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A Union view on how International Organisations meet their obligations toward Labour ❖

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This paper was motivated through my reading of the draft copy of the World Development Report 2000 (henceforth WDR and WDR 2000). Little is available in the economics, industrial relations or trade literature dealing with existing inter-relationships between international organisations and labour. The full extent of this relationship can not be captured in one short paper. Consequently, our objective here is to present a quick run down on a few of the key issues.

Public Services International (PSI) is the international federation for 20 million members of over 600 public sector trade unions in 144 countries. PSI has been active in working both with and against the World Bank on

the production of World Development Reports over the last few years. Hopefully, therefore, this perspective will be seen as one that has been informed by sound experience from the field.

When the first draft of the 2000 WDR was put on the Internet, and made available to public comment in an unprecedented show of openness by the Bank, PSI commented as follows:

PSI welcomes this WDR both because of the urgency of the issues it raises and because the whole new approach to the way a WDR is normally produced is evidence of some real changes at the Bank. This

is not just the very evident transparency which has characterised this WDR from its very beginning but also the clear willingness both to listen to critics and to incorporate these critical views into the report's language and ethos. Full marks to the writing team: few other bodies would have the courage to allow a flagship publication be subject to moderation by outside critics.

What a pity that only a few months later, Professor Ravi Kanbur, the lead writer for the WDR, had resigned because of heavy internal pressure to ignore what civil society was saying about the limits to growth alone as a strategy to reduce poverty. He was asked to stress that aggregate growth was a necessary and sufficient condition for poverty reduction. It is a little simplistic to say that the main difference made by Kanbur's departure was that the pro-growth chapters of the report were brought forward in the final WDR. Further, some of his emphases were reduced to footnotes indicating that there is debate on some of these matters, the 'debate' consisting of some hurried Bank papers quibbling with Kanbur's approach. Simplistic, but close to the truth.

Many workers in developing countries see the Bank, the International Monetary Fund (IMF), the World Trade Organisation (WTO), etc, as a pack of nasties unleashed by the North onto the defenceless South. Many of them have good reason to feel that way and PSI campaigns for many of its members who have been without wages for months or, in some cases

years, as a result of advice given by the international financial institutions (or IFI's) to their governments. The injustice of this is plain to see.

In this context it is dangerous to argue that local people and local policy-makers are powerless and innocent. Conspiracy theorists cannot pretend that it is the Bank or Northern donor countries that create the differences between Kerala and Bihar or Uttar Pradesh that the WDR draft highlighted. Very often local elites - politicians, feudal landlords and business interests - are responsible for keeping the poor and the uneducated poor and uneducated. It would have helped if the Bank could identify what has caused the differences between what should be similar states and to show how organised peasants, workers, women, community groups and others can create and hold to account the political forces which can and should act in their interests. Otherwise, poverty and the poor will, indeed, always be with us.

Again and again in the trade union movement, we have said that aggregate data do not tell you *who* is poor and *who* is greedy. Further it does not tell you the detail and processes of manufacturing inequality. It was good to see an attempt at this in the draft WDR and even surviving in some shape in the final version. This represents a beginning of the recognition that growth is not the whole answer to inequality. It is a real tragedy that this was rejected thus forcing Kanbur to go. Particularly as Bank President James Wolfensohn, the retired IMF Managing Director Michel Camdessus and International Labour

Organisation (ILO) Director General Juan Somavía at UNCTAD X, in early 2000, commented emphatically that growth may even lead to inequality and that it is far from being a sufficient guarantor of poverty reduction!

The WDR has a tendency to divide societies into only two groups – the poor and the rest. It is probably more useful to identify the poor, a ‘middle’ group and the elite(s) who, in many countries and certainly from a global perspective, may own and control as much wealth and resources as everyone else put together. The various figures that are trotted out about the biggest 200 multinational companies being bigger than many nations’ GNP, or the 250-odd individuals who own as much as the poorest 25-40% of the rest of the planet may be simplistic. Yet, they point to the fact that you cannot lump all the ‘non-poor’ into one category and then design health, education and other social policies as if the average worker/peasant can be treated in the same way as can Microsoft founder, Bill Gates. Making state institutions pro-poor should not mean making them non-existent for the majority of the rest or pricing them at a level most could not afford.

WDR 2000 was strong on the need for ‘institutions’ but failed to see interest groups, trade unions and civil society organisations as institutions. Yet the rich and powerful don’t just lobby as individuals: they have all kinds of formal and informal institutions and associations helping them to influence policies and shift resources. These kinds of associations do not naturally spring up from the ground and thrive,

especially in societies marked by repression. It is not enough to say that governments must tolerate or permit such bodies for the poor, as the WDR suggests. It is essential that the same kind of laws and initiatives which business calls for in establishing an environment for property and intellectual property rights must be actively implemented by governments, with strong encouragement from the Bank. The importance of associational and/or NGO life for the poor cannot be over-stressed. Clearly, this will take time and, in all likelihood, democracy may slow down progress with this, but if the people own decisions, the people may be slower to undo them violently. It is important not to give the message that, because the first steps can be slow and difficult, it is not worth starting out on the road to democracy.

One of the obvious things the poor need is a state that works in their interest. This kind of state was promoted in WDR 1997 on ‘the state in a changing world’, a state which is capable, agile and properly resourced; not just at the national level but also at the international and intergovernmental levels as well. The poor need good but sparse regulations to control the activities of speculators, builders, monopoly providers of public utility services, etc. For example, the 1999 Turkish earthquake disaster might not have taken so many lives if some of these issues had been addressed. Although, and to be fair, WDR 2000 did call for better regulatory control of construction ‘crooks’. However, this is a bit like locking the stable door after the horse has bolted, given the

role of the Bank and the IMF in so strongly calling for deregulation so consistently over the previous decade in the face of, amongst others, objections from union organisations.

Without wishing to engage in any form of backward-looking extrapolative reasoning it must be said that the presence of strong institutions, such as democratic trade unions might have helped to nullify the impact of the Turkish disaster. In this specific case, a strong and free trade union movement – encouraging the culture of accountability - might have exposed shoddy work practices and negotiated for safer conditions for workers and inhabitants. Yet Bank and Fund policies have not only undermined high quality regulation but have also required governments to repeal or not pass legislation in support of freedom of association and collective bargaining.

So, the Turkish people as well as others need such institutions. Without such institutions the people will be deprived of a fair and reasonable negotiating platform both at home and (say, through the PSI, for public sector workers) internationally. A case in point being negotiations with various IFI's on the implementation of structural adjustment policies.

There are other tangible benefits to having such associations. For example shortly after the Turkish disaster one of PSI's affiliates in Japan managed to raise 700,000 Swiss Francs for the Turkish victims and their families. This is being used to help fund the construction of a school.

It should also be noted that, as far as labour markets are concerned, Korea fared better than did Indonesia in the East Asian financial crisis. This is the case mainly due to the fact that in spite of its still pitiful anti-public sector trade union legislation, at least Korean workers could negotiate some reasonable solutions. But, compounding the East Asian countries other economic woes, was the fact that most of them lacked any kind of decent safety nets for their workers. Research at the PSI suggests that the same governments, opposing trade union rights at the WTO, and even in the ILO, have refused to negotiate such safety nets with unions.

Considering what has come to be known as 'social capital', the Bank was trying to broaden the thinking of many policy-makers in suggesting that a broader view of what is, and what is not, an asset is required. Assets are not just bricks and mortar - human, natural, physical and institutional 'things' can be seen as assets and the poor need all of these, not just cash and concrete. The problem is that not all of these assets, even in this wider definition, can be held privately and seen as commodities to be traded in the market for the benefit of the individual – in this case, the poor individual.

A common perception is that the organisation to which one may belong, or the culture in which one is embedded, do not necessarily belong to that person. So, the view that you can buy 'culture' in the tinsel tourist shops at the airport (as you return from an overseas assignment, for

example) is misguided. The ILO has declared from the beginning of international thinking on these matters that labour is not simply a commodity to be traded just like cordials.

The draft WDR appeared keen to drive a wedge between informal and formal sector workers, between so-called labour elites and others. Yet some poor workers also ‘sell’ their labour to various public employers. Public sector workers are not isolated from others. The following anecdote will illustrate this important point.

I recall some years ago finishing a weeklong seminar for public sector workers in Fiji in the Western Division, the centre of Fiji’s sugar industry. The industry is dependent on thousands of relatively marginal small farmers and Fiji was very dependent on sugar exports. There had been a severe drought and there was concern that the year’s crop would be lost. Just as we came to the closing session, the sound of very heavy rain on the corrugated iron roof drowned out all conversation and the whole room burst out into loud laughing, smiling and sighs of relief. None of these people were sugar workers but they lived and worked in the sugar communities and were one with these workers.

As implied by the message underlying this anecdote we need to build policies which bring workers together not to separate them.

We also need policies that empower workers so that they can bargain for their share of a growing economy – nationally and internationally. So much of world trade and production is dominated by multinational enterprises (MNE’s) – over half the top 100 companies in the world are MNE’s – that what happens in workplaces, feeding the international trading system, is crucial for the well-being of workers. Core labour standards are often suppressed in countries where the government and MNE’s can exploit this for a trading advantage. This is why the trade union movement tries to get the WTO, the Bank and the IMF to adopt policies that will not undermine or over-ride these standards.

The WDR draft, good as it was, showed the Bank’s failure to understand the issue of labour standards and how to implement them. The final version of the WDR was a strange mix of misrepresentation of the situation and recognition that the need to promote core labour standards is a challenge that must be met.

The remaining paragraphs of this paper attempt to set the record straight.

When talking about labour standards and trade, unions agree that setting and monitoring labour standards is the prerogative of the International Labour Organisation (ILO) but that other international organisations or bodies, for example the Bank and the World Trade Organisation, could help in enforcing them. It is equally important that governments should be reprimanded, and perhaps even penalised, when having supported

labour standards at the ILO, they choose to turn their back on workers at meetings of other bodies.

The objective of unions is to bring change. No-where is this change more needed than in encouraging governments to respect the internationally recognised rights of workers. This approach should be based on governments, employers and trade unions working together to achieve that objective, as can happen in the ILO where the three parties meet, vote and work together, even if not always perfectly.

At this point it may be useful to mention some of the better known misconceptions governing the relationship between unions and some international bodies such as the WTO. Here is a listing of some of our actual positions, as opposed to the more common misconceptions:

- Unions do not believe that the WTO has any role in setting labour standards or in determining whether any country has violated them.
- Unions absolutely oppose the use of labour standards for protectionist purposes.
- Unions favour a process that involves incentives, assistance and support for governments which want to achieve a better performance on labour standards.
- Unions oppose processes that impose automatic sanctions for single violations of labour standards.
- Unions have determined that their first priorities at the WTO are twinned: to promote the development agenda of the developing world and, at the

same time, to link trade to core labour standards.

There is a difference between ‘labour law’ and ‘international labour standards’. Labour law can and should be set by individual countries and will be content-and-culture specific (but may well be based on international labour standards).

The ILO sets international labour standards where governments, with workers and employers, all have voting rights. ILO standards are often an expression of the vast bulk of all the interested parties on how workers should be treated not foisted on the developing world by others. These international labour standards normally set basic principles for the various parties to use but it is accepted that the application of some standards will differ from country to country.

There is also a difference between labour standards in general and the so-called ‘core labour standards’. The key distinction here is between those rights which people have innately (such as freedom of association, bargaining, freedom from discrimination, forced/prison/child labour, etc.) – and those rights which will change over time and from circumstance to circumstance and over which honest people could disagree. The core labour standards fall into the first category. Many other general labour standards are specific to an industry, a sector or a category of workers or problems and so may be more useful/necessary in some cases than in others.

The core rights form part of the ILO's 1998 *'Declaration on Fundamental*

Principles and Rights at Work and its Follow-up' and were voted for by governments, employers and workers from around the world. Workers and their trade unions around the world demand that especially those governments wanting to be part of the international community respect these core standards.

The international union movement has stressed the role of incentives and assistance – typically through ILO programmes - as the best way to help countries meet their international core labour standards obligations. Sanctions to whip governments into line are not an early or automatic part of any such approach. The process for getting this done would involve the ILO using its normal procedures for investigating a complaint on violation of core labour standards, offering technical and programme advice to a government over a period of years and monitoring progress. A typical ILO investigation can take several years (often as long as 7) especially in those situations in which it has had difficulty in getting the co-operation of a government not keen to alter its behaviour.

It is normally after the ILO has had its investigation of a particular case that the WTO procedures would kick in. Now, precisely what those WTO procedures might be is where we are open to discussion.

The length of the ILO complaints procedures over suspected/alleged breaches of the core labour standards and the programmes of assistance outlined above, mean that no protectionist is going to be interested in using this mechanism due to its lengthy procedure. Protectionists are

impatient for action. However, the use of labour standards in trade debates is not a protectionist tool.

The experience of the International Confederation of Free Trade Unions is that unionists from both the South and the North are in support of this approach. International Trade Secretariats, such as PSI, with affiliates in more than 140 countries, have a similar perspective. What evidence exists suggests that many governments are also keen to improve their performance in these areas.

The need for international guarantees of core labour standards is most acute in developing countries. Governments, workers and employers who respect these standards and are winning/attracting trade and investment should not lose out to other developing countries, such as China, which has a history of violating core labour standards and so can out-compete the 'good' developing countries.

It is true, however, that many employers in Northern countries use the threat of relocating to countries with poorer labour standards and conditions as a means to force unions to make serious bargaining concessions. It is this fact that makes some critics of the union movement's position assume that insistence on standards is, at base, a Northern ploy to save jobs.

Discrimination and equal remuneration are among the core labour standards also. Upholding those standards world-wide would do an immense amount to help women workers – especially those in the developing world - assert their rights

and improve their situation.

In summary, the international trade union movement is trying to limit the power of the international trading system to undermine core labour standards, not to extend the powers of the WTO. The ILO should handle labour standards issues as it has traditionally done. Labour and goods market stability will be enhanced if the WTO were to respect this mandate rather than override or undermine it.

There is no single step which will bring on a paradise on earth, especially for poor workers, but trade union rights at all levels of the local, national and international economy is one set of tools which workers have a right to enjoy and use.

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♦ *The views expressed here are personal to the author and do not necessarily reflect those of the other staff, faculty or students of this or any other institution.*

Book Review:

Deepa Narayan, Raj Patel, Kai Schafft, Anne Rademacher and Sarah Koch-Schulte. (2000) Voices of the Poor: Can Anyone Hear Us? Published by Oxford University Press for the World Bank. PP 200. ISBN 0 195 21601 6.

Can Anyone Hear Us? represents the first in the three-part series *Voices of the Poor* carded for publication by the World Bank by the end of year 2000. An objective of the project was for the outcome report (subject to this review) to inform the World Development Report 2000/2001. Given that the latter had a poverty and development theme as well, the synergies between the two reports were considered obvious.

For this unprecedented project, a team of World Bank Poverty Group researchers led by Deepa Narayan reviewed 81 Participatory Poverty Assessment (PPA) reports from 50 countries covering over 40,000 people. The next two books in the series, *Crying out for Change* and *From Many Lands* reviewed a body of new fieldwork conducted in 1999 from an additional 23 countries. Taking its strength from the voices of 60,000 poor men and women around the world, the series aims to approach the problem of poverty from the perspective of both individuals and also the institutions they interact with on a formal and informal basis. The outcome of this project is sobering as World Bank President James

Wolfensohn, and Cabinet Minister Clare Short (of the UK Department of International Development) admit. Consequently, while this extensive effort is hugely welcome, it is rather a curious fact why it was not undertaken a long time ago.

The methodology used in the revision of the PPA's is the main inspiration for the structure of *Can Anyone Hear Us?* By analysing the common themes that emerged from the poor people's experiences from different places, the researchers were repeatedly surprised by the

'paradox of the location and social group specificity of poverty ... and ... the commonality of the human experience of poverty across countries' (p3)

The book is divided into seven chapters with a set of comprehensive appendices containing the details of PPAs and sample analysis. The introduction includes an accessible yet sophisticated abstract and a discussion of methodology. In fact, the introduction is amongst the most inspiring parts of the book. Here, the main five conclusions of the analysis are clearly outlined along with a rather satisfying discussion on the problems of 'representatives' and 'generalisation'. The skill with which the book develops these arguments in subsequent chapters is impressive.

The second chapter looks into the definitions of poverty used by the poor, as well as the main attributions of poverty such as the lack of conditions necessary for material and psychological well-being, lack of basic infrastructure (particularly roads, transport and water) and social assets. The chapter, like all the other chapters

is rich in engaging narratives, quotations from participants and case studies, in this section the emphasis being placed on transition economies. The next chapter illustrates the widespread frustration resulting from poor people's experiences with the state, focusing on education and healthcare. By contrast the fifth chapter looks at the importance of civil society and NGO's as well as informal networks such as kinship. This section concludes that the outreach of NGO's is rather limited, irrelevant and even corrupt - although to a lesser degree than the state - while the informal social networks that are so vital to poor peoples' survival are crumbling under the pressure. The analysis in this section includes some accounts from the perspective of local elites, however it refrains from any discussion on the World Bank's own interaction with the poor. This chapter and the next section on social fragmentation and exclusion are specifically very rich in narratives and case studies illustrating the gender differences in both facing and coping with poverty. These two chapters look at a variety of issues from women's perspectives including utilisation of informal networks such as financial services as well as the social limitations they face, specifically relating to widowhood. The sixth chapter also includes a good case study on the police and poor people's frustration with state institutions that exploit and frighten them instead of protecting their rights.

The final chapter concludes the analysis of all these common themes that emerged from the 81 PPA's and briefly proposes some policy options. The recommendations for policy actions are rather vague but most importantly the writers argue that a strategy of change should involve four critical elements: start with poor

people's realities, invest in the organisational capacity of the poor, change social norms and support development entrepreneurs.

Overall, *Can Anyone Hear Us?* is an impressive body of work given its range and size as well as its aim. Written for a general audience with a highly accessible language and various means of presentation including case studies, quotations from participants and highlight boxes, the book is a good source for anybody interested in development studies. Furthermore, thanks to the chief - editor Deepa Narayan, *Can Anyone Hear Us?* is also advisable for people with a specific interest in gender issues in development. However, as the authors admit the conclusions drawn from the analysis of PPA's do not really offer a blueprint for change or come as a surprise as most problems covered are already very familiar to development studies readers.

While recognising the problems attached to analysing the work of 81 different groups of researchers and the amount of variation in the quality of reports, I was disappointed by the way the participants were referenced in the book. Almost none of the participant accounts are individually referenced, 'poor man/woman' replacing their names. I believe the book could be enhanced by an additional effort into referencing 'the poor men and women' more directly. Furthermore, the policy recommendations and the conclusions are not as strong as one would expect from a project of this scale and influence, especially compared to the quality of writing and argument presented in the introduction. Although the project has its limitations, with the other two books in the series, *Voices of the Poor* deserves a special place in World Bank's vast collection of

working papers and reference books as an example for future research.

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Forthcoming Conferences:

March 21-23, 2002: Entitled 'Rethinking Science Policy: Analytical based Frameworks for Evidence-based Policy' this conference will focus on the interfacing of policy models and policy framework, amongst other issues. Venue is at the Science Policy Research Unit (SPRU) at Sussex University, in Brighton, UK. Contact: a.bambridge@sussex.ac.uk

March 28-30, 2002: 9th annual conference of the International J.A. Schumpeter Society to be held in Florida, USA. The main theme is Schumpeterian views on Entrepreneurship. Contact: Professor Hanusch on the following e-mail: horst.hanusch@wiso.uni-augsburg.de

April 5-7, 2002: Annual conference of the Economic History Society being held at the University of Birmingham, Birmingham, UK. Contact: ehsocsec@arts.gla.ac.uk Internet: www.ehs.org.uk

Recently published papers:

- The December 2001 issue of the American Economic Review has a paper by D. Acemoglu, S. Johnson and J. A. Robinson on *The Colonial Origins of Comparative Development: An Empirical Investigation*.
- The spring 2001 issue of the Journal of Economic Perspectives carries a Symposia on *The Microsoft Case*.
- The fall 2001 issue of the Journal of Economic Perspectives has an insightful article on *Free Labor for*

Costly Journals by Theodore C. Bergstrom.

- The January 2002 issue of the Economic Journal has a paper entitled *True World Income Distribution, 1988 and 1993: First Calculations based on Household Surveys Alone* by World Bank economist Branko Milanovic.

Useful web-sites:

The Journal of Economic Perspectives offers the following for exploration:

A recent international comparative look at health expenditure may be found at <http://www.who.int/whr/2000/en/report.htm>

An on-line museum of money and financial institutions may be found at: <http://www.museumofmoney.org>

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Chris Kynch: *'Map or Mirage: Rates of return: a policy makers guide to education as investment'*.

Saud Choudhry, B. Mak Arvin and Robert Morrison: *'Ranking Donors in the Allocation of Aid to Developing Countries: New Evidence'*.

Mark Baimbridge and Brian Burkitt: *'Central Bank Independence: A new non-inflationary beginning or democratic deficit?'*

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