
INTERNATIONAL LABOUR ORGANIZATION
Bureau for Workers' Activities

**The role of trade unions in the global
economy and the fight against poverty**

Background paper

International Workers' Symposium

Geneva, 17-21 October 2005



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List of acronyms and abbreviations

| | |
|---------|------------------------------------------------------------------------------------------------------------------|
| AAF-SAP | African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation |
| ACP | Africa, Caribbean and Pacific |
| AfDB | African Development Bank |
| AIDS | Acquired Immune Deficiency Syndrome |
| AFL-CIO | American Federation of Labor and Congress of Industrial Organizations |
| AGOA | African Growth and Opportunity Act |
| APRM | African Peer Review Mechanism |
| AsDB | Asian Development Bank |
| AU | African Union |
| CAS | Country Assistance Strategy |
| CDF | Comprehensive Development Framework |
| CLAT | Latin American Central of Workers |
| CSO | Civil Society Organization |
| CSR | Corporate social responsibility |
| EBRD | European Bank for Reconstruction and Development |
| ECA | Europe and Central Asia |
| EPZ | export processing zone |
| ESAF | Enhanced Structural Adjustment Facility |
| ETUC | European Trade Union Confederation |
| EU | European Union |
| FDI | foreign direct investment |
| GATS | General Agreement on Trade in Services |
| GCAP | Global Call to Action against Poverty |
| GDP | gross domestic product |
| GEA | Global Employment Agenda |
| GNI | gross national income |

| | |
|------------|------------------------------------------------------------------------------------------------------------------|
| GNP | gross national product |
| GSP | Generalized System of Preferences |
| GUF | Global Union Federation |
| HIPC | heavily indebted poor country |
| ICA | International Cooperative Alliance |
| ICATU | International Confederation of Arab Trade Unions |
| ICFTU | International Confederation of Free Trade Unions |
| ICFTU-AFRO | African Regional Organization (of the ICFTU) |
| ICFTU-APRO | Asian and Pacific Regional Organization (of the ICFTU) |
| ICFTU-ORIT | Inter-American Regional Organization of Workers (of the ICFTU) |
| ICEM | International Federation of Chemical, Energy, Mine and General Workers' Unions |
| ICT | Information and communications technology |
| IDB | Inter-American Development Bank |
| IDA | International Development Association |
| IEO | Independent Evaluation Office |
| IFC | International Finance Corporation |
| IFI | International Financing Institution |
| IFBWW | International Federation of Building and Wood Workers |
| ILO | International Labour Office/Organization |
| ILO/ACTRAV | ILO Bureau for Workers' Activities |
| IMF | International Monetary Fund |
| IOE | International Organisation of Employers |
| I-PRSP | Interim Poverty Reduction Strategy Paper |
| ITGLWF | International Textile, Garment and Leather Workers' Federation |
| IUF | International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations |
| JSA | Joint Staff Assessment |
| LDC | least developed country |

| | |
|-----------|--------------------------------------------------------|
| MCA | Millennium Challenge Account |
| MDG | Millennium Development Goal |
| MNEs | multinational enterprises |
| NEPAD | New Partnership for Africa's Development |
| NGO | non-governmental organization |
| OAU | Organization of African Unity |
| OATUU | Organization of African Trade Union Unity |
| ODA | official development assistance |
| OECD | Organisation for Economic Co-operation and Development |
| OED | Operations Evaluation Department |
| PFPP | Policy Framework Paper |
| PPP | purchasing power parity |
| PRGF | poverty reduction and growth facility |
| PRSP | Poverty Reduction Strategy Paper |
| PSI | Public Services International |
| SAP | structural adjustment programme |
| TILS | trade, investment and labour standards |
| TUAC-OECD | Trade Union Advisory Committee to the OECD |
| UNCTAD | United National Conference on Trade and Development |
| UNECA | United Nations Economic Commission for Africa |
| UNDP | United Nations Development Programme |
| UNI | Union Network International |
| UNICEF | United Nations Children's Fund |
| WCL | World Confederation of Labour |
| WFTU | World Federation of Trade Unions |
| WSF | World Social Forum |
| WTO | World Trade Organization |

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Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings. And overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life. While poverty persists, there is no true freedom ... I say to all those leaders: do not look the other way; do not hesitate. Recognise that the world is hungry for action, not words. Act with courage and vision. ... Make Poverty History in 2005. Make History in 2005. Then we can all stand with our heads held high.

Former South African President Nelson Mandela
pledging his support for the Global Call to Action against Poverty,
London, 3 February 2005.

Introduction

Whereas there has been a reduction in global poverty in the last two decades and some countries are enjoying unprecedented economic growth, almost half of humanity still survives on less than US\$2 a day. The United Nations World Summit for Social Development in 1995 was a first major step in dealing with the social consequences of the neo-liberal policies that dominated much of the 1980s and 1990s. It took a decisive step in calling on United Nations member States to redouble their efforts to tackle poverty, unemployment and social exclusion. In December 1995 the United Nations General Assembly proclaimed the First United Nations Decade for the Eradication of Poverty. In May 2001, the Third United Nations Conference on the Least Developed Countries (LDCs) reaffirmed the commitment to the development of the world's LDCs. The Monterrey Consensus galvanized international support towards financing development in order to eradicate poverty, achieve sustained economic growth and promote sustainable development. While these were noble initiatives, the dominant development paradigm was still placing an emphasis on neo-liberal economic policies. Moreover, commitments made were not being fully translated into concrete actions on the ground.

All this has been taking place in a context of restructuring of the global economy. Globalization emerged as one of the greatest challenges facing the trade union movement. Increasing inequalities, the erosion of workers' rights, jobless growth, increasing numbers of "working poor" – particularly in the informal economy, privatizations, the dismantling of the welfare State, devaluations, the removal of subsidies, cost sharing in health and education, and the deregulation of labour markets all became pressing challenges facing trade unions.

The ILO's response to these challenges has been twofold: firstly, the promotion of decent work as a global objective and the centrality of decent employment as a key route out of poverty; and secondly, the call for a fair globalization that has a social dimension, is based on universal human rights values, is inclusive, democratically governed and provides opportunities and benefits for all.

The trade union responses to the challenges of globalization and poverty have been rooted in their tradition and mandate. Trade unions have always been about the search for better well-being and social justice for all. Just as they were instrumental in addressing the excesses of the Industrial Revolution, post-war devastation and the struggle for political independence, and in campaigns against dictatorial regimes and apartheid, trade unions are engaging in the same fight today to defend workers and promote social justice for all.

This background paper for the ACTRAV symposium provides information on the role of trade unions in the global economy and the fight against poverty. A central message of the paper is that trade unions are intrinsically poverty-reducing. The fight against poverty and for social justice has always been the cornerstone of the trade union's mandate and work. When poor workers organize themselves into trade unions they become actors in

development: they have collective strength, their rights are defended, their interests protected and avenues for social dialogue open up for them to improve their living and working conditions. Organizing is therefore a route out of poverty, and trade unions, an instrument to fight poverty. This symposium will provide a platform for trade unions to consider their strategies in the face of the challenges of globalization and poverty.

You, ladies and gentlemen, are the leaders to whom the world's peoples have entrusted their destiny ... Your peoples look to you for a common effort to solve their problems. They expect you to work together, as governments. And they expect you to work together with all the other institutions – profit and non-profit, public and private – where human beings join hands to promote their ideas and their interests.

United Nations Secretary-General Kofi Annan
addressing the Millennium Summit, New York, 6 September 2000.

I. Globalization: The stylized facts

The theoretical underpinning behind globalization is the Heckscher-Ohlin model. A country will produce exports using the abundant factor of production it possesses (land, labour or capital) but will import those goods and services that use factors of production that are relatively scarce at home. As exports grow, there will be increased demand for that country's abundant resources, and simultaneously as that country's imports grow, it will demand less of the scarce factor of production. If developing countries have abundant cheap labour, they should specialize in the export of those goods and services that are produced using the cheap factor of production (labour). On the other hand, because developed countries' comparative advantage is not cheap labour but machinery (capital), they should not produce those goods and services which low-tech developing countries already export, but rather import them from the latter. Assuming open trade regimes, the developed world will benefit by exporting to the developing world what it produces using its abundant capital. Eventually "factor price equalization" will raise the relative wage of unskilled workers in developing countries, while in developed countries the relative wages of unskilled workers decline. Over time, wage levels between unskilled workers in developing and developed countries are expected to converge.

However the real world is very different from what the above model espouses. Free trade is not fair, and how much a country gains from its exports will be determined by the value added and prices of its exports. Globalization is based on the efficacy of unfettered market forces to allocate resources efficiently, and yet market failures abound. Moreover, with big differences in technology, and hence productivity, amongst countries, the validity of the Heckscher-Ohlin model is defeated. There are usually two extreme positions in the debate: for some, globalization has led to progress, created wealth, expanded opportunities and provided an enabling environment for entrepreneurship. On the other hand, there are those who equate globalization with unemployment, poverty, marginalization and social crises. Why globalization has not benefited everyone has been at the heart of this debate. Stiglitz (2004) attributes this to the unfair international "rules of the game" in which international institutions have pushed a particular ideology, resulting in economic policies that are ill-suited to the developing world. Globalization therefore works in favour of the strong as opposed to the weak, the haves vis-à-vis the have-nots, and the skilled versus the unskilled.

Globalization has been defined as "the gradual integration of economies and societies driven by new technologies, new economic relationships and the national and international policies of a wide range of actors, including governments, international organizations, business, labour and civil society", while the social dimension of globalization "relates to the impact of globalization on the life and work of people, their families, and their societies".¹ Because different individuals or countries profit differently from globalization, the challenge is to govern it so as to reduce poverty and create decent jobs, equity and

¹ See Gunter and van der Hoeven (2004), pp. 7-8.

sustainable development for all. Below is an overview of some of the key economic characteristics of globalization.

Trade

With increased trade liberalization policies, global trade in goods and services has more than trebled between 1985 and 2002, as a result of the dismantling of barriers to trade (see table 1). However most trade is concentrated within the European Union (EU), North America (United States and Canada) and Japan, followed by trade amongst other Organisation for Economic Co-operation and Development (OECD) countries.² The next in line of beneficiary countries are emerging markets like China, India and Brazil. Therefore, despite increases in volumes of trade, most developing countries, being exporters of low-value agricultural products and importers of high-value goods and services, continue to experience deteriorating terms of trade. According to the *Human Development Report 1997*, the least developed countries have suffered a cumulative decline of 50 per cent in their terms of trade since the early 1970s.

Table 1. Gross domestic product, trade and capital flows (1985-2002)

| | US\$ billion | | Percentage share of world level | |
|---------------------------------------------|-------------------|-------------------|---------------------------------|------------|
| | 1985 | 2002 | 1985 | 2002 |
| Gross domestic product | | | | |
| China and India | 558.500 | 1,922.400 | 4.4 | 6 |
| Low-income countries, excl. India | 579.300 | 634.700 | 4.5 | 6 |
| Middle-income countries, excl. China | 2 234.100 | 3,702.900 | 17.5 | 11.5 |
| High-income countries | 9 393.400 | 25,867.000 | 73.6 | 80.5 |
| World | 12 765.200 | 32,127.000 | 100 | 100 |
| Exports of goods and services | | | | |
| China and India | 79.100 | 685.100 | 3.4 | 8.7 |
| Low-income countries, excl. India | 82.500 | 215.200 | 3.6 | 2.7 |
| Middle-income countries, excl. China | 433.900 | 1,227.200 | 18.7 | 15.6 |
| High-income countries | 1 718.700 | 5,732.600 | 74.3 | 72.9 |
| World | 2 314.100 | 7,860.200 | 100 | 100 |
| Inflows of foreign direct investment | | | | |
| China and India | 1.700 | 62.000 | 2.9 | 9.8 |
| Low-income countries, excl. India | 1.900 | 7.100 | 3.3 | 1.1 |
| Middle-income countries, excl. China | 9.700 | 79.100 | 16.8 | 12.5 |
| High-income countries | 44.700 | 484.300 | 77.1 | 76.6 |
| World | 58.000 | 632.600 | 100 | 100 |

² As of 2005, the following 30 countries are member States of the OECD: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Republic of Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

| | US\$ billion | | Percentage share of world level | |
|----------------------------------------------|----------------|----------------|---------------------------------|------------|
| | 1985 | 2002 | 1985 | 2002 |
| Inflows of total portfolio investment | | | | |
| China and India | 2.300 | 49.800 | 1.7 | 6.9 |
| Low-income countries, excl. India | 0.050 | 0.070 | 0.038 | 0.009 |
| Middle-income countries, excl. China | 9.100 | 30.000 | 6.7 | 4.2 |
| High-income countries | 123.800 | 639.900 | 91.6 | 88.9 |
| World | 135.200 | 719.800 | 100 | 100 |

Source: Gunter and van der Hoeven (2004).

Information and communications technology

Given the different speed of its diffusion in wealthy and poor countries, the information and communications technology (ICT) revolution is resulting in a widening global “digital divide”³ between technological haves and have-nots. Trends in the digital divide vary depending on the type of technology in use – telephone lines, Internet, or personal computers. During 2001-02, the OECD countries dominated the top 30 places in ICT diffusion, with the United States being the first on the list, and the next ten all being European countries, save for Singapore. Naturally, the poor developing parts of the world fall at the bottom of the ranking.

Capital flows

Foreign direct investment (FDI) and portfolio investment are the two main sources of capital across international boundaries. While the latter is short-term capital flows in terms of equity and bonds, and prone to speculative forces, the former is more long term. The net losers are low-income countries, whose share went down from 3.3 per cent in 1985 to 1.1 in 2002. The developing countries’ share of portfolio investments is even more dismal. In some developing country economies, migrant workers’ remittances surpass official development assistance (ODA) or FDI – with these remittances amounting to US\$80 billion in 2002 (UNCTAD, 2003).

International production and value chains

As long as it is cheaper to produce an input in a particular country, subcontracting and outsourcing will take place, with joint ventures, acquisitions and takeovers becoming economically fashionable. Poor countries are at pains to attract investments and offer various incentives – tax holidays, investing in export processing zones (EPZs) and exemption from labour legislation, among others. As a result, investors sometimes play one country against another with threats of relocation should the incentives not be adequate. The end result is that the respect of labour standards spirals downwards to the detriment of workers, with the investors reaping handsome profits in the process.

³ According to Campbell (2001) the “digital divide” describes “situations in which there is a marked gap in access to or use of ICT devices measured by, for example, the number of phone lines per inhabitant, or the number of Internet users, or mobile phones in the population”.

The outcomes of globalization are unbalanced. To some countries globalization has brought unprecedented progress and wealth as a result of new economic opportunities. For others it has meant inequalities, unemployment, poverty and exclusion. The vast majority of people are not sharing in the benefits of globalization and in shaping it. Furthermore, the social impact of globalization is not confined to the countries that have been excluded from the process. Income inequalities, for instance, have sharply increased in some industrialized countries as a result of increased concentration of wealth. The challenge facing the trade union movement is to defend workers' rights worldwide against the negative forces of this latest phase in the restructuring of the global economy and to ensure that globalization lifts the yoke of poverty from millions. While the market has the potential to bring prosperity, the guiding hand of the State is called for, to put in place national and global rules to regulate globalization.

... an African proverb heard during the participatory process defined poverty as the absence of possessions, knowledge and power

Senegal's Poverty Reduction Strategy Paper.

II. Global poverty

Definitions, causes and multidimensionality

Amartya Sen (1984; 1995) defines poverty in terms of lack of access to basic capabilities and opportunities for an individual or group of people in society to achieve some minimally acceptable levels of basic life. These range from the most elementary aspects like food, clothing, shelter and avoidance of preventable diseases to more complex social achievements, such as taking part in the life of the community, and being able to appear in public with dignity, among other things. The United Nations Development Programme's (UNDP) conceptual framework on poverty is very much in line with Sen's, and goes further to identify some of the basic capabilities to "lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-respect and the respect of others" (UNDP, 1997). The lack of incomes and assets to attain basic necessities, and vulnerability to adverse shocks too often characterize poverty.

The poor are also powerless, voiceless and live in constant fear. This helplessness subjects them to rudeness, humiliation, shame, inhumane treatment and exploitation at the hands of state and social institutions. This could not have been better understood by the children of Luzira, a suburb of Kampala, the capital of Uganda, who summarized their parents' plight as follows:

Many of our parents are unemployed. They wake up in the morning and do not have anything to do. They watch television (in local bars). Some roam around, while others just sit there. Sometimes it's the mother who is unemployed, other times it's the father or both. Some families cannot even afford to buy plates. They use banana leaves to eat food from. These are poor (families). If our parents are poor, we cannot even go to school. We eat once a day, either at lunch or supper, sometimes we may not eat at all.¹

Poverty in a country is caused by a myriad of factors, both internal and external to an economy. Civil conflicts and wars, bad governance, economic crises and natural disasters affect not only the poor's current living standards but also their ability to escape poverty. In a number of cases geography has played a limiting or facilitating role to breaking out of poverty. The inadequate returns to factors of production (land, labour and capital) and their distribution are in themselves important for poverty reduction strategies. Colonialism, neocolonial relations and unfair trade rules have all been cited as underlying causes of poverty. With deteriorating prices of primary products vis-à-vis the spiralling prices of the much-needed imports, the debt problem becomes inevitable. Yet at the same time as these countries become indebted, FDI inflows continue to bypass them. Most low and middle-income countries have made little progress in transforming their economies from the colonial mode of production with high dependence on primary products for exports. Moreover, the situation where poor countries produce what they do not consume and consume what they do not produce is not uncommon.

¹ Adapted from the Government of Uganda (2000).

Magnitude of global poverty

In the period 1981 to 2001, the total number of people living in extreme poverty in both low and middle-income countries fell – a decline attributed to the rapid growth in China and other countries in East Asia and the Pacific region. In the two decades, the number of poor people in China living on less than US\$1 a day fell from a record 606 million in 1981 to 212 million in 2001. In 2001, some 1.1 billion people worldwide were living on less than US\$1 a day, down from 1.219 billion in 1990 and 1.451 in 1981. If the rate of US\$2 per day is used to define the poverty line, a total of 2.7 billion people were also poor.² Taking the 20-year time span from 1981 to 2001, the number of people living below the poverty line has increased significantly in sub-Saharan Africa (see table 2). The fact that the increase in poverty coincides with the period of structural adjustment programmes (SAPs) on the continent is a clear manifestation of the programmes' devastating effects. The Middle East and North Africa, as well as Latin America and the Caribbean regions, each added 1 million to the numbers of people living below the poverty line between 1990 and 2001. Latin America's incomes are notoriously inequitably distributed, hence the less effective poverty-reducing effects of economic growth. Countries in Eastern Europe and Central Asia experienced the sharpest increase in poverty after the collapse of the Soviet Union – those in extreme poverty increased from 2 million to 17 million between 1990 and 1993, while those living below US\$2 a day also shot up from 8 million in 1987 to 111 million in 1999 (see table 2).

Table 2. Population living below the poverty line, by developing region

| Region | 1981 | 1984 | 1987 | 1990 | 1993 | 1996 | 1999 | 2001 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| US\$1 a day (millions) | | | | | | | | |
| East Asia and Pacific | 767 | 558 | 424 | 472 | 416 | 287 | 282 | 284 |
| China | 606 | 421 | 308 | 377 | 336 | 212 | 224 | 212 |
| Europe and Central Asia | 1 | 1 | 2 | 2 | 17 | 20 | 30 | 18 |
| Latin American and Caribbean | 36 | 46 | 45 | 49 | 52 | 52 | 54 | 50 |
| Middle East and North Africa | 9 | 8 | 7 | 6 | 4 | 5 | 8 | 7 |
| South Asia | 475 | 460 | 473 | 462 | 476 | 441 | 453 | 428 |
| Sub-Saharan Africa | 164 | 198 | 219 | 227 | 241 | 269 | 292 | 314 |
| Total | 1 451 | 1 272 | 1 169 | 1 219 | 1 206 | 1 075 | 1 117 | 1 101 |
| Excluding China | 846 | 850 | 861 | 841 | 870 | 863 | 894 | 888 |
| US\$2 a day (millions) | | | | | | | | |
| East Asia and Pacific | 1 151 | 1 104 | 1 024 | 1 117 | 1 080 | 992 | 900 | 868 |
| China | 854 | 809 | 732 | 830 | 807 | 650 | 630 | 596 |
| Europe and Central Asia | 8 | 9 | 8 | 58 | 78 | 97 | 111 | 93 |
| Latin American and Caribbean | 99 | 119 | 115 | 125 | 136 | 117 | 127 | 128 |
| Middle East and North Africa | 52 | 50 | 53 | 51 | 52 | 61 | 70 | 70 |
| South Asia | 821 | 859 | 911 | 958 | 1 005 | 1 022 | 1 034 | 1 059 |
| Sub-Saharan Africa | 288 | 326 | 355 | 382 | 409 | 445 | 489 | 514 |

² Statistics are from United Nations (2004a). The proportion of the population below US\$1 per day is the percentage of the population living on less than US\$1.08 a day at 1993 international prices. In the middle-income countries, US\$2 a day (US\$2.15 in 1993 purchasing power parity (PPP) terms) is used.

| Region | 1981 | 1984 | 1987 | 1990 | 1993 | 1996 | 1999 | 2001 |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total | 2 419 | 2 446 | 2 446 | 2 689 | 2 759 | 2 665 | 2 730 | 2 733 |
| Excluding China | 1 561 | 1 657 | 1 734 | 1 858 | 1 952 | 2 015 | 2 101 | 2 137 |

Source: World Bank (2004b).

In the publication entitled “Implementation of the United Nations Millennium Declaration” (United Nations, 2004b), the United Nations Secretary-General notes that the first five years of implementing the Millennium Development Goals (MDGs)³ have been disappointing. West Asia, Latin America and the Caribbean have been making progress towards achieving some of the social goals, such as universal primary education, but have been slower in progress towards reducing poverty. On the other hand, the countries of sub-Saharan Africa and least developed countries (LDCs) in other regions are not making satisfactory progress on most of the goals. Global poverty is mainly, though not exclusively, a rural phenomenon. It is estimated that some 75 per cent of the world’s poor live in rural areas, where they depend on agriculture (ILO, 2005).

Employment and poverty

Unemployment and underemployment are examples of a country’s waste of valuable human resources. According to the *World Employment Report 2004-05: Employment, Productivity and Poverty Reduction*, in 2003, a total of 185.9 million were unemployed globally. In the same year, some 1.39 billion people were at work but still lived below the US\$2 a day poverty line. Of these, 550 million lived on less than US\$1 a day (two-thirds of whom were women subsistence farmers and agricultural labourers).

Taking the above statistics into consideration, half of the world’s workers (and close to 60 per cent of the developing world’s workers) were living below the US\$2 a day threshold. At the same time, 19.7 per cent of the world’s workers (and 23.3 per cent of developing country workers) were living on US\$1 a day. This is the phenomenon of the “working poor”. Employment does not always pull people out of poverty. It is the quality of that employment that matters. To wrest a poor population out of poverty, the creation of decent jobs is therefore a strategy that countries need to pursue.

Poverty and social exclusion in OECD countries

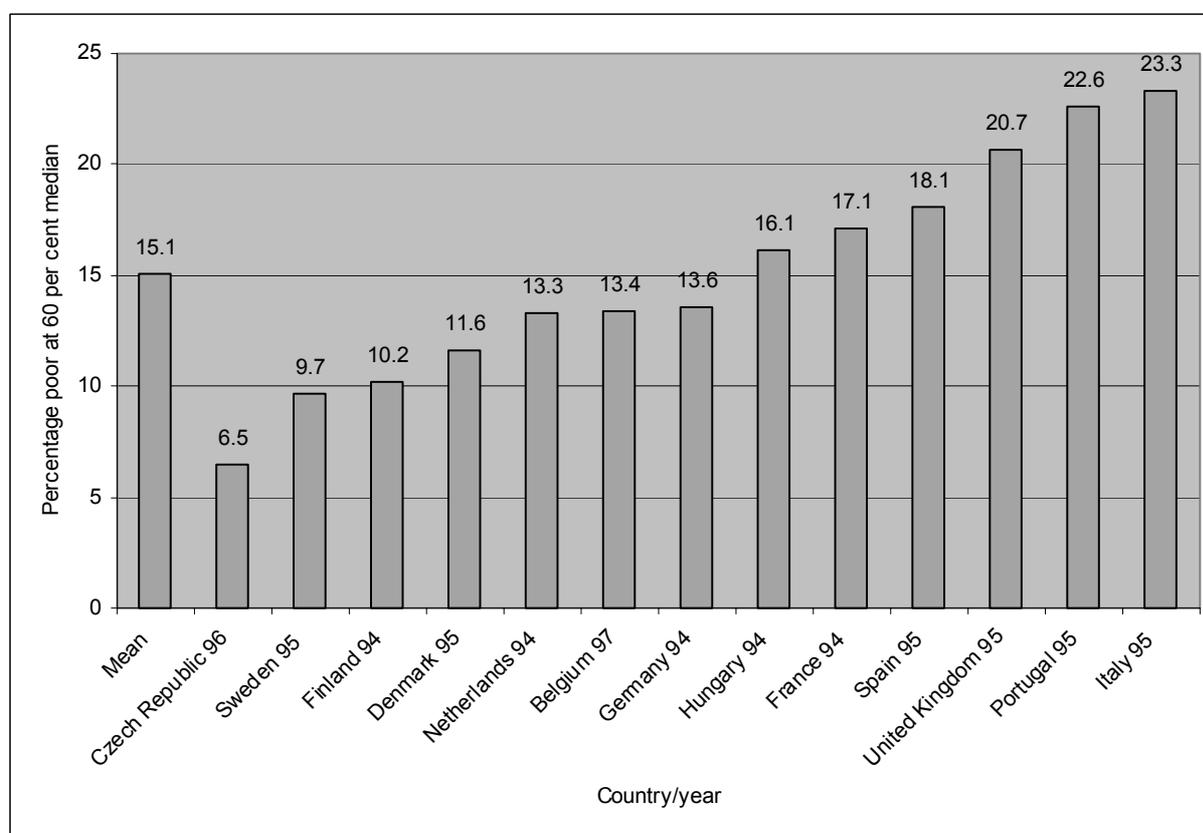
Industrialized countries are not immune from poverty (including the existence of extreme poverty) and social exclusion. Whereas poverty in low and middle-income countries is defined by the percentage of people living below the US\$1 or US\$2 a day threshold, in the OECD countries, the most common measure of income poverty is the number of people below a given threshold which represents the level of well-being of the

³ The Millennium Development Goals (MDGs) were adopted at the United Nations Millennium Summit in September 2000. The MDGs are the world’s time-bound and quantified targets for addressing extreme poverty in its many dimensions – income poverty, hunger, disease, lack of adequate shelter and exclusion – while promoting gender equality, education and environmental sustainability. The adoption of the eight goals in September 2000 paved the way for the attainment of basic human rights by 2015. These goals are: (i) eradicate extreme poverty and hunger; (ii) achieve universal primary education; (iii) promote gender equality and empower women; (iv) reduce child mortality; (v) improve maternal health; (vi) combat HIV/AIDS, malaria and other diseases; (vii) ensure environmental sustainability; and (viii) develop a global partnership for development.

population. People are said to be poor in OECD countries if their incomes are below 50 per cent of the median disposable income of households, after adjusting for household size. The Statistical Office of the European Commission defines poverty in the EU as comprising those falling below 60 per cent of median disposable income adjusted for family size, on a country-by-country basis each year.

The groups most vulnerable to poverty in the EU are children, the unemployed, single mothers, large families and the elderly. The plight of those without access to health insurance in the United States shows how populations in rich countries can be vulnerable to poverty. Given their status, undocumented migrants are particularly prone to poverty. Due to liberalization of the labour markets the unemployed survive on social welfare for long periods, while others have jobs that are inadequately remunerated. In figure 1, Italy, Portugal and the United Kingdom had the highest incidences of poverty levels – of 20 per cent and above – in the late 1990s.

Figure 1. National poverty rates in the late 1990s



Source: Sainsbury and Morissens (2002).

Feminization of poverty

Evidence abounds about the fact that poverty has been more severe towards women because of their lack of access to resources, education, training, skills and opportunities. Despite increasing numbers of women in the labour force, they face numerous structural hurdles as many of them are involved in insecure, part-time, low-paid and undervalued jobs. That explains their presence in the informal economy, subsistence agriculture, EPZs and sweatshops. Moreover, wage discrimination is not uncommon. The Beijing Platform

for Action ⁴ noted the increased feminization of poverty in the world. Estimates claim that up to 70 per cent of the world's poor are women. Women's poverty is not only more severe but is also increasing. A 1995 United Nations survey found evidence of the feminization of poverty in both developing and developed countries. Some of the results are shared in table 3.

Table 3. Gender poverty ratio in selected countries

| Country | Women per 100 men in the poorest quintile |
|-------------------------------------|----------------------------------------------|
| Botswana (1983) | 192 |
| United States (1985) | 141 |
| Ghana, rural (1987-88) | 140 |
| Australia (1985-86) | 134 |
| Rwanda (1985-86) | 132 |
| Bangladesh (1992-93) | 130 |
| Germany, Federal Republic of (1984) | 129 |
| Canada (1987) | 128 |
| Ethiopia (1989-90) | 127 |
| Indonesia (1988-89) | 124 |

Source: United Nations Development Fund for Women (2000).

From the above analysis, it can be observed that poverty is a global problem that afflicts both developing and developed countries, with women bearing the main brunt of the problem. While some suffer from absolute poverty, relative poverty is equally alienating. Moreover, inequalities have been increasing. Unless the poor can make use of their main asset – labour – it will be difficult for them to break out of the poverty cycle. The creation of more and better jobs for the poor will make the difference, particularly for women, who form the bulk of the world's poor, those in the rural areas of developing countries, and young people. For economic growth to result in poverty reduction, it has to be sustained, be accompanied by rising productivity, be employment intensive, and take place in a context where the poor have the ability to integrate into the growth process (Islam, 2004). The allocative role of the State is therefore crucial.

The macroeconomic policies a country pursues affect its rate of employment. They also determine access to productive assets and returns on those assets, as well as access to social protection. The distribution of the gains from economic growth matters immensely for poverty reduction – an increase in income for the poorer sections of the population does more to reduce poverty than if it is concentrated in the hands of those already well off. ⁵

⁴ The Fourth World Conference on Women (Beijing, September 1995), adopted the Beijing Declaration and Platform for Action, which recognized that the “eradication of poverty based on sustained economic growth, social development, environmental protection and social justice requires the involvement of women in economic and social development, equal opportunities and the full and equal participation of women and men as agents and beneficiaries of people-centred sustainable development”.

⁵ Cline (2002), for example, presents the empirical estimate for the elasticity of poverty incidence with respect to per capita growth of around -2, i.e. if 35 per cent of households are below the poverty line and if by some chance their incomes were to grow at 1 per cent, the number in poverty will fall by 2 per cent or from 35 per cent to 34.3 per cent of total households.

Furthermore, countries should have room and independence to set macroeconomic parameters that are in line with country-owned poverty reduction strategies, and not just those that are aimed at low inflation and/or low budget deficits. Finally, redistributive policies provide an essential link between economic growth and poverty reduction. In this regard, as institutions that champion redistributive policies, trade unions are important actors for poverty reduction.

Box 1
The faces of poverty

More than 1 billion people in the world live on less than \$1 per day. Another 2.7 billion struggle to survive on less than \$2 per day. Poverty in the developing world, however, goes far beyond income poverty. It means having to walk more than one mile every day simply to collect water and firewood; it means suffering diseases that were eradicated from rich countries decades ago. Every year 11 million children die – most under the age of 5, and more than 6 million from completely preventable causes like malaria, diarrhoea and pneumonia. In some deeply impoverished nations, less than half of the children are in primary school and fewer than 20 per cent go to secondary school. Around the world, a total of 114 million children do not even get a basic education and 584 million women are illiterate. The following are basic facts on how poverty affects more than one-third of our world.

Health

- Every year 6 million children die from malnutrition before their fifth birthday.
- More than 50 per cent of Africans suffer from water-related diseases such as cholera and infant diarrhoea.
- Every day HIV/AIDS kills 6,000 people and another 8,200 people are infected with this deadly virus.
- Each year, approximately 300 to 500 million people are infected with malaria. Approximately 3 million people die as a result.
- TB is the leading AIDS-related killer, and in some parts of Africa, 75 per cent of people with HIV also have TB.

Hunger

- More than 800 million people go to bed hungry every day – 300 million of them are children.
- Of these 300 million children, only 8 per cent are victims of famine or other emergency situations. More than 90 per cent are suffering long-term malnourishment and micronutrient deficiency.
- Every 3.6 seconds another person dies of starvation and the large majority are children under the age of 5.

Water

- More than 2.6 billion people – over 40 per cent of the world's population – do not have basic sanitation, and more than 1 billion people still use unsafe sources of drinking water.
- Four out of every ten people in the world do not have access to even a simple latrine.
- Five million people, mostly children, die each year from water-borne diseases.

Agriculture

- In 1960, Africa was a net exporter of food; today the continent imports one-third of its grain.
- More than 40 per cent of Africans do not have the ability to obtain sufficient food on a day-to-day basis.
- Declining soil fertility, land degradation and the AIDS pandemic have led to a 23 per cent decrease in food production per capita in the last 25 years, even though the population has increased dramatically.
- For the African farmer, conventional fertilizers cost two to six times more than the world market price.

The devastating effect of poverty on women

- More than 40 per cent of women in Africa do not have access to basic education.
- If a girl is educated for six years or more, as an adult her prenatal care, postnatal care and childbirth survival rates will dramatically and consistently improve.
- Educated mothers immunize their children 50 per cent more often than mothers who are not educated.
- AIDS spreads twice as quickly among uneducated girls as among girls who have even some schooling.

-
- The children of a woman with five years of primary school education have a survival rate 40 per cent higher than children of women with no education.
 - A woman living in sub-Saharan Africa has a 1 in 16 chance of dying in pregnancy. This compares with a 1 in 3,700 risk for a woman from North America.
 - Every minute, a woman somewhere dies in pregnancy or childbirth. This adds up to 1,400 women dying each day – an estimated 529,000 each year – from pregnancy-related causes.
 - Almost half of births in developing countries take place without the help of a skilled birth attendant.

Source: United Nations Millennium Project (2005).

We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want.

United Nations Millennium Declaration,
General Assembly resolution 55/2 of 8 September 2000.

III. Putting poverty back on the development agenda

Post-Second World War development policies

Post-Second World War economics has not followed a uniform model. While the reconstruction of Western Europe entailed a massive injection of funds under the Marshall Plan, with the market economy being the dominant paradigm, the Soviet bloc focused on developing planned economies. The colonies, on the other hand, had to service the colonial powers with the production of primary products. The “trickle down” model that was initially lauded had assumed that economic growth would ultimately benefit the entire population, naturally beginning with those at the top of the economic ladder (Kuznets, 1955). Income inequality was inevitable as per capita incomes increased. Therefore, as long as economies continued to grow, the dent on poverty would be automatic. Given the multidimensionality of poverty, several development economists like Adelman and Morris (1973), have lain to rest the “trickle down” theory.

After independence, not much economic transformation took place in the former colonies. Development assistance saw to it that massive infrastructural developments were put in place. Many countries toyed with import substitution strategies that called for the development and protection of infant industries. The basic needs approach to development, stimulated by the World Employment Conference of the ILO in 1976, was also tried and later abandoned.¹

International Monetary Fund and World Bank programmes

In the seven years from the first oil price shock in 1973 to the second in 1979, the unit oil price rose by almost 600 per cent. In response to the world recession, industrial countries in the North implemented contractionary policies to combat inflation resulting from the increase in the price of oil. From then on, economic stability and inflation management became key policies, usually at the behest of the International Monetary Fund (IMF) and the World Bank, whose set of policy advice came to be known as the “Washington Consensus” (Williamson, 1990).² From 1980 the “support” to low- and

¹ The basic needs approach defined the five main basic needs – food, health, water and sanitation, education and shelter – by targeting scarce resources on the poorest 40 per cent of the population, in order to eradicate (or lessen) hunger, disease and illiteracy.

² First coined by J. Williamson in a paper entitled “What should the Bank think about the Washington Consensus”, the ten elements of the Washington Consensus are: fiscal discipline; redirection of public expenditures; tax reform; liberalization of interest rates; trade liberalization; a competitive exchange rate; liberalization of capital flows; privatization; deregulation; and secure property rights.

middle-income countries came in the form of the World Bank Structural Adjustment Loans, as well as the IMF's Enhanced Structural Adjustment Facility, both of which were conditional on the implementation of austere stabilization and structural adjustment programmes (SAPs). The underlying economic model was the neoclassical private-sector-led economic reforms that had already failed much of the developing world. With most of the advice on poverty originating from Washington, the role of the State in finding home-grown solutions was at best minimal. Moreover, without consultations, the poor had no voice in determining what would be best for them.

With the IMF seal of approval in place, many developing countries turned to other creditors during much of the 1970s. By the close of the decade, it was becoming harder and harder for these countries to service their debts. A number of mechanisms were put in place to address the debt crisis since it first came to a head in the early 1980s, including, among others, partial cancellation of ODA debt, conversion of loans into grants, rescheduling of official bilateral debts in the Paris Club, commercial debt buy-backs and various multilateral debt arrangements. At the June 1995 G7 Halifax Summit, calls were made for more far-reaching solutions to the debt crisis of the poorest countries, hence the birth of the initiative for assisting heavily indebted poor countries (HIPC), a programme subsequently approved by the annual meeting of the World Bank and IMF in the autumn of 1996. The facility was designed "to provide faster, deeper and broader debt relief and to strengthen the links between debt relief, poverty reduction and social policies".³ The HIPC Initiative has come under a lot of criticism for a variety of reasons, mainly: (i) the eligibility for debt reduction is too closely linked to performance under the IMF/World Bank economic reform programmes; (ii) the debt relief initiative is limited to a few countries viewed as sufficiently impoverished or indebted to qualify; (iii) the criteria for eligibility and debt sustainability still leave poor countries diverting scarce resources from meeting vital human needs and investing in authentic development; (iv) only debts incurred before a designated "cut-off" point are eligible for bilateral reduction plans; (v) the process is not entirely transparent and participatory; and (vi) the time frame for receiving debt relief is too long.

By the mid-1990s, it was clear that despite the various structural adjustment reforms these countries had implemented, poverty and inequalities were becoming endemic. Civil society organizations (CSOs), of which trade unions are a major component, shaped international public opinion in calling for a just global order, more development aid and debt cancellation, as well as proposing alternatives. Besides the CSOs and trade unions, other international organizations like the ILO, United Nations Economic Commission for Africa (UNECA)⁴ and the United Nations Children's Fund (UNICEF) were calling for alternative development policies. In 1987, UNICEF published *Adjustment with a human face*, an illustration of the severity of the debt crisis, and pointed to ways to avoid or alleviate the ill effects of economic adjustment on vulnerable groups. The study highlighted some successes in protecting vulnerable populations during adjustment, with policies that have generated employment, raised the incomes of the poor and maintained and even expanded basic health and education services, and supported nutrition among children. The strategy of *Adjustment with a human face* combined the promotion of economic growth, the protection of the vulnerable and macroeconomic adjustment. Some

³ See <http://www.imf.org/external/np/exr/facts/hipc.htm> , p. 1.

⁴ In July 1989 UNECA presented the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP), as an alternative framework to the orthodox SAPs for adoption by African States. The United Nations General Assembly welcomed it in November that year as "a basis for constructive dialogue". The vote by the United States against the resolution disrupted its otherwise smooth sailing.

authors have concluded that much as the process was meant to maintain growth and facilitate balance of payments adjustments, they “did not succeed in adjusting macroeconomic policy and growth outcomes very much”.⁵

With increasing loss of credibility in their policies, the World Bank and the IMF eventually remodelled, but did not abandon, their SAPs.⁶ It became clear that these programmes had failed to address the fundamental structural problems and there were difficulties in demonstrating an automatic relationship between neo-liberal policies and increased well-being for the poor. In a major policy shift in September 1999, the Bretton Woods institutions announced a new framework to govern their lending and debt relief activities that would put poverty at the centre of their relations with low- and middle-income countries.⁷ Poverty Reduction Strategy Papers (PRSPs) replaced the World Bank’s Policy Framework Papers (PFPs) as overarching documents that outline policy directions and resource allocation frameworks. Similarly, the IMF’s lending facility for poor countries, the Enhanced Structural Adjustment Facility (ESAF), was subsequently renamed the Poverty Reduction and Growth Facility (PRGF). First in line would be those classified as HIPC. With poverty as the central target, recipient countries would be expected to formulate PRSPs, seen as a more frontal attack on poverty. A significant dimension would be that the governments would drive the process, implying that they would be responsible for the production of the poverty reduction strategies – starting with an Interim Poverty Reduction Strategy Paper (I-PRSP) drafted in close association with the external development partners, civil society and the private sector, and in line with the Comprehensive Development Framework (CDF). The proposal, that country-owned poverty reduction strategies should provide the basis of all World Bank and IMF concessional lending and should guide the use of resources freed by debt relief under the enhanced HIPC Initiative to the 81 International Development Association (IDA) and the PRGF borrowing countries, was subsequently endorsed by the boards of both the IMF and the World Bank.

Table 4. PRSP status as of 31 May 2005

| Country | Region | I-PRSP | PRSP | PR 1 | PR 2 | PR 3 | PR 4 | PRSP II |
|------------------------|------------------|------------|------------|-----------|-----------|------------|----------|----------|
| 1 Benin | AFR ¹ | 13 Jul. 00 | 20 Mar. 03 | | | | | |
| 2 Burkina Faso | AFR | | 30 Jun. 00 | 6 Dec. 01 | 5 Nov. 02 | 16 Mar. 04 | 5 May 05 | 5 May 05 |
| 3 Burundi | AFR | 22 Jan. 04 | | | | | | |
| 4 Cameroon | AFR | 10 Oct. 00 | 31 Jul. 03 | | | | | |
| 5 Cape Verde | AFR | 9 Apr. 02 | 25 Jan. 05 | | | | | |
| 6 Central African Rep. | AFR | 18 Jan. 01 | | | | | | |
| 7 Chad | AFR | 25 Jul. 00 | 13 Nov. 03 | | | | | |

⁵ See for example, Easterly (2002), p. 23. Van der Hoeven (1999) has similar findings.

⁶ The IMF and World Bank “support” was meant for reforms that would involve limiting the growth of government budget deficits to levels that could be sustained by foreign and non-inflationary domestic financing, budget rationalization through containing public sector employment, liberalization of labour, money and capital markets, and maintenance of an appropriate exchange rate policy. These objectives normally entailed price reforms, the removal of subsidies, foreign exchange and internal and external trade liberalization, introduction of “cost sharing” for government-supplied services, privatization, restructuring of government institutions, and legal reforms aimed at providing an “enabling environment”.

⁷ IMF and International Development Association (IDA), *Poverty Reduction Strategy Papers – Operational Issues*, Dec. 1999.

| Country | Region | I-PRSP | PRSP | PR 1 | PR 2 | PR 3 | PR 4 | PRSP II |
|---------------------------------------|------------------|------------|------------|------------|------------|-----------|------|---------|
| 8 Congo, Dem. Rep. | AFR | 11 Jun. 02 | | | | | | |
| 9 Congo, Rep. of | AFR | 7 Dec. 04 | | | | | | |
| 10 Côte d'Ivoire | AFR | 28 Mar. 02 | | | | | | |
| 11 Ethiopia | AFR | 20 Mar. 01 | 17 Sep. 02 | 17 Feb. 04 | | | | |
| 12 Gambia | AFR | 14 Dec. 00 | 16 Jul. 02 | 25 Apr. 05 | | | | |
| 13 Ghana | AFR | 24 Aug. 00 | 8 May 03 | 13 Jul. 04 | | | | |
| 14 Guinea | AFR | 22 Dec. 00 | 25 Jul. 02 | 26 Aug. 04 | | | | |
| 15 Guinea-Bissau | AFR | 14 Dec. 00 | | | | | | |
| 16 Kenya | AFR | 1 Aug. 00 | 6 May 04 | | | | | |
| 17 Lesotho | AFR | 6 Mar. 01 | | | | | | |
| 18 Madagascar | AFR | 19 Dec. 00 | 18 Nov. 03 | 21 Oct. 04 | | | | |
| 19 Malawi | AFR | 21 Dec. 00 | 29 Aug. 02 | 23 Oct. 03 | | | | |
| 20 Mali | AFR | 7 Sep. 00 | 6 Mar. 03 | 22 Jun. 04 | | | | |
| 21 Mauritania | AFR | | 6 Feb. 01 | 18 Jun. 02 | 11 Jul. 03 | | | |
| 22 Mozambique | AFR | 6 Apr. 00 | 25 Sep. 01 | 29 Jul. 03 | 6 Jul. 04 | | | |
| 23 Niger | AFR | 20 Dec. 00 | 7 Feb. 02 | 19 Nov. 03 | 3 Mar. 05 | | | |
| 24 Rwanda | AFR | 21 Dec. 00 | 8 Aug. 02 | 8 Jun. 04 | 14 Apr. 05 | | | |
| 25 Sao Tome and Principe | AFR | 27 Apr. 00 | 25 Apr. 05 | | | | | |
| 26 Senegal | AFR | 20 Jun. 00 | 23 Dec. 02 | 7 Dec. 04 | | | | |
| 27 Sierra Leone | AFR | 25 Sep. 01 | 6 May 05 | | | | | |
| 28 Tanzania, United Rep. of | AFR | 4 Apr. 00 | 30 Nov. 00 | 27 Nov. 01 | 27 May 03 | 8 Jun. 04 | | |
| 29 Uganda | AFR | | 2 May 00 | 31 May 01 | 23 Jul. 02 | 9 Sep. 03 | | |
| 30 Zambia | AFR | 4 Aug. 00 | 23 May 02 | 15 Jun. 04 | 11 Apr. 05 | | | |
| 31 Cambodia | EAP ² | 18 Jan. 01 | 20 Feb. 03 | 9 Sep. 04 | | | | |
| 32 Indonesia | EAP | 21 Apr. 03 | | | | | | |
| 33 Lao People's Dem. Rep. | EAP | 24 Apr. 01 | 30 Nov. 04 | | | | | |
| 34 Mongolia | EAP | 27 Sep. 01 | 9 Sep. 03 | | | | | |
| 35 Viet Nam | EAP | 12 Apr. 01 | 2 Jul. 02 | 19 Feb. 04 | | | | |
| 36 Albania | ECA ³ | 8 Jun. 00 | 20 Jun. 02 | 10 Jul. 03 | 12 Jul. 04 | | | |
| 37 Armenia | ECA | 22 May 01 | 20 Nov. 03 | | | | | |
| 38 Azerbaijan | ECA | 5 Jul. 01 | 27 May 03 | 10 Sep. 04 | | | | |
| 39 Bosnia and Herzegovina * | ECA | 12 Nov. 02 | 15 Jun. 04 | | | | | |
| 40 Georgia | ECA | 11 Jan. 01 | 6 Nov. 03 | | | | | |
| 41 Kyrgyzstan | ECA | 4 Dec. 01 | 27 Feb. 03 | 29 Jun. 04 | | | | |
| 42 Macedonia, former Yugoslav Rep. of | ECA | 14 Dec. 00 | | | | | | |
| 43 Moldova, Rep. of | ECA | 19 Dec. 00 | 11 Nov. 04 | | | | | |
| 44 Serbia and Montenegro | ECA | 8 Aug. 02 | 16 Mar. 04 | | | | | |
| 45 Tajikistan | ECA | 31 Oct. 00 | 5 Dec. 02 | 29 Jun. 04 | | | | |
| 46 Uzbekistan | ECA | 24 May 05 | | | | | | |
| 47 Bolivia | LAC ⁴ | 27 Jan. 00 | 5 Jun. 01 | | | | | |
| 48 Dominica | LAC | 29 Dec. 03 | | | | | | |

| Country | Region | I-PRSP | PRSP | PR 1 | PR 2 | PR 3 | PR 4 | PRSP II |
|---------------|-------------------|------------|------------|------------|------------|------|------|---------|
| 49 Guyana | LAC | 14 Nov. 00 | 19 Sep. 02 | 27 Jul. 04 | | | | |
| 50 Honduras | LAC | 6 Jul. 00 | 11 Oct. 01 | 26 Feb. 04 | 20 Apr. 05 | | | |
| 51 Nicaragua | LAC | 21 Dec. 00 | 25 Sep. 01 | 16 Dec. 02 | 22 Jan. 04 | | | |
| 52 Djibouti | MENA ⁵ | 27 Nov. 01 | 8 Jun. 04 | | | | | |
| 53 Yemen | MENA | 27 Feb. 01 | 1 Aug. 02 | | | | | |
| 54 Bangladesh | SAR ⁶ | 19 Jun. 03 | | | | | | |
| 55 Bhutan | SAR | | 8 Feb. 05 | | | | | |
| 56 Nepal | SAR | | 18 Nov. 03 | | | | | |
| 57 Pakistan | SAR | 4 Dec. 01 | 11 Mar. 04 | | | | | |
| 58 Sri Lanka | SAR | | 1 Apr. 03 | | | | | |
| Subtotal | AFR | 30 | 27 | 23 | 16 | 8 | 3 | 1 |
| | EAP | 5 | 5 | 4 | 2 | 0 | 0 | 0 |
| | ECA | 11 | 11 | 9 | 4 | 1 | 0 | 0 |
| | LAC | 5 | 5 | 4 | 3 | 2 | 0 | 0 |
| | MENA | 2 | 2 | 2 | 0 | 0 | 0 | 0 |
| | SAR | 5 | 2 | 4 | 0 | 0 | 0 | 0 |
| Total | | 58 | 52 | 46 | 25 | 11 | 3 | 1 |

* Bosnia and Herzegovina's I-PRSP was not formally discussed by the board; it was summarized alongside the Country Assistance Strategy Progress Report.

¹ Africa. ² East Asia and the Pacific. ³ Europe and Central Asia. ⁴ Latin America and the Caribbean. ⁵ Middle East and North Africa. ⁶ South Asia.

Source: <http://siteresources.worldbank.org/INTPRS1/Resources/boardlist.pdf>.

The PRSP process has no doubt enhanced the role of various actors in economic decision-making in a number of countries. However, true ownership of the policy documents is doubtful as the Washington-based international financing institutions (IFIs) still have a dominant role in the process. Moreover the debates on the macroeconomic frameworks, particularly alternative growth scenarios, are not opened up. The PRSP deliberations are frequently rushed for the sake of enabling a country to qualify for debt relief under the HIPC Initiative. In terms of content, much emphasis is still placed on the same SAP-like conditionalities, with employment policies, for instance, not being prominent in a number of PRSPs. In July 2004, the World Bank's Operations Evaluation Department (OED) and the IMF's Independent Evaluation Office (IEO) separately evaluated the Poverty Reduction Strategy Initiative, and confirmed most of these criticisms.

From the above analysis, it is clear that the poverty agenda has become central to the policies of most development institutions and donor countries. The missing link, however, remains the funding gap, as well as the necessary political will to fully implement goals agreed upon at various international forums. Progress towards globally acceptable governance and coherence will depend on meaningful and effective reform of international organizations, including more democracy and full transparency in their decision-making processes; increased coherence between them; and governments taking seriously their responsibility to govern international organizations so that they work to achieve democratically decided goals. Developing a working partnership between the North and South is crucial in this regard.

The ILO is concerned with decent work. The goal is not just the creation of jobs, but the creation of jobs of acceptable quality. The quantity of employment cannot be divorced from its quality. All societies have a notion of decent work, but the quality of employment can mean many things. It could relate to different forms of work, and also to different conditions of work, as well as feelings of value and satisfaction. The need today is to devise social and economic systems which ensure basic security and employment while remaining capable of adaptation to rapidly changing circumstances in a highly competitive global market.

Report of the Director-General to the 87th Session of the
International Labour Conference, June 1999.

IV. Decent work in the global economy: The ILO approach

A poor person usually has limited or no physical assets. All too often the only asset that they have is their labour. It therefore follows that “labour” to a poor person is a matter of life and death, which if not made use of will condemn an individual to continued poverty, or if used, can lift one out of poverty. To the ILO, in order for work to be poverty-reducing, the poor should be able to find jobs that are dignified, freely chosen, productive, well remunerated and with adequate social protection. That is the unique agenda that the ILO promotes in its global task of fighting poverty.

The ILO’s mandate in promoting social justice

The ILO has been instrumental in the promotion of social justice since its formation. The belief that “lasting peace can be established only if it is based upon social justice” has been the guiding principle behind ILO activities. The Declaration of Philadelphia reaffirms the fundamental principles on which the Organization is based and, in particular, that: (i) labour is not a commodity; (ii) freedom of expression and of association are essential to sustained progress; (iii) poverty anywhere constitutes a danger to prosperity everywhere; and (iv) the war against want requires to be carried on with unrelenting vigour within each nation. This mandate has been translated into two key messages, namely, a fair globalization that benefits all, and making decent work a global goal by placing decent employment at the heart of socio-economic policies.

The report of the World Commission on the Social Dimension of Globalization

The report of the World Commission on the Social Dimension of Globalization, *A fair globalization: Creating opportunities for all*, calls for globalization with a strong social dimension based on universally shared values, and respect for human rights and individual dignity; one that is fair, inclusive, democratically governed and provides opportunities and tangible benefits for all countries and people. The report calls for: (i) a reorientation of the current globalization with particular attention being paid to pro-people globalization; (ii) the enhanced role of the State in providing social and economic opportunity and security; (iii) sustainable development; (iv) a well-functioning market economy; (v) fair rules in order to offer equitable opportunities for all countries; (vi) assistance, through solidarity, to countries and people excluded from or disadvantaged by globalization; (vii) greater accountability by actors with the power to influence the outcomes of globalization; (viii) dialogue and partnership among the various actors; and (ix) an effective multilateral system through the United Nations. At national level, the report proposes the setting up of a parliamentary group concerned with coherence and consistency, while at the global level, policy coherence initiatives and a series of multi-stakeholder policy development dialogues should be launched. The organization by the

United Nations of a Globalization Policy Forum as a way of reviewing the social impact of globalization and the periodic production of the “State of Globalization Report” are also proposed.

The Decent Work Agenda and its role in poverty alleviation and the global economy

In March 1999, the ILO reorganized its work along four strategic objectives – fundamental principles and rights at work; employment; social protection; and social dialogue. Henceforth the ILO’s primary goal would be the promotion of decent work, which is defined as:

... the converging focus of all its four strategic objectives: the promotion of rights at work; employment; social protection; and social dialogue ... Decent work means productive work in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities. It marks the high road to economic and social development, a road in which employment, income and social protection can be achieved without compromising workers’ rights and social standards.¹

The four strategic objectives all contribute to poverty reduction through:

- (i) *Creating greater opportunities for women and men to secure decent employment and income.* The ability of an economy to eliminate poverty is largely dependent on how best it can generate opportunities for the creation of decent jobs and sustainable livelihoods. This is why the ILO calls for employment to be placed at the centre of all socio-economic policies. Employment policies; knowledge, training and skills development; and entrepreneurship development are some of the programmes pursued under this strategic objective.

Box 2
The Global Employment Agenda

In March 2002, the ILO introduced the Global Employment Agenda (GEA), as conceptual framework towards making employment central to all economic and social policies, in line with the Employment Policy Convention, 1964 (No. 122). At its 286th Session, the ILO Governing Body (March 2003) adopted the ten GEA core elements. These are: (i) trade and investment for productive employment and market access for developing countries; (ii) technological change for higher productivity, job creation and improved standards of living; (iii) sustainable development for sustainable livelihoods; (iv) macroeconomic policy for growth and employment; (v) decent employment through entrepreneurship; (vi) employability by improving knowledge and skills; (vii) active labour market policies for employment, security in change, equity and poverty reduction; (viii) social protection as a productive factor; (ix) occupational safety and health; and (x) productive employment for poverty reduction and development.

- (ii) *Promoting and realizing standards and fundamental principles and rights at work.* Representation, empowerment and participation can best be guaranteed in situations where the poor can exercise their rights without fear. The rights-based approach to poverty reduction therefore consists of creating a climate, based on rights, which empowers the poor to be actors in development. Under this strategic objective, the primary focus is on the ratification and implementation of all ILO Conventions. Needless to say, all Conventions have a bearing on poverty reduction, particularly those dealing with employment, social dialogue, human resources, health and safety,

¹ See ILO: *Decent work*, Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999.

social protection, minimum wages, labour inspection, maternity, indigenous peoples, the disabled, migrant workers and cooperative development.² The supervision of these standards, as well as the setting of relevant new ones, forms part of this strategic objective.

- (iii) *Enhancing the coverage and effectiveness of social protection for all.* A wide section of the world's population is outside the coverage of formal social security systems. In order to redress insecurity and vulnerability to shocks, this strategic objective seeks to ensure that social security systems cover all sections of the population, including the working poor and informal economy workers. Equally important aspects of this strategic objective include maintaining occupational health and safety standards, fighting HIV/AIDS, promoting socio-economic security and protecting the rights of migrant workers.
- (iv) *Strengthening tripartism and social dialogue.* In situations of poverty, conflict prevention and resolution are essential elements for sustainable growth and poverty reduction. Equally important is the participation of the social partners in socio-economic policy-making. However, social dialogue can only succeed in a climate of freedom of association, when social partners are well structured and operate on the basis of trust and mutual respect.

The Decent Work Agenda therefore provides an avenue through which the poor can be assured of job opportunities in conditions of freedom, equity, security and dignity. This message was re-echoed by the report of the World Commission on the Social Dimension of Globalization. Decent and productive employment is seen as the best way of working out of poverty, and hence the attainment of the first MDG on eradicating extreme poverty and hunger. An integrated sectoral approach to employment creation is important to ensure that its impact is felt across a wide spectrum of the population, including women and youth. By making decent work central in the economic and social policies of governments and international organizations, the missing links between growth, joblessness and poverty will be bridged and globalization made fairer.

Box 3
ILO/ACTRAV and the PRSP process

The ILO has always argued in favour of the participation of the social partners in social and economic policies. On inception of the PRSP process, the ILO's view was that the PRSP was "a dynamic process providing opportunities for improved policy dialogue on poverty reduction and decent work". However, the ILO identified three main concerns arising from its involvement in PRSPs, namely: (i) the difficulties trade unions, employers' organizations and ministries of labour were facing in participating in the PRSP process; (ii) the insufficient attention paid to equity in contrast to growth in PRSPs; and (iii) the fact that relatively few PRSPs paid attention to employment issues and other aspects of decent work. Against this background, the ILO has been working with its constituents in Office-wide interventions in some 15 countries to redress the deficits in PRSPs at both the process and content levels.

Reinforcing the capacities of trade unions to participate effectively in both process and content has been a key priority of the Bureau for Workers' Activities. ACTRAV has therefore been active in responding to requests from trade unions for capacity building in poverty reduction strategies and socio-economic policy generally. In this regard a wide range of initiatives has been undertaken in support of workers. Some of these are listed below.

- In December 2001, an ACTRAV regional workshop entitled "Poverty alleviation through social dialogue: the role of trade unions in English-speaking African countries" was held. Attracting some 40 participants from Ghana, Kenya, South Africa, United Republic of Tanzania, Uganda, Zambia and Zimbabwe, the workshop enabled trade unionists to better articulate an agenda for poverty alleviation in their respective countries.

² See Akpokavie (2004), p. 5.

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- Under the ACTRAV/FES (Friedrich Ebert Foundation) project entitled "Promoting trade union participation in the PRSP process" targeting trade unions in Angola, Ghana, Kenya, Malawi, Mozambique, United Republic of Tanzania, Uganda, Zambia and Zimbabwe, a number of national activities were carried out during 2002 and 2003. Following national capacity-building seminars, trade union action plans were developed and PRSP monitoring organs were set up at federation level. This was to ensure that unions adopt a more proactive approach to the PRSP process. Under the same project a joint ACTRAV/FES/World Bank capacity-building seminar on Poverty Reduction Strategy Papers took place in Zambia with the participation of trade union representatives from the nine countries and officials of the World Bank, the IMF and the ILO. This seminar focused on the participation of civil society and trade unions and provided a platform for unions to engage with the IFIs on macroeconomics, privatization, trade, labour market policy and core labour standards.
 - In 2002 ACTRAV-Turin started including in its training courses specific components on PRSP. Later, it started organizing a specific training activity on PRSP with the main aim of building up the capacity of trade union leaders and technical officers who are involved in PRSP exercises in their respective countries. In addition, the programme has developed a manual on the dimensions of the process of globalization.
 - The ILO-supported project entitled Poverty alleviation for unprotected informal economy workers through trade union-cooperative joint action (SYNDICOOP), which began implementation in 2002, includes Kenya, Rwanda, United Republic of Tanzania and Uganda as its beneficiaries. Now in its second phase of operation, the project seeks to, inter alia, ensure that trade unions and cooperatives are more systematically integrated into the participatory process of design and implementation of PRSPs.

The next section looks at the various initiatives trade unions have undertaken in order to regulate globalization, as well as fight poverty, inequalities and social exclusion, not just in the narrow interests of their members but for society as a whole.

Democratization of globalization through the application of human rights involves the advancement of the rights of the weakest. Thus, the development of social solidarity mechanisms, the action for the elimination of child labour, the advancement of an adequate overall migration policy, ... the action in favour of rights of women, disabled persons and the elderly, the development of an overall youth policy to achieve their socio-economic integration and to improve their participation and quality of life, etc., must become part of everyday action in order to redirect economic and social policies so as to place them at the service of democracy.

Resolutions adopted at the 25th Congress of the
World Confederation of Labour (WCL) (Bucharest, October 2001).

V. Trade union actions towards the governance of globalization and the fight against poverty

On their own, individual workers are powerless. Being organized in trade unions is what makes the difference. Unions are a way for workers to improve their living and working conditions and those of society at large. That is why trade unions are vehicles of development. They are a means by which powerless individual workers become actors in society to fight for social justice in the global economy and for the eradication of global poverty.

In a study on globalization (often seen as trade unionism's greatest challenge),¹ the ILO finds that trade unions are operating under a totally different set of circumstances. In a number of cases, "globalization has no doubt encouraged employers, and some governments, to adopt a more hostile reaction to the claims unions make on behalf of their members, and even actively to oppose the traditional functions of trade unions".² The decentralization and/or abolishment of collective bargaining, the weakening of minimum wage regulations, the promotion of individual contracts, the neglect of national tripartite decision-making organs, and restraint on organizing are some of the other difficulties the global economy has brought to the doorstep of the trade union movement. The dismantling of the welfare State, privatizations, capital mobility, new forms of work organization (outsourcing, subcontracting, contract labour, home work, etc.), the pressure of labour standards and cross-border operations by MNEs are some of the new challenges that have emerged with globalization. It is in this context, coupled with the challenges of global poverty described earlier, that trade unions are developing strategies to fight for social justice in the global economy and the eradication of poverty. Some of these strategies are discussed below.

Extending rights to the poor contributes to poverty reduction

Representing the interests of workers and organizing and giving a voice to workers living in poverty are key trade union responsibilities. Trade unions have been able to make basic rights accessible to a broad spectrum of workers, including those at the very bottom of the income ladder and in the informal economy. Whether it is through the right to social security, decent wages, quality public services or universal primary education, trade unions have been able to extend these rights to cover the poorest excluded women and men in society. Trade unions do not therefore only represent their membership, but speak for society at large. In free trade unions with membership and democratic structures, workers

¹ See, for instance, Olney (1996), ICFTU (1996), WCL (2001) and WFTU (2000).

² See ILO (1998), pp. 18-19.

voluntarily come together to determine their own destiny, such that prejudices based on gender, caste, sex, age, marital status and economic situation, among others, are no longer relevant. The implementation of ILO instruments in the defence of workers' rights is usually the safeguard that trade unions strive for. Tackling poverty requires a frontal attack by giving the poor rights to empower them – civil and political rights that ensure adequate participation and public institutions that are accountable to the interests of the poor, and economic and social rights that provide security through public action and that reduce the impact of external shocks on the poor.

Box 4
Organizing out of poverty – A trade union example

Neela Jayaram lives in the village of Kesavarayampatti, Tamil Nadu State, India. Some five years ago, she was toiling away in the paddy fields struggling to support her four children and ageing husband. Life was hard and sometimes she slept on an empty stomach.

Today, Neela Jayaram's life, and that of her family, has dramatically improved. Together with a host of other women from the 120 families living in Kesavarayampatti, she has formed a self-help group based on dairy farming.

This transformation in the life of Neela Jayaram and many more like her is the result of a project initiated by the Bureau for Workers' Activities (ACTRAV) and co-funded by the Government of Denmark, to organize poor rural women.

In 1997, Neela Jayaram participated in a three-day workshop for rural women organized by the Indian National Rural Labour Federation with the support of the project. This workshop, which sought to make them aware of issues of relevance to their daily lives and the role of trade unions in solving them, led to the organization of a self-help group in Kesavarayampatti. The self-help group was composed of 20 women who decided to put a rupee a day into the coffers of the group. Six months later, they had enough funds to secure a bank loan to buy 15 cows for dairy farming.

Neela Jayaram sums it all up when she says: "Before, we didn't have enough milk for our village. Today, we export milk to other villages." The empowerment she has gained from this experience has led her to recruit 100 new members from her village into the self-help group and she is now helping the Indian National Rural Labour Federation (INRLF) to organize poor women in neighbouring villages through self-help groups.

Based on the conviction that collective action is a strategic means for the empowerment of the poor so that they can develop their own strategies to improve their living and working conditions, ACTRAV is implementing similar programmes in other regions of the world.

Trade union organizing is a route out of poverty

The organizing work of trade unions is one key effort at poverty eradication. The more organized the workers are, the better they can determine their own destiny, as they best understand their own economic and political situation. Because trade union networks extend from the grassroots to the international, concerns of various groups of society are taken into consideration. Unions were formed to defend the economic and political rights of their members, their families and society at large. Strong, independent and representative trade unions are essential to the effective advocacy of workers' interests.³ By grouping together in unions, the working poor can liberate themselves from attitudes of marginalization and defeatism – they can move from being victims of exploitation to actors

³ The need for increased membership, a common united voice and better service delivery are often behind trade union mergers. Most recent mergers have, however, only taken place at national and Global Union Federation (GUF) levels. The International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL) have collaborated on a number of common issues and are engaged in talks to create a new international trade union confederation. At the 18th World Congress of the ICFTU in December 2004, a resolution on "Globalizing solidarity – Building a global union movement for the future" was adopted. The Congress committed the ICFTU to the creation of a new international trade union confederation, inter alia, as a way of ensuring that workers adequately respond to the challenge of globalization.

who can further their own interests. This is equally relevant to the poor in the informal economy, as echoed in the conclusions of the 1999 ACTRAV International Symposium on Trade Unions and the Informal Sector.

The International Confederation of Free Trade Unions (ICFTU), World Confederation of Labour (WCL) and a number of Global Union Federations (GUFs) have continued their efforts to tackle the plight of informal economy workers. Firstly, and fundamental to the trade union movement, is the need to organize those working in the informal economy. Organizing is at the very heart of trade unionism, however it represents an enormous challenge in the context of the informal economy and demands innovation and flexibility on the part of established trade union organizations. Informal workers do not necessarily see themselves as natural trade union members; similarly the structure and methodologies of many unions based around workplace organizing and collective bargaining with a known employer do not make informal workers obvious targets for organizing drives. However, trade unions have always been about improving the lives of the working poor and so there is an increasing return to grass-roots activism and a bottom-up approach. Unions that have successfully organized within the informal economy have done so through direct outreach to informal workers, by listening to their needs and developing strategies and services to help. Initiatives have included facilitating access to credit and markets, improving productivity, negotiating with municipal authorities, addressing health and safety concerns, offering training and skills development, developing cooperative structures, and meeting health-care and social protection concerns. Recruitment and organizing around a broader set of issues tend to flow more naturally and successfully from these service-oriented strategies.

Secondly, unions are engaging in efforts to prevent more workers entering the informal economy. Strategies include protecting currently employed workers faced with lay-offs and retrenchment, and assisting school leavers and young workers. Unions are also playing a role in policy development and in helping workers to develop initiatives such as shared ownership and cooperatives. Thirdly, trade unions are increasingly playing a proactive role in the policy debate on all levels. Sound economic and fiscal policies are vital, but it is equally, if not more important, that governance issues are addressed and effective policy and legislation are developed and enforced.

Box 5

Trade union organizing in the informal economy

The Industrial and Commercial Workers' Union (ICU) affiliate – Ghana Hairdressers' and Beauticians' Association (GHABA) – organizes hairdressers, beauticians and barbers. The ICU's main services are in the form of legal services for members. An affiliate of the Ghana Trades Union Congress (TUC), the Ghana Private Road Transport Union (GPRTU), is an informal sector union. The GPRTU, which draws its membership from hired drivers, owner-drivers and vehicle owners, helps secure vehicles for its members on credit as well as negotiating with the authorities the fees to be paid for operating at road transport terminals. The union also acts as a conciliator between hired drivers and the owners of the vehicles they operate whenever a dispute arises. The most visible service is the welfare fund for members, mainly accessed upon bereavement. Since 1979 the General Agricultural Workers' Union (GAWU) of Ghana has organized its Rural Workers' Organization Division (RWOD) with members being peasant and landless farmers, farmers who hire out their labour, flywheel tractor operators, stone-quarrying workers and other self-employed rural workers. GAWU supports members, particularly women, with revolving loans, and also facilitates members' access to other forms of institutional credit. It further assists by giving members access to basic tools and inputs like cutlasses, fertilizer and other materials, as well as to basic necessities like lanterns and kerosene. GAWU has further set the example in the Upper East region of Ghana by providing sewing machines to a group of female members to assist them in their efforts to provide clothing for their families. The union also constructs buildings to be used as storage facilities and classrooms for literacy classes that it organizes for members. It also provides education and training for its members through seminars and workshops on the following topics: bee-keeping, food processing, bookkeeping and trade union finance, ploughing techniques to reduce soil erosion, equipment maintenance, health and safety in the handling of chemicals, and environmentally sound farming practices.

In India, the Bharatiya Mazdoor Sangh (BMS) has been active in organizing beedi workers, for instance, in Andhra Pradesh, by helping unorganized/self-employed workers to obtain licences.

Collective bargaining and social dialogue help reduce poverty

Historically, trade unions have ensured equitable redistribution of the gains from economic growth, reducing poverty amongst the lowest wage earners through their collective bargaining activities. Genuine social dialogue, based on the respect of freedom of association, has proven to be a valuable and democratic means to address social concerns. It enables legitimate, independent and democratic organizations of workers and employers to engage in collective bargaining, conflict prevention and resolution, promotion of stable participative development and reinforcement of the role of international cooperation for poverty eradication.

Minimum wage fixation is an example of how, through collective bargaining, trade unions help reduce poverty. The minimum wage is a tool in the fight against poverty, because minimum wages act as a means of increasing the wages of individuals at the bottom of the pay scale. They can be used as a means of establishing a “social floor” and redistributing the benefits of economic growth. The extended family is a major beneficiary of minimum wages and so minimum wages benefit those living in extreme poverty. Minimum wages act as a benchmark for informal economy wages. They promote pay equity, and when well used, they can also help fight inequalities. Therefore, through social dialogue, trade unions trigger a virtuous circle of better wages, higher domestic demand, more investments and more employment opportunities for the population.

There are several cases in which unionization can positively affect the performance of the business sector. In the case of Uruguay, Cassoni et al. (2001) state that unions are associated with increasing wages and employment and promoting increases in productivity. The authors find that due to better cooperation and high morale among workers, labour turnover was reduced – a direct contributor to increased productivity. Using comparative data from a sample of industrialized economies, Wrigley (2002) defends the macroeconomic impact of British unions during the post-Second World War period. He also cites evidence that incomes policies encouraged productivity bargains and sometimes fostered productivity growth. The World Bank, in its *World Development Report 1995*, reiterated that free trade unions are a cornerstone of any effective system of industrial relations, and can help raise workplace productivity as well as reduce discrimination.

The struggle against poverty is intrinsic to the trade unions’ mission, hence their active engagement in poverty alleviation strategies throughout their history. Through collective bargaining, trade unions are instrumental in guaranteeing democracy, freedoms, social justice, income redistribution and productivity enhancement, inter alia. In many poor countries with strong solidarity practices, due to the extended family networks, income from gainfully employed trade union members is redistributed and is able to help other relatives take care of their own welfare, pay school fees for their children and provide access to health facilities for the sick.

While concurring that the consequences of union activity will vary from country to country, Aidt and Tzannatos (2002), using evidence predominantly drawn from the OECD countries, acknowledge that trade unions can smooth the employer/employee relationship through their actions to enforce agreements, and by providing channels for employees to voice their grievances. An OECD study (1996) also shows a positive correlation between union presence and growth. Moreover through policy dialogue, trade unions make representations to governments and international agencies, and campaign for pro-poor policies, monitor them and promote the formulation of alternative ones.

Combating disease and promoting health and safety at work

The spread of HIV/AIDS, the continued mortality rates due to malaria and the resurgence of tuberculosis and other infectious diseases are other ugly faces of poverty. Trade unions around the world have made HIV/AIDS prevention and care a priority area of their work. They have used their expertise in dealing with occupational health and safety hazards as well as environmental concerns to fight the pandemic. The value addition of including trade unions in the fight against HIV/AIDS is that they have closer links to their members, are trusted by them, and can therefore easily relate to those who are infected. Education, awareness raising and advocacy have been undertaken by a number of unions. National legislative changes to reflect anti-discrimination, social protection and the provision of effective workplace strategies and policies have been encouraged.

Trade unions are also developing partnerships with employers, as is spelt out in the ICFTU-International Organisation of Employers (IOE) statement entitled "Fighting HIV/AIDS together: A Programme for future engagement". The Ghana Employers Association has been running its HIV/AIDS project with the Ghana Trades Union Congress since mid-2001, and in South Africa, in the car industry, Ford has established a well-functioning partnership with the Congress of South African Trade Unions (COSATU)-affiliated National Union of Metal and Allied Workers of South Africa on HIV/AIDS, through the involvement of shop stewards in the company's HIV/AIDS work. Active engagement with other entities like the Joint United Nations Programme on HIV/AIDS (UNAIDS), the World Health Organization (WHO) and NGOs, as well as country coordinating mechanisms (CCMs) have been effected or are being encouraged. One particular area where the trade union voice has been heard more and more is the campaign for high quality, cheap and affordable life-saving drugs. Pressure has been put on governments to ensure that the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and intellectual provisions in regional and bilateral trade agreements, are implemented in a manner that does not impede such access.

The vulnerabilities of the poor also mean that work-related accidents often plunge entire extended families into extreme poverty. According to the ILO, some 2.2 million people worldwide succumb to work-related accidents or diseases every year. Some 160 million are victims of work-related illnesses and around 270 million occupational accidents occur annually. One can therefore appreciate the scale of the problem. The daily grass-roots work of trade unions to ensure compliance with health and safety regulations at work is therefore a crucial contribution to poverty reduction.

Trade union self-help initiatives against poverty

In many countries workers have managed to form and join various types of organization for mutual support, such as credit unions, cooperatives and other local community organizations. This involves such initiatives as organizing unemployed youth in the informal economy, organizing market women and establishing coalitions with peasant associations. These initiatives include targeted programmes aimed directly at the poor or at the working poor, involvement in campaigns or collective bargaining in order to defend and promote rights at work, and policy interaction at national or international levels in order to create the conditions for poverty eradication and for pro-poor policies. The earliest benefits that United States and United Kingdom trade unions offered included providing resources for a decent burial and the campaign for a good public education for children. The Philippines is one country where unions have taken advantage of cooperatives. The Trade Union Congress of the Philippines (TUCP) initiated a loan scheme for poor coastal areas. The project later turned into a fully-fledged multipurpose cooperative providing loans, training, social security and home finance, marketing

members' products and bulk-buying their produce, and mobilizing savings. The Cissin-Natanga Women's Association of Burkina Faso was formalized under the inspiration of the country's trade union centre, the National Organization of Free Trade Unions (ONSL). The association has built craft and literacy centres for its members, where they are trained in various trades and thereby improve their economic well-being (ICFTU, 1996). The ILO/SYNDICOOP project in Eastern Africa has been able to create some 155 new jobs in the four programme countries by using revolving loan funds and skills training undertaken by the national liaison officers.

In Colombia, in 1995, reacting to the massive wave of dismissals from government institutions, the Women's Bureau of the Single Confederation of Workers of Colombia (CUT) started working out strategies designed to provide labour and vocational retraining. This gave birth to the House for Working Women Heads of Household (*Casa de la Mujer Trabajadora Jefa de Hogar*), which later started to train women in non-traditional trades by means of programmes in finishing and silver plating, electrical fitting and graphic arts. An agreement was concluded with the Universidad Pedagógica for remedial courses for completion of the school-leaving certificate (Urrego, 1999). The Ghana Trades Union Congress has been mobilizing resources from its members to invest in productive enterprises as a means of creating employment as well as of strengthening the financial base of the unions. In pursuit of this objective the Ghana Trades Union Congress has established a Labour Enterprise Trust (LET) which holds members' contributions and invests the money either by itself or in collaboration with others (Anyemedu, 2000). The major investments of the LET include investment in four tankers to provide water at competitive rates to residents in Accra.

In Argentina, a health insurance and unemployment fund is operated by the Argentinean Union of Rural Workers and Stevedores, with services extended to large numbers of unregistered and unprotected agricultural workers. It is estimated that about 40 per cent of the unregistered workers are domestic migrants, and 15 per cent are migrants from other countries, who come mainly from Bolivia, but also Paraguay and Uruguay, to provide family labour on tobacco plantations and onion farms. An unemployment fund is being created through the programme, with employers contributing 1.5 per cent of a worker's gross salary. The National Register of Rural Workers and Employers (RENATRE) plans to canvass workers and employers in preparation for the development of a comprehensive system of unemployment benefits to include permanent and non-permanent agricultural workers. Argentina's Sindicato Único de Trabajadores de Edificios de Renta y Horizontal (Single Trade Union of Concierges) (SUTERH) opened the Centre for Professional Education No. 28 "José Maria Freire" in 1992 to provide basic knowledge on occupational health and safety. With time, new educational areas were gradually introduced until it reached the more than 40 alternatives it currently offers, with the target being women, teenagers and adults. In 1999, SUTERH established the Higher Education Institute and currently offers Applied Computing Sciences, Security and Hygiene at Work and Technician Degrees in Intelligent Buildings. In 2003 a new project entitled "The School of Music and Urban Arts" was established.

Box 6
Trade unions and Millennium Development Goals

As development actors, trade unions worldwide are contributing to the attainment of the MDGs. This is so because the trade union mandate has implicitly or explicitly included the eight goals. For instance:

- (i) In the process of collective bargaining, trade unions raise wages and ensure equal pay for work of equal value. Through their engagement with employers, governments and the IFIs, unions contribute to improving working and living conditions both at the level of socio-economic policies and concrete programmes.
- (ii) Trade unions have been at the forefront of the campaign for education for all, eradication of child labour and the promotion of girls' education.
- (iii) Gender equality has traditionally been at the heart of trade union education and campaigns.
- (iv) Public sector workers and other health workers within unions do contribute to reducing child mortality. In addition trade union collective bargaining agreements have helped mothers to work and take care of their children at the same time.
- (v) Better maternity protection has been accorded to women as a result of union joint actions with governments, employers and CSOs.
- (vi) The fight against HIV/AIDS at the workplace has become a trade union priority area of action. Through sensitization and counselling, trade unions have provided care, equality of treatment, prevention, access to affordable drugs and awareness to affected and infected people.
- (vii) Because workers are the first to be affected in case of any health and safety breach or an environmental hazard, their vigilance has enabled them to ensure safe, healthy and sustainable workplaces and environments. Moreover, in a number of cases unions have campaigned for the provision of safe drinking water, sustainable forests and clean urban areas, among other things.
- (viii) Solidarity between workers in different parts of the world has enabled them to create lasting partnerships that have led to campaigns for social justice, human rights observance, fair trade, debt cancellation and increased ODA, inter alia.

Engaging international financing institutions

There have been several calls for widespread changes to take effect at the international financing institutions (IFIs) if these institutions are to adequately respond to the challenges posed by globalization. The inadequate attention to poverty alleviation, employment creation and social dimensions in general was an issue of concern to trade unions, hence the dialogue with the Bretton Woods institutions as a way to pressure them to consult with trade unions and to incorporate more socially oriented and development policies. For example, since 1992, the ICFTU has carried out national conferences on the social dimensions of adjustment in a number of countries. Similarly, trade union projects and programmes on economic reforms ensured that trade unions were kept abreast of developments at the national and international levels. This avenue for consultation enabled trade unions to present to the IMF and the World Bank the need to reorient their policies to make them more supportive of development efforts. Periodic missions to the IMF and the World Bank offices by trade unionists enabled them to present the negative impacts of the SAPs on the ground. A similar approach has been taken with regard to the four major regional development banks – the Asian Development Bank (AsDB), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank (IDB).

When the PRSP mechanism was announced, the Global Unions⁴ and the WCL both welcomed the focus on poverty reduction and participation and called on their affiliates to partake in the process. According to Union Network International (UNI) the “PRSP framework offers a unique opportunity for trade unions in developing countries to influence the path of development that their country pursues”.⁵ However, trade unions became concerned when it became clear that the earlier PRSPs had not paid adequate attention to the quality of participation, particularly that of workers and their organizations, and that the ensuing documents did not adequately focus on workers’ issues.⁶ In a recent publication detailing the trade union experiences in the PRSP, the World Bank has acknowledged a number of weaknesses and shortcomings, which have limited the effective participation of trade unions.⁷ These include capacity issues within trade unions, time constraints and lack of structured participatory processes. Lack of consensus on contentious issues like privatization, pension reform and code reform has been worrisome to some unions. Moreover, there has been no record of any trade union involvement in PRSP drafting, implementation, monitoring and evaluation.

Box 7

Trade unions, international financing institutions and research

With trade union pressure, there has been some modest progress in trade union dialogue with the IMF and the World Bank, including the following:

- At the World Bank, a Labour Markets Team was established at the Social Protection Unit within the Human Development Network.
- There was stated commitment by the World Bank to the incorporation of labour standards. At the October 2004 meeting between the international trade union movement (Global Unions and WCL) and the IMF and the World Bank, the World Bank’s director for procurement announced that the World Bank, other multilateral banks and the International Federation of Consulting Engineers (FIDIC) had agreed to the inclusion of clauses on child labour, forced labour, records of workers and social aspects of work in the standard bidding documents. The IFC on the other hand was reviewing its safeguard policy to include the right to organize and collectively bargain, non-discrimination at work, contract labour issues, health and safety and other working conditions (e.g. wages, benefits and hours of work). These would be additional to the existing safeguards – child labour and forced labour. In May 2003, the World Bank board discussed the role of core labour standards, while in September 2004, IFC-funded projects in Haiti and the Dominican Republic both included clauses requiring the borrowing company (Grupo M is a major international company specializing in clothing brands) to respect freedom of association and collective bargaining.
- Unions have since 1995 been consulted about the production of the World Bank’s *World Development Report*.
- A number of trade union “secondments” have been made to the World Bank since 2003.

⁴ The Global Unions comprise the ICFTU, the Trade Union Advisory Committee (TUAC) to the OECD and the GUFs.

⁵ Union Network International (UNI), *From adjustment to poverty reduction: Is this the answer to Africa’s debt crisis*, a paper prepared for the 1st UNI-Africa Regional Conference, 15-18 October 2003, Johannesburg, p. 11.

⁶ In a submission to the IMF/World Bank Review on the PRSP process, dated 13 Nov. 2001, the ICFTU wrote: “We are worried that a retreat to ‘core areas’ of conditionality could mean that national poverty reduction strategies will not be taken account of in defining macroeconomic policy ... As mentioned earlier, we have seen little indication so far that the Fund has been more flexible in terms of fixing fiscal and monetary policy benchmarks in order to align them with PRSPs.”

⁷ See Egulu (2004a). For additional analyses see Akpokavie (2004), Mwamadzingo (2004) and Casale (2004).

- In February 2002, a protocol was agreed to by the World Bank and the IMF toward the holding of regular and enhanced dialogue.
- In February 2003, the World Bank published a book entitled *Unions and collective bargaining: Economic effects in a global environment* (Aidt and Tzannatos, 2002), which gave some degree of recognition to the role of trade unions in economic development.
- In August 2004 the World Bank published Social Protection Discussion Paper No. 0417 entitled *Trade union participation in the PRSP process*, detailing the nature and extent of trade union participation in the PRSP process in 23 countries, namely: Albania, Benin, Bangladesh, Bolivia, Bosnia and Herzegovina, Cambodia, Congo, Ethiopia, Georgia, Ghana, Guyana, Honduras, Indonesia, Kenya, Malawi, Mongolia, Nicaragua, Pakistan, Sri Lanka, Senegal, United Republic of Tanzania, Uganda and Zambia.
- *Research:* The Global Union Research Network (GURN) was established in January 2004 as a follow-up to the millennium debate of the Global Unions. The aim of the research network is to give union organizations better access to research carried out within trade unions and labour research institutions, while enabling them to exchange information on matters of joint concern and to develop the capacity to make analyses and take part in debates and policy formulation. Areas of research cover bilateral and regional trade agreements; corporate governance; OECD Guidelines for Multinational Enterprises; international financial institutions and PRSPs; migration; and global trade union strategies (www.gurn.info).

Engaging regional groupings

Because employment and other social issues are usually not incorporated when formulating regional trade agreements, some subregional trade union organizations have formulated social charters of fundamental workers' rights to ensure that they are adopted by the respective economic groupings.⁸ This is with the hope of ensuring that human and trade union rights are enshrined and respected in all economic groupings. Under the Lomé IV Convention, for instance, partnership between the EU and the Africa, Caribbean and Pacific (ACP) group of countries has been extended to trade unions (national federations as well as the ICFTU, the WCL, the Organization of African Trade Union Unity (OATUU) and the European Trade Union Confederation (ETUC)) in the two blocks of countries. The Cotonou EU-ACP Trade Union Group has since been formed to represent workers' interests in the European Commission, the ACP Secretariat and the ACP-EU Follow-up Committee of the European and Social Committee. Taking advantage of its consultative status with the OECD countries and its various committees, the Trade Union Advisory Committee (TUAC), through its various campaigns and lobbies, has been at the forefront of campaigning for debt relief, increased ODA, global policy coherence, affordable HIV/AIDS drugs, fair trade, migrant workers' rights and youth employment, among other things.

Engaging multinational enterprises

The behaviour of multinational enterprises (MNEs) ultimately affects the ability of trade unions to organize workers. Trade unions have undertaken international campaigns for better working conditions, and signed framework agreements aimed at facilitating internal industrial relations and social dialogue. All in all MNEs should not be a hindrance

⁸ For instance, the Trade Union Confederation of Arab Maghreb Workers (USTMA) brings together trade union federations in the subregion. In May 1991, the USTMA issued the Charter of Fundamental Social Rights of Workers in the Maghreb. The Charter welcomed the creation of the Arab Maghreb Union (AMU) and emphasized the need to make the social dimensions an integral part of integration efforts. In November 1991, the Southern African Trade Union Coordination Council (SATUCC) adopted the Social Charter of Fundamental Rights of Workers in Southern Africa.

to the operation of trade unions, but rather their actions should lead to the observance of workers' rights. The need for effective research oriented towards trade union policy, the promotion of international solidarity, and united action and unity at all levels of the world trade union movement is part of the message trade unions are taking on board. Where MNEs outsource their businesses, subsidiaries, subcontractors and suppliers are not necessarily bound to abide by one set of company principles. In a number of EPZs, several cases of violations of workers' rights have been documented. Due to pressure from trade unions and other human rights activities, a number of MNEs have opted for corporate social responsibility (CSR). Trade unions have often argued that these initiatives are mere public relations gimmicks and that they have to call on businesses to take on board true social responsibilities by respecting the two most often quoted non-binding but universally accepted instruments – the OECD *Guidelines for Multinational Enterprises* and the ILO *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*. The United Nations Global Compact is another initiative, supported by the trade unions, that aims at promoting human, labour and environmental rights.

The Generalized System of Preferences (GSP)⁹ has in a number of cases included workers' rights clauses, as a result of pressure from the trade unions. The following successes in the trade union campaigns for fair investment regimes are worth noting:

- (i) An ETUC-ICFTU submission led to the suspension of Myanmar due to that country's use of forced labour. In January 2004, the EU endorsed investigations into Belarus' violations of workers' rights, which if successful will result in it losing the EU market. Other incentive clauses reward those countries that respect ILO core labour standards.
- (ii) Since 1984 the United States has operated its own GSP. Many countries have been subject to investigations, while others have lost their trading status with the United States. The GSP has also encouraged other countries to improve respect for workers' rights.
- (iii) The African Growth and Opportunity Act (AGOA), introduced in the United States Senate in April 1997, was aimed at creating a new trade and investment policy for the 48 nations in sub-Saharan Africa, expanding trade benefits to the countries in the Caribbean Basin, renewing the GSP and reauthorizing the trade adjustment assistance programmes. Following pressure from the African Regional Organization of the ICFTU (ICFTU-AFRO) and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), a number of labour provisions were included in the final Act, Act 434, signed by President Clinton on 18 May 2000 as Title 1 of the Trade and Development Act of 2000.¹⁰
- (iv) The ICFTU/GUF Basic Code of Labour Practice was adopted as a benchmark against which company codes could be compared. Subsequent multi-stakeholder codes were based on the original code.

⁹ The GSP provides preferential access for developing country products to the developed country markets. Set up in 1971, a number of industrialized countries: Australia, Canada, the EU, Japan, New Zealand, Norway and the United States have operated them.

¹⁰ In its section 104, one of the eligibility requirements for beneficiary countries under the AGOA is their adherence to the "protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health".

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- (v) Framework agreements, signed by GUFs and MNEs, recognize that the company intends to engage the relevant union in discussing issues of mutual interest to both parties. So far the International Federation of Chemical, Energy, Mine and General Workers' Union (ICEM), the International Federation of Building and Wood Workers (IFBWW), the International Metalworkers' Federation, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) and Union Network International (UNI) have signed such framework agreements.
 - (vi) The 2004 Athens Olympics provided an opportunity for trade unions to expose the unfair labour practices of various sportswear companies. The ICFTU, the International Textile, Garment and Leather Workers' Federation (ITGLWF), Oxfam, the Clean Clothes Campaign and a number of national trade union federations joined forces to bring to light the workers' rights situation in countries such as Bulgaria, Cambodia, China, Indonesia, Thailand and Turkey.

Protecting universal access to public goods

While the IFIs have publicly stated that privatization of public services is not a panacea, policy advice is clearly biased against public sector solutions. Other countries that have been urged to speed up the privatization process (and in a number of cases aid has been made conditional on privatization and public sector reforms) have included Algeria, Burkina Faso, Cape Verde, Colombia, Costa Rica (water and sanitation); Kenya, Mali, Nepal, Nicaragua and Serbia and Montenegro (pensions systems); and Nigeria, Peru, Senegal and Zambia. This is despite the World Bank's misgivings about privatization in *Reforming infrastructure: Privatization, regulation and competition*, particularly in network infrastructure, water and electricity. The General Agreement on Trade in Services (GATS) is another mechanism that seeks to subject various public services to negotiations at the WTO.

Trade unions have consistently argued for stronger public sector involvement in the vital services sector, and urged the IFIs to rescind making loans and grants acquisition conditional on privatization. It is argued that, with such public goods in the hands of the private sector, it will be impossible to achieve the MDGs as the profit-motivated private sector will seek to provide such essential services to only those who can afford to pay for them. PSI's Quality Public Services Campaign is one global initiative that promotes adequate funding, improved accountability, affordability, better jobs and accessible and relevant public services for all.

Campaigning for trade justice

Since its creation, the World Trade Organization (WTO) has been the vehicle for trade liberalization. With the increase in trade and investments, unacceptable working and living conditions still prevail in many parts of the world due to lack of proper international enforcement mechanisms. With the phasing out on 1 January 2005 of the quota systems that had guaranteed some countries preferential trade access to the European Union and United States markets, a number of textiles and clothing exporting countries stand to lose immensely, while China, with its low labour costs and economies of scale, is the beneficiary. On the other hand, jobs are at risk in other textiles exporting countries like Bangladesh, Sri Lanka, Cambodia, Mauritius and Lesotho. Not even the United States is spared, where the American Manufacturing Trade Action Coalition (AMTAC) reports that

17,200 jobs were lost in its textile and apparel sector during the first quarter of 2005 alone.¹¹

The concerns of the international trade union movement are to ensure that trade does not lead to an erosion of workers' rights and that it is placed at the service of development. Hence the campaign to place labour (particularly core labour standards), social, development and environmental issues on the agenda of international trade agreements, and particularly on that of the WTO.¹² At the First WTO Ministerial Conference (Singapore, December 1996) the issue was discussed, but the closest the trade union movement attained was the following text in paragraph 4 of the Ministerial Declaration:

We renew our commitment to the observance of internationally recognized core labour standards. The International Labour Organization (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration.¹³

Subsequent ministerial conferences have not made any further commitments on the matter. The international trade union movement has also adopted other developmental policy issues, calling on the developed countries to open their markets to the products of southern countries and to eliminate subsidies to their farmers and exporters; reinforcing measures to increase the capacity of poorer countries to participate fully in the WTO, to negotiate on equal terms, and to benefit from existing and future trading possibilities; strengthening special and differentiated treatment for developing countries; highlighting the plight of countries losing preferential textiles and clothing trade as a result of the phasing out of previous agreements (e.g. the Agreement on Textiles and Clothing); guaranteeing the rights of HIV/AIDS victims to access cheap generic drugs; ensuring that basic services are not subject to WTO negotiations, as proposed under the GATS; extending the Uruguay Round implementation deadlines for developing countries and securing full and speedy implementation of commitments by industrialized countries; ensuring that the benefits of migrations are equitably distributed; and providing for sustainable environmental safeguards in trade.

In the above section it is clear that not only are trade unions instruments against poverty, but they are continuously devising strategies that enable them to serve as such. By coming together in trade unions, workers are able to solve their many problems, and are able to confront the neo-liberal thinking from the IMF, the World Bank and the WTO. For trade unions of the twenty-first century, acting both locally and internationally will go a long way towards enabling them to remain relevant to development. At the same time, by being innovative in their modus operandi, they will ensure that they are able to respond to the demands of the changing times.

¹¹ See ICFTU (2005).

¹² See ICFTU (2004b), p. 71. The International Confederation of Arab Trade Unions (ICATU) and the ICFTU signed a communiqué on the WTO prior to the Fourth WTO Ministerial Conference (Doha, November 2001) in which the two organizations expressed the need for the respect of labour rights as trade and investments rise. The ICFTU provides periodic information to the WTO on the respect of "internationally recognized core labour standards" in individual countries.

¹³ Singapore Ministerial Declaration adopted on 13 December 1996.

However, the ability of trade unions to deliver on poverty reduction and the regulation of globalization is very much dependent on the environment in which they are operating. Where workers' rights are suppressed, and/or trade union membership is restricted, trade unions will have limited impact. Hence their potential to be vehicles for development is significantly curtailed. The challenge for trade unions is to identify strategies to regulate globalization at all levels and to ensure that the trade union role in the global market and the defence of social justice is not lost.

VI. Conclusions and policy implications

If the current phase of globalization is to benefit more people, particularly the poor, then a number of urgent actions have to be undertaken. There is need to regulate globalization for it to serve as a vehicle for poverty eradication, decent work, equitable income distribution, gender equality, safe workplaces, quality public services, universal social protection on the basis of solidarity, respect for workers' rights and the attainment of the MDGs. The following points, which broadly fall into three categories – trade union internal strategies, trade union campaigns towards governments and trade union actions in influencing international organizations and IFIs – aim at stimulating discussion on the role of unions in the global economy and the fight against poverty.

(i) Trade union internal strategies

Free and strong trade unionism is a sine qua non for sustained national development. The starting point is to ensure that workers are free to organize. Once unions exist, they can perform their roles of fighting poverty and campaigning for a fair globalization process. However, they need to be independent, strong and accountable to their members. They also need to have the capacity to respond to changing challenges. In order to achieve this, the capacity-building programmes of ACTRAV are essential.

(ii) Trade union campaigns towards governments

- (a) *Promoting a rights-based approach to development.* For a holistic approach to development, economic rights should be pursued at the same pace as socio-economic rights. Good governance and transparency facilitate sustained growth and enable the participation of the poor in its benefits. This is the role that the State should guarantee as a means of poverty reduction.
- (b) *Gender.* There is a need to promote gender mainstreaming in socio-economic policy and to secure equal opportunity and treatment for women. Implementing proactive targeted policies aimed at eradicating gender discrimination and promoting decent employment opportunities for women is another important dimension.
- (c) *Social dialogue.* A key challenge facing unions is how to promote and institutionalize social dialogue over and above traditional industrial relations. Social dialogue to determine the pattern of growth, to share the fruits of growth and to negotiate the trade-offs necessary for the creation of more dignified jobs is an important challenge facing unions.
- (d) *The creation of decent jobs.* Holistic strategies should be developed based on the need to promote faster, sustained and employment-intensive growth so as to accelerate the pace of poverty reduction. Active labour market policies must be implemented, within the framework of national employment policies, to tackle the problem of youth employment. The specific requirements of the informal economy need to be dealt with in line with the 2002 International Labour Conference Report, *Decent work and the informal economy*.
- (e) *Macroeconomic policy for job creation.* Creating the necessary space for country-owned macroeconomic policy is an urgent challenge. Furthermore, for economic growth to have positive poverty outcomes, full employment policies must be placed at the centre of these policies.

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- (f) *Social protection for all.* To meet the MDGs, social-sector expenditures in education, health, nutrition, water and sanitation have to be scaled up. Governments have to regain their responsibility for providing safety nets to workers facing changing economic relations and invest in human capital. The extension of social security systems to the poorest remains an important challenge.
 - (g) *Investment in agriculture.* Considering the high levels of poverty in rural areas, rural development and the creation of productive rural employment must be a cardinal pillar of development policy. In this respect, particular attention must be paid to: poor female peasant producers and resources should be redirected to them to promote food security, a dynamic articulation between peasant agriculture and the rest of the economy, improved capacity, skill development, the creation of non-farm productive employment activities, microfinancing and providing support for socio-economic initiatives and cooperatives.

(iii) Trade union actions in influencing international organizations and International Financing Institutions

- (a) *Social justice in the global economy.* International organizations, particularly the IMF, the World Bank, the WTO, the OECD and the United Nations system, need to align and harmonize their actions with the recommendations of the World Commission on the Social Dimension of Globalization.
- (b) *Engaging the Bretton Woods institutions.* The incremental progress in having these institutions support respect for core labour standards needs to be consolidated. Country-specific policy dialogue with these institutions and the regional development banks need to be reinforced in order to avoid policy advice that is anti-labour and anti-poor. A lot more needs to be done to enhance trade union participation in the PRSP process, as well as to influence the policy content of the papers.
- (c) *Debt cancellation and increased ODA.* Together with other organizations involved in the Global Call to Action against Poverty, trade unions are campaigning for extended debt cancellation for all low-income countries without IMF/World Bank structural adjustment conditionalities. This effort should also be linked to increasing official development assistance to levels agreed upon by the international community.
- (d) *Trade for decent jobs and poverty reduction.* Making the global trade regime create more decent jobs, reduce global poverty and achieve respect for workers' rights remains the central challenge facing the Sixth WTO Ministerial Conference. The end of the Agreement on Textiles and Clothing underscores once again the danger of a race to the bottom without adequate labour, environmental, social and developmental safeguards in the WTO multilateral system. Whether it is in respect of issues of agriculture and food security, democracy within the WTO, services or negotiations on non-agricultural market access, the impact of trade on labour and the poor should remain a central concern.

This paper has demonstrated that trade unions are a crucial part of the fight against poverty and their actions contribute to the regulation of the global economy. The persistence of poverty and inequalities in the world calls for a global rethinking of the current globalized development paradigm. There is an urgent need to effect true global solidarity today. The swift response to the tsunami in the Indian Ocean shows us that humanity is capable also of tackling the "silent tsunamis" of poverty, hunger, malaria and unemployment. Only with such determined actions can poverty become history in our lifetime.

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