

No Return to Doing Business as Usual

The new international trade union movement in the global jobs crisis

by **Susan Javad and Sarah Ganter**

The global financial and economic crisis is hitting labour with full force. The ILO estimates that up to 59 million more people will be out of work in 2009 than in 2007. What has started as a credit crisis in the US is developing into a global job crisis. The governments of major industrialised and emerging countries are trying to find a way out of the crisis. To ensure that workers' interests are being taken into account, the international trade union movement demands a seat at the negotiating table and presents itself with newfound strength.

1. From the financial to the jobs crisis

Triggered by speculative behaviour on the financial markets and lack of government control, the international financial crisis has grown into a global crisis. All OECD countries are suffering from staggering falls in economic output, and even emerging and developing countries are being affected by the crisis, albeit to varying degrees.

Declining economic activity is accompanied by a dismantling of jobs. The International Labour Organisation (ILO) talks of more than 59 million jobs under threat as a result of the current crisis. Lessons learnt from the past indicate that even when the economy picks up again after the crisis, these jobs might often be lost for good. While new employment opportunities will certainly arise, the conditions will mostly be inferior to those of previous jobs.

"Workers have not caused this crisis, they are victims of this crisis"¹ is the way Berthold Huber, the first chairman of IG Metall, puts it. And in the words of DGB President Michael Sommer, the trade unions are therefore called upon "to deal with the crisis from a political and moral perspective. We owe this to the workers. Because at the end of the day, they will have to foot the bill."²

And this is exactly what the trade unions are determined to prevent. Nor do they wish to see another crisis of this nature in future. The international trade union movement has repositioned itself in the last few years and demands to be part of the political process of crisis management in order to add a labour dimension to the design of a new global economic and financial architecture, and to have its voice heard.

1 Interview in the Saarbrücker Zeitung, 30-04-2009, <http://www.saarbruecker-zeitung.de/sz-berichte/themen/art2825,2879267>

2 Interview in the Tagesspiegel, 13-10-2008, <http://www.tagesspiegel.de/wirtschaft/Finanzkrise-Michael-Sommer%20Bart271,2634809>

The following paper seeks to explain how trade unions have contributed to the discussion to date and what they have achieved. In a first step, the entirely new quality of trade union action and the new self-confidence amongst trade union actors at the global level will be highlighted, followed by a description of the role played by the trade unions in the international governance structures until now, ranging from general lobbying and consultation to firmly-established tripartite structures. Finally, attention will be drawn to the concrete demands from the international trade union movement in response to the global financial and economic crisis, with special emphasis on the G20 process which is fast becoming a vital element of global governance in the 21st century.

2. The new international trade union movement

In the wake of economic globalisation and corporate transnationalisation with resultant greater competitive pressure, job competition has been increasing worldwide. Since the 1980s, this has gradually left its mark on the trade unions as well. In Western industrialised countries, they became politically marginalised by governments with a neo-liberal agenda and denigrated as obstacles to growth. Simultaneously, they lost a growing number of their members and, in the wake of economic globalisation and ensuing greater opportunities for the relocation of production, suffered a significant decline of their scope of collective action.

In developing countries, due to poorly-developed governmental structures and economic informalisation, they had been in a weaker position than in the industrialised countries from the start. In the wake of the debt crisis and the structural adjustment programmes enforced by the International Monetary Fund (IMF) and the World Bank (WB),

trade union structures, concentrated in the public sector as they were in these countries, were weakened even further.

Both nationally and internationally, the trade unions initially responded with a feeling of insecurity. Traditional instruments of industrial action such as strikes became less effective under these new conditions. A painful process of consolidation ensued.

While first networking measures had been taken as early as the 1960s with the establishment of the world works councils and trade union networks, the international trade union movement remained divided until 2006. Only then was it possible to merge successfully the two trade union umbrella organisations that had acted separately until that time, ie the *World Confederation of Labour* (WCL) and the *International Confederation of Free Trade Unions* (ICFTU), as well as some independent federations, and to form the *International Trade Union Confederation* (ITUC).³

Since the foundation of the ITUC, the 168 million workers it represents speak with one voice globally. Alongside the *Global Union Federations* (GUFs, formerly international trade secretariats) in a restructured form since the year 2000, the ITUC coordinates its activities in the *Council of Global Unions*, also founded in 2006. The *Trade Union Advisory Committee* (TUAC) to the *Organisation for Economic Cooperation and Development* (OECD) also acts in an advisory function in this coordinating forum.

A greater measure of professionalism in its activities has been the result. The *Global Unions*, as these labour organisations call themselves globally, know exactly what they want, namely a seat at the negotiating table when the international financial and economic architecture will be re-designed. Never before has the international trade union movement been in a better position to take an active part in such a process.

3 The Communist-dominated World Federation of Trade Unions (WFTU) continues to exist independently of the ITUC, yet its number of members is negligible.

3. A seat at the negotiating table! But which one?

In a global employment crisis which threatens fundamental workers' rights across the globe, the trade unions are no longer satisfied with sitting at the side table as a lobbying organisation. They demand a substantial role in the negotiating process.

To explore the opportunities for a more institutionalised integration of trade union positions into the global debate, a general overview will first of all describe the channels that have been used by trade unions to date have used to date for interventions in the opinion and decision-making processes at international organisations and intergovernmental fora.

Partner on an equal footing: the International Labour Organisation

The ILO was founded in 1919 based on the conviction that social justice is essential for maintaining world peace. The international trade union movement played a decisive role as the driving force behind the establishment of the ILO which, from the start, was designed along the principle of tripartism and became part of the newly-established UN system in 1946. The tripartite structure applies to both the *Governing Body* and the *International Labour Conference* which convenes annually; it comprises representatives of government, labour and business. Every year, they meet to hear cases of violations of ILO labour standards. Yet unlike a real court hearing, no judgement is pronounced at the end. The mechanism does not go beyond the naming and shaming of violators. In other words, even when a clear breach of ILO-standards is established, no sanctions will ensue. Compared to the *World Trade Organisation* (WTO), the ILO is a toothless tiger.

While the ILO dominated the discourse during the first decades after the Second World War and set standards for international labour and social legislation, its influence dwindled in the 1980s and at the same time the importance of the IMF and World Bank grew. With its *Decent Work Response* to the global jobs

crisis and the *Global Jobs Pact* the ILO presented important concepts on how to address the current crisis. Nevertheless, they had to fight for being involved in the measures taken to manage the crisis.

Primus inter pares: the United Nations

Trade union actors are part of the United Nations System (UN) primarily through the consultative status conferred upon non-governmental organisations (NGOs). Article 71 of the UN Charter offers non-governmental organisations the possibility to be consulted by the Economic and Social Council of the United Nations (ECOSOC), when appropriate. At the insistence of the trade unions, this possibility was extended in 1946 through a resolution adopted by the General Assembly in which the consultative status of non-governmental organisations was determined. Attempts to extend this consultative function to include other UN bodies such as the General Assembly itself failed for a long time. Eventually in 1997, the General Assembly decided to allow more than one thousand NGOs with consultative status to take part in a Special Session of the General Assembly during the *Review Process* to the *Earth Summits +5*. In the meantime, this form of NGO consultative involvement by organisations accredited to the ECOSOC has become firmly engrained in the daily routine at the United Nations. To consider trade unions as part of the rather vague category of NGOs, however, does not really do justice to their specific quality as actors because they usually enjoy greater legitimacy than other organisations of the civil society owing to internal union democracy and a function of comprehensive representation.

Trade unions have also become involved as actors within the framework of the *Global Compact*, solemnly initiated in New York in 2000 as a pact between the United Nations and the private sector to ensure socially-responsible practices by private business. The trade unions are represented on the *Global Compact Advisory Council*. They regard such voluntary self-commitment by the private sector somewhat criti-

cally insofar as trade union rights have been overshadowed by environmental demands and promises of sustainability and the voluntary nature of *Corporate Social Responsibility* (CSR) threatens to undermine internationally binding labour standards.

***Institutionalised consultation:
the Organisation for Economic Cooperation and
Development (OECD)***

TUAC is an integral part of the OECD structures and represents the interests of more than 60 million organised workers in the countries of the OECD. The fact that TUAC had already been established as a consultative body in connection with the Marshall Plan in the immediate post-war years certainly made it easier to integrate it into the OECD when the latter was founded in 1961. When the European Recovery Programme was transferred to the OECD, this structure representing trade union interests remained in place.

Decisions are made at the plenary sessions held twice a year to which all members, ie national trade union confederations from OECD countries and representatives of the international trade union movement, are invited. The TUAC Secretariat, currently headed by John Evans, has the tasks of coordinating the working groups which deal with various OECD-relevant subjects, and of developing positions to be presented at the regular consultative meetings with the competent OECD committees, or passed on to the offices of the OECD Conference of Ministers, respectively. TUAC also coordinates the conceptual work of the international trade union movement in preparation for the G8 and G20 summits.

This offers TUAC, as well as its counterpart from the employers, many opportunities for consultation to influence OECD positions. It is a mechanism that undoubtedly helped to boost trade union positions in the past. A good case in point is the topic of corporate governance. In 2003/2004, TUAC succeeded in shaping intergovernmental negotiations on this matter in the face of hostility from several governments as well as the business community.⁴

***Challenging dialogue:
the World Bank and International Monetary Fund***

The ITUC (or its predecessor) always urged the International Financial Institutions to review the social impact of their programmes and invite trade unions to comment on them. At the end of the 1990s, the World Bank and the IMF began to be more open to a dialogue of this nature. On several occasions, the ITUC and the GUFs were included in the drawing-up of the *World Development Report*. Moreover, regular meetings have since been held between union representatives and the World Bank and IMF, including a bi-annual high-level meeting and semi-annual thematic consultations. Greater attention to international core labour standards and involvement of trade unionists in the preparation of poverty reduction strategy papers, in particular, have been the result of such exchanges. Yet from the trade union point of view, this selective form of cooperation is not entirely satisfactory because it lacks coherence and consistency.

The *Doing Business Report* published annually by the World Bank, in particular, has repeatedly been a cause for criticism in the eyes of trade unions. This prominent World Bank publication rates countries according to their business-friendliness. For years the trade unions, and the German Confederation of Trade Unions (DGB) among them, had drawn attention to the problematic assessment criteria according to which lax labour market regulations and weak social protection counted in favour of a country. It was only in April this year that the *International Finance Corporation* (IFC), the financing body of the WB, at last took the decision to fundamentally change the assessment system. A working group, with representatives from the ILO among them, is tasked with creating a new labour protection indicator. The ITUC welcomed the fact that compliance with ILO core labour standards be a positive factor in the assessment process in future.

4 Pierre Habbard and Roy Jones: Ein Durchbruch für Stakeholderrechte. In „Mitbestimmung“ international edition 2004. http://www.boeckler.d/92462_30872.html (accessed 1-11-2009)

Informal integration: the World Trade Organisation

Since its inception in 1995, the World Trade Organisation (WTO) has been a focus of attention from the international trade union movement. It has been the latter's main aim to incorporate the fundamental ILO standards in the WTO. The instrument of an arbitration tribunal gives the WTO an effective sanctioning mechanism, but social criteria have not yet played a role in this process. Trade unions seek to change this. Compliance with core labour standards should thus be enforced in the WTO member states, including possible penalties in case of non-compliance. This aim has not yet been achieved. Nor have the various informal contacts between the trade unions and the WTO Secretariat been converted into a formal, institutionalised procedure. And although trade unions have access to all important WTO documents and may express their views on them, yet do not enjoy regular consultative status.

Consultation as a concession: G8

Almost a quarter of a century passed after the G8 (at the time the G6) had been set up in 1975 before trade union actors became involved in the negotiating process among the "seven leading industrialised nations and Russia" on a regular basis. As late as 1999, when Germany held the presidency of the G8, regular consultations were introduced in connection with the meeting of G8 ministers of labour and social affairs. This proved to be quite successful from the trade union point of view. At the G8 Summit in Heiligendamm in 2007, for example, some key demands of the trade unions were included in the final text. DGB President Michael Sommer summed this up at the time by declaring: "Not only were the trade unions listened to, but their concerns have found expression in the declaration of the G8 labour ministers. This applies to the social dimension of globalisation, strategies for more and better employment and improved social security systems in emerging and development countries as well as to the demand for greater corpo-

rate social responsibility. In this respect, it was the most successful dialogue with the labour ministers which we have been engaged in to date within the framework of the G8."⁵

Another novelty at the G8 meeting in Heiligendamm was the presence of important global governance organisations, notably the WTO and the ILO, on the invitation of the trade unions at the preceding meeting of labour ministers in Dresden.

However, the successes at Heiligendamm faded into the background with the advent of the financial and economic crisis at the end of 2007. It soon became evident that the G8, a forum in which the newly-industrialised powers are not represented, was not an appropriate setting to resolve the crisis. At the international level, greater efforts were made instead to press ahead with the G20 process which, although already started in the late 1990s, had until then been in the shadow of the G8.

In view of the fact that the G20 process is becoming increasingly important and will likely take over from the G8 as the body determining the global economic agenda, the international trade union movement is now concentrating its energies in that direction.

4. Trade union responses to the crisis

The global union federations, the TUAC and the ITUC spoke out in the run-up to the G20 and G8 summits in Washington, London, L'Aquila and Pittsburgh and presented detailed statements and lists of demands. Similarly, they contributed to the discussion process in the UN Commission of Experts initiated by the ECOSOC and chaired by Nobel prize-winner Joseph Stiglitz. At the 98th International Labour Conference in Geneva, representatives of the workers met with employers and government representatives in the tripartite Committee of the Whole and agreed on joint responses to the employment crisis. Within the framework of the Global Jobs Summit, strategies were

⁵ DGB, G8 Summit information, Heiligendamm 6 – 8 June 2007.

⁶ "A Stronger, Cleaner, Fairer World Economy: The OECD Must Act and Change the Future", TUAC Statement to the OECD Ministerial Council; Paris, 25-26 June, p.10

developed on how to cushion the worst effects of the crisis on worldwide employment by means of a Global Jobs Pact. Key concerns of the international trade union movement are as follows:

- *Fundamental systemic change*: trade unions believe that the window of opportunity opened by the crisis must be used for a paradigm shift in the global economic and financial architecture.
- *Employment problems*: job security and job creation must take centre stage in any internationally coordinated recovery strategy.
- *Sustainability*: responses to the financial crisis must take into account the environment (in the sense of a Green New Deal) and the highly vulnerable situation of developing countries. At the same time, a just transition must be supported. Because: “people must not be forced to choose between their livelihoods and the environment”.⁶ The trade unions therefore demand that sustainability and social justice should only be addressed in combination.
- *Role of the ILO*: from a labour perspective the ILO, as the international institution which brings together workers, employers and governments, is predestined to formulate responses to the crisis. It should therefore be strengthened in its structures and play a key role in the process.
- *Global Charter and Standards*: the international community must adopt a Global Charter for Sustainable Economic Activity and a Global Standard on Propriety, Integrity and Transparency on which to build a stronger, cleaner, fairer world economy.
- *Institutional integration of the trade unions*: in the G20 process, the trade unions insist on having a legitimate seat at the negotiating table. But not only in the G20 process the labour perspective could also be more systematically addressed in other agencies of the global governance system, especially at the International Financial Institutions.

Trade unions do not just speak out, they are also listened to. The demand for greater attention to the jobs dimension, for example, was taken up at the London Summit of the G20 and followed up in Pittsburgh. Even key trade union demands such as integration of the ILO and a Global Charter for Sustainable Economic Development can be found in the final declaration.

In addition to these demands, the ITUC and the GUFs presented the London Declaration with a concrete 8-point action plan for financial reform, proposing:

1. to clamp down on the “shadow” financial economy;
2. to end tax havens and offshore financial centres and create new international taxation mechanisms;
3. to ensure fair and sustainable access to international finance for developing countries;
4. to reform the private banking business model in order to prevent asset bubbles and reduce the debt risks;
5. to control executive, shareholder and other financial intermediaries’ remuneration;
6. to protect working families against predatory lending;
7. to consolidate and enhance public accountability, mandate and resources of supervisory authorities;
8. to restructure and diversify the banking sector.

The global unions demand from the governments of the G20 countries nothing less than an ideological paradigm shift. The post-crisis economic order must not be the same as before the crisis. In fact, the G20 is challenged to re-design global economic structures along the concept of decent work propagated by the ILO which puts the well-being of the workers first in any economic activity.

The global unions already succeeded in holding informal talks with almost all major political actors in the negotiating process in Washington and in London. Yet until the London Summit they were just one lobbying organisation among many. This has changed since the follow-up Summit in Pittsburgh in September 2009.

5. The world post Pittsburgh – Successes and new challenges

Ever since the G20 process has gained momentum, it has been the declared objective of the trade unions to become involved in those negotiations at least as much as with the G8 process. This objective appears to have been achieved after the summit in Pittsburgh. Business and labour will be consulted in future. What

form this consultation will take has not yet been bindingly agreed. Yet the prospects for attaining the same level of involvement in the G20 process as with the G8 are promising. A first meeting of labour ministers from the G20 countries will probably take place in spring 2010 in the USA.

Mention was also made in the final document of the intention to draw up a Charter for Sustainable Economic Activities. It is not yet clear at present what the charter will be like, but the international trade union movement has affirmed its resolve to play an active part in the drafting of it. The Charter will not be binding under international law; in fact, the G20 (like the G8 before it) is far too small a club and only derives legitimacy from the successful outcome of its work. However, the Charter is intended to provide a frame of reference, and it is hoped will be used for orientation by a growing number of states in the course of time.

Another achievement of the trade unions has been the strengthening of the ILO as part of the global governance structures. The governments of the G20 explicitly refer to the ILO in their final document and promise not to use the crisis as a pretext for weakening ILO labour standards. In addition, the trade unions demand the establishment of a working group on job and employment policies under the auspices of the G20, including trade unionists and ILO representatives.

Notwithstanding these successes, the trade unions cannot afford to rest on their laurels. Only if they press ahead with and intensify the coordination process among the global unions will they be able to make effective use of the G20 consultation mechanism. This brings to mind the question of how to deal with the national trade unions from the G20 emerging countries and incorporate them more effectively into the existing international coordinating bodies that

have been dominated by trade union representatives from industrialised countries in the North for so long. The objective must be for trade unions from emerging countries to contribute more to internal trade union discussions at the international level, and to effectively lobby their own governments on labour issues at the national level.

In this context, China must be seen as a special challenge. Some 169 million workers⁷ are organised in the All-China Federation of Trade Unions (ACFTU); the latter is, however, not affiliated to the ITUC since it does not adhere to ITUC principles such as trade union independence and internal democracy. Yet in view of China's growing importance for the global economy, channels must be opened for exchanges with the ACFTU. Only then can the ITUC prevent negotiated positions, which have been coordinated with the respective governments, from failing against Chinese resistance.

Nor can we disregard the fact that the G20 will never attain the same level of legitimacy as the G192, ie the UN General Assembly. With the G20 as the international decision-making body in the current crisis situation, solutions must therefore be found for also representing the trade unions from countries outside the G20 family which do not participate in the trade union meetings preceding the G20 summits. To date, this has been done through the ILO, the TUAC and the ITUC regional organisations; ITUC Secretary General Guy Ryder, in particular, is trying hard to include all ITUC affiliated organisations in this discussion process.

Altogether, efforts must be made to ensure that the momentum for substantial changes in the international "rules of the game" is not lost. In Europe and not least in Germany, some political constellations are looming which are traditionally less inclined towards trade union positions.

7 As of 2006, ACFTU home page: <http://english.acftu.org/template/10002/fil.jsp?cid=63&aid=156> (accessed 7-11-2009)

Whether labour interests will indeed play a greater role in global governance structures in future depends on how persistent and united the international trade union movement is in fighting for its agenda. A return to business as usual would be unacceptable.

About the authors:

Susan Javad is a member of staff of the Global Trade Unions Project in the Division for Global Politics and Development at the FES in Berlin.

Sarah Ganter is trade union coordinator in the Division for Latin America and the Caribbean at the FES in Berlin.

The Friedrich-Ebert-Stiftung or FES, the oldest political foundation in Germany founded in 1925, is a private non-profit institution committed to the ideas of social democracy. It is named after the first democratically elected German president, Friedrich Ebert, and continues today to pursue his aims of shaping freedom, solidarity and social justice by political means. The Friedrich-Ebert-Stiftung upholds his legacy through programmes on political education, international cooperation and scholarship and research activities in Germany and abroad.

Friedrich-Ebert-Stiftung, Internationale Entwicklungszusammenarbeit, Globale Gewerkschaftspolitik
Friedrich-Ebert-Stiftung, Division for International Development Cooperation, Global Trade Union Program
Hiroshimastraße 28, 10785 Berlin, Fax ++49 30 26935-9211

Sie finden die Kurzberichte zum Herunterladen auf <http://www.fes.de/gewerkschaften>
To download the briefing papers please use: <http://www.fes.de/gewerkschaften>

Reiner Radermacher, E-Mail: Reiner.Radermacher@fes.de
Cindy Espig, ++49 30 26935-7487, e-mail: Cindy.Espig@fes.de