also to be deplored given the precariousness of a marked suffering from the weaknesses referred to above. Finally, European cooperation with Latin America has only reached a very low level. What is more it is based more on bilateral and emergency aid than efficiently planned and consolidated assistance.

Consequently, the ETUC Congress resolves to:

- promote all efforts towards peace and the preservation of human and trade union rights within the region;
- support, through representations to the Community bodies, progressive policies aimed at speedy debt cancellation without conversion into domestic assets;
- propose that trade union organizations affiliated to the ETUC bring pressure to bear on their governments to this end;
- support the effective democratization of Latin American countries through the political, economic and financial role both of the EEC and its component Member States;
- propose to the Community bodies that instruments and policies for development cooperation with Latin America be created and strengthened, and that the trend of investment in this sphere be maintained and increased. Cooperation is also needed in the area of environmental protection;
- increase and build up institutional exchanges between the European Community and Latin America;
- support the initiatives adopted by those workers' organizations which have their own framework for activity (ICFTU, WCL) in the region with a view to buttressing the development of free trade unionism in Latin America;
- express its particular concern that there should be full observance of the human, political and cultural rights of the indigenous populations, particularly in view of the forthcoming celebration of the Fifth Centenary of the discovery of America.

## A Common Interest in Development

The problems of workers in Latin America are equally those of European workers. It is not only a matter of solidarity for the people of Europe to promote increased aid to Latin America, improved access for Latin American exports, and an end for the debt crisis; there is a clear link between the well-being of both peoples, and this link is all too rarely recognized. First of all, higher growth and production in Latin America would provide jobs for workers in the industrialized countries as well. As noted above, the imports of the most highly indebted countries from the European Community fell markedly as a result of the debt crisis. There are no estimates yet of the number of jobs which could have been created by these imports. But in the United States, it is estimated that 1,700,000 jobs were lost as a result of these reductions in imports. The figure for the European Community must be similar. It is clear that an end to the debt crisis would allow the indebted countries to increase their imports and so result in benefits for workers worldwide.

It must, furthermore, be recognized that many of the common dangers the world faces will worsen unless there are solutions to the problem of global poverty. The first of these problems relates to drugs. The increase in the supply of drugs since the 1980s is linked to poverty in Latin America, leaving many people with no other choice than to take part in growing, trading, processing and exporting the drugs. This problem cannot be tackled simply by using military force to burn crops and to arrest the farmers responsible. People must be given real alternatives in the form of constructive employment possibilities. The EC has stated that it will devote higher priority to such policies in future, and now it must back this up by providing adequate resources for their implementation.

The second danger resulting from underdevelopment concerns the risk of epidemics. At present, the world is experiencing its worst outbreak of cholera for some time, in Latin America and especially in Peru. It is striking the people of Peru because the economic crisis has destroyed the infrastructure and so left the country unable to provide clean water supplies. This and other diseases like AIDS are able to spread far more quickly in the developing world because people are poor, weak and malnourished. It is in the interests of all to raise living standards and welfare and eliminate areas of poverty where such diseases can develop. This requires increased resources as well as a wholesale reform of structural adjustment programmes so that they maintain adequate levels of spending on basic health needs.

Thirdly, a failure of development will increase the desperate migration of poor people with no prospects for good employment at home. When people are prepared to risk their lives in order to make the journey, and in these days of ever-closer communications, there is no way that the industrialized countries can just completely close their frontiers and stop the movement of such people, known by the name of economic refugees. Even to try and stop them would require the construction of new Berlin Walls, this time around the whole of their

frontiers, something which is clearly unthinkable and anyway would not work. What the industrialized countries need to do is help to improve economic prospects so as to give people a real alternative to migration and so allow them to stay at home, where the vast majority would prefer to remain anyway.

Fourthly, it is becoming clear to everyone that the world must take far-reaching measures if it is to stop the worsening of the twin problems of the depletion of the ozone layer and the increase in global temperature. These measures will require a change in consumer habits as well as investments in new technologies which are less harmful to the environment, both in the industrialized countries which are responsible for most environmental damage to date, and in the developing countries which need to adopt development strategies which do not worsen the situation still further. However, developing countries are wholly unable to take such measures when all their resources are spent on paying their foreign debt. Thus it is again clear that the poverty of most of the people of the world is not only their problem, but is a global problem, and that the common future of people in Europe and Latin America is closely linked.

Finally, the low wages and poor working conditions which result from underdevelopment have direct consequences for workers in the industrialized countries as well. In an increasingly interdependent world economy, the existence of low-wage areas puts pressure on all countries to reduce wages and working conditions and compete on the basis of the lowest wage. This concern was summed up as long ago as 1948 in the Philadelphia Declaration of the International Labour Organisation, stating that "Poverty anywhere constitutes a danger to prosperity everywhere". The situation is currently being exacerbated by the unscrupulous practices of certain multinational corporations and by the predominance of neo-liberal governments which are all too ready to change labour laws to weaken trade unions and so reduce labour costs. Eliminating production on the basis of worst labour practices will require active measures by all governments to implement international labour standards, reinforced by increased aid and other measures to establish higher sustainable growth levels, higher wages and better employment worldwide.

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## CHAPTER THREE: ICFTU/ORIT'S SOCIAL AND POLITICAL STRATEGY FOR THE 1990s

### **Introduction**

The Inter-American Regional Organization of Workers (ORIT) was founded on 12 January 1951 in Mexico City, where representatives from 23 trade union organizations from 21 Latin American and Caribbean countries participated in ORIT's constituent congress.

ORIT was set up as the sister organization of the International Confederation of Free Trade Unions (ICFTU) and established its headquarters in Havana, Cuba.

ORIT was the successor to the Inter-American Confederation of Workers (CIT), and had as its main aim the building and empowering of free trade unionism in the region.

At the beginning of 1953, the headquarters were moved to Mexico City, where they have remained since. Sub-regional offices have also been opened in Central America, the Andean region and the Southern Cone.

Today, 40 years since its foundation, ORIT has 32 affiliated organizations, representing around 40 million workers in North, Central and South America and the Caribbean.

ORIT also maintains fraternal links with other union confederations who represent a further 10 million workers in Latin America and the Caribbean.

This document sets out some of the guiding principles behind trade union social policy, with the emphasis on international economic relations. The aim, in doing so, is to join this overview on the trade union movement in connection with the double event in 1992 of the Fifth Centenary of Columbus' voyage and the completion of the European Single Market.

Although this document is essentially highlighting the situation of trade unions in Latin America and the Caribbean, who form the majority of ORIT affiliates, there will be parts which will also be of relevance to the situation of trade unions in North America, particularly with regard to their governments' neo-conservative

policies at national and international level during the 1980's. Some examples of this are in the areas of labour policy, social welfare expenditure, transnational corporations, and the effects of customs unions between Canada, the United States and Mexico. The last issue was the subject of a recent ORIT conference on integration where the lack of participation of trade unions affiliated to the AFL-CIO (United States) and the CLC (Canada) in governmental negotiations was emphasized. Moreover, the ORIT document "New Directions for Trade Unions" notes the marked similarity between the neo-liberal policies being implemented in Latin America and those of the Conservative and Republican governments in North America.

## I. General Aspects of ICFTU/ORIT's social and political Strategy

The most significant development for ORIT over the 1980's has been the evolution of a socio-political platform for trade unions, starting with the 10th Congress in Toronto in 1981, followed by the 11th Congress in Mexico in 1985 and the 12th Congress in Caracas in 1989.

The development of this policy has been the starting point for concrete action at an educational level aimed at strengthening, giving cohesion to and modernizing ORIT's affiliated organizations.

The document setting out this policy "New Directions for Trade Unions" was passed at the 12th Congress in 1989 and was the culmination of the work started eight years earlier at the Toronto congress.

"New Directions" was followed up by the document "Challenges for the Trade Union Movement to the Year 2000" which was presented to the international conference of the same name in Panama in 1990.

Other documents published by ICFTU/ORIT which have contributed to the drawing up of policy in the areas of education and trade union economic strategy are: "New Focus on the Crisis" (Cuernavaca, 1984), "External Debt and Development (Buenos Aires, 1987), "Educational Policy" (Antigua 1987), "Economic Crisis and Technological Revolution - new strategies for trade unions" (Rio de Janeiro 1990) and "Integration, Development and Democracy" (San José 1991).

The principal objective of trade union socio-political policy is to achieve a triple democracy: political, economic and social democracy.

Trade union social and political policy goes beyond the objective of simply achieving political democracy to set out socio-economic changes which will bring about democratic systems which embody this triple democracy.



Child displaying a "NO" banner on the day the Chilean dictator Pinochet was defeated in the 1988 referendum

Photo Julio Etchart

Certainly, ICFTU/ORIT believes that political democracy is of "value in itself" since it is the validity of a pluralist political system which characterizes global and Latin American democratic cultural traditions. Moreover, economic and social democracy cannot be attained without the existence of pluralist political regimes which allow majority consensus to encourage socio-economic change and simultaneously guarantee trade union and welfare rights for the majority of the people.

But the trade union movement cannot accept that political democracy be limited to centralized and bureaucratic regimes which only encourage popular participation in the voting booth. On the contrary, the trade union movement supports modern political democracies which are decentralized, efficient and participatory.

The realization of democracy in this triple sense will bring about stability and will not be easily destroyed by controlled or dictatorial democratic regimes.

Political democratization implies:

- The guarantee that people are central to the existence of the democratic system.
- The elimination of all types of discrimination on the grounds of gender, race, or religion.
- A more direct relationship between the electorate and parliament.

- The defence and consolidation of social gains guaranteed by the state, which are being undermined by the expansion of privatization under neo-liberal policy.
- The establishment of a true welfare state.

Economic democratization requires a new productivity structure, and new forms of workers' participation and ownership. Three ways of advancing economic democratization are:

- The democratization of company management, particularly management of transnationals and public sector enterprises, through consultation and sharing of information.
- The democratization of management through co-determination.
- Democratization of ownership, by means of self-determination and the creation of enterprises in the social sector of the economy, including a trade-union sub-sector.

In addition to this, social democratization involves a strengthening of trade union democratization. This is linked to three other factors: trade union autonomy as it exists now, a move towards more pluralist trade unionism, and an affirmation of the moral principle of solidarity.

ICFTU/ORIT recently summarized their position on the defence of all human rights, by which economic, social and cultural rights are integrated into civil and political rights.

More specifically, the policy on integration at national, regional, continental and supranational levels comprises a global economic perspective, as well as a social aspect which is based on these fundamental human rights. This policy supports the creation of "social charters" according to ILO international standards and according to other inter-american and international agreements.

Thus for economic reasons, the integration process lends itself to the medium and long-term improvement of the working and living conditions of the population of each country. The standards established in its implementation also mean a specific step forward, starting with the commitment to an agenda for human rights by the member states.

Such rights may or may not already be enshrined in the national law of each country. Thus the integration initiative is an additional impulse towards the desired process of social advancement by accelerating the pace of improvement in the countries which are lagging behind.

ICFTU/ORIT's socio-political policy has other central components:

- Traditional trade union strategy, concerning actions to defend workers' interests, has been renewed and heightened by the current economic crisis.

Trade union action in defence of workers' interests remains a priority. Trade union policy which places an emphasis on the struggle to transform society can only be effective if it draws attention to the everyday needs and struggles of workers.

Therefore it is proposed to have an integrated approach to social, labour and trade union policy, with regard to:

- Traditional demands, such as fair wages, employment and trade union freedom.
- Specific demands such as rights for women workers and young people.
- New demands related to acceptable working conditions, particularly in the new technology industries.
- Specific demands for workers in export industries (free trade areas and assembly plants) and in transnational corporations (TNCs).

b) Methods for strengthening trade union organizations include the following:

- The extension of freedom to belong to a trade union to new entrants to the workforce, women and other unorganized sectors, such as those in the informal sector and in unsafe industrial employment.
- The establishment of public sector trade unions.
- The expansion of trade unions at a national level which represent a single trade, particularly members of professions, and those working for the same company.
- The extended use of collective bargaining for workers in the same trade.
- An increase in the level of organization of workers in the export industries and in TNC's, the economic sector most closely linked to the process of integration and liberalization promoted by global economic forces.

c) Social agreements at national level between governments and employees on the best way forward for economic change should be obtained through the approval of the majority.

ORIT has recently added two particular points to the general proposal on this theme, which are linked to the changes in economic structure it is demanding:

- There is a need for agreements on social progress, growth and equality. The content of these agreements forms an essential part of trade union policy on flexible working. The programme acknowledges the reality of the modernization of production, which is at the centre of economic reform as a means to better international relations. It should therefore become a key point in the relationship between productivity and wages.
- The participation of organizations such as work councils, committees and groups involved in integration has brought about the sub-regional processes already underway. These bodies could assist the main organization in carrying out its functions along all or some of the lines

already mentioned. They could become the focus for direct confrontation and debate between the social organizations and the decision-making bodies. They would have a consultative role and act in an advisory capacity, either on request or on their own initiative, with regard to decisions and measures which the expanded market is planning to undertake.

- d) Proposals for new social policies should accompany the process of equitable economic modernization, and should be based on "indirect wages" for workers, i.e. the social security system (pensions, health insurance, family credit, welfare benefits, unemployment benefit) and housing and social policy.

It is necessary to propose a set of actions designed to address the defence, modernization, improvement and extension (particularly to workers in the informal and other marginalized areas of the economy) of those systems whose institutions and services are facing serious financial and efficiency problems in the majority of the countries in the region, especially with today's trend towards privatization and the restriction of access to these services.

- e) The definition of a strategy of alliances with social sectors linked to trade unions such as peasants' groups and cooperative movements. In some countries in the region, a large proportion of these sectors have already been integrated into central bodies.

ICFTU/ORIT has also presented a general economic proposal as part of its policy on what is termed the "integrated mixed economy". This initiative is the result of the "recognition of the weaknesses of modes of development which are prevalent in Latin America and the Caribbean, and acknowledges that the implementation of new strategic development projects is the only way forward out of the current economic crisis. Therefore, the trade union movement has to tackle these problems which have generally been addressed exclusively in terms how they impact on labour, rather than looking at their viability in both social and economic terms." Trade unionism should "start to voice its demands for new socio-economic models" and "establish and promote strategies for harmonious capital accumulation and national economic development, which are integrated into selective economic liberalization towards the world market as a condition for reaping the benefits of the increase in the internationalization of the world economy" (New Directions).

To reach this goal, it is vital to form popular national blocs which will promote and establish these new models. As part of this process, trade union socio-political policy should voice its demands for these new socio-economic models and tackle the new problems which have generally been dealt with exclusively in terms how they impact on labour, rather than looking at their viability in both social and economic terms. However, although there are many common features of dependence shown by Latin American countries, there are also obvious differences between their economic structures, internal power structures, and

foreign alignments. Therefore, ICFTU/ORIT's view on economic strategies is necessarily global and open, so that trade unions can use it as a direct basis for encouraging specific viewpoints. Much of this strategy concerns international aspects and is taken up again in the following sections. The "internal" component, which is based primarily on a critique of the import substitution model of former times, is not presented, in order to simplify the document.

## **II. ICFTU/ORIT Strategy in relation to the International Economic Dimension**

### **The Globalization of the Economy**

The proposed socio-political strategy ICFTU/ORIT is presenting to trade unions concentrates on the international economic situation, particularly in the industrialized countries.

From this, it can be seen that the process of economic globalization is unrelenting and irreversible, a process which is evident in the formation of regional economic blocs which are competing for superiority in the international markets, leading to a redistribution of global economic and political power.

As a result, there is a growing interdependence between nations, which necessitates a revision of the international agreements made at the end of the Second World War.

This is not a new trend, and can be traced back over the last forty years, but the 1980's have constituted a decisive phase and the 1990's will mark its consolidation.

Practically all the countries in the world today depend to a far greater degree on international economic relations than ever before. The average share of trade in the national product has doubled since 1950, which shows how dependent countries are on foreign markets for exports. At the same time direct investment by transnational corporations has increased, as part of another form of integration. The globalization of money markets has meant that every country is affected by the decisions of other countries on the level of interest rates, loans, and so on. This process of structural change has unavoidable implications for the strategies of the countries of Latin America and the Caribbean.

In this respect, it is very likely that globalization of the economy will pose many threats and challenges for Latin America and the Caribbean as well as for the rest of the underdeveloped and less developed countries. Some of the areas of concern highlighted by ICFTU/ORIT are:

- a) Regional blocs could be open internally but closed to the outside, in what will be a combination of internal liberalization and external protectionism.

The continuation of this economic regionalization process could generate commercial tensions on a large scale, in view of the varying strategies and technological capabilities of each one of these blocs. Therefore, it is to be expected that parallel to the growth in oligopolization of the world market, the current protectionist trends will continue.

- b) More and more, the industrialized countries are increasing their level of commercial reciprocity, trade and financial transactions amongst themselves, which tends to leave out the developing countries.
- c) Recent changes in Central and Eastern Europe could lead to a situation whereby the industrialized countries start to channel investment away from the Latin American economy.
- d) Protectionism by the large blocs presents another problem which will be detrimental to Latin America and the Caribbean. Some exporting countries from the South are carrying out social dumping for countries of the North, to "exploit" their poor working conditions to increase productivity. Unfair employment practices are becoming an increasingly important element in the competition between countries which are trying to expand their export markets.

In some countries it is all too easy to violate basic rights with a view to gaining a competitive advantage over neighbours and trading partners. International standards on safety and hygiene in the workplace, the right of workers to join a free trade union and of trade unions to negotiate are not being respected.

This constitutes support for exports equivalent to a direct financial subsidy, but with the difference that the subsidy is derived from the exploitation of workers.

This produces the following effects:

- A vicious circle of competition based on the reduction of labour costs. Other trading countries find themselves forced not to observe workers' rights. This is particularly the case for those developing countries which are genuinely trying to improve working conditions and as a result incur higher costs.
  - Importing countries with better employment standards may implement measures to restrict imports in order to protect their own workers.
- e) Moreover, during the 1980's Latin America and the Caribbean have been on the receiving end of a negative ideological doctrine emanating from Europe and the United States, that there is a close relationship between the New World Order and the implementation of neo-liberal and neo-conservative policies. These policies were conceived in certain industrialized countries:

neoliberalism has been the predominant ideology during the economic recovery of the 1980's. The economies of some European countries, Japan and the US have aimed at trying to overcome economic crisis of the last decade using the combination of a new technological revolution, bringing with it industrial modernization, and the implementation of austerity measures on public spending, including cuts in social expenditure, a reduction in the size and functions of the state, including privatization, and amongst other things, the elimination of subsidies on consumption.

But the neo-conservative strategy has not limited itself to the economies of the industrialized countries. A close alliance of TNC's, conservative parties and governments have devised a new internationalization of the economy which has redrawn the existing international divisions of labour.

In international trade, while developing countries have been advised to open up their borders to imports from industrialized countries, the industrialized countries are using protectionist measures and restrictions on the entry of developing country exports. Thus it can be stated that as the industrialized countries are not applying to their own economies the policies which they are forcing on developing countries, they are taking a contradictory approach to implement a strategy which favours their own situation.

These elements are clearly present in the orthodox adjustment programmes recommended by those who have insisted repeatedly on the need to expand economic liberalization so as to remove all obstacles to efficient and competitive participation in the international market.

In the Americas, neo-conservative policies have reached still greater heights than in other industrialized regions. In North America, the governments which came to power in the 1980's - the Conservative government in Canada and the Republican government in the United States - have taken part explicitly in the elaboration and implementation of these policies.

In Latin America and the Caribbean, neo-liberal models have been applied to the majority of countries, whether with democratic or authoritarian governments, and the programmes which attempted alternative forms of economic change in Brazil, Argentina and Peru have been forgotten.

Transnational corporations are another aspect of this analysis, as they reach beyond the established economic blocs. Transnational corporations have the following features:

- They dominate trade strategies. Approximately 40% of world trade is made up of exchanges between branches and subsidiaries of TNC's, known as intra-firm trade.
- They are active in all regions of economic importance, due to their origin in North America, Western Europe and Japan.

- They take part in all areas of production: primary, manufacturing and services sectors. It is in the services sector where their expansion has been the most rapid. TNC's have an important presence in international financial markets and have been particularly able to make use of financial surpluses for technological changes in telecommunications, information technology and spin-off industries.
- By having principal control of scientific research, they have the necessary resources for costly research into and development of high technology industries.

From the point of view of Latin America and the Caribbean, and the South in general, TNCs:

- have produced an unbridgeable gap between the industrialized countries' technological capability and that of developing countries, and have gained domination in whole sectors of national economies;
- control financial, commercial and technological processes which are essential for the modernization and development of national economies. The technological gap cannot be bridged despite the efforts by the countries of Latin America and the Caribbean, simply because of the lack of resources and the technological base necessary to produce technology at local level;
- violate national employment legislation by obstructing the establishment of trade unions and using substances and materials in the industrial processes which endanger the health of workers.

### Proposals for External Linkages

On the basis of the preceding analysis, ICFTU/ORIT considers that world economic integration is the only practical way forward. Attempts to ignore the world economic situation have resulted in a decline in productivity and increased isolation from industrialized countries, as happened in Eastern Europe and the Soviet Union.

On this point, ICFTU/ORIT believes that there are at present two major alternatives for international economic relations:

- The proposal for general liberalization originating from neo-liberal and orthodox theories of international trade, which are based on the exploitation of so-called "natural or static" resources of the economies in the region.
- The proposal for regional, subregional or continental integration, based on the observation of the processes underway in the creation of economic blocs, and on new economic theory.

There are three factors which should be taken into account in the strategy for integration at continental, regional or sub-regional level:

- The need for more stable and global interdependence between the countries of Latin America and the Caribbean and other regional economic blocs. Integration will allow those member countries who participate to develop along similar lines.
- The need to create a power to negotiate which can neutralize the protectionist measures of industrialized countries. Increased protectionism towards external countries through greater integration creates a negotiating power which can limit or neutralize the negative impact of such measures.
- The need for sectoral diversification and the application of new technology to bring about less unequal conditions of competition than would be brought about by an unconditional opening up of the economy.

From a regional perspective, the Latin American presence in international trade needs to be increased, in view of the new rules that international capitalist competition has imposed. Gaining access to the markets of the current hegemonic blocs is therefore an attractive alternative, as much to obtain better involvement in the international economy as to protect the region from the impact of competition from the new economic powers in the world. In this context, developing countries have comparative advantages such as agriculture, textiles, construction, transport and tourism.

But whatever the outcome of this process of realignment of the principal international powers, an unequal association will always be there because of the structural economic and social inequalities which characterize different groups of countries. Latin American countries will therefore have to ensure that the interests of the industrialized countries do not predominate over their own interests.

Latin American countries initiated their participation in the Uruguay Round of GATT trade negotiations by immediately dismantling numerous tariff barriers, believing that this would stimulate their economic growth by giving their products greater access to other markets. This generous offer was not reciprocated by similar initiatives from the industrialized countries. Many developing countries spent a number of years introducing reforms to prepare themselves for participating successfully in the open competitive international system, and such efforts now appear wasted.

Following this line of argument it would appear that the aggressive nature of trade promotes a return to the use of subsidy policies. If there are no prospects for a change in the rules of the international game, the conclusion must be that there is no point adapting national policies until there is a greater opening up of markets.

On the basis of the conclusion that the process of globalization is irreversible, a strategy for economic openness has to be pursued in a way that will be beneficial to the South in general and to Latin America in particular.



Therefore, economic integration at a subregional level in Latin America and the Caribbean, as opposed to the semi-closed models of the past, is a priority. This option provides a middle way between the protectionist traditions of the region and the acknowledged need to begin to progressively liberalize its economies. It is a formula which would entail fewer social sacrifices, and potentially provide a joint way out of the economic crisis for countries in a similar situation, and so would increase the possibility of finding a solution. Integration at regional level and also at continental level with North America is a more complex objective, which could be set in motion once the subregional processes were well underway. In this context, calls for the creation of a Latin American bloc, although generally well-intentioned, seem fairly unworkable at this stage.

In the same way, the programme of the US government, "Initiative for the Americas", which includes the integration of the north and south of the continent as one of its goals, merits further preparation. The incorporation of Mexico into the Trilateral Free Trade Treaty with United States and Canada cannot be used as a model, since it is the result of the particular situation of Mexico in terms of its geographical location and the significant unilateral liberalization which it has already undertaken.

This proposal for integration is not in contradiction with multilateral liberalization of the economy, which is the ultimate strategic aim, but which must take place on the basis of maximizing the opportunities for Latin American and Caribbean countries to negotiate economic openness with the large economic blocs.

In this context, the bilateral agreements for integration in the region which have been secured in an uncoordinated manner between some states are not an adequate substitute for this strategy, although they are a move in the right direction towards economic openness.

### **Prospects for Latin American Integration**

The capacity of the countries of Latin America and the Caribbean to establish true integration is a question concerning which there have been some developments, which need to be realized before a positive response can be given.

Since the beginning of 1990 there have been some clear signs of the revitalization of these processes at sub-regional level, and there have been more initiatives in this direction in the last two years than in the last thirty. The Cartagena Agreement set out deadlines for a new tariff policy (1992); four countries in the south of Latin America have formed MERCOSUR, which has set itself a short time span for completion (by 1994-5); and finally, Central America is beginning to reconstruct the arrested integration process which had started in the 1960's, with similar agreements as before (a common tariff policy by 1993). At the

end of 1991 the commitment was expressed by the countries of MERCOSUR, the Cartagena Agreement, Mexico and Chile to pull the Latin American Association for Integration (ALADI) out of its current semi-paralysed state.

The influence of the launch of the "Initiative for the Americas" by the United States government in June 1990, which at the end of 1991 had resulted in framework agreements with nearly all the countries of Latin America and the Caribbean including one sub-regional agreement with MERCOSUR, is not interfering with this frenetic wave of integration. Similarly, the Trilateral Free Trade Treaty between the United States, Canada and Mexico is acting as a "constructive example" for the rest of the continent, leading Central America to make agreements with Mexico, for example at Tuxtla (January 1991), and to the bilateral agreements of Mexico with Chile and Venezuela. Mexico has also cemented the Group of Three with Venezuela and Colombia, which from a start as a policy on energy has become a trade liberalization programme.

At the same time, however, there have been difficulties in putting these agreements into practice. Under the Cartagena Agreement, there are clear disagreements between Peru and Ecuador, and Venezuela, Colombia and Bolivia over setting the rate of the common external tariff, which will delay the setting up of a free trade zone with an external tariff and probably lead the two larger countries to take a bilateral decision. In Central America, Costa Rica is having differences with its neighbours, preferring to sign agreements with the United States (and expressing its willingness to join the "Initiative"), with Venezuela, and soon with Colombia.

The four countries in MERCOSUR (Brazil, Argentina, Uruguay and Paraguay) seem to be maintaining a high level of cohesion in their integration strategy. However, this has not prevented individual agreements being made as allowed for by the Asunción Accord which gave birth to the Common Market. Thus, Argentina has made agreements with Chile, Venezuela and Bolivia, Brazil with Peru (to have access to the Pacific), and Uruguay has expressed its intention to become the "way in" for North America to the market in the Southern Cone.

Bolivia is also interested in setting up a direct link with MERCOSUR because of its geographic proximity and economic ties.

Chile has been reluctant to join MERCOSUR or to return to the Andean Agreement, stating that the moves towards liberalization carried out under the period of dictatorship have given it different conditions to its neighbours, allowing it to consider bilateral agreements with Venezuela, Mexico and the United States.

### III. ICFTU/ORIT's Strategy in relation to the Industrialized Countries

#### The Need for a Reappraisal of Global Structures

ICFTU/ORIT's views include necessarily an "external" aspect, as part of the proposals depends exclusively on actions being undertaken by the developed world.

The central element is the demand for structural adjustment to be global, with the industrialized countries playing a key role.

In general terms, a reappraisal of global structures is more important than the national efforts of Latin America and the Caribbean at structural adjustments. It is necessary to arrive at a global understanding which establishes a consensus on the principal points of political and economic policy and also incorporates social objectives.

The ICFTU considers that there needs to be a new Bretton Woods or Marshall Plan to establish a large-scale commitment based on long term perspectives, conceived in terms of the interests of developing countries, and with the objectives of:

- Constructing the basis for the industrialized countries to extend the openness of their trade, to grant considerable debt reduction and substantially increase the flow of resources to the indebted countries.
- Allow a pattern of self-sustained growth linked to a dynamic global economy which includes the developing countries.
- With respect to these countries' internal economies, adjustment should incorporate social measures, including the maintenance of social protection and adequate labour standards.

The issue of external debt should be examined in greater depth and industrialized countries should recognize that this should be reduced and not allowed to accumulate, so that debtor countries will receive new resources.

The three basic measures needed are:

- A rise in the flow of resources to the debtor countries, through schemes such as that proposed by France based on an increased issue of special drawing rights (SDRs).
- Cancellation of foreign debt to create genuine prospects for development. The commercial banks should be obliged by law to participate, so that they assume a significant part of the costs.
- A change in the statutes of the IMF and World Bank to allow them to reschedule debt, with the backing of a special guarantee fund provided by countries with surpluses on the world market.



Landless peasants in Brazil attend a legal rights course

Photo Julio Eichart

Finally, it is clear that these policies to benefit developing countries should not be subject to conditionality in the form of adjustment programmes such as presently applied, so that whatever is obtained from industrialized countries is not counteracted by internal policies. In this context, the IMF and World Bank should modify their current support for adjustment measures which unsuccessfully combine the opening up of markets, privatization and deregulation.

In terms of international trade, it is necessary to maintain and expand an open world trade system as an essential condition for the effective promotion of economic growth, employment and higher living standards. Protectionism, in all its diverse forms, is slowing down necessary adjustments, reducing the growth potential of the world economy and results in a negotiation of comparative advantages. Protectionism is unacceptable because it exports unemployment from one country to another.

The ICFTU has recommended that in sectors of strong competition where it is not realistic to suppose that current barriers will be eliminated quickly, it would be a positive move for the industrialized countries to commit themselves to establishing a timetable. The developing countries, for their part, would accept that once their rates of per capita income had improved as a result of economic growth, they would be expected to implement the customary principles of graduation according to GATT rules.

ICFTU/ORIT is also promoting efforts to include the creation of a Social Clause in GATT, to set trade on a more secure base which permits the benefits of competitive efforts to be felt without threatening working conditions. It is important that commercial pressures in international trade should not undermine basic internationally recognized standards. To achieve this objective, the participation of the countries of the South in the GATT process is vital.

The Need for Positive Links of the European Community with Latin America and the Caribbean

The new era for the European Community (EC) which will begin in January 1993 (of which the creation of the European Economic Area (EEA) linked to EFTA forms a part) is by definition a significant date. The stimulus that it will give to the international economy matches that of the postwar reconstruction of Japan and Germany. It can be considered the most important economic development of the latter half of the 20th century.

The costs of failure to create an internal market, and the advantages of the European Community, for those countries who make it up are evident, as they are for other countries of the industrialized world.

Whilst ICFTU/ORIT has not made any official statements through its Executive Council on the strategy to be adopted by trade unions in the face of this new reality, it can be assumed that its position will support the promotion of improved economic relations with these blocs. There are a number of arguments for this:

- a) Europe continues to be the most obvious bloc to provide an alternative to the current domination of the United States of the commercial flows of investment and finance into the region.

ICFTU/ORIT, with the support of the North American trade unions, has adopted a cautious position regarding President Bush's Initiative for the Americas, seeing it as a potential basis for a strategy of market domination.

The elements which have played in favour of this U-turn of United States policy with regard to Latin America are linked with the presence of the EC:

- The agricultural threat of the European Community.
- The prospect that Central and Eastern Europe will join the European Community, diverting European investment which is being channelled to the United States.

In this context, it is a "belated conversion", since in the 1940's the US fought against the incorporation of regional accords into the GATT constitution. Its current position is similar to that taken later with regard to the Treaty of Rome, when European integration was a US policy objective.

In spite of the decline in relations between Latin America and the Caribbean with Europe, which will be examined later, Europe remains the second most important destination for Latin American exports - 20% for the ALADI countries - and for certain countries such as those in the Southern Cone, Europe is of even more importance.

- b) As the EC becomes an even greater technological power, this will provide an additional option for the modernization needs of Latin America and the Caribbean.
- c) The EC framework is based on a theoretical/technical model of how to conduct economic policy, specifically a common market policy, which contrasts with the freer and less regimented forms based on market forces practised, for example, in North America.

It has already been noted by ORIT that the EC experience demonstrates that economic integration does not necessarily involve abandoning government intervention and subsidies or a degree of economic planning, as the neo-liberal platform would contend. The former is a necessity based on the need to reduce internal inequalities in a new extended market. In this context, the experiences of the EC's structural funds are very important.

EC regulations and procedures will establish new patterns of world influence which a priori seem important in that the wave of conservatism of the 1980s has not substantially weakened traditional European post-war policies.

- d) The membership of Spain, Portugal and Italy presents the possibility of links which will be more than just economic, because of common ethnic and cultural roots dating from the time of mass emigration from the Old World during the second half of the 19th century and first half of the 20th century.
- e) There are still insufficiently explored commercial possibilities where reciprocal links of mutual benefit could be developed, and enhanced by joint negotiation so that these links would be on an equal basis. The U.N. Economic Commission for Latin America and the Caribbean (ECLAC) has identified a series of sectors where, by combining a degree of specialization with comparative advantages for each group of countries, areas of mutual benefit could be identified. Accordingly, 40 sectors (using the CIUU classification) with great potential to take increased exports were singled out in Europe and 14 in Latin America and the Caribbean, with a total effect of 20% increased exports to Europe and 14% to Latin America, without entailing much trade diversion from their respective exports and imports with Japan, Canada and the United States, of which only 4-5% would be affected.

Despite this positive analysis, it is essential that Latin America and the Caribbean take precautionary measures to tackle the future situation that the creation of the Single European Market will bring. Most important for Latin

America and the Caribbean will be whether the EC will remain a comparatively open economic bloc or whether it will become a semi-fortress, safeguarding the European market through protectionism and customs laws.

It remains unclear what effect the application of the principle of reciprocity in EC external relations (i.e. the enjoyment of certain superior market advantages by granting similar concessions to other countries) will have on countries in the South. It is also unclear how great will be the trade diversion effect which could result from the completion of the Single Market, due to the relocation of capital and manufacturing activities that were previously located in other countries in order to have the resulting advantages of the reduction in costs which working in a highly competitive integrated market would represent.

With reference to the usual argument that a booming European economy will have a favourable "extended filtering-down" effect on developing countries, this may not necessarily occur and the validity of this argument needs to be tested.

GRULA (an informal Latin American group made up of heads of diplomatic mission from every country in Europe) records that as early as 1958 the countries of the region had expressed their concerns to the six founder states of the European Community about some of the directions that Community policy could take, particularly in the area of trade policy. Thirty years later, a great number of those concerns have been confirmed by the fact that the various GATT rounds (Kennedy, Tokyo and Uruguay) did not give the results hoped for. The Common Agricultural Policy (CAP) has hit other countries badly, through its protectionist measures on access to the EC's markets and the policy of subsidized exports to developing countries.

Arguments about the favourable impact that the EC will have on North-South relations and relations with Latin America, such as those generated by its own technical services, read more like a declaration of principles:

- that EC external economic policy is not a specific instrument of the realization of the Single Market;
- that the EC cannot afford to isolate itself in its own market, given its current participation in trade;
- that the EC's legal commitments provide a further reason for it not to turn to isolationism, as it is already committed to a series of international treaties and would risk losing its authority and credibility on the international scene;
- as regards EC resources for cooperation with Eastern Europe, there will be no diversion of resources intended for Latin America and therefore there will be an increase in the total resources available;
- that the diminution of European presence in Latin America should not be seen as a wholesale withdrawal.

In comparison with Asia, it is certain that Latin America and the Caribbean cannot obtain such rapid and dynamic results, and that the cost advantages are

not so great. But at the same time, in Latin America and the Caribbean there is less heterogeneity, which in Asia has caused serious infrastructural problems and increases in production costs, and the Japanese presence is not significant. The same line of argument could be used for Eastern Europe, where the job of economic reactivation is going to be immensely problematic. Finally, political dialogue of the EC with Latin America is already directed and institutionalized through various channels, for example the Rio Group. In particular, the document on EC relations with Latin America and on industrial cooperation with countries at an intermediate stage of development in Latin America (together with Asia, the Persian Gulf and the Mediterranean), approved in June 1987 by the Council of Ministers of the EC, has been seen as a key element.

But at the same time, it must be recognized that no country in the European Community has a specific national interest in Latin America, unlike Africa and certain Asian countries, as demonstrated by the first piece of Community policy towards the rest of the developing world, the Lomé Convention, and the privileged treatment of its African, Caribbean and Pacific (ACP) country members.

In the first half of the 1980's, a global policy on Latin America began to be defined (influenced by the entrance of Spain and Portugal to the EC) through a network of contractual agreements, except with those countries where political dictatorships did not allow for it. The Commission of the European Communities has advanced some secondary non-commercial budget lines: development aid, scientific and technical cooperation, financial assistance, training, and aid for refugees. But these budgetary lines are not large, and bear no comparison to those provided under the Lomé Convention. Therefore, policy towards Latin America and the Caribbean can be seen as a by-product of the EC's general policy towards developing countries.

Evaluation of the interest of European investors in Latin America confirms that this region is seen as holding potential, but is not an easy location for a number of reasons:

- political and economic instability, which works against the long periods needed to establish a base for high technology industries, creates a risk of nationalization, and leads to concern about patent rights;
- lack of a small and medium-sized enterprise sector to operate as supplier for large enterprises;
- the limiting regulations or costly and bureaucratic procedures for exports;
- the lack of a progressive distribution of income;
- insufficient technological development and a lack of sophisticated technological research, or personnel experienced in technological research and development.

On the other hand, reasons for investing in Latin America and the Caribbean are not motivated so much by cost differentials as by the desire to build up a market position and compete with producers from other countries. As a result, investment is predominantly to reach the local market and not to export.

Latin America and the Caribbean is not seen as an attractive proposition in terms of investment in modern forms of industrial cooperation either. The state of technological development is not sufficient for a transfer of technology in the widest sense, for example through licence agreements. Rather, what is being looked for is to transfer technology through whole plants, which often does not allow the integration of new technologies into domestic production.

In addition to these different prospects, which may or may not be borne out by future events, recent realities of the economic linkages between the regions in terms of reciprocal trade and investment should also be taken into account.

In relation to trade, it is clear that Latin America and the Caribbean has looked for a strategic expansion of economic links with Europe and other regions in order to lessen its dependence on the United States. This happened, in fact, between the 1960's and 1970's, when the level of trade of Latin America and the Caribbean accounted for by the United States fell from 50% to 30%. But in the 1980's, this trade returned to its original levels, simultaneously reducing the reciprocal strategic relevance of Latin America and the Caribbean and Europe - the shift in trade in the previous decades did not favour Europe, and later the gap expanded and resulted in the stagnation of trade between Latin America, the Caribbean and Europe, which stood at 20% at the end of the 1970's. For the EC, Latin America and the Caribbean have lost their relative importance, to the extent that the region only absorbs 5% of its exports outside the Community, as opposed to double that in the 1960's.

Furthermore, this development happened in the context of an expansion of European trade in relation to total world trade, even with the benefits of the EC's own progress in economic integration, since this formed part of dynamic trends which entailed an important place for trade with other countries and with developing regions (the OPEC and ACP countries). For its part, Latin America and the Caribbean lost its global presence in the world markets; for example the ALADI countries have declined from more than 7% of world trade in 1955 to only 3% currently, or from 28% of sales of developing countries to only 15%.

In qualitative terms, the trade relationship between the EC and Latin America and the Caribbean is clearly unequal: 90% of European exports are manufactured goods and 75% of Latin American exports are raw materials (mineral and agricultural products) with a low level of processing and facing a serious deterioration in markets and prices. Manufactured goods amount to only 8% of exports to Europe as compared to 20% of exports to the United States.

It is obvious that there are internal causes for the fact that the integration of Latin America into the international production and consumption processes has taken place with basic products liable to structural deterioration of demand and prices. These have been considered as three weaknesses of Latin American economies:



Demonstration by Bolivian miners

Photo Gatep

- in not transforming the structure of exportable production;
- in not taking advantage of the commercial possibilities resulting from the growing demand for industrial products;
- in not anticipating the new trends and possibilities of exchange offered by the pattern of industrial trade with Europe.

There is no doubt that technological changes with a direct impact on consumption and use of raw materials to obtain greater efficiency in their use or their outright replacement, are unstoppable and will affect the relative natural advantages which the region has, leaving Latin America and the Caribbean with an enormous task in updating its technology and its enterprises.

However, subsidies, in the context of agricultural policies, also have a major impact; ECLAC has calculated that nearly 30% of exports, including industrial exports, from the region are affected by non-tariff barriers (against 10% of those from Africa and Asia).

More specifically ICFTU/ORIT has singled out the following factors:

- The OECD countries spend more than US\$ 250 billion on agricultural subsidies, which represents 5 times their official assistance to developing countries. Farmers receive prices which are 30% - 55% higher as a result.
- The trade barriers imposed by industrialized countries cost countries in the South US\$ 100 billion in lost revenue. The World Bank has noted that this amount is double the interest payments transferred by countries of the South for their external debt, and also twice the amount of development assistance they receive each year.
- If the protectionist measures currently enshrined in the Multi-Fibre Agreement were not enforced, the developing countries would be able to export US\$ 50 billion more than they do currently. In this context, however, the ICFTU has emphasized that the textiles and clothing sector provides a case in point where trade liberalization, in the absence of proper guarantees of working conditions and rights for trade unions could lead to an expansion of low-wage production in unacceptably poor conditions. Therefore, whilst supporting a fairer and more open world trading system, the ICFTU considers that future arrangements for trade in textiles and clothing must include clauses ensuring respect for basic workers' rights.
- Agricultural protectionism has led to a predominance of industrial goods in world trade, reducing the level of participation of the South. In 1979 agriculture accounted for 17% of world trade, while in 1989 this had fallen to 11%.
- The relative advantage of Latin America and the Caribbean in agriculture is being cancelled out by subsidies from the EC, Japan, the United States and countries of South East Asia equivalent to US\$330 billion annually. According to ECLAC, if the EC reduced its agricultural subsidies by half, annual exports from developing countries would grow by US\$ 3.5 billion.

- The active population which benefits directly from these subsidies (essentially agricultural producers) in the industrialized countries is a minority (5% in total), whereas in the South the proportion is much greater, given the continued importance of agricultural production structures.
- Comparative advantage does not really exist in a world where all potential importers are intent on subsidizing their own production. No government can guarantee its agricultural producers competitive conditions vis-à-vis the subsidized countries. SELA has stated that developing countries have to compete not with agricultural markets of other nations but with their treasuries.

The situation concerning trade is somewhat different from that of foreign direct investment. The European presence in Latin America is greater in this respect - around 15% of European foreign investment is in Latin America and the Caribbean, and 35% of foreign investments in the region are from Europe.

If one includes financial links, the European presence is still greater: 30-35% of Latin American commercial debt is with European banks, even if there is less coordination between the European banks themselves, and in general they follow the policies of the North American banks.

Therefore the EC should show Latin America and the Caribbean a position consistent with the current expectations of that region concerning its relations with Europe.

#### IV. Workers' Solidarity

As well as the policy demands formulated for governments, the political strategy of ICFTU/ORIT needs the support of trade union solidarity from the workers of industrialized countries.

In connection with the various points already presented, it is extremely important to have the cooperation of trade unions in the industrialized world for the following reasons:

- Support for a social clause in GATT, according to the position adopted by the ICFTU. This would discourage social dumping by governments and employers of developing countries, and would end the vicious circle of new protectionist measures on the part of developed countries.
- Coordination of joint trade union action in the transnational corporations' (TNCs) subsidiaries in Latin America and the Caribbean. This will not be possible if links are not forged between the workers of the parent companies and the main subsidiaries.

Also with reference to TNC's, the initiative for the United Nations to adopt a Code of Conduct for these companies would improve this situation. Like the ILO Declaration of Principles, it offers a way towards guaranteeing the basic demands

Child playing in a poor neighbourhood of El Salvador in January 1992, with the negotiation of a peace accord giving her the prospect of a brighter future



Photo AP

in this area - freedom of trade union organization and unrestricted application of national legislation.

On another level, the contribution of the experiences of trade unions in Europe in their own social and political actions is essential for trade union participation to develop in Latin America and the Caribbean in a way capable of confronting economic modernization, as shown by the following examples:

- Economic and social consultation: the examples most used of bipartite and tripartite agreements come from Europe and have made a major contribution to the development of this socio-political element, in spite of the much worse experience and fewer results obtained up to now in Latin America.
- Participation in enterprises through mechanisms of information, consultation and co-management.
- Participation in the structures of integration. The political platform recently elaborated by ICFTU/ORIT in the area of social affairs and participation has been based particularly on the experiences of European trade unions since the 1970's, notably the Social Fund and the Social Charter.

Finally, another series of problems where Latin American trade unions could benefit from the experiences of their European counterparts are:

- Reforms of the state, related to central administration and public sector enterprises (privatization).
- Reforms of labour legislation to bring about greater flexibility.
- Incorporation of workers in precarious employment into trade union structures, so that even if not all workers can be covered, they will at least be covered in certain aspects and will not be alienated from trade unions.
- Share ownership for workers in their companies.

In some of these areas, the experience of North American trade unions is also relevant.

## V. Conclusions

This chapter has tried to present the ICFTU/ORIT position on the current situation of Latin American trade unions, their expectations and future possibilities for participation in society at the time of the Fifth Centenary and the completion of the European Single Market.

The main thrust of the chapter has been its emphasis on the importance for ORIT to have a social and political platform concerning international economic relations. On the one hand it has presented a proposal for economic, as well as social and cultural, integration between the peoples of Latin America and the Caribbean, which takes up again the integrationist ideals of the popular and political leaders of the colonial period. On the other hand, it has developed a position on the existence of the large economic blocs, seeing the EC in particular as being of major importance in terms of future strategies for negotiating a reasonable participation in the international division of labour. A further aspect, which was also directed at European governments in the period when the EC was founded, concerned the necessity for the industrialized countries to adopt global structural reforms which essentially complement the internal structural adjustments of the economies in the region.

Finally, the other main point to be stressed has been the importance of the experience of European trade unions, which provide an advanced social and political model, and through international trade union solidarity should become a basic source of inspiration for the workers of Latin America and the Caribbean in their projects for transformation and economic modernization on the basis of equality.